COMPENDIUM OF REGULATIONS

VOLUME – II

(Containing un-repealed and updated Regulations made during period January 2011 to December 2023 together with the Notifications and Orders issued thereunder.)

Second Edition

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA
MARCH, 2024

PREFACE

Constitution of Electricity Regulatory Commissions under the Electricity Regulatory Commission Act, 1998, followed by the Electricity Act, 2003, are aimed at distancing the regulatory responsibilities from the Government and endeavouring greater transparency, efficiency, competition and consumer benefits in Power Sector. Accordingly, the State Commissions are entrusted with responsibilities of licensing, tariff determination, enabling open access, promotion of renewables, power market development, grid Regulations, standard of performance by licensees, consumer grievances etc. The State Commissions are required to formulate Regulations, with previous publication process, for carrying out its responsibilities and duties as per the provisions of the Act. These Regulations are of the nature of subordinate legislations. Since its inception on 30.12.2000, the Himachal Pradesh Electricity Regulatory Commission has framed several Regulations to regulate and promote Power Sector in the State.

With the emerging business practices and technological advancements, the Electricity and related Laws and Policies are being revisited on continuing basis and therefore, the Regulations of this Commission have also been reviewed or framed afresh to align with these changes. The Commission had brought out four volumes of compilations of the original texts of the Regulations notified as such, alongwith the amendments thereto and the Orders issued thereunder. We have noticed that it is often cumbersome to refer to the Regulations in these publications in the present format and form. To make the compilations a smooth and comprehensive reading, it is appropriate to update each Regulation and publish compilations that makes a handy book for a friendly day to day reference. All the applicable Regulations till June, 2015 were published as First Edition in Three Volumes.

After publication of First Edition in June, 2015, many new Regulations have been framed and numerous amendments have been made in the existing Regulations so as to align with the emerging business practices and technological advancements in power sector. All subsequent amendments which have taken place during this period of about eight years, have been incorporated in the relevant Regulations and updated till December, 2023. In addition, the Commission, after publication of four volumes of compilations, had also brought out fifth and sixth volumes of compilations of the original texts of the Regulations notified as such, alongwith the amendments thereto and the Orders issued thereunder covering the period from April, 2015 to December, 2023. All the applicable Regulations till December, 2023, are arranged chronologically alongwith subject wise list and tables and published as "Second Edition" in Three Volumes. The Regulations, its amendments and related Orders issued by the Commission are also available on the Commission's website: http://www.hperc.org.

It had definitely been an arduous task. I deeply appreciate the efforts and initiatives of Sh. D.S. Parihar, R.C. (Legal) and commend the dedicated and meticulous labour and inputs put in by Sh. Satish Arya, Deputy Director (Law), Sh. Sanjay Sharma, Law Officer and Sh. Hem Raj, Clerk, all of this Commission. Together they have brought out an excellent piece of publication. I am sure this compilation will be of immense use to the officers of the Power Sector Utilities, the Consumers, Government offices, the Lawyers, the Courts and all the stakeholders in the Power Sector.

Shimla,
May 3, 2024.

(Devendra Kumar Sharma)
Chairman
H.P. Electricity Regulatory Commission

COMPENDIUM OF HPERC REGULATIONS

CONTENTS

(Chronological)

Sr. No.	Title	Page No.
	Volume -I	
1	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2004.	1-25
2	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Trading Licence) Regulations, 2004.	26-35
3	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Transmission Licence) Regulations, 2004.	36-54
4	The Himachal Pradesh Electricity Regulatory Commission (Licensee's Duty for Supply of Electricity on Request) Regulations, 2004.	55-58
5	The Himachal Pradesh Electricity Regulatory Commission (State Advisory Committee) Regulations, 2004.	59-80
6	The Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.	81-157
7	The Himachal Pradesh Electricity Regulatory Commission (Procedure for filling Appeal before the Appellate Authority) Regulations, 2005.	158-161
8	The Himachal Pradesh Electricity Regulatory Commission (Manner of Service and Publication of Notice by the State Commission) Regulations, 2005.	162-166
9	The Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005.	167-179
10	The Himachal Pradesh Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2005.	180-189
11	The Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2006.	190-196
12	The Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharges and Phasing of Cross Subsidy) Regulations, 2006.	197-203
13	The Himachal Pradesh Electricity Regulatory Commission (Eligibility Conditions for being a Electricity Trader) Regulations, 2008.	204-207
14	The Himachal Pradesh Electricity Grid Code, 2008.	208-267
15	The Himachal Pradesh Electricity Distribution Code, 2008.	268-322
16	The Himachal Pradesh Electricity Supply Code, 2009.	323-389
17	The Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term Intra-State Open Access and Related Matters) Regulations, 2010.	390-430
18	The Himachal Pradesh Electricity Regulatory Commission (Short Term Open Access) Regulations, 2010.	431-443
19	The Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.	444-472
	Volume –II	
20	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011.	1-33
21	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011.	34-70

22	The Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011.	71-101
23	The Himachal Pradesh Electricity Regulatory Commission (Demand Side Management) Regulations, 2011.	102-108
24	The Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.	109-137
25	The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012.	138-223
26	The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.	224-262
27	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Service of Staff) Regulations, 2013.	263-277
28	The Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014.	278-322
29	The Himachal Pradesh Electricity Regulatory Commission (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.	323-326
30	The Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems based on Net Metering) Regulations, 2015.	327-356
31	The Himachal Pradesh Electricity Regulatory Commission (Authorized Consumer Representative) Regulations, 2016.	357-365
32	The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017.	366-435
33	The Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.	436-463
34	The Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020.	464-470
35	The Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023.	471-486
36	The Himachal Pradesh Electricity Regulatory Commission (Transmission Performance Standards) Regulations, 2023.	487-495
37	The Himachal Pradesh Electricity Regulatory Commission (Compensation to Victims of Electrical Accidents) Regulations, 2023.	496-504
38	The Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023.	505-545
	Volume –III	
1	The Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.	1-164
2	The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Transmission Licensee) Order, 2013.	165-207
3	The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Generating Company) Order, 2013.	208-245
4	The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Power System Operation Company / State Load Despatch Centre) Order, 2013.	246-278
5	The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Distribution Licensee) Order, 2023.	279-402

SUBJECT INDEX

S. No.	Title	Volume	Page No.
	Consumers		
1.	The Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005.	**I**	167-179
2.	The Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.	**I**	444-472
3.	The Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.	**II**	109-137
4.	The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.	**II**	224-262
5.	The Himachal Pradesh Electricity Regulatory Commission (Authorized Consumer Representative) Regulations, 2016.	**II**	357-365
6.	The Himachal Pradesh Electricity Regulatory Commission (Compensation to Victims of Electrical Accidents) Regulations, 2023.	**II**	496-504
	Distribution		
7.	The Himachal Pradesh Electricity Regulatory Commission (Licensee's Duty for Supply of Electricity on Request) Regulations, 2004.	**I**	55-58
8.	The Himachal Pradesh Electricity Distribution Code, 2008	**I**	268-322
9.	The Himachal Pradesh Electricity Supply Code, 2009	**I**	323-389
10.	The Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.	**III**	See Volume III
	Licensing		
11.	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2004.	**I**	1-25
12.	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Trading Licence) Regulations, 2004.	**I**	26-35
13.	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Transmission Licence) Regulations, 2004.	**I**	36-54
	Miscellaneous		
14.	The Himachal Pradesh Electricity Regulatory Commission (State Advisory Committee) Regulations, 2004.	**I**	59-80
15.	The Himachal Pradesh Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2005.	**I**	180-189
16.	The Himachal Pradesh Electricity Regulatory Commission (Demand Side Management) Regulations, 2011.	**II**	102-108
17.	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Service of Staff) Regulations, 2013.	**II**	263-277
18.	The Himachal Pradesh Electricity Regulatory Commission (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.	**II**	323-326
	Open Access		

19.	The Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term Intra-State Open Access and Related Matters) Regulations, 2010.	**I**	390-430
20.	The Himachal Pradesh Electricity Regulatory Commission (Short Term Open Access) Regulations, 2010.	**I**	431-443
	Procedural Regulations		
21.	The Himachal Pradesh Electricity Regulatory Commission (Procedure for filling Appeal before the Appellate Authority) Regulations, 2005.	**I**	158-161
22.	The Himachal Pradesh Electricity Regulatory Commission (Manner of Service and Publication of Notice by the Commission) Regulations, 2005.	**I**	152-166
23.	The Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.	**I**	81-157
	Renewable Energy		
24.	The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012.	**II**	138-223
25.	The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017.	**II**	366-435
26.	The Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023.	**II**	471-486
	Tariff Regulations		
27.	The Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharges and Phasing of Cross Subsidy) Regulations, 2006.	**I**	197-203
28.	The Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023.	**II**	505-545
29.	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011.	**II**	1-33
30.	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011.	**II**	34-70
31.	The Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014.	**II**	278-322
32.	The Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems based on Net Metering) Regulations, 2015.	**II**	327-356
	Trading		
33.	The Himachal Pradesh Electricity Regulatory Commission (Eligibility Conditions for being a Electricity Trader) Regulations, 2008.	**I**	204-207
34.	The Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2006.	**I**	190-196
35.	The Himachal Pradesh Electricity Regulatory Commission	**II**	464-470

	(Power System Development Fund) Regulations, 2020.		
36.	The Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011.	**II**	71-101
	Transmission		
37.	The Himachal Pradesh Electricity Grid Code, 2008.	**I**	208-267
38.	The Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.	**II**	436-463
39.	The Himachal Pradesh Electricity Regulatory Commission (Transmission Performance Standards) Regulations, 2023.	**II**	487-495

COMPENDIUM OF HPERC REGULATIONS

Table Containing the Information Indicating the Subsequent Modifications/Amendments in the Regulations upto December, 2023

Sr. No.	Description of Regulations	Date of Publication in Rajpatra	Pages
1	Guidelines for Revenue and Tariff Filing	23.02.2001	
	Repealed by Regulation 7 of the HPERC (Guidelines and Formats for Tariff Filing) Regulations, 2005.	03.11.2005	**Repealed**
2	Guidelines for Establishment and Funding of State Advisory Committee.	28.02.2001	
	Repealed by Regulation 17 of the HPERC (State Advisory Committee) Regulations, 2004.	22.6.2004	**Repealed**
3	Appointment of Consultants Regulations, 2001	31.03.2001	
	Repealed by Regulation 18 of the HPERC (Appointment of Consultants) Regulations, 2005.	28.07.2005	**Repealed**
4	Conduct of Business Regulations, 2001	31.03.2001	
	i) 1st Amendment, Regulations, 2003.	10.07.2003	
	Repealed by Regulation 76 of the HPERC (Conduct of Business) Regulations, 2005.	14.01.2005	**Repealed**
5	Complaint Handling Mechanism and Procedure	08.02.2002	
	continued by Regulation 14(2) of the HPERC (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers) Regulations, 2003.	24.10.2003	
	Repealed by Regulation 16 of the HPERC (Distribution Licensees Standard of Performance) Regulations, 2005.	03.11.2005	**Repealed**
6	The HPERC (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers, Regulations, 2003.	24.10. 2003	
	i) 1st Amendment Regulations, 2004	22.06.2004	
	ii) 2nd Amendment Regulations, 2005	19.05.2005	
	iii) 3rd Amendment Regulations, 2005	30.12.2005	
	iv) 4th Amendment Regulations, 2007	31.08.2007	
	v) 5th Amendment Regulations, 2008	03.03.2008	
	vi) 6th Amendment Regulations, 2008	31.07.2008	
	vii) 7th Amendment Regulations, 2010	15.12.2010	
	viii) 8th Amendment Regulations, 2010	07.12.2010	
	Repealed by the HPERC (Consumer Grievances Redresal Forum and Ombudsman) Regulations, 2013.	28.01.2013	**Repealed**
	Notification and Orders issued thereunder:-		
	HPERC (Salary and Allowance of the Nominated Independent Member of the Forum for Redressal of Grievances of the Consumers) Order, 2008.	11.09.2008	
	i) 1st Amendment, Order, 2010	08.11.2010	

7	The HPERC (Electricity Ombudsman) Regulations, 2004 i) 1st Amendment Regulations,2005 ii) 2nd Amendment Regulations, 2005 iii) 3rd Amendment Regulations, 2007 iv) 4th Amendment Regulations, 2008 v) 5th Amendment Regulations, 2010 **Repealed** by the HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013. **Notification and Orders issued thereunder:-** HPERC (Terms and Conditions of Appointment of Electricity Ombudsman) Order, 2004.- i) 1st Amendment Order, 2007 ii) 2nd Amendment Order, 2009 **Repealed** by the HPERC (Terms and Conditions for Appointment of Electricity Ombudsman) Order, 2014.	19.04.2004 27.01.2005 30.12.2005 23.08.2007 05.03.2008 07.12.2010 28.01.2013 11.5.2004 26.11.2007 03.12.2009 06.01.2014	**Repealed** **Repealed**
8	The H.P. Electricity Ombudsman (Terms and Conditions of Service of Officers & Employees) Regulations, 2004. **Repealed** by Notification dated 21.01.2014	19.04.2004 23.01.2014	**Repealed**
9	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004 i) Amended by Regulation 7 of the HPERC (Power Procurement for Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007. **Repealed** by Regulation 53 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2007. **Notification and Orders issued thereunder:-** The HPERC (Approval of Hydro Electric Projects in the State of Himachal Pradesh) Directions, 2005.	09.06.2004 21.06.2007 15.10.2007 08.04.2005	**Repealed**
10	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2004. i) 1st Amendment Regulations, 2005.	09.06.2004 23.02.2005	
11	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Trading Licence) Regulations, 2004. i) 1st Amendment Regulations, 2005. ii) Corrigendum **Notification and Orders issued thereunder:-** The HPERC (Fixation of Intra-State Trading Margin) Order, 2008.	11.06.2004 23.02.2005 27.06.2005 26.09.2008	
12	The Himachal Pradesh Electricity Regulatory Commission (General Conditions of Transmission Licence) Regulations, 2004. i) 1st Amendment Regulations, 2005 ii) Corrigendum	11.06.2004 23.02.2005 27.06.2005	
13	The HPERC (Licensee's Duty for Supply of Electricity on Request) Regulations, 2004.	22.06.2004	
14	The Himachal Pradesh Electricity Regulatory Commission (State Advisory Committee) Regulations, 2004. i) 1st Amendment Regulations, 2009	22.06.2004 25.07.2009	

	Notification and Orders issued thereunder:- i) Reconstitution of the State Advisory Committee ii) Reconstitution of the State Advisory Committee iii) Reconstitution of the State Advisory Committee iv) Reconstitution of the State Advisory Committee v) Reconstitution of the State Advisory Committee vi) Reconstitution of the State Advisory Committee vii) Reconstitution of the State Advisory Committee viii) Reconstitution of the State Advisory Committee ix) Reconstitution of the State Advisory Committee	 11.12.2007 30.08.2008 23.02.2013 06.03.2013 26.12.2015 11.01.2016 17.01.2018 12.02.2020 07.02.2022	
15	The Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005. i) 1st Amendment Regulations, ii) 2nd Amendment Regulations, 2005 iii) 3rd Amendment Regulations, 2008 iv) 4th Amendment Regulations, 2008 v) 5th Amendment Regulations, 2008 vi) 6th Amendment Regulations, 2010 vii) 7th Amendment Regulations, 2014 viii) 8th Amendment Regulations, 2014 ix) 9th Amendment Regulations, 2019 x) 10th Amendment Regulations, 2019 xi) 11th Amendment Regulations, 2021 xii) 12th Amendment Regulations, 2022 xiii) 13th Amendment Regulations, 2023	14.01.2005 -- 30.12.2005 15.01.2008 02.08.2008 23.07.2008 25.08.2010 13.01.2014 06.06.2014 07.01.2019 12.06.2019 31.03.2021 22.07.2022 31.03.2023	
16	The Himachal Pradesh Electricity Regulatory Commission (Procedure for filling Appeal before the Appellate Authority) Regulations, 2005. i) 1st Amendment Regulations, 2008	24.03.2005 18.11.2008	
17	The Himachal Pradesh Electricity Regulatory Commission (Manner of Service and Publication of Notice by the Commission) Regulations, 2005.	24.03. 2005	
18	The Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005. i) 1st Amendment Regulations, 2011 ii) 2nd Amendment Regulations, 2015 iii) 3rd Amendment Regulations, 2020 iv) 4th Amendment Regulations, 2021 **Notification and Orders issued thereunder:-** HPERC (Security Deposits)(Removal of Difficulties) Order, 2005.	30.03.2005 11.11.2011 01.12.2015 04.07.2020 14.07.2021 11.10.2005	
19	The Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2005. i) 1st Amendment Regulations, 2005 ii) 2nd Amendment Regulations, 2006 iii) 3rd Amendment Regulations, 2008 iv) 4th Amendment Regulations, 2009 **Repealed** by the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.	04.04.2005 15.12.2005 30.08.2006 10.06.2008 16.07.2009 23.05.2012	**Repealed**

20	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Open Access) Regulations, 2005. i) Amended by Regulation 7 of the HPERC (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007. **Repealed** by the HPERC (Grant of Connectivity, Long-term and Medium-term Intra-State Open Access and Related Matter) Regulations, 2010 and HPERC (Short-Term Open Access) Regulations, 2010. **Notification and Orders issued thereunder:-** The HPERC (Determination of Open Access Charges) Order, 2008. The HPERC (Determination of Open Access Charges) Order, 2009. Corrigendum	03.06. 2005 21.06.2007 03.06.2010 26.09.2008 26.11.2009 09.07.2010	**Repealed**
21	The Himachal Pradesh Electricity Regulatory Commission (Appointment of Consultant) Regulations, 2005. i) 1st Amendment Regulations, 2013	28.07. 2005 27.11.2013	
22	The Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensee) Regulations, 2006.	12.01.2006	
23	The Himachal Pradesh Electricity Regulatory Commission (Distribution Licensees Standards of Performance) Regulations, 2005. Corrigendum i) 1st Amendment Regulations, 2007 **Repealed** by the HPERC (Distribution Performance Standards) Regulations, 2010.	3.11.2005 11.08.2006 19.03.2007 12.10.2010	**Repealed**
24	The Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005. **Notification & Orders issued thereunder:-** * The HPERC (Formats for Multiyear Tariff Filings by the * Transmission Licensee) Order, 2013. *The HPERC (Formats for Multiyear Tariff Filings by the Generating Company) Order, 2013. *The HPERC (Formats for Multiyear Tariff Filings by the Power System Operation Company/SLDC) Order, 2013. *The HPERC (Formats for Multiyear Tariff Filings by the Distribution Licensee) Order, 2023.	03.11.2005 05.11.2013 04.11.2013 05.11.2013 19.12.2023	* Revised formats for tariff filing
25	The Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharges and Phasing of Cross Subsidy) Regulations, 2006. Amended by Regulation 40 of the HPER (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010. i) 1st Amended Regulations, 2016 ii) 2nd Amended Regulations, 2021. **Notification and Orders issued thereunder:-** The HPERC (Determination of Open Access Charges) Order,	07.09.2006 03.06.2010 16.11.2016 12.04.2021 26.09.2008	

	2008. The HPERC (Determination of Open Access Charges) Order, 2009. Corrigendum. The HPERC (Determination of Open Access Charges) Order, 2010.	 25.11.2009 09.07.2010 25.08.2010	
26	The Himachal Pradesh Electricity Regulatory Commission (Charges for Transmission Wheeling and Intervening Facilities and Fees and Charges to be collected by the State Load Dispatch Centre) Regulations, 2006. **Repealed** by Regulation 52 of the HPERC (Term and Conditions for Determination of Transmission Tariff) Regulations, 2007.	09.11.2006 17.10.2007	**Repealed**
27	The Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007. i) 1st Amendment Regulations, 2007 ii) 2nd Amendment Regulations, 2009 iii) 3rd Amendment Regulations, 2010 **Repealed** by HPERC (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012. **Notification and Orders issued thereunder:-** The HPERC (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee)(Removal of Difficulties) (First) Order, 2008.	21.06.2007 16.11.2007 22.10.2009 29.05.2010 17.12.2012 22.04.2008	**Repealed**
28	The Himachal Pradesh Electricity Regulatory Commission (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2007. **Repealed** by the HPERC (Terms and Conditions for Determination of Hydro Generation) Regulations, 2011.	17.10.2007 02.04.2011	**Repealed**
29	The Himachal Pradesh Electricity Regulatory Commission (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2007. i) Amended by Regulation 40 of the HPERC (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010. ii) Amended by Regulation 43 of the Short Term Open Access Regulations, 2010. **Repealed** by the HPERC(Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011.	17.10.2007 03.06.2010 02.04.2011	**Repealed**
30	The Himachal Pradesh Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007. i) 1st Amendment Regulations, 2008 ii) 2nd Amendment Regulations, 2009 **Repealed** by the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.	15.10.2007 22.07.2008 24.09.2009 02.04.2011	**Repealed**

31	The Himachal Pradesh Electricity Regulatory Commission (Eligibility Conditions for being a Electricity Trader) Regulations, 2008. i) 1st (Amendment) Regulations, 2011	23.07.2008 12.08.2011	
32	The Himachal Pradesh Electricity Grid Code, 2008. i) 1st Amendment Regulations, 2018. **Notification and Orders issued thereunder:-** Constitution of Grid Code Review Committee. Constitution of Grid Code Review Committee.	11.08.2008 12.10.2018 19.02.2018 01.07.2021	
33	The Himachal Pradesh Electricity Distribution Code, 2008. **Notification and Orders issued thereunder:-** Constitution of the Distribution Code Review Panel. Re-constitution of the Distribution Code Review Panel.	09.01.2009 16.02.2013 21.01.2022	
34	The Himachal Pradesh Electricity Supply Code, 2009. i) 1st Amendment Regulations, 2014. ii) 2nd Amendment Regulations, 2018. iii) 3rd Amendment Regulations, 2018. iv) 4th Amendment Regulations, 2020 v) 5th Amendment Regulations, 2022 **Notification and Orders issued thereunder:-** Constitution of the Electricity Supply Code Review Panel Re-constitutes of the Electricity Supply Code Review Panel Re-constitutes of the Electricity Supply Code Review Panel Re-constitutes of the Electricity Supply Code Review Panel	29.05.2009 16.06.2014 07.08.2018 05.12.2018 04.07.2020 21.01.2022 24.11.2012 29.03.2016 17.12.2019 29.07.2022	
35	The The Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010. i) 1st Amendment Regulation, 2012 ii) 2nd Amendment Regulations, 2021 **Notifications and Orders issued thereunder:-** Enforcement of Regulations, 3, 5 to 25 and 27 to 40. The HPERC (Determination of Open Access Charges) Order, 2010. The HPERC (Determination of Open Access Charges) Order, 2011. The HPERC (Determination of Transmission and Tentative Wheeling Charges under Open Access Charges) Order, 2012. The HPERC (Determination of Transmission Charges, Wheeling Charges, SLDC Charges and Cross Subsidy Surcharge under Open Access Order, 2013.	03.06.2010 10.12.2012 16.08.2021 03.09.2011 25.08.2010 09.12.2011 27.06.2012 04.06.2013	
36	The The Himachal Pradesh Electricity Regulatory Commission (Short Term Open Access) Regulations, 2010. Corrigendum i) 1st Amendment Regulations, 2018. **Notifications and Orders issued thereunder:-** The HPERC(Determination of Open Access Charges) Order, 2010. The HPERC(Determination of Open Access Charges) Order,	03.06.2010 15.06.2010 15.06.2018 25.08.2010	

	2011. The HPERC(Determination of Transmission and Tentative Wheeling Charges under Open Access Charges) Order, 2012. The HPERC (Determination of Transmission Charges, Wheeling Charges, SLDC Charges and Cross Subsidy Surcharge under Open Access Order, 2013.	09.12.2011 27.06.2012 04.06.2013	
37	The Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010. Corrigendum i) 1st Amendment Regulations, 2011. ii) 2nd Amendment Regulations,2016. iii) 3rd Amendment Regulations, 2017. iv) 4th Amendment Regulations, 2018. v) 5th Amendment Regulations, 2018. vi) 6th Amendment Regulations, 2020. vii) 7th Amendment Regulations, 2021 **Repealed** by HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023. **Notification and Orders issued thereunder:-** Designating the Directorate of Energy as State Agency under RPPO Regulations. Applicability of Quantum of RPPO to Captive and Open Access Users/Consumers. The HPERC (Fixation of Fees and Charges for Accreditation of RE Generating Projects, Order 2010. The HPERC (Fixation of Fees and Charges for Accreditation of Renewable Energy Generation Project and Distribution Licensee) Order, 2016. The HPERC (Adjustment of Surplus/Shortfall of Renewable Energy Certificates or Renewable Energy with respect to Renewable Purchase Obligation of FY 2016-17 in FY 2017-18) Order, 2017.	29.03.2010 20.07.2010 10.10.2011 31.03. 2016 27.03.2017 13.12.2017 29.11.2018 07.02.2020 19.07.2021 01.03.2023 24.06.2010 05.10.2010 27.10.2010 08.03.2016 18.07.2017	**Repealed**
38	The Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010. i) 1st Amendment Regulations, 2011 ii) 2nd Amendment Regulations, 2022	12.10.2010 02.05.2011 04.05.2022	
39	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011. i) 1st Amendment Regulations, 2012. ii) 2nd Amendment Regulations, 2013. iii) 3rd Amendment Regulations, 2018. iv) 4th Amendment Regulations, 2021. **Repealed** by HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023. **Notifications and Orders issued thereunder:-** Fixation of Multi Year Control Period. The HPERC (Formats for Multiyear Tariff Filings by the	02.04.2011 02.04.2012 04.11.2013 27.11.2018 04.02.2021 07.12.2023 07.04.2011 and 05.11.2013 06.04.2011	**Repealed**

	Distribution Licensee) Order, 2011. The HPERC (Formats for Multi Year Tariff Filing by the Distribution Licensee) Order, 2013. The HPERC Notification No. HPERC/F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, HP, fixes the period of five years starting from 01.04.2019 as multiyear control period for the purposes of the said Regulations.	04.11.2013 02.01.2019	
40	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011. i) 1st Amendment Regulations, 2011. ii) 2nd Amendment Regulations, 2013. iii) 3rd Amendment Regulations, 2018. **Notifications and Orders issued thereunder:-** Fixation of Multi Year Control Period The HPERC (Formats for Multiyear Tariff Filings by the Generating Company, Order, 2011. The HPERC (Formats for Multiyear Tariff Filings by the Generating Company, Order, 2013. The HPERC notification No. HPERC/F(5)(3)(1) dated 1st November, 2013, fixes the period of five years starting from 01-04-2019 as multiyear control period for the purposes of the said regulations.	02.04.2011 01.08.2011 04.11.2013 27.11.2018 07.04.2011 and 05.11.2013 06.04.2011 04.11.2013 02.01.2019	
41	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011. i) 1st Amendment Regulations, 2013. ii) 2nd Amendment Regulations, 2018. iii) 3rd Amendment Regulations, 2023. **Notifications and Orders issued thereunder:-** Fixation of Multi Year Control Period. The HPERC (Formats for Multiyear Tariff filings by the Transmission Licensee) Order, 2011. The HPERC (Formats for Multiyear Tariff filings by the Transmission Licensee) Order, 2013. The HPERC Notification No. HPERC/F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, HP, fixes the period of five years starting from 01.04.2019 as multiyear control period for the purposes of the said Regulations.	02.04.2011 04.11.2013 27.11.2018 05.06.2023 07.04.2011 and 05.11.2013 06.04.2011 05.11.2013 02.01.2019	
42	The Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011. i) 1st Amendment Regulations, 2013. ii) 2nd Amendment Regulations, 2018. **Notifications and Orders issued thereunder:-** Fixation of Multi Year Control Period The HPERC (Formats for Multi Year Tariff Filings by the Power System Operation Company/State Load Despatch Centre) Order, 2011.	02.06.2011 05.11.2013 27.11.2018 02.06.2011 and 05.11.2013 02.06.2011	

	The HPERC (Formats for Multi Year Tariff Filings by the Power System Operation Company/State Load Despatch Centre) Order, 2013.	05.11.2013	
	The HPERC Notification No. HPERC/F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, HP, fixes the period of five years starting from 01.04.2019 as multiyear control period for the purposes of the said regulations.	02.01.2019	
43	The HPERC (Demand Side Management) Regulations, 2011.	12.10.2011	
44	The Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.	23.05.2012	
	i) 1st Amendment Regulations, 2015.	23.07.2015	
	ii) 2nd Amendment Regulations, 2015.	22.09.2015	
	iii) 3rd Amendment Regulations, 2015.	20.10.2015	
	iv) 4th Amendment Regulations, 2017.	06.02.2017	
	v) 5th Amendment Regulations, 2018	07.11.2018	
	Notifications and Orders issued thereunder:-		
	Provisional arrangements in respect to the Normative Infrastructure Charges.	30.05.2012	
	Provisional arrangements in respect to the Normative Infrastructure Charges.	08.01.2013	
	Clarificatory Order dated 31.10.2005.		
	Clarificatory Order dated 02.05.2011.		
45	The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff determination) Regulations, 2012.	17.12.2012	
	i) 1st Amendment Regulations, 2015	19.02.2015	
	ii) 2nd Amendment Regulations, 2016.	13.04.2016	
	iii) 3rd Amendment Regulations, 2017.	06.04.2017	
	Notifications and Orders issued thereunder:-		
	Small Hydro Power Projects, Tariff and Others issues, Order dated 18.12.2007.		
	Small Hydro Power Projects, Tariff and Others issues, Order dated 09.02.2010.		
	Small Hydro Power Projects, Tariff and Others issues, Order dated 10.02.2010.		
46	The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.	28.01.2013	
	i) 1st Amendment Regulations, 2019.	28.11.2019	
	ii) 2nd Amendment Regulations, 2022.	27.01.2022	
	Notifications and Orders thereunder:-		
	The HPERC (Salary and other Allowances of the Nominated Independent Member of the CGRF) Order, 2013.	01.08.2013	
	The HP Electricity Ombudsman (Terms & Conditions of Service of Employees) Order, 2014.	23.01.2014	
	The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Order, 2014 and sub-regulation (4) of regulation 30 of HPERC (Consumer Grievances Redressal Forum on Ombudsman)	15.06.2017	

