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

&

Determination of Tariff for FY22

&

True-up of FY19 of 3rd MYT Control Period

&

True-up of FY20 of 4th MYT Control Period

for

Himachal Pradesh State Electricity Board Limited (HPSEBL)

Himachal Pradesh Electricity Regulatory Commission

May 31, 2021

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA
PETITION NO: 11/2021

CORAM
Sh. DEVENDRA KUMAR SHARMA
Sh. BHANU PRATAP SINGH

IN THE MATTER OF:

Approval of the Aggregate Revenue Requirement (ARR) for FY22 and the Second Annual Performance Review (APR) of the fourth MYT Order for the Control Period (FY20-FY24) under sections 62, 64 and 86 of the Electricity Act, 2003.

AND

IN THE MATTER OF:

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

ORDER

The Himachal Pradesh State Electricity Board Limited (hereinafter called the 'HPSEBL' or 'Petitioner') has filed a petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC') for Second Annual Performance Review Order under fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2021-22 under Sections 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), read with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its amendments (hereinafter referred to as "MYT Regulations, 2011"). In the Petition, HPSEBL has also submitted True-Up of uncontrollable parameters of FY 2018-19 and FY 2019-20.

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

The Commission has determined the ARR of the distribution business of HPSEBL for FY 2021-22 under fourth MYT Control Period (FY20-FY24) and approved the Wheeling and Retail Supply Tariff for FY 2021-22 in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy and the regulations framed by the Commission that stipulate that the Wheeling and Retail Supply Tariff shall be decided every year taking into account adjustments on account of allowed variations in uncontrollable parameters.

The Commission, in exercise of the powers vested in it under Section 62 of the Electricity Act, 2003, orders that the approved Tariffs together with "Schedule of General and Service Charges" shall come into force w.e.f. 1st June, 2021.

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

In terms of sub-regulation (6) of Regulation 3 of the Regulations, 2011, the Wheeling and Retail Supply Tariff shall, unless amended or revoked, continue to be in force up to March 31, 2022. In the event of failure on the part of the licensee to file application for true-up for FY 2019-20 & FY 2020-21 and approval of Wheeling and Retail Supply Tariff for the ensuing financial year, in terms of Regulation 37 of the Regulations, 2011 on or before November 30, 2021, the tariff determined by the Commission shall cease to operate after March 31, 2021, unless allowed to be continued for further period with such variations or modifications as may be ordered by the Commission.

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

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

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

(BHANU PRATAP SINGH)	**(DEVENDRA KUMAR SHARMA)**
Member	**Chairman**

Shimla

Dated: May 31, 2021

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1 INTRODUCTION

1.1 Himachal Pradesh Electricity Regulatory Commission

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

Functions of the Commission

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

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

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

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

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

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

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

g) levy fee for the purposes of this Act;

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

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

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

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

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

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

m) promotion of investment in electricity industry;

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

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

1.2 History of HPSEBL

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

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

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

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

1.3 Overview of HPSEBL

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

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

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

1.4 Second APR of fourth MYT Control Period and Tariff Petition for FY22

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

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

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

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

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

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

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

1.4.5 In accordance with the MYT Regulations 2011, the Commission issued MYT Order for fourth Control Period (FY2019-20 to FY2023-24) for distribution business of HPSEBL on 29th June 2019. Subsequently, the Commission issued the First Annual Performance Review Order under the fourth Control Period for the distribution business of HPSEBL on 06th June 2020.

1.4.6 The Petitioner has now filed petition for approval of Second Annual Performance Review for fourth MYT Control Period (FY20-FY24) and determination of Tariff for FY 2021-22 with the HPERC under Sections 62, 64 and 86 of the Electricity Act, 2003, read with the HPERC MYT Regulations, 2011. Also, as part of the MYT Petition, HPSEBL has submitted provisional truing-up of uncontrollable parameters of FY 2018-19 of third MYT Control Period and FY 2019-20 of fourth Control Period.

1.4.7 This is second Annual Performance Review Order under fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2021-22 along with true-up of uncontrollable parameters for FY 2018-19 and FY 2019-20. In this Order, the Commission has undertaken analysis based on actual values of FY 2019-20 and FY 2020-21 for approval of Wheeling and Retail Supply Tariffs for FY2021-22 based on the updated information submitted by HPSEBL. Also, provisional truing-up of uncontrollable parameters for FY 2018-19 and FY 2019-20 has also been undertaken based on the provisional accounts of HPSEBL.

1.4.8 As per the MYT Regulations, 2011, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") petition filed by the Licensee. Further, revenue gap on account of provisional truing-up of previous years i.e. FY 2018-19 and FY 2019-20 has also been considered for recovery along with the revised ARR for FY 2021-22.

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

1.5 Admission of Petition and Interaction with the Petitioner

1.5.1 HPSEBL filed the application for second Annual Performance Review for fourth MYT Control Period (FY20-FY24) along with approval of ARR and determination of Wheeling and Retail Supply Tariff for FY 2021-22, with the Commission on 28th November 2020. The petition also included true-up of uncontrollable parameters for FY 2018-19. Further, the Petitioner vide MA No. 20/2021 dated 18.02.2021 has filed True-up for uncontrollable parameters of FY 2019-20 and True-up of controllable parameters for 3rd MYT Control Period (FY 2014-15 to FY 2018-19). Based on various observations/ deficiencies pointed out by Commission, HPSEBL submitted further details and clarifications subsequently.

1.5.2 The Commission admitted the petition submitted by HPSEBL vide its interim order dated 6th February 2021. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarification and justifications on various issues, critical for the analysis of the petition.

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

Table 1: HPERC Communication to the Petitioner

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-20/2020-2407-08	21.12.2020
2	HPERC-F(1)-20/2020-3040	11.02.2021
3	HPERC-F(1)-20/2020-3334-35	25.03.2021

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

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

Table 2: Communication with the Petitioner

Sl.	HPSEBL's Communication	Date
1.	MA No. 9/2021	23.01.2021
2.	MA No. 20/2021	18.02.2021
3.	MA No. 38/2021	15.03.2021
4.	MA No. 54/2021	05.04.2021
5.	MA No. 71/2021	22.04.2021

Public Hearings

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

Table 3: List of Newspapers for Publication of Stakeholder Comments

Sl.	Name of News Paper	Date of Publication
1.	Times of India (English)	10th March, 2021

Sl.	Name of News Paper	Date of Publication
2.	Dainik Bhaskar (Hindi)	10th March, 2021
3.	Hindustan Times (English)	12th March, 2021
4.	Divya Himachal (Hindi)	12th March, 2021

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

Table 4: List of Newspapers for Public Notice by Commission

Sl.	Name of News Paper	Date of Publication
1.	Indian Express (English)	18th March, 2021
2.	Dainik Bhaskar (Hindi)	18th March, 2021
3.	Times of India (English)	23rd April, 2021
4.	Divya Himachal (Hindi)	23rd April, 2021

1.5.8 The stakeholders were requested to file their objections by 9th April, 2021. HPSEBL was required to submit replies to the suggestions/ objections to the Commission by 17th April, 2021 with a copy to the objectors on which the objectors were required to submit rejoinder by 23rd April, 2021.

1.5.9 The Commission issued a public notice informing the public about the scheduled date of public hearing as 28th April, 2021. All the parties, who had filed their objections/ suggestions, were also informed about the date, time and venue for presenting their case in the public hearing.

1.5.10 The issues and concerns voiced by various objectors have been carefully examined by the Commission. The major issues raised by the objectors in their written submission as well as those raised during the stakeholder consultation process, have been summarized in Chapter 6 of this Order.

2 SUMMARY OF THE TRUE-UP PETITION FOR FY19

2.1 Background

2.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2018-19 based on the provisional audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

2.2 Sales Projections

2.2.1 The Petitioner has submitted the actual Category-wise energy sales for FY 2018-19 as detailed in the table below:

Table 5: Petitioner Submission- Energy Sales for FY19 (MU)

Category	Approved in APR Order	Actual
Domestic	2,137	2,106
Non-Domestic Non-Commercial	140	159
Commercial	587	615
Temporary	30	38
Small Industry	93	92
Medium Industry	137	116
Large Industry	4,619	5,127
Govt. Irrigation & Water Pumping	643	566
Public Lighting	13	10
Agriculture	69	63
Bulk Supply	172	151
Total Sales	**8,638**	**9,041**

2.2.2 The Petitioner has also submitted that actual sales for FY 2018-19 is 403 MUs higher than the sales approved by the Commission and has requested the Commission to approve the sales to the actual level.

2.3 Revenue from Sale of Power

2.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2018-19 is given in the table below:

Table 6: Category-wise Revenue from Sale of Power for FY19 (Rs Cr)

Category (MU)	Approved in APR Order	Actual
Small Industry	95.77	61.36
Medium Industry	33.03	67.45

Category (MU)	Approved in APR Order	Actual
Large Industry (HT and EHT)	2,658.88	2,853.04
Domestic	1,046.81	985.99
Irrigation and Drinking Water* / Agriculture & Irrigation	414.39	36.53
Commercial	357.99	373.30
Bulk and Grid Supply	109.33	113.27
Non-Domestic Non-Commercial	83.81	113.11
Public Lighting	6.57	7.31
Temporary Metered Supply	29.93	34.09
IPH	-	455.68
Total	4,836.52	5,101.13

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 414.39 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

2.3.2 The actual revenue from sale of power within state is Rs 5,101.13 Cr against the approved revenue of Rs 4,836.52 Cr. This increase is attributable to the categories such as Medium and Large Industry, Agriculture and Irrigation, Bulk Supply, NDNC, Commercial and Public lighting.

2.3.3 In the APR Order, the Commission had approved revenue from sale of power outside the state of Rs 559.48 Cr against which the actual revenue is Rs 833.10 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2018-19 considered for true-up is given in the table below:

Table 7: Revenue from Sale of Power outside State for FY19 (Rs. Cr)

Particulars	Approved in APR Order	Actual Revenue
Revenue from sale of power outside State	559.48	1,820.19
Less: Banking Sale		987.09
Net Revenue from sale of power outside state	**559.48**	**833.10**

**Net Revenue of Rs.833.10 Cr also includes amount recovered from other entities towards UI charges*

2.4 Power Purchase Cost

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

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

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

Table 8: Petitioner Submission- Summary of Power Purchase from all Generating Stations in FY19

Particulars	MUs	Amount (Rs Cr)
Own Generation		
Bhaba	587.94	33.06
Bassi	291.59	24.24
Giri	214.96	20.71
Andhra	59.05	9.47
Ghanvi	76.93	17.31
Ghanvi II	31.79	7.15
Baner	33.81	8.52
Gaj	34.63	10.88
Larji	525.22	112.34
Khauli	38.33	8.62
Binwa	32.10	6.11
Thirot	4.06	0.91
Gumma	5.68	1.28
Holi	1.37	0.31
Bhaba Aug	3.61	0.81
Nogli	3.93	2.32
Rongtong	1.17	1.37
Sal-II	-	-
Chaba	5.30	1.65
Rukti	2.56	0.66
Chamba	1.55	0.36
Killar	0.15	0.03
Sub-total – Own Generation	**1,955.72**	**268.10**
NTPC		
Anta (G)	28.29	13.77
Anta (L)	1.1	1.42
Anta (LNG)	49.9	42.15
Auriya (G)	43.03	23.42
Auriya (L)	3.14	3.46
Auriya (LNG)	38.61	38.57
Dadri (G)	211.06	81.65
Dadri (L)	7.69	9.08
Dadri (LNG)	60.14	53.79
Unchahar-I	166.42	56.92
Unchahar-II	174.11	62.25
Unchahar-III	75.87	31.44
Unchahar-IV	3.9	1.43
Rihand-1 STPS	262.69	56.3
Rihand-2 STPS	254.2	51.01
Rihand-3 STPS	267.01	72.18

Particulars	MUs	Amount (Rs Cr)
Kahalgaon - II	150.25	50.17
Singrauli STPS	76.09	13.25
Dadri-II TPS	171.2	68.31
Jhajjar STPS	-	0.07
Koldam	437.12	319.3
Sub-total - NTPC	**2,481.82**	**1,049.94**
NHPC		
Bairasuil	-	0.01
Chamera I	63.67	13.66
Chamera II	48.66	11.65
Chamera III	-	0.02
Dhauliganga	37.97	12.11
Dulhasti	0.05	0.06
Parbati III	31.93	7.98
Salal	-	0.01
Tanakpur	11.99	5.56
Uri	79	17.86
Sub-total - NHPC	**273.27**	**68.91**
THDC		
Tehri	-	0.37
Koteshwar	-	13.95
Sub-total - THDC	-	**14.32**
SJVNL		
Nathpa Jhakri SOR	150.23	53.22
Nathpa Jhakri Equity	1,406.52	376.8
Rampur HEP SOR Share	43.12	40.13
Rampur HEP Equity Share	459.67	382.48
Sub-total – SJVNL	**2,059.54**	**852.63**
Nuclear		
NAPP	90.01	29.29
RAPP	112.57	46.40
Sub-total - Nuclear	**202.58**	**75.69**
Other CG and Shared Stations		
BBMB Old	43.80	5.34
BBMB New	285.16	6.39
Dehar	180.26	17.17
Pong	43.79	2.39
Shanan (available to HPSEB) -1 MW	5.26	-
Shanan Ext (available to HPSEB)-45 MUs	45	0.93
Bilateral with PSPCL on 11kV	-0.02	-0.01
Chibro	199.39	16.12
Khodri	91.03	8.83
Dhakrani	36.32	4.45
Dhalipur	54.17	9.16
Kulhal	29.21	2.6
Khara	55.00	8.32

Particulars	MUs	Amount (Rs Cr)
Sub-total – CG & Shared Stations	**1,068.37**	**81.68**
Solar		
Singrauli Solar	20.42	16.08
SECI	42.64	25.34
Sub-total - Solar	**63.06**	**41.42**
HPPCL		
Kasang HEP	10.99	2.45
Sub-total - HPPCL	**10.99**	**2.45**
GoHP Power		
Own Generation Stations		
Larji	71.01	17.61
Khauli	5.23	1.30
Ghanvi	10.49	2.6
Gaj	4.72	1.17
Baner	4.61	1.14
Ghanvi-II	4.34	1.08
Interstate Generation Stations		
Shanan Share	2.63	0.65
Ranjeet Sagar Dam	66.41	15.83
Malana	62.13	15.41
Baspa II	151.38	37.54
Kasang	20.35	5.05
Chanju	19.64	4.87
Kol Dam	13.88	3.44
Nathpa Jhakri HEP	33.85	8.84
Chamera-I	5.9	1.46
Chamera-II	3.75	0.93
Chamera-III	3.05	0.76
Parbati-III	1.87	0.46
Rampur project	8.59	2.13
Baira Siul	1.06	0.26
Small HEP/Private Micro	115.24	28.58
UI Settlement 2014-15 Arrears (PTC)@	-	35.64
Sub-total – GOHP	**610.10**	**186.42**
Private IPPs		
Small HEP/ Private Micro	1,270.52	369.49
Small HEP/ Private Micro -APPC/REC	209.68	47.18
Solar IPPs within state	17.46	8.57
Baspa - II - Primary	1,050.06	108.13
Baspa - II Secondary Energy	60.03	46.05
Sub-total – Private IPPs	**2,607.76**	**579.41**
Others		
Unscheduled Interchange (UI) NRLDC*	292.81	162.84
Unscheduled Interchange (UI) SLDC**	45.48	27.81
Banking Purchase	501.74	208.11
Contingency (IEX)	2,063.60	1,015.56

Particulars	MUs	Amount (Rs Cr)
Sub-total - Others	**2,903.64**	**1,414.33**
Grand Total (Sum of 1 to 12)	**14,236.85**	**4,635.32**
Less: Cost of Banking Purchase	2,063.60	1,015.56
Net Cost of Power Purchase	**12,173.25**	**3,619.75**

**UI (NRLDC) charges of Rs. 162.84 Cr include Rs. 84.82 Cr paid towards UI charges for HPSEBL and balance comprises of composite DSA bills from NRPC (DSA recovery from GOHP, Malana, IA Energy, Kanchanjunga, Nanti Hydro etc) as booked under revenue from sale outside state in the accounts.*
*** UI (SLDC) charges of Rs. 27.81 Cr are paid towards HPSLDC commencing from 3.12.2018 as per HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.*
**** Jhajjar TPS arrears of Rs. 0.07 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".*
 # cost of banking has not been considered as a part of power purchase expense for computational purposes.
In case of NHPC Bairasuil and Chamera III, amount shown pertains to RLDC charges for GoHP free power.
@ The arrears pertains to power purchased during FY15, which is now settled with PTC.

2.5 Transmission Charges

2.5.1 The Petitioner has submitted that during FY 2018-19 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 271.40 Cr. Few of the consideration made by the Petitioner is summarized below:

- For the purpose of truing up, the provisioning of Rs. 2.09 Cr for LADF (DoE) in FY 19 has been excluded.
- The net expense incurred due to operation of the Solang IPP project in the Nahan circle of the Petitioner has been considered. Further, regarding the nature of payment recorded under power purchase head – Operation Circle (Nahan), it is submitted that an agreement between the Petitioner and M/s A. Power Himalayas Ltd. dated 11th August 2000 was executed for the purpose of Wheeling, Banking and Captive use of Power. According to the agreement, any excess energy after the free supply to the GoHP and captive use shall be purchased by the Petitioner at the Interconnection point at a fixed rate of Rs. 2.50 per unit.

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

Table 9: Petitioner Submission- Summary of Transmission Charges in FY19 (Rs Cr.)

Particulars	Amount
Transmission Charges	
PGCIL #	210.68
HPPTCL	9.65
SLDC Charges	1.97
STOA Charges	39.06
Sub-total- Transmission Charges	**261.36**
Other Charges	
Trading Margin	4.92
Reactive Charges*	0.13
NRLDC	1.05
Operation Circle Nahan	0.63
UI (Malana)	0.37
System/Marketing operation charges	1.64
SJVNL Arrears (GoHP) **	1.29
Sub-total- Other Charges	**10.04**
Grand Total	**271.40**

#The amount of Rs. 209.94 Cr towards PGCIL charges does not include wheeling charges recovered from GoHP towards M/s PTC Ltd, as the same has already been netted off in accounts.
** Reactive charges of Rs. 0.12 Cr and Rs. 0.01 Cr are booked in accounts under A/H 70.121 "Uttaranchal Power Corp. Ltd" and A/H 70.102 "HVPNL" respectively.*
***SJVNL Arrear of Rs. 1.29 Cr paid to DoE is booked in accounts under LADF.*

2.5.3 The total power purchase cost for FY 2018-19 submitted by the Petitioner is summarized in the table below:

Table 10: Petitioner Submission- Summary of Power Purchase Cost in FY19 (Rs Cr.)

Particulars	Amount
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	3,351.65
PGCIL	210.68
HPPTCL	9.65
SLDC Charges	1.97
STOA charges	39.06
Other Cost (System/Marketing operation charges, Operation circle Nahan, UI (Malana), Trading Margin (Mittal), Reactive Power, NLDC)	10.04
Power Purchase Cost (including transmission & other charges)	**3,623.05**
Add: Own Generation	268.10
Total Power Purchase Cost (including Own Generation)	**3,891.15**

2.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,891.15 Cr for True-Up of FY 2018-19.

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

Table 11: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY19 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	4,640.70	-
Less: LADF DoE	2.09	-
Power Purchase Cost (including transmission & other charges)	**4,638.61**	**3,623.05**
Less: Banking power purchase	1,015.56	-
Power Purchase Cost	**3,623.05**	**3,623.05**

2.6 Transmission and Distribution Loss

2.6.1 The Petitioner has submitted that T&D loss of 12.00% for FY 2018-19 was approved in the Mid-term Performance Review Order with 0.20% reduction each year for the remaining year(s) of the Third Control Period. The Petitioner further submitted that based on the actual sales & power purchase quantum it has achieved T&D loss level of 11.51% during FY 2018-19.

Table 12: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in APR Order	Actual
T&D loss	12.00%	11.51%

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

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

2.6.3 The Petitioner has requested the Commission to approve the T&D loss of 11.51%.

2.7 Energy Balance

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

Table 13: Petitioner Submission- Energy Balance for FY19 (MU)

Particulars	FY19
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,664.19
Banking Purchase at ISTS	2,063.60
Interstate Transmission Loss (%)	3.42%
Transmission Loss (MUs)	332.21
Net Energy Available at Periphery	**9,395.58**
Power Available within the state	3,669.02
(i) State Generating Stations	1,955.72
(ii) GoHP Power (own generation & IPPs)	215.63
(iii) IPPs	1,497.66
Power from Other Sources	840.04
(i) UI Power	338.29
(ii) IEX/PIXIL	501.74
Total Energy Available at HP periphery	**13,904.64**
Energy Sales Within the state	9,041.44
Inter-State Sale of Power	3,687.51
(i) Sale of Power (including UI & IEX)	338.29
(ii) Banking	1,880.17
(iii) RE Sale	1,469.05
Total Energy Available for sale within the state	**13,904.64**
Total Energy Sale	**12,728.95**
T&D loss (in MUs)	1,175.69
T&D loss (%)	**11.51%**

2.8 Incentive for Over-achievement of T&D Loss

2.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 11.51% for FY 2018-19 against the approved target of 12.00% for FY 2018-19 in the Mid-term Performance Review Order. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

2.8.2 The Petitioner has submitted the savings resulting from the over-achievement of T&D loss for FY 2018-19 as shown in the table below:

Table 14: Petitioner Submission- Saving on account of over-achievement of T&D Loss for FY19 (MUs)

Sl.	Particulars	FY19
A	Energy Sales within state (MU)	9,041.44
B	T&D Losses (%)	12.00%
C	**Power Purchase requirement to meet state requirement (MU)**	**10,274.36**
D	**Inter-State Sale (MU)**	**3,687.51**
	(i) Banking Arrangement (MU)	1,880.17
	(ii) Sale Outside the state (MU)	1,807.34
E	Total Power Purchase Quantum approved at State Periphery (MU)	13,961.88
F	Actual Power Purchase Quantum at State Periphery (MU)	13,904.64
G	**No. of units saved (MU)**	**57.24**

2.8.3 The Petitioner has mentioned that it has saved 57.24 MUs and has computed the incentive for over-achievement of T&D loss as detailed in table below:

Table 15: Petitioner Submission-Incentive for over-achievement of T&D Loss for FY19 (Rs Cr.)

Particulars	Unit	Amount
No. of Units	**MU**	**57.24**
Cost of Power for over-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	3,351.65
Power purchased from other than own sources	MU	10,217.53
Less: PGCIL losses	MU	332.21
Net Power Purchase	MU	9,885.32
Cost of Power Purchase from Other than own sources	Rs/kWh	**3.39**
Total Incentive	Rs Cr	19.41
HPSEBL's Share	%	60%
HPSEBL's Incentive on account of T&D loss overachievement	**Rs Cr**	**11.64**

2.8.4 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 3,902.80 Cr. for FY 2018-19 which also includes incentive of Rs 11.64 Cr.

2.9 Employee Cost

2.9.1 The employee cost submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 16: Petitioner Submission- Employee Cost for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Salaries & Allowances		
Salaries (Basic) + Dearness Pay		220.51
Merger of DA with Basic (Proposed)		-
Grade pay		36.5
DA		376.94
Employee Arrears - 7th Pay Commission		-

Particulars	Approved in APR Order	Actual
Other Allowances		30.66
Overtime		3.89
Bonus		0.08
Salaries		**668.58**
Other Staff Cost		
Medical Expense Reimbursement		6.64
Fee & Honorarium		0.01
Earned Leave Encashment		86.85
Salary/Wages of Outsourced/Contractor.		35.45
Leave Salary Contribution		0.02
Payment under Workmen's Compensation		1.83
LTC		0.13
Staff Welfare Expenses		0.14
Other Staff Cost		**131.07**
Employee Cost	**1,226.64**	**799.65**
Terminal Benefits		
Provident Fund Contribution		-
Board Contribution towards Superannuation		-
Pension - Base		717.18
Pension - Commuted Value		62.09
Pension -7th Pay Commission Arrears		-
Gratuity		88.29
Any other Items (MRC to pensioners, benevolent fund and DLI)		18.91
Board Contribution equal to the Employees Contribution towards CPS		7.5
Terminal Benefits – Total	**596.28**	**893.97**
Gross Employee Cost	**1,822.92**	**1693.62**
Less: Employee Cost Capitalization	61.3	52.64
Less: Employee Attrition Impact	-	-
Add: Prior Period expense*		0.96
Net Employee Cost		**1641.94**
Less provision		
Gratuity		13.98
Pension		11.32
Leave encashment		10.29
Additional Dearness Allowance (ADA)		4.16
7th pay Commission		0.72
Total provisions		**40.47**
Less: Return on GoHP equity	**62.93**	
Net Employee Cost after reduction of provision	**1698.69**	**1601.47**

2.9.2 Accordingly, the Petitioner has requested the Commission to approve employee cost to Rs 1,601.47 Cr.

2.10 Administrative & General Expenses

2.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 17: Petitioner Submission- Actual Vs Approved A&G Expense for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Administration Charges		
Rent, Rates & Taxes		1.98
Statutory Dues		-
Telephone, Postage & Telegrams		2.01
Consultancy Charges		1.14
Conveyance & Travel		10.95
Regulatory Expenses		0.95
License fee Distribution & Transmission payable to HPERC		0.25
Income Tax Updating Charges		0.09
Consumer Redressal Forum		0.59
Insurance		1.73
Purchase Related Expenses & Other Charges		1.20
Sub Total-Administration Charges		**20.89**
Other Charges		
Fees & Subscriptions, Books & Periodicals		0.64
Printing & Stationery		3.19
Advertisement Expenses		0.72
Electricity Charges		7.61
Water Charges / Cold weather expenses		0.40
Legal Charges		2.71
Audit Fee		0.21
Statutory Audit Fee		0.30
Internal Audit Fee		0.04
Entertainment Charges		0.11
Training to Staff		1.42
Fees for SAS Examination		-
Public Interaction Program		0.33
Contribution/Donations		0.60
Expenditure on providing cost free CFL bulb domestic consumer		-
Public Expenses / Other professional charges		0.46
Expenditure related to High level Committee		0.02
Expenditure related to high level committee for formulation of power policy-other expenses		0.02
Exp. On GIS/Global Position		0.01
Transaction Charges to SCAs for collection of energy bills		4.25
TA/DA Internal Auditor		0.03
Private Vehicle hire charges		1.05

Particulars	Approved in APR Order	Actual
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.04
Exp. On IPAVAST Connectivity Charges etc.		2.06
Publicity expenses		0.06
Providing ID to staff Vidyut Bhawan		0.01
Technical fees		-
Freight Material related Expenses		0.10
Misc. Expenses		1.30
Sub Total-Other Charges		**27.69**
A&G - Grand Total		**48.58**
Less: Capitalisation		0.38
Net A&G Costs	**50.60**	**48.20**

2.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 48.20 Cr.

2.11 Repairs and Maintenance Expenses

2.11.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 18: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Plant & Machinery		0.07
Buildings		1.78
Civil Works		0.92
Hydraulic Works		-
Lines, Cables Networks		59.05
Vehicles		3.69
Furniture & Fixtures		0.16
Office Equipment		30.88
Other i.e. cost of vehicle other than vehicle		0.15
R&M Cost – Total		**96.70**
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		0.58
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		4.88
Net R&M Expenses	**85.09**	**91.24**

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

2.11.3 Petitioner submitted that in the Tariff Order for FY19, an additional amount of Rs.20 Cr was allowed provisionally towards R&M expenditure on IT systems, which shall be trued up based on actual expenditure under R&M expense for the respective year.

2.11.4 The Petitioner has also submitted that Rs. 6.15 Cr was incurred more in comparison to the approved R&M expenses during FY 2018-19 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

2.12 Interest & Finance Charges

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

2.12.2 The working capital requirement calculated by the Petitioner for FY 2018-19 is as below:

Table 19: Petitioner Submission- Working Capital Requirement for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
O&M expenses for 1 month	152.86	145.08
Receivables equivalent to 2 months average billing	857.89	850.19
Maintenance Spares (40% of R&M Expense of 1 Month)	2.17	3.04
Less: one-month power purchase	368.55	324.26
Less: Consumer Security Deposit	254.56	394.37
Total Working Capital	**389.82**	**279.68**
Rate of Interest on Working Capital	12.79%	10.99%
Interest on Working Capital	**49.85**	**30.72**

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

2.12.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 30.72 Cr for FY 2018-19.

2.13 Interest on Consumer Security Deposit

2.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

2.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2018-19 is as below:

Table 20: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Actual
Opening	341.08
Addition	53.29
Closing	394.37
Interest on consumer security deposit	**16.47**

2.13.3 The actual interest expenses submitted by the Petitioner for FY 2018-19 are as below:

Table 21: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Interest on Long Term Loan	219.25	219.25
Interest on Working Capital	49.85	30.72
Interest on Consumer Security Deposit	22.84	16.47
Total Interest & Finance Charges	**291.93**	**266.44**

2.14 Other Controllable Parameters

2.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2018-19 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

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

Table 22: Petitioner Submission- Depreciation and Return on Equity for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Depreciation	107.91	107.91
Return on Equity	30.24	30.24

2.15 Non-Tariff Income

2.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 78.27 Cr from consumers and has not claimed expenses on capitalization of works carried out through consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 82.51 Cr have not been considered while computing non-tariff income.

2.15.2 The details of non-tariff income submitted by the Petitioner for true-up for FY 2018-19 is summarized in the table below.

Table 23: Petitioner Submission- Non-Tariff Income for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Meter Rent/Service Line Rentals		45.95
Recovery for theft of Power / Malpractices		0.14
Wheeling Charges Recovery		45.81
Peak Load Violation Charges		23.12
Miscellaneous Charges from Consumers		3.45
Non-Tariff Income – Total		**118.47**
Other Income		
Interest on Staff loans & Advances		0.25
Income from Investments		19.88
Interest on Loans & Advances to Licensees		-
Delayed Payment Charges from Consumers		78.27
Delayed Payment Charges from PGCIL		0.38
Interest on Advances to Suppliers / Contractors		0.23
Interest on Banks (other than on Fixed Deposits)		-0.01
Income from Trading		0.68
Other Misc. Receipt trading		-
Income fee collected against Staff Welfare Activities		0.07
Miscellaneous Receipts		85.37
O&M Charges Recovery from HPPTCL		-
O&M Charges Recovery from Distribution		-
Amortization of Govt. grants		82.51
Subsidies against loss on account of flood		25.25
Prior Income		2.29
Other Income - Total		**295.17**
Gross Non-Tariff Income & Other Income		**413.64**
Less: Income items not considered		
Delayed Payment Charges from Consumers		78.27
Amortization of Govt. grants		82.51
Non-Tariff Income & Other Income Considered	**171.83**	**252.86**

2.16 Annual Revenue Requirement

2.16.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2018-19 after adjustment of past years which the Commission had included in the approved ARR of FY 2018-19 is given in table below:

Table 24: Annual Revenue Requirement for FY19 (Rs Cr)

Particulars	Approved in APR Order	True-Up
Power Purchase Expenses for Supply in the State	**3,054.72**	**3,902.80**
Cost of electricity purchase including own generation	2,734.55	3,619.75
PGCIL Charges	242.36	210.68
HPPTCL Charges	6.04	9.65
STOA Charges	69.65	39.06

Particulars	Approved in APR Order	True-Up
SLDC Charges	2.12	1.97
Other Charges (System/Marketing, reactive power, UI (Malana), Trading Margin, NLDC)	-	10.04
Incentive for over-achievement of T&D loss	-	11.64
Operation & Maintenance Costs	**1,834.38**	**1,740.91**
Employee Cost	1,698.69	1,601.47
R&M Cost	85.09	91.24
A&G Cost	50.60	48.20
Interest & Finance Charges	**291.93**	**266.44**
Interest on Long term loan	219.25	219.25
Interest on Working Capital	49.85	30.72
Interest on Consumer Security Deposit	22.84	16.47
Depreciation	107.91	107.91
Return on Equity	30.24	30.24
Less: Non-Tariff & Other Income	171.83	252.86
Aggregate Revenue Requirement (ARR)	**5,147.35**	**5,795.44**
Add: Past period Cost		
Impact of Final Truing-up for FY16	41.92	41.92
Arrears of 7th Pay revision	200.00	-
Total ARR including adjustments	**5,389.26**	**5,837.36**

2.17 Revenue Gap

2.17.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2018-19 is summarized in the table below.

Table 25: Petitioner Submission- Revenue Gap for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Amount
Annual Revenue Requirement (ARR) for FY 19	**5,389.26**	**5,837.36**
Revenue		
Revenue at existing tariff	4,836.52	5,101.13
Revenue from sale outside state	559.48	833.10
Total Revenue	**5,396.00**	**5,934.23**
Revenue Surplus (+) / Gap (-)	**6.74**	**96.87**

2.17.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 96.87 Cr for FY 2018-19.

2.18 Carrying Cost

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

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

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

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

Table 26: Petitioner Submission- Carrying Cost for FY19 (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening Balance	-	102.39	113.81
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY2018-19	**96.87**	**-**	**-**
Closing balance	**96.87**	**102.39**	**113.81**
Interest Rate for Carrying Cost	11.39%	11.16%	10.11%
Carrying Cost	5.52	11.42	11.51
Total Gap including Carrying Cost	**102.39**	**113.81**	**125.32**

3 SUMMARY OF THE TRUE-UP PETITION FOR CONTROLLABLE PARAMETERS FOR 3RD MYT CONTROL PERIOD (FY 2014-15 TO FY 2018-19)

3.1 Background

3.1.1 The Petitioner in accordance to the MYT Regulations, 2011 and its subsequent amendments has submitted for the true up of controllable parameters for the 3rd Control Period which includes capitalization and capital expenditure, depreciation, Interest and Finance Charges and Return on Equity for each year from FY 2014-15 to FY 2018-19 based on accounts.

3.2 Capital Expenditure and Capitalisation for 3rd Control Period

3.2.1 The Petitioner has submitted that the total capital expenditure and capitalisation approved for the 3rd Control Period are Rs. 2,220 Cr and Rs. 2,514 Cr respectively.

3.2.2 The actual capitalization as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved capitalization is summarized in table below:

Table 27: Approved vs Actual Capitalization submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
MYT Approved Capitalization	285.54	285.54	285.54	285.54	285.54
Actual Capitalization	401.48	421.29	428.74	470.30	318.87

3.3 Depreciation

3.3.1 The Petitioner has calculated the depreciation in accordance to the MYT Regulations, 2011 and its subsequent amendments by considering the opening GFA of the asset in the beginning of the Control Period and the projected capitalisation.

3.3.2 Further, the Petitioner has not considered the assets funded through grants, consumer contribution or capital subsidy is excluded for computation of depreciation.

3.3.3 The depreciation submitted by HPSEBL are as per actuals as summarized in the table below:

Table 28: Actual Depreciation for FY15 to FY19 (Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening GFA	3950.05	4351.53	4772.82	5201.57	5671.87
GFA Addition	401.48	421.29	428.74	470.30	318.87
Decapitalisation	0.00	0.00	0.00	0.00	0.00
Closing GFA	4351.53	4772.82	5201.57	5671.87	5990.74
Rate of Depreciation	3.68%	4.11%	4.16%	4.17%	3.30%
Gross Depreciation	152.73	187.54	207.59	226.67	192.26
Less: Amortisation of grants and consumer contribution	53.18	58.59	61.40	62.25	65.26
Depreciation	**99.56**	**128.95**	**146.19**	**164.42**	**127.00**

3.3.4 The Petitioner has also submitted that it has procured software (like SAP, Meter data acquisition software and others) which are classified as intangible assets in the books of accounts. Therefore, the Petitioner requests the Commission to allow the depreciation on intangible assets as follows in the table below:

Table 29: Depreciation on intangible asset from FY15 to FY19 (Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening	22.44	22.44	22.44	22.44	30.28
Addition	0.00	0.00	0.00	7.84	58.94
Closing	22.44	22.44	22.44	30.28	89.22
% Rate	20%	20%	20%	27%	22%
Depreciation	**4.49**	**4.49**	**4.49**	**7.06**	**13.36**

3.3.5 The actual depreciation as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved depreciation is summarized in table below:

Table 30: Approved vs Actual Capitalization submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Depreciation approved in MYT Order	62.74	70.27	80.90	93.90	107.91
Actual depreciation	104.04	133.43	150.68	171.48	140.36
Difference (+/-)	**41.30**	**63.16**	**69.78**	**77.58**	**32.45**

3.4 Funding pattern

3.4.1 The Petitioner has submitted the actual funding pattern of the capitalisation from FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 31: Actual Funding pattern submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Capitalisation	401.48	421.29	428.74	470.30	318.87
Less:					
Consumer Contribution & Grants	261.62	66.74	100.22	93.96	82.29
Remaining Funding	**139.86**	**354.55**	**328.52**	**376.35**	**236.58**
Debt	116.49	313.05	290.29	327.13	236.58
Equity	23.36	41.50	38.24	49.22	0.00
Debt (%)	83%	88%	88%	87%	100%
Equity (%)	17%	12%	12%	13%	0%

3.5 Interest and Finance charges

3.5.1 The Petitioner submits that actual loans were restructured under UDAY scheme which resulted into annual savings in interest and finance charges. Further, the Petitioner has mentioned that it has considered the approved amount of Rs. 42.24 Cr in the MYT order as interest on UDAY bonds as for FY 2017-18 and FY 2018-19 against the actual interest on bonds paid out by the Petitioner of Rs. 227.78 Cr each in FY 2017-18 and FY 2018-19.

3.5.2 Moreover, the Petitioner has claimed cost of raising finance, interest on GPF, rebate on timely payment and other bank charges under interest and finance charges.

3.5.3 The actual interest and finance charges as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved interest and finance charges is summarized in table below:

Table 32: Approved vs Actual interest and finance charges submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Interest on loan approved in MYT Order	108.06	125.69	154.06	187.53	219.25
Actual Interest on loan and finance charges	203.33	206.77	250.30	356.07	374.26

3.6 Savings on account of Restructuring of Loan under UDAY Scheme

3.6.1 The Petitioner submits that submits that an outstanding loan of Rs. 2,890 Cr consisting of both short term and capital loans were restructured under UDAY scheme. Further, the Petitioner mentions that GoHP took over the outstanding loans and issued UDAY bonds against the same on 28.2.2017.

3.6.2 The weighted average coupon rate discovered for the UDAY bonds was 7.88% which is considerably lower than the Weighted Average Cost of Capital (WACC) of term loans at 10.89% at the time of signing of MoU.

3.6.3 Thus, the Petitioner realized an annual saving in interest payments. The estimated saving in interest on loan as submitted by the Petitioner is as follows:

Table 33: Savings on account of Restructuring of loan under UDAY scheme

Particular		Amount (Rs Cr)
Amount of Loan restructure	A	2,890

Particular		Amount (Rs Cr)
WACC of loan at the time of restructuring		10.89%
Interest rate on bonds		7.88%
Difference in Rates of interest	C	3.01%
Interest savings	D=A*C	86.99

3.6.4 The Petitioner has prayed to the Commission to approve fifty percent of the net savings amount of Rs. 43.50 Cr to be adjusted in the Gap of true up for 3rd Control Period and the remaining amount be approved for contingency reserve.

3.7 Return on Equity

3.7.1 The Petitioner has submitted the Return on Equity as per actual equity infusion for distribution business for FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 34: Actual RoE submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Opening Balance of Equity	367.40	429.90	479.90	529.89	547.17
Net Additions during the Year	62.50	50.00	49.99	17.28	50.00
Closing Balance of Equity	429.90	479.90	529.89	547.17	597.17
Rate of Return (%)	16.00%	16.00%	16.00%	16.00%	16.00%
Actual RoE	**63.78**	**72.78**	**80.78**	**86.17**	**91.55**

3.8 Gap for true up of controllable parameters of 3rd Control Period

3.8.1 The details of Revenue Gap submitted by the Petitioner for true up of the third Control Period FY 2014-15 to FY 2018-19 is summarized in the table below.

Table 35: Revenue Gap on account of True Up submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	Approved in MYT Order	Actual	True Up Gap
	FY15 to FY19	FY15 to FY19	FY15 to FY19
Depreciation	415.72	666.11	250.39
Interest and Finance Charges	794.59	1390.73	596.14
Return on Equity	151.2	394.97	243.77
Add: Interest savings benefit for restructuring of loan under UDAY	-	-	43.50
Total	**1361.51**	**2451.81**	**1133.80**

3.9 Carrying Cost

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

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

Table 36: Carrying Cost submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening balance	-	(1,198.37)	(1,332.07)
Surplus /(Gap) on account of truing-up of uncontrollable parameters for FY18	(1,133.80)	-	-
Closing balance	(1,133.80)	(1,198.37)	(1,332.07)
Interest Rate for Carrying Cost	11.39%	11.16%	10.11%
Carrying Cost	(64.57)	(133.70)	(134.66)
Total Gap including Carrying Cost	**(1,198.37)**	**(1,332.07)**	**(1,466.73)**

4 SUMMARY OF THE TRUE-UP PETITION FOR FY20

4.1 Background

4.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2019-120 based on the provisional audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

4.2 Sales Projections

4.2.1 The Petitioner has submitted the actual Category-wise energy sales for FY 2018-19 as detailed in the table below:

Table 37: Petitioner Submission- Energy Sales for FY20 (MU)

Category	Approved in MYT Order	Actual
Industrial Power Supply	**5,218**	**5,323**
Small industries	84	90
Medium industries	118	90
Large industries	5,016	5,144
Domestic	2137	2,194
Govt. Irrigation & Water Pumping	661	560
Irrigation & Agriculture	77	57
Commercial	635	623
Bulk Supply	161	152
Non-Domestic Non-Commercial	158	160
Public Lighting	12	11
Temporary	40	46
Total Sales	**9,101**	**9,125**

4.2.2 The Petitioner has also submitted that actual sales for FY 2019-20 is 24 MUs higher than the sales approved by the Commission and has requested the Commission to approve the sales to the actual level.

4.3 Revenue from Sale of Power

4.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2019-20 is given in the table below:

Table 38: Category-wise Revenue from Sale of Power for FY20 (Rs Cr)

Category	Approved in MYT Order	Actual
Small industries	60.47	53.22
Medium industries	61.16	59.01
Large industries	2,770.50	2,877.61
Domestic	1,056.08	1,046.52
Govt. Irrigation & Water Pumping	428.60	422.49
Irrigation & Agriculture		34.47
Commercial	374.12	379.84
Bulk Supply	95.66	107.87
Non-Domestic Non-Commercial	90.61	106.23
Public Lighting	6.21	6.76
Temporary	35.10	40.08
Total Revenue from sales	**4,978.51**	**5,134.11**

Approved revenue for Irrigation and Drinking Water amounting to Rs. 428.60 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.

4.3.2 The actual revenue from sale of power within state is Rs 5,134.11 Cr against the approved revenue of Rs 4,978.51 Cr. This increase is attributable to the categories such as Medium and Large Industry, Agriculture and Irrigation, Bulk Supply, NDNC, Commercial.

4.3.3 Further, the Petitioner has submitted that the actual revenue from sale of power of large industries includes receipt from open access charges i.e. Cross Subsidy Surcharge and Additional Surcharge.

4.3.4 In the MYT Order, the Commission had approved revenue from sale of power outside the state of Rs 308.80 Cr against which the actual revenue is Rs 473.78 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2019-20 considered for true-up is given in the table below:

Table 39: Revenue from Sale of Power outside State for FY20 (Rs. Cr)

Particulars	Approved in MYT Order	Actual Revenue
Revenue from sale of power outside State	308.80	1,635.04
Less: Banking Sale		1,161.25
Net Revenue from sale of power outside state	**308.80**	**473.78**

4.3.5 The Petitioner has submitted that the revenue from sale of power outside State includes revenue from RE sale, sale of contingent purchase and others (reactive power, HVPN etc).

4.4 Power Purchase Cost

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

- Power purchase expenses are considered as per the actual bills received from the generating companies
- The CERC has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such stations.
- For own generation stations, the rates approved by Hon'ble Commission in the MYT Order dated 29.06.2019 has been considered for computing the cost. However, the Petitioner has requested to consider the Annual Fixed Charges for 4th MYT Control Period for own generating stations yet to be determined by Hon'ble HPERC in the MYT Order for Generation Petition of HPSEBL.

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

Table 40: Petitioner Submission- Summary of Power Purchase from all Generating Stations in FY20

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Own Generation		
Bhaba	582.57	46.73
Bassi	330.17	26.71
Giri	224.23	20.89
Andhra	75.02	10.94
Ghanvi	87.77	19.75
Ghanvi II	39.27	8.84
Baner	40.34	8.70
Gaj	46.67	16.64
Larji	589.53	135.93
Khauli	37.38	8.41
Binwa	36.86	8.72
Thirot	6.67	1.50
Gumma	3.26	0.73
Holi	-	-
Bhaba Aug	5.47	1.23
Nogli	6.10	2.33
Rongtong	0.31	0.11
Sal-II	-	-
Chaba	4.67	1.34
Rukti	3.20	0.53
Chamba	2.07	0.50
Killar	0.26	0.06
Uhl III - BVPCL	-	-
Sub-total	**2,121.80**	**320.60**
NTPC		
Anta (G)	17.53	13.22

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Anta (L)	-	-
Anta (LNG)	0.06	0.37
Auriya (G)	31.08	21.32
Auriya (L)	-	-
Auriya (LNG)	1.06	2.13
Dadri (G)	90.38	41.08
Dadri (L)	-	-
Dadri (LNG)	0.80	7.37
Unchahar-I	58.49	34.71
Unchahar-II	140.58	64.46
Unchahar-III	60.10	30.47
Unchahar-IV	13.06	5.63
Rihand-1 STPS	226.46	51.25
Rihand-2 STPS	220.89	47.20
Rihand-3 Units-1,2	241.76	69.79
Kahalgaon - II	123.37	42.92
Singrauli STPS	69.60	13.49
Dadri-II TPS	30.94	29.88
Tanda TPS*	3.30	1.34
Jhajjar TPS**	0.00	-0.02
Koldam	494.70	254.38
Singrauli Solar	19.25	15.16
Sub-total	**1,843.40**	**746.13**
NHPC		
Bairasuil (GoHP RLDC)	0.00	0.01
Chamera I	72.60	14.76
Chamera II	43.18	8.01
Chamera III	0.10	2.97
Dhauliganga	45.62	13.45
Parbati III	0.08	-1.61
Salal	37.77	10.20
Sewa II	0.00	1.13
Tanakpur	16.46	6.34
Uri	89.70	18.58
Uri II	0.00	-0.24
Sub-total	**305.52**	**73.61**
SJVNL		
Nathpa Jhakri SOR	182.76	36.64
Nathpa Jhakri Equity***	1,623.84	334.24
Rampur HEP SOR Share	52.55	23.65
Rampur HEP Equity Share	532.56	226.04
Sub-total	**2,391.71**	**620.57**
NPCIL		

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
NAPP	108.80	35.04
RAPP (V & VI)	111.53	51.47
Sub-total	**220.33**	**86.51**
Other CG & Shared Stations		
BBMB Projects		
BBMB Old	43.92	5.24
BBMB New	405.86	16.33
Dehar	187.90	15.85
Pong	40.12	2.00
Subtotal BBMB Project	**677.80**	**39.42**
PSPCL Projects		
Shanan (available to HPSEB) (1 MW)	5.27	0.11
Shanan Ext (available to HPSEB) (45 MU)	45.00	2.68
Bilateral with PSPCL on 11kV	-0.01	0.00
Subtotal PSPCL Project	**50.26**	**2.79**
UJVNL Projects (Yamuna)		
Chibro (240MW)	242.01	22.08
Khodri (120MW)	107.88	12.32
Dhakrani (33.75MW)	42.94	6.76
Dhalipur (51MW)	55.45	8.32
Kulhal (30MW)	30.78	3.98
Subtotal Yamuna	**479.07**	**53.46**
UPJVNL Project		
Khara	50.83	6.57
Subtotal Khara	**50.83**	**6.57**
Sub-total	**1,257.97**	**102.24**
THDC		
Tehri	-	-
Koteshwar	-	-
Sub-total	**0.00**	**0.08**
Solar		
SECI	42.94	25.62
HPPCL-Beradol	8.36	3.60
Solar IPPs	21.94	10.80
Sub-total	**73.25**	**40.02**
Private IPPs/ SHPs		
Small HEP/ Private Micro	1,440.16	399.08
Small HEP/ Private Micro -REC	299.14	72.51
Baspa - II - Primary	1,050.06	156.23
Baspa - II Secondary Energy	127.53	59.00
Sub-total	**2,916.89**	**686.81**
Free Power		
Own generation		

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Larji	79.47	20.34
Khauli	5.10	1.30
Ghanvi	11.97	3.06
Gaj	6.36	1.63
Baner	5.50	1.41
Ghanvi II	5.36	1.37
Uhl-III	0.00	0.00
Interstate		
Shanan Share	2.64	0.67
Ranjeet Sagar Dam Share	95.57	26.32
Malana	72.88	18.66
Baspa (Primary & Sec.)	160.58	41.11
Kasang	24.82	6.35
Chanju	21.32	5.18
Small HEP/ Private Micro - Free	136.16	33.98
Sub-total#	**627.73**	**161.39**
Other Sources		
Unscheduled Interchange (UI)##	146.45	101.46
Banking Purchase@	2053.4	
Contingency (IEX and PXIL)	273.15	87.35
Subtotal	**2,473.0**	**188.81**
Grand Total (excluding Banking)	**14,231.6**	**3,026.79**
Grand Total (including Banking)	**12,178.19**	**3,026.79**

** Tanda TPS transmission charges are booked separately under A/H 70.601*
*** Jhajjar TPS arrears of Rs. -0.02 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".*
****The total amount booked under SJVNL in accounts (A/H 70.819) is Rs. 602.02 Cr against Rs. 620.57 Cr shown under the head. The differential amount of Rs. 18.55 Cr pertains to arrears for NJPS equity power purchased in the past which is paid to PTC in FY20. Hence, the above amount is booked under PTC (A/H 70.826)*
 # The total GoHP free power amount paid to PTC as per accounts (A/H 70.826) is Rs. 182.52 Cr, out of which Rs. 18.55 Cr pertains to SJVNL equity power arrear and Rs. 2.58 Cr pertains to STOA charges and trading margin. The balance amount of Rs. 161.40 Cr pertains to GoHP free power.
##UI charges paid to SLDC as per accounts (A/H 70.130) is Rs. 102.10 Cr whereas the amount shown under the head is Rs. 101.46 Cr. The difference of Rs. 0.64 Cr pertains to reactive power which is shown separately under "other charges" head
@ cost of banking has not been considered as a part of power purchase expense for computational purposes.

4.4.3 The Petitioner submitted that the increase in actual power purchase cost as compared to that approved is due to higher quantum of power purchase.

4.4.4 The Petitioner has submitted that the actual power purchase cost for FY 2019-20 is given in the table below:

Table 41: Petitioner Submission- Summary of Power Purchase cost from all Generating Stations in FY20

Station	Approved in MYT Order		Actual	
	MUs	Rs Cr	MUs	Rs Cr
HPSEBL Own Generation	2,134.23	342.64	2,121.80	320.60
NTPC	1,722.95	646.25	1,843.40	746.13
NHPC	288.75	55.59	305.52	73.61
SJVNL & Others (THDC)	2,305.79	553.51	2,391.71	620.66
Nuclear	199.73	72.59	220.33	86.51
BBMB and shared stations	1,093.66	113.75	1,257.97	102.24
IPP and others	2,686.58	639.57	2,916.89	686.81
GoHP Free Power	592.94	151.80	627.73	161.39
Solar	119.64	58.00	73.25	40.02
Other Sources (WtE and short-term purchase)	24.53	19.38	2,473.00	188.81
UI	-	-	146.45	101.46
Banking Purchase	-	-	2,053.40	-
Contingency (IEX)	-	-	273.15	87.35
Total	**11,168.80**	**2,653.08**	**14,231.60**	**3,026.79**

4.5 Transmission Charges

4.5.1 The Petitioner has submitted that during FY 2019-20 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 430.11 Cr. Few of the consideration made by the Petitioner is summarized below:

- For the purpose of truing up, the provisioning of Rs. 2.45 Cr for LADF (DoE) in FY 20 has been excluded.

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

Table 42: Petitioner Submission- Summary of Transmission Charges in FY20 (Rs. Cr)

Particulars	Amount
Transmission Charges	
PGCIL #	346.80
HPPTCL	12.74
SLDC Charges	4.01
STOA Charges	64.46
Sub-total- Transmission Charges	**428.00**
Other Charges	
System/Marketing operation charges	0.0034
NRLDC	1.46
Reactive Charges*	0.64
Sub-total- Other Charges	**2.10**
Grand Total	**430.11**

#The amount of Rs. 346.80 Cr towards PGCIL charges is claimed after netting off wheeling charges recovered from GoHP towards M/s PTC Ltd.
** Reactive charges of Rs. 0.64 Cr is booked in accounts under A/H 70.130.*

4.5.3 The total power purchase cost for FY 2019-20 submitted by the Petitioner is summarized in the table below:

Table 43: Petitioner Submission- Summary of Power Purchase Cost in FY20 (Rs. Cr)

Particulars	Amount
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	2,706.19
PGCIL	346.80
HPPTCL	12.74
SLDC Charges	4.01
STOA charges	64.46
Other Charges (System/Marketing operation charges, NRLDC)	2.10
Power Purchase Cost (including transmission & other charges)	**3,136.30**
Add: Own Generation	320.60
Total Power Purchase Cost (including Own Generation)	**3,456.90**

4.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,456.90 Cr for True-Up of FY 2019-20.

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

Table 44: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY20 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	4,190.91	-
Less: LADF DoE	2.45	-
Power Purchase Cost (including transmission & other charges)	**4,188.47**	**3,136.30**
Less: Banking power purchase	1,052.17	-
Power Purchase Cost	**3,136.30**	**3,136.30**

4.6 Transmission and Distribution Loss

4.6.1 The Petitioner in the Second APR Petition for 4th Control Period had proposed for a revised T&D loss target of 11.50% for FY 2019-20. In accordance to the proposed revision the Petitioner based on the actual sales & power purchase quantum HPSEBL has achieved T&D loss level of 12.08% during FY 2019-20.

Table 45: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in MYT Order	Revised T&D Target proposed by HPSEBL	Actual
T&D loss	10.30%	11.50%	12.08%

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

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

4.6.3 The Petitioner has requested the Commission to approve the T&D loss of 12.08%.

4.7 Energy Balance

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

Table 46: Petitioner Submission- Energy Balance for FY20 (MU)

Particulars	FY20
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,617.26
Banking Purchase at ISTS	2,053.40
Interstate Transmission Loss (%)	3.18%
Transmission Loss (MUs)	307.91
Net Energy Available at Periphery	**9,362.76**
Power Available within the state	**4,141.33**
(i) State Generating Stations	2,121.80
(ii) GoHP Power (own generation & IPPs)	249.92
(iii) IPPs	1,769.60
Power from Other Sources	**419.60**
(i) UI Power	146.45
(ii) IEX/PIXIL	273.15
Total Energy Available at HP periphery	**13,923.69**
Energy Sales Within the state	**9,124.89**
Inter-State Sale of Power	3,545.56
(i) Sale of Power (including UI & IEX)	920.03
(ii) Banking	2,095.46
(iii) RE Sale	530.07
Total Energy Available for sale within the state	**13,923.69**
Total Energy Sale	**12,670.45**
T&D loss (in MUs)	1,253.24
T&D loss (%)	**12.08%**

4.8 Incentive for Over-achievement of T&D Loss

4.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 12.08% for FY 2019-20 against the revised proposed target of 11.50% for FY 2019-20 in the Second APR Petition for 4th Control Period. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

4.8.2 The Petitioner has submitted the savings resulting from the over-achievement of T&D loss for FY 2019-20 as shown in the table below:

Table 47: Petitioner Submission- Saving on account of over-achievement of T&D Loss for FY20 (MUs)

Sl.	Particulars	FY20
A	Energy Sales within state (MU)	9,124.89
B	T&D Losses (%)	11.50%
C	**Power Purchase requirement to meet state requirement (MU)**	**10,310.61**
D	**Inter-State Sale (MU)**	**3,545.56**
	(i) Banking Arrangement (MU)	2,095.46
	(ii) Sale Outside the state (MU)	1,450.10
E	Total Power Purchase Quantum approved at State Periphery (MU)	13,856.17
F	Actual Power Purchase Quantum at State Periphery (MU)	13,923.69
G	**No. of units lost (MU)**	**-67.52**

4.8.3 The Petitioner has mentioned that it has incurred 67.52 Mus of loss and has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 48: Petitioner Submission-Penalty for under-achievement of T&D Loss for FY20 (Rs Cr.)

Particulars	Unit	Amount
No. of Units	**MU**	**-67.52**
Cost of Power for over-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	2,706.19
Power purchased from other than own sources	MU	10,056.39
Less: PGCIL losses	MU	307.91
Net Power Purchase	MU	9,748.48
Cost of Power Purchase from Other than own sources	Rs/kWh	2.78
Total Penalty	Rs Cr	-18.74
HPSEBL's Share	%	60%
HPSEBL's Penalty on account of T&D loss overachievement	**Rs Cr**	**-11.25**

4.8.4 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 3445.65 Cr. for FY 2019-20 which also includes penalty of Rs 11.25 Cr.

4.9 Employee Cost

4.9.1 The Petitioner submitted actual employee cost for FY 2019-20 as Rs. 1,788.31 Cr against approved employee cost of Rs. 1,698.24 Cr

4.9.2 The employee cost submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 49: Petitioner Submission- Employee Cost for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Salaries & Allowances		

Particulars	Approved in MYT Order	Actual
Salaries (Basic)		299.05
Grade pay		36.55
Dearness Allowance		382.66
Other Allowances		26.74
Overtime		4.37
Bonus		0.02
Salaries - Total		**749.39**
Other Staff Cost		
Medical Expense Reimbursement		7.32
Fee & Honorarium		0.02
Earned Leave Encashment		90.73
Salary/Wages of Outsourced/Contractor		42.30
Payment under Workmen's Compensation		1.73
Leave Travel Concession		0.08
Staff Welfare Expenses		0.36
Other Staff Cost - Total		**142.54**
Total salary cost and other staff cost	**964.76**	**891.93**
Terminal Benefits		
Superannuation Boards Contribution		1.44
Pension - Base		707.79
Pension-Commuted Value		72.31
Gratuity		127.09
Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)		20.43
Employee Contribution towards CPS		15.48
Terminal Benefits - Total	**838.01**	**944.54**
Gross Employee Cost	**1,802.77**	**1,836.47**
Less: Employee Cost Capitalisation	42.68	51.27
Less: Employee Attrition Impact		-
Add: Prior Period Expense		3.11
Total Employee Cost as per P&L Account		**1,788.31**
Less Provision: - Terminal Benefits		35.59
Less Provision: - Additional Dearness Allowance		11.97
Less Provision: - 7th pay Commission		-
Total Provision Less:-		47.56
Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees (approved by Hon'ble Commission in Tariff Order for FY20)	61.87	-
Net Employee Cost	**1,698.22**	**1,740.75**

4.9.3 Accordingly, the Petitioner has requested the Commission to approve employee cost to Rs 1740.75 Cr.

4.10 Administrative & General Expenses

4.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 50: Petitioner Submission- Actual Vs Approved A&G Expense for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Administration Charges		
Rent, Rates & Taxes		2.51
Statutory Dues		-
Telephone, Postage & Telegrams		2.55
Consultancy Charges		1.16
Conveyance & Travel		9.70
Regulatory Expenses		1.76
Licence fee Distribution & Transmission payable to HPERC		1.39
Income Tax Updating Charges		0.12
Consumer Redressal Forum		0.80
Insurance		2.05
Purchase Related Expenses & Other Charges		1.18
IT and other Initiatives		-
Sub Total-Administration Charges		**23.22**
Other Charges		
Fees & Subscriptions, Books & Periodicals		0.60
Printing & Stationery		2.41
Advertisement Expenses		0.60
Electricity Charges		6.39
Water Charges / Cold weather expenses		0.47
Legal Charges		1.55
Audit Fee		0.02
Statutory Audit Fee		0.15
Internal Audit Fee		-
Expenditure on Gift/ Presentation		-
Entertainment Charges		0.07
Training to Staff		0.32
Fees for SAS Examination		-
Public Interaction Program		0.19
Contribution/Donations		0.49
Expenditure on providing cost free CFL bulb domestic consumer		0.05
Exp. Incurred on capacity building for Poverty Reduction		-
Public Expenses / Other professional charges		0.59
Expenditure related to High level Committee		0.20

Particulars	Approved in MYT Order	Actual
Expenditure related to high level committee for formulation of power policy-other expenses		1.71
Exp. On GIS/ Global Position		0.28
Transaction Charges to SCAs for collection of energy bills		0.93
Compensation paid for non-compliance of Renewable Power		-
TA/DA Internal Auditor		-
TA/DA Statutory Auditor		-
Private Vehicle hire charges		1.57
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.06
Exp. On IPAVAST Connectivity Charges etc.		2.70
Publicity expenses		0.07
Providing ID to staff Vidyut Bhawan		-
Technical fees		0.01
Freight Material related Expenses		0.05
Misc. Expenses		0.79
Sub Total-Other Charges		22.27
A&G - Grand Total	**45.66**	**45.49**
Less: Capitalisation	0.75	-
Add: Provision for one-time expense	5.00	-
Net A&G Costs	**49.91**	**45.49**

4.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 45.49 Cr.