	Regulations, 2013. The HPERC (Salary and other Allowances of the Nominated Independent Member of the Additional CGRF) Order, 2022. The Notification No. HPERC-B02/1/2022 dated 14th Sept., 2022 of the HPERC (Independent Member of the Addl. Forum for Redressal of Grievances of HPSEBL Consumers, (CGRF)	 21.03.2022 16.09.2022	
47	The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Service of Staff) Regulations, 2013. Corrigendum i) 1st Amendment Regulations, 2020 ii) 2nd Amendment Regulations, 2020 iii) 3rd Amendment Regulations, 2021 **Notifications and Orders thereunder:-** The HPERC Director (Technical Analysis)(Class-I, Gazetted promotion) Rules, 2017. The HPERC Director (Technical Analysis)(Class-I, Gazetted promotion) Rules, 2019.	22.04.2013 09.07.2014 18.02.2020 30.06.2020 04.12.2021 18.10.2017 16.06.2020	
48	The HPERC (Reporting System on Power Regulatory Accounting) Regulations, 2014.	01.01.2015	
49	The Himachal Pradesh Electricity Regulatory Commission (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.	02.04.2015	
50	The Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Regulations, 2015. i) 1st Amendment Regulations, 2018. ii) 2nd Amendment Regulations, 2022 **Notifications and Orders thereunder:-** The HPERC (Rooftop Solar PV Grid Interactive System based on Net Metering) Order, 2019.	03.08.2015 04.11.2018 16.09.2022 02.04.2019	
51.	The Himachal Pradesh Electricity Regulatory Commission (Authorized Consumer Representative) Regulations, 2016.	01.08.2016	
52	The HPERC (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017. i) 1st Amendment Regulations, 2018. ii) 2nd Amendment Regulations, 2019. iii) 3rd Amendment Regulations, 2019. iv) 4th Amendment Regulations, 2020. v) 5th Amendment Regulations, 2020. vi) Corrigendum vi) 6th Amendment Regulations, 2023. vii) 7th Amendment Regulations, 2023.	23.11.2017 18.05.2018 30.01.2019 18.11.2019 15.09.2020 24.11.2020 01.12.2020 01.02.2023 26.09.2023	
53	The The Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018. i) 1st Amendment Regulations, 2019. ii) 2nd Amendment Regulations, 2020 **Notifications and Orders thereunder:-** The HPERC (Deviation Settlement Mechanism and Related	25.10.2018 03.07.2019 10.09.2021	

	Matters) Order, dated 16.10.2018.		
54	The Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020. **Notifications and Orders thereunder:-** Constitutes of the Monitoring Committee 2021.	25.08.2020 26.03.2021	
55	The Himachal Pradesh Electricity Regulatory Commission (Transmission Performance Standards) Regulations, 2023. **Notifications and Orders thereunder:-** The HPERC **(**Transmission Performance Standards) 2023.	06.03.2023	
56	The Himachal Pradesh Electricity Regulatory Commission (Compensation to Victims of Electrical Accidents) Regulations, 2023. **Notifications and Orders thereunder:-** The HPERC **(**Compensation to Victims of Electrical Accidents) 2023.	25.07.2023	

List of Abbreviations used in this Compendium

1	Cl	for	Clause
2	Col	for	Column
3	Del	for	Deleted
4	Gaz.	for	Gazette
5	H.P.	for	Himachal Pradesh
6	HPERC	for	Himachal Pradesh Electricity Regulatory Commission
7	Ins.	for	Inserted
8	Not.	for	Notification
9	No.	for	Number
10	P.	for	Page or pages
11	Reg.	for	Regulation
12	Repro	for	Reproduced
13	R H.P.	for	Rajpatra, Himachal Pradesh (Ordinary)
14	R H.P. Extra	for	Rajpatra, Himachal Pradesh (Extra Ordinary)
15	Sch.	for	Schedule
16	subs.	for	substituted
17	Vol.	for	Volume
18	w.e.f.	for	With effects from

[1][The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011]

Amended, repealed or otherwise affected by:-

1. *First Amendment Regulations, 2011 notified vide the Not. No. HPERC/Gen/479 dated 30th July, 2011 published in the R H.P. dated 1st August, 2011 at p. 2042-2043.*
2. *Second Amendment Regulations, 2013 notified vide the Not. No. HPERC/F(5)(3)(1)(Gen) dated 1st November, 2013 published in the R. H.P. dated 4th November, 2013 at p.4599-4606.*
3. *Third Amendment Regulations, 2018 notified vide the Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. dated 27th November, 2018 at p. 6249-6256.*

NOTIFICATION

Shimla, the 1st April, 2011

No. HPERC/Gen/479.- Whereas section 61 of the Electricity Act, 2003 (36 of 2003), provides that the Appropriate Commission shall specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the principles and methodologies specified by the Central Commission for determination of tariff applicable to generating companies and also by the National Tariff Policy formulated under the said Act;

And Whereas the Himachal Pradesh Electricity Regulatory Commission has framed the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2007;

And Whereas the Central Commission has subsequently framed Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 specifying the principles and methodologies to be followed for determination of tariff applicable to generating companies and various changes have also been made in the National Tariff Policy;

And Whereas the Himachal Pradesh Electricity Regulatory Commission is making an exercise to determine the tariff for generating companies for the next control period starting from 1st April, 2011 and keeping in view the changes in National Tariff Policy and the methodologies of Central Commission, amongst others it has become necessary to amend/modify the existing regulations;

Now, therefore, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181 read with sections 61, 62 and 86, of the of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission makes the following regulations for determination of generation tariff:-

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1 *Published in the R H.P. dated 2nd April, 2011 at p.71-95.*

PART-I
PRELIMINARY

(1) **Short title, extent and commencement.-** (1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011.

(2) These regulations shall extend to the whole of the State of Himachal Pradesh.

(3) These regulations shall come into force with effect from 1st April, 2011.

2. Scope and application.- (1) These regulations shall apply in all cases where tariff for a generating station or a unit thereof is to be determined by the Commission under section 62 of the Act, read with section 86 thereof.

(2) Where a power purchase agreement has been executed between the generating company and the utility before existence of the Commission, the Commission shall determine such tariff in accordance with the terms and conditions of such power purchase agreement.

(3) Where a power purchase agreement has been executed between the generating company and the utility after existence of the Commission and the power purchase agreement has been approved by the Commission, the Commission shall determine such tariff in accordance with the terms and conditions of such approved power purchase agreement.

(4) Where tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government, the Commission shall adopt such tariff in accordance with the provisions of the Act.

3. Definitions.- In these regulations, unless the context otherwise requires, -

[1][(1) **"accounting statements"** shall mean for each financial year, the balance sheet, the profit and loss statement, the cash flow statement and the report of the statutory auditors together with notes thereto:]

[1][(1-a)] "**Act**" means the Electricity Act, 2003 (36 of 2003);

(2) **"additional capitalisation"** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project and admitted by the Commission after prudence check, subject to the provisions of regulation;

[2][(2-a) "**aggregate revenue requirement**" or **"ARR"** means the costs pertaining to hydro generating stations which are permitted, in accordance with these regulations, to be recovered from the tariffs and charges determined by the Commission.]

(3) "A**ppendix**" means the appendix to these regulations;

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1 *Existing clause (1) shall be renumbered (1-a) and insert clause (1) vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6256.*

2 *Ins. vide Not. No. HPERC/F (5)(3)(1) (Gen) dated 1st November, 2013 published in the R H.P. dated 4th November,2013 at p. 4599-460.*

(4) "**applicant**" means a generating company who has made an application for determination of tariff or an application for [1]**[**mid-term performance review**]** in accordance with the Act and under these regulations and includes a generating company whose tariff is the subject of a review by the Commission either suo-motu or on a petition filed by any interested or affected person or as part of [2][mid-term performance review;]

(5) "**auxiliary energy consumption**" or **"AUX"** in relation to a period means the quantum of energy consumed by auxiliary equipment of the generating station, and transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station;

(6) "**base year**" means the financial year immediately preceding the first year of the control period;

(7) "**beneficiary**" in relation to a generating station means the person purchasing electricity generated at such a generating station whose tariff is determined under these regulations;

(8) " **capital cost"** means the capital cost as defined in regulation;

(9) **"Central Commission"** means the Central Electricity Regulatory Commission as referred to in sub- section (1) of section 76 of the Act;

[2]**[**(10) **"change in law"** shall mean the occurrence of any of the following events:

(i) enactment, bringing into effect or promulgation of any new Indian law, or

(ii) adoption, amendment, modification, repeal or re-enactment of any existing Indian law, or

(iii) change in interpretation or application of any Indian law by a competent Court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application, or

(iv) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project, or

(v) coming into force or change in any bilateral or multilateral agreement/ treaty between the Government of India and any other Sovereign Government having implication for the Generating Station regulated under these regulations;]

(11) "**Commission**" means the Himachal Pradesh Electricity Regulatory Commission as referred to in sub- section (1) of section 82 of the Act;

(12) "**Conduct of Business Regulations**" means the Conduct of Business Regulations specified by the Commission under sub-section (1) of section 92 of Act;

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[1] *Subs. for "annual perform review" vide Not. No. HPERC/F(5)(3)(1)(Gen) dated 1st Nov., 2013, published in the R H.P. dated 4th November, 2013 at p. 4599-4606.*

[2] *Subs. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6256 and before its substitution it read as under:-*

"10. "**change in law**" means occurrence of any of the following events:-

(a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of any law, or

(b) change in interpretation of any law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation, or

(c) change by any competent statutory authority, in any consent, approval or licence available or obtained for the project;"

(13) "**control period"** means a multi-year period fixed, by the Commission, from time to time, for which the principles of determination of revenue requirement and tariff will be laid down;

(14) "**cut-off date"** means 31st March of the year closing after two years of the year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation;

(15) "**date of commercial operation" or** "**COD"** means in relation to a unit of hydro generating station, the date declared by the generating company from 0000 hour of which, after notice to the beneficiaries, scheduling process in accordance with the Indian Electricity Grid Code and/or the Himachal Pradesh Electricity Grid Code is fully implemented, and in relation to the generating station as a whole, the date declared by the generating company after demonstrating peaking capability corresponding to installed capacity of the generating station through a successful trial run, after notice to the beneficiaries.

Note-

1. In case the hydro generating station, with pondage or storage, is not able to demonstrate peaking capability corresponding to the installed capacity for the reasons of insufficient reservoir or pond level, the date of commercial operation of the last unit of the generating station shall be considered as the date of commercial operation of the generating station as a whole, provided that it will be mandatory for such hydro generating station to demonstrate peaking capability equivalent to the installed capacity of the generating unit or the generating station as and when such reservoir /pond level is achieved.
2. In case of purely run-of-river hydro generating station if the unit or the generating station is declared under commercial operation during lean inflows period when the water is not sufficient for such demonstration, it shall be mandatory for such hydro generating station or unit to demonstrate peaking capability equivalent to the installed capacity as and when sufficient inflow is available.

(16) **"day"** means the 24 hour period starting at 0000 hour;

(17) **"declared capacity" or "DC'** in relation to a generating station means, the capability to deliver ex-bus electricity in MW declared by such generating station in relation to any time-block of the day or whole of the day, duly taking into account the availability of water, and subject to further qualification in the relevant regulation;

(18) **"design energy"** means the quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the hydro generating station;

(19) **"existing station"** means a hydro generating station declared under commercial operation from a date prior to [1][first year of the control period;]

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[1] *Subs. for "01.04.2011" vide Not. No. HPERC/F (5)(3)(1)(Gen) dated 1st November, 2013 published in the R..H.P dated 4th November, 2013 at p. 4599-4606.*

(20) **"existing project"** means a project declared under commercial operation from a date prior to [1][first year of the control period;]

(21) "**financial year**" means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;

[1][(21-a) **"force majeure event"** shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:

(i) acts of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions, or

(ii) any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or

(iii) industry-wide strikes and labour disturbances having a wide impact;]

(22) "**infirm power**" means electricity generated prior to commercial operation of the unit of a hydro generating station;

(23) "**installed capacity**" or "IC" means the summation of the name plate capacities of all the units of the generating station or the capacity of the generating station (reckoned at the generator terminals) as approved by the Commission from time to time;

[2][(23-a)**"MCLR"** shall mean One Year Marginal Cost of Funds based Lending Rate;]

[2]{[3][(23-b)}**"mid-term performance review**" or "MPR" means the review of performance of the generator undertaken by the Commission for the year after the middle year of the control period and this includes the True Up of the previous control period and True Up of previous years of the control period;**]**

(24) **"new station"** means a hydro generating station declared under commercial operation on or after [4][1st April of the first year of control period;]

[5]**[**(25) **"Normative Annual Plant Availability Factor" or "NAPAF"** in relation to a generating station means the availability factor as specified in the regulation on 'Operational Norms';**]**

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[1] *Ins. clause (21-a) vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

[2] *Ins. clause (23-a) vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

[3] *Ins. vide Not. No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606.*

[4] *Subs. for "01.04.2011", vide Not. No. HPERC/F(5)(3)(1)(Gen.) published in the R H.P. dated 4th November, 2013 at p. 4599-4606.*

[5] *Subs. vide Not. No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November,2013 at p. no. 4599-4606. Before substitution Clause 25 read as under:-*

(26) "**original project cost"** means the capital expenditure incurred by the generating company within the original scope of the project up to the cut-off date as admitted by the Commission;

(27) "**Plant Availability Factor (PAF)"** in relation to a generating station for any period means the average of the daily declared capacities (DCs) for all the days during that period expressed as a percentage of the installed capacity in MW reduced by the normative auxiliary energy consumption;

(28) **"project"** means a hydro generating station and includes the complete hydro power generating facility covering all components such as dam, intake, water conductor system, power generating station and generating units of the scheme as apportioned to power generation;

[1][(28-a)**"prudence check"** shall mean scrutiny of the reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff;]

(29) "**run-of-river power station**" means a hydro electric power generating station which does not have upstream pondage;

(30) "**run-of-river power station with pondage**" means a hydro electric power generating station with sufficient pondage for meeting the diurnal variation in power demand;

(31) **"scheduled energy"** means the quantum of energy scheduled by the State Load Despatch Centre to be injected into the grid by a generating station over a day;

(32) **"scheduled generation"** or "SG" at any time or for any period or time-block means schedule of generation in MW or MWh ex-bus, given by the concerned Load Despatch Centre;

(33) **"storage type power station**" means a hydro electric power generating station associated with large storage capacity to enable variation of generation of power according to demand;

(34) **"State" means the State** of Himachal Pradesh;

(35) **"unit"** in relation to a hydro generating station means turbine-generator and its auxiliaries;

(36) **"useful life"** in relation to a unit of a hydro generating station shall be 40 years from the COD;

(37) **"year"** means a financial year**;** and the words and expressions occurring in these regulations and not defined herein but defined in the Act or Grid Code or State Grid Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code and the words and expressions used herein but not specifically defined herein or in the Act or

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"(25) **Normative Annual Plant Availability Factor" or "NAPAF"** in relation to a generating station means the availability factor specified in clause (a) of sub-regulation 0 of regulation 0 for hydro generating station;"

1 *Ins. clause (28-a) vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

Grid Code or State Grid Code shall have the meanings generally assigned to them in the electricity industry;

[1][(38) the words and expressions occurring in these regulations and not defined herein but defined in the Act or Grid Code or State Grid Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code shall have the meanings generally assigned to them in the electricity industry.]

PART-II
GUIDING PRINCIPLES

4. General Approach.-(1) Tariff determined by the Commission and the directions given in the tariff order made by the Commission shall be quid pro quo and mutually inclusive. The tariff determined shall, within the period specified by it, be subject to the compliance of the directions to the satisfaction of the Commission and their non-compliance shall lead to such amendment, revocation, variations and alterations of the tariff, as may be ordered by the Commission.

(2) The tariff order shall, unless amended or revoked, continue to be in force for such period as may be specified in the tariff order. In the event of failure on the part of the generating company to file the aggregate revenue requirement (ARR) under Part-V, the tariff determined by the Commission shall cease to operate, unless allowed to be continued for a further period with such variations or modifications, as may be ordered by the Commission.

5. Multi Year Tariff (MYT) Framework.-(1) The Commission shall adopt multiyear tariff framework for determination of tariff for each year of the control period.

(2) The multiyear tariff framework shall be based on the following: -

(a) **Business plan** (with plant-wise details) for the entire control period, which the applicant shall submit to the Commission for approval, prior to the beginning of the control period;

(b) **Forecast of expected tariff for sale of power** which shall be submitted by the generating company (plant-wise) for each year of the control period, based on reasonable assumptions of the underlying financial and operational parameters, as submitted in the business plan;

(c) **Trajectory for specific parameters**, stipulated by the Commission, where the performance of the applicant is sought to be improved through incentives and disincentives;

6. Determination of Baseline .- (1) The baseline values (operating and cost parameters) for the control period shall be determined by the Commission, based on previously approved values, the latest audited accounts, estimate of the actuals for the relevant year, prudence check and other factors considered appropriate by the Commission.

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[1] *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

(2) The Commission shall normally not revisit the performance targets even if the targets are fixed on the basis of un-audited accounts.

7. Capital Investment.- Subject to the provisions of the Act, and the rules and policies made thereunder, the Commission shall approve the capital investment plan of a generating company for the control period commensurate with generation capacity growth. The investment plan shall also include a capitalisation schedule and financing plan for the planned investment. Adjustment for the actual capital investment vis-à-vis approved capital investment shall be done at the end of the control period.

8. Performance Targets.- (1) The Commission shall set targets for each year of the control period for the items or parameters that are deemed to be "controllable" and which will include-

(a) Normative Annual Plant Availability Factor;
(b) Auxiliary energy consumption;
(c) Operation and Maintenance Expenses which includes employee expenses, repairs and maintenance expenses, administration and general expenses and other miscellaneous expenses viz. audit fees, rents, legal fees etc;
(d) Financing cost which includes cost of debt including working capital (interest), cost of equity (return); and
(e) Depreciation.

(2) The Commission will normally not revisit the performance targets, once determined even if the targets are fixed on the basis of un-audited accounts.

[1][**9. True Up.-** (1) The true up across various controllable parameters shall be conducted by the Commission, for the previous years for which the actual/audited accounts are made available by the generator, at the times and as per principles stated below: -

(A) at the times -
(i) for the previous years of the previous control period alongwith the petition for determination of ARR cum generation tariff for the control period;
(ii) for the previous years of the control period and for the previous control period:-
(iii) alongwith the mid-term performance review during the control period; and
(iv) for the control period true up:- alongwith the mid-term performance review of the next control period;

(B) as per principles –
(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; and
(iii) any surplus and deficit on account of O&M expenses shall be to the account of the generating company and shall not be trued up in ARR.

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[1] *Ins. vide Not. No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606.Before its substitution it read as under:*

"**9. True Up.-** (1) The true up across various controllable parameters shall be conducted as per principles stated below: -
(a) any surplus and deficit on account of O&M expenses shall be to the account of the generating company and shall not be trued up in ARR; and
(b) 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.
(2) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of *force majeure* factors shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission."

(2) The gain or loss on account of other controllable factors, unless otherwise specifically provided by the Commission shall be to the account of the generating company.

(3) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission.]

[1][9-A. **Carrying Cost.—**The generating company, 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][10. **Refund of excess amount.—** If a generating company recovers the charges exceeding the tariff determined by the Commission, the excess amount shall be refunded to beneficiaries, who have paid such excess charges, alongwith interest equivalent to the one (1) Year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year plus 300 basis points, without prejudice to any other liability to which such generating company may be subject:

Provided that such interest payable to any party shall not be allowed to be recovered through the Aggregate Revenue Requirement of the generating company:

Provided further that the generating company shall maintain separate details of such interest paid or payable by it, and shall submit them to the Commission alongwith its petition.]

[3][10-A. **Preparation of Accounting Manual and Regulatory Accounts.—** The Generating Company shall prepare Accounting Manual and Regulatory Accounts as per the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014. The Utility shall submit the Regulatory Audited Accounts Every year within seven months of the end of the Financial Accounting Year to the Commission.

10-B. **Segregation of Accounts.—**The generating company shall maintain separate accounts for each of its hydro power plants:

Provided that the generating company shall follow a reasonable basis for allocation of all joint and common costs between the power plants and shall submit the Accounting Statements, as approved by its board of directors, to the Commission alongwith its application for determination of tariff.

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1 *Ins. '**regulation 9-A'** vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

2 *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

"10. Refund of excess amount .- If a generating company recovers the charges exceeding the tariff determined by the Commission, the excess amount shall be refunded to beneficiaries, who have paid such excess charges, alongwith interest equal to the prevalent Base Rate of the State Bank of India plus 350 basis points, without prejudice to any other liability incurred by such licensee."

3 *Ins.* **'regulation 10-A, 10-B & 10-C'** *vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

10-C. **Consumer Contribution, Deposit Work, Grant and Capital Subsidy.—**

(1) The works carried out by the generation company after obtaining the estimated cost from the users shall be classified as Deposit Works.

(2) Capital works undertaken by the generation company utilising grants received from the State and Central Governments, including funds under various schemes shall be classified under the category of Grants.

(3) The works carried out with any other grant of similar nature or such amount received without any obligation to return the same and with no interest costs attached to such subvention shall also be classified as works performed through consumer contribution, deposit work, capital subsidy or grant.

(4) The expenses on such capital expenditure shall be treated as follows:—

(a) normative O&M expenses as specified in these regulations shall be allowed. However, any departmental charges taken by the generating company against deposit works and which are executed departmentally shall be adjusted in the employee cost;

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

(c) depreciation to the extent of works performed through consumer contribution, deposit work, capital subsidy or grant shall not be allowed as specified in Regulation 20;

(d) provisions related to return on equity, as specified in Regulation 21, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant;

(e) provisions related to interest and finance charges, as specified in Regulation 17, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant.]

PART-III
PRINCIPLES FOR DETERMINATION OF HYDRO GENERATION TARIFF

11. Capital cost of project.- (1) Capital cost for a project shall include-

(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan - (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed,- up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

(b) capitalised initial spares subject to the ceiling norms as per regulation;

(c) additional capital expenditure determined under regulation:

Provided that the assets forming part of the project, but not in use, shall be taken out of the capital cost.

(2) The capital cost admitted by the Commission, after prudence check, shall form the basis for determination of tariff:

[1]**[**Provided that prudence check of capital cost may be carried out based on the benchmark norms to be laid down by the Commission from time to time; and**]**

[2]**[**Provided further that in case where benchmark norms have not been laid down, the prudence check may be carried out based on the benchmark norms/guidelines laid down by the Central Electricity Authority and**]** prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff:

Provided further that the Commission may issue guidelines for vetting of capital cost of hydro-electric projects by independent agency or expert and in that event the capital cost as vetted by such agency or expert may also be considered by the Commission while determining the tariff for the hydro generating station:

Provided further that the Commission may issue guidelines for scrutiny and approval of commissioning schedule of the hydro-electric projects of a developer (not being a State controlled or owned company) as envisaged in the tariff policy:

Provided further that in case the site of a hydro generating station is awarded to a developer (not being a State controlled or owned company) by the State Government, by following a two stage transparent process of bidding, any expenditure incurred or committed to be incurred by the project developer for getting the project site allotted shall not be included in the capital cost:

Provided further that the capital cost in case of such hydro generating station shall include -

(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with R&R Policy and R&R package as approved by the State Government; and

(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) project in the affected area:

Provided further that where the power purchase agreement entered into between the generating company and the beneficiaries provide for ceiling of actual expenditure, the capital expenditure admitted by the Commission shall take into consideration such ceiling for determination of tariff:

Provided further that in case of the existing projects, the capital cost admitted by the Commission prior to [3][the starting of the first year of the control period] and the additional capital expenditure projected to be incurred for the respective years of the control period, as may be admitted by the Commission, shall form the basis for determination of tariff.

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1 *First proviso inserted vide Not. No. HPERC/Gen./479 dated 30th July, 2011 published in R H.P. dated 1st August, 2011 at p.2042-2043.*

2 *Subs. for "Provided that in cases where benchmark norms have not been specified" vide HPERC/Gen./479 dated 30th July, 2011 published in R H.P. dated 1st August, 2011 at p. 2043.*

3 *Subs. for "01.04.2011" vide Not No. HPERC/F(5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606.*

12. Initial Spares.- For hydro generating stations, initial spares shall be capitalised as a percentage of the original project cost, subject to the ceiling norm of 1.5%:

Provided that the Commission, may for sufficient reasons to be recorded in writing, after exercising due diligence and applying prudency check, deviate from the above ceiling norm.

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

(a) Un-discharged liabilities;
(b) Works deferred for execution;
(c) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulation;
(d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
(e) Change in law:

Provided that the details of works included in the original scope of work, alongwith estimates of expenditure, un-discharged liabilities and the works deferred for execution, shall be submitted alongwith the application for determination of tariff.

[1][(2) The capital expenditure incurred on the following counts after the cutoff date may, in its discretion, be admitted by the Commission, subject to prudence check:—

(a) liabilities to meet award of arbitration or for compliance of the order or decree of a court;
(b) change in law;
(c) any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation:
(d) any expenses to be incurred on account of need for higher security and safety of the capital asset as advised or directed by appropriate Government agencies or statutory authorities responsible for national security/internal security;
(e) any liability for works executed prior to the Cut-off Date, after prudence check of the details of such undischarged liability, total estimated cost of

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[1] *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

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

(a) liabilities to meet award of arbitration or for compliance of the order or decree of a court;
(b) change in law;
(c) any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation:

Provided that in any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalisation for determination of tariff w.e.f. 01.04.2011."

package, reasons for such withholding of payment and release of such payments etc.;

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

(g) any additional capital expenditure, which has become necessary for efficient operation of the plant. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology etc.:

Provided that in any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. bought after the cut-off date shall not be considered for additional capitalisation for determination of tariff.]

14. Renovation and Modernisation. – (1) The generating company for meeting the expenditure on renovation and modernization for the purpose of extension of life beyond the useful life of the generating station or a unit thereof shall make an application before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, record of consultation with beneficiaries and any other information considered to be relevant by the generating company.

(2) Where the generating company makes an application for approval of its proposal for renovation and modernisation, the approval shall be granted after due consideration of reasonableness of the cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, and such other factors as may be considered relevant by the Commission.

(3) Any expenditure incurred or projected to be incurred and admitted by the Commission after prudence check based on the estimates of renovation and modernisation expenditure and life extension, and after deducting the accumulated depreciation already recovered from the original project cost, shall form the basis for determination of tariff:

[1][Provided that variations in capital cost of such Renovation and Modernization works on account of cost overruns beyond the value at which the works and/ or supplier are awarded to EPC contractors/ Suppliers, 100% of the variation shall be considered as part of the capital cost of the project if such can be attributed to a force majeure event or any other reason beyond the control of the generator and if such cannot be attributed to any reason beyond the control of the generator, then 50% of variation shall be considered as part of the capital cost of the project.]

15. Sale of Infirm Power .- Supply of infirm power shall be accounted as Unscheduled Interchange (UI) and paid for from the regional or State UI pool account at the applicable frequency-linked UI rate:

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[1] *Proviso Ins. vide Not. No. vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4606.*

Provided that any revenue earned by the generating company from sale of infirm power shall be applied for reduction in capital cost.

16. Debt-Equity Ratio. –

(1) Existing Stations:

(a) For existing generating stations the amount of loan capital shall be equal to the sum of the outstanding balance of all long term loans taken to finance the generating station, at the commencement of the financial year for which tariff is to be determined, as reflected in the tariff orders of the Commission.

(b) The equity capital shall be taken as specified by the generating company, subject to prudence check by the Commission.

(c) Any fresh infusion of capital in the existing generating stations shall be considered only after prior approval by the Commission and would have a debt-equity ratio of 70:30.

(2) New Stations:

(a) For new stations, the normative debt-equity ratio shall be considered to be 70:30 for determination of tariff.

(b) In case of a generating station where equity employed is more than 30%, the amount of equity for determination of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan.

(c) In case of a generating station where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:

Provided that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

(3) Renovation and Modernisation .- Any approved capital expenditure incurred on renovation, modernisation, replacement or extension of life of existing generating assets shall be considered to be financed at a normative debt-equity ratio of 70:30. In case the amount of equity is less than 30%, the actual debt-equity ratio shall be considered.

(4) The debt and equity amounts arrived at in accordance this regulation shall be used for calculating interest on loan, return on equity, advance against depreciation and foreign exchange rate variation.

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

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

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[1] *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

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

Provided further that if the generating station, does not have actual loan, then the weighted average rate of interest of the generating company as a whole shall be considered:

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

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

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

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

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

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

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

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

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

18. Working Capital.- The Commission shall calculate the working capital requirement for hydro electric power stations containing the following components: -

(a) Operation & Maintenance (O&M) expenses for 1 month;

"(2) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:
Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:
Provided further that if the generating station, does not have actual loan, then the weighted average rate of interest of the generating company as a whole shall be considered."

1 *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

"(5) The generating station shall make every effort to refinance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such refinancing shall be borne by the beneficiaries and any benefit on account of refinancing of loan and interest on loan shall be passed on to the beneficiaries. Refinancing may also include restructuring of debt."

(b) maintenance spares equivalent to 15% of O&M specified in regulations;

(c) receivables equivalent to two months of fixed cost.

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

20. Depreciation. - (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

[2][(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable:

Provided also that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long term power purchase agreement at regulated tariff.]

(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

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

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

(5) For generating station which are in operation for less than 12 years, the difference between the cumulative depreciation recovered and the cumulative depreciation arrived at by applying the depreciation rates specified in this regulation corresponding to

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1 *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

"**19. Interest on Working Capital .-** Rate of interest on working capital shall be on normative basis and shall be equal to the [1][average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points]. The interest on working capital shall be payable on normative basis notwithstanding that the generating station has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

2 *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

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

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff."

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

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

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

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

[1][(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate as per latest available audited accounts of the generating company:

Provided that in line with the provisions of the relevant Finance Acts of the respective year, the return on equity with respect to the actual tax rate applicable to the generating company during the years of the control period shall be trued up separately for each year during the mid-term performance review and at the end of the control period alongwith the tariff petition filed for the next control period.**]**

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

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

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

Illustration.-

(i) In case of the generating company paying Minimum Alternate Tax (MAT) @ 19.93% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.1993) = 19.358%

(ii) In case of generating company paying normal corporate tax @ [2][32.99%] including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.3399) = 23. 481%

[3][22. Operation and Maintenance (O&M) Expenses.-(1) Operation and Maintenance (O&M) expenses shall comprise of the following:-

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[1] *Subs. vide Not No. HPERC/F (5)(3)(1)(Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606. Before its substitution it stood as under:*

"(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2010-11 applicable to the concerned generating company:

Provided that return on equity with respect to the actual tax rate applicable to the generating company in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period alongwith the tariff petition filed for the next tariff period."