4.11 Repairs and Maintenance Expenses

4.11.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 51: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Plant & Machinery		0.57
Buildings		2.36
Civil Works		0.94
Lines, Cables Networks		64.69
Vehicles		1.72
Furniture & Fixtures		0.04
Office Equipment		29.11
Other i.e. cost of vehicle other than vehicle		-0.25

Particulars	Approved in MYT Order	Actual
R&M Cost – Total	**72.70**	99.18
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		0.58
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		4.88
Provisional amount towards data centre	**20.00**	-
Net R&M Expenses	**92.70**	**97.20**

4.11.2 The Petitioner submitted that Hon'ble Commission, in the Tariff Order for FY20 dated 29.06.2019, provisionally allowed an additional amount of Rs.20 Cr towards new R&M expenditure on IT infrastructure and Data center in 4th MYT Control Period, which shall be trued up based on actual expenditure under R&M expense for the respective year.

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

4.11.4 The Petitioner has also submitted that Rs. 4.50 Cr was incurred more in comparison to the approved R&M expenses during FY 2019-20 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

4.12 Interest & Finance Charges

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

4.12.2 The working capital requirement calculated by the Petitioner for FY 2019-20 is as below:

Table 52: Petitioner Submission- Working Capital Requirement for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
O&M expenses for 1 month	153.40	156.95
Receivables equivalent to 2 months average billing	826.34	855.68
Maintenance Spares (40% of R&M Expense of 1 Month)	13.00	11.74

Particulars	Approved in MYT Order	Actual
Less: one-month power purchase	393.06	288.07
Less: Consumer Security Deposit	252.37	415.54
Total Working Capital	**347.31**	**320.76**
Rate of Interest on Working Capital	11.15%	10.75%
Interest on Working Capital	**38.72**	**34.48**

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

4.12.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 34.48 Cr for FY 2019-20.

4.13 Interest on Consumer Security Deposit

4.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

4.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2019-20 is as below:

Table 53: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	Actual
Opening	394.37
Addition	21.18
Closing	415.54
Interest on consumer security deposit	**16.47**

4.13.3 The actual interest expenses submitted by the Petitioner for FY 2019-20 are as below:

Table 54: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Interest on Long Term Loan	131.26	131.26
Interest on Working Capital	38.72	34.48
Interest on Consumer Security Deposit	24.68	16.47
Total Interest & Finance Charges	**194.66**	**182.21**

4.14 Other Controllable Parameters

4.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2019-20 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

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

Table 55: Petitioner Submission- Depreciation and Return on Equity for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Depreciation	127.29	127.29
Return on Equity	42.88	42.88

4.15 Non-Tariff Income

4.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 79.06 Cr from consumers and has not claimed expenses on capitalization of works carried out through consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 90.47 Cr have not been considered while computing non-tariff income.

4.15.2 The details of non-tariff income submitted by the Petitioner for true-up for FY 2019-20 is summarized in the table below.

Table 56: Petitioner Submission- Non-Tariff Income for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Meter Rent/Service Line Rentals		47.11
Recovery for theft of Power / Malpractices		0.16
Wheeling Charges Recovery		52.73
O&M Charges Recovery		-
Peak Load Violation Charges		-
Miscellaneous Charges from Consumers		3.39
Non-Tariff Income - Total		**103.39**
Other Income		
Interest on Staff loans & Advances		0.19
Income from Investments		2.46
Interest on Loans & Advances to Licensees		-
Delayed Payment Charges from Consumers		79.06
Delayed Payment Charges from PGCIL		-
Interest on Advances to Suppliers / Contractors		-
Interest on Banks (other than on Fixed Deposits)		1.53
Income from Trading		10.42
Other Misc. Receipt trading		-
Income fee collected against Staff Welfare Activities		0.07
Miscellaneous Receipts		73.26
O&M Charges Recovery from HPPTCL		-
Recovery of Investigation & Survey Charges		-
Amortization of Govt. grants		90.47
Subsidies against loss on account of flood		20.00
Prior Income		1.45
Other Income - Total		278.91
Total Non-Tariff Income & Other Income		382.30
Less: Income items not considered		

Particulars	Approved in MYT Order	Actual
Delayed payment charges from consumers		79.06
Amortization of Govt. grants		90.47
Net Non-Tariff Income & other income considered	**116.19**	**212.77**

4.16 Annual Revenue Requirement

4.16.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2019-20 after adjustment of past years which the Commission had included in the approved ARR of FY 2019-20 is given in table below:

Table 57: Annual Revenue Requirement for FY20 (Rs Cr)

Particulars	Approved in MYT Order	True-Up
Power Purchase Expenses for Supply in the State	**3,028.47**	**3,445.65**
Cost of electricity purchase including own generation	2,653.02	3,026.79
PGCIL Charges	290.56	346.80
STOA Charges	70.01	64.46
HPPTCL Charges	9.76	12.74
SLDC Charges	5.12	4.01
Other Charges (System/Marketing, reactive power, UI (malana), Trading Margin, NLDC)	-	2.10
Penalty for under-achievement of T&D loss	-	-11.25
Operation & Maintenance Costs	**1,840.84**	**1,883.44**
Employee Cost	1,698.22	1,740.75
R&M Cost	92.70	97.20
A&G Cost	49.91	45.49
Interest & Financing Charges	**194.66**	**182.21**
Interest on Long term loan	131.26	131.26
Interest on Working Capital	38.72	34.48
Interest on Consumer Security Deposit	24.68	16.47
Depreciation	127.29	127.29
Return on Equity	42.88	42.88
Miscellaneous written off	-	0.02
Less: Non-Tariff & Other Income	-116.19	-212.77
Aggregate Revenue Requirement (ARR)	**5,117.95**	**5,468.73**
Add: Past period Cost		
True-up Revenue Gap for FY17	18.12	18.12
Impact of Order on Petition No. 25/2018	49.21	49.21
Provision towards impact of generation petition	50.00	50.00
Provision towards impact of 7th Pay Commission	50.00	-
Total ARR including adjustments	**5,285.28**	**5,586.06**

4.17 Revenue Gap

4.17.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2019-20 is summarized in the table below.

Table 58: Petitioner Submission- Revenue Gap for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Revenue		
Revenue at existing tariff	4,978.52	5,134.11
Revenue from sale outside state	308.80	473.78
Total Revenue	**5,287.32**	**5,607.89**
Revenue Surplus (+) / Gap (-)	**2.03**	**21.84**

4.17.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 21.84 Cr for FY 2019-20.

4.18 Carrying Cost

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

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

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

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

Table 59: Petitioner Submission- Carrying Cost for FY20 (Rs. Cr.)

Particulars	FY20	FY21
Opening balance	-	23.06
Surplus /(Gap) on account of truing-up of uncontrollable parameters for FY 2019-20	21.84	0
Closing balance	21.84	23.06
Interest Rate for Carrying Cost	11.16%	10.08%
Carrying Cost	1.22	2.33
Total Gap including Carrying Cost	**23.06**	**25.38**

5 SUMMARY OF THE APR PETITION FOR FY 2021-22

5.1 Introduction

5.1.1 This chapter summarizes the highlights of the Annual Performance Review (APR) Petition filed by the Petitioner for review of Aggregate Revenue Requirement (ARR) approved for FY 2019-20 in the MYT Order for the fourth Control Period.

5.1.2 The Annual Performance Review (APR) petition filed by the Petitioner constitutes revised estimates of the Petitioner distribution business for FY 2019-20 based on data for the entire financial year for the purpose of determination of the Aggregate Revenue Requirement (ARR) and revision in Distribution & Retail Supply Tariff for FY 2019-20, FY 2020-21 and projections for FY 2021-22.

5.2 Sales Projections

5.2.1 The Petitioner has mentioned that in FY 2020-21 due to COVID-19 pandemic induced Nationwide lock down and curfew restrictions the sales for the period April to September 2020 have adversely gown down. Therefore, the Petitioner has modified the assumptions for sales projections.

5.2.2 The Petitioner has submitted a brief description for the growth rates considered for projections as mentioned in the table below:

Table 60: Petitioner Submission-CAGR considered for projection of sales

Categories	CAGR considered	Remarks
Domestic	4.21%	3- Year CAGR
Non-Domestic Non-Commercial	6.95%	3- Year CAGR
Commercial	5.70%	5- Year CAGR
Temporary	10.00%	Previous Year
Small Power	2.13%	3- Year CAGR
Medium Power	0.00%	Previous Year
Large Supply	2.00%	Previous Year
Govt. Irrigation & Water Pumping	0.00%	Previous Year
Irrigation & Agriculture	0.00%	Previous Year
Public Lighting	0.00%	Previous Year
Bulk Supply	0.00%	Previous Year

5.2.3 The revised sales are projected by Petitioner based on complete sales data of base year i.e. FY 2019-20 as given in the following table:

Table 61: Sales projections by the Petitioner for the FY21 and FY22 (MUs)

Categories	FY21		FY22	
	Approved in APR	Total	Approved in MYT	Revised
Domestic	2,288	2,375	2,274	2,381

Categories	FY21		FY22	
	Approved in APR	Total	Approved in MYT	Revised
Non-Domestic Non-Commercial	163	150	173	182
Commercial	544	543	710	697
Temporary	38	43	44	56
Small Power	77	82	85	93
Medium Power	108	77	120	90
Large Supply	4,640	4,451	5,229	5,357
Govt. Irrigation & Water Pumping	577	556	722	562
Irrigation & Agriculture	64	57	96	57
Public Lighting	10	11	13	11
Bulk Supply	155	135	169	150
Total	**8,663**	**8,480**	**9,635**	**9,635**

5.2.4 The actual sales for the FY 2019-20 as per the Petitioner submission is 9129 MUs and the projections for FY 2020-21 and FY 2021-22 are 8480 MUs and 9635 Mus respectively which have been derived by applying the above CAGR.

5.3 Power Purchase

5.3.1 The Petitioner has considered power purchase as per actuals for first half of FY 2020-21 (i.e. April to September) and projections have been made for 2nd half of FY 2021-22 (October to March) based on assumptions. The Petitioner has also mentioned that the energy available from hydro power stations have been considered based on average generation of plant during the last 3 years as the actual generation during the 1st half of FY 2020-21 has not been considered on account of fall in electricity demand due to COVID-19 pandemic resulting in lockdown in HP.

5.3.2 Further, the Petitioner has mentioned the current billing for procurement of power from Central Generating Station is based on tariff approved by CERC for FY 2018-19. Therefore, the Petitioner has made a provision of arrears to bear the cost on account of revision of tariff from FY 2019-20 onwards.

5.3.3 Also, the Petitioner has highlighted that there are implications of Finance Act, 2020 under which the provisions of taxation are amended to levy Tax Collection at Source (TCS) of 0.075% in H2 of FY 2020-21 and 0.1% in FY 2021-22 on all payments which exceeds Rs. 50 lakhs per annum.

5.3.4 The commissioning of RAP VII and VIII and Municipal Solid Waste to Energy project has also been considered while making the projections. As per the submission of the Petitioner, the estimates of power procurement from various generating stations is as follows:

Revised Estimates for Power Purchase from Own Generation

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

- The energy charge has been considered same as approved by the Commission for the respective years.
- The energy available for sale has been derived from the average of monthly generation of the plant during the last 3 years has been considered across the upcoming years.
- For Small HEP, the sale of energy rate is considered at Rs. 2.25 as per the latest available Tariff Order
- Uhl III, 100MW capacity has not been commissioned against the anticipations made for September 2019. However, it is anticipated to be commissioned till the end of next financial year, based on which no power has been considered for FY 2021-22.

Table 62: Petitioner Submission- Revised Estimate of power procurement from own generating stations (MUs)

Details of the stations	FY20		FY21		FY22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Bhaba	582.57	46.73	489.59	40.58	553.48	47.11
Bassi	330.17	26.71	333.74	27.73	312.07	26.78
Giri	224.23	20.89	211.22	20.27	202.82	20.05
Larji	589.53	135.93	574.51	136.24	550.59	134.68
Andhra	75.02	10.94	70.53	10.58	66.53	10.29
Ghanvi	87.77	19.75	83.21	18.72	77.83	17.51
Ghanvi II	39.27	8.84	37.93	8.54	30.56	6.88
Baner	40.34	8.70	42.85	9.51	35.71	8.17
Gaj	46.67	16.64	47.54	17.45	37.00	13.99
Binwa	36.86	8.72	32.26	7.87	33.53	8.41
Thirot	6.67	1.50	3.34	0.75	6.13	1.38
Gumma	3.26	0.73	1.58	0.36	4.65	1.05
Holi	-	-	1.84	0.41	1.86	0.42
Khauli	37.38	8.41	43.10	9.70	36.29	8.16
Bhaba Aug	5.47	1.23	9.48	2.13	7.31	1.65
Nogli	6.10	2.33	5.02	1.98	4.53	1.84
Rongtong	0.31	0.11	0.38	0.14	0.83	0.31
Sal-II	-	-	-	-	-	-
Chaba	4.67	1.34	5.85	1.73	4.82	1.47
Rukti	3.20	0.53	3.67	0.62	2.71	0.48
Chamba	2.07	0.50	1.64	0.40	1.82	0.47
Killar	0.26	0.06	0.15	0.03	0.27	0.06
Subtotal-Own Generating Stations	**2,121.80**	**320.59**	**1,999.46**	**315.75**	**1,971.34**	**311.17**

Revised Estimates for Power Purchase from GoHP free power

5.3.6 As per the submission of the Petitioner, the estimates of power procurement from GoHP is as follows:

Table 63: Petitioner Submission-Revised estimate of power procurement from GoHP free power (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Shanan Share	2.64	0.67	2.63	0.66	2.63	0.66
Ranjeet Sagar Dam Share	95.57	26.32	78.70	19.68	81.20	20.30
Malana	72.88	18.66	72.18	18.07	67.81	16.95
Baspa (Primary & Sec.)	160.58	41.11	156.22	39.10	156.87	39.21
Kasang	24.82	6.35	3.88	0.97	23.48	5.87
Chanju	21.32	5.18	23.12	5.79	17.78	4.45
Larji	79.47	20.34	77.62	19.42	74.10	18.52
Ghanvi	11.97	3.06	11.35	2.84	10.61	2.66
Baner	5.50	1.41	5.84	1.46	4.87	1.22
Gaj	6.36	1.63	6.48	1.62	5.05	1.26
Khauli	5.10	1.30	5.88	1.47	4.96	1.24
Ghanvi II	5.36	1.37	5.17	1.29	4.17	1.04
Small HEP/ Private Micro - Free	112.54	28.81	110.03	27.52	107.02	26.75
Sub Total- GoHP	**604.11**	**156.23**	**559.09**	**139.91**	**560.54**	**140.14**

Revised Estimates for Power Purchase from NTPC Stations

5.3.7 The Petitioner has submitted that the allocation of power from NTPC stations continues to be the same after the revision of allocation by NRPC vide Revision No. 08/2019-20 dated 1.11.2019.

5.3.8 The Petitioner has considered the average PLF of last 3 years of actual generation for thermal stations and in case of hydro generating stations like NHPC, Koldam HEP and SJVNL, the month wise average of last 3 years generation is considered.

5.3.9 The Petitioner has submitted that NTPC has submitted the cost of additional capitalization for emission control norms for which the impact on HPSEBL is estimated to be ~5% increase. Further, the impact of increase in power purchase cost for the year will be reflected in the form of arrears, when the tariff gets revised in the future. Thus, the Petitioner has submitted that the impact of arrears on account of revision of tariff will fall upon in the ensuing year, a 3% Y-o-Y escalation is considered on the fixed charges from FY 2019-20 to FY 2021-22 and a 5% Y-o-Y escalation on the variable charges as per actual rate in Oct’20 for FY 2020-21.

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

Table 64: Petitioner Submission-Revised estimate of power procurement from NTPC (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Anta (G)	17.53	13.22	8.07	9.50	15.12	10.80
Anta (L)	-	-	-	-	-	-
Anta (LNG)	0.06	0.35	0.12	0.19	-	-
Auriya (G)	31.08	21.27	21.33	15.06	14.70	9.53
Auriya (L)	-	-	0.07	0.03	-	-
Auriya (LNG)	1.06	2.18	0.28	1.41	0.00	0.00
Dadri (G)	90.38	41.00	44.87	21.65	50.12	19.49
Dadri (L)	-	-	0.30	0.31	-	-
Dadri (LNG)	0.80	7.45	0.36	0.49	-	-
Unchahar-I	58.49	34.71	27.25	14.09	40.25	24.00
Unchahar-II	140.58	64.46	50.88	25.14	70.39	31.69
Unchahar-III	60.10	30.47	44.19	22.00	46.50	23.34
Unchahar-IV	13.06	5.63	5.42	2.95	5.96	2.52
Rihand-1 STPS	226.46	51.25	207.19	51.53	261.49	65.99
Rihand-2 STPS	220.89	47.20	242.23	51.01	252.71	60.00
Rihand-3 Units-1,2	241.76	69.79	209.48	66.15	259.30	82.80
Kahalgaon - II	123.37	42.92	105.88	41.35	150.99	57.45
Singrauli STPS	69.60	13.49	22.55	4.77	25.00	5.23
Dadri-II TPS	30.94	29.88	4.27	3.57	9.13	9.24
Tanda TPS	3.30	1.28	9.04	3.37	5.66	2.34
Koldam	494.70	254.38	476.05	252.78	456.60	256.86
Sub Total-NTPC	**1824.15**	**730.91**	**1479.84**	**587.34**	**1663.92**	**661.29**

Revised Estimates for Power Purchase from NPCIL power plants

5.3.11 The Petitioner has submitted that for NAPP and RAPP (V&VI) projects, the quantum of generation is considered same as approved by HPERC in the respective Tariff Orders. In case of RAPP (VII&VIII) project, the generation has been prorated as per anticipated commissioning of the projects

5.3.12 The Petitioner has also submitted that power purchase cost for all the stations of NPCIL for FY 2020-21 and FY 2021-22 is considered as per the same rate approved by Hon'ble Commission in the respective Tariff Orders.

5.3.13 The revised estimates of power availability from NPCIL as submitted by the Petitioner are as follows:

Table 65: Petitioner Submission-Revised estimate of power procurement from NPCIL (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
NAPP	108.80	35.04	99.95	31.09	97.85	31.32
RAPP (V & VI)	111.53	51.47	104.50	41.24	101.88	41.27
RAPP VII	0.00	0.00	30.68	13.80	92.54	41.64
RAPP VIII	0.00	0.00	0.00	0.00	30.68	13.80
Sub Total-NPCIL	**220.33**	**86.51**	**235.12**	**86.13**	**322.94**	**128.04**

Revised Estimates for Power Purchase from NHPC power plants

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

5.3.15 The Petitioner has requested an 3% Y-o-Y escalation on fixed charge is considered from FY 2019-20 to FY 2021-22 and 3% Y-o-Y escalation on latest variable charge as on Oct 20 is considered.

5.3.16 The revised estimates for power availability from NHPC as submitted by the Petitioner are as follows:

Table 66: Petitioner Submission-Revised estimate of power procurement from NHPC (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Chamera I	72.60	14.76	67.28	13.66	64.46	13.74
Chamera II	43.18	8.01	25.44	5.46	46.80	9.14
Dhauliganga	45.62	13.45	42.52	11.25	41.09	12.92
Salal	37.77	10.20	34.64	7.48	33.40	9.72
Tanakpur	16.46	6.34	14.24	5.84	13.51	5.49
Uri	89.70	18.58	79.53	16.15	76.66	16.95
Chamera III	72.60	14.76	67.28	13.66	64.46	13.74
Parbati III	43.18	8.01	25.44	5.46	46.80	9.14
Dulhasti	45.62	13.45	42.52	11.25	41.09	12.92
Uri II	37.77	10.20	34.64	7.48	33.40	9.72
Parbati II	0.08	-1.61	0.05	0.03	0.00	0.00
Sub Total-NHPC	**305.42**	**69.73**	**263.71**	**59.87**	**275.91**	**67.96**

Revised Estimates for Power Purchase from BBMB & PSPCL

5.3.17 The Petitioner has submitted that in case of BBMB (old project, a fixed quantum of 1.2 lakh units per annum is considered for projections. In case of new projects (i.e. BBMB new, Dehar and Pong), the average of monthly generation of the stations during the last 3 years is considered. Further, for PSPCL generating stations like Shanan extension project (50 MW), the Petitioner has submitted that it has a fixed share of 45 MUs per annum and for Shanan Old project (60 MW) the Petitioner is having a fixed share of 1 MW at PLF of 60%.

5.3.18 With respect to BBMB generating stations the Petitioner has considered the same rate as approved by Hon'ble Commission in Tariff Order for the respective years. Further, under the project Dam Rehabilitation and Improvement Project (DRIP), BBMB is undertaking rehabilitation of dams costing Rs. 147 Cr out of which ~Rs. 57 Cr is chargeable to the power wing and remaining amount is chargeable to irrigation wing. Since, the state of Himachal Pradesh is having 7.19% share of power, there is financial implication of Rs. 3 Cr on the Petitioner.

5.3.19 With respect to PSPCL generating stations the Petitioner has considered the same rate as approved by Hon'ble Commission in Tariff Order for the respective years in case of Shanan (1 MW) project. However, for Shanan extension project (50 MW) the Petitioner has mentioned that there is a disagreement on settlement of rate of sale of power. PSPCL is claiming the bulk consumer supply rate as applicable for its consumers for the supply of 1 MW which is ~Rs. 7 per unit, whereas HPSEBL has been paying the bills at the rate of ~Rs. 0.21 per unit as per long standing agreement.

5.3.20 Since, the rate is not settled between HPSEBL & PSPCL and to avoid the accumulation of the arrear, the Petitioner has made a provision of Rs. 23.5 Cr for payment of arrears to PSPCL against the Shanan share for FY 2021-22. Further, the Petitioner has considered the rate of 78.30 paise per unit as per PSPCL Tariff Order for projection in FY 2020-21 and FY 2021-22.

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

Table 67: Petitioner Submission- Revised estimate of power procurement from BBMB & Other Shared Stations (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
BBMB Old	43.92	5.24	43.86	4.68	43.80	6.25
BBMB New	405.86	16.33	367.28	32.65	339.13	34.22
Dehar	187.90	15.85	177.74	4.74	179.97	17.79
Pong	40.12	2.00	53.60	1.35	43.84	2.32
BBMB subtotal	**677.80**	**39.42**	**642.48**	**43.41**	**606.74**	**60.59**
PSPCL Project						
Shanan (available to HPSEB) (1 MW)	5.27	0.11	5.26	0.32	5.26	0.22

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Shanan Ext (available to HPSEB) (45 MW) and 11 kV Bilateral	45.00	2.68	45.00	3.69	45.00	27.02
PSPCL subtotal	**50.27**	**2.79**	**50.26**	**4.01**	**50.26**	**27.24**

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

5.3.22 In case of UJVNL projects i.e. Chibroo, Khodri, Dhalipur Dhakrani, Kulhal HEPs, the rates approved by the UERC Tariff Order for FY 2020-21 to FY 2021-22 have been considered by the Petitioner.

5.3.23 As per the Petitioner's submission for UPJVNL project, a Y-o-Y escalation of 3% is considered for projection of fixed charge. For variable charge, 5% Y-o-Y escalation on the latest energy charges is applied for projection of energy charge in the ensuing year.

5.3.24 In case of THDC projects i.e. Tehri HEP & Koteshwar HEP, no energy has been projected for FY 2020-21 and FY 2021-22 by the Petitioner.

5.3.25 As per Petitioner's submission; For Baspa, the average of monthly generation of the stations during the last 3 years is considered. The AFC and the primary energy charges for FY 2020-21 and FY 2021-22 as approved by Hon'ble Commission in the Tariff Order for Baspa HEP for respective years is considered for projection.

5.3.26 The Petitioner has projected the power purchased from waste to energy project as approved by Hon'ble Commission in the MYT Order for FY 2021-22.

5.3.27 For Private SHPs (micro and mini hydro projects) the Petitioner has considered average of monthly generation in last 2 years and in case of solar IPPs, an additional installed capacity of 1.25 MW (already commissioned in FY 2020-21) and 28.15 MW anticipated to be commissioned allotted under various schemes has been considered for projection at an average CUF of 19%.

5.3.28 The Petitioner has considered preferential tariff determined as per FY 2019-20 actual rate for private SHPs. In case of APPC generators, the latest rate of Rs. 2.49 per unit as determined by Hon'ble Commission for FY 2019-20 is considered and in case of solar, the average rate of FY 2019-20 is considered.

Table 68: Petitioner Submission- Revised estimate of power procurement from Other Stations (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
UJVNL Projects						
Chibro (240MW)	242.01	22.08	227.09	25.14	211.57	23.88

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Khodri (120MW)	107.88	12.32	111.40	13.77	95.50	13.40
Dhakrani (33.75MW)	42.94	6.76	36.43	8.06	37.06	7.31
Dhalipur (51MW)	55.45	8.32	54.19	10.14	51.87	11.65
Kulhal (30MW)	30.78	3.98	31.68	4.55	28.25	4.30
UJVNL subtotal	**479.07**	**53.46**	**460.78**	**61.65**	**424.26**	**60.53**
UPJVNL						
Khara	50.83	6.57	72.80	9.35	52.54	8.19
UPJVNL subtotal	**50.83**	**6.57**	**72.80**	**9.35**	**52.54**	**8.19**
SJVNL						
Nathpa Jhakri SOR	182.76	36.64	170.65	40.73	163.17	36.49
Nathpa Jhakri Equity	1623.84	334.24	1552.46	369.54	1524.24	354.65
Rampur HEP SOR Share	52.55	23.65	51.42	24.65	46.43	25.30
Rampur HEP Equity Share	532.56	226.04	509.06	235.68	498.71	260.18
Sub Total- SJVNL	**2391.71**	**620.57**	**2283.58**	**670.60**	**2232.55**	**676.63**
Baspa						
Baspa - II - Primary	1006.22	156.23	1050.60	231.50	1050.06	238.54
Baspa - II Secondary Energy	171.37	59.00	94.97	29.14	100.29	31.84
Sub Total- Baspa	**1177.59**	**215.23**	**1145.57**	**260.64**	**1150.35**	**270.38**
Private IPPs						
Small HEP/ Private Micro	1413.86	397.75	1444.96	409.52	1342.19	377.59
Small HEP/ Private Micro - REC	280.73	69.90	295.15	73.49	245.20	61.06
Solar IPPs	21.94	6.26	36.09	11.95	78.48	22.40
Sub Total- Private IPPs	1716.52	473.91	1776.19	494.96	1690.40	480.42
Municipal Solid Waste to Energy Project	-	-	**-**	**-**	24.53	19.38

Revised Estimates for Power Purchase from RPPO (MUs)

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

Table 69: Petitioner Submission-Renewable Purchase Obligation (RPPO) for FY22

Particular	Units	Approved	Revised
Sales within state	MUs	9,635.00	9,634.97
T&D Loss	%	9.90%	10.70%
Energy requirement at HP Periphery	MUs	10,693.67	10,789.44
Consumption met from Hydro	MUs	10,079.20	9,401.33
Sales less Hydro consumption	MUs	614.47	1,388.10
RPO Obligation			
Solar	%	10.50%	10.50%
Non-Solar	%	10.50%	10.50%

Particular	Units	Approved	Revised
Renewable purchase Projection			
Solar	MUs	64.52	145.75
Non-Solar	MUs	64.52	145.75
Total (Solar + Non-Solar)	MUs	129.04	291.50
Solar RPO Purchase			
Solar Power currently tied up (ground and rooftop)	MUs	138.70	175.32
Solar Power RPO shortfall	MUs	-	-
Non- Solar RPO Purchase			
Non-Solar currently tied up	MUs	2,263.01	2,109.30
Non-Solar RPO shortfall	MUs	-	-

5.3.30 The Petitioner has submitted the following Power Purchase requirement from renewable sources in the petition:

Table 70: Petitioner Submission- Revised estimate of power procurement from Renewable Sources (MUs)

Details of the stations	FY 20		FY 21		FY 22	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Singrauli Solar	19.25	15.16	20.83	16.40	20.33	16.01
SECI	42.94	25.62	42.64	25.27	43.22	25.52
Bera Dol Solar (HPPCL)	8.36	3.60	8.16	3.52	8.32	3.59
Sub Total- Renewable Sources	**70.56**	**44.39**	**71.63**	**45.18**	**71.88**	**45.11**

Short term power purchase

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

Banking

5.3.32 The Petitioner has submitted that it is undertaking banking agreements with other state utilities for utilizing its surplus during summer and meeting its deficit during winter months. The Petitioner has planned to bank 2053.40 MUs, 1430.76 MUs and 2181.12 MUs of power during summer and the same is planned to be taken back in winter in order to meet the deficit during winter in FY 2019-20, FY 2020-21, and FY 2021-22 respectively.

Rebate to DISCOMS

5.3.33 The Petitioner has submitted that in deference to the advisory of Ministry of Power, Government of India vide letter dated 15.05.2020 & corrigendum dated 16.05.2020, notified rebate by the Central Generating (i.e. SJVNL, NTPC, NHPC) and Transmission Companies (i.e. PGCIL) has been given by way of credit notes which stand adjusted against the power purchase bills of the respective CPSUs a/w deferment of power purchase bills payment by NTPC.

5.3.34 The details of the rebates given to the Petitioner which are required to be passed on to the end consumers are as follows:

Table 71: Details of rebates to HPSEBL given by CPSUs in (Rs. Cr)

Name of Stations	Rebate
SJVNL	17.14
NTPC	8.50
NHPC	1.56
PGCIL	8.09
Total	**35.29**

Table 72: Deferred payable amount without interest by NTPC in (Rs. Cr)

Particular	Amount
NTPC capacity charges deferred and payable without interest in three equal monthly instalments	17.85

5.3.35 The Petitioner prays to the Commission to include the above-mentioned amounts in the power purchase cost of FY 2020-21.

Summary of Total Power Procurement

5.3.36 Based on the methodology detailed in the petition, the Petitioner has submitted the revised estimates for FY 2020-21 and FY 2021-22 as summarized in table below:

Table 73: Petitioner Submission- Revised estimated of total power procurement (MUs)

Particulars	FY21				FY22			
	Approved		Revised Estimate		Approved		Projected	
	MUs	Rs. Cr	MUs	Rs. Cr	MUs	Rs. Cr	MUs	Rs. Cr
Own Generation	2,382.22	462.07	1,999.46	315.75	2,420.77	487.51	1,971.34	311.17
SJVNL	2,226.07	602.25	2,283.58	670.60	2,305.80	564.47	2,232.55	676.63
NTPC	1,680.19	621.53	1,479.84	587.34	1,703.87	654.00	1,663.92	661.29
NPCIL	198.38	72.14	235.12	86.13	389.09	157.79	322.94	128.04
NHPC	281.97	55.44	263.71	59.87	379.19	97.35	275.91	67.96
Baspa	1,147.27	268.36	1,145.57	260.64	1,157.33	273.64	1,150.35	270.38
BBMB and other stations	1,088.72	116.98	1,226.33	118.43	1,093.66	123.25	1,133.80	156.55
GoHP Free Power	603.82	150.96	559.09	139.91	627.24	160.57	560.54	140.14
Pvt SHPs, Solar IPPs& WtE	1,665.91	484.88	1,776.19	494.96	1,721.78	495.52	1,690.40	480.42
Solar (SECI, Singrauli & HPPCL)	64.23	42.03	71.63	45.18	63.89	39.68	71.88	45.11
Total	**11,338.78**	**2,876.64**	**11,040.50**	**2,778.81**	**11,862.62**	**3,053.78**	**11,073.63**	**2,937.69**

5.4 Transmission and Distribution (T&D) Losses

5.4.1 The Petitioner has submitted that approved T&D loss target for FY 2019-20 was drastically reduced to 10.30% and this abrupt reduction in losses for FY 2019-20 has distorted the entire trajectory for the fourth Control Period.

5.4.2 The Petitioner has mentioned that T&D loss reduction by 1.70% in one year from FY 2018-19 to FY 2019-20 will not only require huge capital investment but also other technical interventions which is not feasible to be implemented within a time frame of one year. Further, due to COVID-19 pandemic and lockdown in Himachal Pradesh, HPSEBL was not able to meet the timelines for implementation of capital expenditure works such as commissioning lines, substations, transformers.

5.4.3 The Petitioner submits that the loss trajectory is required to be revised and non-revision of T&D loss trajectory will result in huge penalties on HPSEBL in future years.

5.4.4 The Petitioner has prayed to consider the revised T&D loss targets for the fourth control period as follows:

Table 74: Petitioner Submission-Revised T&D loss target

Particulars	FY19	FY20	FY21	FY22	FY23	FY24
Revised T&D loss target	11.51%	11.50%	11.10%	10.70%	10.30%	9.90%

5.5 Energy Balance

5.5.1 Based on the approved loss levels and the sales projections as above, the Petitioner has submitted the revised energy balance for FY 2020-21 and FY 2021-22. The summary of the annual energy balance as proposed by the Petitioner is reproduced below:

Table 75: Petitioner Submission- Summary of Energy Balance for FY21 and FY22 (MUs)

Particulars	FY21	FY22
	R.E.	Projected
Units Procured from Interstate- Generating Stations	7,034.32	7,192.80
Banking Purchase at ISTS	1,430.76	2,181.12
Interstate Transmission Loss (%)	3.10%	2.95%
Transmission Loss (MUs)	262.49	276.10
Net Energy Available at Periphery	**8,202.59**	**9,097.82**
Power Available within the state (i+ii+iii)	4,006.18	3,880.83
(i) State Generating Stations	1,999.46	1,971.34
(ii) Free Power (own generation & IPPs)	222.37	210.77
(iii) IPPs	1,784.35	1,698.72
Power from Other Sources (i+ii)	850.75	0.00
(i) UI Power	88.47	0.00
(ii) IEX/PXIL	762.29	0.00
Total Energy Available (e+f+g)	**13,059.52**	**12,978.65**
Energy Sales Within the state	8,480.28	9,634.97
Inter-State Sale of Power (i+ii)	3,520.39	2,189.21

Particulars	FY21	FY22
	R.E.	Projected
(i) Sale of Power (including UI, Bilateral & IEX/PXIL)	1,026.79	3.87
(ii) Banking	1,370.10	2,181.12
(iii) RE sale	1,123.51	4.23
Total Energy Sale (i+j)	**12,000.68**	**11,824.18**
T&D loss (in MUs) (h-k)	1,058.84	1,154.47
Total Energy available for Sale (k+l)	**13,059.52**	**12,978.65**
T&D loss (%) = (1- (energy sale within the state)/ (total energy available-interstate sale))	11.10%	10.70%

5.6 Transmission & Other Charges

5.6.1 The Petitioner has mentioned that it has to pay three major charges which are explained in the subsequent paragraphs.

5.6.2 **PGCIL Charges**: The Petitioner has submitted that the new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 dated 4th May 2020 has come into force with effect from 1st November,2020. Thus, the per MW rate applicable to the Petitioner is likely to be higher than the present rate.

5.6.3 The Petitioner further submitted that at present HPSEBL is not able to anticipate the exact impact of the revised regulations. Thus, as per the existing charges under PoC mechanism and likely capacity addition in the transmission network of POWERGRID every year, there is 10% escalation year on year basis for the remaining period of fourth MYT Control period 2019-24.

5.6.4 The revised PGCIL charges for FY 2020-21 and FY 2021-22 (including bilateral charges of PKATL assets and bilateral charges of 2 Nos. 220 kV line bays of Hamirpur-PGCIL substation) works out to Rs. 250.04 Cr and Rs. 279.61 Cr respectively.

5.6.5 The summary of PGCIL proposed by the Petitioner for the FY 2020-21 and FY 2021-22 is as follows:

Table 76: Petitioner Submission- PGCIL and Other charges proposed by the Petitioner in (Rs. Cr)

Particulars	FY21 Revised	FY22 Projected
PGCIL charges	250.04	279.61

5.6.6 **HPPTCL Charges:** The Commission has approved HPPTCL charges for the fourth Control Period and the Petitioner submits that HPSEBL has a share of ~96% of the long-term capacity and hence the approved ARR shall be prorated on the above basis as depicted in following:

Table 77: Petitioner Submission- HPPTCL charges proposed by the Petitioner in (Rs. Cr)

Particulars	FY21 Revised	FY22 Projected
Approved ARR for HPPTCL	15.42	25.73
Prorate share of HPSEBL	14.81	24.72

5.6.7 In addition to the above charges the Petitioner has claimed that HPSEBL has been paying the transmission charges for wheeling of 11 MW power of HPSEBL towards

Phojal Substation and ADHPL's 220 kV dedicated transmission line from Phojal substation to CTU interconnection point at mutually agreed rates. Further, the charges for Bhoktoo substation have been projected based on the tariff determined by Hon'ble Commission vide Tariff Order dated 25.7.2020. The charges for Kashang Bhaba transmission line have been projected on prorate basis (65 MW share of HPSEBL out of 195 MW) based on the tariff determined by Hon'ble Commission vide Tariff Order dated 26.8.2020. The following charges are as follows:

Table 78: Petitioner Submission-Additional Transmission charges in (Rs. Cr.)

Particulars	FY21 Revised	FY22 Projected
Phojal - 220KV Sub-station	1.30	1.30
ADHPL Transmission Line	4.00	4.00
Bhoktoo substation	6.29	6.13
Kashang Bhaba transmission line	2.49	2.50

5.6.8 **SLDC and STOA Charges**: The HPSLDC and STOA charges for the remaining period of FY 2020-21 and FY 2021-22 is considered the same as approved by the Commission in the MYT order. The summary of transmission and other charges proposed by the Petitioner for the FY 2020-21 and FY 2021-22 is as follows:

Table 79: Petitioner Submission-Summary of Transmission and other charges proposed by the Petitioner in (Rs. Cr.)

Particulars	FY 20-21		FY 21-22	
	Approved	Revised	Approved	Projected
Total PGCIL charges	254.2	250.04	332.67	279.61
HPPTCL Charges	15.12	28.88	23.65	38.63
SLDC Charges	7.82	7.82	9.06	9.06
STOA Charges	55.16	55.16	80.16	80.16
Total	**332.3**	**341.90**	**445.54**	**407.46**

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

5.7 Operation & Maintenance Expenses (O&M)

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

5.8 Interest on Long term Loans

5.8.1 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 along with Amendment 1, 2012 and Amendment 2, 2013, Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2014-15 to FY 2018-19. Therefore, HPSEBL has submitted review of Interest & Finance charge to the extent of working capital & consumer security deposit and further, requested

Hon'ble Commission to true-up the interest on long term loan at the end of the Control Period.

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

Table 80: Petitioner Submission-Interest on Working Capital for FY21 & FY22 (in Rs Cr)

Particulars	FY 21	FY 22
	Revised	Projected
O&M expenses for 1 month	163.26	173.70
Receivables for two months of revenue from sale of electricity	919.80	919.45
Maintenance spares @ 15% of O&M Expenses for one month	24.49	26.06
Less: one-month power purchase	283.18	278.76
Less: Consumer Security Deposit	449.14	505.26
Total Working Capital	375.23	335.19
Rate of Interest on Working Capital	11.12%	11.12%
Interest on Working Capital	**41.73**	**37.27**

5.8.3 The Petitioner has submitted that in the 1st APR Order dated 6th June'20, Hon'ble Commission approved the Working Capital of Rs 228.34 Cr whereas the working capital requirement works out to be Rs. 336.59 Cr. The computation of the working capital requirement for FY21 maybe revisited and gap of Rs. 11.59 Cr in the interest on working capital may be allowed in the ensuing year i.e. FY22 to avoid carrying cost. Therefore, HPSEBL claims the net interest on working capital of Rs. 48.87 Cr.

5.8.4 **Interest on Consumer Security Deposit:** The Petitioner has projected Consumer security deposit for the FY 2021-22 as follows:

Table 81: Petitioner Submission-Interest on Consumer Security Deposit (in Rs Cr)

Particulars	FY22 Projected
Opening	505.26
Addition	57.51
Closing	562.77
Rate of Interest	5.69%
Interest on Security deposit	**30.38**

5.9 Depreciation

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

5.10 Return on equity

5.10.1 The Petitioner has considered return on equity to the same level as approved in MYT Order and request to true-up the same at the end of the control period.

5.11 Non-Tariff Income & Other Income

5.11.1 The Petitioner has estimated non-tariff and other Income for the FY 2021-22 as shown in the table below:

Table 82: Petitioner Submission-Non-Tariff Income (in Rs Cr)

Particulars	FY 22
	Projected
Meter Rent/Service Line Rentals	46
Recovery for theft of Power / Malpractices	-
Wheeling Charges Recovery	46
O&M Charges Recovery	-
Peak Load Violation Charges	23
Miscellaneous Charges from Consumers	3
Non-Tariff Income - Total	**118**
Other Income	
Interest on Staff loans & Advances	-
Income from Investments	20
Interest on Loans & Advances to Licensees	-
Delayed Payment Charges from PGCIL	-
Interest on Advances to Suppliers / Contractors	-
Interest on Banks (other than on Fixed Deposits)	-
Income from Trading	1
Other Misc. Receipt trading	28
Income fee collected against Staff Welfare Activities	-
Miscellaneous Receipts	85
O&M Charges Recovery from HPPTCL	-
Recovery of Investigation & Survey Charges	-
Subsidies against loss on account of flood	-
Prior Income	-
Other Income - Total	**134.25**
Non-Tariff Income	**252.72**

5.12 Aggregate Revenue Requirement

5.12.1 The Petitioner's submission of ARR and category wise Revenue for the FY 2020-21 and FY 2021-22 has been summarised below:

Table 83: Petitioner Submission- Details of ARR proposed for FY20 and FY21 (Rs. Cr.)

Particular	FY21		FY22	
	Approved	Revised Estimate	Approved	Projected
Power Purchase Expenses for Supply in the State	**3,208.94**	**3,398.14**	**3,499.30**	**3,345.16**
Cost of electricity purchase including own generation	2,876.64	3,056.24	3,053.77	2,937.69
Inter-State Charges	**309.36**	**305.20**	**412.83**	**359.77**
Power Grid Charges	254.20	250.04	332.67	279.61
Open Access Charges	55.16	55.16	80.16	80.16

Particular	FY21		FY22	
	Approved	Revised Estimate	Approved	Projected
Intra-State Charges	**22.94**	**36.70**	**32.71**	**47.69**
HPPTCL Charges	15.12	28.88	23.65	38.63
SLDC Charges	7.82	7.82	9.06	9.06
Operation & Maintenance Costs	**1,959.09**	**1,959.09**	**2,084.40**	**2,084.40**
Employee Cost	1,809.02	1,809.02	1,926.91	1,926.91
R&M Cost	99.49	99.49	106.22	106.22
A&G Cost	50.58	50.58	51.26	51.26
Interest & Financing Charges	**203.68**	**223.62**	**238.67**	**254.18**
Interest on Working Capital	24.59	41.73	34.27	48.87
Interest on Security Deposit	24.33	27.15	29.46	30.38
Interest on Long term Loans	154.75	154.75	174.93	174.93
Depreciation	140.99	140.99	154.60	154.60
Return on Equity	49.68	49.68	56.43	56.43
Gross Aggregate Revenue Requirement	**5,562.38**	**5,771.52**	**6,033.40**	**5,894.77**
Less: Non-Tariff & Other Income	(178.23)	(252.72)	(128.10)	(252.72)
Add: Impact of True Up for FY19				(125.32)
Aggregate Revenue Requirement	**5,384.15**	**5,518.80**	**5,905.28**	**5,516.73**

5.13 Allocation of ARR into wheeling and retail supply

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

Table 84: Petitioner Submission- Basis for ARR allocation in Wheeling and Retail Supply

Particulars	Wheeling allocation	Retail Supply allocation
Power Purchase Expenses	0%	100%
PGCIL Charges	0%	100%
HPPTCL Charges	0%	100%
SLDC Charges	0%	100%
Open Access Charges	0%	100%
Employee Expenses	70%	30%
R&M Expenses	90%	10%
A&G Expenses	60%	40%
Interest & Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-Tariff Income	0%	100%
Wheeling Charges	100%	0%
Addition items	50%	50%

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

Table 85: Petitioner Submission- Wheeling & Retail Supply ARR for FY22 (Rs. Cr.)

Particulars	Wheeling ARR Rs. Cr	Retail Supply ARR Rs. Cr	Total Rs. Cr
Cost of electricity purchase including own generation	-	2937.69	2937.69
Transmission Charges	-	407.47	407.47
Employee Cost	1348.84	578.07	1926.91
R&M Cost	95.60	10.62	106.22
A&G Cost	30.76	20.50	51.26
Interest & Financing Charges	241.47	12.71	254.18
Depreciation	146.87	7.73	154.60
Return on Equity	56.43	-	56.43
Non-tariff Income	-	(252.72)	(252.72)
ARR	**1919.96**	**3722.08**	**5642.04**

5.14 Revenue at Existing Tariff

5.14.1 The Petitioner submitted that the revenue at existing tariff for FY 2021-22 has been estimated as given below:

Table 86: Petitioner Submission-Category wise Revenue at existing tariffs (Rs. Cr)

Category	Projected Sales (in MUs)	Revenue at Existing Tariff	Average Billing Rate (ABR)
Domestic	2,381.32	1,194.23	5.02
Non-Domestic Non-Commercial	182.47	105.11	5.76
Commercial	697.12	416.81	5.98
Temporary	55.53	49.59	8.93
Small Power	93.41	57.06	6.11
Medium Power	89.51	54.78	6.12
Large Supply	5,356.55	3,018.41	5.64
Govt. Irrigation & Water Pumping	561.76	327.23	5.83
Irrigation & Agriculture	56.71	24.67	4.35
Public Lighting	10.75	5.50	5.12
Bulk Supply	149.84	94.25	6.29
Total	**9,634.97**	**5,347.63**	**5.55**

5.15 Revenue from sale of surplus power

5.15.1 The Petitioner has submitted that there is surplus power available for FY 2021-22. The rate for sale of surplus power has been Rs. 4.12 per unit. The revenue from sale of surplus power has been estimated as given below

Table 87: Petitioner Submission-Revenue from sale of surplus power in (Rs. Cr)

Particulars	FY21 Revised	FY22 Projected
Surplus power available (MUs)	2150.29	8.09
Revenue from sale of surplus power (Rs Cr)	749.58	3.33
Rate (Rs per unit)	3.49	4.12

5.16 Revenue Surplus/ (Gap)

5.16.1 Based on the projection of ARR and Revenue, the revenue surplus / (gap) projected by the Petitioner for FY 2021-22 is provided below:

Table 88: Petitioner Submission- Projected Revenue Surplus/ Gap for FY22 (Rs. Cr.)

Particular	Rs. Cr.
Net ARR for FY22	5516.73
Revenue at existing tariff	5347.63
Revenue from sale of surplus	3.33
Total Revenue estimated for FY22	5350.96
Total Revenue Gap /Surplus (-)	165.76

5.17 Revenue at Proposed Tariff

5.17.1 The Petitioner after adjustment of Revenue Gap has estimated revenue at proposed tariff as below:

Table 89: Petitioner Submission-Category wise Revenue at existing tariffs (Rs. Cr)

Category	Projected Sales (in MUs)	Revenue at Existing Tariff	Average Billing Rate (ABR)
Domestic	2,381.32	1,231.25	5.17
Non-Domestic Non-Commercial	182.47	108.36	5.94
Commercial	697.12	429.73	6.16
Temporary	55.53	51.12	9.21
Small Power	93.41	58.83	6.30
Medium Power	89.51	56.48	6.31
Large Supply	5,356.55	3,111.98	5.81
Govt. Irrigation & Water Pumping	561.76	337.37	6.01
Irrigation & Agriculture	56.71	25.43	4.48
Public Lighting	10.75	5.67	5.28
Bulk Supply	149.84	97.17	6.48
Total	**9,634.97**	**5,513.39**	**5.72**

5.18 Additional Surcharge

Surrendered Power due to Open Access Consumers

5.18.1 The Petitioner has submitted that during FY20 (upto Oct.19), the Power projects from which the power got stranded during different time blocks due to short term open access includes Anta, Auriya, Dadri, Singrauli, Unchahar-I, Unchahar-II, Unchahar-III, Unchahar-IV, Rihand-I, Rihand-II, Rihand-III, Jhajjar and Kahalgaon-II.

5.18.2 However, as per directions of the Hon'ble Commission, HPSEBL is not considering projects that have been categorized under surplus power purchase of the Merit Order Dispatch of FY21. Therefore, stations considered for computation of Additional Surcharge are Rihand-I, Rihand-II, Rihand-III, Singrauli and Kahalgaon-II.

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

Table 90: Total month-wise power purchased by STOA consumers (Apr- Sep '20) (MUs)

Source	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
Total Power purchased by OA consumers (MUs)	66.38	0.00	39.30	28.33	7.19	4.51	145.72

Table 91: Energy Surrender due to Open-access consumer in FY20 (till Sep'20) (MUs)

Source	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
ANTA _GF	0.08	0.00	0.00	1.57	3.00	0.40	5.05
ANTA _LF	0.00	0.00	0.00	3.56	1.21	8.17	12.94
ANTA _RF	10.32	9.94	8.84	2.95	4.97	1.80	38.82
AURY _GF	3.85	2.26	2.89	0.03	0.00	0.00	9.04
AURY _LF	0.00	0.00	0.11	13.32	6.64	11.00	31.07
AURY_RF	9.24	8.61	7.86	1.90	7.43	3.83	38.87
DADRI _GF	3.88	2.45	3.45	1.48	1.98	1.44	14.68
DADRI _LF	0.00	0.00	0.01	8.34	6.86	3.32	18.52
DADRI _RF	10.62	10.21	8.48	4.26	4.45	7.61	45.64
DADRT2	1.09	0.99	1.14	0.92	1.11	0.84	6.09
RIHAND1	10.79	7.72	9.46	6.60	8.41	7.68	50.66
RIHAND2	9.97	7.59	7.82	5.58	5.79	4.70	41.45
RIHAND3	12.42	9.27	13.00	9.74	13.44	4.19	62.05
SINGRAULI	0.97	0.61	0.61	0.50	0.37	0.25	3.31
TANDA 2	0.42	0.30	0.47	0.38	0.40	0.00	1.98
UNCHAHAR1	4.63	4.55	3.88	2.74	3.56	2.65	22.01
UNCHAHAR2	8.17	7.89	5.91	4.67	6.17	4.24	37.05
UNCHAHAR3	3.50	2.52	3.93	3.14	4.15	3.04	20.28
UNCHAHAR4	0.45	0.33	0.16	0.33	0.49	0.27	2.03
Total	**90.39**	**75.23**	**78.02**	**72.01**	**80.45**	**65.44**	**461.54**

Fixed Cost relating to Generation Capacity (at injection point)

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

Table 92: Fixed cost of projects considered for additional surcharge

Name of Station	Capacity (MW)	Expected Net Annual Generation (MUs)	Annual Fixed Cost (Rs Cr) for FY 19	Annual Fixed Charges (Paise/unit)	Power Purchase (MUs) during FY21	Total Fixed Cost of Power Purchase (Rs Cr)
Singrauli STPS	2,000	13,984.63	906.17	64.80	22.55	1.46
Rihand 1 STPS	1,000	7,067.18	578.09	81.80	207.19	16.95
Rihand 2 STPS	1,000	7,221.65	491.25	68.02	242.23	16.48
Rihand 3 STPS Units 1,2	1,000	7,028.56	1,007.46	143.34	209.48	30.03

Name of Station	Capacity (MW)	Expected Net Annual Generation (MUs)	Annual Fixed Cost (Rs Cr) for FY 19	Annual Fixed Charges (Paise/unit)	Power Purchase (MUs) during FY21	Total Fixed Cost of Power Purchase (Rs Cr)
Kahalgaon II	1,500	9,868.55	1,140.36	115.56	105.88	12.24
Unchahar II	5,000	45,170.57	4,123.33	91.28	787.32	77.15
Average rate of Fixed Cost at Injection Point (Paise/unit)				**97.99**		

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

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

Table 93: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

Month	Power Grid System			HPPTCL System
	POC Slab Rate (Rs/MW / month)	Reliability Support Charges Rate (Rs/MW/ month)	HVDC Charge Rate for NR (Rs/MW/ month)	Transmission Charges (Rs/MW/ month)
Apr-20	56315	31858	44958	11,643
May-20	56315	31858	44958	11,643
Jun-20	56315	31858	44958	11,643
Jul-20	46838	32049	45125	11,643
Aug-20	46838	32049	45125	11,643
Sep-20	46838	32049	45125	11,643
Oct-20	79511	32002	45832	11,643
Nov-20	79511	32002	45832	11,643
Dec-20	79511	32002	45832	11,643
Jan-21	58067	32046	45245	11,643
Feb-21	58067	32046	45245	11,643
Mar-21	58067	32046	45245	11,643
Average/ month	**60183**	**31989**	**45290**	**11,643**
Average Fixed Cost @78.40% load Factor at injection point (paise/kWh)	**23.95**			**2.03**

Power Grid, HPPTCL & Distribution System Losses

5.18.6 The Petitioner has submitted that the additional surcharge has been charged on the energy deliverable at the delivery point in the distribution system (i.e. at the consumer end) based on the energy scheduled for each time block. Accordingly, for this purpose, the rates has been projected at the consumer end by considering transmission and distribution losses for respective systems.

5.18.7 The Petitioner has considered Power Grid losses 3.10% for FY 21 (actual till Sep 2019-20, thereafter losses corresponding to the same period during last financial year has been considered). As power grid losses vary from time to time, therefore, average has been considered by the Petitioner.

5.18.8 The losses for HPPTCL system and 132 kV & 220 kV distribution systems for FY 21 have been taken as 0.75% and 2.50% respectively as per the tariff orders.

Table 94: Power Grid, HPPTCL & Distribution System Losses (%)

Particulars	Losses (%)
Power Grid Losses	3.10%
HPPTCL Losses	0.75%
Distribution System Losses (132 kV & 220 kV)	2.50%

Computation of Additional Surcharge

5.18.9 The average per kWh recovery from EHT consumers through Demand Charges, as considered for the purpose of estimation of revenue under the Tariff Order for FY 2020-21, is 91.54 Paise per unit. After adjusting 13.00 Paise/kWh (i.e. 50% of the wheeling charges for EHV consumers), the balance recovery through demand charges works out to 53.50 Paise/kWh.

5.18.10 Accordingly, the additional surcharge for FY 2021-22 has been worked out by the Petitioner as detailed out in the table below:

Table 95: Petitioner Submission- Additional Surcharge computation (Paise per kWh)

Description	Fixed Cost at Injection point	Fixed Cost at Consumer end
Generation Capacity	97.99	104.63
Transmission Capacity		
(i) Power Grid system	23.67	25.28
(ii) HPPTCL system	2.01	2.14
Total Fixed Cost payable to Generator		132.05
Recovery of Fixed Charge as Demand Charge from EHT Consumers		91.54
50% of wheeling charges for EHT consumers		13.00
Net Recovery through Demand charges eligible for adjustment		78.54
Balance payable in form of Additional Surcharge		**53.50**

5.18.11 In view of the above the Petitioner has requested the Commission to approve the additional surcharge of 53.50 Paise/kWh for FY 2021-22.

5.19 Wheeling Charge

5.19.1 The Petitioner has apportioned the sales for FY 2021-22 at EHT, HT and LT voltage-levels as highlighted in the following table:

Table 96: Voltage wise sales for computation of wheeling charges

Particular	Total Sales (MU)	EHT (>=66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (< 11 kV)
Sales apportioned at different voltage levels		20.5%	19.2%	20.8%	39.6%
Total sales within state (MUs)	9,634.97	1,973.14	1,847.45	2,003.11	3,811.27

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

Table 97: Allocation ratio for wheeling cost

EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33 kV)	LT (<11 kV)
21%	20%	28%	31%

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

Table 98: Capacity of generators connected at each voltage level (in MW)

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPP	0.00	0.00	26.00	340.40	50.10	0.40
OA Gen	0.00	122.00	51.50	5.00	0.00	0.00
Own Generation	120.00	246.00	49.50	50.00	15.30	0.80
Solar IPP	0.00	0.00	0.00	15.00	0.00	3.90
Total	**120.00**	**368.00**	**127.00**	**410.40**	**65.40**	**5.10**

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

Table 99: Estimated energy flow and power handled at each voltage level

Particular	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Estimated Power Handled (MW)	**990**	**762**	**452**	**725**
Consumer Demand (MW)	375	351	381	725
Generator Load (MW)	615	410	71	-
Estimated Energy Flow (MUs)	**4,936**	**3,825**	**2,343**	**3,811**
Consumer Energy Flow (MUs)	1,973	1,847	2,003	3,811
Generator Energy Flow (MUs)	2,963	1,977	340	-

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

Table 100: Wheeling charges computed for short term open access consumers

Particular	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Wheeling ARR for FY22 (Rs Cr)	1919.96			
Cost apportioned (Rs Cr)	403.19	383.99	537.59	595.19
Cost allocation brought forward from the next higher voltage block) (Rs Cr)		133.44	198.32	280.15
Total Allocation (Rs Cr)	403.19	517.43	735.91	875.34
Estimated Energy (MUs)	4936.21	3824.76	2342.78	3811.27
Total Estimated Energy (MUs)	14915.01	9978.80	6154.05	3811.27
Wheeling Charges for Short-term Open Access Customers (Paisa per unit)	27.03	51.85	119.58	229.67

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

Table 101: Wheeling charges computed for medium/ long term open access consumers

Particular	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Wheeling ARR for FY22 (Rs Cr)	1919.96			
Cost apportioned (Rs Cr)	403.19	383.99	537.59	595.19
Cost allocation brought forward from the next higher voltage block) (Rs Cr)		136.33	204.49	284.80
Total Allocation (Rs Cr)	403.19	520.32	742.08	879.98
Estimated Load (MW)	990	762	452	725
Total Estimated Load (MW)	2,929	1,939	1,177	725
Wheeling Charges for Long-term Open Access/ Medium term Open Access Customers (Rs. Per MW per month)	1,14,711	2,23,665	5,25,521	10,11,297

5.20 Cross Subsidy Surcharge

5.20.1 The Petitioner has worked out the Cross-subsidy Surcharge based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross-Subsidy Surcharge computed and approved by the Commission for FY 2021-22 is shown in following table:

Table 102: Cross Subsidy Surcharge proposed by HPSEBL

Categories	CSS as per formula	20% of CSS	20% of Tariff	Proposed CSS
	(S)	A	B	MIN (A, B)
	Rs/unit	Rs/unit	Rs/unit	Rs/unit
Domestic	0.57	0.11	1.03	0.11
Non-Domestic Non-Commercial	1.72	0.34	1.19	0.34
Commercial	1.75	0.35	1.23	0.35
Temporary	4.60	0.92	1.84	0.92
Small Power	1.69	0.34	1.26	0.34
Medium Power	1.71	0.34	1.26	0.34
Large Supply	2.65	0.53	1.16	0.53
Govt. Irrigation & Water Pumping	1.82	0.36	1.20	0.36
Irrigation & Agriculture	-	-	0.90	-
Public Lighting	0.68	0.14	1.06	0.14
Bulk Supply	2.78	0.56	1.30	0.56

6 OBJECTION FILED AND ISSUES RAISED BY STAKEHOLDERS DURING PUBLIC HEARING

6.1 Introduction

6.1.1 Seventeen stakeholders filed their written comments/objections on the Petition for Second Annual Performance Review for the fourth Control Period FY 2019-20 to FY 2023-24 and True-up of uncontrollable parameters of FY 2018-19 and FY 2019-20 along with true up of controllable parameters of the third control period, filed by the Petitioner. The list of the stakeholders is as follows:

Table 103: Details of Objectors (Stakeholder Consultation)

Sl.	Objector	Address
1.	Vardhaman Textiles Ltd.	Vardhman Textiles Ltd., Sai Road, Baddi, Pin 173205
2.	BBN Industries Association	Baddi Barotiwala Nalagarh Industries Association, EPIP-Jharmajri Road Phase-I, Jharmajri, Baddi, (Distt- Solan)
3.	Mehatpur Industries Association	Mehatpur Industries Association, Service Building, Industrial Area, Mehatpur, Distt. Una. (H.P)
4.	Nalagarh Industries Association	EPIP-JHARMAJRI ROAD, EPIP PHASE-1, JHARMAJRI, Baddi. (District solan), Himachal Pradesh-174130.
5.	Malana Power	Bhilwara Towers, A-12, Sector 1, Noida – 201301, (NCR Delhi), India
6.	Confederation of Indian Industries	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A, Chandigarh- 160030
7.	Parwanoo Industries Association	Parwanoo Industries Association (PIA), HPCED Building, Deptt of Industries Complex, Sector-1, Parwanoo, (Distt-Solan), M:9816032513 Email: piaparwanoo@gmail.com
8.	Kala Amb Chamber of Commerce & Industry	Kala-Amb Chamber of Commerce & Industry, Trilokpur Road, Kala-Amb- 173030, Distt- Sirmour.
9.	IA Energy	D17, Lane 1, Sector-1, New Shimla-09.
10.	M.M. University, Solan	Bajoral Khurd, Solan, Himachal Pradesh 173212
11.	Prime Steel	Prime steel industry(P) LTD, village Bated, Barotiwala, Distt Solan (HP)
12.	Steel Associations	Himachal Pradesh Steel Industries Association, SCO 829, 2nd Floor, NAC Manimajra, Chandigarh
13.	Ambuja Cement	Vill.: Navagraon,P.O. Jajhra, Tehsil: Nalagarh, Distt.: Solan – 174101 (H.P)
14.	Ramesh Chauhan	Himanshu cottage, Cemetry road,Sanjauli, Shimla

Sl.	Objector	Address
15.	Indian Energy Exchange (IEX)	First Floor, Unit No. 1.14(a), Avanta Business Centre, Southern Park, D-2, District Centre, Saket, New Delhi – 110017
16.	M. M University, Solan	Bajoral Khurd, Solan, Himachal Pradesh 173212
17.	Rakesh Lohumi	Journalist, The Tribune, Shimla

6.1.2 As detailed out in Chapter 1 of this Order, the Commission through Public Notice in the newspapers has informed the public/stakeholders about the date of public hearing on Petition filed by HPSEBL for approval of ARR and determination of Retail Tariff for FY2021-22 as 28th April, 2021.

6.1.3 However, in view of the restrictions related to COVID-19 pandemics, the Commission felt that it would not be possible to conduct the public hearing in person and therefore decided to conduct the public hearing process via video conferencing, based on which it shall be issuing the Tariff Order for FY 2021-22.

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

General Objections

6.2 Tariff Petition

Stakeholders' Submission

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

6.2.2 The stakeholder also submitted that presently the consumption of residential colonies of the industries are charged at industrial tariff. Separate domestic connections may be granted to such residential consumers living in the colonies.

Petitioner's Response

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

Commission's Observations

6.2.4 The Commission is not satisfied with the response of the Petitioner that objections/suggestion by the objector are not based on any specifics of the ARR Petition. The Commission in its previous tariff orders have specifically directed the Petitioner to publish the tariff in two leading newspapers, one in Hindi and the other in English, having wide circulation in the State within 7 days of the issue of the Tariff Order. The publication shall include a general description of the tariff changes and its effect on the various classes of consumers. The Commission directs HPSEBL to put up on its website a small note covering impact of tariff changes on various categories of the consumers.

6.2.5 It is further clarified that the tariff schedule already provides for charging of residential colonies of industries on residential tariff in case the supply is availed through a separate connection and finds it appropriate to continue with the existing provisions related to schedule of tariff as detailed out in Chapter 11 of this Order.

6.3 Annual Audited Accounts

Stakeholders' Submission

6.3.1 Shri Ramesh Chauhan, the Consumers Representative, Mehatpur Industries Association and Nalagarh Industries Association has objected that in the true-up part of the petition, the Petitioner has not furnished the Audited Balance sheet for FY19 from the CAG and instead submitted only the Audited balance sheet from the Independent Auditors. The Commission may take a view since the final trued up figures may change and this may impact the revenue gap for FY 19 and ultimately the tariff for consumers.

Petitioner's Response

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

Commission's Observations

6.3.3 The Commission conveys its displeasure with the response of the Petitioner. The Petitioner should have responded with the reasons for not providing audited accounts from CAG as per the requirement of the regulations. Petitioner is directed to be specific in its reply in future rather than using language which is devoid of specific reasoning for the delays in submitting Audited Balance Sheet from CAG.

6.3.4 In view of the prevailing pandemic due to COVID19, it is envisaged that CAG audit may be delayed which could postpone the truing-up exercise to the subsequent years. Also, it is being observed that there has been not much variation in audited account vis-à-vis the provisional account for FY 2017-18. Therefore, the Commission has undertaken the true-up of FYs 2018-19 & 2019-20 on a provisional basis and carried forward the revenue surplus/gap to FY 2020-21. In case the variations in the final CAG audited accounts with the current accounts are observed, the same shall be adjusted at the time of final truing-up for FYs 2018-19 & 2019-20 in the subsequent Tariff Order(s). The truing up now on the basis of provisional accounts would help prevent any large revenue surplus or gap to be carried forward to the subsequent years.

Objections raised on True-Up of FY19 & FY 20

6.4 T&D Losses

Stakeholders' Submission

6.4.1 Mehatpur Industries Association and Nalagarh Industries Association mentioned in their comments that the Licensee has confirmed to have recorded T&D losses much lesser than trajectory approved by Commission during FY16 to FY19. HPSEBL achieved a level of 11.05% in FY18, which should be the basis for allowing T&D losses in subsequent years. As already suggested, the FY21 was an exceptional year due to COVID 19 and otherwise the trajectory should be with annual reduction. Therefore, the respondent has prayed to the Commission that new targets have to be modified taking the actual level achieved as the base and further reduction by minimum 0.5%/year with 11.05% achieved in FY18 as the base year.

6.4.2 Shri Ramesh Chauhan has mentioned that the Petitioner has managed to keep the Distribution losses at 11.51%, below the approved figure of 12.00%, which is quite a good and laudable step but the same are required to be verified from the actual sale figures now available since almost 100% sub-divisions are covered under computerized billing.

Petitioner's Response

6.4.3 The Petitioner responded that the Objection/suggestion by the objector is baseless and not supported by the facts, thus liable for rejection. Objector has suggested T&D Loss reduction by 0.5% each year. However, beyond a threshold limit, the sharp reduction in T&D losses is not possible and not feasible from economic point of view as huge investments are required to reduce losses beyond a level.

Commission's Observations

6.4.4 The Commission has already fixed the target of T&D losses reduction for the third and fourth control period. The third control period FYs 2014-15 to 2018-19 is already over. The Commission do not find any emergent reason(s) for revising the targets for T&D losses reduction. If required, the Commission may review the targets during Mid Term Review for the fourth control period.

6.4.5 Further, the Commission had also directed in the previous Orders to conduct a voltage-wise cost of supply for accessing losses at different voltage levels. The Petitioner is still to submit the findings of the report. The Commission directed the Petitioner to submit the report within three months of issuance of this Order.

6.5 Power Purchase Cost

Stakeholders' Submission

6.5.1 Shri Ramesh Chauhan has mentioned that although the Revenue from sale of power has increased from both sales within HP and outside the state but the same has been offset by increase in power purchase cost. The Commission may verify the actual power purchase cost.

Petitioner's Response

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

Commission's Observations

6.5.3 The true-up exercise undertaken by the Commission considers a thorough examination of various heads claimed under power procurement cost with respect to the approved and audited amounts. As part of prudence check, additional queries were also sought from the Petitioner to clarify and verify various facts and figures. All unexplained aspects are analysed and deliberated before approving each parameter of the ARR. Prudence check undertaken for each ARR parameter is further detailed in Chapter 10 of this Order.

6.6 Employee Expenses

Stakeholders' Submission

6.6.1 Shri Ramesh Chauhan has mentioned that the Petitioner has managed to reduce the actual employee cost, but the terminal benefits are a cause of concern since these are almost 52% of the total employee cost and 3% higher than last submission and likely to increase further in coming years. The Petitioner should work out to manage this component and not to burden the consumers of the State by either taking up with the HP Govt to own the pension liabilities of pensioners prior to June 2010, the transfer scheme, or the Petitioner should create a separate fund to manage the same so that its burden on consumers is reduced altogether.

Petitioner's Response

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

Commission's Observations

6.6.3 The Commission do not agree to the response of the Petitioner. The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for FY 2018-19 in detail. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission had issued the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which provides for partial adjustment of such claims through the RoE earned by the Govt. of HP. Further, the Commission has also made adjustments in the employee cost in line with these regulations which has been omitted by the Petitioner in its claim. The Commission has approved the employee expenses for FY 2018-19 after accounting of such exclusions as detailed in Chapter 7 of this Order.

6.7 Revenue from Sale of Power

Stakeholders' Submission

6.7.1 M/s Ambuja Cement has observed that revenue from sale of power in the State has grown up from Rs. 4978 Cr. to Rs. 5134 Cr. in FY 20, the revenue from sale of power from outside the state has grown up from Rs.308 Cr. to Rs.473 Cr. but still the ARR under the true up submission is shown deficit adding additional burden on the consumers of the state who are already reeling under the tariff shocks given every year.

Petitioner's Response

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

Commission's Observations

6.7.3 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2018-19 and FY 2019-20 as part of truing-up. The Commission has independently analysed the claim of the Petitioner and adjusted the revenue from sale in the State as well as revenue from sale of surplus power from the ARR to determine the overall revenue surplus/ (gap) for FY 2018-19 and FY 2019-20 as detailed out in Chapters 7 and 9 of this Order.

6.8 RPPO Compliance

Stakeholders' Submission

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

Petitioner's Response

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

Commission's Observations

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

6.9 Aggregate Revenue Requirement & Revenue Gap

Stakeholders' Submission

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

6.9.2 M/s M/s Vardhman Textiles Ltd. and BBN Industries Association has prayed to the Commission that the Petitioner has claimed revenue requirement of Rs. 5837.36 Cr. in true up against Rs. 5389.36 Cr. approved as given in table no 2.25 of ARR and shown net surplus of Rs. 96.87 Cr. However, the DISCOM has shown deficit on account of controllable parameters like interest cost, which is almost doubled than approved. These stakeholders requested Commission to look into the actual expenses based on approved norms.

6.9.3 Confederation of Indian Industries, Parwanoo Industries Association and Kala Amb Chamber of Commerce & Industry has mentioned that the Petitioner has reflected a surplus of Rs. 125.32 Cr. for FY 2018-19, which appears to have accrued due to increase in sales over and above the approved sales. The respondent has prayed to the Commission that the surplus reflected in the true-up petition requires a re-visit and prudent check on the individual components of ARR.

Petitioner's Response

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

6.9.5 Further, the Petitioner also submitted that all the expenses including True up for FY 19 & FY 20 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred by HPSEBL.

Commission's Observations

6.9.6 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2018-19 and FY 2019-20 as part of truing-up. Based on the prudence check of Petitioner submission and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 as detailed in Chapters 7 & 9 of this Order.

Objections Raised on ARR of FY22

6.10 Power Purchase

Stakeholders' Submission

6.10.1 Shri Ramesh Chauhan has submitted that the Distribution Licensee has failed to draw power from the PowerGrid at 220 kV level by not constructing the 220/132 kV Sub-Station at Kala Amb. Accordingly, the Distribution Licensee is paying Rs 5 Cr per month as penalty to the Power Grid as per agreement executed with them for 220/132 kV sub-station being unavailable since two to three years or maybe more. It is further understood that the said sub-station is not likely to be commissioned for next 18 months and the Distribution Licensee will claim the said penalty amount in the ARR. It is thus suggested that the said penalty amount amounting to Rs 60 Cr per annum may not be passed through in the ARR so that the Consumers of the State are not burdened on account of the inefficiencies of the Distribution Licensee.

6.10.2 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry submits that the Petitioner having not completed the Smart Grid Project in collaboration with Power Grid Corporation of India at Kala Amb, has been paying huge penalties extending in crores of rupees for the past several years to the central agencies. The respondents humbly request the Commission not to pass such burden of such penalties, to the consumers in the tariff. Any such expenses must be disallowed and trued up even if allowed in the past ARRs.

6.10.3 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry humbly request the Commission that the rates of purchase of free power must be brought down seeing the overall scenario in the energy market

6.10.4 Mehatpur Industries Association and Nalagarh Industries Association states that the rates of power to be purchased for FY 22 from various sources shows wide variance over the period. The respondent has prayed to the Commission to do a prudent check on the cost and may kindly allow only the justified variation

6.10.5 M/s Ambuja Cement submits that in the power purchase cost a jump of PGCIL charges has been left unexplained.

Petitioner's Response

6.10.6 The Petitioner responded that construction of the said sub-station stands transferred to HPPTCL since 22.02.2018. Further, charges are being paid as per CERC Order dated 04.01.2017 and HPERC has provisionally approved the cost in the Tariff Order dated 06.06.2020.

6.10.7 The Petitioner responded that objections by objector are incorrect, false, misleading and therefore liable for rejection. The complete details and justifications for increase in the power purchase costs from various sources stands submitted to the Commission. The increase in power purchase cost is not based on the assumptions as mentioned by the objector but is supported with complete documents and justifications. Moreover, various costs are being allowed by Commission after due diligence and prudence check only. Thus, the objection by objector is baseless and liable for rejection.

6.10.8 The Petitioner responded that the objection by the objector is not based on facts and is more of suggestive nature. However, rate for procurement of GoHP free power is being determined by the Commission and HPSEBL is procuring such power at rates as approved by Commission.

Commission's Observations

6.10.9 The Commission has carried out detailed scrutiny of each head of ARR. Based on the prudence check of Petitioner submission, past information and other aspects, the Commission has independently analysed quantum and cost of power purchase from each source.

6.10.10 In the previous Tariff Order, the Commission had highlighted its concern of non-commissioning of the Kala Amb downstream transmission network by HPSEBL. This has resulted in non-utilisation of Power Grid Kala Amb transmission asset made by Power Grid Corporation of India leading to payment of monthly transmission charges by HPSEBL alone which would have otherwise shared by other beneficiary states. The Commission had in its previous tariff order directed the Petitioner to submit a report in this regard. Based on the report and other information with respect to the same, the Commission has dealt with the issue in the power purchase section of Chapter 10 of this Order.

6.11 Energy Sales

Stakeholders' Submission

6.11.1 Shri Ramesh Chauhan has mentioned that sales from the Small Industry have dipped quite significantly by 36% which is cause for concern and the Commission may evaluate the same and ask the Distribution Licensee to find out the reasons behind such a huge drop in sale.

6.11.2 M/s Ambuja Cement has submitted that the projection of the energy requirements is highly inflated. Therefore, the respondent has prayed to the Commission that the actual consumption of the previous year should be compared for working out the category wise consumption for the next year. Actual data of consumption does not support the projected consumption leading to higher purchase of energy volume.

6.11.3 M/s Ambuja Cement has submitted that the actual sales in the previous year have remained less than the approved figure and the trend may continue to be the same. Assumptions on the basis of CAGR are therefore erroneous. The present status of the municipal power plant and purchase therefrom needs to be explained.

6.11.4 Mehatpur Industries Association and Nalagarh Industries Association states that the future sales projections are based on the CAGR of each category of consumers. Further the respondents also submitted that in FY19 the Licensee has intimated an actual sale of 5335 MUs to Industrial Consumers, against which the revised projections for FY21 & FY22 are 4610 MUs & 5540 MUs respectively. No doubt COVID 19 has made an unprecedented impact on the economy but that was an exceptional happening and the Licensee should exclude that year while computing the CAGR or making projections for FY22. Therefore, the respondent has prayed to the Commission that the estimates of Industrial Sales need to be scrutinized closely and estimates for FY22 would need to be enhanced significantly.

6.11.5 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that the Petitioner has taken the actual sales for the first half of the FY 20-21 as the CAGR has been applied to estimate the sales for the second half of FY 20-21. The sales projections have been underestimated by the Petitioner particularly for the industrial categories of consumers. The respondent humbly requests the Commission to correct the methodology adopted to arrive at sales estimated for FY 21-22

6.11.6 Steel Associations and M/s Ambuja Cement submits that the sales forecast and assumptions taken into consideration in the calculations of ARR are lower than the realistic values hence assumptions on the basis of CAGR are therefore erroneous. Further the respondents mention that the Petitioner has suppressed the sales growth because of which the revenue gap has arisen. The respondent requests the Commission to review the sales projections and accordingly correct the ARR.

Petitioner's Response

6.11.7 The Petitioner responded that the projections for growth in industrial sales have been kept on lower side taking into consideration the economic slowdown as evident from the national trends. Accordingly, HPSEBL has considered yearly growth rate of 2.13% for Small Industries and 2% for Large Industries, whereas the sale projections for Medium Industries have been kept constant. Also, the abnormal sales during the first half of FY 2020-21 have not been considered for making projections for FY 22. Thus, the growth rate considered is well thought and these estimates are subject to approval by the Commission.

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

Commission's Observations

6.11.9 The Commission has noted the concern of the stakeholders and dealt with the issue of energy sales in detail in the relevant sections in Chapter 10 of this Order. While projecting the sales for subsequent year, the Commission has undertaken detailed analysis of past year actual sales and along with recent and long-term growth trend in each tariff category.

6.11.10 The Commission also concurs with the view of the stakeholders that actual slab wise sales are required to be considered for determination of slab wise rates. In response to the slab wise break-up of sales sought by the Commission, the Petitioner has submitted partial detailing of slab-wise information of sales for FY 2019-20 and six months of FY 2020-21. While there were inconsistencies with respect to the information shared, the Commission has analysed the submission of the Petitioner for projection of sales for FY 2021-22. The Petitioner has been directed further to provide consistent information with respect to slab-wise sales, load, etc. in the subsequent tariff petitions for detailed analysis.

6.12 T&D Losses

Stakeholders' Submission

6.12.1 Steel Associations submitted that the Petitioner has considered T&D losses @10.70% for FY 2021-22, which is higher than 9.90% as approved by the Commission for the year. However, the stakeholder mentioned that T&D losses for industrial segment is very low and is to the tune of ~5%, but T&D loss when calculated for all consumer categories together works out to a higher value because of very high losses in other than industrial categories. The objector further submits that T&D losses of some circles in FY 19-20, in which there are hardly any industries ranges between 20.10% to 42.89%. The objector feels that pass through of the T&D losses of non-industrial consumers to the industrial consumers is the hidden cross-subsidy. The Objector prays to the Commission to issue directions to the Petitioner, to take measure for improvement of T&D loss in non-industrial categories of consumers.

6.12.2 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that the Petitioner has considered the T&D losses @ 10.70% for FY 21-22, which are higher than a value of 9.90% approved by the Commission for the year. The respondent humbly requests the Commission that T&D losses being a controllable parameter, needs to be controlled and the inefficiency on this account should not be allowed to be transferred to the consumers of other areas and the categories who record much lower T&D

Petitioner's Response

6.12.3 The Petitioner responded that the objections/suggestion by the objector is argumentative, not based on regulations and thus is liable for rejection. T&D losses are estimated realistically by HPSEBL. Objector is argumentative as Regulations do not provide for Circle wise tariff determination nor do they provide for Circle wise T&D losses.

Commission's Observations

6.12.4 With respect to tariff determination for various categories, the Commission is guided by the National Tariff Policy 2016 which provides that the tariff should progressively reflect +/-20% of average cost of supply. In its MYT Regulations 2011 and amendments thereof, a roadmap to further rationalize the cross-subsidies to within (-)10% to (+)5% of average cost of supply in the subsequent Control Period has been fixed. In line with the provisions of the Tariff Regulations, the Commission has been working towards reducing the cross-subsidies as compared with the targets provided in Tariff Policy. The Commission has also directed the Petitioner to undertake a voltage-wise cost of supply which may be considered in subsequent years for assessing voltage-wise tariff in the State.

6.12.5 Further, with respect to claim of high T&D loss for FY 2021-22, the Commission has analysed the claim of the Petitioner keeping in view the T&D loss trajectory already fixed by the Commission in its MYT order dated 29.06.2019 and does not find any emergent reason(s) for revising the targets for T&D losses reduction. If required, the Commission may review the targets during Mid-Term Performance Review for the fourth control period.

6.13 O&M Expenses

Stakeholders' Submission

6.13.1 M/s Ambuja Cement has submitted that expenditure on these sub heads may be based on the factors like capability, availability & necessity rather than on a historical data.

Petitioner's Response

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

Commission's Observations

6.13.3 The Commission did a thorough examination of various expense heads claimed by the Petitioner under O&M expenses. As part of prudence check, additional information was sought from the Petitioner. The Commission has accordingly analysed each claim of the Petitioner with regard to O&M expenses and terminal benefits for FY 2021-22 in line with the provisions of the MYT Regulations, 2011. The O&M Expenses being a controllable item has not been revised as detailed out in Chapter 10 of this Order.

6.14 Employee Costs

Stakeholders' Submission

6.14.1 M/s Ambuja Cement submits that the retirement date of the employee are known in advance and it is not difficult to count the number of employees retiring in a year and the expenses of their terminal benefits, so differences in the approved and actual figures on this account needs to be thoroughly examined.

6.14.2 M/s Ambuja Cement also submits that the justification of employees on the basis of number of connections is not relevant presently because of flat culture widely adopted. In a single housing society, granted power connection at one point may have 100 electricity connections. For justification, it should be counted as one, not 100. It is otherwise no secret that the no. of employees per thousand connections is highest in the country in Himachal Pradesh.

6.14.3 Shri Ramesh Chauhan has submitted that the terminal benefits are again a cause of concern since these have crossed 52% of the total employee cost in FY 19 and are likely to increase further in coming years. The Petitioner should seriously work out to manage this component and not to burden the consumers of the State by either taking up with the HP Govt to own the pension liabilities of pensioners prior to June 2010, the transfer scheme, or the Petitioner should create a separate fund to manage the same so that its burden on consumers is reduced altogether. The Commission may allocate some funds to start with, so the terminal benefit liability is reduced to the extent so as to reduce the consumer tariff further.

6.14.4 Shri Ramesh Chauhan also submitted that the Distribution Licensee have not furnished the breakup for Employee Cost and proposed the same figures as approved in the main MYT. The Commission may take view on this besides specially the Distribution Licensee should seriously work out for the increasing terminal benefits as suggested above.

6.14.5 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association has prayed to the Commission that only reasonable cost specific to employee expenses to be passed through in the ARR and remaining must be taken over by Government as HPSEBL employees are government employees and must get their dues as per Government rules and regulation, but the same should not be used as an excuse to increase the ARR and cost of power for consumers. Further, it has been requested that the employee cost linked with increase in inflation should be allowed.

6.14.6 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry submits that the employee cost surprisingly holds a major share of 34.92% in the ARR, which translates to Rs. 1.94 per unit sold. This is a very alarming situation. Most of the utilities such as PSPCL, UHBVN, DHBVN etc, have only 5% of the ARR as employee cost as against 34.92% in case of HPSEBL. Further, out of the 34.92% share of employee cost the share of terminal benefits account for almost half. The respondent humbly requests the Commission to disallow the terminal benefits of the employees not working with the distribution function from the Distribution ARR and find solutions to reduce this major head of expense, which if done, will make our utility the best in the country.

6.14.7 Steel Associations submits that the Petitioner has considered a very high manpower cost which constitutes approx. one-third of the total ARR. This is beyond any benchmarks even if compared with the worse of the utilities in country. There is also a very high proportion of terminal benefits in the total manpower cost. The respondent is of the view that the liability on account of terminal benefits must be transferred to the State Government as most of this liability pertain to the pre-corporatization of the Petitioner.

Petitioner's Response

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

6.14.9 The terminal liabilities of employees serving in other organizations on deputation, the pension contributions from these Utilities are being recovered for the services rendered by HPSEBL employees. Other points being of suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

6.14.10 Further, the Petitioner also submitted that all the expenses including True up for FY 19 & FY 20 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred by HPSEBL

Commission's Observations

6.14.11 The Commission concurs with the comments of the stakeholders regarding higher employee cost of the Petitioner. However, considering the fact that while framing the transfer scheme, past liabilities with respect to the employees remained with the Petitioner, the Commission is required to allow the terminal cost towards employees retired prior to unbundling in the ARR of the Petitioner. Considering the significant cost towards terminal liabilities, the Commission also notified HPERC (Terms and Conditions for Sharing of Cost of Terminal Benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which helped in reducing part burden of such costs on the ARR of the Petitioner.

6.14.12 The Commission has independently analysed claim of the Petitioner regarding employee expenses and terminal benefits for true-up of FY 2018-19 and FY 2019-20 as well as for projection of FY 2021-22 in line with the provisions of the MYT Regulations, 2011. The detailed prudence undertaken has been explained in respective chapters 7, 9 and 10 of this Order.

6.15 Capex related

Stakeholders' Submission

6.15.1 Shri Ramesh Chauhan has submitted that the Petitioner has not furnished the detail of the assets capitalised in line with business/ investment plan approved by the Commission in main MYT order, the Commission may take a view on this.

6.15.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has submitted that Commission has been allowing large funds towards capital investment over the years. However, we would request Commission to link these investments with the resultant improvement in performance parameters. The Licensee has to establish the expected improvements in its performance and benefit to the consumers with such investments.

6.15.3 M/s Ambuja Cement submits that the phasing of capitalisation may be correlated with the annual completion of works rather than assumption of 20%, 25% etc.

Petitioner's Response

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

6.15.5 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.15.6 During the issuance of MYT Order for the Control Period, the Commission has reviewed the capital expenditure proposed by the Petitioner and considered the phasing of capitalization as per the past actuals. As part of the APR Order, the controllable parameters i.e. capital expenditure and capitalization are not revisited, and figures approved in the MYT Order for the respective years are continued. However, the Commission agree to the views expressed by the stakeholders that HPSEBL must demonstrate the scheme wise benefits reaped from the Capital expenditure undertaken. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in accordance with the provisions of MYT Regulations, 2011.

6.16 Depreciation

Stakeholders' Submission

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

6.16.2 M/s Vardhaman Textiles and BBN Industries Association has submitted that the Petitioner has claimed very high depreciation charges for FY 2015-19 based on incremental increase in fixed assets and shortfall in depreciation charges is claimed at Rs. 250.39 Cr. Further, it has requested that depreciation must be allowed based on actual capacity added/ assets created.

6.16.3 M/s Ambuja Cement has submitted that that the assets of the HPSEBL, which are paid for by the consumers becomes the property of the HPSEBL for no investment and thereafter depreciation is also claimed on such assets by the Petitioner. The Commission may disallow the same and direct the Petitioners to submit affidavit to the effect that assets in respect of which depreciation is being claimed by them is created by them from their capital

Petitioner's Response

6.16.4 The Petitioner responded that HPSEBL does not agree with the suggestions/objections of the objector, as the reasoning given by the objector is misplaced

6.16.5 Further, the Petitioner responded to the averments relating to claiming of the depreciation in respect of assets created from consumer contributions as wrong and misplaced.

Commission's Observations

6.16.6 While issuing the MYT Order for the fourth Control Period, the Commission had approved the depreciation for each year based on the gross fixed assets and capitalization approved for each year. Also, necessary adjustments in depreciation has already been done on account of assets created from consumer contribution in line with the provisions of the MYT Regulations 2011. Also, depreciation is a controllable parameter as per the MYT Regulations, 2011 and its amendments and therefore has been considered as approved in the MYT Order for the respective year. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

6.16.7 In absence of audited accounts for FY 2018-19 and gaps in information provided by the Petitioner, the Commission has not considered the true-up on account of controllable parameters in this Order. True-up on account of capitalization would be considered post availability of audited accounts for FY 2018-19 and supporting information as detailed in Chapter 7 of this Order. Also, detailed prudence shall be undertaken while approving depreciation amount for the third Control Period.

6.17 Interest Charges

Stakeholders' Submission

6.17.1 M/s Vardhman Textiles Ltd. and BBN Industries Association has submitted that the Commission may look into the details of the loans before approving the interest charges and the same should be approved, for which actual capital work is carried out during the years.

6.17.2 M/s Vardhman Textiles Ltd. and BBN Industries Association has also submitted that DISCOM has claimed interest rate on working capital of about Rs. 335 Cr. and interest rate @11.12% in the ARR FY21 and FY22 in table 3.23, page 52 of ARR FY2021-22. Therefore, it is submitted that DISCOM may take advance for future electricity bills from consumers at a rate of interest of 8.5% and may save interest of about 3%. As such money will be set-off against future bills, DISCOM would not be required to pay interest in cash and its cash flow will also improve besides saving interest cost due to lower interest rate. Interest rate of 8.5% is based on 3 years average SBI MCLR, which works around 8% and therefore 50 points are added to make it attractive for depositors. However, DISCOM has added 300 point to SBIMCLR to work out normal interest rate.

6.17.3 Further, the stakeholders have submitted that interest and finance charges were also doubled for the entire period of FY2015-2019 leading to deficit of Rs. 596.14

Cr. as per table no 2.16, page 31. The respondent has prayed to the Commission to look into this matter

Petitioner's Response

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

6.17.5 Further, the Petitioner also submitted that all the expenses including True up for FY 19 & FY 20 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred by HPSEBL.

Commission's Observations

6.17.6 As per the MYT Regulations, 2011 and its amendments, interest cost is a controllable parameter and therefore has been considered as approved in the MYT Order for the respective years. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

6.17.7 With respect to the suggestion for meeting the requirement of working capital from consumer funds, it is highlighted that working capital requirement of a distribution utility varies month by month based upon its cash flow position which depends upon sales and revenue realisations. The consumer security deposit of the consumers with the Petitioner further reduces this requirement. The proposed framework by the stakeholders is a good idea. The Commission is of the opinion that it may not be feasible to implement this proposal considering the varied consumer category that the Petitioner is serving. However, the Petitioner is directed to submit a detailed proposal regarding the feasibility of implementation of the proposal of the stakeholders as it would save interest on working capital.

6.18 Return on Equity

Stakeholders' Submission

6.18.1 Shri Ramesh Chauhan submitted that the Petitioner has failed to submit detailed information regarding assets capitalised and equity distribution to the specific works, it is suggested that the depreciation and Return on Equity (RoE) may either be restricted to the extent of the approved figures in the MYT orders for FY 20 to 24 or revised as per actuals.

6.18.2 M/s Vardhman Textiles Ltd. and BBN Industries Association has prayed to the Commission that the burden of the return on equity, which may be invested in coming years, cannot be passed on to the present consumers in the State. Further, as per the regulations, the equity invested in projects, which are yet to start commercial production cannot be provided. In this background, it is submitted that return on equity may be approved.

6.18.3 M/s Vardhman Textiles Ltd. and BBN Industries Association has also submitted that the board has projected very high increase in return on equity. The return on equity is projected to grow from Rs.63.78 Cr. for FY 2015 as shown in table to Rs. 72.78 Cr. in FY 16 to Rs. 91.55 Cr. in FY 19. However, it is not clear that how this equity will be infused and where the cash generated will be used. The respondent has prayed to the Commission that return on equity should be allowed only if such equity is actually invested and used in creation of tangible asset which can be used for the benefits of the consumers.

6.18.4 Mehatpur Industries Association and Nalagarh Industries Association has prayed to the Commission to allow a reasonable increase in RoE over the years.

Petitioner's Response

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

6.18.6 The Petitioner has not put forth any response against the suggestions made by the objectors. However, with respect to objection regarding burden of the return on equity to be invested in coming years cannot be passed on to the present consumers in the State, the Petitioner has mentioned that the objection as such is argumentative. Objector presently is enjoying the benefits of the system created at the cost of past consumers and thus because it is not possible to pinpoint the consumers who benefit from investments in the future. Moreover, it is a continuous process and more or less all consumers are bearing the cost on account of Return on Equity (RoE) in accordance with the HPERC Tariff Regulations. Accordingly, the objection by objector is liable for rejection by the Commission. Further, the Petitioner has mentioned that reasoning by the objector is misplaced and has submitted that all assets including power purchase agreements created/executed prior to June 2010 shall then have to be allocated to the consumers other than Industrial as these assets created post 2010 were predominantly for the Industrial consumers and accordingly tariffs would have to be determined with this segregation which further entails ascertaining the asset allocation category wise pre and post 2010.

6.18.7 Further, the Petitioner also submitted that all the expenses including True up for FY 19 & FY 20 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. However, HPSEBL has claimed Return on Equity as per the MYT Order dated 29.06.2019. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to the Commission in respect of various costs being incurred by HPSEBL.

Commission's Observations

6.18.8 The Commission had approved the RoE for the fourth Control Period as per the MYT Regulations, 2011. In line with the regulations, RoE is approved post capitalization of the schemes and therefore no RoE is allowed with respect to equity amount pertaining to capital work in progress. For FY 2021-22, the Commission has continued with the ROE as approved in the MYT Order which is subjected to be reviewed as part of true-up of controllable parameters at the end of the fourth Control Period.

6.19 Aggregate Revenue Requirement & Revenue Gap

Stakeholders' Submission

6.19.1 Mehatpur Industries Association and Nalagarh Industries Association states that the Licensee has projected a net Revenue Gap of Rs. 165.76 Cr. for FY22. Further, the respondent submits that the proposed increase in Industrial tariff is totally uncalled as the industries are already under lot of pressure from economic slow-down. The respondent has prayed to the Commission that keeping in view the long term interest of the electricity consumers and specially the industry in the State, no tariff hike may be approved in the coming years and rather the Licensee be directed to improve its operational efficiency so that the electricity consumers in the State get reliable power supply at most economical rates.

Petitioner's Response

6.19.2 The Petitioner responded that the objection is of general and suggestive nature to the Commission, therefore, HPSEBL does not propose any response.

Commission's Observations

6.19.3 The Commission has independently analysed each parameter claimed by the Petitioner while determining the ARR for FY 2021-22 and allowed only prudent expenditure under each head to be passed onto the consumer as detailed out in Chapter 10 of this Order.

Other Issues

6.20 NoCs for Release of New Connections

Stakeholders' Submission

6.20.1 Shri Ramesh Chauhan has claimed that the field officers of the Distribution Licensee are still demanding NoCs from the MCs/ NACs/ Town & Country Planning for release of new connections which requirement has already been removed by amendment in the Supply Code in Clause 3.1.2.1 effective from 05/12/2018. The Consumers are being harassed by demanding NoCs for release of electricity connection. The Commission may direct the Distribution Licensee to create awareness amongst their own field staff specially AEs/ AEEs.

Petitioner's Response

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

Commission's Observations

6.20.3 The Commission does not agree to the response of the Petitioner. The Commission has noted the concern of the stakeholder and directs the Petitioner to issue necessary instructions to its field officers so that consumers are not harassed for release of electricity connection. The petitioner is directed to submit compliance in this regard within a month of the issuance of this tariff order.

6.21 Billing Mechanism

Stakeholders' Submission

6.21.1 Shri Ramesh Chauhan has objected that the Distribution Licensee is still uploading MRI/ Billing data manually for most of the Industrial Consumers in the Computerized Billing system which is vulnerable to editing at field level before uploading giving benefit to Consumers and leading to corruption at field level. The Commission may direct the Distribution Licensee to automate this process also by going in for automatic process to avoid human interference.

Petitioner's Response

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

Commission's Observations

6.21.3 The Commission has noted the concern of the stakeholder and directs the Petitioner to provide status of meter readings of consumers through MRI/AMR within three months from the date of issue of tariff order.

6.22 Implementation of Court Orders

Stakeholders' Submission

6.22.1 Shri Ramesh Chauhan has objected that the field staff does not implement the orders of the various courts which are in favour of the Consumers and delay the legitimate refund due to Consumers. In case of follow up later or persistent efforts of the Consumers, the refund is made with interest and claimed in ARR ultimately burdening the Consumers of the State with additional tariff. The interest on delay in such refund should not be passed through to the Consumers of the State in ARR and instead recovered from the erring officers/ officials of the Distribution Licensee.

Petitioner's Response

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

Commission's Observations

6.22.3 The Commission has noted the concern highlighted by the stakeholder. The Petitioner is directed to submit details of such amount of pay-outs made to the consumers with separate details of interest paid within three months from the date of issue of Tariff Order.

6.23 Infrastructure Development Charges (IDC)

Stakeholders' Submission

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

6.23.2 M/s Ambuja Cement, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry has prayed to the Commission that the request of the Petitioner for any upward revision of service connection charge as made in the petition may be rejected. Further, the respondent has submitted that the charging of IDC or the connection charges in any other shape to recover the cost of the power system from the consumers/applicants may be done away with and issuance of power availability certificate serves no purpose because it does not commit any timeline. Thus, charging a huge sum of Rs. 1000 per KVA only to say that power will be supplied to you is meaningless and highly objectionable.

6.23.3 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that the licensee is recovering the Infrastructure Development Charges from the consumers at the normative rates decided by the Commission. The respondent humbly requests the Commission to demand details of such recovery from the Petitioner and carry out true -up for the past years as well.

6.23.4 Mehatpur Industries Association and Nalagarh Industries Association submits that the Licensee has worked out the amount of IDC through Service Connection Charges in pursuance to HPERC Regulations, 2012. In fact, the infrastructure charges are already built in the transmission charges and as such these are not required to be added separately. The respondent humbly requests the Commission to give us opportunity to be heard before taking a final decision on the ARR.

6.23.5 Steel Associations submits that the Petitioner has prayed in the petition that the infrastructure development charges be allowed to be kept at the existing rates. It is submitted that the Infrastructure Development Charges are very high as compared to rest of the country and must be brought down to a lower level. The respondent is of the view that there should be no infrastructure development charges over and above the expenses on dedicated infrastructure required for a consumer. The respondent prays to the Commission to adopt the approach of charging the cost of upgradation of infrastructure to the CAPEX and charge the same through the tariff as a pass through to the consumers, whereas a very nominal portion maybe allowed to be recovered directly in the shape of IDC.

Petitioner's Response

6.23.6 The Petitioner responded that the Petition for IDC is in accordance with the Tariff Regulations and all costs of the Utility have been reflected correctly and are true to the best of Utility's knowledge and all details as sought by the Commission stand submitted. The Petitioner has further submitted that the objector is trying to push cost of creating infrastructure for Industries to all the consumers of HP and therefore avail benefits at the cost of other consumers. IDC has been introduced by the Commission through the RoE Regulations so as to eliminate arbitrariness and to introduce uniformity through a normative approach. The Petitioner has submitted that it shall in future, be seeking depreciations based on actual FARs, which presently is a source of big loss to the Utility as depreciation in ARR is presently determined based on previous estimates by the Commission.

6.23.7 The Petitioner also responded that the objection by the objector is not based on facts and is more of argumentative nature. Further, objector has suggested amendments in the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, which is not a subject matter of the present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.23.8 The Commission has independently dealt with the comments pertaining to IDC in Chapter 12 in line with HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012. Further, in line with suggestion of the objectors, the Commission directs the Petitioner to furnish details of IDC (i.e. opening, collection, closing, etc.) for each year post implementation of the Regulations along with subsequent tariff petition.

6.24 Voltage-wise Losses & Cost of Supply

Stakeholders' Submission

6.24.1 M/s Vardhaman Textiles and BBN Industries Association has prayed to the Commission that Tariffs should be based on voltage wise cost of supply rather than the average cost of Supply as the voltage of supply largely affects the cost of supply as the T&D losses are in inverse relation with the supply voltage.

6.24.2 Steel Associations submits that the present overall tariff, including the demand and energy charges, is more or less the same for 11 kV and higher voltages. Further, it submits that the tariffs should be aligned with the cost of supply in a progressive manner and the tariff for such industries must be at a lower level than the average cost of supply as per provisions of National Tariff Policy. The respondent prays to the commission that the Petitioner must provide the voltage-wise cost of supply analysis in the absence of which not much progress has been made in the past years.

Petitioner's Response

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

6.24.4 The Petitioner responded that with regard to voltage wise cost of supply, HPSEBL is contemplating a self-study to assess the assets/power purchases tie-ups pre and post 2010 and that allocable to industries for the reason that most of the assets/power purchase tie-ups have been created for the industries especially when own generation and non-HV/non-EHV

Commission's Observations

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

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

6.25 Wheeling/Transmission Charges

Stakeholders' Submission

6.25.1 M/s Ambuja Cement submits that various open access charges levied on industrial consumers makes the landed cost of open access power at consumer's doorstep totally unviable. Further, it mentions that in the case of Kalyani Steel Ltd Vs Karnataka Power Transmission Corporation Ltd (2007 ELR- 985), Hon'ble APTEL has held that no wheeling charges are to be recovered from open access consumers connected directly on transmission voltages. The respondent has prayed to the Commission that the transmission charges stand already recovered through demand charges and IDC. So, the transmission charges should also not be levied upon the EHV consumers.

6.25.2 M/s Malana Power has submitted that the wheeling charges calculated by HPSEBL in Second Annual performance review for 4th MYT control period is not in terms of Tariff regulations of this Commission. Further, the Petitioner has made a category of consumers at 66 KV and above by clubbing voltage levels of 66 KV, 132 KV and 220 KV and has submitted a proposal of wheeling charges applicable to all those customers who are connected at 66 KV or 132 KV or 220 KV voltage level. Clubbing with a larger network of 66 kV has gravely prejudiced to those customers who are at 132 kV and 220 kV because they are now required to pay higher wheeling charges. Therefore, clubbing will be against the Principle of Natural Justice. The Stakeholder prays to the commission to kindly determine the wheeling charges for each voltage level in terms of the regulations and more particularly for 132 kV for FY 21-22 and continue to determine the same in future.

6.25.3 Mehatpur Industries Association and Nalagarh Industries Association submits that the Licensee has proposed very high Wheeling Charges for Open Access consumers. These are far too higher than compared to other States. It needs to be appreciated that all such charges result in discouraging the consumers to opt for open access. This also negates the provision under the Electricity Act and the

Tariff Policy which provided for the aim of creating competition in the power market.

6.25.4 I.A. Hydro Energy Pvt Ltd. submits that wheeling charges are classified only up to over and above 66 KV but does not provide for wheeling to be levied in 132 KV, 220 and 400 KV. The respondent has prayed to the Commission that the Petitioner should specify the same for category of over and above 132 KV, 220 and 400 KV as the IA Hydro Energy Private Limited Chanju-I will fall in the category of 132 KV.

6.25.5 I.A. Hydro Energy Pvt Ltd. Further submits that it should not be vexed twice for its Hydro Power Project Chanju-I firstly by HPSEB Limited by charging wheeling charges and distribution losses and thereafter by HPPTCL by charging transmission charges/losses. Thus, the respondent has prayed to the Commission that the entire transmission line from Nakrod to Jassur through which electricity is being transmitted to North Region Haryana Power Purchase Centre (HPPC) be brought under the control of H.P. Power Transmission Corporation Limited. Further, the wheeling charges and line losses which are being charged from Chanju-I be kindly done away with and not charged.

Petitioner's Response

6.25.6 The Petitioner responded that with regard to issues raised with respect to Open Access, it is submitted that various charges and distribution losses are recovered in accordance with the HPERC Regulations on Open Access.

Commission's Observations

6.25.7 With respect to the stakeholder suggestion for separate wheeling charges for each voltage level, the Commission does not concur with the views of stakeholder as electricity flow between the various voltage level of transmission network cannot be dissected and therefore segregation of wheeling charges would be inappropriate. Further, at the inter-state level as well as in other States it is observed that common transmission wheeling charges are being approved.

6.25.8 The open access charges for consumers availing open access has been levied as per the provisions of the Electricity Act, 2003, Tariff Policy and applicable Open Access Regulations of this Commission. The various charges are approved as per methodology set forth under these policies and regulations as explained in Chapter 12.

6.26 Additional Surcharge

Stakeholders' Submission

6.26.1 M/s Vardhaman Textiles Ltd. and BBN Industries Association has submitted to the Commission that the rate of Additional Surcharge, proposed by the Petitioner makes open access burdensome, unaffordable and uncompetitive. The stakeholders mentioned that there is a mandate on the Commission to calculate Additional Surcharge in such a manner that the consumer is not burdened to the extent that it cannot avail Open Access.

6.26.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has submitted that the Licensee has proposed an Additional Surcharge of 53.50

Ps/kWh to be levied on open access consumers for FY22. The Commission may consider whether there is any need to levy such charges when the quantum of open access power being availed by the industrial consumer is almost negligible compared to the overall sale. The net impact of such levy is to discourage the consumers to tap otherwise cheaper source of power outside the State, which is resultantly enjoyed by consumer in other State.

6.26.3 Indian Energy Exchange has submitted that the Petitioner has worked out the Additional Surcharge by considering weighted average per unit fixed charge of the projects as per Merit Order Dispatch and arriving at the rate of 97.99 paise/ unit. The Petitioner has then grossed up the per unit fixed charges with the transmission and distribution losses to arrive at the per unit fixed cost of power purchase at consumer end. It has then added the per unit fixed charge with the per unit rate of inter and intra state transmission charges and wheeling charges, an approach which is not in line with the Tariff Policy.

6.26.4 Indian Energy Exchange has submitted that since the open access consumers are already paying for the transmission and wheeling charges to the concerned entity, levy of the same charges twice on the consumers seems incorrect and the proposal merits dismissal by the Commission.

Petitioner's Response

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

6.26.6 Further, the Petitioner responded that HPSEBL has filed petition for determination of various charges such as Additional Surcharge, Wheeling Charges and Cross Subsidy Surcharge strictly as per the Regulations of HPERC.

Commission's Observations

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

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

6.27 Cross-Subsidy

Stakeholders' Submission

6.27.1 M/s Vardhaman Textiles Ltd. and M/s BBN Industries Association has prayed to the Commission that Category wise cost of supply should be worked out as has been done earlier and Cross subsidy level should be determined accordingly reflecting the true cost of supply and actual cross subsidy given/charged from different categories of consumers.

6.27.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has submitted that the Licensee has proposed a levy of 53 Paisa/unit as Cross Subsidy Surcharge on Large Supply consumers. Commission may kindly look at the cumulative impact of these Open Access Charges i.e. Additional Surcharge, Wheeling Charges and Cross Subsidy Surcharge, which put enormous burden on the open access consumers and contradict the provisions under Tariff Policy.

6.27.3 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry feels that there is need to further reduce the cross-subsidy amongst various consumer categories and sub-categories as well.

Petitioner's Response

6.27.4 The Petitioner responded that the objection is of general and suggestive nature to the Commission. However, HPSEBL has filed petition for determination of various charges such as Additional Surcharge, Wheeling Charges and Cross Subsidy Surcharge strictly as per the Regulations of HPERC.

6.27.5 Further, the Petitioner also submitted that all the expenses including True up for FY 19 & FY 20 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred by HPSEBL.

Commission's Observations

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

6.28 Non-Tariff Income

Stakeholders' Submission

6.28.1 Mehatpur Industries Association and Nalagarh Industries Association states that the Licensee has indicated non-tariff income from various sources but some of the income accruing from important sources like Cross subsidy Surcharge and Additional Surcharge have not been included. The Commission may kindly direct the Licensee to indicate those revenue receipts also to make the projections more realistic.

Petitioner's Response

6.28.2 The Petitioner responded that the objections by objector are incorrect, false, misleading and therefore liable for rejection. HPSEL has considered all the revenues accruing from Non-Tariff Income.

Commission's Observations

6.28.3 Based on directive from the Commission, HPSEBL has created separate account code for charges recovered through open access and has supplied the details of such charges in response to the query of the Commission. The commission has independently analysed each claim of the Petitioner regarding non-tariff income for FY 2021-22 in line with the provisions of the MYT Regulations, 2011. The non-tariff income is detailed out in Chapter 10 of this Order.

6.29 Peak Load Average Demand Charges

Stakeholders' Submission

6.29.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that the peak load energy charges differential of Rs. 1.70 to Rs. 2.00 over and above the normal rate of energy charges is very high. The viability of supplying electricity during peak hours at a lower rate must be looked into and the peak hour tariff should be reduced to a differential of Rs. 1.00 over and above the normal hour rate. The present rate of approximately Rs. 6.20 per unit is very high.

6.29.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the commission that Peak Load Charges to be limited to 120% of the normal tariff. Further, the stakeholders have submitted that night rebate may be allowed @ 80 Ps/unit for all industrial units and may enhance the night-time rebate to the entire rainy/summer seasonal i.e. Mid-March to Mid-September;

6.29.3 Steel Associations submits that the peak load energy charges differential of Rs. 1.70 to Rs. 2.00 over and above the normal rate of energy charges is very high. The respondent prays to the commission that the viability of supplying electricity during peak hours at a lower rate must be looked into and the peak hour tariff should be reduced to a differential of Rs. 1.00 over and above the normal hour rate. The present rate of approximately Rs. 6.20 per unit is very high.

Petitioner's Response

6.29.4 The Petitioner responded that the objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.29.5 The Commission have already abolished the additional demand charges applicable for industrial consumers in the previous Tariff Order. However, the peak hour charges are required for flattening of overall demand in the State and to compensate the utility for additional power procurement during peak hours. However, in view of the suggestions of the stakeholders, the Commission has reduced the peak hour charges by 50 paisa per unit. Also, night-time concession has been increased to encourage consumption during night hours. Details of the changes with respect to tariff are captured in Chapter 11 of this Order.

6.30 Demand Charges for EHT/HT Consumers

6.30.1 M/s Vardhaman Textiles has submitted that the present rate of demand charges for EHT consumers @ Rs 425/kVA is very high and results in a large fluctuation in the overall per unit rate, on account of load factor of a unit. The stakeholder has suggested that the demand charges for all categories of industries should be uniform.

6.30.2 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry feels that the demand charges are abnormally high as compared to all other states. The respondent humbly requests the Commission to reduce the demand charges of all categories of the consumers. The demand charges @ Rs. 400/ kVA and Rs. 425/ kVA for HT2 and EHT are very high as compared to Punjab, where these charges are in the range Rs 265 to Rs. 295 per kVA.

6.30.3 M/s Ambuja Cement submits that demand charge is in lieu of the capital investment made by the utility for supplying power to the consumer. This amount remains fixed for a particular consumer and hence this amount should not be subjected to change. Secondly this amount is also recovered through IDC from the consumer & thirdly for open access consumers, the demand charges also make a part for calculating the wheeling charges. Therefore, there is no justification for increasing the demand charges which is being recovered more than once.

Petitioner's Response

6.30.4 The Petitioner responded that objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations. However, in respect of Power Intensive Units (PIUs) the objector is trying to establish status-ante which existed in Tariff Order for FY 08 and which was later done away by the Commission.

6.30.5 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations. However, main concern for the Petitioner is recovery of ARR either through Demand Charges or through Energy Charges. Demand charges are being levied mainly to recover fixed component of ARR and thus these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recovered through proportionate increase of energy charges of industrial consumers or by increase in energy charges of all other consumers. However, it would not be justified to increase the energy charges of all consumers to recover the additional amount on account of reduced demand charges of industry.

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

Commission's Observations

6.30.7 As per the tariff policy demand charges reflect the fixed charges of the utility which includes O&M expense, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. Therefore, the Commission does not agree with the claim of stakeholders that these charges are high. Also, comparison of both demand and energy charges should be undertaken across the states to arrive at a conclusion as each state has varying demand and energy charges. Also, Fixed cost of HPSEBL is much more to other states due to high per unit employee cost and power procurement mainly from hydro sources. The Commission would also like to highlight that relaxation in form of abolishment of additional demand charges was already provided to the industries in the previous Tariff Order. Further, the Commission based on the projections of ARR and revenue for FY 2021-22 has not increased the tariff for all consumer categories as detailed out in Chapter 11 of this Order.

6.31 HPPTCL Charges

Stakeholders' Submission

6.31.1 M/s Ambuja Cement submits that inclusion of HPPTCL charges and STOA charges do not appear to be fair because HPPTCL is a newly created organization and the entire power system as it existed remains with the HPSEBL. Similarly, for STOA transmission system, full recovery is made from the open access consumers, so it has to be omitted from the ARR.

Petitioner's Response

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

6.31.3 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.31.4 While HPPTCL is a new entity created in 2010, it has commissioned several lines and substations for which the Commission has approved the tariff. Considering that HPSEBL is the prime beneficiary of HPPTCL line, part of the cost towards the newly created infrastructure of HPPTCL will have to be borne by the Petitioner. Also, STOA charges claimed under power purchase primarily pertain to procurement of banking of power and are paid for based on the quantum of banking availed by the Petitioner. Accordingly, the Commission has approved both these elements as detailed in Chapter 10 of this Order.

6.32 Recovery of Charges

Stakeholders' Submission

6.32.1 BBN Industries Association has submitted that it is very important for the Commission to understand and share what is the amount which has not been recovered by DISCOM. There are set rules of supply and recovery in supply code. The stakeholder has prayed to the Commission that data from the Petitioner should be collected regarding what are the amounts and why did DISCOM failed to recover the electricity charges from specific categories of consumers.

6.32.2 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association has submitted that the non- payment of dues by government office must be looked into and if government is not reimbursing their dues the same should also be excluded from ARR and must not be charged from consumers of the state.

Petitioner's Response

6.32.3 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.32.4 The Commission has been regularly monitoring the outstanding amounts towards various consumer categories as per the directive to the Petitioner. The details of the current outstanding have been dealt in the Chapter for Compliance to Directives in this Order.

6.33 Recovery of Demand Charges

Stakeholders' Submission

6.33.1 M/s Ambuja Cement has submitted that the recovery of Demand charges and fixed charges from consumers is not shown which may be suitably explained and accounted.

6.33.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the Commission to reduce the Demand Charges according to power load category and to Large supply Rs. 200 or so and to charge Demand Charges on actual recorded demand during the month.

Petitioner's Response

6.33.3 The Petitioner responded that the objection by the objector is more of argumentative nature not supported by facts and therefore liable for rejection. The Petitioner also mentioned that the objector has drawn comparison with other States in respect of demand charges, however, objector may like to view the energy charges also and draw comparison based on average cost of supply. Thus, comparison of demand charges in isolation is misinformed and misleading.

Commission's Observations

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

6.34 Voltage Supply Surcharge

Stakeholders' Submission

6.34.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry suggests that Under the present conditions of tariff a Low Voltage Supply Surcharge is charged from the consumers availing supply at a lower voltage than the applicable standard supply voltage in order to compensate the utility for T&D losses. A similar system should also be available in the form of rebate to the consumers who avail supply at a voltage higher than the standard supply voltage in order to compensate such consumers. This step shall encourage the consumers to avail supply at higher voltages thereby resulting in overall reduction of T&D losses.

6.34.2 Ms/ Ambuja Cement submitted that the concept of LVSS needs a revisit particularly for the consumers governed by two-part tariff. Since the tariff is based on Demand and for violation thereof, separate penal provisions exist capping the load limit for a particular voltage and application of LVSS for load exceeding that limit is totally unjustified.

Petitioner's Response

6.34.3 The Petitioner responded that the objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.34.4 The Commission would like to highlight that consumers availing power at higher voltage level as compared to the standard voltage level are benefitted in terms of differential in rates of energy charges. However, for consumers who are drawing power at voltage below their standard voltage are required to pay higher charges through LVSS in line with the Supply Code.

6.35 Late Payment Surcharge

Stakeholders' Submission

6.35.1 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that the Late Payment Surcharge is applicable @ 1.5% per month or part thereof. We suggest that the late payment surcharge be reduced 1% per month. keeping in mind the fall in interest rates over last two years. Further, the applicability of late payment surcharge must be discontinued and simple interest at a rate equal to prime lending rate of SBI be charged on any further delays/ defaults in payment.

6.35.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association prayed to the Commission to reduce the Late Payment Surcharge to 1% which is still on higher side.

Petitioner's Response

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

Commission's Observations

6.35.4 The Commission would like to highlight that it has already lowered the LPS to 1.5% in the previous APR Order dated 06.06.2020 considering the demand of stakeholders. The Commission also concurs with the response of the Petitioner that late payment surcharge is being charged to discourage the consumers from delay in payment of energy bills and therefore should not be reduced further.

6.36 Chargeable Demand

Stakeholders' Submission

6.36.1 M/s Vardhaman Textiles and BBN Industries Association has submitted that in cases of high sanctioned contract demand the consumer is generally not in a position to utilize the full contract demand while he has to pay the higher charges. However, if by any chance he draws more power than the contract demand he pays penal charges. Thus, the respondents feel it is necessary to give consumers a cushion of 20% (100-80) to accommodate changes in demand and has prayed to the Commission that the minimum chargeable demand should be at the level of 80% as against 90%.

6.36.2 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry humbly request the Commission to reduce the level of minimum chargeable contract demand from 90% to the earlier level of 80%

6.36.3 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association have submitted that presently the Demand Charges are levied based on actual recorded maximum demand or 90% of the sanctioned Contract Demand, whichever is higher. Earlier, this used to be 80% of the Contract Demand. Further, the stakeholder drawing comparison with neighbouring states like Punjab mentions that the cut of is of 80%. Thus, the stakeholder requests the Commission to reduce the level of minimum chargeable contract demand from 90% to the earlier level of 80%

Petitioner's Response

6.36.4 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

6.36.5 The Petitioner responded that Contract Demand is a choice by the consumer and is not a suitable basis for applicability of Tariffs as it is subject to frequent variations in the hands of consumer. In fact, Contract Demand application for the purpose of Tariffs should be as was during 2006 to 2014 where Contract Demand was based on Connected Load and this imparted a more stable basis to the Contract Demand and accordingly status-ante be restored so as to make application of Tariffs practicable and less reliant on regulatory formulas.

6.36.6 Further the Petitioner on objection/suggestion regarding levy of Demand Charges on actual recorded maximum demand or 90% of the sanctioned Contract Demand submits that such suggestion has already achieved finality and the present provisions are good and may not be disturbed in view of such frequent averments which are more of argumentative nature, doing more harm to the Tariff structure than any good and therefore such objection is liable for rejection.

Commission's Observations

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

6.37 Rationalization of Supply Voltage for Consumers

Stakeholders' Submission

6.37.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submitted that the small and medium industry are suffering a lot due to tariff structure applicable to them as well as complex procedure of getting load sanctions. The respondent humbly requests the Commission to fix the service connection charges for industries up to a load on 150 KW on average basis and not be left to the discretion of the field officer. Further, the limit for power connections up to 150 kW must be allowed to be given at 415 kV

Petitioner's Response

6.37.2 The Petitioner responded that the objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.37.3 The stakeholders in its submission have not explained the difficulties being faced by small & medium industries in the present tariff structure and also in getting new electricity connection. However, the Commission is giving suitable directive in this regard in Chapter 13.

6.38 Connected Load for Industrial Consumers

Stakeholders' Submission

6.38.1 M/s Vardhaman Textiles and BBN Industries Association has submitted that Since, all the motors, heaters, lighting and other electrical appliances draw Current in Amperes and consumption is recorded in KVAH and accordingly the billing is also made in KVAH & KVA only. The respondent has prayed to the Commission that Concept of connected load in KW to be replaced with contract demand in case of Industrial consumers.

Petitioner's Response

6.38.2 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.38.3 The matter pertains to the HPERC Supply Code Regulation and does not pertain to the tariff petition filed by the Petitioner. Therefore, the stakeholder is advised to take up the issue separately at the time of review/ amendment of Supply Code Regulations.

6.39 Night-time Tariff Concession

6.39.1 M/s Vardhaman Textiles and BBN Industries Association submits that the present night tariff concession as per the existing tariff schedule creates implementation issues as there are different concession rates for monsoon and non-monsoon period. Thus, the stakeholders have prayed to the Commission that night concession should be fixed at a single rate throughout the year irrespective of the voltage level and must be increased to 100 Paisa from present 80 Paisa per unit. The stakeholders are of the view that implementation of uniform night-time tariff concession across the board will bring in simplification.

6.39.2 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that Night concession is now available between 40-80 Paise per unit for different categories of consumers. The industry has since long demanding the night concession to be fixed at Re 1.00 in order to give noticeable results. The respondent humbly requests the Commission to increase the night concession to Re. 1.00 and allow same rate of night concession to all categories of consumers throughout the year as this shall make the tariff structure much simpler

6.39.3 Steel Associations submits that the larger consumers are being discriminated in rates of night concession. The lower night concession to such large PIUs is considered unfair and discriminatory and must be given at the same rates as is being given to the small, medium and HT1 consumers. Also, these rates should be uniform for the entire year as there is no constraint of power availability from local sources or over the energy exchange.

Petitioner's Response

6.39.4 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.39.5 The Commission disagree with the response of the Petitioner wherein the same reply has been given in most of the objections of the stakeholders *"the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations".* The Commission has observed that most of the replies of the petitioner are devoid of professional and analytical approach. Most of the replies given by the petitioner reflects casual, and non-serious approach. The Commission directs the petitioner to be sensitive to the objections/suggestions of the objector(s) and adopt an analytical approach and support its reply with facts and figures in future.

6.39.6 It is highlighted that major sources of power procurement of the Petitioner are hydro based and therefore while there is considerable surplus power availability during summer and monsoon season, the Petitioner is in demand-supply deficit position during winter months and has to rely on banking and other short-term arrangements for meeting the demand. Therefore, a common rate for night-concession is not possible.

6.39.7 However, the Commission appreciates the views of the stakeholders and allows an increase in night-time concession rates as detailed in Chapter 11 of this Order.

6.40 Rationalization of Tariff for Temporary Connection

Stakeholders' Submission

6.40.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry has claimed that the temporary category is at present the costliest and the tariff for this category is the highest. The respondent humbly requests the Commission to reduce the tariff for temporary connection to a level of Re. 1.00 above the highest tariff category.

Petitioner's Response

6.40.2 The Petitioner responded that the objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

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

6.41 Compliance of GST and Income Tax Deduction at Source

Stakeholders' Submission

6.41.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry have pointed that a mechanism has to be implemented by the licensee wherein the tax deducted payments are accepted by them and subsequently they issue a tax invoice to the consumer reflecting the GST charged in the invoice. Utilities in other states have already started the tax compliant mechanism of payments and receipts. The Petitioner's application formalities does not include the GST number issuance certificate of the consumer, which must be obtained at the time of new / additional load requirement applications.

Petitioner's Response

6.41.2 The Petitioner responded that the charges reflected in the electricity bills of consumers are the costs of the HPSEBL on which no GST is payable by the

HPSEBL. The objection/suggestion by objector is without any basis and therefore liable for rejection.

Commission's Observations

6.41.3 This issue seems to be of operational compliance of GST/ Income tax by the Petitioner. The Petitioner is directed to issue such tax invoices, if applicable, under the GST and Income Tax Act by the power distribution licensees and report compliance to the same in next tariff petition.