[2] *Subs. for "33.22%" vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4608.*

[3] *Substituted vide Not. No. HPERC/F(5)(3)(1)(Gen) dated 1st November, 2013 published in the Rajpatra Himachal Pradesh dated 4th November, 2013 at p. 4599-4606 and before its substitution it stood as under:*

"22. Operation and Maintenance (O&M) Expenses

(1) Operation and Maintenance (O&M) expenses shall comprise of the following:-

(a) salaries, wages, pension contribution and other employee costs;
(b) administrative and general costs;
(c) repairs and maintenance; and
(d) other miscellaneous expenses including insurance costs, statutory levies and taxes (except corporate income tax).

(2) Operation and maintenance expenses, for the existing generating stations which have been in operation for 3 years or more in the base year of 2010-11, shall be derived on the basis of actual operation and maintenance expenses for the years 2007-08 to 2009-10, based on the audited balance sheets, excluding abnormal operation and maintenance expenses, if any, after prudence check by the Commission.

(a) salaries, wages, pension contribution and other employee costs;

(b) administrative and general costs;

(c) repairs and maintenance; and

(d) other miscellaneous expenses including insurance costs, statutory levies and taxes (except corporate income tax).

[1][(2) Operation and maintenance expenses, for the existing generating stations which have been in operation for 5 years or more as on 31st March, 2018, shall be derived on the basis of actual operation and maintenance expenses for the years 2013-14 to 2017-18, based on the audited balance sheets, excluding abnormal operation and maintenance expenses, if any, after prudence check by the Commission.

(3) In case of hydro generating stations, which have been in commercial operation for less than 5 years as on 31st March, 2018, the Operation and maintenance expenses shall be fixed at 2% of the original project cost, excluding cost of rehabilitation and resettlement works, and shall be escalated in accordance with the escalation principles specified in sub-regulation (6).

(4) In case of the hydro generating stations declared under commercial operation on or after 1-4-2018, operation and maintenance expenses shall be fixed at 2% of the original project cost, excluding cost of rehabilitation and resettlement works, and shall be escalated in accordance with the escalation principles specified in sub-regulation (6).;]

(5) Post, determination of base O&M Expenses for the generator/generating company in sub-regulation (2), the O&M expenses for the nth year and also for the year immediately preceding the control period, shall be approved based on the formula given below:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$:

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(3) The normalised operation and maintenance expenses after prudence check, for the years 2007-08 to 2009-10, shall be escalated @ 8.32% to arrive at the normalized operation and maintenance expenses at the 2009-10 price level respectively and then averaged to arrive at normalised average operation and maintenance expenses for the 2007-08 to 2009-10 at 2009-10 price level. The average normalized operation and maintenance expenses for year 2009-10 shall be escalated by 8.32% to arrive at the normalized operation and maintenance of base year 2010-11. The normalized operation and maintenance expenses or the actual operation and maintenance expenses for the base year 2010-11, whichever is lower shall be escalated at the rate of 8.32% to arrive at the operation and maintenance expenses for year 2011-12.

The operation and maintenance expenses for the year 2011-12 shall be escalated further at the rate of 8.32% per annum to arrive at permissible operation and maintenance expenses for the subsequent years of the control period.

(5) In case of the hydro generating stations, which have not been in commercial operation for a period of three years as on 1.4.2011, operation and maintenance expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be escalated at the rate of 8.32% per annum from the subsequent year to arrive at operation and maintenance expenses for the base year 2010-11. The base operation and maintenance expenses shall be further escalated at the rate of 8.32% per annum to arrive at permissible operation and maintenance expenses for the respective year of the tariff period.

(6) In case of the hydro generating stations declared under commercial operation on or after 1.4.2011, operation and maintenance expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation of 8.32% per annum for the subsequent years.

(7) Of the O&M expenses so determined based on the above regulations, at least 30% shall be spent towards repair and maintenance activities."

1 *Sub. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255. Before its substitution it read as under:*

"(2) Operation and maintenance expenses, for the existing generating stations which have been in operation for 3 years or more as on 31 March 2013, shall be derived on the basis of actual operation and maintenance expenses for the years 2010-11 to 2012-13, based on the audited balance sheets, excluding abnormal operation and maintenance expenses, if any, after prudence check by the Commission.

(3) In case of hydro generating stations, which have been in commercial operation for less than 3 years as on 31 March 2013, the Operation and maintenance expenses shall be fixed at 2% of the original project cost, excluding cost of rehabilitation and resettlement works, and shall be escalated in accordance with the escalation principles specified in sub-regulation (6).

(4) In case of the hydro generating stations declared under commercial operation on or after 1.4.2013, operation and maintenance expenses shall be fixed at 2% of the original project cost, excluding cost of rehabilitation and resettlement works, and shall be escalated in accordance with the escalation principles specified in sub-regulation (6)."

Where –

'$O\&M_n$' – Operation and Maintenance expenses for the nth year;

'EMP_n' – Employee Costs for the nth year;

'$R\&M_n$' – Repair and Maintenance costs for the nth year;

'$A\&G_n$' – Administrative and General Costs for the nth year; and -

'EMP_n' = $[(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision_{(Emp)}$

'$A\&G_n$' = $[(A\&G_{n-1}) \times (WPI_{inflation})] + Provision_{(A\&G)}$

'$R\&M_n$' = $K \times (GFA_{n-1}) \times (WPI_{inflation})$; and –

EMP_{n-1} – Employee Cost of the generator for the $(n-1)^{th}$ year; (employee cost for the base year would be adjusted for provisions for expenses beyond the control of the licensee and one time expected expenses, such as recovery/ adjustment of terminal benefits, implication of pay revisions, arrears and interim relief);

'$Provision_{(Emp)}$'- Provision for expenses beyond control of the Generating company and expected one-time expenses as specified above;

$A\&G_{n-1}$ – Administrative and General Costs of the generator/generating company for the $(n-1)^{th}$ year;

$Provision_{(A\&G)}$: Cost for initiatives or other one-time expenses as proposed by the generating company and approved by the Commission after prudence check;

'K' is a constant to be specified by the Commission: % Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on generator/generating company's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for the three years immediately preceding the base year;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (WPI) for the three years immediately preceding the base year;

GFA_{n-1} – Gross Fixed Asset of the generator/generating company for the $(n-1)^{th}$ year;

G_n is a growth factor for the nth year: Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on generator/generating company's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate. The Commission may also determine the appropriate level of employees and provide a roadmap for rationalization of employees during the control period:

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

(6) O&M expenses determined in sub-regulations (3) and (4), shall be escalated for subsequent years to arrive at the O&M expenses for the control period by applying the Escalation factor (EF_k) for a particular year (K^{th} year) which shall be calculated using the following formula:

$EF_k = 0.20 \times WPI_{Inflation} + 0.80 \times CPI_{Inflation}$

Provided that, out of the O&M expenses so determined based on the above regulations, at least 30% shall be spent towards repair and maintenance activities:

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

[1][(7) The generating company, wherever applicable, shall submit the detail of sharing of the terminal benefits including pension of its employees as per the Himachal Pradesh Electricity Regulatory Commission (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.]

PART-IV
NORMS OF OPERATION

23. Operational Norms .– (1) The norms of operation for hydro generating stations shall be as under-

(a) **Normative Annual Plant Availability Factor (NAPAF)** for hydro generating stations shall be determined by the Commission as per the following criteria:-

(i) storage and pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability is not affected by silt : 90%

(ii) storage and pondage type plants with head variation between FRL and MDDL of more than 8%, where plant availability is not affected by silt: Plant-specific allowance to be provided in NAPAF for reduction in MW output capability as reservoir level falls over the months. As a general guideline the allowance on this account in terms of a multiplying factor may be worked out from the projection of annual average of net head, applying the formula:

(Average head / Rated head) + 0.02

Alternatively in case of a difficulty in making such projection, the multiplying factor may be determined as:

(Head at MDDL/Rated head) x 0.5 + 0.52

(iii) pondage type plants where plant availability is significantly affected by silt : 85%

(iv) run-of-river type plants: NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant;

(b) **Auxiliary Energy Consumption:**

Surface hydro electric power generating station	With rotating exciters mounted on the generator shaft	0.7%
	With static excitation system	1%

[1] *Add. vide Not. No. HPERC-F(1)-2/2018 dated 22nd November, 2018 published in the R.H.P. 27th November, 2018 at p. 6249-6255.*

Underground hydro electric power generating station	With rotating exciters mounted on the generator shaft	0.9%
	With static excitation system	1.2%

Provided that the Commission, may for sufficient reasons to be recorded in writing, after exercising due diligence and applying prudency check, deviate from the above ceiling norm.

(2) A further allowance may be made by the Commission in NAPAF determination under special circumstances, e.g. abnormal silt problem or other operating conditions, and known plant limitations.

(3) In case of a new hydro electric project the developer shall have the option of approaching the Commission in advance for fixation of NAPAF based on the principles enumerated in clause (a) of sub-regulation of this regulation.

(4) The Commission may lay down relaxed operational norms including the norms of NAPAF and auxiliary consumption contained in these regulations for a generating station, and these relaxed norms shall be applicable for determination of tariff for such generating station during the control period.

(5) The norms of operation under these regulations shall be ceiling norms and shall not preclude generating companies and the beneficiaries from agreeing to improve norms of the operation. If the PPA stipulates better norms of operation then such norms provided in the PPA shall be considered.

(6) In case of renovation and modernisation, de-rating or re-rating of the generating station, norms of operation shall be reviewed and modified accordingly.

24. Computation of Tariff .- The tariff for supply of electricity from a hydro generating station shall comprise capacity charge and energy charge to be derived in the manner specified in regulation, for recovery of annual fixed cost (consisting of the components referred to in regulation) through the two charges.

25. Annual Fixed Cost.- The annual fixed cost (AFC) of a generating station shall consist of the following components:-

(a) Return on equity;
(b) Interest on loan capital;
(c) Depreciation;
(d) Interest on working capital;
(e) Operation and maintenance expenses.

26. Computation of Capacity Charge and Energy Charge .- (1) The fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge, which shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, that is to say, in the capacity excluding the free power to the State:

Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the capacity charge and energy charge payment during such period.

(2) The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be -

AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

AFC = Annual fixed cost specified for the year, in Rupees.

NAPAF = Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in percentage

(3) The PAFM shall be computed in accordance with the following formula:-

$PAFM = 10000 \times \sum_{i=1}^{N} DCi / f \{N \times IC \times (100 - AUX)\}$ %

Where,

AUX = Normative auxiliary energy consumption in percentage

DCi = Declared capacity (in ex-bus MW) for the ith day of the month which the station can deliver for at least three (3) hours, as certified by the State Load Dispatch Centre after the day is over.

IC = Installed capacity (in MW) of the complete generating station

N = Number of days in the month.

(4) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex power plant basis, at the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be -

(Energy charge rate in Rs. /kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100.

(5) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to the provisions of sub-regulation:-

ECR = AFC x 0.5 x 10 / {DE x (100 – AUX) x (100 – FEHS)}

Where,

DE = Annual design energy specified for the hydro generating station, in MWh, subject to the provisions of sub- regulations

FEHS = Free energy for State, in per cent, as defined in regulation.

(6) In case actual total energy generated by a hydro generating station during a year is less than the design energy for reasons beyond the control of the generating company, the following treatment shall be applied, on a rolling basis, :-

(a) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in sub-regulation of this regulation with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year

of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

(b) in case the energy shortfall occurs after ten years from the date of commercial operation of a generating station, the following shall apply:-

(i) Suppose the specified annual design energy for the station is DE MWh, and the actual energy generated during the concerned (first) and the following (second) financial years is A1 and A2 MWh respectively, A1 being less than DE. Then, the design energy to be considered in the formula in sub-regulation of this regulation for calculating the ECR for the third financial year shall be moderated as (A1 + A2 – DE) MWh, subject to a maximum of DE MWh and a minimum of A1 MWh;

(ii) Actual energy generated (e.g. A1, A2) shall be arrived at by multiplying the net metered energy sent out from the station by 100 / (100 – AUX).

(7) In case the energy charge rate (ECR) for a hydro generating station, as computed in sub-regulation of this regulation, exceeds [1][one rupee fifteen paise] per kWh, and the actual saleable energy in a year exceeds {DE x (100 – AUX) x (100 – FEHS) / 10000} MWh, the Energy charge for the energy in excess of the above shall be billed at [1][one rupee fifteen paise] per kWh only:

Provided that in a year following a year in which total energy generated was less than the design energy for reasons beyond the control of the generating company, the energy charge rate shall be reduced to [1][one rupee fifteen paise] per kWh after the energy charge shortfall of the previous year has been made up.

(8) The State Load Despatch Centre shall finalise the schedules for the hydro generating stations, in consultation with the beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.

27. Unscheduled Interchange (UI) Charges .- The generating station may be entitled to receive or shall be required to bear, as the case may be, the charges for deviations between energy sent-out corresponding to scheduled generation and actual energy sent-out shall be accounted for through Unscheduled Interchange (UI) charges, as per the rate approved by the Appropriate Commission**.**

28. Billing and payment of charges .- Bills shall be raised for capacity charge and energy charge on monthly basis by the generating company in accordance with these regulations, and payments shall be made by the beneficiaries directly to the generating company.

Note.- FEHS = Free energy for State, in percent and shall be taken at actual subject to maximum of 13% in accordance with the National Hydro Policy.

29. Late Payment Surcharge .- In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary beyond a period of 60 days from the date of billing a late payment surcharge at the rate of 1.25% per month shall be levied by the generating company.

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[1] *Subs. for "eighty paise" vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4606.*

30. Rebate.- For payment of bills of the generating company through a letter of credit on presentation, a rebate of 2% shall be allowed. If the payment is made by any other mode but within a period of one month of presentation of bills by the generating company, a rebate of 1% shall be allowed.

31. Scheduling.- The methodology for scheduling and dispatch for the generating station shall be as specified in the Himachal Pradesh Electricity Grid Code as amended from time to time.

32. Demonstration of Declared Capacity.- (1) The generating company may be required to demonstrate the declared capacity of its generating station as and when asked by the State Load Despatch Centre (SLDC). In the event of the generating company failing to demonstrate the declared capacity, the capacity charges due to the generating company shall be reduced as a measure of penalty, the quantum of which shall be determined by the Commission.

(2) The quantum of penalty for the first mis-declaration for any duration or block in a day shall be the charges corresponding to two days fixed charges. For the second mis-declaration the penalty shall be equivalent to fixed charges for four days and for subsequent mis-declarations, the penalty shall be multiplied in the geometrical progression.

(3) The operating log books of the generating station shall be available for review by the State Load Despatch Centre (SLDC). These books shall keep record of machine operation and maintenance, reservoir level and spillway gate operation.

33. Metering and Accounting.- For metering and accounting, the provisions of [1][the regulations framed by the Central Electricity Authority (CEA) under section 177 (c) and] the Himachal Pradesh Electricity Grid Code, as amended from time to time, shall be applicable.

[2]**[34. Safety Standards .-** The generating company shall develop a safety manual and comply with regulations framed in this regard by the Central Electricity Authority (CEA) under section 53 and section 177 (2) (b) of the Act.**]**

PART-V
MULTI YEAR TARIFF FILING PROCEDURE

[3]**[35. Multi-Year Fillings for the control period .-** (1) "For the Approval of the Commission, the multi-year ARR and tariff filing for each year of the control period consistent with the business plan, shall be done by the petitioner generator not less than 120 days before the commencement of the first year of the control period or such other

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[1] *Ins. vide Not. vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606. Before insertion Regulation 33 read as under:-*

"33. Metering and Accounting.- For metering and accounting, the provisions of the Himachal Pradesh Electricity Grid Code, as amended from time to time, shall be applicable."

[2] *Subs. vide Not. No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606 and before its substitution regulation 34 it stood as under:*

"34. Safety Standards .- The generating company shall develop a safety manual and follow procedures to maintain minimum safety standards during construction, operation, etc. in line with the provisions of section 53 of the Act."

[3] *Subs. vide vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606 and before its substitution regulation 35 read as under:-*

"35. Multi-Year Filings for the control period.- (1) The multiyear tariff filing shall be in such form and in such manner as may be laid down by the Commission by an order and also as per the provisions of the Conduct of Business Regulations.

(2) The applicant shall also submit the multiyear tariff filing in electronic format to the Commission."

date as may be directed by the Commission, in such form and in such manner as may be laid down by the Commission by an [1]order and also as per the provisions of the Conduct of Business Regulations.

(2) The applicant shall also submit the multi-year ARR and tariff filing in electronic format to the Commission.]

36. Beginning of the control period - business plan filings .- (1) The generating company shall file for the Commission's approval, [2]["during"] the year preceding the first year of the control period or any other date, as may be directed by the Commission, a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, interalia, contain –

(a) **Capital Investment Plan:** This shall include details of the investments planned by the generating company, alongwith the corresponding capitalisation schedule and financing plan. This plan shall be commensurate with capacity enhancement and proposed efficiency improvements for various plants of the company;

(b) **Capital Structure:** The generating company shall submit plant-wise details of the capital structure and cost of financing (interest on debt and return on equity), after considering the existing market conditions, terms of the existing loan agreements, risks associated in generation business and creditworthiness;

(c) **Operation and Maintenance (O&M) expenses:** This shall include the costs estimated for the base year, the actual expenses incurred in the previous five years and the projected values for each year of the control period based on the proposed norms for O&M cost;

(d) **Depreciation:** This shall include details of depreciation based on the useful life of the asset and capitalisation schedules for each year of the control period;

(e) **Performance Targets:** A set of targets proposed for other controllable items such as auxiliary consumption, NAPAF. The targets shall be consistent with the capital investment plan proposed by the generating company;

(f) **Other Information:** This shall include any other details considered appropriate by the generating company for consideration during determination of tariff.

[3]**[37. Aggregate Revenue Requirement (Multi-year and MPR) and tariff filing during the control period.-** (1) The generator /generating company shall file not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission, an application for approval of multi-year Aggregate Revenue Requirement (ARR) and determination of tariff for each year of the control period.

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1 *For order and form see R.H.P. dated 6th April, 2011 at p. 211and R.H.P. dated 4th Nov., 2013 at p. 4606-4608.*

2 *Subs. for "on 1st April of" vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606.*

3 *Subs. vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606 and before its substitution it stood as under:*

> **"37. Tariff Filing**
> The applicant shall file the application for approval of generation tariff for each year of the control period consistent with the business plan, not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission."

(2) To address any mid-term changes on account of unexpected outcomes, the Commission shall undertake mid-term performance review of generating company's performance for the year after the mid year of the control period;

(3) The generation company shall make a petition/application for mid-term performance review on the controllable / uncontrollable factors not less 120 days before the commencement of the year after the mid year of the control period as per principles laid down as follows:-

(a) In the mid-term performance review, the Commission shall make a comparison of the actual performance and expected revenue from tariff and charges vis-à-vis that approved in the first year of the Control period and the generation company shall submit to the Commission all information together with audited account statements, extracts of books of account and such other details in such form and in such manner as may be laid down by the Commission by an order and also as per the provisions of the Conduct of Business Regulations. The mid-term performance review shall comprise of the following:-

(i) true-up of previous control period;
(ii) true-up of previous years of control period for which audited accounts are made available by the generator company;
(iii) review of ARR for the balance years of the control period in case of an major change in uncontrollable and/ or controllable parameters;
(iv) review of generation tariff on account of modification in ARR for the balance years of the control period.

(4) The generator/generation company shall furnish to the Commission, such additional information, particulars and documents as the Commission may require from time to time after such filing of revenue calculations and tariff proposals.

(5) The generator/generation company shall publish, for the information of the public, the contents of the application in an abridged form in such manner as the Commission may direct and shall host the complete copy of the filing on its website and shall also provide copies of the documents filed with the Commission to any person at a price not exceeding normal photocopying charges.

Provided that the during the MPR, the Commission may revise the trajectories for various controllable parameters for the remaining period of the control period and this shall be deemed to give consequential effect to the ARR approved in the first year of the control period.]

38. Review at the end of the control period.- Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the applicant's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

39. Disposal of Application.- The Commission shall process the filings made by the generating company in accordance with these regulations and the Conduct of Business Regulations.

(2) Based on the generating company's filings, objections/ suggestions from public and other stakeholders, the Commission may, within 120 days of the receipt of the

application, complete in all respects, and after considering all suggestions and objections from public and other stakeholders,-

(a) issue a tariff order with such modifications and/or such conditions, as may be deemed just and appropriate containing, inter alia targets for controllable items and the generation tariffs for each year of the control period; or

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and regulations made thereunder or the provisions of any other law for the time being in force.

40. Periodic Reviews .- (1) To ensure smooth implementation of the multiyear tariff (MYT) framework, the Commission may undertake periodic reviews of generating company's performance during the control period, to address any practical issues, concerns or unexpected outcomes that may arise.

(2) The Commission may also direct any modifications to the forecast of the generating company for the remainder of the control period, with detailed reasons for the same.

41. Publication.- The generating company shall publish the tariff approved by the Commission in the newspapers, having circulation in the area of supply, as the Commission may direct. The publication shall, besides such other things as the Commission may require, include a general description of the tariff changes.

PART-VI
Miscellaneous

42. Sharing of Clean Development Mechanism (CDM) Benefits. (1) The proceeds of carbon credit from approved CDM project shall be shared in the following manner, namely-

(a) 100% of the gross proceeds on account of CDM to be retained by the project developer in the first year (12 months) after the date of commercial operation of the generating station;

(b) in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

[1][**43. Tax on Income .-** In view of pre tax return on equity, tax on the income streams of the generating company shall not be recovered from the beneficiaries:

Provided that the deferred tax liability, excluding Fringe Benefit Tax, for the period up to end of previous control period, whenever it materializes, shall be recoverable directly from the beneficiaries and the long-term customers.]

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[1] *Subs. vide Not No. HPERC/F (5)(3)(1) (Gen.) dated 1st Nov., 2013 published in the R H.P. dated 4th November, 2013 at p. 4599-4606 and before its substitution it stood as under:*

"43. Tax on Income

In view of pre tax return on equity, tax on the income streams of the generating company shallnot be recovered from the beneficiaries:

Provided that the deferred tax liability, excluding Fringe Benefit Tax, for the period up to 31st March, 2011 whenever it materialises, shall be recoverable directly from the beneficiaries and the long-term customers."

44. Foreign Exchange Rate Variation .- (1) The generating company may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the generating station in part or full in the discretion of the generating company.

(2) Every generating company shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

(3) To the extent the generating company is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the generating company or its suppliers or contractors.

(4) Every generating company shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

45. Recovery of cost of hedging Foreign Exchange Rate Variation.- Recovery of cost of hedging and foreign exchange rate variation shall be made directly by the generating company from the beneficiaries without making any application before the Commission:

Provided that in case of any objections by the beneficiaries to the amounts claimed on account of cost of hedging or foreign exchange rate variation, the generating company makes an appropriate application before the Commission for its decision.

46. Transitory provisions: Notwithstanding anything to the contrary contained in these regulations –

(a) the tariff order issued by the Commission for the control period ending on the 31st March, 2011 and shall continue to operate; and

(b) the proceedings (including review petition) for amendments, revocation, variation or alteration of the said tariff order; shall continue to be filed and dealt with as if the repealed regulations in respect of the said tariff determination continue to be in-force, and the provisions of these regulations shall not apply.

47. Issue of Orders and Practice Directions.- (1) Subject to the provision of the Act and these regulations, the Commission may, from time to time, issue [1]orders and practice directions, prescribe formats in regard to the implementation of these regulations and procedure to be followed on various matters, which the Commission has been empowered by these regulations to direct, and matters incidental or ancillary thereto.

(2) Notwithstanding anything contained in these regulations, the Commission shall have the authority, either suo motu or on a petition filed by any interested or affected person, to determine the tariff of any applicant.

48. Power to remove difficulties.- If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these regulations or the Act, do or undertake to do

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[1] *For orders and formats see R H.P. dated 6th April, 2011 at p. 211 and R H.P. dated 4th Nov., 2013 at p. 4606-4608.*

things or direct the generating company to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties.

49. Power of relaxation.- The Commission may, in public interest and for reasons to be recorded in writing, relax any of the provisions of these regulations.

50. Interpretation.- All issues arising in relation to the interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

51. Saving of Inherent power of the Commission.- Nothing contained in these regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

52. Enquiry and investigation.- All enquiries, investigations and adjudications under these regulations shall be done by the Commission in accordance with the provisions of the Conduct of Business Regulations.

53. Repeal and savings.- (1) The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2007 are hereby repealed.

(2) Notwithstanding such repeal-

i. anything done or any action taken or purported to have been done or taken under the repealed regulations shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations;

ii. the provisions concerning the tariff order made for the control period ending on the 31st March, 2011 and the provisions for conduct of the proceedings (including review petitions) for its revocations, variation or alternation as, stood before such repeal, shall continue to be in-force.

By Order of the Commission,
-Sd-
Secretary

1. Appendix : Depreciation Schedule (see regulation)

No	Asset Particulars	Depreciation Rate (Salvage Value=10%)
A	Land under full ownership	0.00%
B	Land under lease	
(a)	For investment in land	3.34%
(b)	For cost of clearing the site	3.34%
(c)	Land for reservoir in case of hydro generating station	3.34%
C	Assets purchased new	
(a)	Plant and Machinery in generating stations	
(i)	Hydro-electric	5.28%
(b)	Hydraulic works forming part of hydro-electric system including:	
(i)	Dams, spillways weirs, canals, reinforced concrete flumes & siphons	5.28%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge (tanks) hydraulic control valves and other hydraulic works	5.28%
D	Buildings and civil engineering works of a permanent character, not mentioned above:	
(i)	Offices & showrooms	3.34%
(ii)	Containing hydro-electric generating plant	3.34%
(iii)	Temporary erection such as wooden structures	100.00%
(iv)	Roads other than kutcha roads	3.34%
(v)	Others	3.34%
E	Transformers, transformer (kiosk) sub-station equipment & other fixed apparatus (including plant foundations)	
(i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	5.28%
(ii)	Others	5.28%
F	Switchgear, including cable connections	5.28%
G	Lightning arrestors:	5.28%
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
H	Batteries	5.28%
(i)	Underground cable including joint boxes and disconnected boxes	5.28%

No	Asset Particulars	Depreciation Rate (Salvage Value=10%)
(ii)	Cable duct system	5.28%
I	Overhead lines including supports:	
(i)	Lines on fabricated steel operating at nominal voltages higher than 66 kV	5.28%
(ii)	Lines on steel supports operating at nominal voltages higher than 13.2 kV but not exceeding 66 kV	5.28%
(iii)	Lines on steel or reinforced concrete supports	5.28%
(iv)	Lines on treated wood supports	5.28%
J	Meters	5.28%
K	Self propelled vehicles	9.50%
L	Air conditioning plants:	
(i)	Static	5.28%
(ii)	Portable	9.50%
M(i)	Office furniture and fittings	6.33%
(ii)	Office equipments	6.33%
(iii)	Internal wirings including fittings and apparatus	6.33%
(iv)	Street Light fittings	5.28%
N	Apparatus let on hire:	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
O	Communication equipment	
(i)	Radio and higher frequency carrier systems	6.33%
(ii)	Telephone lines and telephones	6.33%
P	I.T Equipment	15.00%
Q	Any other assets not covered above	5.28%

Notification and Orders issued
Under
[The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011]

[1][Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 02.03.2011

No. HPERC/Gen/479- In exercise of the powers conferred by clause (13) of regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of three years starting from 01.04.2011 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

[2][Fixation of Multiyear Control Period]
NOTIFICATION

Dated: 1st November, 2013

No. HPERC/F(5)(3)(1)– In supersession of this Commission's notification Nos. HPERC/Dis./479 dated 2nd March, 2011; HPERC/Gen/479, dated 2nd March, 2011; HPERC/Trans/479 dated 2nd March, 2011 and HPERC/SLDC/479 dated 2nd May, 2011, published in the Rajpatra, Himachal Pradesh dated 7th April, 2011 & 2nd June, 2011 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01.04.2014 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

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1 *Published in R H.P. dated 7th April, 2011 at p. 214.*

2 *Published in R H.P. dated 5th Nov., 2013 at p. 4628.*

[1][Fixation of Multiyear Control Period]

NOTIFICATION

Shimla, *the* 29*th December,* 2018

No. HPERC-F(1)-1/2018.—In supersession of this Commission's notification No. HPERC /F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, Himachal Pradesh on 1st November, 2013 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01-04-2019 as multiyear control period for the purposes of the said regulations.

By order of the Commission,
Sd/-
Secretary.

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1 *Published in R.H.P. dated 2nd January, 2019 at p.7273-7274.*

[1][Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011]

Amended, repealed & otherwise affected by-

1. *(First Amendment) Regulations, 2013 notified vide Not. No. HPERC/F(5)(3)(1) (Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*
2. *(Second Amendment) Regulations, 2018 notified vide Not. No. HPERC-F(1)-3/2018.- dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6256-6264.*
3. *(Third Amendment) Regulations, 2023 notified vide Not. No. HPERC-F(1)-3/2018.- dated 2nd June, 2023 published in R.H.P. dated 5th June, 2023 at p. 2021-2022.*

NOTIFICATION

Shimla, the 1st April 2011

No. HPERC/Trans/479.- Whereas section 61 of the Electricity Act, 2003 (36 of 2003), provides that the Appropriate Commission shall specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the principles and methodologies specified by the Central Commission for determination of tariff applicable to transmission licensees and also by the National Tariff Policy formulated under the said Act;

And Whereas the Himachal Pradesh Electricity Regulatory Commission has framed the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2007;

And Whereas the Central Commission has subsequently framed the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, specifying the principles and methodologies to be followed for determination of tariff applicable to transmission systems of the licensee(s) and various changes have also been made in the National Tariff Policy;

And Whereas the Himachal Pradesh Electricity Regulatory Commission is making an exercise to determine the tariff for transmission system of the licensees for the next control period starting from 1st April, 2011 and keeping in view the National Tariff Policy and methodologies of the Central Commission, amongst others, it has become necessary to amend/ modify the existing regulations;

Now, therefore, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181, read with sections 61, 62 and 86, of the of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission makes the following regulations for determination of transmission tariff:-

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1 *Published in the R H.P. dated 2nd April, 2011 at p. 95-121.*

PART-I
PRELIMINARY

1. Short title, extent and commencement.- (1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011.

(2) These regulations shall extend to the whole of the State of Himachal Pradesh

(3) These regulations shall come into force with effect from 1st April, 2011.

2. Scope and application .- (1) These regulations shall be applicable where the capital cost based tariff for the transmission system is determined by the Commission under section 62 of the Act, read with section 86 thereof.

[1][(2) Where tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government, the Commission shall adopt such tariff in accordance with the provisions of the Act:

Provided that all Intra-State Transmission Projects i.e. Transmission Line or sub-station or both Transmission Line and sub-station as a package (where the proposed Transmission Line is associated with the proposed sub-station) above the threshold limit of Rs. 45 Crore (Rupees Forty Five Crore) shall be developed through Tariff Based Competitive Bidding (TBCB) in accordance with the guidelines issued by the State Government:

Provided further that in case the State Government/Transmission Licensee intends to develop any Intra-State Transmission Project above the threshold limit through cost plus approach due to some specific reasons, the State Government/Transmission Licensee shall obtain prior approval of the Commission for the same.]

3. Definitions.- In these regulations, unless the context otherwise requires, **-**

[2][(1) **"accounting statements"** shall mean for each financial year, the balance sheet, the profit and loss statement, the cash flow statement and the report of the statutory auditors together with notes thereto:

Provided that in case of any local authority engaged in the business of transmission of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority;]

[2][(1-a)] "**Act**" means the Electricity Act, 2003 (36 of 2003);

(1) **"additional capitalisation"** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project and admitted by the Commission after prudence check, subject to provisions of regulation 16;

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1 *Sub-regulation (2) sub. vide Not No. HPERC-F(1)-3/2018 dated 2nd June, 2023 and given effect from 21st May, 2022, published in the R H.P. dated 5th June, 2023 at p. 2021-2022. Before its substitution it stood as under:*

"(2) Where tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government, the Commission shall adopt such tariff in accordance with the provisions of the Act."

2 *Clause (1) renumbered as clause (1-a) and Ins. clause (1) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

(2) "**aggregate revenue requirement**" or "ARR" means the costs pertaining to the licensed business which are permitted, in accordance with these regulations, to be recovered from the tariffs and charges determined by the Commission;

(3) **"allotted transmission capacity"** means and includes the power transfer in MW between the specified point(s) of injection and point(s) of drawal allowed to a long-term customer on the intra-State transmission system under the normal circumstances and allotted transmission capacity to a long-term transmission customer shall be sum of the generating capacities allocated to the long-term transmission customer from the State generating stations and inter-State generating stations and the expression "allotment of capacity" shall be construed accordingly;

[1][(5) **"allocation statement "** means for each financial year, a statement in respect of each of the businesses of the licensee including inter-state & intra-state transmission system, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc. which has been either—

(a) determined by apportionment or allocation between different businesses of the licensee including the licensed business, together with a description of the basis of the apportionment or allocation, or

(b) charged from or to each such other business together with a description of the basis of that charge;]

(6) **"Appendix"** means the appendix to these regulations;

(7) "**applicant**" means a transmission licensee who has made an application for determination of transmission charge in accordance with these regulations and includes a transmission licensee whose tariff is the subject of a review by the Commission;

(8) "**availability**" in relation to a transmission system for a given period means the time in hours during that period in which the transmission system is capable to transmit electricity at its rated voltage and shall be expressed in percentage of total hours in the given period;

(9) "**base year**" means the financial year immediately preceding first year of the control period and used for the purposes of these regulations;

(10) "**beneficiary**" means a long term transmission customer;

(11) "**capital cost"** means the capital cost as defined in regulation 14;

(12) **"Central Commission"** means the Central Electricity Regulatory Commission, as referred to in sub- section (1) of section 76 of the Act;

[2][(13) **"change in law"** shall mean the occurrence of any of the following events:

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution it stood as under:*

"(5) "**allocation statement**" means for each financial year, a statement in respect of each of the businesses (transmission and SLDC business) of the licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc, which has been either-

(a) determined by apportionment or allocation between different businesses of the licensee including the licensed business, together with a description of the basis of the apportionment or allocation, or

(b) charged from or to each such other business together with a description of the basis of that charge;"

[2] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.Bbefore its substitution it stood as under:*

"(13) **"change in law"** means occurrence of any of the following events-:-

(a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of any law, or

(i) enactment, bringing into effect or promulgation of any new Indian law, or

(ii) adoption, amendment, modification, repeal or re-enactment of any existing Indian law, or

(iii) change in interpretation or application of any Indian law by a competent Court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application, or

(iv) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project, or

(v) coming into force or change in any bilateral or multilateral agreement/ treaty between the Government of India and any other Sovereign Government having implication for the transmission company regulated under these regulations;]

(14) "**Commission**" means the Himachal Pradesh Electricity Regulatory Commission, as referred to in sub- section (1) of section 82 of the Act;

(15) "**Conduct of Business Regulations**" means the Conduct of Business Regulations specified by the Commission under sub-section (1) of section 92 of Act;

(16) "**control period**" means a multi-year period fixed, by the Commission, from time to time, for which the principles of determination of revenue requirement and tariff will be laid down;

(17) **"cut-off date"** means 31st March of the year closing after two years of the year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation;

(18) "**date of commercial operation**" or "COD" means the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful charging and trial operation:

Provided that the date shall be the first day of a calendar month and transmission charge for the element shall be payable and its availability shall be accounted for, from that date:

Provided further that in case an element of the transmission system is ready for regular service but is prevented from providing such service for reasons not attributable to the transmission licensee, its suppliers or contractors, the Commission may approve the date of commercial operation prior to the element coming into regular service;

(19) "**day**" means the 24 hour period starting at 0000 hour;

(20) "**distribution licensee**" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;

(b) change in interpretation of any law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation, or

(c) change by any competent statutory authority, in any consent, approval or licence available or obtained for the project;"

[1][(21) **"existing project"** means a project declared under commercial operation from a date prior to first year of the control period;]

(22) "**financial year**" means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;

[2][(22-a) **"force majeure event"** shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of , and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:

(i) acts of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions, or

(ii) any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or

(iii) industry-wide strikes and labour disturbances having a wide impact;]

(23) "**intra-State transmission system**" means any system for conveyance of electricity by transmission lines within the area of the State and includes all transmission lines, sub-stations and associated equipment of the transmission licensees in the State:

Provided that the definition of point of separation between a transmission system and distribution system and between a generating station and transmission system shall be guided by the provisions of the Regulations notified by the Authority under clause (b) of section 73 of the Act;

(24) "**licence**" means a licence granted by the Commission under section 14 of the Act;

(25) "**licensed business**" means the functions and activities, which the licensee is required to undertake in terms of the licence granted by the Commission or being a deemed licensee under the Act;

(26) "**licensee**" means a person who has been granted a licence and shall include a deemed licensee;

(27) **"long term transmission customer"** means a person availing or intending to avail access to the intra-State transmission system for a period of twelve years or more and less than twenty five years;

[3][(27-a) **"MCLR"** shall mean One Year Marginal Cost of Funds based Lending Rate;]

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1 *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616 before its substitution Cl 21 read as under:*

"21.**"existing project"** means a project declared under commercial operation from a date prior to 01.04.2011"

2 *Ins. clause (22-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

3 *Ins. clsue (27-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

(28) **"medium term transmission customer"** means a person availing or intending to avail access to the intra-state transmission system for a period of three months or more and less than three years;

[1][(28-a) **"mid-term performance review**" means the review of performance of the transmission licensee undertaken by the Commission for the year after the mid-year of the control period and this shall also include the true up of the previous control period and True Up of previous years of the control period; and]

(29) **"non-tariff income"** means income relating to the licensed business other than from tariff (intra-State transmission of electricity), and excluding any income from other business;

(30) "**original project cost"** means the capital expenditure incurred by the transmission licensee within the original scope of the project up to the cut-off date as admitted by the Commission;

(31) **"other business"** means any business of the transmission licensee other than the licensed business;

(32) **"project"** means the transmission system;

[2][(32-a) **"prudence check"** shall mean scrutiny of the reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff;]

(33) **"rated voltage"** means the voltage at which the transmission system is designed to operate or such lower voltage at which the line is charged, for the time being, in consultation with long-term transmission customers;

(34) **"short term transmission customer"** means a person availing or intending to avail access to the intra-State transmission system for a period up to 1 month;

(35) **"State"** means the State of Himachal Pradesh;

(36) **"transmission business"** means the authorised business of a transmission licensee to transmit electricity, whether for its own account or for that of any other person, through any system owned and/ or operated by such licensee;

(37) **"transmission licensee"** means the entity, which has been granted a transmission licence or is a deemed licensee under the first, second, third or fifth provisos to section 14 of the Act;

(38) **"transmission service agreement"** means and includes the agreement, contract, memorandum of understanding, or any such other covenants, entered into between the transmission licensee and the beneficiaries;

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1 *Ins. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4thNovember, 2013 at p. 4608 to 4618.*

2 *Ins. clause (32-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

(39) **"transmission system"** means the system consisting, [1][of high and extra high voltage electric lines having design voltage of 33 kV and above] owned or controlled by the transmission licensee, and used for the purposes of the conveyance of electricity between the switchyards of two generating sets or from the switchyard of a generating set to a sub-station, or between substations, or to or from any external interconnection and includes all bays/equipment upto the interconnection with the distribution system, and any plant, apparatus and meters owned or used in connection with the transmission of electricity, but shall not include any part of a distribution system;

(40) **"user"** means the distribution licensee or open access customer, as the case may be, who uses the intra–State transmission network for the purpose of selling/procuring electricity;

(41) **'useful life'** in relation to a unit of a transmission system from the COD shall mean the following, namely:-

(a) AC and DC sub-station - 25 years

(b) Transmission line - 35 years;

(42) **"year"** means a financial year**;** and

[2][(43) the words and expressions occurring in these regulations and not defined herein but defined in the Act or Grid Code or State Grid Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code shall have the meanings generally assigned to them in the electricity industry.]

PART-II
GUIDING PRINCIPLES

4. General Approach.- (1) In accordance with the principles laid down in these regulations, the Commission shall determine the aggregate revenue requirement (ARR) for the transmission business.

(2) Tariff determined by the Commission and the directions given in the tariff order made by the Commission shall be quid pro quo and mutually inclusive. The tariff determined shall, within the period specified by it, be subject to the compliance of the directions to the satisfaction of the Commission and their non-compliance shall lead to such amendment, revocation, variation and alteration of the tariff, as may be ordered by the Commission.

(3) The tariff order shall, unless amended or revoked, continue to be in force for such period as may be specified in the tariff order. In the event of failure on the part of the licensee to file the aggregate revenue requirement (ARR) under Part-IV and V, the tariff determined by the Commission shall cease to operate, unless allowed to be continued for a further period with such variations, or modifications, as may be ordered by the Commission.

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[1] *Subs. for* **"mainly of extra high voltage electric lines having design voltage of above 33 kV"** *vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618.*

[2] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.and before its substitution it stood as under:*

" (43) the words and expressions used in these regulations and not defined herein but defined in the Act shall have the meanings respectively assigned to them in the Act."

[1][(4) The norms of operation specified under these regulations are the ceiling norms and this shall not preclude the transmission licensee and the beneficiaries from accepting improved norms of operation as determined by the Commission and such improved norms shall be applicable for determination of tariff.]

5. Multi Year Tariff (MYT) Framework.- (1) The Commission shall adopt multiyear tariff framework for approval of ARR and expected revenue from tariffs and charges. The ARR and tariffs will be determined for the control period.

(2) The multiyear tariff framework shall be based on the following:-

(a) **Business plan** of the transmission licensee for the entire control period to be submitted to the Commission for approval, prior to the beginning of the control period;

(b) **Trajectory for specific parameters** shall be stipulated by the Commission, where the performance of the applicant is sought to be improved through incentives and disincentives.

[2]**[5-A. Preparation of Accounting Manual and Regulatory Accounts.—**The licensee shall prepare Accounting Manual and Regulatory Accounts as per the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014. The Utility shall submit the Regulatory Audited Accounts every year within seven months of the end of the Financial Accounting Year to the Commission.]

5. Determination of Baseline.- The baseline values (operating and cost parameters) for the base year of the control period shall be determined by the Commission and shall be based on the approved values by the Commission, the latest audited accounts, estimate of the actuals for the relevant year, prudence check and other factors considered appropriate by the Commission. The Commission may re-determine the baseline values for the base year based upon the actual audited accounts of the base year.

[3]**[6-A. Segregation of Accounts.—**The licensee shall maintain separate accounts and sub-balance sheets for each of the other businesses and also for inter and intra-state transmission systems:

Provided that the licensee shall follow a reasonable basis for allocation of all joint and common costs between the transmission business including inter and intra state transmission systems and the other business and shall submit the Accounting Statements, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the licensee on account of such other business.]

7. Capital Investment Plan.- (1) The Commission shall approve the system augmentation plan submitted by the transmission licensee, based on the load growth forecast during the control period. The same would be considered for computation of ARR, wherein the amount of electricity transmitted by the transmission system shall be projected

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1 *Add. sub-regulation (4) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

2 *Ins. regulation 5-A vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

3 *Ins. regulation 6-A vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2 018 at p. 6256-6264.*

considering the estimated growth plan of transmission customer and any plans of new transmission system, based on network expansion plans within the State.

(2) Capital investment plan submitted by the licensee shall also provide details of ongoing projects that will spill into the control period and new projects that will commence during the control period but may extend beyond the control period.

(3) The capital investment plan shall be in conformity with the plans made by the [1][CEA/CTU/STU/ Distribution Licensee(s)]. The investment plan shall be scheme-wise and each scheme shall include-

(a) purpose of investment (i.e. replacement of existing assets, meeting load growth, technical loss reduction, meeting reactive energy requirements, improvement in quality and reliability of supply, etc);

(b) Capital Structure;
(c) Capitalisation Schedule;
(d) Financing Plan;
(e) Cost-benefit analysis;
(f) Improvement in operational efficiency envisaged in the control period.

[2][(4) For each year of the control period, the Commission shall watch over the actual capital expenditure and capitalization vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization done vis-à-vis approved capital investment plan (capital expenditure and capitalization), shall be done during the mid-term performance review and at the time of end of control period true up.]

(5) In case the capital expenditure is required for emergency work which has not been approved in the Capital Investment Plan, the licensee shall submit an application (containing all relevant information alongwith reasons justifying emergency nature of the proposed work seeking approval by the Commission. The licensee shall take up the work prior to the approval of the Commission provided that the emergency nature of the scheme has been certified by its board of directors.

8. Renovation and Modernisation .- (1) The transmission licensee for meeting the expenditure on renovation and modernization for the purpose of extension of life beyond the useful life of the transmission system, shall make an application before the Commission for approval of the proposal with a detailed project report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, consent of beneficiaries and any other information considered to be relevant by the transmission licensee.

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[1] Subs. for *"CEA/CTU/STU" vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618.*

[2] *Subs. vide Not. No. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618. Before its substitution sub-reg. 4 read as under:-*

"(4) The Commission shall review the actual capital expenditure incurred and capitalisation at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalisation schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and capitalisation schedule) during the control period and adjustment to depreciation, interest on capital loan and return on equity for the actual capital expenditure incurred and capitalisation vis-à-vis approved capital investment plan (capital expenditure and capitalisation) shall be done at the end of control period."

(2) Where the transmission licensee makes an application for approval of renovation and modernisation proposal, the approval shall be granted after due consideration of reasonableness of the cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, and such other factors as may be considered relevant by the Commission.

(3) Any expenditure incurred or projected to be incurred as admitted by the Commission after prudent check based on the estimates of renovation and modernisation expenditure and life extension, and after writing off the original amount of the replaced assets and deducting the accumulated depreciation including advance against depreciation already recovered from the original project cost, shall form the basis for determination of tariff.

9. Controllable Parameters.- The Commission will set targets for the items or parameters that are deemed to be "controllable" and which will include-

(a) Availability of the transmission system;

(b) Operation and Maintenance Expenses which includes employee expenses, repairs and maintenance expenses, administration and general expenses and other miscellaneous expenses viz. audit fees, rents, legal fees etc;

(c) Financing cost which includes cost of debt including working capital (interest), cost of equity (return);

(d) Depreciation.

[1][**10. True Up .-** (1) The true up across various controllable parameters shall be conducted by the Commission, for the previous years for which the actual/audited accounts are made available by the Transmission Licensee, at the times and as per principles stated below:-

(a) at the times -

(i) for the previous years of the previous control period:- alongwith the petition for determination of ARR cum transmission tariff for the control period;

(ii) for the previous years of the control period and for the previous control period:- alongwith the mid-term performance review during the control period;

(iii) for the control period true up:- alongwith the mid-term performance review of the next control period;

(b) as per principles -

(i) the Commission shall review actual capital investment vis-à-vis approved capital investment;

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[1] *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616. Before its substitution reg. 10 read as under:*

"10. True Up

(1) The true up across various controllable parameters shall be conducted as per principles stated below:

(a) any surplus and deficit on account of O&M expenses shall be to the account of the transmission licensee and shall not be trued up in ARR; and

(b) at the end of the control period –

(i) the Commission shall review actual capital investment vis-à-vis approved capital investment;

(2) 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.Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of *force majeure* factors shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission."

(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;

(iii) any surplus and deficit on account of O&M expenses shall be to the account of the Transmission Licensee and shall not be trued up in ARR; and

(2) The gain or loss on account of other controllable factors, unless otherwise specifically provided by the Commission shall be to the account of the Transmission Licensee.

(3) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission.]

[1][**10-A. Carrying Cost.—**The transmission 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.]

11. Operational Norms.-Normative Annual Transmission System Availability Factor (NATAF): The target availability for recovery of full transmission charges during the control period shall be as under: -

(a) the alternating current (AC) System: 98%

(b) the high voltage direct current (HVDC) bi-pole links: 92%

(c) the high voltage direct current (HVDC) back-to-back stations: 95%.

PART-III
PRINCIPLES FOR DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR)

12. ARR for Transmission Licensee.- (1) Tariff in respect of the transmission system may be determined for the whole of the transmission system or for the individual transmission line / sub-station.

(2) The aggregate revenue requirement for the transmission business for each year of the control period shall contain the following items: -

(a) Operation and Maintenance expenses;

(b) financing cost which includes cost of debt including working capital (interest), cost of equity (return);

(c) depreciation;

(d) income tax;

(e) non-tariff income ; and

Less:

(i) income from other business.

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[1] *Ins. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

13. Operation and Maintenance (O&M) Expenses .- (1) Operation and Maintenance (O&M) expenses shall comprise of the following:-

(a) salaries, wages, pension contribution and other employee costs;

(b) administrative and general expenses including insurance charges if any;

(c) repairs and maintenance expenses;

other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

[1][(1-a) **O&M Norms -**

(i) The transmission licensee shall propose separate trajectories of norms for each of the components of O&M expenses viz., employee cost, R&M expense and A&G expense;

(ii) Norms shall be defined in terms of combination of number of personnel per long/ medium term consumer, number of personnel per MW of capacity handled for long/ medium term consumers or number of personnel per transmission circuit kilometer line length and number of substations along with annual expenses per personnel for Employee expenses, combination of A&G expense per personnel and A&G expense per long/ medium term consumer (or per MW of capacity handled) for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;

(iii) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions and interim relief etc., shall be excluded from the norms in the trajectory;

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

(v) The One-time expenses and the expenses beyond the control of the transmission licensee as per sub-regulations (iii) and (iv) above shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check;

(vi) The norms in the trajectory shall be proposed over the control period with due consideration to productivity improvements and commercial viability;

(vii) The norms shall be proposed at constant prices of base year and escalation on account of inflation shall be over and above the baseline;

(viii) Based on the proposal submitted by the transmission licensee, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;

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[1] *Ins. vide Not. No. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p . 4608 - 4616.*

(ix) Till such time the norms are fixed by the Commission, the trajectories of various components of O&M expenses shall be submitted by the transmission licensee and determined by the Commission on the basis of the actual costs for the previous years in accordance with the provisions of these regulations;]

(2) The transmission licensee shall submit the O&M expenses for the control period as laid down in the multiyear tariff filing procedure. The O&M expenses for the base year will be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission licensee, estimates of the actuals for the base year, prudence check and any other factors considered appropriate by the Commission.

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

$O\&M_n = R\&M_n + EMP_n + A\&G_n$:

Where –

'EMP_n' = $[(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision_{(Emp)}$;

'$A\&G_n$' = $[(A\&G_{n-1}) \times (WPI_{inflation})] + Provision_{(A\&G)}$;

'R&Mn' = K x (GFA n-1) x ($WPI_{inflation}$) ;

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

'$CPI_{inflation}$' – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

'$WPI_{inflation}$' – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years before the base year;

'EMP_n' – employee's cost of the transmission licensee for the nth year (employee cost for the base year would be adjusted for provisions for expenses beyond the control of the licensee and one time expected expenses, such as recovery/

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1 *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R.H..P. dated 4th November, 2013 at p. 4608 to 4616. Before its substitution sub-reg. (3) read as under:*

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

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

Where -

$EMP_n = (EMP_{n-1})* (1+G_n) * (CPI_{inflation})$

$A\&G_n = (A\&G_{n-1})*(WPI_{inflation})$

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

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years before the base year;

EMP_n – employee's cost of the transmission licensee for the nth year;

$A\&G_n$ – administrative and general costs of the transmission licensee for the nth year;

$R\&M_n$ – repair and maintenance costs of the transmission licensee for the nth year;

GFA_{n-1} – Gross Fixed Asset of the transmission licensee for the n-1th year;

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

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."

adjustment of terminal benefits, implication of pay revisions, arrears and interim relief.);

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

'$A\&G_n$' – administrative and general costs of the transmission licensee for the nth year;

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

'$R\&M_n$' – Repair and Maintenance costs of the transmission licensee for the nth year;

'GFA_{n-1}' – Gross Fixed Asset of the transmission licensee for the n-1th year;

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

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

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

14. Capital cost of the project.- (1) The capital cost for a project shall include-

(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan - (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

(b) capitalised initial spares subject to the ceiling norms as per regulation 15;

(c) additional capital expenditure determined under regulation 16:

Provided that the assets forming part of the project, but not in use, shall be taken out of the capital cost.

(2) The capital cost admitted by the Commission, after prudence check, shall form the basis for determination of tariff:

Provided that the prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:

Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure,

financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff:

Provided further that where the implementation agreement and the transmission service agreement entered into between the transmission licensee and the long-term transmission customer provides for ceiling of actual expenditure, the capital expenditure admitted by the Commission shall take into consideration such ceiling for determination of tariff:

[1][Provided further that in case of the existing projects, the capital cost admitted by the Commission prior to the start of the control period and the additional capital expenditure projected to be incurred for the respective years of the control period, as may be admitted by the Commission, shall form the basis for determination of tariff:]

[2][**15. Initial Spares.**—The capital cost may include initial spares capitalised as a percentage of the original project cost, subject to the following ceiling norms:—

(*a*) Transmission Line 0.75%

(*b*) Transmission Sub-station (Green Field) 3.0%

(*c*) Transmission Sub-station (Brown Field) 4.5%

(*d*) Series Compensation devices and HVDC Station 3.5%

(*e*) Gas Insulated Sub-station (GIS) 4.0%

(*f*) Communication System 3%]

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

(a) undischarged liabilities;
(b) works deferred for execution;
(c) procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 15;
(d) liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
(e) change in law:

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

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

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1 *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618. Before its substitution fourth proviso read as under:*

"Provided further that in case of the existing projects, the capital cost admitted by the Commission prior to 01.04.2011 and the additional capital expenditure projected to be incurred for the respective years of the control period, as may be admitted by the Commission, shall form the basis for determination of tariff."

2 *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution fourth proviso read as under:*

"15. Initial Spares.- Initial spares shall be capitalised as a percentage of the original project cost, subject to following ceiling norms:-

(a) transmission line - 0.75%
(b) transmission Sub-station - 2.5%
(c) Series Compensation devices and HVDC Station - 3.5%"

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

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

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

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

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

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

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

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

Provided further that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution fourth proviso read as under:*

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

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

(b) change in law;

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

[Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date, shall not be considered for additional capitalization for the purpose of determination of tariff during the control period"

O&M Expenses, the same expenditure cannot be claimed under this Regulation.]

[1][**17. Asset Base.—**The Commission shall determine the asset base for each year of the control period at the beginning of the control period, which shall be.—

Sum of —

(*a*) The asset base of the base year as determined by the Commission, considering the most recent audited accounts, estimates of actuals during the base year after doing prudence check and any other factors considered appropriate by the Commission, and

(*b*) Proposed capitalisation during the year after exercising prudence check shall be—

(*i*) schemes for which Commission's approval has been granted,

(*ii*) schemes which have been submitted for Commission's approval, and

(*iii*) schemes not requiring Commission's approval;

Less—

Assets proposed to be retired during the year.

The net value of such retired assets shall be calculated as follows:

Net Value of retired Assets = OCFA – AD – CC

Where;

OCFA: Original capital cost of Replaced Assets

AD: Accumulated depreciation pertaining to the Replaced Assets

CC: Total Consumer Contribution pertaining to the Replaced Assets:

Provided further that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

(2) The interest on loan capital and return on equity shall be computed on the financing of the cost of the schemes included in the asset base.]

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1 *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution fourth proviso read as under:*

"17. Asset Base.- The Commission shall determine the asset base for each year of the control period at the beginning of the control period, which shall be –

Sum of-

(a) The asset base of the base year as determined by the Commission considering the most recent audited accounts, estimates of actuals during the base year checked for prudence and any other factors considered appropriate by the Commission, and

(b) Proposed capitalisation during the year, checked for prudence covering-

(i) schemes for which Commission's approval has been granted,

(ii) schemes which have been submitted for Commission's approval, and

(iii) schemes not requiring Commission's approval.

Less-

Assets proposed to be retired during the year.

(2) The interest on loan capital and return on equity shall be computed on the financing of the cost of the schemes included in the asset base."

[1]**[17-A. Consumer Contribution, Deposit Work, Grant and Capital Subsidy.—**(1) The works carried out by the Transmission Licensee after obtaining the estimated cost from the users shall be classified as Deposit Works.

(2) Capital works undertaken by the Transmission Licensee utilising grants received from the State and Central Governments, including funds under various schemes shall be classified under the category of Grants.

(3) The works carried out with any other grant of similar nature or such amount received without any obligation to return the same and with no interest costs attached to such subvention shall also be classified as works performed through consumer contribution, deposit work, capital subsidy or grant.

(4) The expenses on such capital expenditure shall be treated as follows:—

(*a*) normative O&M expenses as specified in these regulations shall be allowed. However, any departmental charges taken by the licensee against deposit works executed departmentally shall be adjusted in the employee cost;

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

(*c*) depreciation to the extent of works performed through consumer contribution, deposit work, capital subsidy or grant shall not be allowed as specified in regulation 23;

(*d*) provisions related to return on equity, as specified in regulation 19, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant;

(e) provisions related to interest and finance charges, as specified in regulation 20, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant.]

18. Debt-equity ratio.- For the purpose of determination of the tariff, the equity and outstanding debt as determined for the base year by the Commission shall be considered as given. However, for any fresh capitalization of assets, the Commission shall apply a debt-equity ratio of 70:30 on the capitalised amount as approved by the Commission for each year of the control period:

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

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

[1][(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate as per latest available audited accounts of the concerned transmission licensee:

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1 *Ins. regulation 17-A vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

Provided that in line with the provisions of the relevant Finance Acts of the respective year, the return on equity with respect to the actual tax rate applicable to the transmission licensee during the years of the control period shall be trued up separately for each year during the mid-term performance review and at the end of the control period alongwith the tariff petition filed for the next control period;]

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

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

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

Illustration.-

(i) In case of the transmission licensee paying Minimum Alternate Tax (MAT) @ 19.93% including surcharge and cess:

Rate of return on equity = 15.50/ (1-0.1993) = 19.358%

(ii) In case of transmission licensee company paying normal corporate tax @[2]["33.99%"] including surcharge and cess:

Rate of return on equity = 15.50/ (1-0.3399) = 23.481%

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

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

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

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

[3][Provided further that if the Transmission Licensee as a whole does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be

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1 *Subs. vide Not. No. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618. Before substitution sub-regulation (2) read as under:*

"(2)The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2010-11 applicable to the concerned transmission licensee company:

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

2 *Subs. for "33.22%" vide Not. No. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*

3 *Ins. proviso vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

applicable as on 1st April of the relevant Year plus 200 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.]

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

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

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

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

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

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

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

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

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

[3]**[21. Working Capital.—**The Commission shall calculate the working capital requirement for the transmission licensee containing the following components:

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution read as under:*

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

[2] *Ins. sub-regulation (7) vide Not. No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

[3] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution read as under:*

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

(a) O&M expenses for 1 month;

(b) maintenance spare @ 40% of repair and maintenance expenses for one month; and

(c) receivables for two months based on the projected annual transmission charges."

(*a*) O&M expenses for one month;

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

(*c*) maintenance spares @ 15% of O&M Expenses for one month.]

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

23. **Depreciation**.- (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

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

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

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

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

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

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

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

[1]**[24. Non-tariff income.—**(1) All income being incidental to electricity business and derived by the licensee from sources, including but not limited to profit derived from

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1 *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution read as under:*

"(22) Interest Charges on Working Capital .- Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal to the [1][Average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points]. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

2 *Add. sub-regulation (2-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264.*

disposal of assets, rents, income from investment and miscellaneous receipts from the transmission customers excluding income to licensed business from the other business of the transmission licensee shall constitute non-tariff income of the licensee

(2) The amount of non-tariff income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the transmission licensee:

Provided that the transmission licensee shall submit full details of its forecast of non-tariff income to the Commission alongwith its application for determination of Aggregate Revenue Requirement. The non-tariff income shall *interalia* include:

(*a*) Income from rent on land or buildings;
(*b*) Income from statutory investments;
(*c*) Interest on advances to suppliers/contractors;
(*d*) Rental from staff quarters;
(*e*) Rental from contractors;
(*f*) Income from hire charges from contactors and others;
(*g*) Income from advertisements, etc.;
(*h*) Miscellaneous receipts like parallel operation charges;
(*i*) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
(*j*) Excess found on physical verification;
(*k*) Interest on investments, fixed and call deposits and bank balances;
(*l*) Prior period income.]

25. Other Income of the Transmission Licensee.- Where the transmission licensee is engaged in any other business, the income from such business will be calculated in accordance with the Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees) Regulations, 2005 and shall be deducted from the aggregate revenue requirement in calculating the revenue requirement of the transmission licensee:

Provided that the transmission licensee shall follow a reasonable basis for allocation of all joint and common costs between the transmission business and the other business and shall submit the allocation statement, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the transmission licensee on account of such other business.

[2][**26. Refund of excess amount.**—The licensee shall recover the charges as determined by the Commission. Where any licensee recovers charges exceeding those determined by

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution fourth proviso read as under:*

> **"24. Non-tariff Income.-** (1) All income being incidental to electricity business and derived by the licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, income from investments (other than investment of equity), and miscellaneous receipts from the transmission customers excluding income to licensed business from the other business of the transmission licensee shall constitute non-tariff income of the licensee
>
> (2) The amount projected by the licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of the licensee."