6.42 Pre-paid Connection

Stakeholders' Submission

6.42.1 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association has submitted that the areas where theft of power is taking place or where the payment is not received, prepaid meters should be installed only in such areas to bring T&D losses in normal range. The non- payment of dues by government office must be looked into and if government is not reimbursing their dues the same should also be excluded from ARR and must not be charged from consumers of the state.

6.42.2 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry prays to the commission to issue necessary directions to the Petitioner and also announce the tariff for pre-paid meters in the upcoming tariff for FY 21-22

Petitioner's Response

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

Commission's Observations

6.42.4 In this regard, the Commission has already directed the Petitioner to come up with a comprehensive plan for installation of pre-paid meters across various categories. Based on the response to directive, it is observed that the Petitioner is planning to implement 4.5 lakhs smart meters having the functionality of both pre-paid as well as post-paid under various schemes, across SMART cities Shimla, Dharmsala and few divisions. The Petitioner further submitted in respect to the remaining State, the same shall be considered/proposed based on the experience gained from implementation under above schemes. Implementation of pre-paid smart metering would enable proper energy accounting and support in reducing the loss level.

6.43 Power Cuts

Stakeholders' Submission

6.43.1 M/s Vardhaman Textiles and BBN Industries Association has requested the Commission to direct the Petitioner to impose power cuts uniformly across all Categories of consumers without any discrimination to industrial consumers.

6.43.2 During the hearing, Small Weavers Industrial Association raised the issue of poor power quality and reliability, especially in district Una.

Petitioner's Response

6.43.3 The Petitioner responded that the objections/suggestion by the objector is not based on any specifics of the ARR Petition being of argumentative, general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

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

Commission's Observations

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

6.43.6 The Commission takes note of the concerns raised by Small Weavers Industrial Consumers and directs the Petitioner to resolve the issue of power quality and reliability in Una and other districts on priority and explore the possibility of providing separate feeder for these consumers.

6.44 Online/ Early Payment Rebate

Stakeholders' Submission

6.44.1 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry suggested that prompt payment discount be introduced for encouraging the consumers to pay the bill even before the due date. Advance payment discount must be introduced at a rate equal to that of the late payment surcharge.

Petitioner's Response

6.44.2 The Petitioner responded that the objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

6.44.3 Timelines with respect to payment of bills are provided as per the Supply Code 2009 and its amendments. Any changes on account of the same shall be considered at the time of its amendment.

6.45 Load Factor Rebate

Stakeholders' Submission

6.45.1 Steel Associations submits that Some states have already adopted a system of providing rebate or alternatively applying surcharge based on load factor of the consumer which is the ideal way of relaxing the tariff for the Power Intensive Industry and incentivizing the industries who have a very high load factor. The respondent prays to the Commission that power factor incentive be introduced in the state of Himachal Pradesh.

Petitioner's Response

6.45.2 The Petitioner responded that objections/suggestion by the objector being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations. However, in respect of Power Intensive Units (PIUs) the objector is trying to establish status-ante which existed in Tariff Order for FY 08 and which was later done away by the Commission.

Commission's Observations

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

6.46 Special Concession to Steel/ Cement Industry

Stakeholders' Submission

6.46.1 Steel Associations submits that the number of consumers versus load ratio is very low in steel industry, because of which the operation and maintenance cost of the Petitioner is also very less in providing service to such industrial power intensive units. A lower number of complaints at field level and less requirement of complaint attending staff is required to attend the lower number of consumers. Therefore, the respondent prays to the commission to lower the tariff of such consumers.

6.46.2 M/s Ambuja Cement has prayed to the Commission to allow a cap on the tariff for the next 4-5 years for industrial consumers so that they could plan their operations & costing of their product. Special concession to cement industry, rather all the industries with a PLF more than 60% need to be designed. The same is permitted by section 62 of the EA 2003. The cement industry is already hit by the unique and highest Electricity Duty of 17.5 % and therefore deserves special consideration in the matter of tariff.

Petitioner's Response

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

Commission's Observations

6.46.4 The Commission is of the view that differentiating the industries based on type of industries would result in complicating the tariff structure and will be against the principles of tariff simplification and rationalization.

6.46.5 With respect to providing a cap on tariff, the Tariff regulations 2011 already provides for controllable and uncontrollable parameters wherein a significant number of controllable variables are determined for the entire Control Period i.e. five years while only the uncontrollable parameters remain variable and needs to be determined on an year-on-year basis. This already eliminates large portion of uncertainty in tariff.

6.47 Non-compliance of Directions

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

6.47.2 Shri Ramesh Chauhan has submitted that since almost 100% consumers have been covered under the computerised billing, the Petitioner has again failed to furnish the slab wise consumptions in order to rationalise the slab wise rates. The Commission has been directing the Petitioner in the previous queries on the main MYT and APRs of previous control periods to furnish slab wise consumption data, but the Petitioner has failed to do so even along with this petition. The Commission may take a view on this.

Petitioner's Response

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

6.47.4 The Petitioner responded that the same stands submitted to the Commission and as regards the non-submission of detailed Tariff Proposal, HPSEBL has submitted category wise proposed recovery through tariffs to meet out the revenue gap. The detailed Tariffs are accordingly issued by the Commission.

Commission's Observations

6.47.5 The Commission concurs with the views of the stakeholders regarding non-compliance by the Petitioner in regard to several directives issued by the Commission in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives.

6.47.6 The Commission takes serious view on the Petitioner's approach for complying to the directive and directs the Petitioner to take up the compliance to directives in a sincere manner and submit status of compliance to the Commission on quarterly basis.

6.48 Power Purchase from Market/Short-term

Stakeholders' Submission

6.48.1 Indian Energy Exchange Submits that Himachal Pradesh State Electricity Board Limited (HPSEBL) has proactively taken advantage of the competitive electricity rates at the Exchange and optimised their power purchase costs. In this regard, considering the advantages of optimisation of power purchase cost through market, it is suggested that the HPERC may consider formalising the optimisation through market by evolving appropriate procedure for considering short term market rates while finalising the Merit Order of the Discom.

6.48.2 Further Indian Energy Exchange has submitted that the CERC on 27.08.2020 approved the Green-Term Ahead Market (G TAM) wherein Solar and Non-Solar RE is being transacted in four contracts namely intra-day. Day Ahead contingency, Daily and Weekly. The Discoms have the option to fulfil their existing RPO obligations as well as the targets in forthcoming years by procuring RE power through the GTAM market and also sell its surplus RE power. GTAM is a market-based mechanism where RE surplus and RE deficit states trade RE power and balance their RPO targets.

Petitioner's Response

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

Commission's Observations

6.48.4 As the rates under short-term markets are variable, the same cannot be considered for merit order purpose. However, the Petitioner is free to consider any short-term procurement options to replace any costly long-term sources when the rates on exchange are conducive.

6.49 Tariff Proposal

Stakeholders' Submission

6.49.1 Shri Ramesh Chauhan has pointed out that the Petitioner has not submitted detailed tariff proposal for the revenue gap proposed for FY 2021-22 comprising category-wise tariff along with the petition. The stakeholder has suggested the Commission to take a view and decide whether to allow the proposed increase in tariff or not.

6.49.2 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submitted that the Petitioner has sought correction in the tariff mechanism so as to enable automatic movement of a consumer from a lower category to upper category, when he violates the upper limit allowed in that category, the thresholds being 20 kVA, 50 kVA, 100 kVA, 1000 kVA and 2200 kVA. But since the category of consumers cannot be changed unless and until fresh agreement is executed the Petitioner is seeking the tariff route in order to fetch additional tariff. The respondent suggests that the differential in demand charges amongst these categories be reduced by reducing the demand charges of higher categories and by carrying out corresponding adjustment in energy charges for the sake of revenue neutrality, if required.

6.49.3 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submits that there should be sufficient clarity on the applicability of categories, particularly in respect of temporary connections. The respondent humbly requests the Commission to remove such ambiguities

6.49.4 The stakeholder has also suggested correction in the definition of EHT/ HT/ LT given in tariff.

6.49.5 The stakeholder submits that tariff in the state of Himachal Pradesh before 2011 was following the cost of service model which is the ultimate goal given in the tariff policy but in the year 2011, it is regressively shifted to the +/- 20% band of the cost of power, which was the first step as per tariff policy. No reason for the same has ever been given in any tariff order although the present objector is agitating this point for the last 5 years. Further, it also mentions that the submissions made by the Petitioner regarding Dichotomy in the matter of tariff is totally misplaced. Further it submits that adequate measure have already been inbuilt in the Act 2003. Section 126 deals with the consumers exceeding their contract Demand. Besides the punitive rates are also provided in the tariff. Therefore, the respondent has prayed to the Commission that the Change in category of tariff in case a consumer is observed to have exceeded contract Demand sometime will further add to his problems and increase litigation. The proposal needs to be rejected.

6.49.6 M.M University, Solan submits that earlier they were being charged for 'other category'. However, presently they are being charged under NDNC part two category. The respondent has prayed to the Commission that citing the nature of the educational institution there is no reason for change of Category from NDNC-TWO part to Bulk Supply-Two Part applying Bulk Supply Category.

Petitioner's Response

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

Commission's Observations

6.49.8 The Commission concurs with the view of the stakeholder that the Petitioner has not complied with the MYT Regulations, 2011 while filing the Tariff Petition. No proposal for retail and wheeling and other charges etc. was submitted by the Petitioner despite providing adequate time for doing so. In absence of a tariff proposal, the claim for tariff increase is unknown to the consumers. It is observed that the Petitioner has not being submitting the tariff proposal along with the Tariff Petition since long time. The Commission directs the Petitioner to submit tariff proposal along with the subsequent tariff petition, failing which, the petition would not be admitted for processing.

6.49.9 The issue of change in category automatically when upper threshold limit is violated and corrections in definition of EHV/HV/LV are the subject matter of Supply Code Regulations and any amendments required be proposed separately. Further, the proposal of reducing the demand charges of higher categories and by carrying out corresponding adjustment in energy charges for the sake of revenue neutrality, shall be taken care of in future tariff orders when HPSEBL shall be able to supply the slab wise energy consumption detail of each category of the consumers.

6.49.10 The stakeholder has not exclusively mentioned as to what kind of clarity is required in the applicability of categories, particularly in respect of temporary connections. The Commission has tried to remove any ambiguity in applicability of categories as spelled out in Chapter 11.

6.49.11 With respect to tariff determination for various categories, the Commission is guided by the National Tariff Policy 2016 which provides that the tariff should progressively reflect +/-20% of average cost of supply. In its MYT Regulations 2011 and amendments thereof, a roadmap to further rationalize the cross-subsidies to within (-)10% to (+)5% of average cost of supply in the subsequent Control Period has been fixed. In the state of HP, the Commission has moved ahead of the Policy and the tariff across various categories are presently in the range of +/- 10%. In coming times, the Commission envisages slowly moving towards cost to serve model.

6.49.12 The issue raised by MM University regarding charging a bulk supply tariff from them has been dealt in Chapter 11 .

6.50 Tariff Hike Related Aspects

Stakeholders' Submission

6.50.1 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry has pointed out that the respondent has sought relief for industrial consumers citing economic slowdown due to COVID pandemic and has mentioned that tariff shock to this category, can drastically affect the economics and put and adverse effect on the financial health of the utility as well. Therefore, the stakeholders have prayed to the Commission to reject the proposal for increase in tariff submitted by the Petitioner.

6.50.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the Commission to reduce electricity tariff for industries in Himachal Pradesh by reducing the present sale rate of GoHP free power of Rs.2.50/kWh by Rs.1 or more.

6.50.3 Steel Associations has mentioned that the Petitioners are not entitled for any tariff increase. The respondent has prayed to the Commission that the electricity tariff should be decreased during the financial year 2021-22. Further, Shri Rakesh Lumhi has also requested for no increase in tariff within the state for FY 2021-22.

Petitioner's Response

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

6.50.5 Further, the Petitioner responded that the objection is of general and suggestive nature to the Commission, therefore HPSEBL does not propose any response.

Commission's Observations

6.50.6 In accordance with the HPERC MYT Distribution Tariff Regulations, 2011 and amendments thereof, the tariff are determined on Cost Plus basis wherein the ARR of the utility for the ensuing year is determined and tariff are adjusted for recovery of the approved ARR.

6.50.7 Based on provisional truing-up for FY 2018-19 and FY 2019-20 and projections for FY 2021-22, the Commission has retained the tariff for all consumer categories for FY 2021-22 as detailed out in Chapter 11 of this Order. Concessions in tariff has been given in the form of reduction in peak hour energy charges by 50 paise per unit and increase in night-time concession rate by 30 paise per unit over and above the existing charges and rates respectively.

6.51 Other/ General Objections

Stakeholders' Submission

6.51.1 M/s Ambuja Cement has submitted that reduction of line losses is a normal function of the Petitioner and therefore, no incentive needs to be given to the Petitioner at the cost of the consumers as long as discipline is not maintained by him in the other heads of ARR. Further, the intrastate transmission losses actual figure at all stages may be made use of instead of 4 % while working out wheeling charge and other charges related to EHT consumers.

Petitioner's Response

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

6.51.3 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.4 The Commission is of the view that incentives allowed to the Petitioner is in accordance with the HPERC MYT Distribution Tariff Regulations, 2011 and amendments thereof. Incentive is applicable only if the Petitioner is able to meet better than the set targets which also in turn helps in lowering the cost of supply for the consumers and therefore the benefit of better performance is shared between both consumers and the licensee.

Stakeholders' Submission

6.51.5 M/s Ambuja Cement has submitted that even after two decades of regulatory experience the discipline in the matter of employees expenses, R&M, Interest and Finance, A&G etc. is elusive and disallowances made by the Commission in the first submission is claimed and achieved by the Petitioner in the performance review subsequently along with the carrying cost. Also, any remaining disallowance is achieved with impunity in the appeal. The objector has submitted that the very purpose of public participation is getting diluted and eroded with filing ARR, hearing, objection, etc being taken as a routine exercise. Therefore, the people are generally losing faith in its efficacy.

6.51.6 M/s Ambuja Cement, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry has submitted that the amount of litigation expenses should be recovered from the official/ auditor/ officer who is responsible for initiating the case against the consumers. Otherwise involving the consumers in false court cases would continue unabated as the employee/licensee has to spend nothing from his pocket.

Petitioner's Response

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

6.51.8 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.9 The Commission undertakes detailed examination of various expense heads claimed with respect to each parameter based on audited amounts and allows recovery based on the provisions of MYT Regulations 2011. Views of all stakeholders are also considered while approving the various elements of the ARR and Tariff Order. Public hearing and consultation are an important aspect of issuance of Tariff Order which enables constructive criticism as well as suggestions in tariff setting procedures.

6.51.10 Consumer grievance redressal is guided by the provisions contained in HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations 2013 and stakeholders may provide their useful comments separately for amendment of the same.

Stakeholders' Submission

6.51.11 M/s Ambuja Cement has submitted that a tendency is growing in the field offices of the Petitioner to pass on the amount pointed out in post audit as short recovery to the consumers subsequently without any time limit. Further, the offices do not try to defend their action before the audit and succumb to the observation of audit. Therefore, the stakeholder has prayed to the Commission to direct the Petitioner that all efforts should be made by the field office to settle audit paras at their level and if at all some amount is genuinely found recoverable from the consumer that should be recovered through civil suit and not by transferring such amount in the regular electricity bill on the pain of disconnection.

Petitioner's Response

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

6.51.13 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.14 It is understood that the field offices of the Petitioner defend the scrutiny of their action during the audit. However, considering the concern raised by the objector, the Petitioner is directed to undertake a review in this regard at the field level and submit a report to the Commission along with subsequent tariff petition.

Stakeholders' Submission

6.51.15 M/s IA Energy submits that all networks of sub-station, transmission lines of 66 KVA and above be immediately brought under the control of the H.P. Power Transmission Corporation Limited

Petitioner's Response

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

6.51.17 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.18 The matter pertains to the transfer scheme notified by the State Government and the stakeholder is advised to take up the same with the State Government.

Stakeholders' Submission

6.51.19 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the Commission to reduce the standard Supply voltage of Medium Industrial Power and revise it from above 21 KW to less than 100KW

Petitioner's Response

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

6.51.21 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.22 The Commission is of the view that the matter pertains to the HPERC Supply Code Regulation. Therefore, this issue shall be taken up separately while reviewing the Supply Code Regulations by the Commission.

Stakeholders' Submission

6.51.23 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the commission that the present power distribution infrastructure in Mehatpur is excessively overloaded. There is hardly any scope for release of additional loads or allowing extension of load to the existing/new consumers. The respondent urges the Commission to give suitable directions to the Licensee to upgrade/augment the system at an early date so that the industries are given assured quality power, round the year. Moreover, the pendency of new connections for industries and augmentation of existing load of various consumer need to be given special priority which will help in utilization of otherwise surplus power with the State and give extra revenue to the Licensee and the State as a whole.

6.51.24 Steel Associations has mentioned that the infrastructure needs to be strengthened in certain areas, particularly the Kala Amb Industrial area, where 66 kV is not available to consumers. The redundancy in 33 and 132 kV system is very low and needs to be augmented for further growth of the industry.

Petitioner's Response

6.51.25 With respect to overloading of existing power distribution infrastructure the Petitioner responded that the objection by the objector is incorrect, false, misleading, baseless and without supporting facts. Further, the Petitioner submitted that the EHV system in the Una area is adequate and highly reliable. Major EHV sub-stations in the Una area are 220/132kV Nehrian, 132/33kV Amb, 132/33kV Gagret, 132/33kV Una, 132/33kV Tahliwala, 66/33kV Golthai sub-station. Thus, the existing system in the Una area is adequate and there is no need for further augmentation and strengthening. Thus, the objection by the objector is liable for rejection.

Commission's Observations

6.51.26 The Commission take note of concern raised by the stakeholders and direct the Petitioner to provide a circle/ division-wise list of pending application for new electricity connections and load enhancement for industrial consumers along with date of application, load, etc. for the reasons attributed to non-availability of load. The Petitioner is required to submit the details within a month of issuance of this Order.

Stakeholders' Submission

6.51.27 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has highlighted the need for ramping up drive for checking/preventing theft of electricity amongst various categories of consumers. This would help in reducing the distribution losses and provide additional revenue to the Licensee.

Petitioner's Response

6.51.28 With respect to prevention of power theft the Petitioner responded that the objection is of general and suggestive nature to the Commission. However, HPSEBL also submits that dedicated Flying Squad Cell is functional in HPSEBL for keeping a check on the malpractices of theft and pilferage.

Commission's Observations

6.51.29 The Commission has been giving directives to the Petitioner to provide circle wise losses and measures to reduce loss levels in high loss circles. As part of this directive, the Commission has been monitoring the circle wise losses and identify major theft areas. In this regard the Commission in this Order has also directed the Petitioner to submit theft related information on a quarterly basis to the Commission going forward which would ensure adequate emphasis by the Petitioner with respect to controlling theft cases.

Stakeholders' Submission

6.51.30 Steel Associations, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry has prayed to the Commission that the definition of force majeure requires modification in order to include the conditions such as pandemic. The Petitioners are taking advantage of the present definition in the tariff order and has denied relief to the consumers.

Petitioner's Response

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

6.51.32 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.33 It is observed that appropriate relief has been provided by the GoHP with respect to the difficulties faced by industrial consumers. Also, considering the fact that the Petitioner is an entity being run on commercial principles and any additional relief provided by the Petitioner would lead to financial loss and defer the quantum to be recovered as part of truing-up. This would only shift the burden on the consumers to a future date. Therefore, the Commission retains the current provisions with respect to force majeure and shall have a review at the time of revision of Tariff Regulations.

Stakeholders' Submission

6.51.34 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association and M/s Kala Amb Chamber of Commerce & Industry submits that the CGRF should cover the entire state, which is not happening. The cost of establishing the CGRF being a part of the ARR, the consumers are concerned about full utilization of such infrastructure.

6.51.35 The stakeholders also requested the Commission to issue necessary directions to the Petitioner to ensure 24x7 complaint attending system in order to ensure availability of 24X7 power

Petitioner's Response

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

Commission's Observations

6.51.37 The Commission directs the Petitioner to bring in place a complaint attending system and enhance the number of CGRF across the state of Himachal Pradesh on priority basis so that the grievances of the consumers are well taken care of.

Stakeholders' Submission

6.51.38 M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry submitted that the software program designed and used by the Petitioner automatically prints the due date of payment by cheque as eight days from the issue of the bill and payment by cash as ten days from issue of the bill. Whereas, the 10 days were to be calculated from the date of delivery of the bill to the consumer. Thus, the time period of ten days after the delivery of bills have been specified in the Supply Code, 2009 as well the Electricity (Rights of Consumers) Rules, 2020, is not being adhered to. Further, the bills are not even sent to the consumers via email or electronic media.

Petitioner's Response

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

6.51.40 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.51.41 The matter pertains to the HPERC Supply Code Regulation. This issue shall be taken up separately by the Commission while reviewing the Supply Code Regulations.

Stakeholders' Submission

6.51.42 Shri Ramesh Chauhan has submitted that the Distribution Licensee has proposed to change contract demand-based categorization of all categories instead of specific few approved in the Tariff orders/ supply Code 2009. Although most of the Consumers are covered in Computerized billing, the Commission may evaluate the readiness for such a huge change since the entire billing as well shift in category will happen.

Petitioner's Response

6.51.43 The Petitioner responded that with respect to computerization issues on account of proposed changes in Contract Demand based categorization, it is submitted that necessary changes shall be got done along with other modifications as may be required post Tariff Order.

Commission's Observations

6.51.44 The issue of categorization of consumers based on contract demand emerges from the Supply Code and any changes required in the same would result in change of Supply Code which is not part of the current petition. Therefore, the Petitioner is advised to take this up separately.

6.52 Relaxations/ concessions

Stakeholders' Submission

6.52.1 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has submitted that Himachal Pradesh is selling lot of power to other States at much cheaper rates and instead of giving it to other States, it would be better if this surplus power is made available to the industries within the State at cheaper rates.

6.52.2 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has prayed to the Commission to reduce the existing LVSS charges which is presently very high by considering the financial conditions of especially Micro & Small-Scale Industries in the period of Covid pandemics.

6.52.3 M/s Mehatpur Industries Association and M/s Nalagarh Industries Association has submitted that the current rate of Electricity Duty is 11% of the SoP Charges. Further, the State is getting lot of revenue from the sale of free power to the Licensee and even this revenue earned by way of collection of electricity duties also goes to the State Revenues. Thus, the respondent feels that there is an urgent need to review this charge so that the ultimate cost of power to the electricity consumers in Himachal Pradesh remains attractive compared to that of other States in the Region.

6.52.4 Steel Association, M/s Confederation of Indian Industries, M/s Parwanoo Industries Association, M/s Kala Amb Chamber of Commerce & Industry has submitted that Relief due to force majeure conditions caused by Covid 19, were not given by the Petitioner, even though a Covid Fund of Rs. 50 Cr. was notified by the Commission in the Tariff Order for FY 20-21. The Petitioner should pass on relief to deserving consumers equitably for the past year and the same be allowed to be taken up for true-up in the following years. Despite this provision, the utility chose not to acknowledge Covid 19 as a force majeure event, mainly because the pandemic was not mentioned in the definition of force majeure in tariff and other relevant regulations. The industry in the state due to non-availability of this relief has suffered a lot merely on adamant attitude of the licensee.

6.52.5 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association has prayed to the Commission that tariff of subsidized class of consumers should be brought to 85% of the average cost of supply.

6.52.6 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association has prayed to the Commission that if the Commission agrees to some of the costs put forth by the utility then the cost of supply to all categories including EHT will go up.

6.52.7 Prime Steel submits that the transmission and distribution losses in supplying at 132 KV voltage are very low as compared to voltages such as 11kV, 33 kV, 66 kV. However, there is only a marginal relief of 5 paise to 132 kV as compared to 66 KV. Also, the tariff of 33 kV HT2 Supply the tariff is almost the same. The energy charges are Rs. 4.35 paise against Rs. 4.25 for 132 KV, whereas the demand charges are lesser for 33 kV to negate the difference. The respondent submits that the objector is getting no relief, by and large for taking supply on 132 kV, which is against the principles of the Tariff Policy. The respondent prays to the commission that the benefit of 132 kV due to lower T&D loss is logical to be allowed and passed on to consumers at 132 kV.

Petitioner’s Response

6.52.8 The Petitioner responded that the objection is of the suggestive nature to the Commission, therefore HPSEBL does not propose any response.

6.52.9 With respective to electricity duty the Petitioner responded that the Electricity Duty is a levy of GoHP and is not a subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

6.52.10 The Commission has been considering the aspect of utilization of surplus power of the Petitioner within the State and in the past taken measures for the same such as abolition of additional fixed charge, increase in night-time concession, etc. In a view to encourage the industries within the State, the Commission has reduced the peak hour charges for industrial consumers as well as increased night-time concession which would help industries utilize the power of Petitioner instead of using alternate power sources.

6.52.11 LVSS charge is only applicable for consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' as per the Supply Code. Changes in this regard cannot be undertaken as part of this Tariff Order.

6.52.12 The Commission would like to highlight that the tariff notified for all major categories are within +/-10% of the average cost of supply. In case of subsidized consumers, GoHP is providing direct subsidy to such set of consumers. In view of the difficulties to industries on account of Covid induced lockdown, certain key measures in form of non-applicability of delayed payment surcharge, moratorium on payment of fixed charges, etc. were already notified by the Government last year and were being extended by HPSEBL to the consumers. The additional amount of Rs.50 Cr. as provision was considered in the previous year in view of the likely reduction of revenue of Petitioner due to limited off-take of power by industries in the initial months of FY 2020-21. This would provide equitable relief to all consumers by limiting any increase required due to shortfall of revenue as a result of true-up of the respective year.

6.52.13 Rationalization of tariff and bring it within (-)10% to (+) 5% of average cost of supply.

6.52.14 With respect to concessions in Electricity Duty, the stakeholders are advised to approach the GoHP with their representations.

6.52.15 In view to rationalize the tariff for large industries, the Commission had approved differential tariff for consumers drawing at higher voltage in its previous Tariff Orders. With the availability of appropriate data, the Commission shall consider further rationalization in its future Tariff Orders.

7 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY19 UNDER THE THIRD MYT CONTROL PERIOD

7.1 Background

7.1.1 HPSEBL has submitted a petition for true-up of uncontrollable parameters for FY 2018-19 on the basis of variation in actual expenses and revenue in FY 2018-19 vis-à-vis the expenses and revenue approved for FY 2018-19 in the fourth Annual Performance Review Order along with the Provisional Accounts for the period April 1, 2018 to March 31, 2019 which are still awaiting final audit from CAG.

7.1.2 In response to Commission's query regarding the delay in audit of FY 2018-19 accounts, the Petitioner submitted that comments of CAG on accounts for FY 2017-18 were received on 02.03.2020 and subsequently the final accounts were approved by Board of Directors in its 42nd meeting held on 20.09.2020. Thereafter, the accounts of FY 2018-19 were finalized and submitted to Statutory Auditor for audit. The Petitioner has stated that the primary reason for delay in audit of FY 2018-19 is on account of COVID-19 pandemic which is a force majeure event.

7.1.3 The Commission observes that there is a continuous delay in finalization of the accounts by HPSEBL even on previous occasions which results in delay in truing-up exercise. In previous Order as well, the Commission had taken up provisional truing-up of FY 2017-18 and had directed the Petitioner to undertake steps for timely finalization of accounts for FY 2018-19 and FY 2019-20 and submit for truing-up in the subsequent tariff petition. However, it is observed that the accounts for FY 2018-19 have been finalized and is pending for CAG audit, while the accounts for FY 2019-20 submitted by the Petitioner are a mere compilation from the trial balance. The Commission reiterates its previous directive for undertaking adequate steps for finalization of the accounts and regularize the true-up process for past years.

7.1.4 As per the MYT Regulations 2011, truing-up has to be undertaken based on audited accounts. During the technical validation session, the Petitioner had submitted that finalization of accounts has already been done by statutory audit team and the final CAG audit of the accounts shall also be completed and submitted to the Commission in due course of time. HPSEBL has requested to allow true-up for FY 2018-19 based on the provisional accounts and subsequent submission of final audited accounts post completion of audit by CAG. In view of the delay caused due to COVID 19, the Commission takes a lenient view and has considered the request of the Petitioner for a provisional true-up for FY 2018-19 in order to assess any revenue surplus /deficit and its timely adjustment in the

ARR for FY 2021-22 . However, the Petitioner is required to note that provisional truing-up should not be considered as a routine and submit audited accounts for any subsequent true-up exercise in line with the provisions of MYT Regulations 2011.

7.1.5 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2018-19 based on the provisional accounts made available, and has undertaken a provisional true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the licensee as well as views expressed by the stakeholders.

7.1.6 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

"11. ***True Up***
(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:-
(B) as per principles -
(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business as usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap / trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –
(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;
(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the consumers in accordance with these regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 basis points

and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate."

7.1.7 The following sections details the methodology adopted by the Commission for provisional truing-up of uncontrollable parameters for FY 2018-19 based on the provisional accounts submitted by HPSEBL for FY 2018-19.

7.2 Energy Sales

7.2.1 HPSEBL in its true-up petition for FY 2018-19 has submitted the actual sales of 9,041 MUs as compared with the approved sales of 8,638 MUs in the APR Order for FY 2018-19, which is higher by 403 MUs.

7.2.2 The following table shows the actual sales submitted by HPSEBL vis-à-vis the approved sales by the Commission for FY 2018-19 in the APR Order for FY 2018-19.

Table 104: Category-wise Trued-up Sales for FY19 (MUs)

Category	APR Order	Petition
Domestic	2,137	2,106
Non-Domestic Non-Commercial	140	159
Commercial	587	615
Temporary	30	38
Small Power	93	92
Medium Power	137	116
Large Supply	4,619	5,127
Govt. Irrigation & Water Pumping	643	566
Public Lighting	13	10
Irrigation & Agriculture	69	63
Bulk Supply	172	151
Total Energy Sales	**8,638**	**9,041**

7.2.3 The Commission approves the actual sales as submitted by the Petitioner for provisional truing-up for FY 2018-19.

7.3 Revenue from Sale of Power

7.3.1 The Commission has considered revenue of Rs. 5,101.13 Cr. for FY 2018-19, as reflected in the provisional accounts and in line with the revenue submitted by HPSEBL in its petition.

7.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2018-19:

Table 105: Category-wise Trued-up Revenue from Sale of Power for FY19 (Rs. Cr.)

Particulars	APR Order	Petition
Domestic	1,046.81	985.99
Non-Domestic Non-Commercial	83.81	113.11
Commercial	357.99	373.30
Small Power	95.77	61.36
Medium Power	33.03	67.45

Particulars	APR Order	Petition
Large supply	2,658.88	2,853.04
Public Lighting	6.57	7.31
Govt. Irrigation & Water Pumping	414.39	36.53
IPH		455.68
Bulk and Grid supply	109.33	113.27
Temporary Metered Supply	29.93	34.09
Total	**4,836.51**	**5,101.13**

7.3.3 The Commission has also reviewed the submission of the Petitioner for revenue from sale of power outside state and has considered the actual revenue of Rs. 833.10 Cr. as per the provisional accounts. Banking being a cashless transaction, notional revenue towards banked power recorded in the accounts has been excluded while considering the revenue from sale of power outside the state.

Table 106: Trued-up Revenue from Sale of Power outside State for FY19 (Rs. Cr.)

Particulars	Actual as per Provisional Accounts
Revenue from sale of power outside State	1,820.19
Less: Banking Sale	987.09
Net Revenue from sale of power outside State	**833.10**

7.4 Transmission and Distribution (T&D) Loss

7.4.1 The Commission had approved T&D loss level at 12.00% for FY 2018-19 in the APR of third Control Period. As per the Petitioner's submission, T&D loss level of 11.51% has been achieved during FY 2018-19.

7.4.2 During the review of input energy from various sources, minor discrepancies were observed in the units available from free power and own generation which after clarification from the Petitioner were corrected for computing the T&D loss. The T&D loss for FY 2018-19 as computed by the Commission is 11.53% as against 11.51% claimed by the Petitioner.

Table 107: MYT Approved, Proposed and Approved T&D Loss for FY19 (Rs. Cr.)

Sl.	Name of the Plant	APR Order	HPSEBL's Submission	Provisional True-Up
A	Units Procured from Interstate-Generating Stations (including free power stations connected to ISTS)		7,664.19	7,664.19
B	Banking Purchase at ISTS		2,063.60	2,063.60
C	Interstate Transmission Loss (%)		3.42%	3.42%
D	Transmission Loss (MUs)		332.21	332.21
E	**Net Energy Available at Periphery**		**9,395.58**	**9,395.58**
F	**Power Available within the state (i+ii+iii)**		**3,669.03**	**3,671.74**
	(i) State Generating Stations		1,955.73	1,955.72
	(ii) GoHP Power (own generation & IPPs)		215.64	218.35
	(iii) IPPs		1,497.66	1,497.66
G	**Power from Other Sources (i+ii)**		**840.03**	**840.04**
	(i) UI Power		338.29	338.29

Sl.	Name of the Plant	APR Order	HPSEBL's Submission	Provisional True-Up
	(ii) IEX/PXIL		501.74	501.74
H	**Total Energy Available (E+F+G)**		**13,904.64**	**13,907.36**
I	**Energy Sales within the state**		**9,041.44**	**9,041.44**
J	**Inter-State Sale of Power (i+ii+iii)**		**3,687.51**	**3,687.51**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		338.29	338.29
	(ii) Banking		1,880.17	1,880.17
	(iii) RE sale		1,469.05	1,469.05
K	**Total Energy Available for sale within the state (H-J)**		**10,217.13**	**10,219.85**
L	Total Energy Sale (I+J)		12,728.96	12,728.95
M	T&D loss (in MUs) (K-I)		1,175.68	1,178.41
N	**T&D loss (%) = (1-I/K) X 100**	**12.00%**	**11.51%**	**11.53%**

7.4.3 The T&D loss achieved by HPSEBL has resulted in an over-achievement of 0.47% which is eligible for incentive as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

7.5 Power Purchase

7.5.1 HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 3,891.15 Cr. for FY 2018-19 as per provisional accounts for truing-up. Notional cost booked in the accounts towards banking and provisioning made towards Local Area Development Fund (LADF) have been excluded from the claim of power purchase cost. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2018-19.

7.5.2 The Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the power purchase cost claimed in the petition and provisional accounts. With respect to queries of the Commission on reconciliation of few power purchase elements, the Petitioner has submitted following responses / clarifications:

- Expenditure towards power purchase cost from Tehri and Koteshwar pertain to prior period arrears against power purchase from these plants
- On query regarding high average power purchase costs of Rs. 9.31 and Rs. 8.32 per unit from Rampur HEP SOR share and equity share respectively, the Petitioner submitted that the power purchase cost in FY19 includes Rs. 225.27 Cr of arrears pertaining to revision of tariffs determined by Hon'ble CERC vide order dated 26.6.2019 against SJVNL Petition No. 315/GT/2018 for the Control Period 2014-19. Further, the Petitioner also mentioned that the tariff for Nathpa Jhakri HPS Generating Station has been determined by Hon'ble CERC Tariff Order dated 09.04.2019, hence SJVNL has revised the power purchased bills of beneficiaries in respect of Nathpa Jhakri HPS amounting to Rs. 17.43 Cr. arrears for HPSEBL.

- With respect to higher rate of GoHP free power from Nathpa Jhakri HEP, the Petitioner submitted that the GoHP free power quantum of 33.85 MUs from Nathpa Jhakri HEP has been procured through M/s PTC India Ltd. @ Rs. 2.48 per unit amounting to Rs. 8.39 Crore. In addition, an amount of Rs. 0.45 Crore. was paid to GoHP through M/s PTC India Ltd on account of Nathpa Jhakri Equity arrears which have been added in the power purchase expenses paid to PTC and has resulted in higher rate than that approved for free power by the Commission.
- In response to the amount of Rs. 35.64 Cr towards UI Settlement 2014-15 arrears (PTC), the Petitioner clarified that the cost pertains to invoices raised by M/s PTC India Ltd (PTC) amounting to Rs. 22,02,61,929/- and Rs. 13,60,88,748/- respectively towards UI charges for FY2011-12 and FY2012-13. In response to delay in payment, the Petitioner submitted that HPSEBL and M/s PTC India Ltd had agreements for the settlement of GoHP accounts. However, in view of the amendment to the CERC UI Charges Regulations, HPSEBL requested GoHP and PTC for the amicable UI settlement and signing of fresh agreement which was agreed to by GoHP and PTC after repeated requests. Thus, the actual settlement of the amount towards arrears were done in FY 2018-19.

7.5.3 For FY 2018-19, the Commission has reconciled source-wise power purchase cost for provisional truing-up after adjustments on account of banking and other matters discussed below. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 108: Power Purchase Cost (excluding PGCIL and Other Costs) for FY19 (Rs. Cr.)

S. No.	Particulars	Provisionally Trued-up
A	**Total Power Purchase Cost as per provisional accounts**	**4,640.70**
	Less:	
B	**Banking Power Purchase {sum (i) to (viii)}**	**1015.56**
i.	PSPCL	32.31
ii.	GMRETL	22.00
iii.	APPCPL	316.09
iv.	BYPL	5.97
v.	HPPC	2.16
vi.	BRPL	0.81
vii.	MPPL	549.31
viii.	TPTCL	86.91
C	**PGCIL**	**210.68**
D	**HPPTCL**	**9.65**
E	**SLDC Charges**	**1.97**
F	**STOA charges**	**39.06**
G	**Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)**	**10.04**
H	**LADF (DOE)**	**2.09**
I	**Power Purchase Cost (excluding transmission and other Charges) A-(B+C+D+E+F+G+H)**	**3351.64**

7.5.4 Banking being a cashless transaction is considered at zero cost in petition under total power purchase cost. An amount of Rs. 1,015.56 Cr. was reflected towards cost from banking procurement during FY 2018-19 in the provisional accounts which has been suitably adjusted while considering the total power purchase cost for FY 2018-19.

7.5.5 The Petitioner in the true-up Petition has clarified that an amount of Rs. 2.09 Cr. has been provisioned in the power purchase cost towards LADF. Since the amount has been provisioned and not actually paid, the Commission has excluded this amount while approving the power purchase cost for FY 2018-19.

7.5.6 For units purchased from own generating stations, it was observed that the Petitioner in its submission has inadvertently considered approved AFC of FY 2017-18 for own generating stations as per MYT Order for generation business FY14-FY19 dated 10/06/2014. In response to a query, the Petitioner revised their submissions against the power purchase cost from own generating stations.

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

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

Table 109: Power Purchase computed by the Commission from Own Generating Stations for FY19

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Bhaba	587.94	40.78
Bassi	291.59	24.98
Giri	214.96	22.73
Andhra	59.05	10.30
Ghanvi	76.93	17.31
Ghanvi II	31.79	7.15
Baner	33.81	9.08
Gaj	34.63	11.69
Binwa	32.10	7.02
Thirot	4.06	0.91
Gumma	5.68	1.28
Holi	1.37	0.31
Larji	525.22	115.89
Khauli	38.33	8.62
Nogli	3.93	2.54
Rongtong	1.17	1.48
Sal-II	-	-
Chaba	5.30	1.80
Rukti	2.56	0.73
Chamba	1.55	0.39
Killar	0.15	0.03
Bhabha Augmentation	3.61	0.81

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Uhl-III	-	-
Total	**1,955.73**	**285.83**

7.6 Transmission and Other Charges

7.6.1 While considering the PGCIL transmission charges, it is observed that an amount of Rs. 73.38 Cr. towards PGCIL charges for GoHP sale of free power has been adjusted from the total PGCIL charges and an amount of Rs. 210.68 Cr. has been claimed by the Petitioner.

7.6.2 In response to the clarification with respect to payment of non-PoC charges, HPSEBL submitted that the total amount paid to PGCIL towards non-PoC charges in FY 2018-19 is Rs. 49.53 Cr. out of which Rs. 48.85 Cr pertains to bilateral charges of PKATL assets and Rs. 0.68 Cr pertains to Hamirpur PGCIL bays.

7.6.3 The Petitioner further submitted that presently the billing by PKATL is being done in accordance with the CERC Order dated 18.09.2018. HPSEBL has filed Appeal No. 343/2018 against the CERC Order before Hon'ble APTEL. HPSEBL is provisionally paying for the bilateral billing of PKATL assets which is subject to adjustment on the outcome of the Appeal no. 343 of 2018 filed by HPSEBL before Hon'ble APTEL. The remaining amount booked under PGCIL Charges is towards PoC charges.

7.6.4 The Commission in its previous Order had noted that Hon'ble CERC in Order dated 18.09.2018 in Petition no. 104/MP/2018 had allowed 15.5% charges recovery through PoC mechanism and 84.5% of total annual charges from the Petitioner till the downstream transmission network is made ready by HPPTCL and connected with GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP). HPSEBL has appealed before Hon'ble APTEL against the CERC order dated 18.09.2018. Similarly, the Petitioner has submitted that it is paying non-POC Charges to PGCIL towards 02 No. 220kV Line Bays (HPSEBL Future Bays) at Hamirpur Sub Station in Northern Region as per Tariff approved by CERC in petition No. 99/TT/2014 from March 2017 onwards.

7.6.5 The Commission earlier in its last order dated 6.6.2020 has directed HPSEBL to form a committee to investigate the reasons for delay in commissioning of the PKATL asset. Based on the report of the committee, it has been observed that the inordinate delay in creation of downstream network is primarily due to the negligence of HPSEBL. As per the report, it was also highlighted that while there are 6 bays at PGCIL Kala Amb Sub-Station, commissioning of 220kV Sub-Station of HP will only utilize 2 bays while 4 bays would still remain unutilized.

7.6.6 However, considering the submissions of the Petitioner and taking in view that the appeal on this matter is still pending with Hon'ble APTEL, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2018-19 towards PKATL Assets and Hamirpur Substation to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders. However, the Petitioner is directed to take up the matter with respect to utilization of all bays of Kala-Amb sub-station with the management in order to ensure that no additional payment is required to be paid to PGCIL on this account. A status update along with minutes of meeting of the Board is required to be submitted along with next tariff petition.

7.6.7 Accordingly, an amount of Rs. 210.68 Cr. towards PGCIL Charges for FY 2018-19 has been considered provisionally by the Commission. Further, based on the submissions of the Petitioner, the open access charges of Rs. 39.06 Cr. during FY 2018-19 has been considered.

7.6.8 The Petitioner has submitted that the SLDC charges incurred in FY 2018-19 is Rs. 1.97 Cr. It was observed that an amount of Rs. 29.78 Cr. was booked under the head SLDC in the provisional accounts. In response to the query, the Petitioner provided clarification that out of Rs. 29.78 Cr booked under SLDC head, Rs. 1.97 Cr pertains to SLDC charges and remaining towards Unscheduled Interchange (UI). Accordingly, the Commission has considered Rs. 1.97 Cr. towards SLDC charges and balance amount is considered towards UI charges under power purchase cost.

7.6.9 The Petitioner has claimed an amount of Rs. 9.65 Cr. towards intra-state transmission charges payable to HPPTCL. The Commission has considered the HPPTCL charges as per provisional account for truing-up of FY 2018-19.

7.6.10 Besides the above, the Commission has approved other charges of Rs. 10.04 Cr., which includes Trading Margin, Reactive charge, NRLDC, Operation Nahan Circle, UI (Malana), System/ Marketing operation charge and SJVNL arrear (GoHP) as reflected in the provisional accounts.

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

Table 110: Total Power Purchase Cost approved for FY19 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Provisionally Trued-up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	**3,351.65**	**3,351.64**
B.	**Own Generation**	**268.10**	**285.83**
C.	Inter-State Charges		
	PGCIL	210.68	210.68
	OA	39.06	39.06
D.	Intra-State Charges		
	HPPTCL	9.65	9.65
	SLDC	1.97	1.97
E.	Other Charges		
	Trading Margin	4.92	4.92
	Reactive Charges	0.13	0.13
	NRLDC	1.05	1.05
	Operation Circle Nahan	0.63	0.63
	UI (Malana)	0.37	0.37
	System/Marketing operation charges	1.64	1.64
	SJVNL Arrears (GoHP)	1.29	1.29
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,891.14**	**3,908.86**

7.6.12 Accordingly, the Commission has considered total power purchase cost (including cost from own generation) as Rs. 3,908.86 Cr. as against the Petitioner's submission of Rs. 3,891.14 Cr. for provisional true-up of power purchase cost for FY 2018-19. The major reason for higher than proposed cost is due to incorrect submission of cost of power from own generating stations by the Petitioner which was corrected subsequently in response to the queries/ clarifications.

7.7 Incentive for Over-achievement of T&D Loss

7.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 11.51% for FY 2018-19 as against the approved T&D loss of 12.00% for FY 2018-19 in the APR Order. As per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

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

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

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

7.7.2 The savings resulting from the over-achievement of T&D loss for FY 2018-19 is as below:

Table 111: Savings on account of Over-achievement of T&D loss for FY19

S. No.	Particulars	Provisionally Trued-up
A	Energy Sales within state (MU)	9,041.44
B	T&D Losses (%)	12.00%
C	**Power Purchase Requirement to meet state requirement (MU)**	**10274.37**
D	**Inter – State Sale (MU) (i+ii+iii)**	**3687.51**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	338.29
(ii)	For Banking arrangements (MU)	1880.17
(iii)	For RE sale (MU)	1469.05
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	**13961.88**
F	Actual Power Purchase Quantum at State Periphery (MU)	13907.36
G	**No. of units saved (MU) (E-F)**	**54.52**

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

Table 112: Incentive for over-achievement of T&D Loss for FY19

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**54.52**

S. No.	Particulars	Unit	Amount
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	2,954.22*
(ii)	Power purchased from other than own sources	MU	10220.25
(iii)	Less: PGCIL Losses	MU	332.21
(iv)	Net Power Purchase (ii-iii)	MU	9888.04
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.99**
D	**Incentive on account of T&D loss over-achievement (A X C X 60%/10)**	**Rs. Cr.**	**9.77**

**Cost of Power purchase has been adjusted for large amount of arrears of Rampur, NJPS, PTC UI settlement, THDC, NHPC, etc.*

7.7.4 The share of Petitioner's incentive is Rs. 9.77 Cr. as computed above on account of overachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

7.7.5 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2018-19 is summarized in table below:

Table 113: Trued-up Total Power Purchase Cost for FY19 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Power Purchase Expenses	2,734.55	3,619.75	3637.47
PGCIL Charges	242.36	210.68	210.68
Short Term Open Access Charges	69.65	39.06	39.06
HPPTCL Charges	6.04	9.65	9.65
SLDC Charges	2.12	1.97	1.97
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	-	10.04	10.04
Total Power Purchase	**3,054.72**	**3,891.15**	**3908.87**
Less/Add: Adjustment in PP cost on account of underachievement/overachievement	-	11.64	9.77
Net Power Purchase Expense	**2,734.55**	**3,902.80**	**3918.64**

7.7.6 The Petitioner is required to submit its compliance with respect to procurement of power from renewable sources (non-solar & solar) separately with the Commission for FY 2018-19.

7.8 O&M Expenses

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

7.8.2 Subsequently, an Annual-Performance Review for FY 2018-19 was conducted. In the APR Order for FY 2018-19, the Commission had continued with the projections of components of O&M expenses as approved in the MYT Order for the third Control period for FY 2018-19. In case of R&M expense, the Commission had provisionally allowed an additional amount of Rs. 20 Cr. towards expenditure on IT systems over and above the Rs 65.09 Cr of R&M expense approved in the MYT Order for the third Control Period for FY 2018-19.

7.8.3 As per MYT Regulations, 2011, O&M expense is of controllable nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without any true-up unless some amount is considered as uncontrollable by the Commission.

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

7.8.5 For truing-up of FY 2018-19, the Commission has reviewed the various components of O&M expenses in line with the provisions of MYT Regulations 2011 and has undertaken prudence check of each element as detailed in subsequent sections:

7.9 Employee Expenses

7.9.1 HPSEBL has submitted actual net employee cost of Rs. 1,601.47 Cr. towards distribution business as against the approved employee cost of Rs. 1,698.69 Cr. for FY 2018-19 in the APR Order for the third Control Period.

7.9.2 In its employee expense claim for Rs. 1,601.47 Cr., the Petitioner has adjusted an amount of Rs. 40.47 Cr. towards provision for terminal benefits, additional dearness allowance and seventh pay commission pay-outs. Break-up of amount of provisioning under employee expenses in the provisional accounts for FY 2018-19 as provided by the Petitioner is summarised below:

Table 114: Details of provisioned amount under Employee Expenses in FY19

Particulars	Amount (Rs. Cr.)	Classification
Pension	11.32	Terminal Benefits
Gratuity	13.98	Terminal Benefits
Leave Encashment	10.29	Terminal Benefits
Amount of provision in pension and terminal benefits	**35.59**	
Additional Dearness Allowance	4.16	Salary Cost
7th pay commission	0.72	Salary Cost
Total provision for IR and seventh Pay Commission revision	**4.88**	
Total Amount of Provision	**40.47**	

7.9.3 Based on the review of Petitioner claim and provisional accounts, the Commission observes that the Petitioner has also not considered the adjustment of Return on Equity of Rs. 47.50 Cr. towards the pension cost of the board employees retired prior to the transfer scheme in line with the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015. In line with the provisions of the applicable regulations, an amount of Rs. 47.50 Cr. towards RoE on GoHP equity has been adjusted from the terminal benefits expense of HPSEBL for FY 2018-19.

7.9.4 Further, in absence of information with respect to pension contribution of generation and other department employee, the Commission has continued with the amount allocated towards these heads in APR Order. Since pension contribution of employee on deputation is already adjusted as part of overall employee cost, the same has been excluded.

7.9.5 In line with the discussions with respect to adjustments in the employee cost and terminal benefits as detailed above, the Commission has approved the provisional employee cost for FY 2018-19 as given below:

Table 115: Comparison of Employee Cost for FY19 after Adjustments (Rs. Cr.)

Sl.	Particulars	APR Order	Petition	Provisionally Trued-up
A	**Salary & Other Costs**	**1226.64**	**799.65**	**799.65**
B	**Pension and Terminal benefits**	**596.28**	**893.97**	**893.97**
	Less:			
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50		47.50
	Pension contribution of employee on deputation	2.00		-
	Pension contribution of generation employees	9.71		9.71
	Pension contribution of BVPCL, Projects and S&I employees	3.72		3.72
C	**Gross Employee Cost (A+B)**	**1759.99**	**1693.62**	**1632.69**
D	Less: Capitalization	61.30	52.64	52.64
	Less: Provision towards terminal benefits, Additional Dearness Allowance and 7th pay Commission		40.47	40.47
	Add: Prior Period expense		0.96	**-**
E	**Net Employee Cost (C-D)**	**1698.69**	**1,601.47**	**1,539.58**

**after reducing the provisioning amount*

7.10 Repairs and Maintenance Expenses

7.10.1 The Petitioner has submitted actual R&M expense of Rs. 91.24 Cr. towards distribution business as against the approved R&M Expense of Rs. 85.09 Cr. for FY 2018-19 in the APR Order for FY 2018-19 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure.

7.10.2 Based on Petitioner's submission, the claim towards R&M expense is higher by an amount of Rs. 6.15 Cr. which is primarily on account of Rs. 30.88 Cr towards R&M expense of IT equipment. The Petitioner has submitted that it had commissioned two data centres under R-APDRP schemes in FY 2016-17 and also introduced computerized billing, MDAS, AMR etc. across the State. Further, ERP and billing were also rolled out to all units of the Board which necessitated regular AMC of the total hardware, support of the various applications and ATS charges of the different licenses essentially required to run and maintain the IT systems. The expenditure towards these is being met through R&M of the IT system. As per the submission of the Petitioner, the expenditure includes:

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

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

7.10.4 It is observed that implementation of works under R-APDRP scheme expenditure such as provision for Data Centre and Disaster Recovery Centre has resulted in significant increase in AMC and ATS of IT related equipment. Since, such expenses were not a part of the base R&M expense at the time of issuance of MYT Order, the same were not considered while projecting the R&M expenses during the third Control Period. In view of the IT related expenditure, the Commission had provisioned for an additional amount of Rs. 20 Cr. at the time of issuance of APR Order for FY 2018-19. As per the claim of Petitioner, the actual expenditure towards IT systems have been approximately Rs. 30 Cr. (~Rs. 10 Cr. higher than the additional provision of Rs. 20 Cr.) during FY 2018-19 as against the overall increase of Rs. 6.15 Cr. in R&M expenses.

7.10.5 In response to a query regarding detailed break-up of Rs. 30.52 Cr. claimed towards IT expense, the Petitioner provided item-wise expense for FY 2018-19. However, as per the review of break-up submitted by the Petitioner, it is observed that while details such as date, invoice number and amount was included, the Petitioner has not specified the nature of expenses. The Petitioner was further asked to provide adequate details supported by copies of invoices against payments made by HPSEBL for R&M towards IT system for validation of its claim.

7.10.6 In response, the Petitioner submitted copies of LOAs and break-up amounting to Rs. 28.80 Cr. towards IT expense (Annex C8c). However, based on the submissions, it is difficult to validate the entire amount claimed by the Petitioner towards IT expense. The LoAs/ work orders submitted related to multiple years or past years and the amount paid during FY 2018-19 could not be clearly validated. Further, part of the amount also pertained to expense towards broadband line which was booked under A&G expense. In absence of proper supporting documents and validation of the break-up provided by the Petitioner towards claimed amount entirely towards IT expense, the Commission feels it adequate to continue with the provisioned additional amount of Rs. 20 Cr. towards IT related expense and allows the amount approved in the APR Order for FY 2018-19 for truing-up purpose.

Table 116: R&M Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
R&M Expenses	85.09	91.24	85.09

7.11 Administrative and General Expenses

7.11.1 As against Rs. 50.60 Cr. approved towards A&G expense in APR Order for FY 2018-19, the Petitioner had claimed actual A&G expense of Rs. 48.20 Cr. in the true-up.

7.11.2 As A&G expense is a controllable parameter, the Commission retains the A&G expense as approved in the APR Order for FY 2018-19. Details of A&G amount proposed and approved is summarized in the following table:

Table 117: A&G Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
A&G Expenses	50.60	48.20	50.60

7.12 Total O&M Charges

7.12.1 Based on the above discussions, the Commission approves the provisional total O&M expense for FY 2018-19 as provided in the table below:

Table 118: Total O&M Expenses Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
Net Employee Cost	1698.69	1,601.47	1,539.58
R&M Expenses	85.09	91.24	85.09
Net A&G Expense	50.60	48.20	50.60
Total O&M Expenses	**1834.38**	**1740.91**	**1675.27**

7.13 Interest and Finance Charges

7.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and consumer security deposit as per the provisional accounts for FY 2018-19. The interest on capital loans shall be trued-up based on the true-up of capital expenditure and capitalization at the end of the third Control Period (FY15-19).

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

Table 119: Trued-up Interest on Working Capital for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
O&M Expenses for one month	152.86	145.08	139.61
Receivables equivalent to 2 months	857.89	850.19	850.19
Maintenance Spares 40% of the R&M expense for one month	2.17	3.04	2.84
Less: Consumer Security Deposit	368.55	394.37	394.37
Less: One Month Power Purchase	254.56	324.26	325.74
Working Capital Requirement	**389.82**	**279.68**	**272.52**
Rate of Interest	12.79%	10.99%	12.43%
Interest on Working Capital	**49.85**	**30.72**	**33.87**

7.13.3 Further, the interest on consumer security deposit has been considered as per the provisional accounts of FY 2018-19 and is approved as below:

Table 120: Trued-up Interest on Consumer Security Deposit for FY19 (Rs. Cr.)

Particulars	Provisionally Trued-up
Opening	341.09
Additions	53.28
Closing	394.37
Interest on Consumer security deposit	**16.47**

7.13.4 Based on the revision in interest on working capital and consumer security deposit, the total interest expense approved for provisional truing-up for FY 2018-19 is as below:

Table 121: Trued up Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
Interest on Long term loans	219.25	219.25	219.25
Interest on Working Capital	49.85	30.72	33.87
Interest on Consumer security deposit	22.84	16.47	16.47
Total Interest & Finance Charges	**291.93**	**266.44**	**269.59**

7.14 Other Controllable Parameters

7.14.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all schemes for FY 2018-19 in the Petition. Details of capex and capitalisation approved under Mid-Term Review (MTR) Order and now submitted by the Petitioner is summarised below:

Table 122: Capital Expenditure and Capitalization submission for FY19 (Rs. Cr.)

Particulars	MTR Order	Actual
Capital Expenditure	274.38	296.56
Capitalisation	637.16	318.87

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

7.14.3 With respect to depreciation and return on equity, the Commission has retained the amount at the same level as approved in the MTR Order for FY 2018-19.

Table 123: Depreciation and Return on Equity approved for FY19 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Depreciation	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24

7.15 Non-Tariff Income

7.15.1 The non-tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-tariff income of Rs. 252.86 Cr. towards distribution business for true-up of FY 2018-19, while the balance amount has been claimed towards generation business. The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without factoring for any non-tariff income.

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

7.15.3 As mentioned above that the Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without considering any non-tariff income. The

Commission is of the view that non-tariff income of Rs. 0.57 Cr and other income charges of Rs. 6.46 Cr are to be considered while calculating non-tariff income. As per MYT Regulations 2011, the amount of delayed payment surcharge recovered shall not be considered as part of non-tariff for tariff determination. Accordingly, the Commission has excluded the amount of delayed payment surcharge recovered by the Petitioner from the non-tariff income as per the provisional accounts.

7.15.4 With regard to reduction of value of amortization of Govt. grants, the Petitioner clarified that the amount relates to the depreciation of cost of assets created from the Govt. grants and consumers contribution and such depreciation on assets created from Govt. grant and consumers contribution are not allowed in ARR/Tariff by the Commission. As the Commission has not been allowing any depreciation on assets created from Government grants, the same has been excluded from the non-tariff income.

7.15.5 The Commission, therefore, approves the Non-Tariff income for FY 2018-19 as summarised below:

Table 124: Trued-up Non-Tariff Income for FY19 (Rs. Cr.)

Particulars	Provisionally Trued-up
Meter Rent/Service Line Rentals	45.95
Recovery for theft of Power / Malpractices	0.14
Wheeling Charges Recovery	46.38
Peak load violation charges	23.12
Miscellaneous Charges from Consumers	3.45
Sub-Total	**119.04**
Interest on Staff loans & Advances	0.25
Income from Investments	0.22
Income from advance/ loan from BVPCL	19.66
Delayed Payment Charges from Consumers	78.27
Delayed Payment Charges from PGCIL	0.38
Interest on Advances to Suppliers / Contractors	0.23
Interest on Banks (other than on Fixed Deposits)	-0.01
Income from Trading	0.91
Other Misc. Receipt trading	3.86
Income fee collected against Staff Welfare Activities	0.10
Sale of RE certificates	16.91
Miscellaneous Receipts	70.68
Amortization of Govt. grants	82.51
Subsidies against loss on account of flood	25.25
Prior Income	2.40
Sub-Total	**301.64**
Less:	
Amortization of Govt. grants	82.51
Delayed Payment Charges from Consumers	78.27
Total Non-Tariff Income	**259.90**

7.16 Aggregate Revenue Requirement

7.16.1 The ARR approved by the Commission in the APR Order, as submitted by the Petitioner in its true-up petition and now approved by the Commission for FY 2018-19 are shown in the table below:

Table 125: Summary of Provisionally Trued-up ARR for FY19 (Rs. Cr.)

Particulars	APR Order	Petition	Provisionally Trued-up
Power Purchase Expenses	3,054.72	3,902.80	3,918.64
Operation & Maintenance Costs	**1,834.38**	**1,740.91**	**1,675.27**
Employee Cost	*1,698.69*	*1,601.47*	*1,539.58*
R&M Cost	*85.09*	*91.24*	*85.09*
A&G Cost	*50.60*	*48.20*	*50.60*
Interest & Financing Charges	291.93	266.44	269.59
Depreciation	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24
Less: Non-Tariff & Other Income	171.83	252.86	259.90
Aggregate Revenue Requirement	**5,147.35**	**5,795.44**	**5,741.75**

7.17 Adjustments to ARR

7.17.1 In the APR Order for FY 2018-19, the Commission has made adjustments in the final ARR on account of impact of final truing-up for FY 2015-16 and an additional provision for payment of 7th pay commission revision arrears. In the truing-up the following adjustments have been reviewed and considered as below:

- The Commission has considered adjustment of cumulative revenue gap of Rs. 41.92 Cr on account of final true up of FY 2015-16 in the ARR for FY 2018-19.
- The Commission had approved a provisional amount of Rs. 200 Cr. towards arrears to be paid by HPSEBL on account of 7th Pay Commission in FY 2018-19 which was to be trued-up as per actual. In response to the queries, the Petitioner informed that it has not made any payment with respect to arrears of 7th Pay Commission in FY 2018-19. Accordingly, the Commission has not considered the amount in the true-up of FY 2018-19.

7.17.2 The trued-up ARR for FY 2018-19 as approved by the Commission after considering the approved adjustments is as below:

Table 126: Final Approved ARR after Adjustments for FY19 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**5,741.75**
Add:	
Impact of Final Truing up for FY16	41.92
Total ARR including adjustments	**5,783.67**

7.18 Revenue Gap

7.18.1 The Revenue Gap/Surplus for FY 2018-19 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 127: Approved Revenue Gap for FY19 (Rs. Cr.)