[2] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution read as under:*

the Commission, the excess amount shall be refunded to the person who has paid such excess charges, alongwith interest equal to the prevalent (1) Year State Bank of India (SBI) MCLR/ any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year plus 300 basis points without prejudice to any other liability incurred by such licensee.]

27. Late Payment Surcharge .- In case the payment of bills of transmission charges is delayed beyond a period of one month from the date of billing, the transmission licensee may levy a late payment surcharge at the rate of 1.25% per month.

28. Rebate.- For payment of bills of transmission charges through a letter of credit on presentation, a rebate of 2% shall be allowed. If the payment is made by any other mode but within a period of one month of presentation of bills by the transmission licensee, a rebate of 1% shall be allowed.

29. Quality of Supply.- (1) The Commission shall monitor the following quality of supply parameters during the control period: -

(a) transmission system availability;

(b) transformer failure, across various capacities which represents the number of transformer failures as a percentage of the total number of transformers in that specified capacity within the transmission system, over a specified period of time.

(2) The transmission licensee in its business plan filings shall submit and propose the trajectory for the achievement of quality targets. The Commission will lay down the targets for each parameter in the MYT order. The transmission licensee shall submit its performance on each parameter in the form and manner laid down by the Commission.

[1]**[30. Safety Standards.-** The transmission licensee shall develop a safety manual and comply with regulations framed in this regard by the Central Electricity Authority (CEA) under section 53 and section 177 (2) (b) of the Act.**]**

PART-IV
PRINCIPLES FOR DETERMINATION OF TRANSMISSION TARIFF/ CHARGES

31. Transmission Tariff/Charges .- (1) The transmission charges payable by the transmission customers of the transmission system shall be designed to recover the aggregate revenue requirement computed as annual transmission charges by the Commission for each year of the control period:

[1][Provided that the Commission during the control period, through separate notification in the Rajpatra Himachal Pradesh, may, after conducting a detailed study

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"26. Refund of excess amount.- The licensee shall recover the charges as determined by the Commission. Where any licensee recovers charges exceeding those determined by the Commission, the excess amount shall be refunded to the person who has paid such excess charges, alongwith interest equal to the prevalent [2][Base Rate of the State Bank of India plus 350 basis points] without prejudice to any other liability incurred by such licensee."

1 *Subs. for "Short Term Prime Lending rate of the State Bank of India" vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4618. Before substitution regulation 30 read as under:*

"30. Safety Standards

The transmission licensee shall develop a safety manual and follow procedures to maintain atleast minimum safety standards during construction, operation, etc. in line with provisions of section 53 of the Act."

change the existing transmission pricing framework in accordance with that adopted by the Central Electricity Regulatory Commission.]

(2) In addition to transmission charges, charges for reactive energy, as may be determined by the Commission in the MYT order, shall also be payable by all the transmission customers of the system.

32. Annual Transmission Service Charge .- (1) The fixed cost of the transmission system shall be computed on annual basis, in accordance with norms contained in these regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users.

(2) The transmission charge (inclusive of incentive) payable for a calendar month for a transmission system or part thereof shall be-

AFC x (NDM / NDY) x (TAFM / NATAF)

Where,

AFC = Annual fixed cost specified for the year, in Rupees;

NATAF = Normative annual transmission availability factor, in per cent specified in regulation 11;

NDM = Number of days in the month;

NDY = Number of days in the year; and

TAFM= Transmission system availability factor for the month, in percent, computed in accordance with Appendix-II to these Regulations.

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

Provided that wherever it is necessary or expedient to incentivise the open access, the Commission may, by order, cap the transmission charges calculated under this sub-regulation.

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

(2) No distinction in charges shall exist in terms of long term, medium term or short term access to the intra-State transmission system:

Provided that the transactions for long term and medium term shall be denominated in Rs/kW/month or any suitable denomination as may be stipulated by the Commission.

(3) For short term bilateral transactions and short term collective transactions through power exchanges, the transmission tariff shall be denominated in Rs/kWh.

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[1] *Ins. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*

[1][(4) 10% of the charges collected from the short term open access customer shall be retained by the transmission licensee and the balance 90% shall be considered as nontariff income and adjusted towards reduction in the transmission service charges payable by the long term and medium term users.]

(5) The energy losses in the transmission system of the transmission licensee, as determined by the State Load Despatch Centre and approved by the Commission, shall be apportioned between users in proportion to their usage of the intra-State transmission system.

(6) Notwithstanding anything contained in these regulations, the Commission after conducting study and due regulatory process may notify the revised sharing and recovery of annual transmission service charge of the transmission licensee.

34. Charges for intervening transmission facilities.- (1) The rates and charges for intervening transmission facilities, if any, provided by the licensee shall be as mutually agreed upon between the licensee and the users of such facilities:

Provided that the rates and charges agreed upon shall be fair and reasonable and may be allocated in proportion to the use of the transmission facilities.

(2) Mutual agreement on these matters would be in the best interest of the parties. In case, such agreement cannot be reached within a reasonable period of time, either party shall be entitled to approach the Commission for determination under the proviso to sub-section (1) of section 36 of the Act and the Commission would expect evidence that negotiations were held in good faith and all reasonable efforts were made to arrive at a mutual agreement.

(3) The parties shall be at liberty to approach the Commission in case of any dispute regarding the extent of surplus capacity available, as provided for in section 35 of the Act.

(4) An application shall be made to the Commission for an order requiring any other licensee owning or operating intervening transmission facilities to provide their use to the extent of surplus capacity available with it.

(5) After an order is passed under sub-regulation (4) of regulation 34, read with section 35 of the Act, the concerned licensee shall provide his intervening transmission facilities at rates, charges and on terms and conditions as may be mutually agreed upon, under section 36 of the Act.

35. Compliance with the directions by Transmission Licensee .- (1) Subject to the directions issued by the National Load Despatch Centre or the Regional Load Despatch Centre, the State Load Despatch Centre (SLDC) may, under sub-section (2) of section 32 and sub-section (1) of section 33, read with clause (b) of section 40 of the Act, give such directions as it may consider appropriate, for maintaining the availability of the transmission system and the transmission licensee shall duly comply with all such directions.

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6256-6264. Before its substitution fourth proviso read as under:*

"(4) 25% of the charges collected from the short term open access customer shall be retained by the transmission licensee and the balance 75% shall be considered as non-tariff income and adjusted towards reduction in the transmission service charges payable by the long term and medium term users."

(2) The Commission, on an application filed by the State Load Despatch Centre (SLDC) and after hearing the transmission licensee, if satisfied that the transmission licensee has persistently failed to maintain the availability of the transmission system, may issue such directions to the State Load Despatch Centre (SLDC) to take control of the operations of the transmission system of such transmission licensee, for such period and on such terms, as the Commission may decide.

(3) The directions under sub-regulations (1) and (2) of regulation 35 shall be without prejudice to any action which may be taken against the transmission licensee under other provisions of the Act.

PART-V
MULTI YEAR TARIFF FILING PROCEDURE

36. Multi-Year Filings for the Control Period.- (1) The multiyear tariff filing shall be in such form and in such manner as may be laid down by the Commission by an [1][order] and also as per the provisions of the Conduct of Business Regulations.

(2) The transmission licensee shall also submit the multiyear tariff filing in electronic format to the Commission.

37. Beginning of the Control Period - Business Plan Filings .- [2][In the base year, prior to the filing of multi-year ARR cum Tariff petition, the transmission licensee shall file a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, inter-alia, contain -]

(a) **Capital Investment Plan:** This should be commensurate with load growth and quality improvement proposed in the business plan. The investment plan should also include corresponding capitalisation schedule and financing plan; The Commission shall approve the system augmentation/ expansion plan submitted by the transmission licensee, based on the load growth forecast/ generation evacuation requirement during the control period. The capital investment plan shall be in conformity with the plans made by the CEA/ CTU/ STU/ distribution licensee.

(b) **Capital Structure:** The appropriate capital structure of each scheme proposed and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;

(c) **Operation and Maintenance (O&M) Expenses:** This shall include the costs estimated for the base year, the actual expenses incurred in the previous two years and the projected values for each year of the control period based on the proposed norms for O&M cost, including indexation and other appropriate mechanism;

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1 *For order and formats see R.H.P. dated 6th April 2011 at p. 210 and R. H.P. dated 5th November, 2013 at p. 4619.*

2 *Subs. for "The transmission licensee shall file for the Commission's approval, on 1st April of the year preceding the first year of the control period or any other date as may be directed by the Commission, a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, inter-alia, contain-"vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*

(d) **Depreciation:** Based [1][on the] useful life of the asset and capitalisation schedules for each year of the control period;

(e) **Performance Targets:** A set of targets proposed for controllable items such as, availability of transmission system, transformer failure rate, and any other parameters for quality of supply for each year of the control period for the purpose of incentive / penalties. The targets shall be consistent with the capital investment plan proposed by the transmission licensee;

(f) **Proposals for Non-tariff**: Income with item-wise description and details;

(g) Proposals in respect of income from Other Business;

Other Information: This shall include any other details considered appropriate by the transmission licensee for consideration during determination of tariff.

38. Tariff Filing .- [2][(1) The transmission licensee shall file an application for approval of transmission tariff for each year of the control period consistent with the approved business plan, not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission.]

(2) The transmission tariff shall be determined for each year of the control period at the beginning of the control period. The licensee shall propose capacity based wheeling tariff. The licensee shall also indicate the transmission losses voltage-wise to provide for adjustment of losses in the system.

(3) The filings for transmission tariff shall contain the following: -

(a) the transmission system or network usage forecast for each year of the control period, consistent with the business plan;
(b) proposals for transmission tariff design for each year of the control period, including the losses to be charged and the procedure thereof;
(c) proposal for transmission tariff rate for the each year of the control period supported by adequate justification;
(d) proposal for reactive energy charges; and
(e) expected revenue from the licensed business, non-tariff income and income from other business and other matters considered appropriate by the transmission licensee.

(4) The licensee shall furnish to the Commission, such additional information, particulars and documents as the Commission may require from time to time after such filing of revenue calculations and tariff proposals.

(5) The licensee shall publish, for the information of the public, the contents of the application in an abridged form in such manner as the Commission may direct and shall host the complete copy of the filing on its website and shall also provide copies of the

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[1] *Subs. for "on the on the", vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*

[2] *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616 prior to its substitution it stood as under:*

"(1) The transmission licensee shall file an application for approval of transmission tariff for each year of the control period, not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission."

documents filed with the Commission to any person at a price not exceeding normal photocopying charges.

[1][39. **Mid-term Performance Review and Review at the End of the Control Period .-**

(1) **Mid-term performance review-** The transmission licensee shall make an application for mid-term Performance Review within 120 days before the commencement of the fourth year of the Control Period i.e. FY 2017-18:-

The scope of the mid-term Performance Review shall be a comparison of the actual performance with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges The transmission licensee shall submit to the Commission all information together with audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in performance from the approved forecast. The mid-term review shall comprise of the following:

(i) True-up of previous Control Period

(ii) A comparison of the actual/ audited performance with the approved forecast for first two financial years of the Control Period, subject to the prudence check including pass-through of impact of uncontrollable factors;

(iii) Review of controllable parameters

(iv) Review of ARR for the balance of the control period in case of any major change in uncontrollable and/ or controllable parameters

(v) Review of transmission charges on account of modification in ARR for the balance control period.

(2) **Review at the end of control period -** The transmission licensee shall also make an application for Comprehensive Review after the end of the third Control Period on availability of audited accounts for each year of the control period. The comprehensive review shall be based as per the principles laid down under these Regulations for various parameters of ARR:

Provided that the transmission licensee shall submit to the Commission information in such format as may be stipulated by the Commission, together with the audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.

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[1] *Subs. vide Not. no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616. Before its substitution read as under:*

"39. Review at the end of the Control Period

(1) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

(2) The end of the control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyse the performance of the licensee with respect to the targets set out at the beginning of the control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period."

(3) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

(4) The end of the control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyze the performance of the licensee with respect to the targets set out at the beginning of the control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period.]

40. Disposal of Application.- (1) The Commission will process the filings made by the transmission licensee in accordance with these regulations and the Conduct of Business regulations.

(2) Based on the transmission licensee's filings, objections/ suggestions from public and other stakeholders, the Commission may, within 120 days of the receipt of the application, complete in all respects, and after considering all suggestions and objections from public and other stakeholders, -

(a) issue, a tariff order with such modifications and/or such conditions, as may be deemed just and appropriate containing, inter-alia targets for controllable items and transmission tariffs for each year of the control period; or

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and regulations made thereunder or the provisions of any other law for the time being in force.

41. Publication.- The transmission licensee shall publish the tariff approved by the Commission in the newspapers, having circulation in the area of supply, as the Commission may direct. The publication shall, besides such other things as the Commission may require, include a general description of the tariff changes.

PART-VI
MISCELLANEOUS

42. Sharing of Clean Development Mechanism (CDM) Benefits .- The proceeds of carbon credit from approved CDM project shall be shared in the following manner, namely:-

(a) 100% of the gross proceeds on account of CDM to be retained by the project developer in the first year (12 months) after the date of commercial operation of the transmission system;

(b) in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion, by the transmission licensee and the users.

43. Tax on Income .- In view of pre tax return on equity, tax on the income streams of the transmission licensee shall not be recovered from the beneficiaries:

Provided that the deferred tax liability, excluding Fringe Benefit Tax, for the period up to[1][the end of previous control period,] whenever it materialises, shall be recoverable directly from the beneficiaries and the long-term customers.

44. Foreign Exchange Rate Variation.- (1) The transmission licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system in part or full in the discretion of the transmission licensee.

(2) Every transmission licensee shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

(3) To the extent the transmission licensee is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the transmission licensee or its suppliers or contractors.

(4) Every transmission licensee shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

45. Recovery of cost of hedging Foreign Exchange Rate Variation .- Recovery of cost of hedging and foreign exchange rate variation shall be made directly by the transmission licensee from the users without making any application before the Commission:

Provided that in case of any objections by the users to the amounts claimed on account of cost of hedging or foreign exchange rate variation, the transmission licensee may make an appropriate application before the Commission for its decision.

46. Transitory provisions.- Notwithstanding anything to the contrary contained in these regulations –

(a) the tariff order issued by the Commission for the control period ending on the 31st March, 2011 shall continue to operate; and

(b) the proceedings (including review petition) for amendments, revocation, variation or alteration of the said tariff order shall continue to be filed and dealt with as if the repealed regulations in respect of the said tariff determination continue to be inforce, and the provisions of these regulations shall not apply.

47. Issue of Orders and Practice Directions.- (1) Subject to the provision of the Act and these regulations, the Commission may, from time to time, issue [2]orders and practice directions, prescribe formats in regard to the implementation of these regulations and

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1 *Subs. for "31st March, 2011" Substituted vide notification no. HPERC/F(5)(3)(1)(Trans) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4608 to 4616.*

2 *For orders and formats see R. H.P. dated 6th April, 2011 at p. 210 and R. H.P. dated 5th Nov., 2013 at p. 4617-4619.*

procedure to be followed on various matters, which the Commission has been empowered by these regulations to direct, and matters incidental or ancillary thereto.

(2) Notwithstanding anything contained in these regulations, the Commission shall have the authority, either suo motu or on a petition filed by any interested or affected person, to determine the tariff of any applicant.

48. Power to remove difficulties .- If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these regulations or the Act, do or undertake to do things or direct the transmission licensee to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties.

49. Power of relaxation.- The Commission may, in public interest and for reasons to be recorded in writing, relax any of the provision of these regulations.

50. Interpretation.- All issues arising in relation to the interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

51. Saving of Inherent power of the Commission.- Nothing contained in these regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

52. Enquiry and Investigation.- All enquiries, investigations and adjudications under these regulations shall be done by the Commission in accordance with the provisions of the Conduct of Business Regulations.

53. Repeal and savings.- (1) The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2007 are hereby repealed.

(2) Notwithstanding such repeal-

(a) anything done or any action taken or purported to have been done or taken under the repealed regulations shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) the provisions concerning the tariff order made for the control period ending on the 31st March, 2011 and the provisions for conduct of the proceedings (including review petitions) for its revocations, variation or alternation as, stood before such repeal, shall continue to be in force.;

(c) the provisions relating to the State Load Despatch Centre (SLDC) Fees and Charges, as contained in Part-V of the repealed regulations shall continue to apply till the Commission notifies separate regulations covering the said aspects.

By Order of the Commission,
-Sd-
Secretary

Appendix I: Depreciation Schedule (see Regulation 23)

Sr. No	Asset Particulars	Depreciation Rate (Salvage Value=10%)
A	Land under full ownership	0.00%
B	Land under lease	
a)	For investment in land	3.34%
(b)	For cost of clearing the site	3.34%
C	Assets purchased new	
(i)	Buildings and civil engineering works of a permanent character, not mentioned above:	
(ii)	Offices and showrooms	3.34%
(iii)	Temporary erection such as wooden structures	100.00%
(iv)	Roads other than kutcha roads	3.34%
(v)	Others	3.34%
D	Transformers, transformer (kiosk) sub-station equipment and other fixed apparatus (including plant foundations)	
(i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	5.28%
(ii)	Others	5.28%
E	Switchgear, including cable connections	5.28%
F	Lightning arrestors:	5.28%
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
G	Batteries	5.28%
(i)	Underground cable including joint boxes and disconnected boxes	5.28%
(ii)	Cable duct system	5.28%
H	Overhead lines including supports:	
(i)	Lines on fabricated steel operating at nominal voltages higher than 66 kV	5.28%
(ii)	Lines on steel supports operating at nominal voltages higher than 13.2 kV but not exceeding 66 kV	5.28%
(iii)	Lines on steel or reinforced concrete supports	5.28%
(iv)	Lines on treated wood supports	5.28%
I	Meters	5.28%
J	Self propelled vehicles	9.50%
K	Air conditioning plants:	

Sr. No		Asset Particulars	Depreciation Rate (Salvage Value=10%)
	(i)	Static	5.28%
	(ii)	Portable	9.50%
L	(i)	Office furniture and fittings	6.33%
	(ii)	Office equipments	6.33%
	(iii)	Internal wirings including fittings and apparatus	6.33%
	(iv)	Street Light fittings	5.28%
M		Apparatus let on hire:	
	(i)	Other than motors	9.50%
	(ii)	Motors	6.33%
N		Communication equipment	
	(i)	Radio and higher frequency carrier systems	6.33%
	(ii)	Telephone lines and telephones	6.33%
O		I.T Equipment	15.00%
P		Any other assets not covered above	5.28%

Appendix II - Procedure for Calculation of Transmission System Availability Factor for a Month (See Regulation 32(2))

1. Transmission System Availability Factor for a calendar month (TAFM) shall be calculated by the Transmission Licensee, got verified and certified by the SLDC and separately for each AC transmission system and grouped according to sharing of transmission charges.
2. TAFM, in percent, shall be equal to (100 – 100 x NAFM), where NAFM is the non-availability factor in per unit for the month, for the transmission system / subsystem.
3. NAFM for A.C. systems / sub-systems shall be calculated as follows:

$$NAFM = [\sum_{l=1}^{L} (OH\ l \times Ckt.\ km\ l \times NSC\ l) + \sum_{t=1}^{T} (OH\ t \times MVA\ t \times 2.5) + \sum_{r=1}^{R} (OH\ r \times MVAR\ r \times 4)] / THM \times [\sum_{l=1}^{L} (Ckt.\ km\ l \times NSC\ l) + \sum_{t=1}^{T} (MVA\ t \times 2.5) + \sum_{r=1}^{R} (MVAR\ r \times 4)]$$

Where,

l identifies a transmission line circuit;

t identifies a transformer / Inter connecting transformer (ICT);

r identifies a bus reactor, switchable line reactor or Static VAR Compensation (SVC);

L = total number of line circuits;

T = total number of transformers and ICTs;

R = total number of bus reactors, switchable line reactors and SVCs;

OH = Outage hours or hours of non-availability in the month, excluding the duration of outages not attributable to the Transmission Licensee, if any, as per clause 5;

Ckt. km = Length of a transmission line circuit in km;

NSC = Number of sub-conductors per phase;

MVA = MVA rating of a transformer / ICT;

MVAR = MVAR rating of a bus reactor, switchable line reactor or an SVC (in which case it would be the sum of inductive and capacitive capabilities);

THM = Total hours in the month;

4. The transmission elements under outage due to following reasons shall be deemed to be available:-
   (1) Shut down availed for maintenance or construction of elements of another transmission scheme. If the other transmission scheme belongs to the Transmission Licensee, the SLDC may restrict the deemed availability period to that considered reasonable by him for the work involved.

(2) Switching off of a transmission line to restrict over voltage and manual tripping of switched reactors as per the directions of SLDC.

5. Outage time of transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration.

(1) Outage of elements due to acts of God and force majeure events beyond the control of the Transmission Licensee. However, onus of satisfying the SLDC that element outage was due to aforesaid events and not due to design failure shall rest with the Transmission Licensee. A reasonable restoration time for the element shall be considered by SLDC and any additional time taken by the Transmission Licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the Transmission Licensee. SLDC may consult the Transmission Licensee or any expert for estimation of reasonable restoration time. Circuits restored through ERS (Emergency Restoration System) shall be considered as available.

(2) Outage caused by grid incident/disturbance not attributable to the Transmission Licensee, e.g. faults in substation or bays owned by other agency causing outage of the Transmission Licensee's elements, and tripping of lines, ICTs, etc. due to grid disturbance. However, if the element is not restored on receipt of direction from SLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for the period of outage after issuance of SLDC's direction for restoration.

Notifications and Orders issued
Under
The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011

[1][Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 02.03.2011

No. HPERC/Trans/479- In exercise of the powers conferred by clause (16) of regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of three years starting from 01.04.2011 as multiyear control period for the purposes of the said regulations.

By order of the Commission

-Sd-
Secretary

[2][Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 1st November, 2013

No. HPERC/F(5)(3)(1)– In supersession of this Commission's notification Nos. HPERC/Dis./479 dated 2nd March, 2011; HPERC/Gen/479, dated 2nd March, 2011; HPERC/Trans/479 dated 2nd March, 2011 and HPERC/SLDC/479 dated 2nd May, 2011, published in the Rajpatra, Himachal Pradesh dated 7th April, 2011 & 2nd June, 2011 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01.04.2014 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

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1 *Published in R H.P. dated 7th April, 2011 at p. 214.*
2 *Published in R H.P. dated 5th Nov., 2013 at p. 4628.*

[1][The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Transmission Licensee) Order, 2011]

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

[2][The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Transmission Licensee) Order, 2013]

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

[3][Fixation of Multiyear Control Period]

NOTIFICATION

Shimla, *the* 29*th December,* 2018

No. HPERC-F(1)-1/2018.—In supersession of this Commission's notification No.HPERC /F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, Himachal Pradesh on 1stNovember, 2013 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01-04-2019 as multiyear control period for the purposes of the said regulations.

By order of the Commission,
Sd/-
Secretary.

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1 *Notified vide Not. No. HPERC/Trans./479(Reg.) 2nd April, 2011, published in R H.P. dated 6th April, 2011 at p. 210.*

2 *Notified vide Not. No. HPERC/F(5)(3)(1)(Trns.) dated 1st Nov., 2013, Published in R H.P. dated 5th November, 2013 at p. 4617-4619.*

3 *Notified vide Not. No. HPERC-F(1)-1/2018 29th December, 2018, published in R.H.P. dated 2nd January, 2019 at p. 7273-7274.*

[1][Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011]

Amended, repealed or otherwise affected by:-

1. *(First Amendment) Regulations, 2013 notified vide Not. No. HPERC /F(5)(3)(1) (SLDC) dated 1st November, 2013 published in the R H.P. dated 5th November, 2013 at p. 4619- 4626.*
2. *(Second Amendment) Regulations, 2018 notified vide Not. No. HPERC-F(1)-4/2018.dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

NOTIFICATION

Shimla, the 28th May, 2011

No. HPERC/SLDC/479.- In exercise of the powers conferred by clause(g) of sub-section(2) of section 181, read with sub-section (3) of section 32, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission, after previous publication, hereby makes the following regulations for levy and collection of fees and charges by the State Load Despatch Centre (SLDC) from generating companies and licensees, engaged in Intra-State transmission of electricity, namely.-

PART-I
PRELIMINARY

1. Short title, extent and Commencement.- (1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011.

(2) These regulations shall extend to the whole of the State of Himachal Pradesh.

(3) These regulations shall come into force from the date of their publication, in the Rajpatra, Himachal Pradesh.

2. Scope of Application.- (1) These regulations shall be applicable for determination of fees and charges leviable and collected by the State Load Despatch Centre.

(2) These regulations shall apply to the users using the intra-State transmission system and the transmission licensees and generating stations, being monitored/serviced by the State Load Despatch Centre.

3. Definitions.- In these regulations, unless the context otherwise requires, -

[2][(1) **"accounting statements"** shall mean for each financial year, the balance sheet, the profit and loss statement, the cash flow statement and the report of the statutory auditors together with notes thereto;]

(1-a) "**Act**" means the Electricity Act, 2003 (36 of 2003);

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1 *Published in the R H.P. dated 2nd June, 2011 at p. 943-965.*

2 *Ins. clause (1) and existing cluase (1) re-numbered (1-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

(2) **"additional capitalization"** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project and admitted by the Commission after prudence check;

(3) **"aggregate revenue requirement"** or **"ARR"** means the costs pertaining to the State Load Despatch Centre which are permitted, in accordance with these regulations, to be recovered from the fees and charges determined by the Commission;

(4) **"applicant"** means a Power System Operation Company/State Load Despatch Centre who has made an application for determination of fees and charges in accordance with these Regulations;

(5) "**base year**" means the financial year immediately preceding first year of the control period and used for the purposes of these regulations;

(6) **"buyer"** means a person buying power through medium term or long term access and whose scheduling, metering and energy accounting is coordinated by the State Load Despatch Centre;

(7) **"capital cost"** means the capital cost as defined in regulation 15 of these regulations;

(8) **"capital expenditure plan**" or **"CAPEX Plan"** means the expenditure of capital nature planned to be incurred during control period for creation of the assets of the State Load Despatch Centre;

(9) **"Central Commission" or** "**CERC**" means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;

[1][(10) **"change in law"** shall mean the occurrence of any of the following events:

(i) enactment, bringing into effect or promulgation of any new Indian law, or

(ii) adoption, amendment, modification, repeal or re-enactment of any existing Indian law, or

(iii) change in interpretation or application of any Indian law by a competent Court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application, or

(iv) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project, or

(v) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for the State Load Despatch Centre regulated under these regulations;]

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[1] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution clause 10 read as under:*

" (10) "change in law" means occurrence of any of the following events:-

(a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of any law, or

(b) change in interpretation of any law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation, or

(c) change by any competent statutory authority, in any consent, approval or licence available or obtained for the project;"

(11) **"charges"** means recurring and monthly payments to be collected by the State Load Despatch Centre (SLDC), or by the Power System Operation Company on its behalf, for the services rendered;

(12) "**Commission**" means the Himachal Pradesh Electricity Regulatory Commission referred to in sub-section(1) of section 82 of the Act;

(13) **"Conduct of Business Regulations"** means the regulations specified under sub-section (1) of section 92 of the Act;

(14) **"contracted capacity"** means the capacity arranged through long term or medium term access;

(15) "**control period**" means a multi-year period fixed by the Commission, from time to time, by a notification, published in the Rajpatra, Himachal Pradesh, for determination of fees and charges to be levied and collected by the State Load Despatch Centre;

(16) **"day"** means the 24 hour period starting at 0000 hour;

(17) **"fees"** means the one-time or annual fixed payments collected by the State Load Despatch Centre, or by the Power System Operation Company on its behalf, for the services rendered on account of registration, membership or any other account as specified by the Commission from time to time;

(18) "**financial year**" means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;

[1][(18-a) **"force majeure event"** shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:

(i) acts of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions, or

(ii) any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or

(iii) industry-wide strikes and labour disturbances having a wide impact;]

(19) "**licensee**" means a person granted a licence under section 14 of the Act;

[2][(19-a) **"MCLR"** shall mean One Year Marginal Cost of Funds based LendingRate;]

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[1] *Ins. Clause (18-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

[2] *Clause (19-a) renumbered clause (19-b) and Ins. Clause (19-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

[1][(19-b) **"mid-term performance review**" means review of performance of the power system operation company vis-à-vis that approved in the Multiyear Tariff Order undertaken by the Commission during the year after the mid-year of the control period;**]**

(20) **"open access consumer"** means any person permitted by the Commission to receive supply of electricity from a person other than the distribution licensee of his area of supply, and "open access" shall be construed accordingly. The expression "open access consumer" includes a generating company and a licensee, who has availed of or intends to avail of open access;

(21) **"Power System Operation Company" or "PSOC"** means a company, authority or corporation engaged in the operation of the State Load Despatch Centre in accordance with section 31 of the Act;

[2][(21-a) "**prudence check"** shall mean scrutiny of the reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff;]

(22) **"scheme"** means the facilities and equipments associated with and installed at the State Load Despatch Centre or Corporate office of the Power System Operation Company and also includes, but not limited to, the following, namely:-

(a) computer systems, hardware and software,

(b) auxiliary power supply system comprising uninterrupted power supply, diesel generating set and DC power system,

(c) general telephone, fax and other off line communication system,

(d) other infrastructure facilities, such as air-conditioning, fire-fighting and construction and renovation of buildings,

(e) any innovative schemes, R&D projects and pilot projects for better system operation, such as synchrophasors, system protection scheme,

(f) Back-up control centres for the State Load Despatch Centre,

(g) surveillance camera system, and

(h) cyber security system;

(23) **"seller"** means a person supplying power through medium term or long term access and whose scheduling, metering and energy accounting is coordinated by the State Load Despatch Centre;

(24) **"State Government"** means the Government of Himachal Pradesh;

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[1] *Ins. vide Not.. No. HPERC/F(5)(3)(1)(SLDC) dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. no 4619- 4626.*

[2] *Ins. clause (21-a) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

(25) **"State Load Despatch Centre" or "(SLDC)"** means the centre established under sub-section (1) of Section 31 of the Act;

(26) **"user"** means the generating companies, distribution licensees, buyers, sellers and open access consumers, as the case may be, who use the intra–State transmission network or the associated facilities and services of the State Load Despatch Centre;

(27) **"year"** means a financial year; and

[1][(28) the words and expressions occurring in these Regulations and not defined herein but defined in the Act or Grid Code or State Grid Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code shall have the meanings generally assigned to them in the electricity industry.]

PART-II
STATE LOAD DESPATCH CENTRE (SLDC)

4. State Load Despatch Centre.- The State Load Despatch Centre shall be the centre established by the State Government to be operated by a Government company or any authority or Corporation established or constituted by it and shall be the apex body to ensure integrated operation of the power system in the State.

5. Functions of State Load Despatch Centre.- The State Load Despatch Centre shall be responsible for-

(a) scheduling and despatch of electricity;
(b) carrying out real time operation for control of grid and ensuring reliability;
(c) exercising the supervision and control over the intra-State transmission system;
(d) monitoring grid operations;
(e) keeping account of the electricity transmitted through the grid; and
(f) co-ordinating with the Regional Load Despatch Centre (RLDC).

6. Duties and obligations of State Load Despatch Centre.- (1) The Power System Operation Company, in discharge of functions, obligations and duties of the State Load Despatch Centre, shall be guided by the provisions of the Act, rules, regulations and practice directions issued thereon by the Commission from time to time.

2. The Power System Operation Company, while operating the State Load Despatch Centre, shall also be guided by the contracts entered into between the licensees/ open access consumers and generating companies or between licensees and open access consumers. While discharging its duties and obligations, the Power System Operation Company shall not give any preferential treatment to any of the open access consumers.

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[1] *Sub. Clause 28 vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution read as under:*

" (28) the words and expressions used in these regulations and not defined herein but defined in the Act shall have the meanings respectively assigned to them under the Act."

3. The Power System Operation Company/ State Load Despatch Centre shall –

(a) comply with the directions of the Regional Load Despatch Centre;

(b) ensure that the directions issued by the Regional Load Despatch Centre to any transmission licensee or State Transmission Utility or other licensee of the State or Generating Company or Substations in the State are duly complied with;

(c) maintain transparency in its functioning and operations ;

(d) collect and maintain data of grid operation and transfer of electricity through the power system;

(e) prepare energy account including unscheduled inter-change (UI) account;

(f) prepare bills of unscheduled inter-change of electricity and the procedure for preparation of the same specifying therein the period of bill, mode of payment, time of payment, surcharge for delayed payment and penalty for nonpayment of bills; and

(g) perform such duties as specified by the Commission in any other regulation or otherwise.

(4) The Power System Operation Company operating the State Load Despatch Centre shall upload on its website as well as submit the following statement or reports to the Commission:-

(a) Monthly Energy Accounting Statement indicating source-wise input and the Distribution Company/Open Access Consumer-wise output of energy; and

(b) the reports on its operation as required by-

(i) the Commission's Orders on generation tariff and transmission tariff; and

(ii) any other regulations.

7. Prohibited activities .-The Power System Operation Company operating the State Load Despatch Centre shall not engage in the business of trading in electricity.

[1]**[8. Preparation of Accounting Manual and Regulatory Accounts.—**(1) The Power System Operation Company/State Load Despatch Centre shall prepare Accounting Manual and Regulatory Accounts as per the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014. The State Load Despatch Centre shall submit the Regulatory Audited Accounts every year within seven months of the end of the Financial Accounting Year to the Commission.

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[1] *Sub. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution read as under:*

> **"(8) Accounts of State Load Despatch Centre .-** The State Load Despatch Centre shall account all its expenses incurred separately and maintain its financial accounts separately. In case Power System Operation Company is operating the State Load Despatch Centre, the financial account related to the State Load Despatch Centre, shall be maintained separately by the Power System Operation Company."

(2) The Power System Operation Company shall maintain separate accounts and sub balance sheets for each of the businesses:

Provided that the Power System Operation Company shall follow a reasonable basis for allocation of all joint and common costs between the SLDC business and the other business and shall submit the Accounting Statements, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement on account of such other business.]

PART-III
GUIDING PRINCIPLES

9. Tariff Framework.- (1) The Commission shall adopt Multi Year Tariff framework for approval of fees and charges for the State Load Despatch Centre during the control period.

(2) The Power System Operation Company/State Load Despatch Centre shall file multiyear application for determination of SLDC fees and charges with the Commission as per the timelines defined in Appendix-I to these regulations and the Commission shall process the same in accordance with these regulations and the Conduct of Business Regulations.

(3) The application shall include statements containing Aggregate Revenue Requirement (ARR) for the previous year, base year and the projections for the control period. The information for the previous year should be based on audited accounts.

(4)The applicant shall, immediately after the application is admitted by the Commission, post complete application on its website, and shall keep it on the website till its disposal by the Commission.

(5) The application made shall be supported by affidavit of the person acquainted with the facts stated in the application.

(6) The applicant shall, in the manner as may be directed by an order made by the Commission, publish a notice of the application in atleast two daily newspapers, one in the English language and one in the Hindi language, having wide circulation in the State.

(7) Based on the applicant's objections/ suggestions from public and other stakeholders on the application, the Commission may, within 120 days of the receipt of the application, complete in all respects, and after considering all suggestions and objections from public and other stakeholders,-

(a) issue, an order with such modifications and/or such conditions, as may be deemed just and appropriate containing, inter alia targets for controllable items, the State Load Despatch Centre fees and charges for each year of the control period; or

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and regulations made thereunder or the provisions of any other law for the time being in force.

(8) The Commission shall, within seven days of making the order determining the fees and charges leviable by the State Load Despatch Centre, send a copy of the order to the Power System Operation Company.

(9) The applicant shall publish the rates of fees and charges approved by the Commission in the newspapers, having circulation in the area of supply, as the Commission may direct. The publication shall, besides such other things as the Commission may require, include a general description of the rates of fees and charges.

(10) An order determining the fees and charges leviable by the State Load Despatch Centre shall, unless amended or revoked, continue to be in force for such period as may be specified in the said order.

10. Multi Year Tariff (MYT) Framework. -The multiyear tariff framework shall be based on -

(a) the business plan of the Power System Operation Company/State Load Despatch Centre for the entire control period to be submitted to the Commission for approval, prior to the beginning of the control period;

(b) the applicant's forecast of expected fees and charges for each year of the control period, based on reasonable assumptions of the underlying financial and operational parameters, as submitted in the business plan.

11. Determination of base line values.- The baseline values (operating and cost parameters) for the base year of the control period shall be determined by the Commission and shall be based on the latest audited accounts, estimate of the actuals for the relevant year, prudence check and other factors considered appropriate by the Commission. The Commission may re-determine the baseline values for the base year based upon the actual audited accounts of the base year.

12. Business Plan.- The Power System Operation Company shall file for the Commission's approval, a business plan approved by its Management as per the timelines specified in **Appendix-I** to these regulations. The business plan shall be for the entire control period and shall, inter-alia, contain.-

(a) **Capital expenditure (CAPEX) plan:** This should be commensurate with load growth and quality improvement proposed in the business plan. The capital expenditure plan should also include corresponding capitalisation schedule and financing plan;

(b) The appropriate **capital structure and cost of financing** (interest on debt) and return on equity, terms of the existing loan agreements, etc;

(c) **Operation and Maintenance (O&M) Expenses:** This shall include the costs estimated for the base year, the actual expenses incurred in the previous years and the projected values for each year of the control period based on the proposed norms for O&M cost, including indexation and other appropriate mechanisms;

(d) **Depreciation:** This shall include the depreciation schedule based on the useful life of the asset and capitalisation schedules for each year of the control period;

(e) **Other Information:** This shall include any other details considered appropriate by the Power System Operation Company for consideration during determination of fees and charges.

13. Capital Expenditure Plan (CAPEX plan) .- (1) The Commission shall approve the capital expenditure plan including scheme for augmentation submitted by the Power System Operation Company, based on the load growth forecast during the control period.

The same would be considered for computation of ARR, wherein the amount of electricity handled by the State Load Despatch Centre shall be projected considering the estimated growth plan of its users and any plans of new transmission system, based on network expansion plans within the State.

(2) Capital expenditure plan submitted by the Power System Operation Company shall also provide details of ongoing projects that will spill into the control period and new projects that will commence during the control period but may extend beyond the control period.

(3) The capital expenditure plan shall be in conformity with the plans made by the transmission licensee and with the capital investment plans of the distribution licensee and the generating company(ies). The capital expenditure plan shall inter-alia include-

(a) purpose of investment (i.e. replacement of existing assets, meeting load growth, technical loss reduction, meeting reactive energy requirements, improvement in quality and reliability of supply, etc) ;

(b) Capital structure;

(c) Capitalisation schedule;

(d) Financing plan;

(e) Cost-benefit analysis;

(f) improvement in operational efficiency envisaged in the control period;

[1][(4) For each year of the control period, the Commission shall watch over the actual capital expenditure and capitalization vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization done vis-à-vis approved capital investment plan (capital expenditure and capitalization), shall be done during the mid-term performance review and at the time of true up at the end of control period.]

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[1] *Subs. vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 published in the R H.P. dated 4th November, 2013 at p. 4619- 4626. Before its substitution is read as under:*

"(4) The Commission shall review the actual capital expenditure incurred and capitalisation at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalisation schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and capitalisation schedule) during the control period and adjustment to depreciation, interest on capital loan and return on equity for the actual capital expenditure incurred and capitalisation vis-à-vis approved capital investment plan (capital expenditure and capitalisation) shall be done at the end of control period."

(5) In case the capital expenditure is required for emergency work which has not been approved in the Capital Investment Plan, the Power System Operation Company shall submit an application (containing all relevant information alongwith reasons justifying emergency nature of the proposed work seeking approval by the Commission. The Power System Operation Company shall take up the work prior to the approval of the Commission provided that the emergency nature of the scheme has been certified by its Management.

Provided that, for the purpose of this sub-regulation, such approved capital expenditure shall be treated as a part of actual capital expenditure incurred to the Power System Operation Company/State Load Despatch Centre as well as the approved capital expenditure by the Commission.

[1][**13-A. Consumer Contribution, Deposit Work, Grant and Capital Subsidy.—**](1) The works carried out by the Power System Operation Company/State Load Despatch Centre after obtaining the estimated cost from the users shall be classified as Deposit Works.

(2) Capital works undertaken by the Power System Operation Company/State Load Despatch Centre utilising grants received from the State and Central Governments, including funds under various schemes shall be classified under the category of Grants.

(3) The works carried out with any other grant of similar nature or such amount received without any obligation to return the same and with no interest costs attached to such subvention shall also be classified as works performed through consumer contribution, deposit work, capital subsidy or grant.

(4) The expenses on such capital expenditure shall be treated as follows:—

(a) normative O&M expenses as specified in these regulations shall be allowed. However, any departmental charges taken by the Power System Operation Company/State Load Desptach Centre against deposit works and which are executed departmentally shall be adjusted in the employee cost;

(b) the debt to equity ratio shall be considered in accordance with Regulation 17, after deducting the amount of financial support provided through consumer contribution, deposit work, capital subsidy or grant;

(c) depreciation to the extent of works performed through consumer contribution, deposit work, capital subsidy or grant shall not be allowed as specified in Regulation 22;

(d) provisions related to return on equity, as specified in Regulation 20, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant;

(e) provisions related to interest and finance charges, as specified in Regulation 21, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant.]

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[1] *Ins. regulation 13-A vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283*

[1][**14. Mid-term review and True Up at the end of control period.-** (1) The power system operation company shall file the mid-term review petition and true-up petition in ccordance with the timelines specified in **Appendix-I** to these regulations alongwith the details of apital expenditure including additional capital expenditure, sources of financing, operation and aintenance expenditure, etc incurred for the period, duly audited and certified by the auditors. The true up across various controllable parameters shall be done by the Commission for the previous years of the control period or for the previous control period on the basis of audited accounts made available by the power system operation company during the mid-term review or during control period true up in accordance with following principles:

(a) any surplus or deficit on account of O&M expenses shall be to the account of the power system operation company and shall not be trued up in ARR;

[2][(b) the Commission shall review actual capital investment *vis-a-vis* approved capital investment. Variations in Capitalisation on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;]

(c) 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;

(d) After true up the variations as approved by the Commission shall be adjusted in the ARR of the next control period or as may be deemed fit by the Commission.

(2) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission.

(3) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

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1 *Subs. vide Not. No.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 published in the R H.P. dated 5th November, 2013 at page no 4620- 4626. Before its substitution reg. 14 read as under:*

"14. True Up and review at the end of control period.

(1) The Commission shall carry out truing up exercise alongwith the application for determination of fees and charges filed for the period after the expiry of the control period, for the fees and charges recovered up to end of control period and admitted by the Commission after prudence check at the time of truing up.

(2) The Power System Operation Company shall submit alongwith the application for truing up, details of capital expenditure including additional capital expenditure, sources of financing, operation and maintenance expenditure, etc incurred for the control period, duly audited and certified by the auditors for true up at the end of the control period. After true up the variations as approved by the Commission shall be adjusted in the ARR of the next control period or as may be deemed fit by the Commission.

(3) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the second control period.

(4) The end of the first control period shall be the beginning of the second control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyse the performance of the licensee with respect to the targets set out at the beginning of the first control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period."

2 *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution clause (b) read as under:*

" (b) the Commission shall review actual capital investment vis-à-vis approved capital investment;"

(4) The end of the one control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyse the performance of the licensee with respect to the targets set out at the beginning of one control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period.]

[1][(5) The Power System Operation company/State Load Despatch Centre, 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.]

PART- IV

DETERMINATION OF ANNUAL REVENUE REQUIREMENT AND COMPUTATION OF ANNUAL CHARGES

15. Capital Cost .- (1) The capital cost for a State Load Despatch Centre shall include the expenditure incurred or projected to be incurred during the control period, including Interest During Construction (IDC) and financing charges, any gain or loss on account of Foreign Exchange Rate Variation (FERV) during construction and Incidental Expenditure During Construction (IEDC) in line with the CAPEX plan:

Provided that the value of the assets not in use shall not form part of the capital cost.

(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of charges:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, IDC, IEDC, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission:

Provided further that the capital cost appearing in the books of accounts of the Power System Operation Company for the State Load Despatch Centre as on the date of transfer alongwith the approved capital expenditure plan for the control period shall be the basis for determination of charges.

[2]**[16. Additional Capitalisation.—**(1) The capital expenditure incurred or projected to be incurred after the date of commercial operation may, in its discretion, be admitted by the Commission, subject to prudence check:

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[1] *Added sub-regualtion (5) vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

[2] *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution read as under:*

> **"16. Additional Capitalisation.-** The capital expenditure incurred or projected to be incurred after the date of commercial operation may, in its discretion, be admitted by the Commission, subject to prudence check:
>
> Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the date of commercial operation shall not be considered for additional capitalization for determination of fees and charges."

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

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

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

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

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

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

(f) any additional capital expenditure, which has become necessary for efficient operation of the SLDC. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reasons:

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. bought after the date of commercial operation shall not be considered for additional capitalization for determination of fees and charges:

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

17. Debt Equity Ratio.- For the purpose of determination of the State Load Despatch Centre fee and charges, the equity and outstanding debt as determined for the base year by the Commission shall be considered as given. However, for any fresh capitalization of assets, the Commission shall apply a debt-equity ratio of 70:30 on the capitalised amount as proved by the Commission for each year of the control period:

Provided that where equity employed is in excess of 30%, the amount of equity for the purpose of determination of fee and charges shall be limited to 30% and the balance amount shall be considered as loan. The interest rate, applicable on the equity in excess of 30% treated as loan, has been specified in regulation 21. Where actual equity employed is less than 30% the actual equity shall be considered.

PART V
COMPUTATION OF ANNUAL CHARGES

18. ARR for State Load Despatch Centre.- The aggregate revenue requirement for the State Load Despatch Centre for each year of the control period shall contain the following components :-

(a) operation and maintenance expenses;
(b) return on equity;
(c) interest and finance charges;
(d) depreciation; and
(e) interest on working capital.

19. Operation and Maintenance Expenses.- (1) Operation and Maintenance (O&M) Expenses shall comprise of the following:-

(a) salaries, wages, pension contribution and other employee costs;
(b) administrative and general expenses;
(c) repairs and maintenance expenses;
(d) other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

[1][(1-a) O&M Norms -

(i) The power system operation company shall propose separate trajectories of norms for each of the components of O&M expenses viz., employee cost, R&M expense and A&G expense;

(ii) Norms shall be defined in terms of combination of number of personnel per long/ medium term consumer, number of personnel per MW of capacity handled for long/ medium term consumers alongwith annual expenses per personnel for Employee expenses, combination of A&G expense per personnel and A&G expense per long/ medium term consumer (or per MW of capacity handled) for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;

(iii) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions and interim relief etc., shall be excluded from the norms in the trajectory;

(iv) The expenses beyond the control of the power system operation company such as dearness allowance, pension liabilities and terminal benefits in Employee cost etc., shall be excluded from the norms in the trajectory;

(v) The One-time expenses and the expenses beyond the control of the power system operation company as per sub-regulations (c) and (d) above shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check;

(vi) The norms in the trajectory shall be proposed over the control period with due consideration to productivity improvements and commercial viability;

(vii) The norms shall be proposed at constant prices of base year and escalation on account of inflation shall be over and above the baseline;

(viii) Based on the proposal submitted by the power system operation company, the Commission shall fix the norms for the said purposes which shall be

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[1] *Ins .vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 13 published in the R H.P. dated 5th November, 2013 at p. 4619 to 4626.*

taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;

(ix) Till such time the norms are fixed by the Commission, the trajectories of various components of O&M expenses shall be submitted by the power system operation company and determined by the Commission on the basis of the actual costs for the previous years in accordance with the provisions of these regulations;]

(2) The O&M expenses for the base year will be approved by the Commission taking into account the latest available audited accounts, business plan filed by the Power System Operation Company for the State Load Despatch Centre, estimates of the actuals for the base year, prudence check and any other factors considered appropriate by the Commission.

[1][(3) The O&M expenses for the nth year of the control period shall be approved based on the formula given as follows:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$:

Where –

$R\&M_n = K \times GFA_{n-1}$:

$EMP_n = [(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision_{(Emp)}$;

$A\&G_n = [(A\&G_{n-1}) \times (WPI_{inflation})] + Provision_{(A\&G)}$;

'K' is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on

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[1] *Subs. vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 published in the R H.P. dated 5th November, 2013 at p. 4619-4626. Before its substitution sub-regulation (3) read as under:*

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

$O\&M_n = (R\&M_n + EMP_n + A\&G_n)$

$R\&M_n = K \mathbf{x} (GFA_{n-1})$

Where –

$EMP_n = (EMP_{n-1}) \mathbf{x} (1+G_n) \mathbf{x} (CPI_{inflation})$

$A\&G_n = (A\&G_{n-1}) \mathbf{x} (WPI_{inflation})$

'K' is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission based on the Power System Operation Company/State Load Despatch Centre's filing, benchmarking of R&M Expenses, approved R&M Expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years before the base year;

EMP_n – is the employee costs of the Power System Operation Company for the State Load Despatch Centre functions for the nth year;

$A\&G_n$ – is the administrative and general costs of the Power System Operation Company for the State Load Despatch Centre functions for the nth year;

$R\&M_n$ – is the repair and maintenance costs of the State Load Despatch Centre for the nth year;

GFA_{n-1} – is the Gross Fixed Asset of the Power System Operation Company for the State Load Despatch Centre functions for n-1th year;

Gn - is a growth factor for nth year. Value of Gn shall be determined by the Commission in the MYT order for meeting the additional manpower requirement based on the Power System Operation Company/State Load Despatch Centre's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate."

power system operation company's filing, benchmarking of R&M expenses, approved R&M expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

EMP_{n-1} & EMP_n – employee costs of the power system operation company for the $(n-1)^{th}$ and n^{th} year; (employee cost for the base year would be adjusted for provisions for $(n-1)^{th}$ year for the items corresponding to clauses (iii), (iv) and (v) of sub-regulation (1-a) of regulation 19);

$Provision_{(Emp)}$: Provision corresponding to clauses (iii), (iv) and (v) of sub-regulation (1-a) of regulation 19, duly projected for relevant year for expenses beyond control of the power system operation company and expected one-time expenses as specified above;

$A\&G_{n-1}$ & $A\&G_n$ –administrative and general costs of the power system operation company for the $(n-1)^{th}$ and n^{th} year;

$Provision_{(A\&G)}$: Cost for initiatives or other one-time expenses as proposed by the power system operation company and validated by the Commission;

$R\&M_{n-1}$ $R\&M_n$ – repair and maintenance costs of the power system operation company for the $(n-1)^{th}$ and n^{th} year;

GFA_{n-1} – Gross Fixed Asset of the power system operation company for the $(n-1)^{th}$ year;

G_n is a growth factor for the nth year. Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on power system operation company's filings, benchmarking, and approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that, R&M expenses determined shall be utilised towards R&M works only;

Note: After the fixation of norms of various components of O&M expenses as per these regulations, the above formulae shall be suitably modified in line with the provisions.**]**

[1][**20. Return on Equity** .- (1) Return on equity shall be computed on the equity determined in accordance with these regulations and on pre-tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation.

The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the base year applicable to the concerned power system operation company as per the latest available audited accounts:

Provided that return on equity with respect to the actual tax rate applicable in line to the power system operation company with the provisions of the relevant Finance Acts of the respective year during the control period shall be trued up separately for each year of the control period during the mid-term review or during true-up at the end of the control period.

(2) Rate of return on equity shall be rounded off to three decimal points and be computed according to the following formula:-

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

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

Illustration:-

i. In case of the power system operation company paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.2096) = 19.610%.

ii. In case of the power system operation company paying normal corporate tax @ 33.99% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.3399) = 23.481%.**]**

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

[2]**[**(2) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project for State Load Despatch Centre:

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1 *Subs. vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 (First Amendment) Reg., 2013 published in the R H.P. dated 5th November, 2013 at p. no 4619- 4626. Before its substitution reg. 20 read as under:*

"20. Return on Equity

(1) Return on equity shall be computed on the equity determined in accordance with regulation 17 and on pre tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation.

(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2010-11 applicable to the Power System Operation Company :
Provided that return on equity with respect to the actual tax rate applicable in line to the Power System Operation Company with the provisions of the relevant Finance Acts of the respective year during the control period shall be trued up separately for each year of the control period at the end of the control period.

(3) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-
Rate of pre-tax return on equity = Base rate / (1-t)
Where t is the applicable tax rate in accordance with sub-regulation (2) of this regulation.

Illustration:-

1. In case of the Power System Operation Company paying Minimum Alternate Tax (MAT) @ 19.93% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.1993) = 19.358%.
2. In case of the Power System Operation Company paying normal corporate tax @ 33.99% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.3399) = 23.481%."

2 *Subs. sub-regulation (2) of regulation 21 vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283.*

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

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

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

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

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

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

Provided further that neither penal interest nor overdue interest shall be allowed for determination of fee and charges.

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

(5) The Power System Operation Company shall make every effort to refinance the loan as long as it results in net savings on interest benefit to the users and in the event the costs associated with such refinancing shall be borne by the users and any benefit on account of refinancing of loan and interest on loan shall be passed on to the users. Refinancing may also include restructuring of debt.

22. Depreciation.- (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) Depreciation shall be calculated for each year of the control period, on the amount of original cost of the fixed assets of the corresponding year.

(3) The salvage value of the asset (excluding IT equipments and Software's) shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset. The salvage value for IT equipments and Software's shall be considered as NIL and 100% value of the assets shall be considered depreciable.

(4) Depreciation shall be calculated annually, based on the Straight Line Method and at the rates specified in **Appendix-II** to these regulations. The value base for the purpose of depreciation shall be original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

(5) Assets fully depreciated shall be shown separately.

(6) Value of the assets not in use or declared obsolete shall be taken out from the capital cost for the purpose of calculation of depreciation.

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

(8) In addition to allowable depreciation, the applicant shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder: -

AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these regulations:

Provided that advance against depreciation shall be permitted only if the cumulative repayment upto a particular year exceeds the cumulative depreciation upto that year:

Provided further that advance against depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that year.

(9) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

[1][**23. Interest on Working Capital.—**(1) The working Capital shall cover:—

(a) O&M expenses for one month;

(b) receivables for two months State Load Despatch Centre charges as approved by the Commission;

(c) maintenance spares @ 15% of O&M Expenses for one month.

(2) Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points.

(3) The interest on working capital shall be payable on normative basis notwithstanding that the Power System Operation Company/ State Load Despatch Centre has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.]

24. Income from Charges.- Income from all charges and fee determined by the Commission for the State Load Despatch Centre operations shall be considered as income.

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1 *Subs. vide Not No. HPERC-F(1)-3/2018 dated 22nd November, 2018 published in the R H.P. dated 27th November, 2018 at p. 6277-6283 and before its substitution read as under:*

" 23. Interest on working capital.- (1) The working capital shall cover-

(a) Operation and maintenance expenses for one month;

(b) Maintenance spares @ 40% of R&M expenses for 1 month; and

(c) Receivables equivalent to two months of the State Load Despatch Centre charges as approved by the Commission.

(2) Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal to the[1][average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points.

(3) The interest on working capital shall be payable on normative basis notwithstanding that the Power System Operation Company has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

This income shall include all fee and charges as may be specified by the Commission under these regulations.

25. Billing and Payment of charges.- (1) Bills shall be raised on monthly basis by the Power System Operation Company in accordance with these regulations, and payments shall be made by the users directly to the Power System Operation Company.

(2) Persistent default in payment of the State Load Despatch Centre fee and charges would be brought to the notice of the Commission.

(3) In case the payment of any bill for charges payable under these regulations is delayed by a user beyond a period of 60 days from the date of billing a late payment surcharge at the rate of 1.25% per month shall be levied by the system operator.

(4) For payment of bills through letter of credit on presentation, a rebate of 2% shall be allowed. Where payments are made other than through letter of credit within a period of one month of presentation of bills, a rebate of 1% shall be allowed.

PART VI
LEVY AND COLLECTION OF FEES AND CHARGES

26. State Load Despatch Centre Fee and Charges,- The State Load Despatch Centre may levy the following fee and charges on long term, medium term and short term customers:

(a) **Connection Fee**–In accordance with the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010;

(b) **Registration Fee** – In accordance with regulation 27;

(c) **State Load Despatch Centre Charges**–In accordance with regulation 29.

27. Registration fee.- (1) All users whose scheduling, metering and energy accounting is to be coordinated by the State Load Despatch Centre shall register themselves with the State Load Despatch Centre by filing application in the format prescribed as **Appendix-III** to these regulations.

(2) The application for registration shall be accompanied by a onetime fees of Rs 1 lakh.

(3) The existing users shall, within a month of coming into force of these regulations, register themselves with the State Load Despatch Centre by filing an application alongwith the fees of Rs 1 lakh.

(4) The State Load Despatch Centre, after scrutinizing application and after being satisfied with correctness of the information furnished in the application, shall register the applicant in its register duly intimating the applicant about its acceptance.

(5) The State Load Despatch Centres shall maintain a list of registered users on its website.

28. Fees for connectivity to State Grid.- The application for connectivity shall be filed and applicable fees shall be paid as per the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010.

29. Levy and Collection of State Load Despatch Centre Charges.-(1) The Power System Operation Company/State Load Despatch Centre shall collect the fees and charges as determined under these regulations.

(2) The Power System Operation Company/State Load Despatch Centre shall be entitled to levy and collect registration fees and charges from the users and power exchanges as specified in these regulations.

(3) The Power System Operation Company/State Load Despatch Centre shall be entitled to levy and collect fees and charges for any other services rendered to the users and power exchanges as specified in any other regulations

(4) The State Load Despatch Centre charges shall be payable monthly by the licensees, generating companies (including captive generating plants), distribution licensees and trading licensees using the intra-State transmission network under any agreement or arrangement with the transmission licensee in proportion to the capacity contracted.

(5) The State Load Despatch Centre charges payable by users shall be determined by the Commission in accordance with following formula:-

State Load Despatch Centre Charges = {SLDC ARR (Rs Cr) ÷ Total Contracted Capacity (MW)} **x** {Contracted Capacity of User (MW)}.

Where,

State Load Despatch Centre ARR – is as determined under Part IV.

Total Contracted Capacity – Is the total contracted capacity of the State in MW.

(6) An amount equivalent to two months (or in case of short term open access, for such shorter period, for which open access is applied), of the State Load Despatch Centre charges shall have to be deposited in advance by every user as security against default in payment of the State Load Despatch Centre charges.

(7) The State Load Despatch Centre charges determined under these regulations shall be inclusive of the charges recoverable from the open access consumers for use of the State Load Despatch Centre facilities, under the HPERC (Grant of Connectivity, Long-Term and Medium-Term Intra-State Open Access and Related Matters), Regulations, 2010 and the HPERC (Short Term Open Access) Regulations, 2010 but shall not include the other charges recoverable from such consumers under the said regulations.

PART-VII
MULTI YEAR FILINGS PROCEDURE

30. Multi-Year Filings for the Control Period.- (1) The multiyear filings shall be in such [1]form and in such manner as may be laid down by the Commission from time to time.

(2) The applicant shall also submit the multiyear filings in electronic format to the Commission.

31. Business Plan Filings.- [1][(1) The applicant shall file for the Commission's approval, during the year preceding the first year of the control period or by any other date

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1 *For orders and formats see R.H.P. dated 2nd June, 2011 at p. 966-968 and R.H.P. dated 5th Nov., 2013 at p. 4626-4628.*

as may be directed by the Commission, a business plan and CAPEX plan approved by its Management in accordance with these regulations.]

(2) The applicant shall file the application for approval of fees and charges for each year of the control period consistent with the CAPEX Plan, not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission.

(3) The filings for the State Load Despatch Centre fees and charges shall contain the following:-

(a) the network usage forecast for each year of the control period, consistent with the Business Plan;
(b) estimated budget for the control period;
(c) proposals for fees and charges for each year of the control period, and the procedure thereof;
(d) proposal for allocation of fees and charges applicable to each of the beneficiaries for the control period; and
(e) expected revenue from the fees and charges.

[2][31-A. **Mid-term performance review and True up at the End of Control Period.-**

A. **Mid-term performance review**

To ensure smooth implementation of the multiyear tariff (MYT) framework and to address any mid-term changes on account of unexpected outcomes, the Commission shall undertake mid-term review of power system operation company's performance during the control period;

(a) The power system operation company shall make an application for mid-term performance review in accordance with the timelines specified in **Appendix-I**. The scope of the mid-term performance review shall be a comparison of the actual performance with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges. The power system operation company shall submit to the Commission all information together with audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in performance from the approved forecast. The mid-term review shall comprise of the following:

(i) A comparison of the audited performance with the approved forecast for first two financial years of the Control Period, subject to the prudence check including mid-term correction due to any unforeseen circumstances;

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[1] *Subs. vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 (First Amendment)Reg.2013 published in the R H.P. dated 5h November, 2013 at p .o 4619 – 4626. Before its substitution sub- regulations (1) read as under:*

"(1) The applicant shall file for the Commission's approval, on 1st April of the year preceding the first year of the control period or any other date as may be directed by the Commission, a business plan and CAPEX plan approved by its Management in accordance with regulations 12 and 13."