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**5,837.36**	**5,783.67**
Revenue		
Revenue from sale of power within state	5,101.13	5,101.13
Revenue from sale of power outside state	833.10	833.10
Total Revenue	**5,934.23**	**5,934.23**
Revenue Surplus/(Gap)	**96.87**	**150.55**

7.18.2 Based on the provisional truing-up of ARR for FY 2018-19, the Commissions approves a revenue surplus of Rs. 150.55 Cr. which has been carried forward for adjustment in ARR for FY 2021-22.

7.19 Carrying Cost

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

7.19.2 The Commission has undertaken final true-up of uncontrollable parameters for FY 2018-19 based on the provisional accounts provided by the Petitioner. As per the true-up, the following revenue surplus and gap was determined for FY 2018-19:

Table 128: Approved Revenue Surplus / (Gap) for FY19 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY19	**150.55**

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

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

7.19.4 Accordingly, the Commission has determined carrying cost based on the opening and closing amount of revenue surplus/ (gap). The computation of carrying cost and cumulative revenue surplus/ (gap) is summarized in table below:

Table 129: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening Gap	-	159.13	176.88
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY19	150.55	-	-
Closing	150.55	159.13	176.88
Interest Rate for Carrying Cost	11.39%	11.16%	10.07%
Carrying Cost	8.57	17.75	17.82
Total (Gap)/Surplus	**159.13**	**176.88**	**194.70**

7.19.5 The cumulative revenue surplus based on provisional true-up for FY 2018-19 has been adjusted in the ARR for FY 2021-22 in the subsequent Chapter. However, any change in the final audited accounts with respect to provisional accounts shall be reviewed in the subsequent Tariff Order and additional surplus/ gap shall be considered appropriately.

7.20 Final truing-up for FY 2017-18

7.20.1 The Commission had undertaken provisional truing-up for FY 2017-18 in absence of audited accounts for FY 2017-18 in the previous Tariff Order dated 06 June 2020. As Petitioner did not submit any details with regard to the provisional truing-up in the current Petition. The Commission asked petitioner to clarify the reasons for non-submission of final truing-up for FY 2017-18. In response, the Petitioner submitted that the figures for true up parameters have not changed in the final CAG Audited Accounts of FY 2017-18 as compared with provisional figures submitted earlier with first APR Petition by HPSEBL, the Petitioner is not seeking for any revision. The Petitioner also submitted a copy of the audited accounts for FY 2017-18 in response to the query.

7.20.2 The Commission undertook an initial scrutiny of the numbers in final audited accounts with the numbers of provisional accounts. It was observed that there were no changes between the two with respect to various expense heads under the profit and loss statement. Therefore, the Commission decided that the provisional truing-up for FY 2017-18 as per the previous Tariff Order dated 06.06.2020 has achieved finality and is not required to be reconsidered.

8 TRUE-UP OF CONTROLLABLE PARAMETERS OF THE THIRD MYT CONTROL PERIOD

8.1.1 The Petitioner has submitted true-up of controllable parameters for the third Control Period which includes capitalisation and capital expenditure, depreciation, interest and finance Charges and return on equity for each year from FY 2014-15 to FY 2018-19 as per MYT Regulations, 2011 and its subsequent amendments based on accounts.

8.1.2 As per the claim, the Petitioner has submitted the following actual capitalization towards distribution business for each year of the third Control Period:

Table 130: Actual Capitalization vis-à-vis approved for third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Approved Capitalization in 3rd MYT Control Period	285.54	425.54	551.33	614.78	637.16	2514.35
Actual Capitalization	401.48	421.29	428.74	470.3	318.87	2040.68
Difference	***115.94***	***-4.25***	***-122.59***	***-144.48***	***-318.29***	***-473.67***

8.1.3 Summary of the proposed revenue gap on account of truing-up of controllable parameters as claimed by the Petitioner is summarized below:

Table 131: Proposed Revenue Gap on account of truing-up of Controllable parameters for third Control Period (Rs. Cr.)

Particulars	Approved in MYT Order for 3rd Control Period	Actual	Difference
Depreciation	415.72	666.11	250.39
Interest and Finance Charges	794.59	1390.73	596.14
Return on Equity	151.20	394.97	243.77
Add: Interest savings benefit for restructuring of loan under UDAY	-	-	43.50
Total	**1361.51**	**2451.81**	**1133.80**

8.1.4 As per the MYT Regulations 2011, truing-up of depreciation, interest, and financing cost, return on equity has to be undertaken at the end of Control Period based on audited accounts. It is observed that while the accounts for four years are available i.e. FY 2014-15 to FY 2017-18, the accounts for FY 2018-19 are still under audit. In absence of audited accounts for FY 2018-19, even if the review is conducted the Commission shall be required to revisit the entire true-up post availability of audited accounts for FY 2018-19. Therefore, the Commission feels it appropriate to undertake the process of truing-up of controllable parameters for third Control Period once audited accounts for each year are available.

8.1.5 Also, during scrutiny of the Petitioner's submission with regard to truing-up of controllable parameters for third Control Period, it is observed that there are several aspects which have resulted in unreasonable claim amount by the Petitioner. The Commission is highlighting these aspects and directs the Petitioner to amend its claim and align the same with the provisions of the MYT Regulations 2011 while resubmitting its claim post availability of audited accounts for FY 2018-19:

a. Certification of commissioning from Electrical Inspector towards transmission works (EHT and HT) capitalized during each year of the Control Period.

b. IDC amount recovered from users and utilized for specific capitalization.

c. Depreciation has not been computed in line with the depreciation rates prescribed in the regulations resulting in significantly large amount of claim towards depreciation

d. Claim towards interest and finance charges in not in line with the provisions of the MYT Regulations 2011. Also, loan outstanding are not in line with the closing balances of second Control Period

e. Details with respect to loans undertaken and cost of loans during the third Control Period have not been provided

f. Elements such as interest towards non-capex loan, interest on GPF, rebate on timely payment, etc. claimed under interest and finance charges do not qualify under the head of interest and finance charges which are towards loans undertaken for capex schemes.

g. With regards to claim amount of RoE, the opening balance of equity for third Control Period does not reconcile with the approved closing balance of previous year. Also, Petitioner has considered total equity as against equity towards capitalized schemes only, as per MYT Regulations 2011, for the purpose of RoE computation.

h. The supporting documents with respect equity and loans have to be summarized along with key supporting documents to ensure proper validation.

8.1.6 In view of the above highlighted issues, the Commission is of the view that the claim amount of the Petitioner towards truing-up of controllable parameters for third Control Period is considerably high especially in view of the fact that the actual amount of capitalization during the third Control Period is approximately Rs. 500 Cr. below the approved amount.

8.1.7 However, in order to avoid any unnecessary burden, the Commission has considered a provision of Rs. 100 Cr. towards truing-up of controllable parameters for third Control Period in the ARR for FY 2021-22 and shall undertake a detailed truing-up post availability of the audited accounts for each of the year.

9 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY20 UNDER THE FOURTH MYT CONTROL PERIOD

9.1 Background

9.1.1 Subsequent to submission of main petition for second APR for FY 2021-22, HPSEBL made an additional submission on 18.02.2021 for provisional true-up of FY 2019-20. The Petitioner has submitted that provisional accounts for FY 2019-20 along with the Regulatory Accounts have been certified by the Statutory Auditor and has prayed for undertaking the true up FY 2019-20 based on provisional accounts as the figures for revenue, expenditure, power purchase and sales will not change after final audit by CAG.

9.1.2 It is observed that the enclosed Auditor certificate states of the Auditor states the following:

"1. The Entity is responsible for preparation of the Regulatory Accounting Reports. Our responsibility is to audit the Regulatory Accounting Reports in accordance with the Regulations and generally accepted Auditing standards in India.

2. We report that the ***accounts of the company for the year 2018-19 has not yet been audited by the Statutory Auditors of the Company and further the supplementary audit by the CAG has not yet been done and the accounts for the year 2018-19 is yet to be approved by the members in the AGM of the Company,- the attached regulatory accounts are provisional in nature as we can audit the accounts only after the accounts for the 2018-19 is approved by the members in the AGM of the Company.*** *The Attached accounts are not being adjusted to the qualifications of the Statutory auditors for the year 2018-19 as the report has not been submitted by them nor any other qualifications which will be necessitated out of the Statutory auditor report for the year 2019-20 after which the final report on regulatory accounts will be given.*

3. The ***regulatory accounts have been compiled from the Trail Balance submitted by the company*** *for the year under review"*

9.1.3 It is observed that the Auditor in its certificate has clearly highlighted that the regulatory accounts have been compiled from the trial balance and preparation of these accounts have been carried out in absence of audit of accounts for FY 2018-19.

9.1.4 As per the MYT Regulations 2011, truing-up is mandated to be undertaken based on audited accounts. However, in the previous Tariff Order (APR Order for FY 2020-21) as well as the current Order (APR Order for FY 2021-22), the Commission had undertaken a provisional true-up for FY 2017-18 and FY 2018-19, respectively considering the accounts were finalized by Statutory Auditor and pending CAG Audit. Also, it is observed that Regulatory Accounts submitted by the Petitioner do not comply with the provisions of the HPERC (Reporting System on Power Regulatory Accounting) Regulations 2014 which prescribe separate reporting of information for various parameters with respect to each business. Also, reconciliation with respect to audited accounts is to be submitted along with the regulatory accounts.

9.1.5 In absence of regulatory accounts complying with the requirement, the Commission is of the view that the accounts submitted by the Petitioner cannot be considered as regulatory accounts and a detailed truing-up cannot be performed in absence of audited accounts and proper regulatory accounts. Further, as per the additional submission, it is observed that the Petitioner has proposed a revenue surplus for FY 2019-20.

9.1.6 In line with the submissions made by the Petitioner, the Commission has undertaken a preliminary diligence of uncontrollable parameters for FY 2019-20 to comprehend the quantum of revenue surplus or gap available for FY 2019-20. It is clarified that in absence of audited accounts for FY 2019-20, only an initial review has been performed to assess the revenue surplus / gap based on the submissions of the Petitioner.

9.1.7 In the following sections, a scrutiny of the uncontrollable parameters has been conducted with respect to approved values for FY 2019-20.

9.2 Energy Sales

9.2.1 As per submission of Petitioner, it is observed that the overall actual sales are broadly in line with the approved sales for FY 2019-20 in the MYT Order.

Table 132: Category-wise Trued-up Sales for FY20 (MUs)

Category (MU)	MYT Order	Petition
Domestic	2,137	2,194
Non-Domestic Non-Commercial	158	160
Commercial	635	623
Temporary	40	46
Small Power	84	90
Medium Power	118	90
Large Supply	5,016	5,144
Govt. Irrigation & Water Pumping	661	560
Public Lighting	12	11
Irrigation & Agriculture	77	57
Bulk Supply	161	152
Total Energy Sales	**9,101**	**9,125**

9.3 Revenue from Sale of Power

9.3.1 As per the submission of the Petitioner, revenue from sale of power has been higher as compared with the approved sales for FY 2019-20:

Table 133: Category-wise Trued-up Revenue from Sale of Power for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition
Domestic	1,056.08	1,046.52
Non-Domestic Non-Commercial	90.61	106.23
Commercial	374.12	379.84
Small Power	60.47	53.22
Medium Power	61.16	59.01
Large supply	2,770.50	2,877.61
Public Lighting	6.21	6.76
Govt. Irrigation & Water Pumping	428.60	422.49
IPH		34.47
Bulk and Grid supply	95.66	107.87
Temporary Metered Supply	35.10	40.08
Total	**4,978.51**	**5,134.10**

9.3.2 Also, the Petitioner has claimed revenue of Rs. 473.78 Cr. from sale of surplus power during FY 2019-20 after adjusting for cost of banking, which is a cashless transaction.

Table 134: Trued-up Revenue from Sale of Power outside State for FY20 (Rs. Cr.)

Particulars	Actual as per Provisional Accounts
Revenue from sale of power outside State	1,635.04
Less: Banking Sale	1,161.25
Net Revenue from sale of power outside State	**473.78**

9.3.3 The Commission has considered the actual revenue from sale of power and sale of surplus power claimed by the Petitioner for FY 2019-20.

9.4 Transmission and Distribution (T&D) Loss

9.4.1 As against the approved T&D loss level of 10.30% for FY 2019-20 in the MYT of fourth Control Period, the Petitioner has claimed actual T&D loss level of 12.08%. In line with the submission in Second APR Petition, the Petitioner has proposed to consider T&D loss target of 11.50% for FY 2019-20. As detailed in the subsequent chapter, the Commission has retained the T&D loss target of 10.30% for FY 2019-20. Accordingly, under-achievement in T&D loss of 1.78% is eligible for penalty as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

9.5 Power Purchase

9.5.1 Based on the initial review of power purchase as submitted by the Petitioner, the following has been considered:

- Petitioner submission of actual power purchase cost after excluding the notional cost booked towards banking and provisioning towards LADF cost.
- For computing the cost incurred due to purchase of power from own generating stations during FY 2019-20, the Commission has considered approved annual fixed charge and energy charge of FY 2018-19 for each generating station as per MYT tariff order for generation business dated 10th June 2014. The power purchase cost for own generating stations for FY 2019-20 as computed by the Commission is Rs. 331.04 MUs.
- PGCIL charges are after adjusting for charges recoverable from GoHP power. However, it includes amount of Rs. 61.74 Cr. towards PKATL assets and Rs. 0.68 Cr. towards Hamirpur PowerGrid bay which have been considered provisionally pending judgement of Hon'ble APTEL.

9.5.2 The total power purchase cost for FY 2019-20 as submitted and considered by the Commission has been summarized below:

Table 135: Total Power Purchase Cost approved for FY20 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Provisionally Trued-up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	**2,706.19**	**2,706.19**
B.	**Own Generation**	**320.60**	**331.04**
C.	Inter-State Charges		
	PGCIL	346.80	346.80
	OA	64.46	64.46
D.	Intra-State Charges		
	HPPTCL	12.74	12.74
	SLDC	4.01	4.01
E.	Other Charges		
	System/Marketing operation charges	0.0034	0.0034
	NRLDC	1.46	1.46
	Reactive Charges	0.64	0.64
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,456.90**	**3467.34**

9.6 Penalty for Under-achievement of T&D Loss

9.6.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 12.08% for FY 2019-20 as against the approved T&D loss of 10.30% for FY 2019-20 in the MYT Order. As per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

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

i. 40% of the amount of such loss may be passed on in the ARR over such period as may be stipulated in the Order of the Commission; and

ii. The balance 60% of amount of such loss shall be absorbed by the licensee;

9.6.2 The loss resulting from the under-achievement of T&D loss for FY 2019-20 is as below:

Table 136: Loss on account of Under-achievement of T&D loss for FY20

S. No.	Particulars	Provisionally Trued-up
A	Energy Sales within state (MU)	9,124.89
B	T&D Losses (%)	10.30%
C	**Power Purchase Requirement to meet state requirement (MU)**	**10,172.68**
D	**Inter – State Sale (MU) (i+ii)**	
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	2,095.46
(ii)	For Banking arrangements (MU)	1,450.10
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	13,718.24
F	Actual Power Purchase Quantum at State Periphery (MU)	13,923.69
G	**No. of units Lost (MU) (E-F)**	**205.45**

9.6.3 Based on the loss in power purchase quantum computed as per the above table, the Commission has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 137: Penalty for Under-achievement of T&D Loss for FY20

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**205.45**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	2,706.19
(ii)	Power purchased from other than own sources	MU	10,056.39
(iii)	Less: PGCIL Losses	MU	307.91
(iv)	Net Power Purchase (ii-iii)	MU	9,748.48
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.78**
D	**Penalty on account of T&D loss over-achievement (A X C X 60%/10)**	**Rs. Cr.**	**34.22**

9.6.4 The share of Petitioner's incentive is Rs. 34.22 Cr. as computed above on account of Underachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

9.6.5 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2019-20 is summarized in table below:

Table 138: Trued-up Total Power Purchase Cost for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition	Provisionally Trued-up
Power Purchase Expenses	2,734.55	3,026.79	3,037.23
PGCIL Charges	290.56	346.80	346.80
Short Term Open Access Charges	9.76	64.46	64.46
HPPTCL Charges	70.01	12.74	12.74

Particulars	MYT Order	Petition	Provisionally Trued-up
SLDC Charges	5.12	4.01	4.01
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	0.00	2.10	2.10
Total Power Purchase	**3,028.47**	**3,456.90**	**3,467.34**
Less/Add: Adjustment in PP cost on account of underachievement/overachievement	-	(11.25)	(34.22)
Net Power Purchase Expense	**3,028.47**	**3,445.65**	**3,433.12**

9.7 O&M Expenses

9.7.1 As O&M expenses as per MYT Regulations, 2011 are controllable in nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without and true-up, unless some amount is considered as uncontrollable by the Commission.

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

9.7.3 For FY 2019-20, as per the submission of the Petitioner, the actual expense against each component of O&M expense as against the approved is as below:

Table 139: Actual O&M Expenses proposed by Petitioner for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition
Net Employee Cost	1,698.22	1,740.75
R&M Expenses	92.70	97.20
Net A&G Expense	49.91	45.49
Total O&M Expenses	**1,840.83**	**1,883.44**

9.7.4 It is observed that the Petitioner has not considered the adjustment of Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees (approved by Hon'ble Commission in the MYT Order) amounting to Rs. 61.87 Cr. towards the pension cost of the board employees retired prior to the transfer scheme in line with the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015.

9.7.5 However, as the accounts for FY 2019-20 are not finalized, the Commission is of the view that a detailed scrutiny of O&M expenses shall be undertaken during the final truing-up for FY 2019-20 and has therefore retained the O&M expenses as approved for FY 2019-20 in the MYT Order for fourth Control Period.

9.8 Interest and Finance Charges

9.8.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and consumer security deposit as per the submission of the Petitioner.

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

Table 140: Trued-up Interest on Working Capital for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition	Provisionally Trued-up
O&M Expenses for one month	153.40	156.95	153.40
Receivables equivalent to 2 months	826.34	855.68	855.68
Maintenance Spares 15% of the O&M expense for one month	13.00	11.74	11.20
Less: One Month Power Purchase	252.37	288.07	288.95
Less: Consumer Security Deposits	393.06	415.54	415.54
Working Capital Requirement	**347.31**	**320.76**	**315.08**
Rate of Interest	11.15%	10.75%	10.75%
Interest on Working Capital	**38.72**	**34.48**	**33.95**

9.8.3 Further, the interest on consumer security deposit has been considered as below:

Table 141: Trued-up Interest on Consumer Security Deposit for FY20 (Rs. Cr.)

Particulars	Provisionally Trued-up
Opening	394.37
Additions	21.18
Closing	415.54
Interest on Consumer security deposit	**16.47**

9.8.4 Based on the revision in interest on working capital and consumer security deposit, the total interest expense approved for final truing-up for FY 2019-20 is as below.

Table 142: Trued up Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition	Provisionally Trued-up
Interest on Long term loans	131.26	131.26	131.26
Interest on Working Capital	38.72	34.48	33.95
Interest on Consumer security deposit	24.68	16.47	16.47
Total Interest & Finance Charges	**194.66**	**182.21**	**181.67**

9.9 Other Controllable Parameters

9.9.1 As per the HPERC MYT Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT Order shall be considered during True-up of the MYT Control Period. Accordingly, the Commission has retained depreciation and return on equity amounts at the same level as approved for FY 2019-20 in the MYT Order for fourth Control Period.

Table 143: Depreciation and Return on Equity approved for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition	Provisionally Trued-up
Depreciation	127.29	127.29	127.29
Return on Equity	42.88	42.88	42.88

9.10 Non-Tariff Income

9.10.1 The non-tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-tariff income of Rs. 212.77 Cr. towards distribution business for true-up of FY 2019-20. The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without considering any non-tariff income.

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

9.10.3 The Commission has considered Non-Tariff income for FY 2019-20 as summarised below:

Table 144: Trued-up Non-Tariff Income for FY20 (Rs. Cr.)

Particulars	Petition	Provisionally Trued-up
Meter Rent/Service Line Rentals	47.11	47.11
Recovery for theft of Power / Malpractices	0.16	0.16
Wheeling Charges Recovery	52.73	53.21
Peak load violation charges	0.00	0.00
Miscellaneous Charges from Consumers	0.00	3.39
Other Income	278.91	281.67
Sub-Total	**382.30**	**385.54**
Less		
Amortization of Govt. grants	79.06	79.06
Delayed Payment Charges from Consumers	90.47	90.47
Total Non-Tariff Income	**212.77**	**216.01**

9.11 Aggregate Revenue Requirement

9.11.1 The ARR approved by the Commission in the MYT Order for fourth Control Period, as submitted by the Petitioner in its true-up petition and now approved by the Commission for FY 2019-20 are shown in the table below:

Table 145: Summary of Provisionally Trued-up ARR for FY20 (Rs. Cr.)

Particulars	MYT Order	Petition	Provisionally Trued-up
Power Purchase Expenses	3028.47	3,445.65	3,433.12
Operation & Maintenance Costs	1,840.83	1,883.44	1,840.83
Employee Cost	1,698.22	1,740.75	1,698.22
R&M Cost	92.70	97.20	92.70
A&G Cost	49.91	45.49	49.91
Interest & Financing Charges	**194.66**	**182.21**	**181.67**
Depreciation	127.29	127.29	127.29
Return on Equity	42.88	42.88	42.88
Less:			
Non-Tariff & Other Income	(116.19)	(212.77)	(216.01)
Aggregate Revenue Requirement	**5,117.94**	**5,468.72**	**5,409.78**

9.12 Adjustments to ARR

9.12.1 The provisionally trued-up ARR for FY 2019-20 as approved by the Commission after considering the approved adjustments is as below:

Table 146: Final Approved ARR after Adjustments for FY20 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**5,409.78**
Add:	
(i) True-up Revenue Gap for FY17	18.12
(ii) Impact of Order on Petition No. 25/2018	49.21
(iii) Provision towards impact of generation petition	50.00
Total ARR including adjustments	**5,527.11**

9.13 Revenue Gap

9.13.1 The Revenue Gap/Surplus for FY 2019-20 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 147: Approved Revenue Gap for FY20 (Rs. Cr.)

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**5,586.06**	**5,527.11**
Revenue		
Revenue from sale of power within state	5,134.11	5,134.10
Revenue from sale of power outside state	473.78	473.78
Total Revenue	**5,607.89**	**5,607.88**
Revenue Surplus/(Gap)	**21.84**	**80.77**

9.13.2 Based on the provisional truing-up of ARR for FY 2019-20, the Commissions approves a revenue surplus of Rs. 80.77 Cr. which has been carried forward for adjustment in ARR for FY 2021-22.

9.14 Carrying Cost

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

9.14.2 The Commission has undertaken final true-up of uncontrollable parameters for FY 2019-20 based on the provisional accounts provided by the Petitioner. As per the true-up, the following revenue surplus and gap was determined for FY 2019-20:

Table 148: Approved Revenue Surplus / (Gap) for FY20 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY20	**80.77**

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

"(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR

/ any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate."

9.14.4 Accordingly, the Commission has determined carrying cost based on the opening and closing amount of revenue surplus/ (gap). The computation of carrying cost and cumulative revenue surplus/ (gap) is summarized in table below:

Table 149: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY 20	FY21
Opening Gap	-	85.27
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY20	80.77	-
Closing	80.77	85.27
Interest Rate for Carrying Cost	11.16%	10.07%
Carrying Cost	4.51	8.59
Total (Gap)/Surplus	**85.27**	**93.86**

9.14.5 The cumulative revenue surplus based on provisional true-up for FY 2019-20 has been adjusted in the ARR for FY 2021-22 in the subsequent Chapter. However, any change in the final audited accounts with respect to provisional accounts shall be reviewed in the subsequent Tariff Order and additional surplus/ gap shall be considered appropriately

10 Analysis of the Annual Performance Review (APR) and ARR for FY22

10.1 Background

10.1.1 The Commission has analysed the Annual Performance Review (APR) Petition for FY 2020-21 and revised the Aggregate Revenue Requirement (ARR) for FY 2021-22 based on the submissions of the Petitioner for the past years and actual information for current year as per information submitted by the Petitioner.

10.1.2 The Commission held technical validation session with HPSEBL to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information provided by the Petitioner subsequent to filing of tariff petition including response to queries of the Commission, responses during technical validation session, additional submissions, etc. as part of the tariff petition.

10.1.3 This Chapter contains detailed analysis of the HPSEBL's ARR petition and the Commission's Annual Performance Review of various parameters for determination of revised ARR for the distribution business of HPSEBL for FY 2021-22.

10.2 Aggregate Revenue Requirement (ARR) of HPSEBL as per 4th MYT Order

10.2.1 The Aggregate Revenue Requirement approved by the Commission for HPSEBL for the fourth Control Period (FY20-FY24) under its MYT Order dated June 29, 2019 is summarized in the table below:

Table 150: Approved ARR for the fourth Control Period as per MYT Order (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Power Purchase Expenses for Supply in the State	**3,028.47**	**3,286.97**	**3,499.30**	**3,576.31**	**3,675.41**
Cost of electricity purchase including own generation	2,653.02	2,880.13	3,053.77	3,090.03	3,157.70
Inter-State Charges					
Power Grid Charges	290.56	310.90	332.67	355.95	380.87
Open Access Charges	70.01	74.91	80.16	85.77	91.77
Intra-State Charges					
HPPTCL Charges	9.76	13.21	23.65	34.32	33.87
SLDC Charges	5.12	7.82	9.06	10.24	11.20
Operation & Maintenance Costs	**1,840.84**	**1,959.09**	**2,084.40**	**2,217.23**	**2,357.29**
Employee Cost	1,698.22	1,809.02	1,926.91	2,052.36	2,185.86

Particulars	FY20	FY21	FY22	FY23	FY24
R&M Cost	92.70	99.49	106.22	112.91	118.78
A&G Cost	49.91	50.58	51.26	51.95	52.65
Interest & Financing Charges	194.66	218.18	238.67	253.80	260.67
Depreciation	127.29	140.99	154.60	167.33	178.73
Return on Equity	42.88	49.68	56.43	62.74	68.39
Less: Non-Tariff & Other Income	(116.19)	(122.00)	(128.10)	(134.51)	(141.23)
Aggregate Revenue Requirement	**5,117.95**	**5,532.91**	**5,905.28**	**6,142.90**	**6,399.26**

10.3 Approach of the Second APR under 4th MYT Control Period

10.3.1 In accordance with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof, HPSEBL has filed for APR for FY 2021-22.

10.3.2 The Commission in its MYT Order for fourth Control Period (FY20 to FY24) dated 29th June 2019 has fixed the targets for controllable parameters i.e. O&M expense, depreciation, return on equity, interest on loans, etc. Any variation on these controllable parameters like depreciation, return on equity, interest and finance charges shall be considered at the time of final truing-up. However, any variation on account of factors deemed uncontrollable such as power purchase cost and energy sales are subject to revision in the Annual Performance Review exercise after prudence check by the Commission.

10.3.3 HPSEBL has filed for a review of the ARR for FY 2021-22 and requested for corresponding revision of tariff for FY 2021-22 for meeting the revenue gap based on the revised ARR and revenue based on the existing tariff.

10.3.4 In this chapter, the Commission has reviewed the ARR for FY 2021-22 on account of changes in the uncontrollable parameters as per the provisions of MYT Regulations, 2011 and amendments thereof. Other controllable components of costs i.e. O&M expense, depreciation, return on equity, interest on loans, etc. are considered as per the amount approved by the Commission in the MYT Order for the fourth Control Period.

10.4 Sales Forecast

10.4.1 HPSEBL has submitted actual sales for FY 2019-20 at 9,125 Mus, which has been considered as the base for projection of energy sales for FY 2021-22. The Petitioner has projected energy sales by applying the appropriate category-wise CAGR based on the historical trend and average growth rate in past few years considering actual sales for FY 2019-20 as base year.

10.4.2 Further, the Petitioner has submitted that nationwide lockdown and restrictions in Himachal Pradesh due to COVID-19 pandemic have adversely affected the sales for the period April to September 2020. However, the sales in ensuing year is expected to normalize. In view of the same, the Petitioner has modified the assumptions for revising the projection of sales for second half of FY2020-21 and FY2021-22.

10.4.3 Considering that sales is an uncontrollable parameter and keeping in view the submissions of the Petitioner, the Commission has reassessed its approach for projection of sales for each category for FY 2021-22. In order to assess the impact of COVID 19 induced lockdown, sales during the first six months of FY 2019-20 and FY 2020-21 has been compared:

Table 151: Comparison of Six months sales (April-September) FY20 & FY21

Consumer Category	FY 20	FY 21
Domestic	1089	1143
NDNC	71	54
Commercial	321	229
Temporary	22	20
Small Power	45	38
Medium Power	45	36
Large Power	2622	1872
Govt. Irrigation & Water Pumping	285	284
Public Lighting	5	5
Irrigation & Agriculture	31	32
Bulk Supply	65	57
Total	**4,601**	**3,770**

10.4.4 Sales for consumer categories such as non-domestic non-commercial, commercial, industrial power (small, medium, and large) has reduced significantly during first six months of FY 2020-21 as compared to previous year on account of lockdown during initial months.

10.4.5 In response to a query, the Petitioner submitted actual sales for ten months for FY 2020-21. The Commission observed that the sales for the months October 2020 to January 2021 have increased gradually and have reached at par with that of the sales for the respective months of pre-COVID years, such as FY 2018-19 and FY 2019-20.

10.4.6 In view of the above scenario, the Commission is of the opinion that the impact of COVID 19 on the sales of FY 2021-22 would be limited and it would be inappropriate to consider actual sales of FY 2020-21 for projection of sales for FY 2021-22. Instead the Commission is of the view that FY 2019-20 being a normal year, actual sales of FY 2019-20 should be used as the base for projecting the sales of FY 2021-22. Accordingly, for projecting the sales of FY 2021-22 for specific consumer categories, the Commission has applied suitable growth rates, twice on the sales of FY 2019-20 for giving effect for additional year i.e. FY 2020-21 and increase during FY 2021-22.

10.4.7 Based on the approach detailed above, the Commission approves total sales of 9,550 MUs for FY 2021-22. Category-wise sales approved for FY 2021-22 is detailed in subsequent sections:

Domestic Supply

10.4.8 The energy sales to domestic category during FY 2014-15 to FY 2019-20 has grown at a CAGR of 3%. It is observed that the growth in sales recorded under this category has been in the range of 4.2-4.5% during last three years.

10.4.9 In view of the recent trends, the Commission has adopted three years CAGR of 4.2% for sales projections in domestic category for FY 2021-22.

Non-Domestic Non-Commercial Supply (NDNCS)

10.4.10 The Commission has adopted 5-year CAGR of 4.2% as the growth rate for projections of energy sales for FY 2021-22 considering the year-on-year growth of sales in the past years.

Commercial Supply

10.4.11 The sales to commercial category have seen consistent growth over the last few years. However, sales to this category increased by 1.37% during FY 2019-20 and continues to be range bound even post the lockdown. Therefore, taking a conservative approach, the Commission has projected the sales for FY 2021-22 at a growth rate of 2% per annum over FY 2019-20 actual sales.

Industrial Power Supply

10.4.12 Based on the actual sales data for the last five years from FY 2014-15 to FY 2019-20 and monthly sales during FY 2020-21, the Commission has projected the sales to the industrial categories as below:

Small and Medium Industrial Power Supply

10.4.13 The Commission has observed the sales to small and medium industrial consumers to remain range bound between 200-210 MUS during the period FY15 to FY19. However, data for FY 2019-20 indicates that consumption of small and medium enterprises has declined with respect to last years.

10.4.14 Considering that the small and medium industries declined further in FY 2020-21 due to lockdown, , the Commission has considered a conservative growth rate of 3% based on the increase in sales to this category during last few months and commencement of normal operations of small and medium level industries post COVID induced lockdown.

Large Industrial Power Supply

10.4.15 An analysis of year-on-year growth of sales for last six years in this category indicates significant revival during the last three years after a negative growth in FY 2015-16. The growth in actual sales after increasing by 5.96% and 11.14% during FY 2017-18 and FY 2018-19 respectively, has grown marginally by 0.3% during FY 2019-20.

10.4.16 While the sales in FY 2020-21 remained low due to two months of lockdown, month-on-month sales to this category post the lockdown has seen gradual increase. Therefore, the Commission has considered an increase of 1.5% over FY 2019-20 sales for projecting large industrial sales for FY 2021-22.

Irrigation and Drinking Water Pumping Supply (IDWPS)

10.4.17 An analysis of year-on-year growth of sales for last two-three years in this category indicates negative growth. However, actual sales during first ten months of FY 2020-21 has seen positive growth of 6% as compared with from similar period of FY 19-20. Further, energy sales during FY 2014-15 to FY 2019-20 has increased at a CAGR of 2.2%.

10.4.18 The Commission has adopted five years CAGR of 2.2% for sales projections in this category for FY 2021-22.

Public Lighting

10.4.19 No specific trend is observed in the year on year growth of sales to public lighting. It is observed that the energy sales have remained range bound in the last 5 years. Therefore, the Commission has considered no growth in sales projections for this category for FY 2021-22.

Agricultural Supply

10.4.20 No specific trend is observed in the year on year growth of sales to agricultural supply. Sales during FY 2019-20 has reduced in this category by 9.9 but witnessed an increase during the initial months of FY 2020-21. Therefore, in view of the recent increase in agricultural sales, the Commission has considered five years CAGR of 4.7% for sales projections for FY 2021-22.

Bulk Supply

10.4.21 Sales in this category has remained rangebound with 150-154 Mus during last four years. Therefore, the Commission has considered no growth in sales projections for this category for FY 2021-22.

Temporary Supply

10.4.22 No specific trend is observed in the year on year growth of sales to temporary supply. Therefore, the Commission has considered no growth in sales projections for this category for FY 2021-22.

10.4.23 After detailed scrutiny of the consumer category wise sales, the Commission estimates the following sales to retail consumers within the State for FY 2021-22:

Table 152: Revised Approved Sales for FY22 (MUs)

S. No.	Consumer Category	MYT Approved	HPSEBL's Submission	Approved
1	Domestic	2274	2,381	2,383
2	NDNC	173	182	173
3	Commercial	710	697	648
4	Temporary	44	56	46
5	Small Power	85	93	90
6	Medium Power	120	90	100
7	Large Power	5,229	5,357	5,299
8	Govt. Irrigation & Water Pumping	722	562	585
9	Public Lighting	13	11	11
10	Irrigation & Agriculture	96	57	62
11	Bulk Supply	169	150	152
	Total	**9,635**	**9,635**	**9,550**

10.5 Transmission and Distribution Losses

10.5.1 For the fourth Control Period, the Commission had considered the T&D loss reduction of 0.20% each year and had approved a T&D loss trajectory in the MYT Order which was similar to that proposed by the Petitioner in its MYT Petition for the fourth Control Period. As per the Clause of MYT Order for fourth Control Period:

"7.4.6 …………the Commission has taken a fair approach while fixation of the T&D trajectory for the fourth Control Period and has approved losses as per the past performance and proposal of the Petitioner.

……………"

10.5.2 The Petitioner has submitted that the T&D loss target for FY 2018-19 was 12%, but the Commission revised the T&D loss target for FY 2019-20 to 10.30% along with further reduction to 9.50% till FY 2023-24. The Petitioner has claimed that reduction of T&D loss target by 1.70% has made the entire trajectory of T&D loss targets unrealistic. Further, the Petitioner has submitted that loss reduction of such magnitude within a time span of one year is a daunting task and is not feasible, as it would require huge amount of investments along-with technical interventions.

10.5.3 Moreover, the Petitioner also mentioned that the reason for higher T&D loss level of 12.08% for FY 2019-20 is due to reduction in high voltage consumers and unable to meet the timelines for implementation of capital expenditure due to COVID induced lockdown.

10.5.4 Based on the above claim, the Petitioner has requested the Commission to revise the T&D loss trajectory approved in MYT Order dated 29.06.2019 as failure to achieve such stringent loss levels would result in huge penalties to HPSEBL. The revised trajectory of T&D loss as submitted by the Petitioner as below:

Table 153: Revised T&D loss target proposed by the Petitioner

Particulars	FY19	FY20	FY21	FY22	FY23	FY24
Revised T&D loss target	11.51%	11.50%	11.10%	10.70%	10.30%	9.90%

10.5.5 In the MYT Order dated 29.06.2019, the Commission has considered the loss-target proposed by the Petitioner in view of the significant y-o-y overachievement during the third Control Period. The actual T&D loss achieved by HPSEBL vis-à-vis the approved targets during third Control Period are as follows:

Table 154: Approved vs Actual T&D loss from FY16 to FY19

Particulars	Approved in MYT Order	Actual	Over-achievement
FY 2015-16	12.60%	12.09%	0.51%
FY 2016-17	12.40%	11.43%	0.97%
FY 2017-18	12.20%	11.05%	1.15%
FY 2018-19	12.00%	11.53%	0.47%

10.5.6 As observed in above table, the Petitioner has over-achieved the T&D loss target for each year of the third Control Period. Also, in view of the actual loss target of

11.05% already achieved by the Petitioner in FY 2017-18, the subsequent deterioration in T&D loss during FY 2018-19 and FY 2019-20 is unexplained as the sales in large industrial category is observed to have increased during this period. Therefore, the claim of the Petitioner regarding reduction of high voltage consumers does not hold true.

10.5.7 The Commission observes that the actual T&D loss of 12.08% in FY 2019-20 as per Petitioner's claim is even higher than the T&D loss of 11.53% achieved during FY 2018-19 which remains unexplained.

10.5.8 In view of the above, the Commission is of the view that the reasoning provided by the Petitioner with respect to underachievement of T&D loss and subsequent revision in T&D loss target is unacceptable. The deterioration in T&D loss in FY 2018-19 and FY 2019-20 and underachievement during FY 2019-20 with respect to the target is on account of poor planning and inefficiencies of the Petitioner. Therefore, the Commission is of the view that the T&D loss targets for the fourth Control Period cannot be revised and the Petitioner should endeavour to achieve the same by effective planning and timely implementation of its capital works.

10.5.9 Thus, the Commission has considered the T&D loss of 9.90% for FY 2021-22 as approved in MYT Order for fourth Control Period.

Table 155: Approved T&D loss for FY22

Particulars	FY22
Approved T&D loss	9.90%

10.6 Energy Requirement

10.6.1 The Commission's estimates of energy requirement at state periphery for FY 2021-22 is based on the revised sales and T&D loss target approved by the Commission. The Commission's estimate for power requirement is tabulated as below:

Table 156: Approved Energy Requirement for FY22

Particulars	MYT Order	Petitioner	Revised Approved
Sales (MU)	9,635	9,635	9,550
Approved Loss (%)	9.90%	10.70%	9.90%
Energy Requirement at State Periphery for own consumption (MU)	**10,694**	**10,789**	**10,599**

10.7 Power Purchase

10.7.1 As per the MYT Regulations, power purchase is an uncontrollable parameter and needs to be reviewed each year as part of the Annual Performance Review (APR) based on actual power purchase cost from various sources for past year(s).

10.7.2 For projecting power purchase cost of FY 2021-22, the Commission has updated the station-wise projection of energy availability and power purchase cost taking into consideration the actual performance of the generating stations in FY 2018-19, FY 2019-20 and eleven months of FY 2020-21 as well as change in allocation, if any.

10.7.3 The following power generating stations have been considered for the purpose of estimation of power availability for the Control Period:

- HPSEBL's own generating stations
- Purchase from BBMB and shared stations;
- Purchase from Baspa, private SHPs up to 25 MW and under APPC mechanism for REC;
- Purchase of Free and Equity power from the GoHP;
- Purchase through bilateral short-term arrangements;
- Purchase from Central Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC; new plants expected to be commissioned during FY 2020-21 and FY 2021-22;

10.7.4 In the following sub sections, estimation of power purchase along with certain assumptions thereof, from each of the above sources has been discussed.

Allocation and Energy Availability from Own Generating Stations

10.7.5 Based on the existing arrangements between the HPSEBL and GoHP, the Commission has considered 100% allocation from HPSEBL's own generating stations except those stations where HPSEBL is obligated to supply 12% free power to the GoHP. The Commission has considered energy availability from the HPSEBL's own generating stations as per the MYT Order.

10.7.6 The table below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations above 25 MW for FY 2020-21 whereas the generation from power projects below 25 MW has been considered under renewable power (non-solar).

Table 157: Allocation and Energy Availability from Own Generating Stations for FY 2021-22*

Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Larji	126	586.82	88%	510.20
Bhaba	120	464.7	100%	459.12
Bassi	60	346.83	100%	344.40
Giri	60	289.55	100%	287.52
Total Energy Available				**1,601.25***

**Excluding own generating stations with capacity of less than 25MW*

Allocation and Energy Availability from firm Share in Central Generating Stations (CGS)

10.7.7 The State of Himachal Pradesh has firm allocated share in Central Sector Generating Stations (CGS) of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). In its Petition, HPSEBL has claimed that allocation of power from NTPC stations continues to be the same after the revision of allocation by NRPC vide Revision No. 08/2019-20 dated 1.11.2019. The Commission has considered the allocation from CGS as per claim of the Petitioner.

10.7.8 The Petitioner is also procuring unallocated power from few CGS. The distribution of this unallocated power among the constituents of Northern Region is decided from time to time, based on the power requirement and power shortage in different States.

10.7.9 In MYT Order, power from unallocated share (15 MW) from select NTPC stations namely, Unchahar-I, II, III & IV, Rihand-I, II, III, Singrauli Super Thermal Plant (SSTP) and Dadri-II as part of bundled power from Singrauli Solar plant has been approved. However, Northern Regional Power Committee (NRPC) has made certain revisions in the allocation of power from most of the thermal generating stations which includes allocation from newly commissioned 660MW Tanda II Thermal Power Station. An allocation of 0.15% of power share from Tanda II Thermal Power Station is made by NRPC in the overall unallocated share of HPSEBL. The details of revised unallocated share of HPSEBL is summarized in the table below:

Table 158: Energy Availability from firm Share in Central Generating Stations

Station	Capacity (MW)	Unallocated Share	
		%	MW
Unchahar-I	420	0.07%	0.294
Unchahar-II	420	0.21%	0.882
Unchahar-III	210	0.21%	0.441
Rihand-1 STPS	1000	0.18%	1.8
Rihand-2 STPS	1000	0.19%	1.9
Singrauli STPS	2000	0.18%	3.6
Tanda II	660.00	0.15%	0.99
Rihand-3 Units-1,2	1000	0.21%	2.1
Unchahar IV	500	0.21%	1.05
Dadri-II	980	0.20%	1.96
Total Thermal (Bundled)			**15.00**
Singrauli Solar	15	100	15.00
Total			**30.00**

10.7.10 The Commission has therefore, considered allocation of firm and unallocated power from CGS in accordance with latest allocations issued by the NRPC.

10.7.11 The energy available from NTPC (except gas-based stations) has been considered based on the average PLF achieved by respective generating stations during the last 3 years (FY18 to FY20), based on the data available from CEA. In case of gas-based stations (Anta, Auriya and Dadri), the Commission has considered the normalized PLF during FY 2017-18, FY 2018-19, and FY 2019-20. The Commission has considered normative auxiliary consumption as approved by CERC to arrive at the energy generated from each of these stations.

10.7.12 Similar to the considerations in previous Order, the Commission has not considered the share of firm power (4.22%) from Unchahar-IV w.e.f. 12.04.2018 which was surrender and only unallocated share of 0.21% is continued towards bundling of Singrauli solar power. Also, in line with the Petitioner claim, no power has been considered from Meja-I TPS which was also surrendered from COD vide NRPC letter dated 03.12.2018.

10.7.13 In case of NPCIL plants, the Commission has considered the average PLF for last 3 years (FY18 to FY20) along with normative auxiliary consumption for projecting the energy availability from these stations.

10.7.14 In case of generating stations of NHPC and SJVNL, average energy generated during the last 3 years (FY18 to FY20) has been considered for estimating future energy available from these stations.

10.7.15 In response to a query raised by the commission the Petitioner has mentioned that it has tied up for power purchase from the RAPP VII & RAPP VIII units of NPCIL. However, it is observed that the expected commissioning of these units would be in 2023. Therefore, projection from RAPP VII and VIII have not been considered for FY 2021-22. For the projection of generation units from NPCIL plants, the Commission has adopted the same approach as that of the Petitioner.

10.7.16 The table below summarizes the allocation as well as energy available from CGS during the MYT Control Period.

Table 159: Approved Energy Availability from firm Share in Central Generating Stations for FY22

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
SJVNL			
Nathpa Jhakri SOR	6,983.27	2.47%	170.42
Rampur SOR	1,938.88	2.81%	53.83
Total			**224.25**
NPCIL			
NAPP	3526.26	3.20%	101.48
RAPP (V & VI)	3404.33	3.40%	104.75
Total			**206.23**
NTPC – Thermal			
Anta (G)	434.31	3.58%	15.08
Auriya (G)	455.20	3.32%	14.66
Dadri (G)	1712.06	3.01%	49.99
Unchahar-I	2542.08	1.74%	40.25
Unchahar-II	2542.08	3.07%	71.02
Unchahar-III	1271.04	4.02%	46.50
Rihand-1 STPS	7723.69	3.68%	260.07
Rihand-2 STPS	7723.69	3.49%	252.04
Singrauli Bundled	14956.24	0%	25.17
Kahalgaon – II	10526.45	1.53%	146.56
Rihand-3 Units-1,2	7723.69	3.58%	251.69
Dadri-II TPS	4845.26	0.20%	8.82
Kol dam HEP	3207.22	15.00%	476.27
Tanda II	4006.65	0.15%	5.94
Unchahar-IV	3026.29	0.21%	5.78
Total			**1,669.84**
NHPC			
Salal	3,429.03	0.99%	33.61

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
Tanakpur	461.05	3.84%	17.53
Chamera I	2,465.87	2.90%	70.65
Chamera II	1,389.49	3.67%	50.38
Uri	2,858.31	2.71%	76.53
Dhauliganga	1,164.90	3.57%	41.09
Total			**289.79**
Grand Total			**2,390.11**

Energy Availability from Unallocated Power from CGS

10.7.17 The Petitioner's share in CGS unallocated quota varies from time to time based on the allocation made to HP depending upon power requirement and power shortage in different States. As per the recent firm share and unallocated share allocation by NRPC as on 01.11.2019, the State of HP is getting 15MW of unallocated power which is in lieu of bundled solar power from Singrauli under JNNSM. The Commission has considered this under Singrauli Bundled Power for FY 2021-22.

Allocation and Energy Availability from Shared Generating Stations

10.7.18 HP has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively. For power availability from Yamuna, the Commission has considered the approved power generation as per the MYT Order for UJVNL Hydro Stations. In case of energy available from Khara, the Commission has considered the average of the energy generated during last three years.

Table 160: Allocation and Energy Availability from Shared Generating Stations for FY22

Name of Generating Station	Expected PLF/ Energy Generated	Aux Cons.	HPSEB Share	Annual Energy available to HPSEBL (MUs)
Shanan	60%		Fixed at 1 MW	5.27
Shanan (Extension)			Fixed 45MU	45.00
Yamuna		1%	24.68%	424.26
Khara		1%	20%	51.15
Total Available from Shared Generating Stations				**525.69**

Allocation and Energy Availability from IPP with Long-term PPA

10.7.19 The total energy available from Baspa-II HEP has been considered based on design energy of 1050 MUs as per the MYT Order for the fourth Control Period of Baspa-II approved by the Commission and secondary energy equivalent to average of last three years. Any variations in the quantum available shall be considered at the time of truing-up of FY 2021-22.

Allocation and Energy Availability from Free Power

10.7.20 The GoHP has free power entitlement in several stations including NTPC, NHPC, SJVNL, PSPCL, HPSEBL and IPPs in lieu of project site used by these generating stations. This power is available to HPSEBL for meeting its power requirement as per mutually agreed terms between HPSEBL and GoHP at a price fixed by the Commission.

10.7.21 The GoHP has 12% free power share in seven of the HPSEBL own generating stations viz. Ghanvi, Baner, Gaj, Larji, Khauli, Ghanvi-II, Uhl-III and in three NHPC plants (i.e. Bairasiul, Chamera-I, Chamera-II), Shanan (500 KW), Baspa II, Nathpa Jhakri. Further, it has 13% free power share in Chamera-III (NHPC), Kashang (HPPC), 20% in Malana, 4.6% in Ranjeet Sagar Dam and 16.23% in Chanju HEP. In addition, GoHP is scheduled to receive free power from new stations expected to commission in the coming years.

10.7.22 Considering the total energy requirement of HPSEBL in FY 2021-22, the Commission has only approved the free power availability from the stations which are connected to intra-state network. While projecting the power generation from these generating stations, the Commission has considered either last 3 years average or design energy generation based on availability.

10.7.23 The table given below shows the Commission's estimates of plant-wise energy availability to the HPSEBL for FY 2021-22:

Table 161: Energy Availability from Free Power (MU) for FY22

Free Power	Petition	Now Approved
Shanan Share	2.63	2.63
Ranjeet Sagar Dam Share	81.20	78.20
Malana	67.81	67.41
Baspa – II	156.87	155.22
Ghanvi	10.61	11.07
Baner	4.87	7.21
Gaj	5.05	4.55
Larji	74.10	69.57
Khauli	4.96	5.95
Ghanvi II	4.17	6.20
Kashang	23.48	22.58
Chanju	17.78	21.06
Small HEP/ Private Micro - Free	107.02	140.25
Total Free Power	**560.54**	**591.91**

Allocation and Energy Availability from BBMB

10.7.24 In case of generating stations of BBMB, the average energy has been considered based on the energy generated during the last 3 years (FY18 to FY20). The table below summarizes the allocation as well as energy available from BBMB stations for FY 2021-22.

Table 162: HPSEBL Share and Energy Availability from BBMB for FY22

Name of Generating Station	Energy (ex-bus)	HPSEB Share	Energy available to HPSEBL (MUs)
BBMB Old		Fixed 1.2LU/day	43.80
BBMB New	4729.81	7.19%	336.67
Dehar	3171.12	5.75%	180.58

Name of Generating Station	Energy (ex-bus)	HPSEB Share	Energy available to HPSEBL (MUs)
Pong	1492.18	2.98%	44.08
Total			**605.13**

Energy Availability from Renewable Power (Non-Solar and Solar)

10.7.25 The Petitioner is required to comply with the HPERC (Renewable Power Purchase obligation and its Compliance) Regulation, 2010 and its subsequent amendments wherein the Commission has approved the non-solar and solar renewable power procurement trajectory to be complied by the licensee. The targets laid down by the Commission as per Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Fifth Amendment) Regulations, 2018 for non-solar and solar power purchase for FY 2021-22 is given in the table below:

Table 163: Minimum quantum of purchase from Renewable Sources

Financial Year	Total RPPO %age	Minimum Non-Solar RPPO %age of the total purchase	Minimum Solar RPPO %age of the total purchase
FY 2021-22	21.00%	10.50%	10.50%

Renewable Power (Non-solar)

10.7.26 The Petitioner has own generating hydro power plants which are lower than 25MW capacity and qualify under the renewable power projects. The Commission has considered availability from these plants based on the availability considered in the MYT Order for the fourth Control Period dated 29th June 2019. The table given below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations (less than 25MW capacity) for FY 2021-22:

Table 164: Allocation, HPSEBL share and Energy Availability from Own Generating Stations for FY22

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption (MUs)	Annual Energy available to HPSEBL (MUs)
Andhra	16.95	87.30	100%	0.87	86.43
Ghanvi	22.50	93.34	88%	1.12	81.15
Baner	12.00	60.67	88%	0.61	52.86
Gaj	10.50	38.31	88%	0.38	33.38
Khauli	12.00	49.95	88%	0.35	43.65
Binwa	6.00	29.25	100%	0.20	29.05
Thirot	4.50	17.74	100%	0.16	17.58
Gumma	3.00	11.83	100%	0.12	11.71
Holi	3.00	11.83	100%	0.12	11.71
Bhaba Aug	4.50	17.74	100%	0.16	17.58
Nogli	2.50	9.85	100%	0.10	9.75
Rongtong	2.00	7.64	100%	0.08	7.56
Sal-II	2.00	7.88	100%	0.09	7.79

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption (MUs)	Annual Energy available to HPSEBL (MUs)
Chaba	1.75	6.54	100%	0.08	7.59
Rukti	1.50	7.67	100%	0.07	6.47
Chamba	0.45	1.77	100%	0.02	1.75
Killar	0.30	1.16	100%	0.01	1.15
Ghanvi II	10.00	52.27	88%	0.63	45.45
Total					**472.61**

10.7.27 In addition, the Petitioner has PPAs with various SHPs/ IPPs/ private micro hydel projects. Power from these projects is also considered towards meeting the non-solar renewable obligation of the Petitioner.

10.7.28 The Commission has considered an increase of 3% y-o-y in availability of power from private SHPs. The table below summarizes energy availability for HPSEBL from own and private small and micro hydel projects:

Table 165: Energy Availability from Small Hydro Own and IPPs/ Private Stations for FY22

Particulars	Energy Available (MUs)
Small Hydro Own Generation	472.61
Small HEP/ Private Micro <5MW	1,165.42
Small HEP/ Private Micro >5MW	317.95
Total Non-solar Renewable Power	**1,955.98**

10.7.29 Further, HPSEBL has submitted procurement of power from two municipal solid waste to energy projects with total capacity 3.5 MW (2.5+1) which are expected to be commissioned during FY 2021-22. The energy availability from these two stations has been considered based on the submission of the Petitioner as provided in the table below:

Table 166: Energy Availability from Municipal Solid Waste Projects for FY22

Particulars	Energy Available (MUs)
Municipal Solid Waste (MSW) projects	24.53

10.7.30 The power procured by HPSEBL from any other renewable source during FY 2021-22, for which the Commission has approved generic tariff, shall be considered at the time of truing up based on the actuals.

Renewable Power (Solar)

10.7.31 The Petitioner is procuring solar power from NTPC's Singrauli Solar PV Power Project (15 MW) bundled with thermal power, in which 15 MW of power is being made available to HPSEBL from FY15 onwards. The bundling ratio of solar & conventional thermal is 1:1 in MW terms. Further, the Petitioner has also submitted that it is procuring power from SECI w.e.f. 6th June 2015 against contracted capacity of 20 MW.

10.7.32 In addition to above mentioned solar power, HPSEBL has also submitted details of procurement of additional solar power from existing and upcoming private developers with cumulative installed capacity of 50.45 MW with expected quantum of 83.97 MUs by end of FY 2021-22.

10.7.33 In response to a query raised by the Commission, the Petitioner has submitted details of Solar PV projects commissioned and expected to be commissioned by FY22. The Petitioner has mentioned that out of total planned capacity of 50.45 MW, 25.75 MW has already been commissioned, 22.75 MW and 3 MW during FY 2019-20 and FY 2020-21 respectively, while remaining solar plants with capacity of 24.70 MW are expected to be commissioned during FY 2021-22.

10.7.34 The Commission has considered the submission of the Petitioner in regard to solar power procurement from the following solar sources for FY 2021-22:

Table 167: Energy Availability from Solar Power (MUs) for FY22

Sources	Energy Available (MUs)
Singrauli Solar	20.33
SECI	43.22
Additional Private Solar plants	83.97
Total	**147.52**

10.7.35 Further, the Petitioner should undertake procurement of sufficient solar power or REC certificates to meet any shortfall in the solar RPO requirement for FY 2021-22 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Fifth Amendment) Regulations, 2018.

Energy Availability from Private Micro Hydel Projects (Purchase at APPC under REC Framework)

10.7.36 The Petitioner also purchases power at APPC rate from small and micro hydel projects which are under the REC framework. In case of power available from micro hydro projects under REC mechanism, the Commission has considered an increase of 3% y-o-y in the energy generated in FY 2019-20. The details of energy available from these sources for FY 2021-22 is provided below:

Table 168: Energy Availability from IPPs and Private SHPs for FY22 (MUs)

Particulars	Energy Available (MUs)
Small HEP/ Private Micro – REC	297.83

Energy Availability from Equity Share in Generating Plants

10.7.37 The GoHP has equity share of 22% in the Nathpa Jhakri and 26.1% share in Rampur HEP. The Commission has projected the energy available from NJPS for FY 2021-22 based on actual energy generated during the last three years (FY18 to FY20). The details of power projected from these plants are as per table below:

Table 169: HPSEBL share and Energy Availability from NJPS and Rampur for FY22

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Rampur Equity	26.1%	499.98
Nathpa Jhakri Equity	22%	1,517.88
Total from Equity share		**2,017.86**

Allocation and Energy Availability from Other Sources, Bilateral and Short-Term Arrangements

10.7.38 The Petitioner has submitted that as per the anticipated power supply position for FY 2021-22, there is power deficits of approx. 2200 MUs during the period of October 21 to March 22. In order to meet the power deficit during the winter months, HPSEBL through traders under tendering process have banked surplus energy out to the tune of 530.97 MUs from the summer months during May 21 to September 21 and in return get bankable energy with premium to the tune of 560.77 MUs during the month of April 21 and from the period October 21 to March 22.

10.7.39 Further, the Petitioner also submitted that it has tied up short-term power purchase for winter months through traders under the tendering process. HPSEBL has issued LOI to purchase power to the tune of 1648 MUs at HP State periphery subject to 15% variations on the actual scheduling of power at the cost of Rs. 436.37 Cr. at average rate of Rs. 2.65 per kWh. In addition to these in order to tackle the power requirement during the dry spell of April month HPSEBL has tied up 75.60 MUs at the cost of Rs. 27.35 Cr. with an average rate of Rs. 3.62/kWh from short-term power market.

10.7.40 In view of the power purchase already tied-up for the winter months through short-term procurement, the Commission has considered the submission of the Petitioner. While the procurement during the month of April has been considered on provisional basis, the Petitioner is directed to provide details of the process followed and reason for procurement of such high rate of purchase at the time of truing-up.

10.7.41 For the purpose of projecting power purchase from Bilateral, Short term arrangements and Banking, the Commission has carried out a month-wise demand supply analysis for FY 2021-22.

10.7.42 For FY 2021-22, the Commission has considered that the commercially prudent surplus power available during the summer months can be banked to meet the shortfall during the winter months. Any further shortfall can be met from the GoHP free/equity power share and market purchases. However, the Petitioner may consider the most appropriate combination of banking and bilateral arrangement for meeting the deficit on commercial principles and with the intention of reducing the power purchase cost. The summary of monthly demand supply positions during FY 2021-22 is shown in the tables as follows:

Table 170: Monthly Demand Supply Position – FY22

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	735	777	798	808	799	812	812	776	782	800	832	818	**9,550**
Losses	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	
Monthly Demand (MU) State Periphery	816	862	886	897	887	902	902	861	868	887	923	908	**10,599**
Monthly Availability (MU) State Periphery	901	1,107	1,368	1,555	1,556	1,306	859	748	862	912	787	825	**12,787**
Deficit Power (MU) State Periphery	-	-	-	-	-	-	(42)	(113)	(6)	24	(136)	(83)	**(356)**
Deficit Power (MU) Ex Bus	-	-	-	-	-	-	(44)	(117)	(6)	25	(141)	(86)	**(369)**
Surplus Power (MU) State Periphery	85	244	482	659	669	404	-	-	-	-	-	-	**2,544**
Surplus Power (MU) Ex Bus	88	253	500	682	693	419	-	-	-	-	-	-	**2,636**
Net Surplus/(Deficit) (Ex Bus)	**88**	**253**	**500**	**682**	**693**	**419**	**(44)**	**(117)**	**(6)**	**25**	**(141)**	**(86)**	**2,267**

10.7.43 Based on the analysis of month-wise energy demand and supply considering the firm sources and tied-up short-term sources, it is observed that the Petitioner shall be in some deficit during few months of October to March while there would be surplus during summer months. It is observed that the Petitioner has already entered into some banking arrangements for managing this surplus and shortfall. The Commission advices the Petitioner to optimize its power procurement in benefit of the consumer by planning in advance for its surplus/deficit power for FY 2021-22.

10.8 Power Purchase Cost

10.8.1 In the following sub sections, the Commission has estimated the cost of the projected power purchase quantum along with certain assumptions thereof, from each of the above sources. While doing so, the Commission has exercised due caution in analysing the recent trends and available tariff orders of the stations.

10.8.2 The tariff for Central Generating Stations (CGS) is determined by Central Electricity Regulatory Commission (CERC) for a Control Period of five years. The last tariff approved by CERC is for the Control Period FY 2014-19. It is observed that the new CERC (Terms and Conditions of Tariff) Regulations, 2019 for determination of tariff for CGS for the Control Period 2020-24 has been issued on 7th March 2019. However, the Tariff Orders for the generating stations are yet to be issued. Therefore, the impact on the fixed cost for central generating stations cannot be determined with certainty at the time of issuance of this Order. In absence of the tariff orders for CGS, the Commission has considered appropriate assumption for projecting the power purchase cost for the fourth Control Period which are detailed in the write-up of respective sources.

10.8.3 The Commission observed that the Petitioner has mentioned in the petition that HPSEBL has received rebate from various Central Generating stations (i.e. SJVNL, NTPC, NHPC) and Transmission Companies (i.e. PGCIL) during COVID Pandemic vide letter issued by Ministry of Power, Government of India, dated 15.05.2020 & corrigendum dated 16.05.2020. The Commission asked the Petitioner to provide details of such rebate received and enquired the financial implications of such rebate on the power purchase cost of FY 2021-22.

10.8.4 In response to the query, the Petitioner submitted that rebate on power purchase bills from NTPC, NHPC & SJVNL and inter-state transmission bills from the PowerGrid were one-time for the COVID pandemic period from 25th March 2020 to 16th June 2020. Also, one-time rebate amounting to Rs. 35.29 Cr. has been adjusted in the monthly bills of June 2020 / July 2020. As there is no financial impact of the rebate in FY 2021-22, the power purchase cost has been projected as per the methodology detailed.

10.8.5 The Commission also observed that the Petitioner has mentioned that there are implications of Finance Act 2020 due to amendment on tax collection at source for FY 2021-22 which exceeds Rs. 50 lakhs per annum. The Petitioner was asked to furnish the details of the cost implications along with the detailed methodology.

10.8.6 In response to the query raised by the Commission the Petitioner submitted that the applicable Tax Collection at Source (TCS) rate was 0.075% till 31.03.2021.

However, TCS rate applicable for FY 2021-22 is 0.1%. Accordingly, the Petitioner has to pay estimated TCS of Rs. 2.93 Cr. on purchase of power from PSU/IPP & purchase of material and services from suppliers for FY 2021-22.

10.8.7 The Commission is of the view that the amount of power purchase is being approved at gross amount and therefore no adjustments are required to undertaken on account of TCS. Impact, if any, shall be considered at the time of truing-up for the respective year.

Generation cost of HPSEBL own stations

10.8.8 The Petitioner has submitted of the MYT Petition of its Generation Business for fourth Control Period dated 15th Oct 2019 and capital cost and tariff determination for Ghanvi-II hydel station. However, due to delay in submission of additional information by the Petitioner, Tariff Orders for the generating stations are yet to be issued.

10.8.9 In view of the above, the Commission has followed a similar approach as considered in the MYT Order for fourth Control Period, wherein the Commission has continued with the AFC determined for FY 2019-20 with an escalation of 3% y-o-y for determining the power purchase cost during the fourth Control Period from these stations. For generating stations where generic tariff is applicable (i.e. Ghanvi, Khauli, Thirot, Gumma, Holi, Bhaba Aug, Sal-II and Killar), the Commission has considered a tariff of Rs. 2.25 per unit as approved by the Commission in its Order dated 15.01.2014 against Petition no. 54/2013.

Cost of Free Power

10.8.10 The purchase rate of free power available to HPSEBL from GoHP has been fixed at 249 Paise/unit for FY 2021-22 in line with the Commission's latest Order dated 06.05.2021. Therefore, in order to project the power purchase cost for FY 2021-22, the Commission has considered the same rate of 249 Paise/unit for determining free power available to the HPSEBL from GoHP for FY 2021-22.

Cost of Power from NPCIL Stations

10.8.11 The cost of power for NPCIL plants were approved and notified by the Department of Atomic Energy (DAE) as per Tariff Notifications No. 4/08/02/2018-Power/3852 & 3859 dated 22.03.2018 for a block period of FY2017-18 to FY 2021-22. Accordingly, the Commission has considered the DAE approved rates for determining the cost of power for NPCIL plants for FY 2021-22.

Cost of Power from BBMB and Other Plants

10.8.12 The Commission observed that for BBMB plants the Petitioner has made a provision of Rs. 3.01 Cr over and above the normal power purchase cost on account of Dam Rehabilitation and Improvement Project (DRIP).

10.8.13 The Commission asked the Petitioner to substantiate the financial implications associated to the project. In response, the Petitioner submitted that works for the DRIP project will start after March 21 and the works commencement dates along with documentary proof will be intimated to the Hon'ble Commission post availability of the information.

10.8.14 Since the impact of the amount was negligible, the Commission shall consider the same at the time of truing-up based on actual payments paid to BBMB and prudence check of the documents.

10.8.15 With regard provision of Rs. 23.5 Cr. proposed by the Petitioner towards payment of arrears to PSPCL against the Shanan share during FY 2021-22, additional submissions were sought from the Petitioner with respect to the reason for dispute and computation of the amount.

10.8.16 In response to the query, the Petitioner provided a comprehensive note detailing the background of its agreement on Shanan project with PSPCL and other relevant information including share of power, allocation of power, etc. Further, the Petitioner clarified the following in its response:

> *"It is submitted that 1000kW (1MW) Supply billing is done by PSPCL at the Bulk Supply rate applicable to consumers of Punjab (at present rate is 773.25 paise per unit) and HPSEBL has disputed this rate applicability on HPSEBL since 1999. No bills were verified for this energy share till March 2020. However, in April 2020, the HPSEBL has accepted the 1000 kW Shanan Share bills from 1999 to December 2020 at the provisional rate of 20.63 paise per unit subject to adjustment on the final settlement of the applicable rate for 1000kW share of power. The issue of applicable rate for 1000kW (1MW) is not settled as HPSEBL & PSPCL differs in the interpretation of 2nd Supplementary Agreement dated 09.04.1965. To resolve the issue, the latest meeting at Chief Engineer Level with PSPCL was held on 14.11.2019 & both parties could not settle.*
>
> *Therefore, HPSEBL requests Hon'ble Commission to provision the amount of Rs. 23.5 Cr in the power purchase cost as arrears payable to PSPCL Shanan energy."*

10.8.17 The Petitioner further submitted that in order to avoid accumulation of Shanan arrears till final settlement of the rate dispute with PSPCL, HPSEBL has proposed to pay to PSPCL on provisional basis, based on the available rates which have been considered by the Punjab State Electricity Regulatory Commission (PSERC) while approving the ARR of the respective years for PSPCL.

10.8.18 As the amount of Rs. 23.5 Cr. was computed until June 2020, the Commission has considered the pending amount up to Mar 2020 (Rs. 22.44 Cr.) for ease of reconciliation and allowed the same as provision in the ARR. The Commission shall true-up the amount at the end of the year based on actual payments made by the Petitioner.

10.8.19 For BBMB Old station, Shanan BBMB New, Dehar, Khara and Pong stations, the Commission has considered an escalation of 3% per annum on the actual power purchase cost as submitted by HPSEBL for FY 2019-20.

10.8.20 For Yamuna stations, approved annual charges for FY 2021-22 by UERC have been considered as per the MYT Tariff Order for FY 2019-20 to FY 2021-22 dated 27.02.2019 for UJVNL.

10.8.21 Any additional changes in tariff from these stations shall be considered at the time of truing-up for FY 2021-22.

Cost of Power from SJVN Plant

10.8.22 The Commission observed that the Petitioner has mentioned that an additional 10% escalation in fixed charge is considered on account of higher plant availability factor for SJVNL stations. The Commission sought suitable justification along-with detailed workings for substantiating the assumptions considered for projections.

10.8.23 In response to the query, the Petitioner submitted that SJVNL stations have higher plant availability as compared to the normative annual plant availability factor which results in higher fixed charges required to be paid by the beneficiaries on monthly basis. Accordingly, the additional escalation of 10% was proposed by the Petitioner.

10.8.24 Consider the difference in fixed charges as per normative availability and actual fixed charges paid during eleven months of FY 2020-21, the Commission has considered the monthly average fixed charges paid during eleven months of FY 2020-21 along with an escalation of 3% for projecting the fixed charges for SJVN and Rampur power plants.

10.8.25 Any additional changes in tariff from NJPS or Rampur station on account of revised tariff for FY 2021-22 shall be considered at the time of truing-up for FY 2021-22.

Cost of Power from IPPs and Private SHPs

10.8.26 The Commission has considered the tariff for Baspa-II Plant for FY 2021-22 as per the Tariff Order for fourth Control Period for Baspa-II issued by the Commission. Further, the Commission has also considered cost towards secondary energy based on the PPA provisions. Additional cost towards higher availability from Baspa plant has also been considered.

10.8.27 For projecting the power purchase cost from private SHPs, average rate of power from private SHP during FY 2019-20 has been considered along with existing quantum of power being available from various private SHPs in FY 2021-22.

10.8.28 Average Power Purchase Cost (APPC) for purchase of power from SHPs generator in the State availing REC facility has been considered as per the Commission's Order dated 15th February 2020 in petition No.76/2019 for determination of APPC i.e. at the rate of Rs. 2.49/ unit.

Cost of Additional Solar Power

10.8.29 The Petitioner has been procuring bundled power from Singrauli Solar power plant. The Commission has considered the cost of thermal power (15 MW) in the previous sections. For solar power of 15 MW, a rate of Rs. 7.87 per unit has been considered as per the actual rate in FY 2018-19. Similarly, as per the SECI agreement, power from SECI has been considered at a rate of Rs.5.91 per unit for FY 2021-22 which includes STU charges payable in Rajasthan.

10.8.30 In addition to the solar power being procured by HPSEBL from Singrauli solar power plant and SECI, additional quantum has been considered from private solar IPPs in line with the claim of the Petitioner. The rate of these private solar plants has been considered as the weighted average rate for all plants for which PPAs have been signed by the Petitioner.

Cost of Power from NTPC stations

10.8.31 In the absence of Tariff Orders of the respective years for CGS, the Commission has considered the fixed charges as per actual for FY 2020-21 submitted by HPSEBL in Form 4a for the NTPC stations with an escalation of 3% y-o-y to arrive at the fixed cost for FY 2021-22 and has applied the allocation to the state of HP for approving the fixed cost from the respective CGS plants for FY 2021-22.

10.8.32 The variable cost for existing NTPC thermal generating stations, including Fuel Price Adjustment (FPA) for the Control Period has been based upon the eleven months actual power purchase data for FY 2020-21, as submitted by HPSEBL in Form 4a. An escalation of 3% has been applied for coal and gas-based plants to arrive at the variable cost for subsequent years. Other Charges (per unit) have been considered to be at the same level as per actual submitted by HPSEBL in Form 4a.

Cost of Power from NHPC Plants

10.8.33 As reasoned earlier, the tariff order for NHPC stations for 2020-24 is yet to be issued by CERC. Therefore, the Commission has considered an annual escalation of 3% on the actual fixed and energy charges for FY 2020-21 as submitted by HPSEBL in Form 4a and has applied the allocation of power from these plants to the State of HP to compute the total charges payable by the Petitioner in FY 2021-22. The other charges paid by NHPC are considered to be at the level as actually paid by HPSEBL as per Form 4a.

Cost of Waste to Energy Plants

10.8.34 The Commission has retained the power purchase cost from waste to energy project as approved by in the MYT Order dated 29.06.2019 for FY 2021-22.

Short-term Purchases

10.8.35 As per the submission of the Petitioner, it has tied up short-term power purchase for winter months through traders under the tendering process. The Petitioner has issued LOI for procurement of 1648 MUs at HP State periphery at an average rate of Rs. 2.65 per kWh. In addition to these in order to tackle the power requirement during the dry spell of April month HPSEBL has tied up 75.60 MUs with an average rate of Rs. 3.62/kWh from short-term power market. The Commission has currently considered the claim of the Petitioner with respect to the proposed procurement of short-term power.

Source-wise Power Purchase Cost

10.8.36 Based on the principles discussed above, the table below summarizes power purchase cost of each plant for FY 2021-22.

Table 171: Approved Power Purchase Cost for FY22 (Rs. Cr.)

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Own Generation			
Bhaba	459.12	39.08	0.85
Bassi	344.40	29.56	0.86
Giri	287.52	28.42	0.99

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Andhra	86.43	13.37	1.55
Ghanvi	81.15	18.26	2.25
Baner	52.86	12.10	2.29
Gaj	33.38	12.62	3.78
Larji	510.20	124.80	2.45
Khauli	43.65	9.82	2.25
Binwa	29.05	7.29	2.51
Thirot	17.58	3.96	2.25
Gumma	11.71	2.64	2.25
Holi	11.71	2.64	2.25
Bhaba Aug	17.58	3.96	2.25
Nogli	9.75	3.96	4.06
Rongtong	7.56	2.81	3.71
Sal-II	7.79	1.75	2.25
Chaba	7.59	2.32	3.05
Rukti	6.47	1.14	1.76
Chamba	1.75	0.45	2.56
Killar	1.15	0.26	2.25
Ghanvi II	45.45	10.23	2.25
Total - Own Generation	**2,073.86**	**331.40**	**1.60**
GoHP Free Power			
Shanan Share	2.63	0.65	2.49
Ranjeet Sagar Dam Share	78.20	19.47	2.49
Malana	67.41	16.78	2.49
Baspa – II	155.22	38.65	2.49
Ghanvi	11.07	2.76	2.49
Baner	7.21	1.79	2.49
Gaj	4.55	1.13	2.49
Larji	69.57	17.32	2.49
Khauli	5.95	1.48	2.49
Ghanvi II	6.20	1.54	2.49
Kashang	22.58	5.62	2.49
Chanju	21.06	5.24	2.49
Small HEP/Private Micro – Free	140.25	34.92	2.49
Total – GoHP Free Power	**591.91**	**147.38**	**2.49**
NTPC			
Anta	15.08	12.19	8.08
Auriya	14.66	14.63	9.98
Dadri (G)	49.99	23.14	4.63
Unchahar-I*	40.25	17.97	4.46
Unchahar-II*	71.02	31.05	4.37
Unchahar-III*	46.50	22.54	4.85

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Rihand-1 STPS*	260.07	60.50	2.33
Rihand-2 STPS*	252.04	54.98	2.18
Rihand-3 Units-1,2*	25.17	5.35	2.13
Singrauli STPS*	146.56	50.48	3.44
Kahalgaon – II	251.69	73.91	2.94
Dadri-II TPS*	8.82	5.01	5.69
Kol dam HEP	476.27	258.93	5.44
Tanda II	5.94	2.74	4.61
Unchahar IV*	5.78	2.92	5.05
Total - NTPC	**1,669.84**	**636.34**	**3.81**
NPCIL			
NAPP	101.48	30.63	3.02
RAPP (V & VI)	104.75	40.25	3.84
Total – NPCIL	**206.23**	**70.88**	**3.44**
NHPC			
Salal	33.61	4.96	1.48
Tanakpur	17.53	6.39	3.65
Chamera-I	70.65	14.49	2.05
Chamera-II	50.38	8.69	1.73
Uri	76.53	16.22	2.12
Dhauliganga	41.09	11.44	2.78
Total - NHPC	**289.79**	**62.20**	**2.15**
Other CG & Other Shared Stations			
BBMB Old	43.80	5.54	1.27
BBMB New	336.67	21.89	0.65
Dehar	180.58	16.90	0.94
Pong	44.08	2.58	0.59
Shanan (available to HPSEB)	5.27	0.12	0.22
Shanan Ext (available to HPSEB)	45.00	0.98	0.22
Yamuna	424.26	61.44	1.45
Khara	51.15	2.26	0.44
Total – Other CG & Other Shared Stations	**1,130.82**	**111.72**	**0.99**
SJVNL			
Nathpa Jhakri HEP	170.42	42.49	2.49
Nathpa Jhakri Equity	1,517.88	378.41	2.49
Rampur SOR	53.83	25.94	4.82
Rampur Equity	499.98	240.91	4.82
Total - SJVNL	**2,242.11**	**687.74**	**3.07**

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Other IPPs & Private SHPs			
Small HEP/ Private Micro<5MW	1,165.42	333.31	2.86
Small HEP/ Private Micro>5MW	317.95	87.44	2.75
Small HEP/ Private Micro – REC	297.83	69.99	2.35
Baspa - II	1,050.06	229.96	2.19
Baspa - II Secondary Energy	100.29	41.62	4.15
Total – IPPs & Private SHPs	**2,931.54**	**762.32**	**2.60**
Solar			
Singrauli Solar	20.33	16.00	7.87
SECI Solar	43.22	25.53	5.91
Additional Solar Power	83.97	37.41	4.45
Total - Solar	**147.52**	**78.94**	**5.35**
Co-Gen			
Waste to Energy (WTE)	**24.53**	**19.38**	**7.90**
Short-term Purchase	**1,723.60**	**464.09**	**2.69**
Grant Total	**13,031.75**	**3,372.38**	**2.59**

10.9 PGCIL Charges

10.9.1 HPSEBL in its Petition dated 28.11.2020 has initially submitted that with the effect of new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 dated 4th May, 2020 from 1st November, 2020, per MW rate is likely to be higher than the present rate applicable to HPSEBL as there will be no slabs for PoC charges and all beneficiaries will be charged at a uniform rate. Therefore, in view of the change of methodology for transmission charges, the Petitioner had proposed an escalation of 10% on y-o-y for projecting PGCIL charges for FY 2021-22.

10.9.2 Subsequently, the Petitioner made additional submission with respect to the PGCIL charges. The Petitioner submitted that the revised transmission charges are being billed as per new CERC (Sharing of Interstate Transmission Charges and Losses) Regulations, 2020 with effect from November 2020. As per CERC Sharing Regulations 2020, the calculations of interstate transmission charges based on Point of Connection (PoC) Charges has been replaced with the following components:

- National Component
- Regional Component
- Transformer Component

- AC System Component

10.9.3 In view of the change of transmission regulations, the Petitioner has revised its projections for FY 2021-22 as below:

Table 172: Revised PGCIL Charges proposed by the Petitioner FY22

Particulars	Projection as per Original Petition (Based on CERC Sharing Regulations 2010)	Revised Projection (Based on CERC Sharing Regulations 2020)
Annual PGCIL Transmission charges	219.02	424.30
PKATL Assets	59.64	59.64
2 no. bays at Hamirpur – PG S/Stn.	0.68	0.68
Short Term Open Access Charges & associated other charges	80.16	5.00
Total PGCIL charges for FY 22**	**359.50**	**489.62**

*** Total PGCIL charges are excluding 0.1% Tax Collection at Source (TCS) (applicable for FY22) as per Finance Act, 2020*

10.9.4 The Commission scrutinised the submissions made by the Petitioner and observed that the PGCIL charges have increased significantly from January 2021 onwards due to implementation of revised billing in view of CERC Sharing Regulations, 2020 as follows:

Table 173: Actual PGCIL charges FY 21

Particulars	CERC Sharing Regulations 2010							CERC Sharing Regulations 2020				
	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
PGCIL charges (Rs. Cr)	20.00	20.41	18.81	20.62	20.72	22.85	18.48	19.37	38.25	33.85	34.37	35.36

10.9.5 Further the Commission observed that the Petitioner while projecting the PGCIL charges of FY 2021-22 have considered the charges paid during March 2021 as the base. The Commission finds it inappropriate consider the average of last three months i.e., January 2021 to March 2021 of PGCIL invoices for projection purpose.

10.9.6 Accordingly, the Commission has projected the PGCIL charges based on the average three months PGCIL invoices from Jan-Mar 2021. Further, the Petitioner has claimed bilateral charges payable on account of PKATL assets and 2 Nos. 220 kV line bays of Hamirpur-PGCIL substation as Rs. 59.64 Cr. and Rs. 0.68 Cr., respectively.

10.9.7 In response to several queries with regard to incidence of bilateral charges with regard to PKATL assets and delay in commissioning of Kala Amb substation, the Petitioner submitted that the Central Government (Ministry of Power) in public interest under section 107 of the Electricity Act 2003, have issued directions in its letter dated 15.01.2021 to Hon'ble Central Electricity Regulatory Commission (CERC) to amend the New CERC Sharing Regulations, 2020 to provide for the following:

> *"On COD of an element of ISTS, its Transmission Charges be included for determining of transmission charges of DICs in accordance with Regulations*

5 to 8 of the Sharing Regulations, independent of the readiness of associated generations or upstream or downstream transmission elements."

10.9.8 In view of the above issued notification, the Petitioner has requested the Commission to allow the non-PoC charges till the new CERC sharing Regulations are amended.

10.9.9 As per the submission of the Petitioner regarding MoP notification and considering that the Petitioner has filed an appeal before APTEL, which is currently pending, the Commission has provisionally considered the amount of charges required to be paid by HPSEBL towards PKATL assets during FY 2021-22. Accordingly, the Commission has retained the same charges as approved in the MYT Order for FY 2021-22 w.r.t PAKTL assets and Hamirpur-PGCIL substation.

10.9.10 However, the Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges on HP state alone. Also, the Petitioner is required to take steps for reversal of the charges against these assets in the past years. The Petitioner is directed to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing. Also, the Commission shall review the matter based on initiatives undertaken by HPSEBL in this regard in the subsequent tariff orders and at the time of truing-up for FY 2021-22 while approving this amount.

10.9.11 The PGCIL charges projected by the Commission for FY 2021-22 which shall be reviewed by the Hon'ble Commission at the time of truing-up for FY 2021-22 is as follows:

Table 174: PGCIL charges approved by the Commission FY22

Particulars	Revised Projection by Petitioner	Approved
PowerGrid Charges per month including STOA credit	35.36	34.52
Annual PGCIL Transmission charges	424.30	414.28
PKATL Assets	59.64	58.01
2 no. bays at Hamirpur – PG S/Stn.	0.68	0.68
Total PGCIL charges for FY 22**	**489.62**	**472.97**

10.10 HPPTCL Charges

10.10.1 The Petitioner has submitted that it has a share of ~96% of the long-term capacity and has accordingly prorated the ARR approved by the Commission for FY 2021-22 vide HPPTCL MYT Order dated 29.06.2019. Further, the Petitioner has claimed additional charges to be paid towards Bhoktoo substation w.r.t. Tariff Order dated 25.7.2020 and charges for Kashang Bhaba transmission line, which has been projected by the Petitioner on prorata basis (65 MW share of HPSEBL out of 195 MW) as per Tariff Order dated 26.8.2020.

10.10.2 In addition to the above, the Petitioner has also claimed the transmission charges paid for wheeling of 11 MW power of HPSEBL towards Phojal Substation and ADHPL's 220 kV dedicated transmission line from Phojal substation to CTU interconnection point at mutually agreed rates.

10.10.3 The Commission observed the several components claimed by the Petitioner under HPPTCL charges and sought clarification with respect to applicability of each of the additional element proposed in the Petition. In response, the Petitioner has submitted following clarifications:

- Bhoktoo Sub-station: Petitioner has submitted that HPPTCL have claimed the entire Bhoktoo Sub-Station ARR from COD to FY 2023-24 from HPSEBL. The signing of agreement by the Petitioner for Bhoktoo S/S with HPPTCL is under process and as per the approved AFC, the Petitioner has claimed AFC for FY 2021-22.
- Kashang Bhaba transmission line: Petitioner has submitted that this line is dedicated transmission line for Kashang power wheeling (Kashang HEP installed capacity 195MW having present capacity 65MW) and entire ARR will be borne by HPPCL. However, HPSEBL is availing GoHP free power @13% from the Kashang HEP on long term basis and wheeling charges for the same are payable by HPSEBL.
- Phojal Sub-station: Petitioner has informed that IPTA was signed on 30.12.2016 with HPPTCL for 11.40 MW power of HPSEBL wheeling, however, based on the actual flow of power of 27MW & supplementary IPTA was signed on 23.12.2020 for enhanced capacity of 27MW entered with HPPTCL. Further, the Petitioner has submitted that Rs. 40,000/ MW/month has been mutually agreed with HPPTCL based on which provisional monthly charges @Rs. 10,80,000/- have been projected for FY 2021-22.
- ADHPL 220 kV D/C transmission Line: In terms of IPTA signed with HPPTCL on 30.12.2016, HPSEBL's 11.4MW power is to be wheeled from LILO point of Phojal S/S of HPPTCL with ADHPL's dedicated 220kV D/C Transmission Line up to CTU point at Nalagarh. However, based on the actual flow of power of 27MW, the supplementary IPTA was signed on 23.12.2020 with HPPTCL whereby wheeling quantum was enhanced to 27MW on the ADHPL transmission system. The Petitioner has submitted that tariff for ADHPL transmission line was determined by Hon'ble CERC vide Order dated 17.10.2019 in petition no. 209/MP/2017 but was stayed by Hon'ble APTEL. Accordingly, the Petitioner is required to pay the charges for usage of ADHPL 220 kV D/C transmission Line has projected the charges for FY 2021-22 (with enhanced capacity of 27 MW), which is subject to the outcome of ADHPL petition before the Hon'ble APTEL.

10.10.4 The Commission has scrutinised the submissions made by the Petitioner and observed that the Petitioner has projected the cost against Kashang Bhaba transmission line based on 65 MW share of HPSEBL out of the total capacity of 195 MW of Kashang HEP. However, as per the arrangement, the Petitioner is currently availing 13% of free power share of GoHP from the Kashang project. Therefore, the Commission has considered 13% of the AFC approved towards Kashang-Bhabha transmission line. Also, with respect to other transmission elements, the Commission observes that the agreement in case of Bhoktoo S/S is still pending, while incase of Phojal the charges are mutual agreed in absence of tariff order.

10.10.5 The Commission in cognizance to the rationale provided by the Petitioner has provisionally approved the amounts and shall consider the same as per actual at the time of truing-up for FY 2021-22 based on prudence check. HPPTCL charges approved for FY 2021-22 are summarized in table below:

Table 175: Approved HPPTCL Charges for FY22 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
Approved ARR for HPPTCL FY 22	*25.73*	*25.73*
Prorate share of HPSEBL (96%)	24.72	24.70
Approved ARR for Bhoktoo substation FY 22	6.12	6.12
Approved ARR for Kashang Bhaba FY 22	*7.50*	*7.50*
Prorate share of Kashang Bhaba transmission line (13%)	2.50	0.97
Phojal - 220KV Sub-station	1.30	1.30
ADHPL Transmission Line	4.00	4.00
Total HPPTCL Charges	**38.63**	**37.10**

10.11 Other Power Purchase Related Charges

10.11.1 HPSLDC has filed a petition for revision of ARR for FY 2021-22 onwards. As the proposed ARR is lower than the approved ARR for FY 2021-22, the Commission has considered the proposed ARR as provisional SLDC charges and shall considered the actual at the time of truing-up for FY 2021-22.

10.11.2 In response to a query, the Petitioner mentioned that as per new CERC Regulations, 2020, no STOA charges have to be paid by HPSEBL, being a Distribution licensee. However, minimum charges towards expenses such as application fee are still applicable. In this regard the Petitioner has made a provision of Rs. 5 Cr for FY 2021-22.

10.11.3 The Commission allows the provision of Rs. 5 Cr as claimed by the Petitioner towards short-term open access charges. The same would be trued-up along with other power purchase cost, based on actual amount paid. The summary of SLDC charges and open access charges are provided in table below:

Table 176: Approved SLDC & Short-term Open Access Charges for FY22 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
SLDC Charges	9.06	6.05
Open Access charges	80.16	5.00
Total	**89.22**	**11.05**

10.12 Operation and Maintenance (O&M) Expenses

10.12.1 As per the MYT Regulations 2011 and amendments thereof, O&M expenses are controllable and hence the O&M expenses approved for the Control Period, as per the methodology specified in the Regulations, are not subjected to truing-up in the APR.

10.12.2 HPSEBL in its APR Petition for FY 2021-22 has claimed O&M expenses to the same level as approved for FY 2021-22 in the MYT Order for the fourth Control Period.

The Commission has therefore continued with the approved O&M expense in the MYT Order.

10.12.3 The details of the O&M expenditure approved by the Commission for FY 2021-22 is detailed below:

Table 177: O&M Expense Approved for FY22 (Rs. Cr.)

Particulars	Approved in MYT	Petitioner's Submission	Approved Now
Employee Cost	1,926.91	1,926.91	1,926.91
R&M Expense	106.22	106.22	106.22
A&G Expense	51.26	51.26	51.26
Total O&M Expense	**2,084.39**	**2,084.39**	**2,084.39**

10.13 Depreciation

10.13.1 Depreciation for each year of the 4th Control Period in the MYT Order dated 29th June 2019 has been approved by the Commission. Being a controllable parameter dependent on capitalization, depreciation shall be reviewed at the end of the Control Period.

10.13.2 Therefore, the Commission approves the depreciation for FY 2021-22 as approved in the MYT Order for the fourth Control Period.

10.14 Working Capital Requirement

10.14.1 In view of the revision in power purchase cost, receivables, consumer security deposits, etc.; the Commission has re-determined the working capital requirement for FY 2021-22. The revised approved working capital requirement is summarized below:

Table 178: Working Capital Requirement Approved for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
O&M Expense for one month	173.70	173.70	173.70
Receivables equivalent to 2 months average billing	876.48	919.45	874.78
Maintenance Spares 15% of the O&M expense for one month	14.55	26.06	26.05
Less: Consumer Security Deposit	465.73	278.76	489.99
Less: One Month Power Purchase	291.61	505.26	324.46
Working Capital Requirement	**307.40**	**335.19**	**260.09**

10.15 Interest and Financing Charges

10.15.1 The Commission has approved a capital investment plan, capitalization schedule, source of funding and financing as part of the Business Plan for the fourth Control Period in the MYT Order. This capital plan shall be reviewed at the time of mid-term review/ end of the Control Period based on actual. Accordingly, the interest on capital loans have been considered equal to that approved for FY 2021-22 in the MYT Order for fourth Control Period.

10.15.2 The interest on working capital has been considered as per the Third Amendment in the MYT Regulations, 2011. Accordingly, rate of interest on working capital has been considered equal to one-year State Bank of India (SBI) MCLR as applicable on 1st April 2021 plus 300 basis points. The revised estimates of interest on working capital requirements is as below:

Table 179: Approved Interest on Working Capital for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Working Capital Requirement	**307.40**	**335.19**	**260.09**
Rate of Interest on Working Capital	11.15%	11.12%	10.00%
Interest on Working Capital	**34.27**	**37.27**	**26.01**

10.15.3 The Commission has referred to the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Second Amendment) Regulations, 2015 which prescribes the use of weighted average of actual Bank Rate(s) for the previous year to calculate the interest rate on consumer security deposit for FY 2021-22. Further, the revised interest on consumer security deposit is determined as provided in table below:

Table 180: Approved Interest on Consumer Contribution for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Opening consumer security deposit	429.40	505.26	452.77
Additions	36.33	57.51	37.23
Closing consumer security deposit	465.73	562.77	489.99
Rate of Interest for Consumer Security Deposit	6.58%	5.69%	4.31%
Interest on Consumer security deposit	**29.46**	**30.38**	**20.30**

10.15.4 Based on the details of interest and financing charges discussed above, the revised approved Interest and Finance charges for FY 2021-22 are as below:

Table 181: Revised Interest and Finance Charges for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Interest on Long Term Loans	174.93	174.93	174.93
Interest on Working Capital	34.27	48.87	26.01
Interest on Consumer Deposit	29.46	30.38	20.30
Total	**238.67**	**254.18**	**221.23**

10.16 Return on Equity

10.16.1 Considering the controllable nature of the parameter, the Commission has considered the approved RoE for FY 2021-22 in the MYT Order for the fourth Control Period.

10.17 Non-tariff and Other Income

10.17.1 For the purpose of projection of non-tariff, the Commission has considered y-o-y increase of 5% over FY 2019-20 actual non-tariff income to project the non-tariff income for FY 2021-22. Adjustments on account of delayed payment surcharge, etc. have been undertaken in the base-year actual non-tariff income. The non-tariff income approved by the Commission for FY 2021-22 is summarized in table below:

Table 182: Revised Approved Non-Tariff Income for FY22 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Now Approved
Total Non-Tariff Income	**128.10**	**252.72**	**238.16**

10.18 Capital Expenditure

10.18.1 In the APR Petition for FY 2021-22, the Petitioner has submitted a list of capex schemes to be executed in FY 2021-22 and has requested the Commission to approve and include the list of these schemes in the Tariff Order of FY 2021-22.

10.18.2 The Commission has reviewed the information submitted by the Petitioner with respect to the details of schemes proposed and observed that a total of 31 schemes has been proposed with a capital outlay of Rs. 132 Cr. The Petitioner has not submitted any documents such as DPR, funding arrangements, etc. associated with these schemes or physical and financial progress in spite of the fact that these schemes have been proposed to be initiated in FY 2020-21.

10.18.3 The Commission has already approved Rs. 556 Cr. of capital expenditure for FY 2021-22 in the MYT Order which would be sufficient to meet the capex requirements of the Petitioner for FY 2021-22. Therefore, the Commission is of the view that no additional capital expenditure is required to be allowed towards the proposed schemes as the Petitioner has not provided complete details with respect to the capex requirement for FY 2021-22 including details of ongoing works that will spill over from previous year. With respect to scheme-wise approval, the Commission has already provided approval for specific schemes for which information was submitted by the Petitioner. With respect to other schemes, the Petitioner is directed to submit appropriate information including DPR, Board approval, etc. for seeking approval of the Commission prior to implementation of these schemes.

10.19 Aggregate Revenue Requirement

10.19.1 The table given as follows provides a summary view of the Aggregate Revenue Requirement of Distribution business as approved by the Commission for FY 2021-22:

Table 183: Aggregate Revenue Requirement for FY22 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Revised ARR
Power Purchase Expenses for Supply in the State	**3,499.30**	**3,345.16**	**3,893.49**
Cost of electricity purchase including own generation	*3,053.77*	*2,937.69*	*3,372.38*
Inter-State Charges	**412.83**	**359.77**	**477.97**
Power Grid Charges	*332.67*	*279.61*	*472.97*

Particulars	MYT Approved	Petitioner Submission	Revised ARR
Open Access Charges	*80.16*	*80.16*	*5.00*
Intra-State Charges	**32.71**	**47.69**	**43.15**
HPPTCL Charges	*23.65*	*38.63*	*37.10*
SLDC Charges	*9.06*	*9.06*	*6.05*
Operation & Maintenance Costs	**2,084.40**	**2,084.40**	**2,084.39**
Employee Cost	*1,926.91*	*1,926.91*	*1,926.91*
R&M Cost	*106.22*	*106.22*	*106.22*
A&G Cost	*51.26*	*51.26*	*51.26*
Interest & Financing Charges	238.67	254.18	221.23
Depreciation	154.6	154.60	154.60
Return on Equity	56.43	56.43	56.43
Less: Non-Tariff & Other Income	(128.1)	(252.72)	(238.16)
Aggregate Revenue Requirement	**5,905.28**	**5,642.02**	**6,171.99**

10.19.2 In addition to the above Distribution ARR, the Commission has considered the following adjustments in ARR of FY 2021-22:

A) True-up of FY 2018-19 along with carrying cost

10.19.3 The Commission has approved a revenue surplus of Rs. 194.70 Cr (along with carrying cost) towards provisional truing-up of FY 2018-19 respectively which has been carried forward and adjusted in ARR of FY 2021-22.

B) True-up of FY 2019-20 along with carrying cost

10.19.4 The Commission has approved a revenue surplus of Rs. 93.86 Cr (along with carrying cost) towards provisional truing-up of FY 2019-20 which has been carried forward and adjusted in ARR of FY 2021-22.

C) Provision for payment of arrears to PSPCL against the Shanan share

10.19.5 In the power purchase section 10.8.18, the Commission has approved a provision of Rs. 22.44 Cr. towards payment against power procured from Shanan HEP. The provision has been approved in order to avoid accumulation of Shanan Energy Arrears till final settlement of the rate dispute with PSPCL.

D) Provision towards impact of HPSEBL generation petition

10.19.6 The Commission has also considered a provision of Rs. 50 Cr. towards likely impact of HPSEBL generation petition in view of tariff revisions for plants like Bhabha, Ghanvi-II, etc.

E) Provision towards impact of 7th Pay Commission revision

10.19.7 An additional provision of Rs. 25 Cr. has been considered in FY 2021-22 towards arrears of 7th Pay Commission revision.

F) Provision towards truing-up of controllable parameters for third Control Period

As detailed out in chapter 8, in order to avoid any unnecessary burden, the Commission has considered a provision of Rs. 100 Cr. towards truing-up of controllable parameters for third Control Period in the ARR for FY 2021-22 and shall undertake a detailed truing-up post availability of the audited accounts.

10.19.8 Accordingly, the total revenue requirement for FY 2021-22 including various adjustments are summarised below:

Table 184: Total Revenue Requirement for FY22 including Past Adjustments (Rs. Cr.)

Particulars	Amount Approved
Annual Revenue Requirement for FY22	**6,171.99**
Add:	
Impact of True-up of FY 2018-19	(194.70)
Impact of True-up of FY 2019-20	(93.86)
Provision for payment of arrears to PSPCL against the Shanan share	22.44
Provision towards impact of HPSEBL generation petition	50.00
Provision towards impact of 7th Pay Commission revision	25.00
Provision towards truing-up of controllable parameters for third Control Period	100.00
Total Revenue Requirement for FY22	**6,080.88**

10.20 Allocation of Distribution ARR into Wheeling and Retail Supply

10.20.1 As per the MYT Regulations, 2011, the total Distribution ARR for the Control Period has to be allocated between Wheeling and Retail Supply business. The wheeling charges would be calculated on the Wheeling ARR and the Retail Tariffs would be calculated on the Retail Supply ARR.

10.20.2 The Petitioner has proposed the allocation of Distribution ARR into Wheeling and Retail Supply business based on the allocation approved by the Commission. In absence of segregated information for wheeling and retail supply being maintained by the Petitioner, the Commission has no alternative but to continue with the segregation as approved in the MYT Order.

10.20.3 The allocation statement approved by the Commission in the MYT Order for fourth Control Period is as under:

Table 185: Approved Allocation of ARR of Distribution Business

Particulars	Wheeling	Retail Supply
Power Purchase Expenses	0%	100%
PGCIL Charges	0%	100%
HPPTCL Charges	0%	100%
SLDC Charges	0%	100%
Open Access Charges	0%	100%
Employee Expenses	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-tariff Income	0%	100%

Particulars	Wheeling	Retail Supply
Wheeling Charges	100%	0%

10.20.4 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

Table 186: Approved ARR of Wheeling Business for FY22 (Rs. Cr.)

Particulars	Amount
Operation & Maintenance Costs	1,475.19
Interest & Financing Charges	210.17
Depreciation	146.87
Return on Equity	56.43
Less: Wheeling charges recovered from short-term OA consumers	(53.69)
Aggregate Revenue Requirement	**1,834.97**

Table 187: Approved ARR of Retail Supply Business for FY22 (Rs. Cr.)

Particulars	Amount
Power Purchase Expenses for Supply in the State	3,893.49
Operation & Maintenance Costs	609.20
Interest & Financing Charges	11.06
Depreciation	7.73
Less: Non-Tariff & Other Income	(184.46)
Aggregate Revenue Requirement	**4,337.02**

11 TARIFF PHILOSOPHY AND DESIGN

11.1 Tariff Principles

11.1.1 The philosophy of tariff determination is primarily guided by the principles enshrined in Section 61 of the Electricity Act, 2003, Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011, National Tariff Policy and the National Electricity Policy.

11.1.2 The Commission has issued amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 on 1st November, 2013 wherein the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the fourth Control Period for all categories of consumers excluding life line consumers. The Commission has continued with the approach as per these regulations while approving tariff for the FY 2021-22.

11.1.3 However, the Regulation 41-B also states that during the interim periods as mentioned as sub regulations (3) and (4), the Commission shall, with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes also carry out suitable exercise based on the available data, suitable assumptions and the concepts as may be considered appropriate. The assumptions and methodologies to be broadly followed for the allocation of costs for the purpose of cost to serve calculations is as follows:

Assumptions:

1) Energy Input: Only the energy input into the State transmission system is considered for intra-state consumption. Hence, the Commission has not considered energy sale outside the State for its cost-of-supply computation.
2) Category-wise sales have been allocated to different voltages proportionately based on the information made available by the Petitioner for FY 2019-20.
3) As the Petitioner has failed to submit authentic information on losses at different voltage level, the Commission has considered reasonable loss for respective voltage level upon the sales.
4) In absence of voltage-wise cost of study, segregation of cost has been done based on reasonable estimates as detailed in subsequent section.

Methodology:

11.1.4 Power Purchase Cost: The total cost of power purchase and own generation (reduced by the component of the sale outside the state) has been distributed over the energy sale grossed up for the losses at the respective level on per unit basis. The per unit power purchase cost has been assessed for various voltage level based on incremental costs corresponding to load factors for the consumption at various levels by adopting merit order concept.

11.1.5 Losses in the distribution system have been allocated based on the voltage level, ranging from 3.5% for EHV level, 7% for HT level and 15% for LT level.

11.1.6 Cost of Supply to consumers at 66 kV and above has been determined by allocating 33% of the overall cost according to the sales in this network (66 kV and above) and power wheeled through this network. However, out of the total cost at 66 kV, a cost of Rs. 20 Cr has been only considered for the sales at 66 kV on account of expenses related to metering and billing related infrastructure / manpower cost only for 66 kV sales.

11.1.7 Cost of Supply to consumers at High Tension (11 kV and above) has been estimated by allocating costs to the sales to HT consumers and power wheeled to reach the LT network. However, out of the total cost at HT, a cost of Rs 40 Cr has been only considered for the sales at HT on account of expenses related to metering and billing related infrastructure/ manpower cost only for HT sales. It also proportionally includes the cost incurred during the wheeling of power at 66 kV and above network.

11.1.8 Cost of Supply for the consumers at Low Tension (below 11 kV) level has been estimated by estimating the distribution cost (below 11 kV) and sales to LT consumers. It also includes the proportional costs incurred for wheeling the power at higher voltage levels (from 220 kV till 11 kV).

11.2 Sales at Various Voltage Level

11.2.1 Based on the voltage-wise sales data provided by the Petitioner for FY 2019-20, the Commission has apportioned the voltage level sales for FY 2021-22 as provided in the table as follows:

Table 188: Estimated Sales at different Voltage Levels for FY22 (MU)

Category		FY 2021-22			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		22%	14%	27%	37%
Total Sales (within State)	**9,550**	**2,099**	**1,292**	**2,624**	**3,534**

11.2.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

Table 189: Cost to Serve for FY22

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Energy Input (MU)	10,843.7	10,843.7	8,744.3	4,828.6	
Loss (MU)		-	-	-	-
Sales at respective level (MU)		2,099.5	3,915.7	3,534.4	9,549.6
Cost at respective level (Rs. Cr.)	3,035.6	782.0	823.9	703.7	5,345.2
Cost Allocation (Rs. per unit)					
Power Purchase Cost		2.49	2.34	1.88	
Cost of Losses		0.16	0.24	0.39	

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Transmission & Open Access Charges		0.55	0.55	0.55	
Distribution Cost (>=66kV)		0.91	0.82	0.82	
Distribution Cost (>=11 kV to <= 33KV)			1.21	1.11	
Distribution Cost (< 11 kV)				1.99	
Cost of Serve Model		**4.11**	**5.16**	**6.74**	**5.56**

** Rs. 5.56 per unit is the average cost of supply without considering past gap and carrying cost*

11.2.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved at Rs. 288.56 Cr. of surplus amount on account of provisional truing-up of FY 2018-19 and FY 2019-20 along with carrying cost, provisioning of Rs. 22.44 Cr. for payment of arrears to PSPCL against the Shanan share, provisioning of Rs. 100 Cr towards true-up of Controllable Parameters for 3rd Control Period, Rs. 25 Cr provisioning towards impact of 7th Pay Commission revision, Rs. 50 Cr towards impact of HPSEBL generation petition. These amounts shall also have to be adjusted to the above stated costs and shall decrease the average cost of supply marginally by about 10 Paise per unit. The total average cost of supply including these provisions adds up to Rs. 5.47 per unit.

11.2.4 The Commission would like to clarify here that these calculations have been made only for indicative purposes and for assessing the trends and not for fixing the tariffs. However, the data relating to cost allocation shall be used for determining the voltage-wise open access charges as adoption of an average rate for this purpose shall otherwise be restrictive to open access, as discussed in separate chapter relating to open access.

11.2.5 In view of the provisions of the Regulations and also in absence of authentic information regarding voltage level cost and losses, the Commission has computed the average cost of supply, as also mandated in the National Tariff Policy and amended HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, for purpose of fixation of tariff for various categories of consumers for the second year of the fourth Control Period i.e. FY 2021-22.

11.2.6 The average cost of supply computed for FY 2021-22 is provided in the table below:

Table 190: Average Cost of Supply for FY22 based on approved ARR

Particulars	FY22
Approved Aggregate Revenue Requirement (Rs. Cr.)	**6,171.99**
Less: Sale of Surplus Power (Rs. Cr.)	857.92
Net Aggregate Revenue Requirement (Rs. Cr.)	**5,314.07**
Projected Sales (MUs)	9,549.57
Average Cost of Supply (Rs. /unit)	**5.56**

11.2.7 The average cost of supply for FY 2021-22 works out to be Rs. 5.56 per unit which does not include the prior period and other adjustments. Considering the adjustments, the average cost of supply comes out to be Rs. 5.47 per unit.

11.3 Revenue from Existing Tariff

11.3.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2021-22 and the existing applicable tariff in the respective categories. The summary of the estimated revenue for the FY 2021-22 is summarized in table below:

Table 191: Revenue for FY22 based on Existing Tariff

Consumer Category	Sales (MUs)	Revenue (Rs. Cr.)
Industrial Power Supply		
Small Industries	89.6	75.7
Medium Industries	100.4	38.8
Large Industries	5,299.3	2,941.6
Domestic	2,382.7	1,190.2
Irrigation and Drinking Water	647.59	378.2
Commercial	648.2	386.9
Bulk Supply	151.8	89.9
Non-Domestic Non-Commercial	173.4	99.8
Public Lighting	10.7	5.5
Temporary	45.9	42.1
Total	**9,549.6**	**5,248.7**

11.4 Revenue from Sale of Power Outside State

11.4.1 In previous Tariff Orders, the Commission has been directing HPSEBL to show commercial prudence in its power purchase and sale arrangements. The Commission has directed HPSEBL to surrender power from costly sources of power. Therefore, sale of surplus power in previous Tariff Orders have been considered similar to the purchase cost to exclude any impact of the difference in purchase and sale cost of this surplus power on the consumers in the State.

11.4.2 For the sale of RE power quantum of 817 MUs, the Commission has considered the rate of Rs. 4.04 per unit as per the sale agreement already entered by the Petitioner. Further, the Commission is of the view that the Petitioner should be able to sell its remaining surplus energy at better rates considering the fact that the Petitioner is having sufficient renewable power available. Therefore, the Commission has considered national APPC rate of Rs. 3.85 per unit for FY 2021-22 as notified by the CERC for disposal of balance surplus power.

11.4.3 The Commission expects that Petitioner should plan its power procurement and sale in a manner that optimizes the overall power purchase cost and directs the Petitioner to optimize sale of such surplus power at competitive rate in order to reduce the burden on consumers. Any variation in the rate and quantum of surplus power shall be considered at the time of final truing-up based on actual.

11.4.4 The projected revenue from sale of power outside State is tabulated as follows:

Table 192: Revenue from Sale of Power outside the State for FY22

Parameters	Units (MUs)	Revenue (Cr.)	Cost (Rs. per unit)
Renewable Energy (RE) Sale	817	330.24	4.04
Sale of balance surplus power	1,371	527.68	3.85
Total	**2,188**	**857.92**	**3.92**

11.5 Revenue Surplus/Gap at Existing Tariff for FY22

11.5.1 Taking into account the revenue from sale within state at existing tariffs, revenue estimated from sale of power outside state for FY 2021-22 is as follows:

Table 193: Revenue Surplus/ Gap for FY22 based on Existing Tariff (Rs. Cr.)

Parameters	Amount
Approved Aggregate Revenue Requirement	**6,171.99**
Add:	
Impact of True-up of FY 2018-19	(194.70)
Impact of True-up of FY 2019-20	(93.86)
Provision for payment of arrears to PSPCL against the Shanan share	22.44
Provision towards impact of HPSEBL generation petition	50.00
Provision towards impact of 7th Pay Commission revision	25.00
Provision towards truing-up of controllable parameters for third Control Period	100.00
Total Revenue Requirement for FY22	**6,080.88**
Less: Revenue from Sale of Power outside State	857.92
Less: Revenue from Sale of Power within the State at Existing Tariff	5,248.69
Total Revenue	6,106.61
Revenue Surplus/ (Gap)	**25.74**

11.5.2 Considering the revenue from existing tariff, a revenue surplus of Rs. 25.74 Cr. is observed for FY 2021-22. This revenue surplus also takes into account the adjustments on account of provisional truing-up of FY 2018-19 and FY 2019-20 along with carrying cost, provisioning of Rs. 22.44 Cr. for payment of arrears to PSPCL against the Shanan share, provisioning of Rs. 100 Cr towards true-up of Controllable Parameters for 3rd Control Period, Rs. 25 Cr provisioning towards impact of 7th Pay Commission revision, Rs. 50 Cr towards impact of HPSEBL generation petition.

11.5.3 Therefore, with a view to align the average realization with the average cost of supply for various consumer categories in line with the road map prescribed in the Tariff Regulations and also to compensate for the above-mentioned revenue surplus, the Commission is reviewing the tariff for various categories in this Order as detailed below:

11.6 Changes in Tariff Structure

11.6.1 In view of the submission of the Petitioner and other stakeholders with respect to changes in the tariff applicability and tariff structure, the proposed and approved tariff related changes are discussed as below:

Increase in Night Tariff Concession Rate

11.6.2 Several consumers, industries and associations during stakeholder consultation process have requested the Commission to increase the night concession and allow the same rate of night concession to all categories of consumers throughout the year as this shall make the tariff structure much simpler.

11.6.3 The Commission is of the view that since major sources of power procurement of the Petitioner are hydro based, there is considerable surplus power availability during summer and monsoon season. However, the Petitioner is in demand-supply deficit position during winter months and has to rely on banking and other short-term arrangements for meeting the demand. Therefore, a common rate for night-concession is not possible. In order to encourage consumption of electricity during night hours, the Commission has increased the night-time concession across all categories by 30 paisa over and above the existing night-time concession.

Reduction in Peak Hour Energy Charges

11.6.4 Industries and industrial associations during stakeholder consultation process have submitted that the peak hour charges of Rs. 6.20 per unit is very high and have requested the Commission to reduce the differential between normal hour energy charges and peak hour energy charges to Rs. 1.00 per unit.

11.6.5 The Commission is of the view that our country has moved from electric energy deficit scenario to energy surplus now. Due to surplus energy availability, it has been seen that the difference between peak hour rates and off-peak hour rates in Power Exchanges have also narrowed down significantly over the last 2-3 years. Therefore, the Commission feels that the difference in energy rates between peak and off-peak hours in our state are required to be reduced as the HPSEBL is having sufficient availability of power. With a view to reduce the same, the Commission has approved a reduction of peak hour charges by 50 paisa per unit.

Tariff for Hospitals and Educational Institutes

11.6.6 M.M university during stakeholder consultation process have submitted that students of medical and nursing colleges require clinical training which is provided to them by the hospital associated with the medical and nursing colleges as per the Ministry of Government of India and hostel facilities are provided to all such students so that they can attend their duties within the hospital as a part of their clinical training programme. Further, in accordance to Medical council of India and Nursing council of India it is compulsory to have hostel facilities for all medical and nursing colleges to get approval. Thus, the stakeholder has requested the Commission to consider hostel building and associated hospitals as an integral part of the educational institution as the purpose of both of the establishments are linked with educational activities. Therefore, the stakeholder has submitted that hostel building and associated hospitals qualifies for the exemption and the stakeholder should be charged under the NDNC-Two-part tariff category instead of Bulk Supply Two-Part category.

11.6.7 Based on the submission of the stakeholders and considering the limited clarity with respect to medical institutes, the Commission has clarified the same under the Tariff schedule of NDNC for inclusion of private medical colleges with attached hospitals and with user charges as per Govt. hospital charges under the NDNC-Two-part tariff category. The Commission has made suitable amendments in this regard under the section Annexure – I General Conditions of Tariff and Schedule of Tariff.

Other Tariff Schedule related changes proposed by Petitioner

11.6.8 The Petitioner has proposed certain corrections under the section "General Conditions of Tariff and Schedule of Tariff" for the FY 2021-22 in its petition as below:

- Dichotomous structure in application of the provisions of Tariff Order specific to application of single-part tariff to categories in the instances when a consumer violates his Contract Demand. Provisions of Tariff Order and are essentially required to be corrected by providing in the Tariff Order for change in the categorization / sub-categorization of consumer from lower level to the higher level on violation of Contracted Demand under aforementioned specific conditions.
- The Petitioner has submitted that the present Tariff applicability scheduled mentioned in the tariff order is not exhaustive resulting into wrong applicability due to interpretation issues and usages of overlapping nature. Thus, the Petitioner has proposed to overcome this issue by simplifying the applicability schedule by broadening its scope. Further, generalised terms such as "etc" within the tariff applicability schedule may be substituted with specific application so as to overcome interpretational issues.
- The definition of EHT/HT/LT in 'Definitions' sections under part-1: General Conditions of Tariff in Annexure-1 of Tariff Order is required to be corrected and be aligned with the CEA Regulations and HPERC Supply Code.
- The Petitioner has submitted that since open access is a Non-Discriminatory activity as per Electricity Act 2003, hence the Petitioner has suggested that wheeling charges for open access consumers may be mentioned separately under each tariff schedules

11.6.9 Further, the Petitioner has additionally submitted a revised proposal highlighting the proposed changes sought under the section "General Conditions of Tariff and Schedule of Tariff".

11.6.10 The Commission takes note of the submissions made by the Petitioner and has made suitable changes under the section Annexure – I General Conditions of Tariff and Schedule of Tariff. However, the Commission is of the view that suggested changes in applicability of tariff categories as suggested by the Petitioner cannot be considered just on the grounds that the same overlap with the Govt. policies and schemes. In such situations provision has been provided in the tariff schedule in a manner that would enable the Petitioner to extend the benefits of such Govt. policies and schemes to the consumers.

Changes to Temporary Tariff

11.6.11 An additional charge of Rs. 500 per day is approved for consumers availing temporary supply for short duration i.e. less than or equal to 15 days.

11.7 Approved Tariff

11.7.1 The Commission has retained the tariff structure as per the MYT Order for FY 2021-22. The existing tariff for each category is as under:

DS: Domestic Supply

11.7.2 The existing schedule is applicable to consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat, garage used for personal light motor vehicle or any other residential premises; Religious places with connected load up to 5 kW; Monasteries; Panchayat Ghars with connected load up to 5 kW; Patwarkhanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW; Community Gausadans, Goshalas and Cow Sanctuaries managed by Government and Private institutions with connected load up to 20kW; Orphanages, homes for old people and homes for destitute; Working Women Hostels, Hostels attached to the educational institutions if supply is given separately to each hostel and the electricity charges are recovered from the students; Leprosy Homes run by charity and un-aided by the Government; heritage hotels; residential paying guests; Incredible India bed-and-breakfast; "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and Offices of the Himachal Pradesh Senior Citizen Forum.

<u>Note:</u>

(i) Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate Commercial or Industrial power tariff whichever is applicable. If separate circuits are not provided, the entire supply will be classified under "Commercial or Industrial Supply."

(ii) Resale and supply to tenants, other flats etc. is strictly prohibited.

*(iii) No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the energy charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a society and the energy consumption in a month is 3,500 units, the first 1,250 (125*10) units would be charged at Rs 3.70 per kWh, the next 1,750 (175*10) at Rs 4.60 per unit and the balance 500 units at Rs. 5.10 per unit. Fixed charge shall be Rs. (40x10).*

11.7.3 The Commission has retained the existing tariff for Domestic category as under:

Table 194: Existing and Approved Tariff for Domestic Category

Description Units/month	Existing		Approved	
	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)
0-60 (Lifeline consumers including BPL)	3.30	40.00*	3.30	40.00*
0-125	3.95	70.00	3.95	70.00
126-300	4.85	70.00	4.85	70.00
301 & above	5.45#	70.00	5.45#	70.00
Pre-paid meter $	4.85	NIL	4.85	NIL

**fixed charge for tribal and difficult area is also fixed at Rs. 40/month irrespective of consumption*

#Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category as per the HP Tourism Policy with energy charges for such consumers to be levied at 30% higher than the net energy charges payable (net off subsidy) by the consumers in the respective slab

$ For Industries which are under PDCO due to non-payment of dues or are sick & closed, prepaid meter shall be provided upto load of 20 kW for lighting & security purpose only till regular Industrial Connection is restored.

11.7.4 The Commission is continuing with the approach followed during the previous Tariff Orders whereby it had extended the benefit of lower electricity tariff available for BPL households, also to very poor and marginalized consumers, in line with the principles laid out in Electricity Act, National Electricity Policy and National Tariff Policy.

11.7.5 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

NDNC : Non Domestic Non Commercial Supply

11.7.6 This schedule is applicable to Government and semi Government offices; Government – Hospitals, primary health centers, dispensaries and veterinary hospitals; Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and residential quarters, attached to the educational institutions; Private Medical Colleges with attached hospitals but user charges as per Govt. hospital rates if supply is given at single point; Religious places such as Temples, Gurudwaras, Mosques, Churches with connected load greater than 5 kW; Sainik and Government Rest Houses, Government Museums, Anganwari worker training centers, Mahila mandals, village community centers; Hospitals run on charity basis; Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), primary health centers, dispensaries and veterinary hospitals; Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations; and Panchayat Ghars with connected load greater than 5 kW; Patwar Khanas and Kanungoo Bhawans (Government buildings only) with connected load greater than 5 kW; Office of Lawyers and Government recognized Non-Government Organizations (NGOs); Electric Charging Stations for electric vehicles; lifts operating under group housing societies, apartments, etc.

Note:

(1) In the case of residences attached to the Government as well as private Institutions, the same shall be charged at the 'Domestic tariff' where further distribution to such residential premises is undertaken by the Petitioner and the Petitioner provides meters for individual consumers.

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

11.7.7 The Commission has retained the existing tariff for NDNCS category as shown in the table below:

Table 195: Existing and Approved Tariff for NDNC Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.00	130.00	5.00	130.00
Pre-paid meter	4.90	NIL	4.90	NIL

Table 196: Existing and Approved Tariff for NDNCS Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20kVA	4.70	-	140	4.70	-	140

11.7.8 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

CS: Commercial Supply

11.7.9 This schedule is applicable to consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all Commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, service stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes. This schedule will also include all other categories, which are not covered by any other tariff schedule.

11.7.10 The Commission has retained the existing tariff for the Commercial Supply category as shown in the tables below:

Table 197: Existing and Approved Tariff for Commercial Supply (CS) Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.10	130.00	5.10	130.00

Table 198: Existing and Approved Tariff for Commercial Supply (CS) Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20-100 kVA	4.85	-	110	4.85	-	110
Above 100kVA	4.75	-	170	4.75	-	170

11.7.11 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SIP: Small Industrial Power Supply

11.7.12 This schedule is applicable to industrial consumers with contracted demand not exceeding 50 kVA including pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

11.7.13 The Commission has retained the existing tariff for the SIP category as shown in the table below:

Table 199: Existing and Approved Tariff for Small Industrial Supply

Slab	Existing			Approved		
	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/ month)	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/ month)
Up to 20kVA	4.75 (Rs. /kWh)	140	-	4.75 (Rs. /kWh)	140	-
Above 20kVA - 50kVA	4.60 (Rs/kVAh)	-	100	4.60 (Rs/kVAh)	-	100

11.7.14 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

11.7.15 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.16 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.17 For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.18 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be

10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

11.7.19 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

11.7.20 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

MIP: Medium Industrial Power Supply

11.7.21 This schedule is applicable to industrial consumers with contracted demand above 50kVA and not exceeding 100 kVA including pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

11.7.22 The Commission has retained the existing tariff for the MIP category as shown in the table below:

Table 200: Existing and Approved Tariff for Medium Industrial Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 50kVA-100kVA	4.60	-	120	4.60	-	120

11.7.23 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

11.7.24 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.25 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.26 For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.27 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06 2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

11.7.28 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

11.7.29 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

LIPS: Large Industrial Power Supply

11.7.30 This schedule is applicable to all industrial power consumers with contracted demand exceeding 100 kVA including the Information Technology industry (limited only to IT parks recognized by the State/Central Government) and not covered by the schedule "IDWPS".

11.7.31 The Commission has retained the existing tariff for the Large Industrial Power Supply category as shown in the table below:

Table 201: Existing and Approved Tariff for Large Industrial Power Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
EHT						
220 kV and above	4.20		425.00	4.20		425.00
132 kV	4.25		425.00	4.25		425.00
66 kV	4.30		425.00	4.30		425.00
HT-1 (up to 1 MVA)	4.60	-	250.00	4.60	-	250.00
HT-2 (More than 1 MVA)	4.35	-	400.00	4.35	-	400.00

11.7.32 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

11.7.33 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.34 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.35 For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

11.7.36 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06 2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Example: In case of contracted demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower energy charges shall be considered in proportion of the original contracted demand and increased contracted demand. i.e. In case of monthly consumption in 6 LUs, the lower energy charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular energy charge.

11.7.37 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

11.7.38 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

BS: Bulk Supply

11.7.39 This schedule is applicable to general or mixed loads to M.E.S and other Military establishments, Central PWD Institutions, Hospitals, Private Medical colleges with attached hospital and with user charges not as per Govt. hospital rates Departmental/private colonies, A.I.R Installations, Aerodromes, Bus Stands with single point connection, construction power to hydroelectric projects, tunnel construction and other similar establishments where further distribution to various residential and non-residential buildings is to be undertaken by the consumers for their own bona fide use and not for resale to other consumers with or without profit. However, in case of MES, this schedule shall continue to apply till such time M.E.S. do not avail open access.

11.7.40 The Commission has retained the existing tariff for the Bulk Supply category as shown in the table below:

Table 202: Existing and Approved Tariff for Bulk Supply

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
LT	4.80	-	250.00	4.80	-	250.00
HT	4.30	-	350.00	4.30	-	350.00

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
EHT	4.10	-	350.00	4.10	-	350.00

11.7.41 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SLS: Street Lighting Supply

11.7.42 This schedule is applicable for Street Lighting system including traffic control signal systems on roads and Park lighting in Municipalities, Panchayats and Notified Committee areas.