[2] *Subs. vide Not. No.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013(First Amendment) Reg. 2013 published in the R H.P. dated 4th November, 2013 at p. no 4620-4626.*

(ii) Determination of gains or losses for the first two years of the control period;

(iii) Review of ARR for the balance years of the control period in case of any major change in the parameters;

(iv) Review of SLDC tariff on account of modification in ARR for the balance years of the control period.

B. **True-up at the end of Control Period**

The power system operation company shall file an application for true-up at the end of the third Control Period on availability of audited accounts for each year of the control period in accordance with the timelines specified in **Appendix-I**. The true-up shall be based on the principles laid down under these Regulations for various parameters of ARR:

Provided that the power system operation company shall submit to the Commission information in such format as may be stipulated by the Commission, together with the audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.]

32. Periodic Returns during the Control Period.- (1) The Power system Operation Company shall submit periodic returns, as may be specified, containing operational and cost data to enable the Commission to monitor the implementation of its MYT order.

(2) The Power system Operation Company shall submit to the Commission annual statements of its performance and accounts including the latest report of audited accounts.

PART-VIII
MISCELLANEOUS

33. Foreign Exchange Rate Variation.- (1) The Power System Operation Company operating the State Load Despatch Centre may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the State Load despatch Centre's system in part or full in the discretion of the Power System Operation Company.

(2) The Power System Operation Company shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowedagainst the hedged foreign debt.

(3) To the extent the Power System Operation Company is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the Power System Operation Company operating the State Load Despatch Centre or its suppliers or contractors.

(4) The Power System Operation Company shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

34. Recovery of Cost of Hedging Foreign Exchange Rate Variation.- Recovery of cost of hedging and foreign exchange rate variation shall be made directly by the Power

System Operation Company from the users without making any application before the Commission:

Provided that in case of any objections by the users to the amounts claimed on account of hedging or foreign exchange rate variation, the Power System Operation Company may make an appropriate application before the Commission for its decision.

35. Issue of Orders and Practice Directions.- Subject to the provisions of the Act and these regulations, the Commission may, from time to time, issue [1]orders and practice directions, prescribe formats in regard to the implementation of these regulations and procedure to be followed on various matters, which the Commission has been empowered by these regulations to direct, and matters incidental or ancillary thereto.

36. Powers to remove difficulties.- In case of any difficulty in giving effect to any of the provisions of these regulations, the Commission may, either suo motu or on an application made to it, by general or special order direct the applicant or licensee to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulty.

37. Power of Relaxation.- The Commission may, in public interest and for reasons to be recorded in writing, relax any of the provisions of these regulations.

38. Interpretation.- All issues arising in relation to interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

39. Enquiry and Investigation.- All enquiries, investigations and adjudications under these regulations shall be done by the Commission in accordance with the provisions of the Conduct of Business Regulations.

40. Savings.- (1) Nothing in these regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as maybe necessary to meet the ends of justice or to prevent abuses of the process of the Commission.

(2) Nothing in these regulations shall bar the Commission from adopting in conformity with the provisions of the Act a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

(3) Nothing in these regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no regulation or regulation have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

By Order of the Commission,
-Sd-
Secretary

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[1] *For orders and formats see R.H.P. dated 2nd June, 2011 at p. 966-968 and R H.P. dated 5th Nov., 2013 at p. 4626-4628.*

[Appendix-I
[See regulations 9(2), 12, 14(1) and 31-A]

SUMMARY OF TIMELINES

Sr. No.	Description	Filing of the Document by date
1.	Business Plan for the control period	During the year preceding the first year of control period or any other date as may be directed by the Commission.
2.	Filling of Multi Year Petition for the control period	30th November of the previous year to the first year of control period
3.	Filing of the mid-term performance Review Petition	30th November of the year preceding the fourth year of control period.
4.	Filling of control period true up petition	30th November of the first year of the next control period or alongwith mid-term performance review petition.**"**

Appendix II
(See regulation 22)

DEPRECIATION SCHEDULE

S. No	Asset Particulars	Depreciation Rate (Salvage value=10%) SLM
A	Land owned under full ownership	0.00%
B	Land under lease	
(a)	For investment in land	3.34%
(b)	For cost of clearing site	3.34%
C	Other Assets	
(a)	Building & civil engineering works	
(i)	Offices and residential	1.63%

[1] *Subs. vide Not. no.* ***HPERC/F(5)(3)(1)(SLDC)*** *dated 1st November,2013 (First Amendment) Reg., 2013 published in the R H.P. dated 5th November, 2013 at p. 4619 to 4626. Before its substitution Appendix-1 read as under:*

Appendix-I
[See sub-regulation (2) of regulation 9 and regulation 12]

SUMMARY OF TIMELINES

Sr.No.	Description	Filing of theDocument by date
1.	Business Plan for the control period	1st April of the previous year to the first year of control period
2.	Filling of Multi Year Petition for the control period	30th November, of the previous year to the first year of control period
3.	Filling of true up petition	30th November, of the first year of next control period

S. No	Asset Particulars	Depreciation Rate (Salvage value=10%) SLM
(ii)	Containing plant and equipments	3.34%
(iii)	Temporary erection such as wooden structures	3.34%
(iv)	Roads other than kutcha roads	100.00%
(v)	Others	1.63%
(b)	Transformers, kiosk sub-station equipment & other fixed apparatus (including plant foundations)	
(i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	5.28%
(ii)	Others	5.28%
(c)	Switchgear, including cable connections	5.28%
(d)	Lightning arrestors:	
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
(e)	Batteries	5.28%
(i)	Underground cable including joint boxes and disconnected boxes	5.28%
(ii)	Cable duct system	3.34%
(f)	Overhead lines including cable support	
(i)	Lines on fabricated steel operating at terminals voltages higher than 66 kV	3.34%
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 kV but not exceeding 66 kV	5.28%
(iii)	Lines on steel or reinforced concrete supports	5.28%
(iv)	Lines on treated wood supports	5.28%
(g)	Meters	5.28%
(h)	Self propelled vehicles	9.50%
(i)	Air conditioning plants:	
(i)	Static	5.28%
(ii)	Portable	9.50%
(j)	Office Furniture and Fixtures	
(i)	Office furniture and furnishings	6.33%
(ii)	Office equipments	6.33%
(iii)	Internal wirings including fittings and apparatus	6.33%
(iv)	Street Light fittings	5.28%
(k)	Apparatus let on hire:	

S. No	Asset Particulars	Depreciation Rate (Salvage value=10%) SLM
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
(l)	Communication equipment	
(i)	Radio and higher frequency carrier systems	6.33%
(ii)	Telephone lines and telephones	6.33%
(m)	IT Equipments	15.00%
(n)	Softwares	30.00%
(o)	Any other assets not covered above	5.28%

Appendix III
(See regulations 27)

(1) Name of the entity (in bold letters):

(1) Registered office addresss:

(2) User category:

(a) Generating Station
(b) Seller
(c) Buyer
(d) Transmission Licensee
(e) Distribution Licensee

(3) User details (as on 31st March of last financial year):

(a) **Category – Generating Station**

(i) Total Installed Capacity: _____

(ii) Maximum Contracted Capacity (MW) using Intra State Transmission System: _____

(iii) Points of connection to the Intra State Transmission System:

Sl No	Point of Connection	Voltage Level (kV)	Number of Special Energy Meters (main) installed at this location

(b) **Category- Seller/ Buyer/ Distribution Licensee**

(i) Maximum Contracted Capacity (MW) using Intra State Transmission System: _____

(ii) Points of connection to the Intra State Transmission System:

Sl No	Point of Connection	Voltage Level (kV)	Number of Special Energy Meters (main) installed at this location

(c) **Category- Transmission Licensee**

(i) Sub-stations

Sl No	Sub Station Name	Number of Transformers	Total Transformation Capacity or Design MVA handling capacity of switch station

(ii) Transmission lines

Sl No	Voltage Level (kV)	Number of Transmission lines	Total Circuit Kilometers

(4) **Contact person(s) details for meters related to State Load Despatch Centre**:

(a) Name:
(b) Designation:
(c) Landline Telephone No.:
(d) Mobile No.:
(e) E-mail address:
(f) Postal address:

(5) The above information is true to the best of my knowledge and belief.

Signature of Authorised Representative

Place:_____
Date :_____

Name:_____
Designation:_____
Contact No.:_____

Notifications and Orders issued
Under

The Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011

[1][Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 31.05.2011

No. HPERC/SLDC/479 (Regulation).- In exercise of the powers conferred by regulation 3(15) of the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of three years starting from 01.04.2011 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

[1] *Published in the R H.P. dated 2nd June, 2011 at p. 966.*

[1][Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 1st November, 2013

No. HPERC/F(5)(3)(1)– In supersession of this Commission's notification Nos. HPERC/Dis./479 dated 2nd March, 2011; HPERC/Gen/479, dated 2nd March, 2011; HPERC/Trans/479 dated 2nd March, 2011 and HPERC/SLDC/479 dated 2nd May, 2011, published in the Rajpatra, Himachal Pradesh dated 7th April, 2011 & 2nd June, 2011 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01.04.2014 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

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[1] *Published in R H.P. dated 5th Nov., 2013 at p. 4628.*

[1]**[The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Power System Operation Company / State Load Despatch Centre) Order, 2011]**

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

[2][**The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Power System Operation Company / State Load Despatch Centre) Order, 2013]**

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

[3][Fixation of Multiyear Control Period]

NOTIFICATION

Shimla, *the* 29*th December,* 2018

No. HPERC-F(1)-1/2018.—In supersession of this Commission's notification No.HPERC /F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, Himachal Pradesh on 1stNovember, 2013 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01-04-2019 as multiyear control period for the purposes of the said regulations.

By order of the Commission,
Sd/-
Secretary.

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1 *Notified vide the Not. No. HPERC/SLDC/749(Reg.) dated 31st May, 2011, published in the R H.P. dated 2nd June, 2011 at p.966-968.*

2 *Notified vide the Not. No. HPERC/F(5)(3)(1)(SLDC) dated 1st Nov., 2013, published in R H.P. dated 5th Nov., 2013 at p. 4626-4628.*

3 *Published Not. in R.H.P. dated 2nd January, 2019 at p. 7273-7274.*

[1][The Himachal Pradesh Electricity Regulatory Commission Demand Side Management Regulations, 2011]

NOTIFICATION

Dated: Shimla, the 30th September, 2011

F. No. HPERC/437 (VI).- Whereas section 23 of the Electricity Act, 2003 provides that if the Appropriate Commission is of the opinion that it is necessary or expedient so to do for maintaining the efficient supply, securing the equitable distribution of electricity and promoting competition, it may, by order, provide for regulating supply, distribution, consumption or use thereof;

And whereas sub-section (1) of section 42 of the Electricity Act 2003 provides that it shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act;

And whereas clause 5.9.6 of the National Electricity Policy provides that in order to reduce the requirements for capacity additions, the difference between electrical power demand during peak periods and off-peak periods would have to be reduced. Suitable load management techniques should be adopted for this purpose. Differential tariff structure or peak and off peak supply and metering arrangements (Time of Day metering) should be conducive to load management objectives. Regulatory Commissions should ensure adherence to energy efficiency standards by utilities;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 181, read with section 23 and sub-section (1) of section 42 and clause (zp) of sub-section (2) of section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission, after previous publication, hereby makes the following Demand Side Management regulations, namely:-

1. Short title, applicability and commencement.-(1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Demand Side Management) Regulations, 2011.

(2) These Regulations shall be applicable to all the distribution licensees in the State of Himachal Pradesh in their respective areas of supply**.**

(3) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

(4) These regulations shall be construed harmoniously with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

2. ***Definitions.-*** In **these regulations, unless the context otherwise requires,-**

(1) **"Act"** means the Electricity Act, 2003 (36 of 2003);

(2) **"Baseline data"** means the initial base level consumption and/or demand for electricity for the Utility as a whole, targeted segments and at end use

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[1] *Published in R H.P. dated 12th October, 2011 at p. 3435-3441.*

level, as the case may be before a DSM programme begins to provide a starting point for comparison for assessing programme impact;

(3) **"Bureau"** means the Bureau of Energy Efficiency established under sub-section (1) of section 2 of the Energy Conservation Act, 2001 (Act No. 52 of 2001);

(4) **"Central** Commission" means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;

(5) **"Commission"** means the Himachal Pradesh Electricity Regulatory Commission referred to in sub-section (1) of section 82 of the Act;

(6) **"Demand Side Management"** or **"(DSM)"** means the measures taken by a distribution licensee affecting the activities beyond the consumer's meter, with the objective of altering the end-use of electricity - whether it is to increase demand, decrease it, shift it between high and low peak periods, or manage it when there are intermittent load demands- in the overall interests of reducing the distribution licensee costs by making economic use of utility resources;

(7) **"DSM Master Plan"** means the comprehensive demand side management plan prepared under regulation 5 and approved by the Commission;

(8) **"DSM Programme"** means a demand side measure designed, developed and implemented by the distribution licensee;

(9) **"DSM Resource Acquisition"** means a mechanism to implement DSM projects through customers, Energy Service Companies, Non-Government Organisations, manufacturers/suppliers, or other private sector organizations, with payment made to them by the distribution licensee for the resultant energy and load reductions;

(10) **"Energy Efficiency"** or **"EE"** means activities or programmes that stimulate customers to reduce energy use by making investments in more efficient equipment or control that reduce energy use while maintaining a comparable level of service as perceived by the customer;

(11) **"Energy Services Company"** means a company which is in the business of providing energy efficient and load management equipment and/or services to end-use customers and is approved by the Bureau;

(12) **"Evaluation",** Measurement and Verification or "(EM&V)" means activities which evaluate, monitor, measure and verify performance or other aspects of DSM and /or energy efficiency programmes or their market environment;

(13) **"Licensee"** means the distribution licensee in the State of Himachal Pradesh;

(14) **"Load Research"** means an activity embracing the measurement and study of the characteristics of electric loads to provide a thorough and reliable knowledge of trends, and general behaviour of the load characteristics of the customers serviced by the electrical industry;

(15) **"Monitoring and Reporting"** means activities which monitor and evaluate the progress of DSM and /or energy efficiency programme of the Distribution Licensee.

(16) **"State Designated Agency"** or **"SDA"** means the agency designated by the State Government under clause (d) of section 15 of the Energy Conservation Act, 2001 (Act No. 52 of 2001).

(17) the words and expressions used in these regulations and not defined herein but defined in the Act or the regulations issued by the Central Commission or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act or such regulations issued by the Central Commission or such other regulations issued by the Commission.

3. Objectives. - The objectives of these regulations are.-

(a) to make DSM an integral part of the day-to-day operation of the licensee and undertake planning, designing and implementation of appropriate DSM programmes on a sustainable manner:

(b) to make strategic energy conservation, load shifting and pricing initiatives including power factor correction, time of use tariff as the main objective of the licensee.

(c) to ensure implementation of DSM measures formulated by the Government of Himachal Pradesh from time to time.

(d) to make DSM measures in the State of Himachal Pradesh consistent with the National DSM Objectives /Plans formulated by the Bureau.

4. Target/ Goal setting.- (1) The Commission shall set up annual DSM targets in mutual consultation with the licensee taking relevant factors into consideration.

(2) While setting up the annual DSM targets under sub-regulation (1) the Commission shall consider the technical potential in the State of Himachal Pradesh as assessed by the DSM Master Plan.

5. DSM Master Plan.- (1) The licensee shall, within 6 months from the commencement of these regulations, prepare a comprehensive draft of DSM Master Plan and submit the same for the approval of the Commission.

(2) The distribution licensee shall prepare DSM Master Plan initially for a period of 5 years and subsequently for the periods as may be directed by the Commission from time to time.

(3) The draft of DSM Master Plan shall act as a reference document for the licensee while preparing the annual DSM programme for the State of Himachal Pradesh.

(4) The draft of the DSM Master Plan shall include the following, namely:-

(a) Demand forecasting study,
(b) Load research, establishment of baseline data,
(c) Walk through Energy audit,
(d) Identification of DSM options,
(e) Cost benefit analysis of each of the DSM options,
(f) Pricing options for DSM,
(g) Financing DSM options,
(h) Prioritization and implementation schedule for each of the measures proposed in the DSM Plan,
(i) DSM targets to be achieved for each of the measures proposed in the DSM Plan,

(j) Institutional arrangement, implementation planning, barriers and mitigation measures, and

(k) any other aspects covered in these regulations or as the Commission may direct.

6. Institutional framework for DSM. - (1) In order to discharge the DSM related functions in a smooth manner, the licensee may within three months from the date of commencement of these regulations constitute DSM Cell and the DSM Cell so constituted shall be provided with necessary resources to execute the DSM related functions.

(2) The DSM related functions of the licensee shall be as under, namely:-

(a) Load research, consumer survey, development of baseline data and recasting at aggregate system level, segment level and end use level,

(b) Formulation of DSM Plan,

(c) Design and development of DSM programmes including cost benefit analysis, plans for implementation, monitoring and reporting and for measurement and verification for each measure,

(d) Seeking necessary approvals of the Commission to the Draft DSM Plan and DSM programmes,

(e) Implementation of DSM programmes,

(f) Liaison with the State Designated Agency at planning and implementation stage to avoid duplication of DSM and/or Energy Efficiency activity in the State of Himachal Pradesh,

(g) Validation and Updation of master plan and submission of the same for approval of the Commission, alongwith the DSM programmes on annual basis,

(h) Evaluation, Measurement and Verification of DSM programme, and

(i) any other additional DSM related function that may be assigned by the Commission from time to time.

7. DSM programme document. -(1) The distribution licensee shall design and develop the DSM Plan by taking reference from the DSM Master Plan and validating or reprioritising the same based on the feedback from the programme already implemented or being implemented including evaluation of benefits achieved.

(2) The DSM programme shall be prepared by the licensee on annual basis and the first annual DSM programme shall be prepared, within six months from the date of approval of the DSM master plan by the Commission.

(3) The licensee shall submit the annual DSM programme formulated under sub-regulation (1) to the Commission for its approval alongwith the Yearly Aggregate Revenue Requirement (ARR).

(4) The annual DSM programme shall be implemented only after its approval by the Commission.

(5) The DSM Programme Document shall include the following elements, namely:-

(a) Programme description:

(i) Description of DSM measures and technologies, that are intended to be implemented through the proposed DSM programme including eligibility criteria listing of brands and manufacturers/vendors that will be eligible for participation in the DSM programme, relevant pricing, quality assurance and replacement/guarantee policy;

(ii) Whether any measures similar to those proposed in the DSM and/or EE programme are underway or planned by the State Designated Agency. If yes, then the description of the same shall be provided alongwith necessity and detailed justification, if any, for including the same in the proposed DSM programme;

(iii) the consumer segments and the end users which are targeted including eligibility criteria to be used for identification of potential consumers within the identified target segment;

(iv) Other stakeholders (financiers, energy services companies, equipment vendors, consultants, energy auditors, trade associations, groups of persons, NGOs, academic institutions, Government organizations) involved in the implementation process, description of their roles and responsibilities and manner of participation;

(v) Identification of barriers of DSM programme including institutional and implementation barrier etc. and the measures proposed for overcoming the same;

(vi) Strategy the programme proposes to use, including proposed incentives, if any, strategies to motivate consumers and other stakeholders to participate in the programme, description of payment and collection mechanism and equipment/appliance/service delivery mechanism

(vii) Description of programme management and implementation arrangements, including description of institutional relationships and internal programme tracking systems to be followed by the licensees.

(b) Evaluation Monitoring & Verification:

This part will describe EM&V and monitoring and reporting plans such as-

(i) description of base line calculation and description of monitoring and verification methodology;

(ii) description of DSM programme monitoring, review and impact (in terms of programme participation, in terms of increases in penetration level of efficient devices and technologies, and in terms of load reduction/energy savings) analysis system/mechanism – who will monitor, what will be monitored, how will be monitored, who will verify, how frequently will be monitored, who will prepare monitoring/progress reports, etc.

(c) Detailed Implementation Plan:

(i) This part will describe if the programme will have any phases (e.g. demonstration/pilot etc.).

(ii) This part will also have description of main activities, and indication about their sequencing and interdependence. For each main activity, this part will also provide description of who will be responsible for the activity and when will the activity be performed.

(iii) Implementation mechanism i.e. Energy Service Company, DSM bidding, DSM resource acquisition etc.

(d) Estimate of annual and cumulative savings:

This part will describe the estimate of annual and cumulative savings to the licensees and other beneficiaries due to the programme with all the

assumptions used in savings estimation process, including base line considered;

(e) Annual programme funding requirements:

This part will have description of financing arrangement, including share of distribution licensee, vendors, consumers, retailers, State Government, Central Government, etc

(f) Cost effectiveness calculation details:

This part will describe the cost effectiveness aspects of each of the measures proposed in the DSM programme including the calculation details of the programme costs and benefits, impact on consumer tariffs, with explicit description of all the input values considered and all the assumptions used in cost effectiveness calculations and for input values;

(g) Mechanism of cost recovery.

This part will describe the detailed mechanism to recovery of the expenditure to be incurred by the distribution licensees for each of the measures under the DSM programme;

(h) Dispute Resolution Mechanism:

This part will describe an appropriate mechanism to be followed for resolution of disputes arising during programme implementations stage.

(i) Monitoring and Reporting:

This part will describe the manner of submission of the monthly and quarterly monitoring reports to the Commission for DSM programme based on the proposed monitoring plans embedded in the programme designs. Also describe the proposed "programme completion reporting mechanism" at the end of the year and also at the end of the DSM plan.

(j) Plan for Training /Seminars/Workshops: to create consumer awareness; and

(k) any other aspects as may be required by the Commission from time to time.

8. Commission review and approval of DSM programme. -(1) The Commission shall approve the annual DSM programme alongwith ARR every year.

(2) With a view to ensure consistency with the DSM Objectives set out under regulation 3 the Commission may direct modifications to the proposed or on-going programmes:

Provided that the Commission shall allow reasonable time to the licensee to enable it to notify consumers and others of the programme modification.

9. Mechanism for Cost Recovery.- (1)The licensee shall identify the net incremental costs, if any, associated with the planning, design and implementation of each of the measures included in the DSM programme.

(2) The licensee shall propose to the Commission, the methodology for recovery of net incremental costs through tariff or any other mechanism, while preparing the DSM programme document.

10. Implementation of DSM programme.- (1) The licensee shall prepare, plan and undertake implementation of annual DSM programme in line with the implementation guidelines as may be issued by the Commission from time to time

(2) The licensee shall carry out implementation of activities assigned to it either by itself or through engagement of appropriate independent entity. While doing so, the licensee shall ensure that continuity and consistency is maintained and interest of the licensee or that of the consumers is not compromised.

11. Monitoring and Reporting of DSM programme.-(1**)** The licensee shall prepare, plan and undertake monitoring and reporting of annual DSM programmes as per guidelines on Monitoring and Reporting issued by the Commission from time to time.

(2) Notwithstanding anything in sub-regulation (1), the licensee shall be guided by the approved monitoring and reporting by the Commission while approving the annual DSM programme.

12. Evaluation, Measurement & Verification (EM&V) of DSM programme.-(1) The licensee shall prepare, plan and undertake evaluation, measurement and verification of savings from DSM programmes as per guidelines on Evaluation, Measurement and Verification as may be issued by the Commission from time to time.

(2) Notwithstanding anything in sub-regulation (1) till such time that the Evaluation, Measurement and Verification guidelines come into force, the licensee shall evaluate the benefits of DSM programmes implemented by it based on measurement and verification protocols contained in the DSM Plan and/or DSM programmes approved by the Commission pursuant to these regulations.

13. DSM programme completion report.-(1) The licensee shall prepare and submit phase-vise Programme Completion Reports and submit the same to the Commission as per the schedule approved by the Commission.

(2) The report under sub-regulation (1) shall cover the programme expenses, achievements, outcome, outputs, experienced constraints and difficulties, conclusions, recommendations, lessons learned and way forward.

14. Issue of Orders and Practice Directions.- Subject to the provisions of the Act, the Commission may, from time to time, issue orders, circulars and practice directions in regard to the implementation of these regulations.

15. Power to Remove Difficulties. - If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing difficulties.

By order of the Commission
-Sd-
Secretary

The Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.

Amended, repealed or otherwise affected by –

1. *Order issued in Petition No.172/12 for approval of Schedule of Service Connection Charges, containing normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations dated 30.04.2013.*
2. *First Amendment Regulations, 2012 Not. No. HPERC/419 dated 22nd July, 2015 published in the R. H.P. dated 23rd July, 2015 at p. 2513-2514.*
3. *Second Amendment Regulations, 2012 Not. No. HPERC/419 dated 21st September, 2015 published in the R. H.P. dated 22nd September, 2015 at p. 3899-3901.*
4. *Third Amendment Regulations, 2012 Not. No. HPERC/419 dated 19th October, 2015published in the R. H.P. dated 20th October, 2015 at p. 4779-4780.*
5. *Fourth Amendment Regulations, 2012 Not. No. HPERC/419 dated 23rd January, 2017published in the R. H.P. dated 6th February, 2017 at p. 6943-6945.*
6. *Fifth Amendment Regulations, 2012 Not. No.* HPERC/419 *dated 5th November, 2018,published in the R. H.P. dated 7th November, 2018 at p. 4503-4504.*

NOTIFICATION

Shimla 171002 the 18th May, 2012

No. HPERC/419.- In exercise of the powers conferred by section 46, read with section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, and in supersession of Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for supply of Electricity) Regulations, 2005, published in the Rajpatra, Himachal Pradesh (Extra), dated 4th April, 2005, the Himachal Pradesh Electricity Regulatory Commission, after previous publication, makes the following Regulations :-

REGULATIONS

1. Short title, extent and commencement.- (1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012.

(2) These Regulations shall be applicable to all the distribution licensees in their respective licensed areas, in the State of Himachal Pradesh.

(3) These Regulations shall come into force on the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions.- In these Regulations, unless the context otherwise requires,-

(a) "Act" means the Electricity Act, 2003 (36 of 2003);

(b) "applicant" means an owner or occupier of any land/premises (including the authorised representative of such owner or occupier) who makes an application to a licensee for supply of electricity and/or for any other purpose covered under these Regulations;

(c) "Commission" means the Himachal Pradesh Electricity Regulatory Commission;

(d) "Demand Notice" means the notice to be issued by the licensee to the applicant in accordance with the Regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Licensee's Duty for supply of Electricity Request) Regulations, 2004 and Clause 3.1.4 of Himachal Pradesh Electricity Supply Code, 2009, read with the provisions of these Regulations.

(e) "extra high tension (EHT)" means supply voltages above 33000 volts;

(f) "Supply Code" means the Himachal Pradesh Electricity Supply Code, 2009, read with its amendments from time to time and the provisions of these Regulations; and

(g) other words and expressions used and not defined in these Regulations, but defined in Act, shall have the meanings as assigned to them in the Act.

3. Power to recover expenditure.- Subject to the provisions of the Act and these Regulations and subject further to such directions, orders or guidelines which the Commission may issue, the distribution licensee is authorised to recover such expenses as may be reasonably incurred by it in providing any electric line and the electrical plant used for the purpose of giving supply of electricity and the recoverable expenditure shall be computed in accordance with the principles contained in these Regulations and at the rates approved by the Commission pursuant to these Regulations.

4. Expenses for providing service line.- The distribution licensee shall recover all expenses reasonably incurred on the works related to laying of service line to the premises of the applicant as well as the cost of providing terminal equipment and other arrangements (except the cost of meter, CT and PT) at the applicant's premises:

Provided that the distribution licensee may, with the approval of the Commission, recover the expenses on the basis of average or normative rates for providing the service lines for the purpose of giving supply of electricity to one or more categories of applicants based on connected load or contract demand, voltage level, nature of load, tariff classification and length and specification of service lines:

Provided further that in cases where the normative rates have been approved by the Commission for a particular period for a particular type of service line, the recovery for laying of that type of service line shall be made by the distribution licensee only in accordance with the rates and terms and conditions so approved by the Commission for that period:

Provided further that the Commission may direct the licensee to recover the cost of service line under this regulation at fixed per kilometer rates, based on the standard cost data, for all or any of the categories:

Provided further that the average or normative rates shall, unless specifically approved by the Commission, not apply to the temporary connections.

5. Expenses for the distribution system other than service lines.- (1) The distribution licensee shall also be authorised to recover such proportion, as may be considered reasonable by the Commission, of the expenses incurred, or to be incurred, for creation, including augmentation or additions, of the distribution system, other than those for the service lines, for the infrastructural development as a continuous and co-ordinated process, so as to meet its obligations for supply of power to the applicants for permanent connections under the Himachal Pradesh Electricity Regulatory Commission (Licensee's Duty for Supply of Power on Request) Regulations, 2004 and such recovery shall be regulated under the provisions of this regulation and also other relevant provisions of these regulations.

(2) Save as provided under sub-regulation (3), the distribution licensee shall recover the expenses in the shape of infrastructural development charges at the normative rates and associated terms and conditions, as may be approved by the Commission for the various slabs and categories based on the connected load or contract demand and/or supply voltages and/or nature of loads and/or geographical areas and/or tariff classification:

[1] [Provided that in case of the Central and State Government/Government Agencies, if the applicant is willing to deposit in advance the entire estimated/actual cost of works including the service line, before the actual commencement of works required to be executed for supply of power and such estimated cost is more than the normative Infra Development Charges (IDC) and cost of service line, the applicant shall not be required to make the separate payment of IDC under these regulations and charges towards advance cost share for getting Power Availability Certificate (PAC) under Himachal Pradesh Electricity Supply Code, 2009:]

[2][Provided further] that for determining the normative rates per kW or kVA for the connected load or contract demand, as the case may be, the Commission shall ordinarily consider the following on normative basis:-

(i) the estimated cost of providing, erecting and commissioning one transformer of appropriate capacity and voltage ratings on normative basis, alongwith two bays (i.e. one on each side of the transformer) but excluding the cost of land and other components of the sub-station;

(ii) the estimated costs of two electrical lines (i.e. one for each side of the transformer considered under the preceding clause (i)) of such normative lengths as may be considered appropriate by the Commission;

(iii) any other costs as may be considered appropriate by the Commission;

(iv) the connected loads or contract demands, as the case may be, that can be catered for various categories under preceding clauses (i), (ii) and (iii) after applying suitable demand and diversity factors and suitable factor(s) for redundancy in the system; and

(v) allocation factors as well as the terms and conditions, as the Commission may find to be reasonable and appropriate:

Provided further that the Commission may fix the normative rates for per kVA of the contract demand in case of supply to be governed by two part tariff (i.e. energy and demand) and per kW of connected load in case of supply to be governed by single part tariff (i.e. energy) :

[3][Provided further that the Infrastructure Development Charges shall not be recovered in cases where the electricity connection for domestic supply existing in the name of an individual person is to be transferred, for similar purpose, in the name of any relative of such person owing to inheritance or on specific request of existing consumer.