11.7.43 The Commission has retained the existing tariff for Street Lighting category as shown in the table below.

Table 203: Existing and Approved Tariff for Street Lighting Supply Category

Existing		Approved by Commission	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
4.95	130.00	4.95	130.00

11.7.44 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

TS: Temporary Metered Supply

11.7.45 This schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This schedule shall also be applicable for consumers not having sanction/ completion plan for their premises from the appropriate authority. However, this tariff is not applicable to wheat threshers and paddy threshers which shall be covered under Irrigation and Drinking Water Pumping (IDWP) even for temporary connection.

11.7.46 The Commission has retained the existing tariff for Temporary Supply category as shown in the table below:

Table 204: Existing and Approved Tariff for Temporary Meter Category (up to 20kVA)

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	7.00	200.00	7.00	200.00

Table 205: Existing and Approved Tariff for Temporary Meter Category (above 20kVA)

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/ mth)
Above 20kVA	6.30	-	400.00	6.30	-	400.00

11.7.47 For consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of consumer load.

11.7.48 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

IDWPS: Irrigation and Drinking Water Pumping Supply

11.7.49 The existing schedule is applicable to Government connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This schedule shall also be applicable to private Irrigation Pumping loads. This schedule shall also be applicable to green houses, poly houses, mushroom growing, poultry farms and sheds, processing facilities for agriculture, pond fish culture in farmer's own agriculture land, pisci-culture, horticulture, floriculture and sericulture etc. where all such activities are undertaken by farmers only under this category. This schedule will also be applicable to temporary agricultural loads such as wheat threshers, paddy threshers, tokas, and cane crushers. This schedule shall be applicable to sewerage treatment plant.

11.7.50 Since this schedule of tariff covers 'processing facilities for agriculture', all consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this schedule. However, the consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant industrial schedule of tariff.

11.7.51 The Commission has retained the existing tariff for this category as shown in the tables below:

Table 206: Existing and Approved Tariff for IDWPS up to 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	3.70	90.00	3.70	90.00

11.7.52 The two-part tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

Table 207: Existing and Approved Tariff for IDWPS above 20kVA

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/mth)
LT	5.00	-	100.00	5.00	-	100.00
HT	4.60	-	300.00	4.60	-	300.00
EHT	4.20	-	400.00	4.20	-	400.00

11.7.53 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

RT: Railway Traction

11.7.54 The Commission has retained the existing tariff for Railway Traction as shown in the table below:

Table 208: Existing and Approved Tariff for Railway Traction

Existing			Approved		
Energy Charges (Rs/kVAh	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
4.70	-	400.00	4.70	-	400.00

11.7.55 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

11.7.56 The average revenue realization as percentage of average cost based on the tariff approved for FY 2021-22 is provided below:

Table 209: Average realization as % of Average CoS for FY22

Consumer Category	FY22 (Approved Tariff)
Industrial Power Supply	101%
Domestic	91%
Irrigation and Drinking Water	106%
Commercial	109%
Non-Domestic Non-Commercial	105%
Bulk Supply	108%

11.8 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

11.8.1 The Commission has computed the revenue surplus/ gap for FY 2021-22 based on the approved ARR and approved tariff which is given in the table below:

Table 210: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY22

Parameters	Amount (Rs. Cr.)
Industrial Power Supply	
Small Industries	74.90
Medium Industries	38.38

Parameters	Amount (Rs. Cr.)
Large Industries	2,923.01
Domestic	1,190.23
Irrigation and Drinking Water	374.96
Commercial	386.90
Bulk Supply	89.94
Non-Domestic Non-Commercial	99.76
Public Lighting	5.50
Temporary	42.11
Projected Revenue at Approved Tariff for FY22	**5,225.69**
Total Approved ARR (including prior period adjustments)	**6,080.88**
Less: Revenue from Sale of Power outside State	857.9
Less: Revenue from Sale of Power within the State at Approved Tariff	5,225.69
Total Revenue	**6,083.61**
Revenue Surplus / (Gap)	**2.74**

11.8.2 Based on the above table, it is observed that the Petitioner would be able to meet the approved ARR. Further, any amount received by HPSEBL during FY 2021-22 and subsequently on account of sale of renewable energy certificates for excess RPPO quantum (solar and non-solar) of power purchase by the Petitioner shall also be considered at the time of truing-up of the respective year.

11.9 Subsidy by Government of Himachal Pradesh

11.9.1 The Govt. of Himachal Pradesh has made a provision of Rs. 424.74 Cr. in the financial budget for 2021-22, for providing rollback subsidy to electricity consumers of domestic and agriculture categories during the year. Further, the Government of Himachal Pradesh has provided the subsidy rates for Agricultural and Domestic consumers that would be applicable for FY 2021-22 as under:

Table 211: Subsidy rates approved by GoHP for FY 2021-22 (Rs. per unit)

Particulars	Slabs	Units/month	GoHP Subsidy for FY22 (Rs./kWh)
Domestic consumers	Lifeline Consumers	0-60	2.30
	1st Slab	0-125	2.40
	2nd Slab	0-125	2.10
		126-300	0.90
	3rd Slab	0-125	2.10
		126-300	0.90
		Above 300	0.45
		Prepaid consumers	0.90
Agricultural consumers	For the agricultural consumers under IDWPS category, the energy charges shall be Rs. 0.50 per kWh upto the contract demand of 20kVA		

11.9.2 In accordance with provisions of Section 65 of the Electricity Act, 2003, the Commission in terms of sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for

Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 in giving effect to the subsidy hereby makes the following provisions:

a. The effective energy charges for Domestic Supply category, as proposed by the GoHP after accounting for Government subsidy, shall be as given in the table below:-

Table 212: Subsidized tariff for Domestic category

Particulars	Slabs	Units/month	Approved Tariff for FY22 (Rs/kWh)	GoHP Subsidy for FY22 (Rs./kWh)	Effective Tariff after subsidy (Rs/kWh)
Domestic consumers	Lifeline Consumers	0-60	3.30	2.30	1.00
	1st Slab	0-125	3.95	2.40	1.55
	2nd Slab	0-125	3.95	2.10	1.85
		126-300	4.85	0.90	3.95
	3rd Slab	0-125	3.95	2.10	1.85
		126-300	4.85	0.90	3.95
		Above 300	5.45	0.45	5.00
		Prepaid consumers	4.85	0.90	3.95

b. With respect to agricultural consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the energy charges shall be Rs 0.50 per kWh to the consumer category up to contract demand up to 20 kVA. These revised energy charges on the account of Government subsidy would only be applicable to agricultural and allied activities, and which are paid for by individuals/ user groups but shall not be applicable for government supply.

c. The above revised tariffs in respect of Domestic and Agricultural consumers shall be effective from June 1, 2021. HPSEBL shall give appropriate adjustments in consumer bills for the subsidy amount.

d. In case the GoHP/ HPSEBL want to change the level of subsidy provided to above classes/ categories of consumers, they shall inform the Commission accordingly for necessary changes.

11.9.3 The Commission orders that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any. In case the State Government fails to pay subsidy on time, interest on such outstanding amounts shall be recoverable by the Petitioner. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the tariffs in respect of above two categories shall stand reverted back to the original tariff, as approved by the Commission in this tariff order.

12 Open Access and Renewable Power Purchase Obligation

12.1 Introduction

12.1.1 The Commission has permitted Open Access to all the generators irrespective of installed capacity and to all the consumers having contract demand above 1 MVA. The Commission has also made enabling provisions for availing the Open Access in its MYT Regulations, 2011 by segregation of the ARR of the distribution licensee in to ARR for Retail Supply and Wheeling Supply. Accordingly, the Wheeling Tariff and Retail Supply Tariffs are being determined by the Commission for each year of the Control Period.

12.1.2 Based on the wheeling ARR approved in Para 10.20.4, the average wheeling charges for FY 2021-22 are as below:

Table 213: Wheeling Charges for FY22

Particulars	Amount
Total ARR for Wheeling Business approved for FY22 (Rs. Cr.)	1,834.97
Approved Energy Sales (MU)	9,549.57
Average Wheeling Charge (paisa per unit)	**192**

12.1.3 The above computed average wheeling charge of 192 paisa is for the total distribution network of HPSEBL. Most of the open access consumers are utilizing higher voltage level of the network and therefore, applying the average wheeling charge would restrict the open access within the State. Therefore, for the purpose of promoting open access, the Commission has worked out the voltage-wise wheeling charge applicable for open access consumers at various voltage level.

12.1.4 Regulation 27 (2) of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 stipulate that:

"*The distribution licensee shall maintain separate books of accounts for wheeling and retail supply business. For such period until accounts are segregated and separate books of accounts are maintained, the Commission shall stipulate the ratio of allocation of all expenses and return component, based on data obtained from the distribution licensee*."

12.1.5 In the absence of separate accounts for wheeling and retail supply business, the ARR of HPSEBL for FY 2021-22 have been segregated into wheeling and retail supply businesses in accordance with the allocation statement as detailed in subsequent section. The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2020-21 onwards.

12.1.6 The various charges payable by the consumers availing open access have been determined in this chapter.

12.2 Wheeling Charges

12.2.1 The distribution system of HPSEBL consists of lines and associated equipment at various voltage levels of EHV, HV and LV connected with the generating stations, HPPTCL system and the consumers of HPSEBL. Accordingly, the charges for these consumers is required to be computed based on capacity basis (per MW) as against the short-term open access consumers for which the wheeling charges shall be determined based on per unit basis.

12.2.2 The Commission in the fourth Control Period has approved capacity-based wheeling charges for long-term and medium-term open access consumers based on the limited data made available by the Petitioner for computing long-term wheeling charges.

12.2.3 The Petitioner has provided data of voltage-wise sales, actual capacity of generator, etc. at each voltage level. The Commission has considered the submissions of the Petitioner for determining wheeling charges.

12.2.4 Wheeling costs varies with each voltage level at which the supply is wheeled and forms an integral part of the wheeling tariff. As per the submissions made by the Petitioner, the Commission has apportioned the cost of HPSEBL's wheeling business to various voltage classes. Accordingly, the Commission has determined the wheeling charges for the EHT (66 kV and above), HT (33 kV), HT (11 kV to less than 33 kV) and other voltage levels (less than11 kV) of the distribution system.

Sales at various voltage levels

12.2.5 The Petitioner in its original petition submitted that the sales of FY 2021-22 at EHT, HT and LT voltage-levels are to be apportioned as per the following table:

Table 214: Voltage wise sales as submitted by the Petitioner (MU)

Category		FY 2021-22			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		20.5%	19.2%	20.8%	39.6%
Total (within State)	**9,634.97**	**1,973.14**	**1,847.45**	**2,003.11**	**3,811.27**

12.2.6 Subsequently, the Commission sought clarifications with respect to the basis for voltage-wise sales allocation for calculating the wheeling charges for FY 2021-22. In response, the Petitioner submitted the following responses:

- For Domestic, Small industries and streetlight categories all sales are considered at less than 11 KV (LT) level.

- For Large industry and Water (& Irrigation) Pumping categories sales to be considered as per initial submission provided in the Petition
- For NDNC, commercial, Medium industries, Temporary and Bulk supply categories, the Petitioner provided bifurcation of FY 2019-20 sales for each voltage-level as below:

Table 215: Voltage-Wise sales of FY20 as submitted by the Petitioner (MU)

Voltage (level)	NDNC	Commercial	Medium Industries	Temporary	Bulk supply
LT (<11 kV)	103.89	516.02	15.10	39.77	15.45
HT (>=11 kV & <33 kV)	55.04	106.64	74.41	6.12	113.94
HT (33kV)	0.76	0.34	0.00	0.00	22.39
EHT (>=66 kV)	0.00	0.00	0.00	0.00	0.00
Total	**159.69**	**623.00**	**89.51**	**45.89**	**151.78**

12.2.7 Based on the information of sales available for FY 2019-20 at various voltage levels, the Commission has worked out apportioned of sales for FY 2021-22 at EHT, HT and LT voltage-levels as presented in the table below:

Table 216: Estimated Sales at different Voltage Levels for FY22 (MU)

Category		FY 2021-22			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		22%	14%	27%	37%
Total (within State)	**9,550**	**2,099**	**1,292**	**2,624**	**3,534**

12.2.8 Further, the estimated energy generated by the various generators connected at different voltage level have been considered additionally.

Cost Segregation and Methodology

12.2.9 The Commission in MYT Order for fourth Control Period had segregated the cost at each voltage level based on certain relevant parameters including the pattern of usage of the system by consumers at various voltages. In its petition, the Petitioner has considered the allocation ratio approved by the Commission in the previous Tariff Order for allocating wheeling ARR in absence of voltage-wise cost of assets.

12.2.10 In response to the directive of the Commission regarding the voltage-wise cost of supply study, the Petitioner has submitted that it is in the process of completion of the study and the report shall be submitted on its completion.

12.2.11 It is observed that Malana Power Company Limited have requested for further segregation of EHT voltage level for computation of wheeling charges at respective voltage. In this regard, it is observed that at higher voltages, the infrastructure operates as an integrated system and any incremental infrastructure forms part of the overall embedded network and therefore cannot be differentiated for users connected at a specific voltage level. Accordingly, segregation of wheeling charge at the EHT level would not be appropriate.

12.2.12 Further, it is observed in other states as well that a single charge is determined for all assets above 33kV and an open access user is required to pay this consolidated rate irrespective of the connected voltage level. Therefore, the Commission is of the view that the methodology considered for the purpose of computation and approval of the wheeling charges is appropriate and no change is required in the same.

12.2.13 IA Hydro Energy Private Limited has highlighted that as an open access user it is required to pay both transmission charges as well as wheeling charges in spite of being connected at 132kV voltage. The stakeholder has highlighted that in case of other states, only transmission charges are applicable to consumers connected at higher voltage level and applicability of both transmission and wheeling related charges and losses are resulting in its project Chanju-I becoming unviable. Also, it has requested for categorizing the wheeling charges applicable at EHT (more than 66 KV) further to 132 KV, 220 KV and 400 KV.

12.2.14 In case of Himachal Pradesh, the transfer scheme did not provide for segregation of assets directly based on the voltage level. As a result, while few inter-state assets were transferred to HPPTCL, majority of the high voltage assets were retained within HPSEBL. Therefore, the Commission is required to approve wheeling charges for 66kV and above separately while the wheeling charges associated with voltage level below 66kV have been segregated. Therefore, the beneficiary is required to incur the wheeling charge for use of the network.

12.2.15 The Commission, thus in absence of any adequate details related to voltage-wise assets, has continued with the methodology adopted in MYT Order for fourth Control Period to allocate wheeling cost among different voltage levels. However, while determining the allocation ratio for different voltage levels, the Commission has revisited the allocation ratio in view of the various capital schemes being implemented by the Petitioner.

12.2.16 To arrive at the cost of wheeling at the various voltage levels, the total Wheeling ARR at various voltage levels has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio:

Table 217: Allocation of Wheeling cost across voltage levels

Particulars	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Allocation Ratio	18%	21%	29%	32%

12.2.17 The Wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the EHT and HT system is also being used for LT supply.

12.2.18 The power handled at each voltage level has been estimated taking into account the demand of HPSEBL and capacity available. The Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

Table 218: Details of capacity of generators at different voltage levels

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPPs	-	-	26.0	340.4	50.1	0.4
Open Access Generators	-	122.0	51.5	5.0	-	-
Own Generation	120.0	246.0	49.5	50.0	15.3	0.8
Solar IPPs	-	-	-	15.0	-	3.9
Total	**120.0**	**368.0**	**127.0**	**410.4**	**65.4**	**5.1**

12.2.19 In addition to the above demand, energy flow at each voltage level has been estimated based upon the approved sales of HPSEBL and generation at each voltage level as submitted by the Petitioner.

Table 219: Allocation of estimated power handled and energy flow across different voltage levels

Particulars	EHT (>=66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Estimated Power handled (MW)	**1,014**	**656**	**570**	**672**
Consumer Demand	399	246	499	672
Generator load	615	410	71	-
Estimated Energy Flow (Mus)	**5,063**	**3,269**	**2,963**	**3,534**
Consumer Energy Flow	*2,099*	*1,292*	*2,624*	*3,534*
Generator Energy Flow	*2,963*	*1,977*	*340*	-

Note: Load factor of 60% and 55% has been considered for consumer and generator respectively

12.2.20 The approved wheeling charges as determined by the Commission are tabulated as follows:

Table 220: Approved Wheeling Charges for Open Access Consumers for FY22- Short Term Customers

Sl.	Description		EHT (≥66 kV)	HT (33 kV)	HT (≥11 kV & <33 kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		1,834.97			
B	Cost apportioned (%)		18%	21%	29%	32%
C	Cost apportioned (Rs. Cr.)	A*B	330	385	532	587
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(G x H/1000))		218	401	508
E	**Total Allocation (Rs. Cr.)**	**C+D**	**330**	**603**	**933**	**1,095**
F	Estimated Energy (MUs)		14,830	9,767	6,498	3,534
G	Total Energy Flow (MUs)		5,063	3,269	2,963	3,534
H	Wheeling Charges (Paisa per unit)	**H= E*1000/F**	**22**	**62**	**144**	**310**

Table 221: Approved Wheeling Charges for Open Access Consumers for FY22- Long Term and Medium-Term Customers

Sl.	Description		EHT (≥66 kV)	HT (33 kV)	HT (≥11 kV & <33 kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		1,834.98			
B	Cost apportioned (%)		18%	21%	29%	32%
C	Cost apportioned (Rs. Cr.)	A*B	330	385	532	587
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(G x H/1000))		215	393	501
E	**Total Allocation (Rs. Cr.)**	**C+D**	**330**	**601**	**925**	**1,088**
F	Estimated Load (MW)		2,913	1,898	1,242	672
G	Total Demand Flow (MW)		1,014	656	570	672
H	**Wheeling Charges (Rs. Per MW per month)**	**H=(E*10^7)/F/12**	**94,495**	**2,63,653**	**6,20,662**	**13,48,330**

12.2.21 The long-term and medium-term open access entail firm allocation of wheeling capacity by HPSEBL to the consumer availing open access as well as generators. Accordingly, the charges for these customers have been determined based on capacity basis (per MW) as against the short-term open access customers for which the wheeling charges have been determined based on per unit basis.

12.2.22 In case of generators, wheeling charges shall be levied on the contracted power at the connection point in the distribution system.

12.2.23 In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the wheeling charges corresponding to the lower voltage level shall be applicable.

12.2.24 In case where power is injected at HT level into an EHT substation of the licensee, the wheeling charges shall be worked out by allowing increase of 5% on the wheeling charges applicable for EHT system.

12.2.25 The wheeling charges being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

12.3 Wheeling Charges for Renewable Generator

12.3.1 In accordance with section 86(1)(e) read with section 61(h) of the Electricity Act, 2003, the Commission, for the promotion of renewable energy can provide suitable measures for connectivity with the grid. The small hydroelectric projects up to an installed capacity of 25 MW are covered under the renewable energy sources. In order to promote generation from these renewable sources, the Commission decides that the wheeling charges payable by the SHPs covered under renewable energy sources shall be comparable to the wheeling charges for the EHV category of open access consumers for FY 2021-22. However, the renewable energy generator shall have to bear the losses as per the actual connected voltage level. These concessional wheeling charges shall not be available to the renewable generators selling power, under Renewable Energy Certificate (REC) framework, to the open access consumers or in power exchange or bilateral sale outside the State or captive consumers availing certain portion of power as captive power producers.

12.3.2 It is observed that as per Amended Hydro Power Policy of Govt. of Himachal Pradesh dated 15.05.2018, the GoHP has decided to waive off open access charges payable by hydro projects having capacity of up to 25 MW, which shall be commissioned after the date of notification i.e. 15.05.2018, for use of intra-state transmission network. It is clarified that the Petitioner shall be required to recover the wheeling charges from these generators as fixed by the Commission in this Order. Further, the RE generators may claim the reimbursement of these charges from the GoHP as per the said notification.

12.4 Additional Surcharge

12.4.1 The Commission had determined the Additional Surcharge for the consumers availing short-term open access vide its Tariff Order for FY 2020-21 in APR Order. An additional surcharge of 60 paisa per kWh had been determined in the Order.

12.4.2 The Petitioner along with its tariff petition, has made a fresh application for determination of additional surcharge of 53.50 paisa per unit for FY 2021-22. The summary of the Petitioner's submission has already been covered in Chapter 5.

12.4.3 In line with the methodology adopted in APR Order for FY 2020-21, the Commission has revised the additional surcharge for FY 2021-22. The stranded assets have been ascertained based on the approved sales and power availability from various long-term sources for FY 2021-22. For the computation of additional surcharge, the overall annual fixed charges to be considered for the determination of additional surcharge at the injection point was worked out as 104.21 Paise per unit in the following table:

Table 222: Fixed Cost relating to Generating Capacity (at Stranded Generating Stations)

Sl.	Name of the Plant	Capacity (in MW)	Expected Net Annual Generation (MUs)	AFC for FY20-21 (Rs. Cr.)	Annual Fixed Cost (p/unit)	Power Purchase during FY22 (MUs)	Total fixed cost of power purchase (Rs. Cr.)
1	Unchahar-I	420	2846	308	108.11	40.3	4.35
2	Unchahar-II	420	2846	285	100.03	71.0	7.10
3	Unchahar-III	210	1423	192	134.71	46.5	6.26
4	Unchahar-IV	500	3388	544	160.58	5.8	0.93
5	Anta (G)	419.33	3029	215	71.05	15.1	1.07
6	Auriya (G)	663.36	4791	305	63.66	14.7	0.93
7	Dadri (G)	980	7078	988	139.62	8.8	1.23
8	Dadri II TPS	980	6640	988	148.82	8.8	1.31
9	Tanda II	660	4472	743	166.06	5.9	0.99
10	**Total**	**5253**	**36513**	**4567**	**1093**	**217**	**24.18**
11	**Average of fixed cost rate (Paise/kWh)**						**111.51**

12.4.4 As the inter-state transmission charges have undergone a change based on the new methodology as detailed out in Chapter 10, the Commission has taken into consideration the impact of the actual three-month charges as per the new framework for determining the applicable Power Grid charges. In case of HPPTCL charges, the approved transmission charges have been considered for FY 2020-21. The Commission has worked out the per unit rate of the transmission charges of Power Grid and HPPTCL in the following table:

Table 223: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at Injection points)

Particulars	PGCIL Transmission Charges (Rs/MW/month)	HPPTCL Transmission Charges (Rs/MW/month)
Average/month	1,79,283	11,643
Average Fixed Cost@ 85.00% Load Factor at injection point (Paise/kWh)	28.89	1.88

12.4.5 The Commission has worked out the per unit basic rate of Power Grid charges and HPPTCL transmission charges as 28.89 Paise per unit and 1.88 Paise per unit respectively.

12.4.6 Based on the above details, the Commission has computed the rate of additional surcharge as 61 Paise/kWh as per details given in the table below.

Table 224: Computation of Additional Surcharge approved by the Commission for FY22

Sl.	Particulars	FC at injection point	FC at consumer end
1	Fixed Cost of Stranded Capacity (p/kWh)	111.51	119.37
2	Transmission Charges		
(i)	PGCIL (p/kWh)	28.89	30.93
(ii)	HPPTCL (p/kWh)	1.88	1.94
3	Total Fixed Cost payable (1 + 2) (p/kWh)	**142**	**152**
4	Recovery of Fixed Charges as demand charges from EHT consumers		91
5	**Balance payable in shape of additional surcharge (p/kWh) (3 – 4)**		**61**

12.4.7 The additional surcharge being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

12.5 Cross Subsidy Surcharge

12.5.1 Sub-regulation 2 of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 stipulates that the Consumers availing Open Access shall have to pay the Distribution Licensee Cross Subsidy Surcharge which shall be determined by the Commission on a methodology and surcharge formula mentioned in the National Tariff Policy.

12.5.2 The Commission has been approving the cross-subsidy surcharge applicable to open access consumers as per the formula specified in the National Tariff Policy 2006. Ministry of Power has notified a revised Tariff Policy dated 28th January

2016. As per the revised Tariff Policy, the cross-subsidy formula has been revised as under:

Surcharge formula:
S=T – [C/ (1-L/100) + D + R]
Where
S is the surcharge
T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation
C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation
D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level
L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level
R is the per unit cost of carrying regulatory assets
Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access

12.5.3 The revised cross-subsidy surcharge formula has been considered for determination of cross-subsidy surcharge.

Cross-subsidy surcharge for Long-term and Medium-Term Open Access Consumers

12.5.4 The Cross-subsidy Surcharge has been worked out based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross-Subsidy Surcharge computed and approved by the Commission for FY 2021-22 is tabulated below:

Table 225: Approved Cross Subsidy Surcharge for Long-Term & Medium-term Open Access Consumers

Sl.	Description of Consumers	Cross Subsidy Surcharge (S) (Rs./ unit)	20% of Cross Subsidy Surcharge (Rs./ unit)	20% of the Tariff applicable to respective category (Rs./unit)	Minimum of (B) & (C) (Rs./ unit)
		(A)	(B)	(C)	(D)
1	Large Industrial Power Supply EHT Consumers	2.08	0.42	1.02	0.42
2	HT 2 Consumers	2.18	0.44	1.14	0.44
3	Irrigation & Drinking Water Supply Category - EHT Consumers	2.54	0.51	1.11	0.51
4	Irrigation & Drinking Water Supply Category - HT Consumers	1.35	0.27	1.15	0.27
5	Bulk Supply Category - EHT Consumers	2.32	0.46	1.07	0.46
6	Bulk Supply Category - HT Consumers	1.29	0.26	1.14	0.26

Cross subsidy surcharge for Short-Term Open Access Consumers

12.5.5 In case of short term open access by the consumer, the rates as per table above shall be applicable only in cases where open access is availed for the full day (24 hours of the day) and the same quantum of power is availed through open access throughout the day. However, certain consumers may avail open access for certain hours of the day to meet part of their requirement.

12.5.6 As per the present tariff structure, the tariff during peak hours are higher than the normal hours and the cross-subsidy surcharge computed as per revised formula will be higher as compared to normal hours. Therefore, the Commission has approved the cross-subsidy surcharge for peak hours and non-peak hours considering 20% of the computed cross subsidy in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

Table 226: Cross Subsidy Surcharge for Short-Term Open Access Consumers during Time of the Day

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
1.	Large Industrial Power Supply EHT Consumers	0.42	0.61
2.	HT 2 Consumers	0.44	0.55
3.	Irrigation & Drinking Water Supply Category - EHT Consumers	0.51	0.61
4.	Irrigation & Drinking Water Supply Category - HT Consumers	0.27	0.34
5.	Bulk Supply Category - EHT Consumers	0.46	0.46
6.	Bulk Supply Category - HT Consumers	0.26	0.26

Note: The cross-subsidy surcharge as per Table above, as applicable shall be levied on the energy drawn at the delivery point in the distribution system through open access

12.5.7 The Commission also feels that in some cases the consumers may have to avail Open Access because of inability of Distribution Licensee to supply power during certain specific hours for reasons of power shortages etc. In order to avoid any hardships to consumers, the Commission hereby stipulates that in cases where the Distribution Licensee has communicated in advance to the consumer about its inability to meet any part of power requirements of a consumer for a specific duration, the cross subsidy surcharge and additional surcharge shall not be applicable for such part of the energy requirement (for which Distribution Licensee had expressed its inability to supply) as is met through open access during such periods.

12.5.8 The Commission has continuously endeavored to reduce the cross-subsidy and has been guided by the principles laid down in the National Tariff Policy. Since the target of realization being (-)15% and (+)10% of average cost of supply was achieved for most categories by FY 2018-19, the Commission in the amendments to the Regulations, 2011 have laid down a road map with a target that by end of fourth Control Period (i.e. FY 2023-24), tariff for consumer categories, other than lifeline consumers, shall be within (-)10% and (+)5% of the average cost of supply. However, for computation of cross-subsidy surcharge, the Commission is following the formula specified in the tariff policy notified by Government of India.

12.6 Infrastructure Development Charges

12.6.1 The Commission has notified HPERC (Recovery of Expenditure for supply of Electricity) Regulations 2012 vide Notification No. HPERC/419 dated 18.5.2012 which has been published in the Rajpatra, HP on 23.5.2012.

12.6.2 For the IDC charges, the Petitioner has requested to retain the IDC as approved by the Commission vide its tariff order dated 06.06.2020 and accordingly has proposed similar normative rates per kW for single part tariff consumers and per kVA for two-part tariff consumers for different categories voltage-wise for FY 2021-22.

12.6.3 Taking into consideration the proposal of the Petitioner and other factors like energy load growth in the State, additional incremental revenue collection, available revenue with HPSEBL collected on account of normative IDC, the Commission decides to extend the normative IDC rates and associated conditions as decided vide its Order dated 10th October, 2016 for FY 2021-22.

12.6.4 The Commission observes that the Petitioner has recovered a significant amount of IDC from the consumers post the applicability of these Regulations, however, no details of its utilization has been reported till date. The Commission directs the Petitioner to furnish details of IDC (i.e. opening, collection, closing, etc.) for each year post applicability of the Regulations and provide details of its utilization.

12.7 Distribution Losses

12.7.1 In addition to above charges, the Open Access consumers/customers shall have to bear the distribution losses in kind as per the provisions of the Open Access regulations and shall be credited to the respective licensees through energy accounting mechanism. In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the distribution losses corresponding to the lower voltage level shall be applicable. The distribution losses at following rates shall be applicable to the open access consumers/ customers including generators, other licensees and traders:

Table 227: Approved Loss Level for Open Access Consumers/ Customers

Voltage Level	220kV/ 132kV	66kV	33kV	22kV/ 11kV	LT
Loss level (in % of energy)	2.5%	4.0%	6.0%	8.0%	15.0%

12.7.2 The losses at LT are for indicative purposes only as no open access may actually be availed on LT.

12.7.3 In order to provide non-discriminatory access to its system to the open access consumers/ customers, the HPSEBL shall maintain such systems in accordance with the provisions of the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.

12.8 Renewable Power Purchase Obligation (RPPO)

12.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (read with amendments) had specified the minimum ceiling of solar and non-solar RPPO for the distribution licensee over a time span of ten years.

12.8.2 The Commission has also issued Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Sixth Amendment) Regulations, 2019 dated 05.02.2020 which proposes amendment to the minimum percentage of RPPO requirement. These regulations have fixed a RPPO trajectory for FY 2021-22.

12.8.3 Accordingly, the minimum RPPO target of the distribution licensee for solar and non-solar energy for FY 2021-22 is as under:

Table 228: Minimum Quantum of Purchase from Renewable Sources

Particular	Minimum RPPO %age of the gross requirement
Non-Solar	10.50%
Solar	10.50%
Total RPPO	**21.00%**

12.8.4 Therefore, based on the energy availability from non-solar and solar sources as detailed in Power Purchase section of chapter 10 of this Order, the Petitioner is expected to meet its non-solar and solar RPPO during FY 2021-22.

12.8.5 Further, the Government of India vide its Notification no. 23/03/2016-R&R dated 29th January 2021 has specified target for Hydropower Purchase Obligation (HPO) within Non-solar Renewable Purchase Obligation with a view to promote hydropower sector in India and has declared large hydropower projects having capacity of more than 25MW having commissioned on or after 08.03.2019 as renewable energy source for meeting the HPO. In this regard, it is highlighted the Commission is in process of fixing the HPO trajectory for the Petitioner.

12.8.6 The surplus quantum of renewable power purchased by HPSEBL after meeting its RPPO, sale of renewable power outside the State and conversion of conventional energy to green energy by other obligated entities within the State shall be eligible for issuance of RECs or disposal in any other admissible mode.

13 DIRECTIONS AND ADVISORIES

13.1 Background

13.1.1 The Commission had issued directions and advisories to HPSEBL in the first APR Order for the fourth Control Period against which the Petitioner has submitted a directive compliance report as a part of the APR tariff Petition. During the processing of the APR Petition the Commission raised several queries. In response to the queries the Petitioner has submitted partial details.

13.1.2 The following table summarizes the compliance status of old directives and new directions for FY 2021-22, which the Petitioner is mandated to submit timely compliance status:

13.2 Compliance of Old Directives

Table 229: Compliance of Old Directive

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td>1.</td><td>The Petitioner is required to provide status of recovery of past 3 years along with the details of the action taken in this regard along with the APR petition for FY22. The Petitioner is required to provide the details of recoverable and non-recoverable arrears against all arrears greater than 1 year along with the subsequent tariff petition

The Commission also directs the Petitioner to identify non-recoverable arrears and initiate proceedings for writing the same off.</td><td>The detail of the category wise receivable for the FY 2018-19 is as under;
<table><tr><th>Category</th><th>Total amount outstanding (Rs. Cr)</th></tr><tr><td>I&PH</td><td>131.60</td></tr><tr><td>MC/NAC etc.</td><td>2.85</td></tr><tr><td>Other Govt. Deptt.</td><td>2.44</td></tr><tr><td>Domestic</td><td>62.57</td></tr><tr><td>Commercial</td><td>1.56</td></tr><tr><td>Industrial</td><td>515.22</td></tr><tr><td>Others</td><td>80.03</td></tr></table></td><td>The Petitioner has submitted details of outstanding as on 31.01.21. It is observed from the details furnished by the Petitioner that out of the outstanding of Rs. 445.45 Cr., approx. Rs. 312 Cr. is less than one year and balance amount of Rs. 133.66 Cr. is >1 year including an outstanding of Rs. 44.55 Cr. which is greater than 5 yrs. Majority of this outstanding dues are towards I&PH and Industrial categories.

The Commission further directs the Petitioner to develop a detailed action plan to recover the outstanding dues towards the various</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Total</td><td>796.27</td></tr>
</table>
<table>
<tr><th>Age of receivables</th><th>Total amount (Rs. Cr)</th></tr>
<tr><td>Less than 1yr</td><td>757.10</td></tr>
<tr><td>1yr to 5 yr</td><td>33.05</td></tr>
<tr><td>More than 5yr</td><td>6.12</td></tr>
<tr><td>Total</td><td>796.27</td></tr>
</table>
HPSEBL would like to state that the outstanding amount of previous year i.e. FY 2018-19 has now mostly been recovered.

HPSEBL has also submitted category wise details of outstanding amount along with age of receivables till 31.01.2021 as under
<table>
<tr><th>Category</th><th>Time Frame</th><th>Total amount outstanding (Rs. Cr)</th></tr>
<tr><td>I&PH</td><td>Less than 1yr</td><td>96.91</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>27.69</td></tr>
<tr><td></td><td>More than 5yr</td><td>13.84</td></tr>
<tr><td>MC/NAC</td><td>Less than 1yr</td><td>3.96</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>1.13</td></tr>
<tr><td></td><td>More than 5yr</td><td>0.56</td></tr>
<tr><td>Other Govt. Deptt.</td><td>Less than 1yr</td><td>8.30</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>2.37</td></tr>
<tr><td></td><td>More than 5yr</td><td>1.18</td></tr>
<tr><td>Domestic</td><td>Less than 1yr</td><td>43.86</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>12.53</td></tr>
<tr><td></td><td>More than 5yr</td><td>6.26</td></tr>
<tr><td>Commercial</td><td>Less than 1yr</td><td>28.67</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>8.19</td></tr>
<tr><td></td><td>More than 5yr</td><td>4.09</td></tr>
</table>
</td><td>consumers. This plan should be detailed with specific measures and timeframes within which the Petitioner plans to recover the outstanding dues. Also, an assessment of recoverable and non-recoverable arrears against all arrears greater than 1 year should be included as part of the plan. Also. the petitioner is directed to submit the action plan to recover the outstanding dues towards various consumers to the Commission within a period of three months.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Industrial</td><td>Less than 1yr</td><td>110.28</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>31.51</td></tr>
<tr><td></td><td>More than 5yr</td><td>15.75</td></tr>
<tr><td>Others</td><td>Less than 1yr</td><td>19 88</td></tr>
<tr><td></td><td>1yr to 5yr</td><td>5.68</td></tr>
<tr><td></td><td>More than 5yr</td><td>2.84</td></tr>
<tr><td colspan="2">Grand Total</td><td>445.55</td></tr>
</table></td><td></td></tr>
<tr><td>2.</td><td>As per the MYT Regulations, 2011, HPSEBL is directed to take scheme-wise approval in a time bound manner i.e. prior to implementation /execution of scheme. In absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of tariff determination.</td><td>HPSEBL is ensuring compliance to the same & all schemes are being submitted to HPERC for approval.
HPSEBL has submitted the schemes in consolidated manner along with the 2nd APR Petition.</td><td>The Petitioner has submitted only cost benefit analysis separately for few schemes and has mentioned that all schemes are being forwarded to the Commission for approval.

It is observed that the schemes submitted as part of 2nd APR Petition do not contain relevant details required for granting approval. The DPR, funding, current physical / financial status, etc is required to be provided by the Petitioner for obtaining approval. However, the petitioner has separately submitted partial details on few schemes on the observations raised by the Commission.

The Petitioner is directed to take scheme-wise approval in a time bound manner i.e. prior to implementation /execution of scheme along with all relevant details including DPR, project funding, scheme documents, etc. In absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of tariff determination.</td></tr>
<tr><td>3.</td><td>The Petitioner has submitted a note highlighting measures taken to recover the balance amount booked under S&I along with status of recovery of the amount booked under S&I along with copy of correspondences. The Petitioner in the annexure has also provided details of expenditure incurred and amount</td><td>HPSEBL is pursuing the matter of recovery of S&I cost with the various IPPs time to time. Some of the IPPs like Chanju-I & II has reimbursed an amount of Rs. 25,00,000/- & Rs. 27,67,875/- respectively on account of S&I Charges.
The case regarding recovery of S&I cost in</td><td>The Commission observes that the Petitioner has just provided recovery of amounts under S&I from two generators. However, details of payment such as year of recovery and other details have not been provided. In response to a query, the Petitioner responded mentioning the details regarding the recovered amount</td></tr>
</table>

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	outstanding towards S&I unit. The Commission has noted the compliance in this regard and dropped this directive. However, the Petitioner is required to pursue with the developers for recovery of S&I charges.	respect of Baspa HEP is under sub-judice in arbitral tribunal and outcome/decision of the same will have impact on the other projects also.	will be submitted subsequently. The Petitioner is directed to submit a year-wise generator-wise amount recovered from SI charges and details of generator-wise amount still pending. Also, Petitioner is required to pursue with the developers regarding recovery of S&I charges at the earliest and update the Commission of the status of the pending amounts.
4.	The Petitioner is required to file the tariff petitions for Ghanvi-II HEP and Uhl-III HEP within three months from the date of this Order.	The Commission has noted the submission of the Petitioner with regard to the Petition for Ghanvi-II (10MW) SHEP which has been filed in December 2019. Further, in response to a query, the Petitioner has responded that Ghanvi-II data will be submitted to Commission shortly and the details regarding commissioning of Uhl-III HEP will be shared subsequently.	The Commission observed that the Ghanvi-II Petition lacks appropriate details and supporting documents. Further, the commission observes that the commissioning of Uhl III Plant has been deferred multiple times without any visibility of its commissioning. The Petitioner is directed to submit the necessary details specific to Ghanvi-II and UHL-III HEP before the Commission within a period of three months.
5.	With regards to actual sales, no. of consumers and connected load details for sub-categories (HT-1, HT-2 and EHT), the Petitioner is directed to maintain formats, reconcile the data submitted in the past years and submit it during subsequent tariff petitions.	Bifurcation of data specific to HT-1 HT-2 and EHT w.r.t number of consumers, connected load for FY 20 is provided.	It is observed that the Petitioner has only submitted sales bifurcation. The initial break-up considered by Petitioner for consumers and connected load was observed to be erroneous. Also, the actual data for past year was not provided for number of consumers and connected load. Adequate details with respect to industrial consumers are pending since long and the information being provided are either inconsistent or unreliable. The Petitioner is strictly directed to ensure compliance of this directive in the next tariff Petition.
6.	The Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and	The detail of pension contribution and leave salary as of 31.03.2020 is attached as Annexure-7.1. In response to a query the Petitioner has	It is observed that the details provided by the Petitioner on Annexure-7.1 does not pertain to requirement highlighted in the direction of the Commission.

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	submit the same with subsequent tariff petition.	responded that proposal for sharing of terminal benefits from other business of HPSEBL such as Generation wing, BVPCL, Project and S&I etc. with effect from the commencement of transfer scheme was discussed in 83rd Meeting of WTD held on 10.02.2021. As per the decision taken by WTD, a draft administrative order in this regard to such Leave salary and pension contribution as well as to evolve a mechanism in this regard is under finalization.	In view of the subsequent response of the Petitioner, the Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and submit the same with subsequent tariff petition.
7.	The Petitioner is required to submit the report on voltage-wise cost of supply at the earliest and positively before 30th June 2018.	The study is being conducted through M/s CRISIL and is under finalization. However, the present study is based on the data of FY 2016-17 and now Management of HPSEBL has desired to revisit the study based on the data of FY 2019-20. The Report will be submitted to Hon'ble HPERC on its finalization.	It is observed that considerable delay has already happened in this study. The Petitioner is directed to finalize and submit the findings of the study immediately within three months of issuance of this Order.
8.	The Petitioner is required to provide a detailed report on furnishing of details of security deposit with monthly electricity bills within one month of the issuance of this Order. Details of number of consumers (sub-division wise) for which the same has been implemented should be provided along with the filing for next tariff petition.	Detail of security deposits are being shown in the system (SAP ISU) generated bills for all the consumers of HPSEBL except consumers of Pangi, Sach, Tabo and Udaipur Subdivisions where computerized billing is scheduled to be completed by Dec 2020. The energy of different category of consumers are attached as Annexure 7.2 for reference please.	The Commission observed that the Petitioner has claimed to comply with the same barring a few divisions. Further, the Petitioner has not provided a complete summary report instead a sample invoice has been provided. In response, the Petitioner has submitted that the provisions in this regard have already been implemented in the SAP ISU Billing system and Commission was accordingly apprised. Thus, necessary compliance has already been done by HPSEBL. The Petitioner is directed to submit sub-division wise details of number of consumers where the system has been implemented and details of sub-divisions where the same is still pending.
9.	The Petitioner is directed to maintain reliable data of capitalisation and submit the same	The Petitioner has provided year wise details of capital expenditure and capitalization	The Petitioner has provided details of capital expenditure and capitalization for the 3rd

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>with subsequent tariff petition.</td><td>undertaken is attached as Annexure-7.3.</td><td>Control Period from FY 15 to FY 19. However, no supporting documents such as loan agreement, source of equity, etc. has been provided against it. Further, the figures provided by the Petitioner are not in reconciliation with the accounts and the information provided is scattered.
The Petitioner is directed to maintain reliable data of capital expenditure and capitalisation scheme -wise in excel format (in form of a single excel file with appropriate linkage to respective schemes and works) in the subsequent tariff petition.</td></tr>
<tr><td>10.</td><td>Steps to implement Accounting Procedures for Maintenance of data for Capital Works and schemes both at field-level and headquarter level.

The Petitioner is required to take adequate steps to collect and maintain data from the fields at the head office level. A compiled quarterly report (soft copy) of such data collected from the field should be provided to the Commission on quarterly basis.</td><td>The SAP ERP is being implemented in HPSEBL in all the offices except Generation wing, M&T Circle and Operation Circle Dalhousie. The complete implementation of SAP ERP is envisaged during current financial year and thus the details of capital works and schemes etc. would be provided to Hon'ble HPERC on quarterly basis.</td><td>The Commission observes that the Petitioner has not submitted any reports post ERP implementation. Further, the Commission feels that data related to generation still remains a concern.
In response to a query, the Petitioner has responded that SAP ERP will be implemented in all Wings of HPSEBL by 2nd Quarter of FY 2021-22.
The Petitioner is directed to submit quarterly reports at end of each quarter post completion of the ERP implementation in 2nd quarter of FY 2021-22.</td></tr>
<tr><td>11.</td><td>The Commission has approved additional cost towards such public campaigns as proposed by the Petitioner. The Petitioner is directed to provide year-wise details of expenditure incurred in the past against the approved expenditure along with the APR petition for the respective year.</td><td>The Year wise detail of expenditure incurred on public campaign / public interaction programme are shown in Profit and loss statement under note No. 2.33(other expense-Admin & General Charges) as under:-
<table><tr><th>Year</th><th>A/c Head</th><th>Amount (in Rs Cr)</th></tr><tr><td>2014-15</td><td>76.156</td><td>0.16</td></tr><tr><td>2015-16</td><td>76.156</td><td>0.16</td></tr><tr><td>2016-17</td><td>76.156</td><td>0.16</td></tr><tr><td>2017-18</td><td>76.156</td><td>0.14</td></tr></table></td><td>Compliance Noted.</td></tr>
</table>

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
		2018-19 | 76.156 | 0.33 2019-20 | 76.156 | 0.19	
12.	The Commission observes that a small portion of feeders are still left to be metered. (22KV feeders- 96.14%, 11kV- 99.82% and DTRs- 96.56%). However, the Petitioner has not provided any details on replacement of defective meter in its submission. Accordingly, the Petitioner is directed to complete the remaining metering within three months of issuance of this Order and provide status update to the Commission on metering and defective meter replacement. The Petitioner is required to submit a yearly progress report on metering for last 5 years.	As on October 2020, the total number of defective and non-functional consumer's meters are 55,062, of DTRs 10,911 and of feeders 46 Nos. (11/22/33kV). These defective meters have been proposed to be replaced by March 2021. In response to a query the Petitioner has responded that Replacement and procurement of meters is a continuous process. Meters are being procured by HPSEBL regularly and the latest status in this regard already stands submitted to Commission.	The Commission observes that the Petitioner has not been able to completely understand the Directive. It is clarified that the directive is with regard to the feeder and DT level defective meters. Considering the large number of non-functional and defective meters, which cannot be considered as a continuous process. Therefore, the Petitioner is directed to replace the defective and non-functional DT/ feeder meters on an immediate basis and report the compliance to the Commission within one month of issuance of this Order.
13.	Posts in Electrical Sub-Divisions must be filled up first so as to ensure proper billing and maintenance of the distribution system. The Petitioner is required to provide details at sub-division level along with posts which are currently sanctioned, occupied and empty. The Commission further directs the Petitioner to submit the details within three months of the issuance of this Order.	HPSEBL has appointed Junior Office Assistant (IT) in all Electrical Subdivisions. Against 811 sanctioned posts of JOA (IT) 526 posts have been filled by HPSEBL to ensure proper billing and revenue collection in Electrical Sub-Divisions. In addition to this Sr. Assistants are also deployed in Electrical Sub-Divisions so that work of billing and cash collection could not be affected. Further, the recruitment process of 1897 Nos. Junior T-mates and helpers is under finalization and is expected to be completed within a month's period.	Compliance Noted.
14.	With respect to prepaid meter installation, the Commission has noted the submission of the Petitioner. The Petitioner is required to provide a detailed	Any proposal for rebate to consumers on energy charges in case of pre-paid metering shall be submitted in due course of time prior to installation of Smart Meters with pre-paid option.	Compliance Noted.

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	proposal for its proposal of rebate of 3% on energy charges along with working.		
15.	The Petitioner was directed to submit a concrete plan/readiness for implementation of prepaid meter installation	Prepaid Meter Installation: In respect of Prepaid Meters, it is submitted that presently, around 1.5 Lakh SMART Meters having the functionality of both pre-paid as well as post-paid, have been proposed in respect of Shimla and Dharamshala towns, being SMART Cities. In respect of another 13 towns around 3 Lakh SMART Meters are also being proposed under a World Bank funded scheme, which is still under consideration by the GoI. In respect of the remaining State, same shall be considered/ proposed based on the experience gained from above proposals.	The Petitioner is directed to comply with the CEA recent guidelines and latest rules of GoI with regard to installation of smart and pre-paid meters. Quarterly report in this regard be submitted to the Commission.
16.	The Petitioner was directed to submit a Proposal for increase in demand charges of cement industry, etc.	As far as the determination of demand charges is concerned, it is a prerogative of Commission and thus Commission may take its own decision on the same.	Compliance Noted.
17.	The Petitioner is further directed to provide year wise details of amount recovered through sale of RECs along with its booking details under annual account for last five years.	HPSEBL has sold 5,40,997 non solar RE certificates during FY 2018-19 & FY 2019-20 at the platform of power exchanges. Details enclosed as Annexure- 7.4	Compliance Noted.
18.	The Petitioner is directed to pursue with the MoP for surrender of its share in Gas Plants such as Anta, Auriya, Dadri and Kodlam HEP as the cost per unit from these stations is significantly higher than the alternate power procurement options available.	HPSEBL is regularly taking up matter with MoP, GoI for getting SOR share of HP in Anta, Auriya and Dadri Gas Power Plant and 15% unallocated share of HP in Koldam HEP, reallocation to some other needy states. Reference letters enclosed as Annexure-7.5.	Compliance Noted.
19.	The Commission directs the Petitioner to prepare a detailed proposal on the requirement and procurement of safety equipment and provide relevant details along with cost estimates for approval of the Commission	Proposal in respect of procurement of Personal Protective Equipment's (PPEs) for FY 2020-21 & 2021-22 amounting to Rs. 15.75 Cr. has been prepared and is in process of obtaining approval from Competent Authorities. Detailed scheme is attached as Annexure-7.6.	The Petitioner is directed to report completion of the process for procurement of PPEs to the Commission.
20.	HPSEBL is directed to submit quarterly report regarding the payment of subsidy (to	Details of subsidy in respect of Q1, Q2 and Q3 for FY21 is attached as Annexure-7.7.	Compliance Noted.

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	electricity consumers of domestic and agriculture categories during FY 2018-19) as well as the outstanding amount; if any.	Further, in a response, the Petitioner submitted Quarterly report of the subsidy for the FY 2018-19.2019-20 & 2021-21(Prov.) enclosed as Annexure-E20.	

13.3 Compliance of Directives of MYT Order

Table 230: Compliance of Directives for MYT Order

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1.	The Commission directs the Petitioner to prepare detailed accounts for each Business Unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission.	Segment wise Balance Sheet and Profit and Loss Accounts of each Strategic Business Unit is being shown/ disclosed from 2011-12 onwards in-audited Balance Sheet / Financial Statement s of the Company in the Notes to Accounts As regards, allocation of common cost across each business unit is not feasible due to non – availability of employee data, non –allocation of Govt. grants, loan, working capital etc. Efforts are being made to maintain each business unit's wise accounts to comply the direction. In response to query raised by the Commission, the Petitioner has submitted that the head office common cost methodology has being defined/ finalized to allocate cost different business unit and shall be compiled from the next financial year.	The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered in the submission of next Tariff filing.
2.	The Commission directs the Petitioner to streamline its accounting policy on this matter going forward and direct its field units to	HPSEBL has allotted separate accounts code (BH 62.252 & 62.253). As per information available in this office from Operation Circle	Compliance noted.

<table>
<tr><th>No.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>initiate the process of booking revenue from CSS and additional surcharge in the respective account heads thus created. The Petitioner is further directed to ensure that segregated accounts with separate details of revenue recovered on account of CSS and additional surcharge are furnished in the subsequent tariff petitions.</td><td>Bilaspur, Solan & Nahan , total amount of additional surcharge & cross subsidy surcharge (CSS) for FY 2018-19 and 2019-20 is as under:
In Rs Cr
<table>
<tr><th>Year</th><th>Name of Circle</th><th>Cross Subsidy</th><th>Additional Surcharge</th><th>Total</th></tr>
<tr><td>2018-19</td><td>Bilaspur</td><td>0.54</td><td>0.56</td><td>1.10</td></tr>
<tr><td>2018-19</td><td>Solan</td><td>0.38</td><td>0.35</td><td>0.73</td></tr>
<tr><td>2018-19</td><td>Nahan</td><td>0.005</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td></td><td>0.925</td><td>0.91</td><td>1.835</td></tr>
</table>
In Rs Cr
<table>
<tr><th>Year</th><th>Name of Circle</th><th>Cross Subsidy</th><th>Add Surch.</th><th>Total</th></tr>
<tr><td>FY20</td><td>Bilaspur</td><td>3.12</td><td>3.63</td><td>6.75</td></tr>
<tr><td>FY20</td><td>Solan</td><td>0.77</td><td>0.77</td><td>1.54</td></tr>
<tr><td>FY20</td><td>Nahan</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td></td><td>3.89</td><td>4.40</td><td>8.29</td></tr>
</table>
The amount of cross subsidy has been clubbed with revenue from sale of power from industrial consumers in the accounts.</td><td></td></tr>
<tr><td>3.</td><td>The Commission directs the Petitioner to maintain separate account heads for recovery of O&M charges from HPPTCL and submit the details of such charges separately in the subsequent tariff filings.</td><td>The separate account heads for recovery of O&M charges from HPPTCL are allotted by the HPSEBL and details of O&M charges assessed & recovered are as under: -
<table>
<tr><th>Year</th><th>Assessed</th><th>Realized</th></tr>
<tr><td>2018-19</td><td>79,92,025</td><td>2,98,49,712</td></tr>
<tr><td>2019-20</td><td>2,62,21,204</td><td>11,03,03,603</td></tr>
</table>
Also, the Petitioner has submitted that the amount outstanding of previous year from Govt department has been realized during the year</td><td>Compliance noted.</td></tr>
</table>

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		and thus collection has been increased as compare to assessment.	
4.	The Commission takes serious note on the bookkeeping and internal audit procedures and directs the Petitioner to undertake adequate steps to strengthen the accounts team and processes in order to ensure compliance to accounting standards. The Petitioner is required to submit a detailed note and proposed actions to ensure compliance to this directive within three months of issuance of this Order.	Financial statements of the company are being prepared in accordance with Indian Accounting Standards (Ind AS) notified by the Companies (Accounting Standards) Rules, 2006 and other generally accepted accounting principles in India. To comply the IND- AS, strengthen and proper maintenance of books of accounts, necessary guideline, training to accounts personnel have been provided and Junior Office Assistants (Accounts) with Commerce background has been recruited at initial level and posted in each Electrical Division. Most of the Audit observations have been settled in FY 2018-19 accounts. Further, Internal Audit for FY 2018-19 & 2019-20 have been carried out by the audit teams comprising of Accounts Officers of Head Office level and Assistant Accounts Officers of field level in phased manner. Further, endeavours have been made by the management to improve the accounts such as in respect of reconciliation of debit and credit advice and inter Company transactions, clearance of old advance and suspense balances, cleaning of balance sheet etc. As maybe read from the Accounts, 34 Nos. of the 41 Accounting Standards in force have been complied with and rest of the standards are partly complied with. The reason for noncompliance of these standards is primarily	Compliance noted.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		the fact that the accounts of the Company have been based on the provision of Electricity Supply Annual Accounts, as in any other sphere, is a continuing process and the Company making full efforts for the same.	
5.	The Petitioner is further directed to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. The Petitioner is directed to provide actual instances of feeders which were identified based on such energy audit reports and losses were curtailed by appropriate action during last 3 years. The petitioner to submit the same along with next tariff petition. Further, division and circle-wise T&D loss for last five years to be submitted along with the report.	Circle wise losses for last five years are attached as per Annexure-7.8. Submission regarding targeted measures/plan of action for reduction of T&D losses will be submitted to Commission in due course of time.	The Commission has observed that the Petitioner has not provided detailed report highlighting feeders where energy audit was being conducted. In response to a query, the Petitioner has submitted that the details of feeders where energy audit has been conducted will be submitted to Commission subsequently. Further, the Commission has observed that T&D losses in some of the Circles are in the range of 20% and much above 20%. The T&D losses of this level cannot be accepted at all. Burden of such high losses cannot be passed on to the consumers in tariff order on permanent basis. HPSEBL must strive to reduce the losses in these Circles below 20%. Also, the T&D losses in industrial areas in absolute terms are very high inspite of the fact that most of the consumers there are connected at high voltage levels. Thus, very serious efforts are needed to reduce the losses in industrial belts as well. The Commission reiterates its direction to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. Also, the Petitioner is directed to submit targeted measures/plan of action with respect to these

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
			high loss circles within three months of the issuance of this Order. In case the Petitioner does not take serious and satisfactory steps to reduce such high T&D losses (> 20% and going upto 43%) in some of its circles, the Commission would be constrained to cap circle wise losses and issue revised circle-wise trajectory during Mid-Term Review of the fourth Control Period.
6.	The Commission directs the Petitioner to seek prior approval from the Commission before entering into any agreement for procurement or transmission of power in the future	Compliance noted.	It is observed that the Petitioner has entered into short-term agreements for procurement of power for which approval has not been sought prior to signing of the agreement. While the Commission has provisionally considered the claim of the Petitioner with respect to the proposed procurement of short-term power, the Petitioner is directed to seek approval of the Commission by filing a separate petition for power procurement undertaken for FY 2021-22.
7.	The Commission directs the Petitioner to submit separate information with respect to the pension contribution of employees in Generation, BVPCL, Projects and S&I along with subsequent tariff petitions each year.	The detail of pension contribution and leave salary as of 31.03.2020 is attached as Annexure-7.1. In response to a query the Petitioner has responded that proposal for sharing of terminal benefits from other business of HPSEBL such as Generation wing, BVPCL, Project and S&I etc. with effect from the commencement of transfer scheme was discussed in 83rd Meeting of WTD held on 10.02.2021. As per the decision taken by WTD, a draft administrative order in this regard to such Leave salary and pension contribution as well as	It is observed that the details provided by the Petitioner on Annexure-7.1 does not pertain to requirement highlighted in the directions. In view of the subsequent response of the Petitioner, the Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and submit the same with subsequent tariff petition.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		to evolve a mechanism in this regard is under finalization.	
8.	The Commission directs the Petitioner to undertake adequate measures for utilizing its IT infrastructure for generating monthly, quarterly and annual MIS reports and utilize the information for planning and decision-making. The Petitioner is directed to submit quarterly reports at the end of each quarter to the Commission for FY 2020-21.	HPSEBL is ensuring necessary compliance to this and reports are being submitted to HPERC regularly.	The Petitioner has submitted that reports are being submitted to the Commission regularly. However, the Commission has not received any such quarterly MIS report. The Commission continues its direction and directs the Petitioner to undertake adequate measures for utilizing its IT infrastructure for generating monthly, quarterly and annual MIS reports and utilize the information for planning and decision-making. Further, the Petitioner is directed to submit quarterly reports at the end of each quarter to the Commission for FY 2021-22 in line with the previous directions.
9.	The Commission directs the Petitioner that every query raised by the stakeholders should be appropriately responded to in future.	The compliance is noted.	It is observed during this APR process that the Petitioner has been doing a mere formality by responding to the stakeholder comments. The Commission takes serious note on the casual and non-professional responses made by the Petitioner to the stakeholder's comments. Most of the responses submitted are devoid of any analytical response. The Petitioner is directed again for replying appropriately to the comments and objections of the stakeholders in future.
10.	The Commission directs the HPSEBL to strengthen its Energy Efficiency and Conservation Cell. Also, quarterly report at the end of each quarter regarding the update on existing and	It is submitted that the Energy Efficiency and Conservation Cell of GoHP is working under Directorate of Energy so far as the activity of energy audit and energy conservation in respect of HPSEBL system is being looked after by	The Commission is of the view that responsibility in respect of awareness regarding energy efficiency and conservation also rests with the utility and therefore programmes and activities should be

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	proposed new plans of various programmes and activities undertaken/ to be undertaken by the Petitioner is required to be submitted to the Commission.	Enforcement and Energy Audit Cell being headed by Superintending Engineer. As far as the activities of campaign for energy efficiency and conservation is concerned, this exercise needs to be taken by Directorate of Energy on behalf of GoHP. Subsequently, in response to a query raised by the Commission, the Petitioner has submitted that Public Relations Cell of HPSEBL is regularly conducting awareness programmes for various consumers in the State. However, in the recent times due to COVID-19 Pandemic, it has been difficult to undertake such awareness measures. Thus, HPSEBL is ensuring compliance to directive of Hon'ble Commission.	undertaken by Public Relations Cell of HPSEBL in this regard. It is observed that no details with respect to activities being undertaken by such cells have been submitted by the Petitioner. The Petitioner is directed to undertake the following: a. prepare a detailed list of activities/ campaigns programmes to be undertaken each year and submit the same along with its annual Petition. b. Summary of activities and campaign undertaken during FY 2019-20 and FY 2020-21 by the Petitioner.
11.	The Commission directs the Petitioner to submit information with respect to capital expenditure, capitalization, funding, etc. along with the true-up for the respective year. The Petitioner is also directed to submit the Asset Commissioning Certificates for HT works issued by the competent authority for assets capitalized in the respective year.	The year wise details of capital expenditure and capitalization undertaken is attached as Annexure-7.3.	The Commission observes that the information provided by the Petitioner in Annexure-7.3 lacks details and is not complete. The Petitioner has not provided DPRs, cost estimates, purpose of investment, tentative completion dates etc. for the schemes proposed in each year of the Fourth Control Period The Commission takes strict view on the submission made by the Petitioner with respect to capitalisation. The Commission continues its direction and the Petitioner is directed to maintain reliable data and to submit necessary details (DPRs, cost estimates, purpose of investment, tentative completion dates etc.) for the schemes proposed to be carried out prior to implementation of work.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
12.	The Commission directs the Petitioner to prepare the list of schemes for utilizing 80% of the compensation amount. The Commission also direct the Petitioner to submit detailed cost benefit analysis and DPRs for the schemes proposed to be financed from this fund and take prior approval from the Commission before implementation of the proposed works.	Detail of schemes is attached at Annexure-7.9. In response to the query raised by the Commission, the Petitioner has submitted that the list submitted by HPSEBL as Annexure 7.9 includes the schemes to be executed by HPSEBL under KfW funding. The schemes covered under the scheme are mainly RE schemes. The amount of Compensation fund will be used by HPSEBL to meet the own share of project cost, which is 20% of the total cost. The list of all the schemes included in the scheme already stands submitted to Hon'ble Commission with the 2nd APR Petition being field on 28.11.2020.	It is observed that the information provided by Petitioner is incomplete. The Commission directs the Petitioner to resubmit the information along with adequate details regarding initiation and completion, year-wise expenditure, complete details of funding (including break-up of equity from state GoHP, compensation amount), etc. along with the next tariff petition.
13.	The Petitioner is directed to submit consistent information with respect to slab-wise sales, load, etc. across all categories and all sub-divisions in the subsequent tariff petition for detailed analysis.	HPSEBL is ensuring necessary compliance to this and requisite information stands included in the petition.	There are numerous errors observed in data shared by the Petitioner which the Petitioner was not able to clarify in subsequent queries as well. Adequate details with respect to industrial consumers are pending since long and the information being provided is either inconsistent or unreliable. Therefore, the directive is being continued and Petitioner is required to submit proper information of slab-wise and sub-category data (load, No. of consumers and sales) for FY 2019-20 and FY 2020-21 in the subsequent petition.
14.	The Commission directs the Petitioner to submit quarterly T&D loss levels for all circles and divisions to the Commission. Further, the Petitioner is directed to identify circles / divisions with high T&D loss levels and prepare a roadmap for measures to be undertaken during the Fourth Control Period for aligning the loss in these circles/ divisions with the average loss targets. The Petitioner should	Circle wise losses for last five years is attached as per Annexure-7.8. Submission regarding targeted measures/plan of action for reduction of T&D losses will be submitted to Commission in due course of time.	Even after 12 months, the Petitioner has not been able to prepare a proper roadmap and action plan for reduction of losses. Planning is imperative for accomplishment of targets which is being overlooked by the Petitioner. This is also visible by the fact that the actual T&D losses of the Petitioner has been increasing during FY 2018-19 and FY 2019-20. The Commission again directs the

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	submit the roadmap with proposed actions to the Commission within three months from issuance of this Order		Petitioner to frame a roadmap with proposed actions for divisions/circles with high T&D loss and submit to the Commission within three months of issuance of this Order.
15.	The Petitioner is directed to submit details of category wise collection efficiency for past years along with assessment and collection details with subsequent tariff filings.	The collection efficiency for past 5 years is enclosed as Annexure-7.8.	The Petitioner is directed to include details of collection efficiency as part of truing-up for the respective year in subsequent tariff filings.
16.	The Commission directs the Petitioner to compile the requisite data and submit quarterly reports on parameters such as SAIDI, SAIFI, wheeling and supply availability etc.	HPSEBL is compiling the quarterly reports on Reliability Indices regularly and is uploading the same on its website. Further the reports are being submitted to the Commission regularly.	It is observed that the Petitioner has not submitted any of these reports during the previous year to the Commission. The information is required to be submitted on a quarterly basis. Also, considering the same is included under HPERC Tariff Regulations, 2011, the same should form part of the tariff petition. The directive is being continued. Petitioner to provide reference of the submissions made during FY 2019-20 and FY 2020-21 along with next filing.
17.	Details of power procurement for estimated shortages during FY 2019-20 quarters and compliance to the directive (approvals for exceeding 5%) are required to be submitted along-with next tariff petition. In absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.	The details of power procurement for estimated shortages during FY 2019-20 quarters is enclosed as Annexure-7.10.	No write-up explaining the compliance has been provided. As per the table submitted, the Petitioner has drawn less than 5% of the power from short-term sources and in absence of any approvals for higher purchase from short-term power, the Commission shall limit the same at the time of final truing-up for FY 2019-20. The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2021-22. In absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
18.	The Commission directs the Petitioner to furnish quarterly progress reports of capital expenditure and capitalization for distribution business along with details of schemes and their funding pattern regularly.	HPSEBL is ensuring necessary compliance to this and details of capex & capitalization have been included in the petition.	The Commission observes that the petitioner has not submitted quarterly progress reports of capital expenditure and capitalization for distribution business along with details of schemes and their funding pattern regularly. However, the Petitioner has provided year wise capital expenditure and capitalisation details as annexure along with the petition which is also incomplete. In absence of submission of quarterly reports, the Commission continues its direction and the Petitioner is directed to provide detailed report on capex and capitalisation at the end of each quarter on regular basis in line with the previous direction.
19.	The Commission directs the Petitioner to share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State, failing which may lead to disallowance of capital cost.	HPSEBL is ensuring necessary compliance to this and Reports and Load Flow studies have been shared with the HPPTCL. Further, the EHV works are being executed in consultation with HPPTCL for which the necessary Load Flow Studies are being carried out jointly by HPSEBL and HPPTCL.	The Petitioner is required to share the copy of joint reports / consultation/ any other proof at the time of seeking approval from the Commission with respect to capex of such EHV works.
20.	The Commission directs the Petitioner to provide information with respect to miscellaneous capex works undertaken during each year along with the APR and Mid-term Review petition. The Petitioner is also required to submit details of actual miscellaneous capex FY15 to FY19.	The details in respect of miscellaneous CAPEX is under preparation and shall be shared with Hon'ble Commission subsequently.	Information regarding miscellaneous works submitted by the Petitioner in the APR petition is not descriptive and detailed out properly. The Commission continues its direction and directs the Petitioner to furnish information details of actual miscellaneous capex and capitalization for each year of FY15 to FY19.
21.	The Commission directs the Petitioner to furnish quarterly status and progress on the	The detail/summary of the Smart Metering award stands submitted to HPERC vide this office letter No. HPSEBL/CE(Comm.)/SERC-	The Commission directs the Petitioner to provide the status of the smart metering scheme within three months of this order.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	implementation of the smart metering scheme to the Commission.	26(Vol-33)/2019-20-3150 dated 26.05.2020. Further in respect of submission of quarterly report, it is submitted that cost/prices stand discovered by M/s PFFCL after open tendering of the Smart Metering work awarded to them and the same also stands informed vide aforementioned letter Bo. 3150 dated 26.05.2020. At present the work awarded to M/s PFFCL is being revised as per the price/cost discovered in the open tendering, carried by M/s PFFCL and its approval is under consideration of HPSEBL Management. The Petitioner in response to a query submitted that the proposal is in final stages and the latest status will be submitted to Hon'ble Commission subsequently.	Quarterly reports on regular basis in this regard be submitted to the Commission.
22.	The Petitioner is directed to submit annual capitalisation report of each true-up along with true-up petition.	HPSEBL is ensuring necessary compliance and requisite information stands included in the petition.	The Commission is of the view that the information provided by the Petitioner with respect to annual capitalisation is incomplete. The Petitioner is directed to maintain and submit reliable data of capital expenditure and capitalisation scheme -wise for FY 2019-20 and FY 2020-21 in excel format (in form of a single excel file with appropriate linkage to respective schemes and works) in the true-up for respective years.
23.	The Petitioner is directed to furnish the opening, addition, retirement and closing number of employees for each department at the time of true-up and ARR filing. The Petitioner as also required to submit the findings of the Special Committee established under the Chief Engineer (Central Zone) to assess the manpower requirements in	Information in respect of opening, addition, retirement and closing number of employees is attached as Annexure-7.11.	It is observed that submission of the Petitioner does not align with the Commission's directive as the information provided in Annexure-7.11 does not highlight department-wise details. Further, the Petitioner has also not provided report of special committee to assess the

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	Operation, Generation and Transmission wings and any other manpower studies being undertaken by the licensee to the Commission within three months of issuance of this Order.		manpower requirements in Operation, Generation and Transmission wings. Despite of several directives and time extensions, the Petitioner has merely submitted a recruitment plan and a benchmarking study against HR Plan. The Commission takes strict view on the non-compliance of the Petitioner in this regard and direct it to submit the same within one month of the issuance of this Order.
24.	The petitioner is required to pursue rigorously with Ministry of Power for continuation of the surrendered power from these stations for an additional period of five years and submit compliance report in the next tariff filing to the Commission.	HPSEBL has taken up the matter with MoP, GoI for continuation of this allocation for next five years vide letter No. HPSEBL/CE(SO)/IS-05A/2019-680 dated 07.08.2019 (Annexure-7.12). Reallocation of HP's SOR share from aforesaid HEP's to other utilities continuing though, no formal orders with reference to continuation of reallocation has been issued by MoP till date.	Compliance noted.
25.	The Commission directs the Petitioner to create separate account heads for AMC of hardware and ATS Charges to record expenditure incurred on maintenance of IT cell from FY 2019-20 onwards. Also, the Petitioner is required submit the name of the contractor, award value, copy of LOA, timelines, classification of expense (i.e. ATS/AMC/FMS/any other) along with the true-up petition for each year going forward.	Compliance noted.	It is observed that the information submitted cannot be reconciled with the claim of the Petitioner for FY 2018-19. The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents.
26.	The Petitioner is directed to separately furnish the details of amount of connectivity charges, name of the vendor, description of the expenditure incurred in the respective year	Year wise detail of expenditure incurred on public campaign / public interaction programme are shown in Profit and loss statement under	The Commission observes that the Petitioner has not provided details regarding amount of connectivity charges, name of the vendor, description of the expenditure incurred in the

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	along with similar details of previous three years at the time of true-up The Petitioner is also required to create a separate head for new expenses incurred on public interaction programme during the Fourth Control Period and furnish these details at the time of truing up.	note No. 2.33(other expense- Admin & General Charges)	respective year along with similar details of previous three years. The Commission again directs the Petitioner to submit the same along with next tariff petition.
27.	The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business prior to November 2019 and submit it with the subsequent tariff petition	The FAR as of 31.03.2020 is hereby attached as Annexure-7.13. In response to a query, the Petitioner submitted that reconciliation of the FAR is under process and shall be submitted by the 30.04.2021. Also, at present the deprecation is being calculated at the HO level. Further, system for calculation of depreciation at the field level is under process and shall be implemented after the complete rollover of the SAP-ERP.	The submitted FAR is not complete as no summary sheet showing reconciliation of data across circles is provided. Further, HPSEBL has not provided data in reconciliation with accounts for FY 2019-20. As per Petitioner submission of FAR will be completed by 30.04.21 and therefore, the Petitioner is directed to submit the complete FAR with next tariff petition for FY 2019-20 and FY 2020-21.
28.	The Petitioner is required to service the repayment and interest liability of the Bonds issued by GoHP under UDAY scheme. The Commission directs the Petitioner to take up the matter for conversion of back-to-back arrangement with GoHP into a mix of equity and grants in future years as envisaged under the original tripartite agreement.	In this context, it is submitted that GoHP has been requested to convert the UDAY (75%) loan of Rs 2890.50 Cr into grant and equity vide this office letter no. HPSEBL/F&A/LS-UDAY/2020-2 Dated 3 0.05.2020 and even file no.121-23 dated 29.06.2020 (Annexure - 7.14) and the matter is under consideration of the State Government and outcome of the same will be share accordingly with the Hon'ble Commission. In addition to the reply submitted at the time of tariff filing, the Petitioner submitted that GoHP was further requested vide this office letter no HPSEBL/F&A/LS-1: Borrowings/2019-20-561 dated 29.12.2020 (Copy enclosed as Annexure-E28), however, the conversion of the	The Petitioner is directed to continue its efforts with GoHP to ensure that Tripartite Agreement between the Petitioner, GoHP and MoP is honoured and provide the status in the next tariff filing.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		said loan into mix of equity and grants has not been approved till date.	

13.4 First APR Directives

Table 231: Compliance for First APR Directives

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1	Timely Audit and Submission of Accounts	The main reason for delay of Audit for FY 2018-19 is due to pandemic COVID-19 and expected that audit shall be completed by the end of December, 2020	Noted.
2	Rebate for Timely Payment The Commission directs the Petitioner to come up with an appropriate rebate plan for such industrial or commercial consumers which should consider detailed proposal on rebate to be offered and cost benefit analysis.	HPSEBL is considering the cost benefit of such Rebate and shall submit a plan/proposal to the Commission as and when such is finalized. It is further to add that online payments are being accepted from the consumers through different payment Gateways without levying any transaction charges and thus the cost implications on account of rebate as per direction is being worked out.	Noted
3	Non-Compliance of Commission's Directives	HPSEBL always endeavours to and makes all efforts to comply with the directions of the Hon'ble Commission. Most of the compliances require HPSEBL to interact with the field units down below with whom the onus of compliances de-facto rests and thus in some occasions it may result into delays. HPSEBL prays to the Hon'ble Commission to take a lenient view towards the HPSEBL in this regard.	It is observed that most directives are being continued each year due to negligent attitude of the Petitioner in preparing response. In such a case, the Commission is forced to not take a lenient approach towards the Petitioner.

<table>
<tr><th>No.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td>4</td><td>The Petitioner to immediately comply with the same by obtaining a registration with 'Employer's Provident Fund Authorities' failing which the Commission will be forced to disallow the amount of contribution towards provident fund in its future true-up or Tariff Orders</td><td>In this context, it is submitted that GPF Trust has been registered on 23.10.2017 with registration No.339/2017 and also approved from Income Tax Deptt. The monthly subscription of employees has now been transferred to HPSEBL GPF Trust on monthly basis. As regards, the previous GPF accumulation is concerned, the amount of Rs. 716.00 Cr. has already been transferred to the GPF Trust and remaining amount will be transferred within two years as per IT Act.
The tentative details are as under;
(Rs in Cr)
<table>
<tr><th>FY</th><th>OB</th><th>Trf to Trust</th><th>O/S bal.</th></tr>
<tr><td>2018-19</td><td>1282.61</td><td>330.59</td><td>952.03</td></tr>
<tr><td>2019-20</td><td>952.03</td><td>184.69</td><td>767.34</td></tr>
<tr><td>2020-21 (Tentative)</td><td>767.34</td><td>471.65</td><td>295.69</td></tr>
</table></td><td>Updated status in this regard to be submitted to the Commission in subsequent filing.</td></tr>
<tr><td>5</td><td>The Petitioner is directed to formulate a committee, within a week of the issuance of this Order, to investigate the reasons for delay in the Kala-Amb project which was required to be executed by HPSEBL at the first place.</td><td>In response to the direction by HPERC, Committee to investigate the reasons for delay in the Kala-Amb project has been constituted and the same stands intimated to Hon'ble Commission vide letter No. 6125 dated 16.07.2020. Further, the Committee has submitted the Report and same is under deliberation with Board Management and will be submitted to HPERC subsequently.</td><td>The Petitioner has subsequently submitted the report to the Commission.
The report looks inconclusive and inspite of penalty running into hundreds of crore, the Petitioner has not taken action to expedite the construction of downstream system.
Consumers do not have to bear the burden of inefficiency of the Petitioner on this account.
The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. For Hamirpur sub-station</td></tr>
</table>

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
			similar charges being paid to PGCIL shall not be allowed after FY 2021-22.
6	The Petitioner is directed to prepare an efficiency improvement plan for next five years and submit to the Commission within two months from the date of issuance of this Order. The plan should include actionable points which the Petitioner would follow to reduce its various cost elements over the next five years.	The major component of the O&M expenses of HPSEBL is the employee cost which includes the serving incumbency and the pension liability on account of Superannuated persons. Both components are uncontrollable for the HPSEBL. HPSEBL is contemplating an efficiency plan which shall be submitted in due course of time.	No plan was submitted in spite of significant time granted to the Petitioner. Employee cost of the petitioner is highest in the entire country and petitioner needs to seriously work in this direction so that consumers in the State are not made to pay huge charges towards their salary through electricity tariff. In this regard, the Commission is of the view that there is a lot of scope for the Petitioner to cut down the employee cost by doing technological intervention. Also, the petitioner must also look into the aspect of closing down of select offices (S&I, Design units, PLCC, M&T, project unit) or rationalize the number of employees in such departments considering limited scope of such departments/ offices going forward. This will ensure effective utilization of existing human resource and reduce the number of employees required to be added in the distribution function. The Petitioner is required to submit a road-map in this regard within three months of issuance of this order. As per recent Forum of Regulators study for 12 states, it is observed that the highest percentage of O&M expenses approved was 21% while average O&M expenses ranged between 10-15%. However, the employee cost of the Petitioner is in the range of 34% of the ARR over the last 2-3 years. This clearly indicates significant scope for reduction in

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
			O&M expenses and the Petitioner should seriously endeavour towards rationalizing this cost. Procurement cost of energy by the Petitioner is one of the lowest in the country. Yet, consumers in the State are not benefitted on this account due to the significantly high employee cost of the Petitioner as compared with other states in the country. In view of the same, the Commission continues its direction and directs the Petitioner to prepare an efficiency improvement plan for next five years with an aim to reduce its employee cost by 1% every year. The Commission would be forced to limit the approval of employee cost in case of inability by the Petitioner to reduce the employee cost. The Petitioner shall submit the plan to the Commission within three months from the date of issuance of this Order.
7	Identification and Actions taken on Deadwoods and Employees with doubtful Integrity	Details of officers/officials with doubtful integrity is attached as per Annexure 7.15	Compliance noted.
8	HPSEBL must prepare an incentive/ disincentive scheme to its employees based upon some measurable operational parameters and submit the same to the Commission within two months of issuance of this order.	Incentivization of employees is against the principles of Tariff Determination as any incentive given to employees is contested by the stakeholders as being an addition to the employee costs especially when employees are already being paid salaries/emoluments. Moreover, the Incentivization of employees by way of either penalizing them for inefficiencies or contemplating disciplinary action against them is litigating in nature as ample of Service	Compliance noted.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		Rules have specific provisions in this regard and therefore such an incentive/disincentive scheme becomes problematic and not feasible for implementation. However, HPSEBL is still contemplating the logistics of such a scheme and same shall be submitted in due course of time.	

13.5 New Directives

Inappropriate response of stakeholder comments

13.5.1 The Commission has observed that most of the replies of the petitioner are devoid of professional and analytical approach. Most of the replies given by the petitioner reflects casual and non-serious approach. It is completely devoid of any analytical approach and looks completely unprofessional. The Commission directs the petitioner to be sensitive to the objections/suggestions of the objector(s) and adopt an analytical approach and support its reply with facts and figures in future.

Requirement of NoCs by field officers

13.5.2 It has been submitted by stakeholders that the field officers of the Petitioner are still demanding NoCs from the MCs/ NACs/ Town & Country Planning for release of new connections which requirement has already been removed by amendment in the Supply Code in Clause 3.1.2.1 effective from 05/12/2018. Further, they have requested for creation of awareness amongst field staff specially AEs/ AEEs in this matter. In view of the suggestions of stakeholder, the Commission directs the Petitioner to issue necessary instructions to its field officers so that consumers are not harassed for release of electricity connection.

MRI/AMR Billing of industrial consumers

13.5.3 Stakeholders have submitted that the Petitioner is still uploading MRI/ Billing data manually for most of the Industrial Consumers in the Computerized Billing system which is vulnerable to editing at field level before uploading giving benefit to consumers and have requested for automation of this process. In this regard, the Commission directs the Petitioner to provide status of meter readings of consumers through MRI/ AMR along with next tariff petition.

Compliance to Directives

13.5.4 The Commission observes non-compliance in regard to several directives issued in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives. The Commission takes serious view on the Petitioner’s approach for complying to the directive and directs the Petitioner to take up the compliance to directives in a sincere manner.

Submission of Tariff Proposal

13.5.5 The Petitioner has not been complying with the MYT Regulations, 2011 by not submitting a tariff proposal along with its Tariff Petition. No proposal for retail and wheeling and other charges etc. were submitted by the Petitioner despite providing adequate time for doing so. In absence of a tariff proposal, the claim for tariff increase is unknown to the consumers. The Commission directs the Petitioner to submit tariff proposal along with the subsequent tariff petition, failing which, the petition would not be admitted for processing.

Consumer Grievance handling

13.5.6 The Commission directs the petitioner to bring in place a complaint handling system and enhance the number of CGRF across the state of Himachal Pradesh on priority basis so that the grievances of the consumers are well taken care of.

Infrastructure Development Charges

13.5.7 The Commission observes that the Petitioner has recovered a significant amount of IDC from the consumers post the applicability of these Regulations, however, no details of its utilization has been reported till date. The Commission directs the Petitioner to furnish details of IDC (i.e. opening, collection, closing, etc.) for each year post applicability of the Regulations and provide details of its utilization.

Non-PoC charges payable against PKATL and Hamirpur-PGCIL assets

13.5.8 The Commission has been provisionally considering the amount of non-PoC charges required to be paid by HPSEBL towards PKATL assets Hamirpur-PGCIL substation. However, the Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges. The Petitioner is required to take steps for reversal of the charges against these assets already paid in the past years. The Petitioner is required to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing.

13.5.9 The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. Also, for Hamirpur substation these charges would be disallowed after FY 2021-22.

Costly Power Sources

13.5.10 The Petitioner should strive towards surrendering or reallocating its power from costly sources. The Petitioner is directed to identify and approach various states or other distribution licensees to whom such costly power sources could be reallocated during summer season and the same could be returned to HPSBEL during winter months. This would help in reducing the power purchase cost from costlier sources during the surplus months.

Sale of Surplus Power

13.5.11 The Petitioner is directed to inform the Commission and seek approval prior to entering into agreement for sale of surplus power through bilateral agreements or traders, excluding the day ahead market transactions.

Power Procurement

13.5.12 The Petitioner has issued LOI for procurement of 1648 MUs at HP State periphery at an average rate of Rs. 2.65 per kWh during FY 2021-22. In addition, the Petitioner has tied up 75.60 MUs with an average rate of Rs. 3.62/kWh from short-term power market to tackle the power requirement during the dry spell of April month.

13.5.13 It is observed that the Commission had directed the Petitioner in previous Orders for taking prior approval of the Commission before entering into any agreement for procurement of power. While the Commission has provisionally considered the claim of the Petitioner with respect to the proposed procurement of short-term power, the Petitioner is directed to seek approval of the Commission by submitting complete details for power procurement undertaken for FY 2021-22.

Delayed response against queries

13.5.14 It is observed that the response of Petitioner with respect to the queries and clarifications raised by the Commission were not submitted as per the timelines specified resulting in delay in issuance of this Tariff Order. The Petitioner is therefore directed to ensure timely submission with respect to Commission's queries and clarifications going forward failing which the Commission shall be constrained to take appropriate action.

Deviation from approved figures of ARR

13.5.15 Any major deviations from the approved parameters of the ARR for FY 2021-22 shall not be allowed without any prior approval of the Commission.

Delay in commissioning of UHL III HEP

13.5.16 The Commission has noted that the commissioning of Uhl III project has been deferred multiple times by the Petitioner. In this regard, the Petitioner is directed to ensure that the project is constructed and commissioned as per HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) Regulations, 2011 and amendments thereof. It is further clarified that any inefficiencies including delay in completion of the project shall not be passed on to the consumers of the State.

ANNEXURE – I GENERAL CONDITIONS OF TARIFF AND SCHEDULE OF TARIFF

PART-I: General Conditions of Tariff

A. This Schedule of Tariff shall come into force with effect from **1st June 2021** and will be applicable throughout the State of Himachal Pradesh.

Provided further that this Tariff Order shall not be applicable to consumers who have been permanently disconnected prior to the date of issue of this Order unless such consumers get their connections re-instated in the future

B. The rates mentioned in this Schedule of Tariff are exclusive of electricity duty, taxes and other charges already levied or as may be levied by the Government of Himachal Pradesh from time to time.

C. This tariff automatically supersedes the existing tariff w.e.f. **1st June 2021** that was in force with effect from 1st June 2020 except in such cases where 'Special Agreements' have otherwise been entered into for a fixed period, by HPSEBL with its consumers. Street Lighting Agreements shall, however, not be considered as 'Special Agreements' for this purpose and revised tariff as per schedule **'SLS'** of this Schedule of Tariff shall be applicable.

D. This Schedule of Tariff is subject to the provisions of **'Schedule of General and Service Charges' (Appendix – A)** and related Regulations notified by the Commission, from time to time.

E. Force Majeure Clause: In the event of a force majeure event, as defined in Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof, the consumer shall be entitled to proportionate reduction in demand charge or any other fixed charge, if applicable, provided he serves at least 3 day notice on the supplier for shut down of not less than 15 days duration.

F. Standard Supply Voltage: shall be regulated in accordance with the provisions of the Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

G. Single Point Supply: The various tariffs referred to in this Schedule are based on the supply being given at a single voltage and through a single delivery and metering point. Supply given at other voltages and through other points, if any, shall be separately metered and billed.

H. Lower Voltage Supply Surcharge (LVSS): Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' as per Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof . in addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given in the following Table on only the amount of energy charges billed, for each level of step down (as given in following table) from the 'Standard Supply Voltage' to the level of Actually Availed Supply Voltage.

Standard Supply Voltage	Actually Availed Supply Voltage	LVSS
11kV or 15kV or 22 kV	1Ø 0.23 kV or 3Ø 0.415kV OR 2.2 kV	5%
33 kV	11 kV or 22 kV	3%
66 kV	33 kV	2%
≥ 132 kV	66 kV	2%

EXPLANATION:

1) *The revised provisions of standard supply voltage under the* Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof *have been notified and new connections shall be released on that basis.*

2) *Here the expression "for each level of step down" as an example shall mean that in a particular case if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is >=132 kV and actual availed supply voltage is 33 kV LVSS shall be applicable @4% (2%+2%).*

3) *The LVSS shall be charged at 50% of the rates determined as per the above provisions if any one or all of the following conditions are met:-*

   i. *if supply is given through a dedicated feeder or a joint dedicated feeder and metering for billing purpose is done at the licensee's sub-station; and/or*

   ii. *If the LVSS becomes payable in spite of the contract demand being within the relevant permissible limit applicable for the standard supply voltage viz 50 kVA for LT supply, 2200 kVA for 11 kV or 22 kV supplies, 10000 kVA for 33 kV and 12000 kVA for 66 kV supplies.*

I. Lower Voltage Metering Surcharge (LVMS): In respect of consumers, for whom the metering (for maximum demand (kVA) or energy consumption (kWh or kVAh) or both) instead of being done on the higher voltage side of the transformer at which the supply had been sanctioned by the HPSEBL, is actually done on the lower voltage side of the transformer due to non-availability of higher voltage metering equipment or its unhealthy operation, such consumers shall in addition to other charges, be also charged "Lower Voltage Metering Surcharge" (LVMS) at the rate of 2% on the amount of only the energy charges billed.

J. Late Payment Surcharge (LPS): Surcharge for late payment shall be levied at the rate of 1.5% per month or part thereof, on the outstanding amount excluding electricity duty/ taxes for all the consumer categories.

K. Supply during peak load hours: The following additional conditions shall be applicable for use of power during peak load hours (6:30 PM to 10 PM) in case of the consumers covered under small industrial power supply, medium Industrial power supply, large industrial power supply and irrigation and drinking water power supply:

i) Such consumption shall be recorded separately through suitable meters which are capable of recording the energy (kVAh/kWh) during the peak load hours. HPSEBL shall, in case of any constraint, always be entitled to impose any restrictions on usage of power during peak load hours in all cases through general or specific order;

ii) In cases where HPSEBL imposes any restrictions through general or specific orders the consumer shall abide by such restrictions failing which the HPSEBL shall be entitled to disconnect the supply to such consumers after giving a notice;

iii) Payment of peak load charges (demand and energy) shall be made as per the respective schedules of tariff;

L. Demand Charge (DC): Consumers under two (2) part tariff, whose energy consumption is billed/ charged in Rs/kVAh, shall in addition to the kVAh charges, be also charged at the rates as per Part-II, the 'Demand Charges' (in Rs/kVA/month), calculated on the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period of the month or at 90 % of the Contract Demand (in kVA), whichever is higher but up to a ceiling of contract demand as currently applicable. The demand in excess of Contract Demand will be charged under clause "M" relating to Contract Demand Violation Charges (CDVC).

Explanation:

i) During the actual number of days of billing in any period, the above mentioned parameters i.e. actual recorded Maximum Demand and Contract Demand as the case may be and the prescribed respective rates of charges in the relevant schedule of tariff alone shall form the basis for calculation of Demand Charges and the licensee, based on the number of days of billing in excess or short of a month (of 28 or 29 or 30 or 31 days), shall not apply any other factor other than mentioned in this para, that may alter or vary either of these parameters in any way.

ii) Where the contract demand has not been applied for or sanctioned, the limit corresponding to 90% of the connected load (in kW) converted into kVA by adopting power factor of 0.9 shall be deemed as the contract demand;

M. Contract Demand Violation Charge (CDVC): In the event, the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the consumer shall be charged

'Contract Demand Violation Charges' (CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the demand charges (DC) (referred to in para '**L**') to the extent the violation has occurred in excess of the Contract Demand.

NOTE: In cases where the Contract Demand has been got reduced temporarily as per applicable provisions; such reduced Contract Demand shall be considered as the Contract Demand for the purpose of determining the Contract Demand Violation Charges (CDVC); if any.

N. Disturbing Load Penalty (DLP): In case where there is unauthorized use of mobile welding sets, polishing machines or similar equipment, the consumer will pay by way of penalty, Rs. 350 per kVA of the load rating of welding set per day, in addition to the energy charges.
However, the consumer may with prior intimation and payment of Rs. 200 per day in addition to the energy charges, as applicable, can use mobile welding, polishing machines or similar equipment. The same shall be applicable to all categories of consumers except Industrial Supply, Bulk Supply, Temporary Supply and such equipments (under Commercial Supply) provided the load for such consumer does not exceed 120% of sanctioned load.

NOTE: Authorization shall mean authorization (temporary or permanent) to a consumer by the designated office of the licensee in whose area the supply to the consumer exists and shall not be assumed as authorization of any form from local or other bodies.

O. *Night Time Concession (NTC):* Night Time Concession (in Rs/kVAh) on consumption of energy (in kVAh) from 22:00 hours to 06:00 hours shall be available to two part tariff consumers falling under the category to which such concession has been allowed as per Part-II – Schedule of Tariff, at the rates fixed in the relevant consumer category under the Schedule of Tariff. However, such consumers must be provided with suitable tri-vector meters capable of recording energy during different times of the day.

P. Seasonal industries: In this schedule, unless the context otherwise provides, seasonal industries mean the industries which by virtue of their nature of production, work only during a part of the year, continuously or intermittently up to a maximum period of 7.5 months in a year, such as atta chakkis, saw mills, tea factories, cane crushers, irrigation water pumping, rice husking/hullers, ice factories, ice candy plants and such other factories as may be approved and declared as seasonal by the HPSEBL from time to time. The provisions under this clause shall also be applicable for such hotels in the Lahaul Spiti, Kinnaur and Pangi area which remain closed for most of the winter months. Seasonal industries shall be governed under the following conditions: -

i) The consumer shall intimate in writing to the concerned Sub-Divisional Officer of the HPSEBL, one month in advance, the months or the period of off-season during which he will close down his plant(s) and the contract demand not exceeding 20 kVA which shall be availed by him during such period for maintenance and overhauling of its plant and lighting, etc.

ii) The minimum working period for a seasonal industry in a year shall be taken as 4 (four) months.

iii) During the off-season, the entire energy consumption and the power utilised for maintenance and overhauling of the plant and the factory lighting will be charged at the rates under the relevant category of "commercial supply" tariff depending on the contract demand to be availed by him during such period as per item (i) above.

iv) The fixed charge, demand charge or any other fixed charge shall be levied as per the respective tariff applicable for seasonal period and off-seasonal period. However, no such fixed charges shall be levied if the consumer totally closes down its installation during the off-season and doesn't draw any load.

Note: The provisions relating to temporary revision of contract demand shall be applicable in accordance to Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

Q. Power Factor Surcharge (PFS):

i) If at any point of time, the power factor of consumers, to whom power factor surcharge is applicable as per Part-II Schedule of Tariff, is checked by any means and found to be below 0.90 lagging, a surcharge @ 10% on the amount of energy charges irrespective of voltage of supply shall be charged from the consumer from the month of checking and will continue to be levied till such time the consumer has improved his power factor to at least 0.90 lagging by suitable means under intimation to the concerned Sub Divisional Officer who shall immediately get it checked.

ii) The monthly average power factor will be calculated on readings of Tri- Vector Meter/ Bi-Vector Meter/ Two Part Tariff Meters as per formula given as follows and shall be rounded up to two decimal places:

Power Factor = kWh / kVAh

In case of defective tri-vector meter/bi-vector meter/two part tariff meter, power factor will be assessed on the basis of average power factor recorded during last three consecutive months when the meter was in order. In case no such readings are available then the monthly average power factor of three months obtained after installation of correct tri-vector meter/ bi-vector meter/ two part tariff meter shall be taken for the purpose of power factor surcharge during the period the tri-vector meter/ bi-vector meter/ two part tariff meter remained defective.

iii) The said power factor surcharge shall be independent of the supply voltage.

iv) The fixed charge shall not be taken into account for working out the amount of power factor surcharge, which shall be levied on the amount of kWh energy charges only.

R. Replacement of Defective/Missing/damaged Shunt Capacitors -

In accordance with Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

S. Temporary Revision of Contract demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

T. Sanction of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

U. The General Conditions Of Tariff Contained In Part-I, The Schedule Of Tariff Contained In Part -II of this Annexure and General and Service charges contained in Appendix to this Tariff Order shall be read and applied in conjunction with the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and amendments issued thereto;

V. Wherever specific provisions have been provided in this Tariff Order, the same shall prevail over General Provisions;

W. The Tariffs and charges provided in this Tariff Order are applicable only to the consumers of the HPSEBL Ltd;

X. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the tariff structure under respective schedules.

Y. In case any dispute regarding interpretation of this tariff order and/or applicability of this tariff arises, the decision of the Commission will be final and binding.

Words, terms and expressions defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time and used in this Schedule shall have and carry the same meaning as defined and assigned in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

PART-II: Schedule of Tariff

SCHEDULE - DOMESTIC SUPPLY (DS)

1 Applicability

This schedule is applicable to the following consumers:

a) Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat or any other residential premises;

b) Religious places with connected load up to 5 kW;

c) Orphanages, homes for old people and homes for destitute;

d) Working Women Hostels, Hostels attached to the educational institutions if supply is given separately to each hostel and the electricity charges are recovered from the students;

e) Leprosy Homes run by charity and un-aided by the Government;

f) Panchayat Ghars with connected load up to 5 kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW;

h) Community gausadans, goshalas and cow sanctuaries managed by government and private institutions with connected load up to 20kW;

i) Monasteries;

j) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

k) Residential Paying Guests

l) Incredible India Bed-and-breakfast as per GoI, Ministry of Tourism guidelines;

m) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and

n) Offices of the Himachal Pradesh Senior Citizen Forum.

o) Personal Garage for parking of personal light motor vehicle

p) For industrial consumer which are under PDCO due to non-payment of dues or sick closed units with maximum connected load of 20 kW for lighting and security purpose only till regular connection is restored (Pre-paid meter provisionally)

Note:

(i) Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate category, whichever is applicable. If separate circuits are not provided, the entire supply will be classified under the relevant category.

(ii) Resale and supply to tenants, other flats, etc. is strictly prohibited.

*(iii) No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the energy charges would be divided by the number of such units to determine the relevant slab. Thus if there are 10 dwelling units in a society and the energy consumption in a month is 3500 units, the first 1250 (125*10) units would be charged at Rs 3.70 per kWh, the next 1750 (175*10) at Rs 4.60 per unit and the balance 500 units at Rs. 5.10 per unit. Fixed charge shall be Rs. (50*10).*

2 **Character of Service:** *Applicable as per the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof*

3 **Single Part Tariff**

A) Consumers Other than Pre-Paid Metered

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs./Month)
Lifeline consumers and Consumers in Tribal & Difficult Areas	40.00
Other consumers	
0-125	70.00
126-300	70.00
Above 300	70.00

a) Energy Charge

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Lifeline consumers	0-60	3.30
Other consumers	0-125	3.95
	126-300	4.85
	Above 300	5.45

Note:

1. *In the case of **Lifeline consumers** the concessional tariff will be available for use of electricity by these families up to a maximum of 60 units per month. In case this limit is exceeded, the normal domestic tariff slabs of 0-125; 126-300; and above 300 kWh per month respectively will apply.*

2. *Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category with energy charges for such consumers to be levied at 30% higher than the net energy charges payable (net off subsidy) by the consumers in the respective slab.*

B) Energy Charge [Prepaid *Meter*]

Description	**Slabs (kWh per month)**	**Energy Charge (Rs./kWh)**
Prepaid meter consumers	Entire consumption	4.85

Note:

1. *Subsidy given by GoHP for second slab i.e. 126-300 kWh shall apply to prepaid meter consumers also. Should the GoHP decide to maintain the tariffs at the current levels after subsidy, then the prepaid consumers shall be deemed to be placed in the slab of 126-300 kWh per month and the subsidy applicable for the slab of 126-300 kWh shall also apply to prepaid meter consumers.*
2. *Prepaid meter consumer shall be charged energy charges only and no other fixed charges i.e. meter rent and service charges shall be applicable to such consumers.*

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS)*:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Night Time Concession (NTC):*** *Not Applicable.*
8. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
9. ***Disturbing* Load Penalty (DLP):** *Applicable as per the provisions under 'Part-1 General Conditions of Tariff'.*

SCHEDULE - **NON-DOMESTIC NON-COMMERCIAL SUPPLY (NDNCS)**

1. Applicability

This schedule is applicable to the following consumers:

a) Government and semi Government offices;

b) Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and residential quarters, attached to the educational institutions, Private Medical colleges with attached hospital and with user charges as per Govt. hospital rates if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches etc. with connected load greater than 5 kW;

d) Sainik and Govt. Rest Houses, Government Museums, Anganwari workers training centers, Mahila mandals, village community centres;

e) Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), primary health centers, dispensaries and veterinary hospitals if supply is given at single point;

f) Panchayat Ghars with connected load greater than 5kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load greater than 5kW;

h) Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations.

i) Office of Lawyers and Government recognized Non-Government Organizations (NGOs)

j) Electric Charging Stations for the Electric vehicles

k) Lifts operating in group housing societies, apartments, etc.

Note: (1) *In the case of residences attached to the Institutions, as at (b), (f) and (g) above, the same shall be charged at the Domestic Supply (DS) tariff, in cases where the consumer seeks a separately metered connection for the residential portion.*

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

2. Character of service: *Applicable as per the relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

3. Consumers Other than Pre-Paid Metered

A) Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.00

B) Energy Charge [Prepaid *Meter*]

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Prepaid meter consumers	Entire consumption	4.90

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.70

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	140.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LV*MS)*:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

SCHEDULE – COMMERCIAL SUPPLY (CS)

1 Applicability

This schedule is applicable to consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, servicing stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes.

This schedule shall also include all other categories which are not covered by any other tariff schedule.

Note: *Resale of electricity to tenants, adjoining houses and to other parties is strictly prohibited.*

2. In case of hotels in tribal areas of Lahaul-Spiti, Kinnaur and Pangi seasonal tariff as described in Part-I of Annexure-I shall be applicable.

3. **Character of service:** *Applicable as per provisions under* Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

4. Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.10

5. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
20 – 100 kVA	Nil
Above 100 kVA	Nil

B) Energy Charge (Charges-2)

Contract Demand	**Energy Charge (Rs./kVAh)**
>20 kVA ≤ 100 kVA (More than 20 kVA but up to 100 kVA)	4.85
Above 100 kVA	4.75

C) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
>20 kVA $\leq$ 100 kVA (More than 20 kVA but up to 100 kVA)	110.00
Above 100 kVA	170.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty:*** *Applicable as specified under 'Part-1 General Conditions of Tariff' of this Annexure I.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

SCHEDULE - *SMALL INDUSTRI*AL POWER SUPPLY (SIP)

1 Applicability

This schedule is applicable to Industrial consumers with contract demand not exceeding 50 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

2 Character of service: Applicable as per *as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009**.**

3 Single Part Tariff for contract demand ≤ 20 kVA

a. Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	140.00

b. Energy Charge (Charges-2)

Energy Charge (Rs./kWh)*	4.75

4 Two Part Tariff for contract demand > 20 kVA < 50 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.60

Note:

In case of sick unit or permanently disconnected units industrial consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	100.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 Peak load charges (PLC)

Description	Energy Charge for consumption during peak load hours
Contract Demand ≤ 20 kVA	1.35 times of the normal per kWh charges
Contract Demand > 20 kVA	Rs. 5.90/kVAh

6. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. **Night Time Concession (NTC):** *Applicable for the consumers having Contract Demand of more than 20kVA, as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

    (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2021;

    (ii) 70 Paise/kVAh for other months.

11. **Power Factor Surcharge (PFS):** (1) *Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the consumers covered under single part tariff.*

    (2) Not applicable for consumers covered under two-part tariff

12. **Disturbing Load Penalty (DLP):** *Not Applicable.*

13. **Factory lighting and colony supply:** All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

    a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.

    b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

    If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

14. **Rebate for New and Expansion Industries:**

    a. For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

d. For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

   Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06 2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

f. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

g. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

SCHEDULE - MEDIUM INDUSTRIAL POWER SUPPLY (MIP)

1. Applicability

This schedule is applicable to Industrial consumers with contract demand above 50 kVA but not exceeding 100 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

2. Character of service: *Applicable as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.60

Note:

In case of sick unit or permanently disconnected units industrial consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	120.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	**Energy Charge (Rs./kVAh)**
> 50 kVA	Rs. 5.70

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5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. Late Payment Surcharge (LPS): *Applicable as per provisions under 'Part-1*

General Conditions of Tariff'.

8. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Night Time Concession (NTC):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

   (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2021;

   (ii) 70 Paise/kVAh for other months.

10. **Power Factor Surcharge (PFS):** *Not Applicable.*

11. **Disturbing Load Penalty (DLP):** *Not Applicable.*

12. **Factory lighting and colony supply:** *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

   a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 9 above shall be given on consumption during night time.

   b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

   If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

13. **Rebate for New and Expansion Industries:**

   a. For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

   b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

   c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

   d. For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

   Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06 2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

f. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

g. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

SCHEDULE - LARGE INDUSTRIAL POWER SUPPLY (LIPS)

1. Applicability

This schedule is applicable to all other industrial power consumers with contract demand exceeding 100 kVA including the Information Technology industry (limited only to IT parks recognized by the State/Central Govt.) and not covered by schedule "IDWPS".

2. Character of Service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.*

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs/month)
EHT	Nil
HT-1 (Contract Demand up to and including 1MVA)	Nil
HT-2 (Contract Demand above 1 MVA)	Nil

b) Energy charge (Charges-2)

Description	Energy Charge (Rs./kVAh)
EHT	
220 kV and above	4.20
132 kV	4.25
66 kV	4.30
HT-1 (Contract Demand up to and including 1MVA)	4.60
HT-2 (Contract Demand above 1 MVA)	4.35

Note:

In case of sick unit or permanently disconnected units industrial consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Description	Demand Charge (Rs/kVA/month)
EHT	
220 kV and above	425.00
132 kV	425.00
66 kV	425.00
HT-1 (Contract Demand up to and including 1MVA)	250.00
HT-2 (Contract Demand above	400.00

1 MVA)	

Note: Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	Energy Charge (Rs./kVAh)
EHT	5.50
HT-1	5.70
HT-2	5.70

5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. Late Payment Surcharge (LPS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. Contract Demand Violation Charge: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. Night Time Concession (NTC): *Applicable as per provisions under 'Part-1 General Conditions of Tariff' of this Annexure I at following rates:-*

(i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2021;

(ii) 70 Paise/kVAh for other months.

10. Power Factor Surcharge (PFS): *Not Applicable*.

11. Disturbing Load Penalty (DLP): *Not Applicable*

12. Factory lighting and colony supply: All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 8 above shall be given on consumption during night time.

b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

13. Rebate for New and Expansion Industries:

a. For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of three years.

b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

d. For new industries coming into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

   Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or shall be undergoing expansion on or after 01.06 2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

f. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

g. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

SCHEDULE - IRRIGATION AND DRINKING WATER PUMPING SUPPLY (IDWPS)

1 Applicability

This schedule is applicable to connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This schedule is also applicable to Private Irrigation loads in individual/ society's names, green houses, poly houses, mushroom growing, processing facilities for agriculture, poultry farms and sheds, pond fish culture in farmer's own agricultural land, fisheries, horticulture, floriculture and sericulture etc. where all such activities are undertaken by agricultural land holders and temporary agricultural loads such as wheat threshers and paddy threshers. This schedule shall also be applicable to sewerage treatment plants.

Since this schedule of tariff covers 'processing facilities for agriculture', all consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this schedule. However, the consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant industrial schedule of tariff.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.*

3 Single Part Tariff for contract demand≤20 kVA

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs/month)
All consumers	90.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	3.70

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	Energy Charge (Rs./kVAh)
LT	5.00
HT	4.60
EHT	4.20

c) Demand Charge (Charges-3)

Maximum Demand Charge (Rs/kVA/month)	
LT	100.00
HT	300.00
EHT	400.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *Government of HP subsidy under this category would only be applicable to agricultural consumers having contract demand of upto 20kVA only irrespective of the voltage levels at which they are connected.*

5. Peak load charges (PLC)

Description	Energy Charges (Rs./kVAh)
LT	5.90
HT	5.70
EHT	5.50

6. Lower Voltage Supply Surcharge (LVSS): *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

7. *Lower Voltage Metering Surcharge (LVMS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. *Contract Demand Violation Charge:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. *Night Time Concession (NTC):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

(i) 70 Paise/kVAh for consumption during night hours for the month of June, July and August 2021;

(ii) 50 Paise/kVAh for other months.

11. *Power Factor Surcharge (PFS):* *(1) Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the consumers covered under single part tariff.*

(2) Not applicable for consumers covered under two-part tariff

12. *Disturbing Load Penalty (DLP):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

13. *Factory lighting and colony supply:* *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this tariff schedule. The consumption* *for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.

b) During peak load hours : The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

SCHEDULE - BULK SUPPLY (BS)

1 **Applicability**

This schedule is applicable to general or mixed loads to M.E.S and other Military establishments, Central PWD Institutions, Construction power for Hydro-Electric projects, tunnel construction, Hospitals, Private Medical colleges with attached hospital and with user charges not as per Govt. hospital rates, Departmental/private colonies, group housing societies, A.I.R Installations, Aerodromes, Bus Stands with single point connection and other similar establishments/institutions where further distribution to various residential and non-residential buildings is to be undertaken by the consumer, for its own bona fide use and not for resale to other consumers with or without profit. However, in case of MES, this schedule shall continue to apply till such time MES do not avail Open Access.

2. **Character of service:** *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.*

3. **Two Part Tariff**

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	**Energy Charge (Rs./kVAh)**
LT	4.80
HT	4.30
EHT	4.10

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
LT	250.00
HT	350.00
EHT	350.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. ***Lower Voltage Metering Surcharge (LVMS*** *Applicable as per provisions under*

'Part-1 General Conditions of Tariff'.

6. ***Late Payment Surcharge (LPS*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing*** **Load Penalty (DLP):** *Not Applicable.*

11. ***Peak Load*** **Charges (PLC):** *Not Applicable.*

SCHEDULE - STREET LIGHTING SUPPLY (SLS)

1 Applicability

This schedule is applicable for Street Lighting system including traffic control signal systems on roads and Park lighting in Municipalities, Nagar Panchayats, SADA areas and Panchayats.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.*

3. Single Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	4.95

4. Line maintenance and lamp renewal charges

Where the bulbs, tubes etc. are to be provided and replaced at the cost of the HPSEBL, Line Maintenance and lamp renewal charges shall be charged in addition to the energy charges. These charges shall be charged at the following rates:

Description	**Charge** (Rs./point/month)
Fluorescent Tube 4' 1x40 W	50
Fluorescent Tube 4' 2x40 W	50
Fluorescent Tube 2' 1x20 W	50
Fluorescent Tube 2' 2x20 W	50
MVL up to 125 W	50
MVL above 125 W	100
SVL up to 150 W	100
SVL above 150 W	120
CFL	100
T-5 Tube light	50
Metal Halide up to 150 W	100
Metal Halide above 150 W	140
LED	150
High Mast Light	No. of lamps of any of above category x charges applicable for each point of such category

Note:

i) *For special type of fixtures like sodium and neon vapour lamps, fittings or any other fixtures not covered above, the material for maintenance of the fixtures and the lamps for replacement shall be provided by the Public Lighting* *consumers themselves and only replacement charges shall be levied..*

ii) *When the bulbs/Mercury vapour lamps/tubes and other accessories are provided by the Public Lighting consumers and only replacement is to be done by* the *HPSEBL, Line Maintenance and lamp renewal charges shall be as follows:*

Description	**Charge** (Rs./point/month)
Fluorescent Tube 4' 1x40 W	50
Fluorescent Tube 4' 2x40 W	50
Fluorescent Tube 2' 1x20 W	50
Fluorescent Tube 2' 2x20 W	50
MVL up to 125 W	50
MVL above 125 W	50
SVL up to 150 W	50
SVL above 150 W	50
CFL	50
T-5 Tube light	50
Metal Halide up to 150 W	50
Metal Halide above 150 W	50
LED	50
High Mast Light	No. of lamps of any of above category x charges applicable for each point of such category
Any other special fixture not covered above	50

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not Applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

SCHEDULE - TEMPORARY METERED SUPPLY (TMS)

1 Applicability

This schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This schedule shall also include connections for which NOC from the relevant authorities i.e. Panchayat, Municipalities, Town and Country Development Authority (by whatever name called) has not been provided by the consumer. However, this schedule is not applicable to wheat threshers & Paddy threshers which shall be covered under Irrigation & Drinking Water Pumping Supply even for temporary connection.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 and its amendment thereof.*

3 Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	200.00

b) Energy Charge (Charges-2))

Energy Charge (Rs./kWh)	7.00

4 Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	6.30

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

Notes:

a) *For consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of consumer load.*

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
9. ***Night Time Concession (NTC):*** *Not Applicable.*
10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
11. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*
12. ***Peak Load Charges (PLC):*** *Not Applicable.*

SCHEDULE – RAILWAY TRACTION

1 Applicability

This schedule is applicable to Railways for Traction loads.

2 Character of service

Standard Supply Voltage (AC 50 Hz)	≥ 66kV

3 Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.70

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS)*****:** *Not Applicable.*
10. **Disturbing Load Penalty (DLP):** *Not Applicable.*
11. **Peak Load Charges (PLC):** *Not Applicable*.

Appendix-A: Schedule of General and Service Charges

S. No.	Description	Approved by the Commission
1. Particulars:		
A. Meter Inspection and Testing Charges (Challenge of Correctness of Meter by Consumer)		
(i)	Single Phase	Rs. 100/- per meter
(ii)	Poly phase (LT)	Rs. 300/-
(iii)	HT or special meter (MDI or Trivector meter)	Rs. 550/-
		Rs. 1100/- with CT/PT combined unit
Note:- This amount shall be deposited by the consumer along with his application for the inspection of the meter and will be refunded to him in case the meter is not found to be correct within the prescribed limits.		
B. Testing Charges of Transformers or other equipment of consumer or private party		
(I)	Protective Relays:	
	Testing including current and Time Setting of protective relays	Rs. 1100/- per Relay
(II)	Power and Distribution Transformers	
(a)	Insulation resistance tests of winding	Rs. 770/- per Transformer
(b)	General checking of breather and other accessories	Rs. 400/- per Transformer
(c)	Dielectric strength test of oil	Rs. 300/- per Transformer
(d)	Testing of buchuolz relay and temperature indicators functioning	Rs. 800/- each
(III)	Circuit Breaker 400 volts and 11/33kV	
	General checking of breaker and testing of the tripping mechanism	Rs. 800/- each
(IV)	Current transformer and Potential transformers and meters:	
(a)	Testing of single phase LT current transformer	Rs. 300/- each
(b)	Current Testing of 3 phase LT current transformer	Rs. 440/- each
(c)	Testing of single phase 11kV & 33kV CTs	Rs. 550/- each
(d)	Testing of three phase 11kV & 33kV CTs	Rs. 1100/- each
(e)	Testing & recalibration of single phase LT energy meter	Rs. 90/- per meter
(f)	Testing & recalibration of three phase energy meter w/o CT	Rs. 330/- per meter
(g)	Testing & recalibration of three phase energy meter With CT	Rs. 660/- per meter
(h)(i)	Testing & recalibration of HT/EHT metering equipment	Rs. 2000/- per meter
(h)(ii)	With CT/PT combined unit	Rs. 2500/- per unit
(i)	Testing & recalibration of maximum demand indicator	Rs. 660/- per meter
(j)	Testing & adjustment of voltmeter/ ammeter	Rs. 300/- each
(V)	Checking of Capacitors (other than initial checking) on consumer's request:	
(a)	At 400 volts	Rs. 200/- per job
(b)	At 11 kV and above	Rs. 200/- per job
(VI)	General	
(a)	Dielectric strength of oil of various equipment	Rs. 300/- per sample
(b)	Earth test of substation	Rs. 300/- per earth
(c)	Insulation resistance of cables/insulation of various equipment /installations	Rs. 300/- per cable/ equipment

S. No.	Description		Approved by the Commission
C. Testing charges at the time of routine periodical inspections or first test and inspection of new installation which includes protection and control of complete sub-station (including Transformers, Capacitor Banks, Meter and Metering equipment having connected load >50 kW and/or supply voltage 11 kV or higher) and inclusive of all manpower required (Note1: In accordance with Regulation 31 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, the supplier shall either test the installation himself or accept the test results submitted by the consumer when the same has been duly signed by the licensed by the licensed Electrical Contractor. Note 2: In accordance with Regulation 30 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, where an installation is already connected to the supply system of the supplier, every such installation shall be inspected and tested at intervals not exceeding five (5) years (known as routine periodical inspections and testing).			
(i)	11/22 kV	**Substations**	Rs. 10,000/-
(ii)	33 kV		Rs. 15,000/-
(iii)	66 kV		Rs. 50,000/-
(iv)	132 kV		Rs. 1,00,000/-
(v)	220 kV		Rs. 3,00,000/-
(vi)	SHP Capacity (up to 2.5 MW)	**Small Hydro Plants**	Rs. 25,000/-
(vii)	SHP Capacity (greater than 2.5 MW)		Rs. 50,000/-
D.	Visiting charges		
	Visiting charges for Officers and staff to Consumers premises for testing of equipment (other than C above)		Rs. 3500/- per day for complete team PLUS actual journey charges as per out turn of vehicle
Remarks: -			
(i) The charges mentioned under 'C' above shall be charged for the actual Periodical Inspection done and shall be on per inspection basis only.			
(ii) Visiting charges mentioned under D above include the visiting charges of M&T staff as well.			
(iii) Charges for HPSEBL's maintenance/testing Vans or Trucks if needed for the purpose will be extra. All Charges shall be got deposited before undertaking the testing work.			
(iv) Complete testing of 11kV, 22kV and 33 kV connections as per item C above shall be conducted before the release of HT connection.			
(v) Test reports on suitable forms will be issued by the operation sub-divisions/M&T Lab, which will be produced by the prospective consumer along with the wiring Contractor's test report.			
(vi) The insulation, earth and oil tests as well as general checking and inspection should be performed by the operation sub-division. Other tests requiring M&T Lab. facilities shall be arranged by the operation sub-division/division in the nearest M&T Lab., or by arranging the visit of the M&T staff to the consumer's premises.			
vii) The requests for testing shall be entertained by the concerned operation sub-division which will be responsible for arranging all tests including tests by the M&T Lab and also for the recoveries of all the charges, including those of M&T Lab			
viii) The amount recovered from consumers for testing carried out by theM&T Lab shall be adjusted through inter divisional adjustment between the operation divisions and the M&T divisions.			
2. Changing the position of meter at the request of consumer			
(i)	Single phase		Rs. 100/-
(ii)	Poly phase (LT)without CT		Rs. 250/-
	Poly phase (LT)with CT		Rs. 500/-
(iii)	HT or special meter		Rs. 1100/-
3. Resealing charges			
(i)	Meter cupboard		Rs. 25/-

S. No.	Description	Approved by the Commission
(ii)	Meter Cover or Terminal Cover (single phase)	Rs. 110/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iii)	Meter cover or terminal cover (three phase)	Rs. 350/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iv)	Cut-out(where it has been independently sealed)	Rs. 100/-
(v)	Maximum demand indicator	Rs. 550/-
(vi)	Potential fuse(s) time switch/CT chamber	Rs. 550/-
4. Monthly meter/equipment rentals:		
(i)	Single phase energy meter low tension	Rs. 15/- per month
(ii)	Polyphase energy meter low tension (up to 50 Amps.)	Rs. 30/- per month
(iii)	a) Polyphase low tension meters with CTs (up to 20 kW)	Rs. 35/- per month
	b) Polyphase low tension meters with CTs(above 20 kW)	Rs. 50/- per month
(iv)	Polyphase 11kV meter with CT/PT without any breaker of HPSEBL	Rs. 550/- per month
(v)	Polyphase 11kV meter with CT/PT with one 11kV breaker of HPSEBL	Rs. 4000/- per month
(vi)	Single phase Pre Paid energy meter low tension	NIL
(vi)	Polyphase 33,22 kV meter with CT/PT without any 33, 22 kV breaker of HPSEBL	Rs. 800/- per month
(vii)	Polyphase 33,22 kV meter with CT/PT with one 33, 22 kV breaker of HPSEBL	Rs. 7000/- per month
(viii)	Polyphase meter with CT/PT with or without circuit breaker of voltage 66 kV and above	
(a)	Polyphase 66 kV with CT/PT without any 66 kV circuit breaker of HPSEBL	Rs. 1300/- per month
(b)	Polyphase 66 kV with CT/PT with 66 kV circuit breaker of HPSEBL	Rs. 13500/- per month
(c)	Polyphase 132 kV with CT/PT without any 132 kV circuit breaker of HPSEBL	Rs. 2500/- per month
(d)	Polyphase132 kV with CT/PT with 132 kV circuit breaker of HPSEBL	Rs. 20000/- per month
5. Reconnection of supply		
(i)	Small Industrial Power Supply consumers (contract demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of consumers	Rs. 250/-
6. Fuse replacement:		
	Replacement of fuse(s) pertaining to HPSEBL/ Consumer	Rs. 50/-
7. Testing consumer's installation:		
(i)	The first test and inspection of a new installation or of an extension to the existing installation	Nil
(ii)	For every subsequent visit for the test and inspection of a new installation or of an extension to the existing installation	
(a)	Single Phase LT	Rs. 100/-

S. No.	Description	Approved by the Commission
(b)	Three phase (LT)	Rs. 200/-
(c)	Three phase (HT)	Rs. 500/-
	Note:- These charges shall be deposited by the consumer in advance before every subsequent visit for inspection of installation	
8. Replacement of meter card:		
(i)	Domestic/NDNCS/Commercial	Rs. 10/- in each case
(ii)	All other categories of consumers	Rs. 10/- in each case
9. Replacement of meter glass:		
(i)	Replacement of broken glass of meter cup board when the consumers is considered to have broken it	Rs. 100/-
(ii)	Replacement of broken or cracked glass of meter when there is no evidence of consumer having broken it or tempered with the meter	Rs. 100/-
(iii)	Replacement of broken glass of meter when the consumer has tempered with or broken by consumer:	
(a)	Single phase	Rs. 500/-* or the actual cost of meter whichever is higher
(b)	Three phase	Rs. 1500/- *or the actual cost of meter, whichever is higher.
	Note-1: This amount will be charged without prejudice to the right of HPSEBL to take any other action or impose penalty on the consumer as per the prevailing rules. Since in such cases, the meter has to be sent to M&T lab, the meter changing charges shall be levied additionally.	
	* This is without prejudice to HPSEBL's right to recover the estimated cost of theft of energy. Principles of natural justice shall invariably be followed and opportunity of being heard given to the consumer before levying such charge.	
10. Supply of duplicate copies of the bills/ review of bills:		
(i)	Review of bills (all Categories)	Nil
(ii)	Supply of duplicate copies of bills	
(a)	Domestic/NDNCS/Commercial	Rs. 5/-
(b)	Medium and large power supply	Rs. 5/-
(c)	All other categories	Rs. 5/-
(iii)	Supply of duplicate copies of Demand notice:	
(a)	Domestic consumers	Rs. 10/-
(b)	Non residential consumers	Rs. 10/-
(c)	Small Industrial and Agriculture consumers	Rs. 10/-
(d)	Medium Industrial consumers	Rs. 10/-
(e)	Large Industrial and other categories of consumers	Rs. 10/-
(iv)	Supply of detailed print out of the meter recording	Rs. 50/-
11. Attendants for functions		
	Deputing attendants (line staff) for all functions.	
	(Per Attendant per day per function limited to 8 hours/day)	Rs. 250/-
12. Cost of Application/Agreement Form and wiring Contractor's test report forms:		
	For all categories	Nil
13. Processing fee for change in contract demand		

S. No.	Description	Approved by the Commission
	Fee for change in Contract Demand (CD)	Rs. 25/- per kVA of the changed quantum of CD
14. Disconnection Charges (to be paid by authority / agency ordering disconnection*)		
(I)	Small Industrial Power Supply consumers (contract demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of consumers	Rs. 250/-
	** Except on orders passed by Judges* *Note: These charges shall also be applicable for consumers requesting disconnection.*	