Explanation:

(A) For this purpose, the term "relative" shall include the following:-

(i) Spouse of the individual;

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1 *Added proviso vide Not. No. HPERC/419 dated 22nd July, 2015, published in the R H.P. dated 23rd July, 2015 at p. 2513-2514.*

2 *Sub. for the word "Provided" vide Not. No. HPERC/419 dated 22nd July 2015, published in the R.H.P. dated 23rd July, 2015 at p. 2513-2514.*

3. *Added proviso vide Not. No. HPERC/419 dated 19th October, 2015, published in the R H.P. dated 20th October, 2015 at p. 4779-4780.*

(ii) Brother or sister of the individual;
(iii) Brother or sister of the spouse of the individual;
(iv) Brother or sister of either of the parents of the individual;
(v) Any lineal ascendant or descendant of the individual;
(vi) Any lineal ascendant or descendant of the spouse of the individual;
(vii) Spouse of the person referred to in (i) to (vii):

(B) In case the new consumer required a load in excess of the load sanctioned for the original consumer, the expenditure for such additional load shall be recovered from the new consumer in accordance with regulation 7. In such cases, additional security for the additional load shall be deposited by the new consumer at the rate fixed under HPERC (Security Deposit) Regulation, 2005.]

Provided further that the Commission may, while fixing the normative rates, restrict the rates worked out under the first proviso to this sub-regulation to such ceiling limits for respective categories as it may consider necessary:

Provided further that the normative rates shall, unless specifically approved by the Commission, not apply to the temporary connections:

Provided further that the entire cost, including the cost of all components as well as the additional recovery or refund under sub-regulation (9), of the bays required to be executed at the sub-station(s), including the cost of re-organising the bays, if any, exclusively for faciliting and/or controlling supply of power to an applicant or group of applicants shall also be recovered from the applicant(s) in addition to the normative rates:

Provided further that in cases where provisions of sub-regulation (3) are attracted, the amounts worked out under this sub-regulation and sub-regulation (9) shall be considered as the minimum amounts to be borne by such applicants.

(3) In case of an applicant or group of applicant(s), where-

(i) the supply of power is required at a site in an area, which does not have appropriate infrastructure for catering the loads of the nature and quantum required by the applicant(s) and where no other significant growth of load, at the voltage level similar to that at which supply is required, is foreseen in the immediate future, including the sites where locations of the loads depend upon the geographical factors and availability of basic raw-material such as for cement factories and construction power for hydro-electric projects; and

ii) the total estimated cost of the works required to be executed for the appropriate capacities, keeping in view the minimum capacities standardized or generally planned by the licensee for the relevant voltage level(s), exceeds the summation of the amounts payable by the applicant or the group of applicants pursuant to sub-regulation (2) ;

the licensee may require the applicant or the group of applicants to deposit the entire estimated cost of the works required for facilitating adequate provision in backup system and supply of power to such applicants :

Provided that if, subsequent to receipt of applications but before the commissioning of works, some more application(s) are received for loads to be released on permanent basis, at voltage levels similar to those for the original applicant(s), by using the works envisaged for the original applicants, such additional applications shall be clubbed together with the original applications for the purpose of recovery of costs and

treated at par with original applicants and shall also be considered as original applicant(s) for all intents and purposes of regulation 5 and regulation 6 :

Provided further that in case of works required to be executed for a group of applicants under this sub-regulation, the costs shall be apportioned as under :-

(i) cost of common works shall be recovered on pro rata basis in the ratio of contract demands of various applicants;
(ii) cost of exclusive works shall be charged exclusively to the applicant(s) for whom such works have been/are required to be executed; and
(iii) cost of other works shall be charged, on proportionate basis, to the applicants for whose benefit such works are required to be used:

Provided further that the provisions under the succeeding sub-regulations (4) to (9) shall also be applicable in case of the connections released under this sub-regulation.

(4) The licensee shall be entitled to use the spare capacity in the works executed under sub-regulation(3) for release of connections to the subsequent applicant(s), or otherwise, and also to recover the charges/costs, as per sub- regulations(2) and (9) as applicable, from such subsequent applicant(s).

(5) The original applicant (s) under sub regulation 3, who have borne the entire cost of the infrastructural works, shall be entitled to use the spare capacity, if any, after providing for 30% redundancy in the total system created at their cost and the capacities used pursuant to preceding sub-regulation(4), on first come first serve basis, and no additional infrastructural development charges shall be recovered from such an original applicant/developing agency for use of such spare capacity so long as the amount borne by him after excluding the cost of exclusive work(s) and after adjusting the amount of refunds, if any, under succeeding sub-regulations(6),(7) and (8) is more than the minimum amount payable by him as per the sub-regulations (2) and (9) in respect of the total connected load/contract demand sanctioned, including the same sought to be sanctioned under this sub-regulation in his favour, as worked out at the rates for the respective periods in which such loads/demands are sanctioned.

(6) If subsequent application(s) are received within 5 years after the date of commissioning of works executed under sub-regulation (3), for permanent supply of power at a voltage level similar to that for the original applicant(s) under sub regulation (3) and supply of power to such applicant(s) essentially involves usage of such works, on regular basis, the infrastructural development charges, if any, actually recovered from such subsequent applicants for usage of spare capacity as quantified in accordance with sub-regulation (8) shall be refunded, on pro-rata basis, to the original applicant(s) under sub regulation (3), who had borne the full cost, to the extent of permissible amount of refund under succeeding sub-regulations (7) and (8) :

Provided that if the provision for supply to such new applicant (s) require execution of certain additional infrastructural works, apart from the usage of the facilities/works created at the cost of original applicant(s) under sub-regulation (3), the cost of such additional works shall first be deducted from the infrastructural development charges recovered from such new applicant (s) and only the balance amount, if any, out of the amounts recovered from such new applicants, shall be refunded, on pro-rata basis, to the original applicant(s) who had borne the entire cost.

(7) The maximum permissible amount of refund to any original applicant under sub-regulation (3) shall not exceed the amount actually paid by him in excess of the summation of the following :-

(i) the infrastructural development charges under sub- regulations (2) and (9) on the total connected load/contract demands sanctioned originally and including those availed subsequently by the same applicant, under sub-regulation (5), at the rates applicable for the respective periods in which such loads/demands are sanctioned; and

(ii) the cost of works, including the bays required at the existing and /or new sub-stations, as may be executed or required to be executed exclusively for facilitating, control and or supply of power to such applicant or group of applicants:

Provided that such applicant(s) shall not be entitled to any interest on any part of the amount paid by them in respect of the period between date of payment and refund, if any.

(8) For the purpose of these Regulations, the spare capacity shall be determined with reference to the capacity of all main components of the works referred to in sub-regulation (3), including line(s) and transformer(s), and only such spare capacity as is concurrently available in all the components, after providing for 30% redundancy in each of the components, shall be taken as the spare capacity:

Provided that in case of EHT works the spare capacity may be determined separately for the two main components i.e. EHT line(s) and EHT sub-station(s) after providing for 30% redundancy in each of the said components and in that case, the amounts paid by each original applicant under sub regulation (3) as well as the entitlements under the preceding sub-regulations (4), (5), (6) and (7) shall be determined separately with reference to the actual costs of the two main components i.e. EHT line(s) and EHT sub-station(s) and the spare capacity available in the said two components.

(9) In case of the exclusive works under sub-regulation (2) or of any of the works under sub-regulation (3), the recovery of cost shall be made initially on the basis of estimated cost which shall be subject to additional recoveries or refunds, as the case may be, in the same manner as outlined in sub-regulations (2) and (3) of regulation 18 of these Regulations.

6. Electrification of colonies and complexes etc.- (1) In cases involving electrification of the areas developed and/or sponsored by the development agencies, like the Himachal Pradesh Housing and Urban Development Authority, Private Developers, Universities, Educational Institutions, the Himachal Pradesh Small Industries Development Corporation and the Housing Societies and the like, the developing agency shall bear the entire charges and/or costs for the infrastructural development under sub-regulations (2) and (9), or sub-regulations (3) and (9), of regulation 5, whichever are applicable, and the licensee shall take up the execution of such works only after receiving the entire amounts, excepting those for the adjustments for the difference between estimated costs and actual costs under sub-regulation(9) of regulation 5:

Provided that in case the developing agency bears the entire cost of the works under sub-regulations (3) and (9) of regulation 5, the provisions of sub-regulation (4) to (8) of Regulation 5 shall also be applicable.

(2) The licensee shall recover the cost of service lines and other works for the individual connections from the individual applicants under regulation 4 and/or regulation 17:

Provided that the licensee shall make adequate provisions for distribution mains and works in the estimates for the infrastructural works under sub-regulation (1) in a manner that the service lines required for the individual applicants are as short as reasonably feasible.

7. Recovery of expenditure for additional loads.- (1) Save as provided in sub-regulation (2), where an existing consumer availing permanent connection for electricity applies for additional connected load or contract demand, as the case may be, in excess of the connected load or contract demand, already sanctioned in his favour, the recovery shall be made as under:-

(a) in relation to the expenses/charges for the cost of service line under regulation 4 –

(i) if the existing service line has sufficient spare capacity, after meeting the requirements of all the connections released and/or committed to be released through the same service line and redundancy of about 30% of the total capacity of such line, no additional cost shall be recovered for the service line;

(ii) if sufficient spare capacity is not available, in accordance with the preceding sub-clause (i), in the service line for meeting the additional connected load or contract demand, the cost of strengthening the existing service line, or of providing a new service line, shall be recovered from the applicant:

Provided that the cost to be recovered under sub-clause (ii) shall not exceed the cost of providing a new service line for the total connected load or contract demand under regulation 4 of these Regulations;

(b) in relation to the infrastructural development charges under regulation 5 :-

[1][(i) if the provisions of sub-regulation (3) of regulation 5 are not attracted, then, subject to succeeding sub-clause (iii), such charges shall be recovered only for the additional connected load/contract demand in accordance with sub-regulations(2) and (9) of regulation 5, regulations 14 and 15 of these regulations;

(ii) if the licensee permits clubbing of two or more electricity connections, existing at same or different voltages, but in the name of same person and at the same or contiguous premises, as a single connection in the name of the same person and at the same premises, and at a voltage not less than 11kV and also not lower than the Standard Supply Voltage, corresponding to the combined connected

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1 *Subs. vide 'Not. No. HPERC/419 dated 23rd January, 2017 published in the R H.P. dated 6th February, 2017 at p. 6943-6945and before its substitution it stood as under:-*

"(i) if the supply voltage for the total load remains unchanged as per the standard supply voltages fixed by the Commission under the applicable Tariff Order of the Commission and the provisions of sub-regulation (3) of regulation 5 are not attracted, then, subject to succeeding sub-clause (iii), such charges shall be recovered only for the additional connected load/contract demand in accordance with sub-regulations (2) and (9) of regulation 5, regulations 14 and 15 of these Regulations ; and

(ii) if the supply voltage gets changed, but provisions of sub-regulation (3) of regulations 5 are not attracted, then the recoverable amount shall be worked out and recovered in accordance with sub-regulations (2) and (9) of regulation 5 for the total revised connected load or contract demand, as the case may be, sanctioned at the new voltage; and"

load/contract demand, the sum total of sanctioned connected load/contract demand, of such connections shall be considered as the existing connected load/contract demand for computing the additional connected load or contract demand for the purpose of sub-clause (i) of this sub-regulation:

Provided that no refund on account of the charges mentioned in clause (i) shall be allowed if such existing connected load/contract demand is more than the combined connected load/contract demand for the new connection and in such an event, the consumer shall be deemed to have surrendered such reduction in the connected load/contract demand and he shall not be entitled to claim at any subsequent stage any relief for restoration of the connected load/contract demand so surrendered:

Provided further that when such clubbing of loads is permitted under this clause, consumer shall not be eligible to avail the benefit of temporary reduction in the contract demand as per provisions of the Supply Code for a period of 365 days from the release of new connection after clubbing of the existing electricity connections:

Provided further that the licensee shall have the right to use, maintain and own the service line or any other electrical system, vacated by the consumer due to such clubbing of existing electricity connections in accordance with regulation 11 and the said works shall become the property of the licensee.

Explanation- For the purposes of sub-clause (ii)-

(1) "person" shall have the same meaning as is assigned to it under clause (49) of the section 2 of the Act and two or more companies formed and registered or deemed to have been formed and registered under the Companies Act, 2013 (18 of 2013), having electricity connections in their respective names, shall also be considered to be entitled for clubbing of their electricity connections, if—

(a) (i) all such companies having electricity connections in their names are the subsidiary companies of the same holding company; or

(ii) one of such companies is a holding company and the other company is the subsidiary company of that holding company; and

(b) the new connection, after clubbing of existing connections, is sought in the name of any of such subsidiary companies, which are already availing connections sought to be clubbed, or in the name of the holding company of such subsidiary companies;

(c) the conditions laid down in sub-clause (ii), read with succeeding para (3) of this Explanation, in relation to the existence of the electricity connections sought to be clubbed, as well as for release of new connection, at the same or contiguous premises, are met;

(2) the terms "Company", "holding company" and "subsidiary company" shall have the same meanings as are assigned to them under the Companies Act, 2013 (18 of 2013);

(3) "premises" shall have the same meaning as is assigned to it under clause (51) of section 2 of the Act and the existing electricity connections which are sought to be clubbed, shall also be considered to be entitled for clubbing, even if the same are being availed at two or more such premises; if –

(i) all such premises at which such connections are being availed are contiguous to each other and are not separated by any such other premises, land, plots or roads etc., not solely occupied by such consumers or by the person seeking new connection after clubbing of existing electricity connections; and

(ii) the new connection, after clubbing of existing connections, is sought to be released for the premises encompassing the contiguous premises for which such connections are already existing; and which is intended to be occupied only by such person in whose name the new connection is sought. However there shall be no restriction to enlarge such premises while releasing the new connection so long as the new premises, after clubbing of connections, is entirely continuous and is to be occupied by the new applicant;]

[1][(2) Save as provided in sub-clause (ii) of Clause (b) in sub-regulation (1), in case of reduction of the connected load or contract demand, not attributed to clubbing of loads as per the said sub-clause (ii), including provision thereto, by a consumer-]

(i) the licensee shall maintain adequate spare capacity in the service line for a period of 365 days reckoned from the date of such reduction, so as to meet the load if the said consumer subsequently applies for restoration of his connected load or contract demand so reduced, during the said period of 365 days;

(ii) the infrastructural development charges leviable under sub- clause (i) of clause (b) of sub-regulation (1) shall be charged only for the additional quantum of connected load or contract demand, exceeding the total quantum which was being availed by him prior to such reduction, if the said consumer subsequently applies for restoration of his connected load or [2][contract demand so reduced if the consumer clears all such outstanding dues, if any, as have been billed to him, also including those related to the infrastructure development charges which were payable by him at the time of release of original connection.]

(3) Where a consumer having temporary connection for electricity seeks a permanent connection, the matter shall be dealt with in accordance with respective provisions for disconnection of temporary connection under regulation 8 and for providing a new connection under relevant provisions of these Regulations.

8. Temporary Supplies.- Notwithstanding anything to the contrary contained in these Regulations, but subject to the prior payment of initial security deposit in the case of temporary supplies and the estimated cost of the works required to be executed for giving

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[1] *Subs. beginning of sub-regulation (2) for word* **"Save as provided in Clause (b) in sub-regulation (1) [i.e. in case of reduction of the connected load or contract demand, by a consumer]-"***vide Not. No. HPERC/419 dated 5th September, 2018 published in the R H.P. dated 7th September, 2018 at p.4503-4504.*

[2] *Subs. vide Not. No. HPERC/419 dated 5th September, 2018 published in the R H.P. dated 7th September, 2018 at p.4503-4504 and before its substitution it stood as under:-*

"contract demand so reduced, during the said period of 365 days;"

such supply, the requisite works shall be executed by the licensee subject to adjustments based on actual cost including the cost of material, labour and departmental charges:

Provided that in case an applicant/consumer for temporary supply of power seeks revision of sanctioned connected load/contract demand, he shall be required to pay estimated cost of additional works and/or of strengthening of existing works, if any, which shall also be subject to adjustments based on actual cost, and the difference in security amount on account of such revision of connected load/demand shall also be payable/ refundable as the case may be in accordance with other Regulations:

Provided further that in case the works so executed are dismantled after discontinuance of supply, the cost of the material removed shall, after taking into consideration its condition, be reduced from the costs recovered from the applicant under this regulation and the balance amount, if any, after adjusting any other dues against the applicant/ consumer shall be refunded to him:

Provided further that if the works or a part thereof are not dismantled and the distribution licensee uses the same for some other purposes, the applicant shall bear only 30% of the actual cost of such works as are not dismantled and the accounts shall be settled accordingly:

Provided further that where the licensee refunds the amount so worked out, after making adjustment of the outstanding amount due to him by the applicant/consumer, within a period of thirty days, no interest shall be paid to the applicant/consumer.

9. Withdrawal of application before release of connection.- In case of withdrawal, or deemed withdrawal, of an application by the applicant for supply of power before actual release of connection, the expenses actually incurred for the works for providing supply under regulations 4, 5, 6 and 7 for permanent supply and under regulation 8 for temporary supply, shall be adjusted as per the provisions of the Supply Code:

Provided that for the purpose of such adjustment, actual expenditure for the works under regulations 4, 5, 6 and 7 for permanent supply and under regulation 8 for temporary supply shall be computed as under :-

(i) the actual expenditure (including departmental charges) incurred on the service lines and other works under regulation 4 shall be considered in addition to the expenses determined as per the succeeding clauses of this proviso;

(ii) in cases involving works under sub-regulation (3) of regulation 5, the actual expenditure (including departmental charges) of such works or 10% of the infrastructural development charges at the normative rates under sub-regulation(2) of regulation 5, whichever of the two is higher, shall be considered in addition to the expenditure mentioned in the preceding clause (i) of this proviso;

(iii) in cases where the works under sub-regulation (3) of regulation 5 are not involved, an amount equal to 10% of the amount of infrastructural development charges worked out at the rates fixed by the Commission pursuant to sub-regulation (2) of regulation 5 shall also be considered as the actual expenses in addition to the expenditure mentioned in clause (i) of this proviso;

(iv) in cases involving exclusive work(s) for faciliting supply of power as per the fifth proviso to sub-regulation (2) of the regulation 5, the actual expenditure on such exclusive works shall also be considered in addition to preceding clauses (i), (ii) and (iii) of this proviso;

(v) in cases of applications for additional connected loads or contract demands under regulation 7 of these Regulations, the computations and adjustments shall

be done separately for the respective works falling under regulation 4 and regulation 5 or regulation 6, based on the demand notice issued pursuant to the provisions of regulation 7; and

(vi) in case of temporary supplies, including for additional connected loads/ contract demands for temporary supplies, under regulation 8, the actual expenditure on the works required to be executed for giving such supply or additional connected loads/contract demands shall be considered.

10. Restoration of Supply after Permanent Disconnection.- In case the supply to a premises having permanent connection of electricity has been permanently disconnected in accordance with the provisions of the Supply Code and the original consumer or some other person applies for a connection at such premises, the distribution licensee shall provide supply within the time allowed for a new connection after recovery of expenses applicable for new connections under these Regulations :

Provided that if the service line to such premises has not been removed or used for release of other connections and is in a good condition and also has sufficient spare capacity, after meeting the requirements of all the connections released or committed to be released through the same service line and redundancy of about 30% of the total capacity of such line, to cater to the connected load or contract demand applied for by such applicant, the cost of service line under regulation 4 shall not be recovered and the connection shall be released at the earliest subject to other conditions applicable for release of new connections:

Provided further that in case of such applicants, the amounts worked out under regulation 5 and other Regulations of the Commission shall be recoverable in the same manner as applicable for new connections:

[1][Provided further that if –

(i) the application for such new connection is for a similar connected load or contract demand and supply voltage, as had been sanctioned for the original connection;

(ii) [2][Omitted]

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[1] *Subs. vide 'Not. No. HPERC/419 dated 21st September, 2015 published in the R H.P. dated 22nd September, 2015 at p.3899-3901and before its substitution it stood as under:-*

"Provided further that if –

(i) the application for such new connection is for a similar connected load or contract demand and supply voltage, as had been sanctioned for the original connection;

(ii) the application from the new applicant is received simultaneously or within 60 days from the date on which the original connection was permanently disconnected;

(iii) the provisions of sub-regulation (3) of regulation 5 are not attracted; and

(iv) the applicant clears all outstanding dues, if any, against such previous connection which has been permanently disconnected;

the amount of infrastructural development charges and other costs payable by the applicant for the connected load or contract demand applied for, as per the provisions of regulation 5 shall be reduced by 90% of the amount of the infrastructural development charges worked out at the normative rates under sub-regulation (2) of regulation 5 for the connected load/ contract demand originally sanctioned or for the same applied for by the new applicant, whichever of the two is lower:

Provided further that if-

(i) the application from the new applicant is received after a period of 60 days from the date on which original connection is permanently disconnected; and

(ii) all other conditions, other than condition (ii) as per the third proviso to this regulation are fulfilled:

the percentage rate of such rebate as per the third proviso of this regulation shall be reduced by 5% for every period of 30 days or part thereof after the expiry of initial period of 60 days:

Explanation.- If the application for the new connection is received by the licensee on or after 61st day but upto and inclusive of 90th day from the date of permanent disconnection, the rebate under the fourth proviso to this regulation shall be allowed @ 85% of infrastructural development charges worked out at the normative rate as per sub-regulation (2) of regulation 5 for the connected load/contract demand originally sanctioned or for the same applied for by the new applicant, which ever of the two is lower, and so on for every subsequent block of 30 days till such time the rate of rebate becomes zero:"

[2] *Omitted clause (ii) vide 'Not. No. HPERC/419 dated 5th September, 2018, published in the R H.P. dated 7th September, 2018 at p. 4503-4504 and before its omitted it stood as under:-*

"the application from the new applicant is received simultaneously or within 365 days from the date on which the original connection was permanently disconnected;"

(iii) the provisions of sub-regulation (3) of regulation 5 are not attracted;[1][Omitted]

[2][(iv) the applicant clears all outstanding dues, if any, against the original connection as well as against all such previous connections which existed from time to time at the premises for which new connection is being sought, also including those relating to the infrastructure development charges, for such original connection which was permanently disconnected; and]

[3][(v) the applicant has not permanently surrendered his contract demand/ connected load as per the provisions of sub-clause(ii) of clause (b) of sub-regulation(1) of regulation (7).]

the amount of infrastructural development charges and other costs payable by the applicant for the connected load or contract demand applied for, as per the provisions of regulation 5 shall be reduced by 100% of the amount of the infrastructural development charges worked out at the normative rates, as applicable at the time of receipt of application for new connection, under sub-regulation (2) of regulation 5 for the connected load/contract demand originally sanctioned or for the same applied for by the new applicant, whichever of the two is lower:

[4][Omitted]

Provided further that the rebate admissible as per the [5][third proviso] to this regulation shall be applicable only on the amount of infrastructural development charges worked out at normative rates under sub-regulation (2) of regulation 5 and not on any other charges/costs as may be recoverable in accordance with the second proviso to this regulation.

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1 *Ommitted word* **"and"** *and at the end of item (iv) ins. "and" vide 'Not. No. HPERC/419 dated 23rd January, 2017 published in the R H.P. dated 6th February, 2017 at p. 6943-6945.*

2 *Subs. vide 'Not. No. HPERC/419 dated 5th September, 2018, published in the R H.P. dated 7th September, 2018 at p. 4503-4504 and before its substitution it stood as under:-*

"the applicant clears all outstanding dues, if any, against such previous connection, also including these relating to the infrastructure development charges, for such original connection which has been permanently disconnected; [2][and]"

3 *Ins. item (v) in third proviso vide Not. HPERC/419 dated 23rd January, 2017 published in the R.H.P. dated 6th Feburary, 2017 at p. 6943-6945.*

4 O*mitted fourth proviso vide 'Not. No. HPERC/419 dated 5th September, 2018 published in the R H.P. dated 7th September, 2018 at p. 4503-4504 and before its omitted it stood as under:-*

"Provided further that if-

(i) the application from the new applicant is received after a period of 365 days from the date on which original connection is permanently disconnected; and

(ii) all other conditions, other than condition (ii) as per the third proviso to this regulation are fulfilled:

the percentage rate of such rebate as per the third proviso of this regulation shall be reduced by 5% for every period of 90 days or part thereof after the expiry of initial period of 365 days:

Explanation.-If the application for the new connection is received by the licensee on or after 366th day but upto and inclusive of 455th day from the date of permanent disconnection, the rebate under the fourth proviso to this regulation shall be allowed @ 95% of infrastructural development charges worked out at the normative rate, as applicable at the time of receipt of application for new connection, as per sub-regulation (2) of regulation 5 for the connected load/contract demand originally sanctioned or for the same applied for by the new applicant, which ever of the two is lower, and so on for every subsequent block of 90 days till such time, the rate of rebate becomes zero.]"

5 *Sub. for words* **"third and fourth provisos"** *vide 'Not. No. HPERC/419 dated 5th September, 2018 published in the R H.P. dated 7th September, 2018 at p. 4503-4504.*

[1][Explanations:

(a) The term original connection used in this regulation means the connection as it existed immediately before the permanent disconnection and the sanctioned connected load/contract demand as per the latest status existing immediately prior to permanent disconnection shall be considered as the connected load/ contract demand of the original connection for such purposes. However, the temporary reduction to the extent 50% of such contract demand, if any, under the provisions of the Tariff Order shall not be considered for the purpose;

(b) The condition specified under Clause (iv) of the third proviso to this regulation, being a part of package offer in such cases, shall override the general provision under the existing last sentence of sub-para 5.2.13 of the Himachal Pradesh Electricity Supply Code, 2009.]

11. Maintenance of works.- (1) Notwithstanding anything contained in any other law for the time being in force, all the works erected for providing supply in pursuance of requisition by the applicant, or any portion thereof, which may have been paid for by the applicant making requisition, shall be maintained by the licensee and the licensee shall also have the right to supply electricity to any other prospective applicants or the consumers, through the said works and the said works shall become the property of the licensee.

(2) The interface point of commencement of supply, as determined under the provisions of the Supply Code and the relevant agreements, shall constitute the liability between the licensee and the consumer/ applicant.

12. Departmental Charges.- The expenses recoverable by the licensee under these regulations shall also include the licensee's departmental charges at the rate of 11% of the cost of works.

Explanation.- For the purposes of these regulations, the expression "departmental charges" shall include establishment charges, tools and plant charges, audit and accounts charges, maintenance during construction, loss on stock, design charges and head office prorata expenses.

13. Standard cost data.- (1) The distribution licensee shall, after inviting public objections, submit, on an annual basis, to the Commission for its scrutiny, by 30th September of each year, a cost data book (including departmental charges) duly approved by its Board of Directors/competent authority, which it proposes to adopt for the subsequent financial year, and publish the standard cost data book by 15th November of each year, after attending to the observation or directions, if any, of the Commission, and the same shall form the basis for approving the average or normative rates as per these regulations and also for making the initial estimates for erection of electric lines and/or electrical plants and/or any other works to be executed in order to provide supply to the applicants in cases where the cost is to be recovered on actual basis:

Provided that the licensee shall submit the cost data for the period ending 31st March 2013 within thirty days from the date on which these regulations come into force.

(2) The distribution licensee shall upload the standard cost data, published under sub regulation (1), on its website and also make available the copies of the same to any interested person on demand at a reasonable charge.

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[1] *Added Explanations vide 'Not. No. HPERC/419 dated 5th September, 2018 published in the R H.P. dated 7th September, 2018 at p. 4503-4504.*

14. Schedule of Service Connection Charges.- (1) The distribution licensee shall, within sixty days from the date of commencement of these regulations or within sixty days from the grant of license, whichever is later, file, with the Commission for approval, a schedule of service connection charges to be levied for the matters contained in these regulations and such other related miscellaneous activities, not covered elsewhere, as are required to be undertaken by the distribution licensee to fulfill its obligations to supply electricity to the consumers under the Act:

Provided that the distribution licensee shall also file the schedule of service connection charges alongwith every application for determination of tariff under section 64 of the Act together with such particulars as the Commission may require:

Provided further that while preparing the schedule of service connection charges, the standard cost data as per the sub regulation (2) of Regulation 13, shall be taken into account.

(2) The Commission shall, after examining the schedule of service connection charges filed before it by a distribution licensee under sub- regulation (1), may-

(i) issue an order granting its approval thereon, with such modifications or such conditions as may be prescribed in that order; or

(ii) reject the schedule of service connection charges filed before it for reasons to be recorded in writing if it is not in accordance with the provisions of the Act and/or these Regulations:

Provided that the Commission shall reasonably consider the views of all interested parties before approving, modifying or rejecting the schedule of service connection charges of a distribution licensee under this sub- regulation:

Provided further that the schedule of service connection charges approved by the Commission shall, unless otherwise amended or revoked, continue to be in force for such period as may be prescribed in the order of the Commission granting such approval and also for such extended period as may be approved by the Commission.

(3) Any deviation from the approved schedule of service connection charges shall be only with the prior approval of the Commission.

15. Provisional Schedule of the Service Connection Charges.- (1) Notwithstanding anything to the contrary contained in these Regulations, the Commission may notify provisional schedule of service connection charges to be levied for any of the activity/activities required to be undertaken by the distribution licensee to fulfill its obligations to supply electricity under the Act and the Regulations framed thereunder.

(2) Each provisional schedule of service connection charges notified under sub-regulation (1) shall be for a period of one hundred and eighty days and shall, unless extended by the Commission, cease to be valid and effective on the expiry of period of one hundred and eighty days or the date on which the order approving the schedule of service connection charges is issued under regulation 14, whichever is earlier.

(3) The amount charged under the provisional schedule of service connection charges notified under sub-regulation(1) shall be adjusted against the amount chargeable under the schedule of service connection charges approved by the Commission under regulation 14:

Provided that where the provisional amount charged exceeds the amount chargeable under the schedule of service connection charges approved under regulation 14,

the licensee shall pay simple interest @6% per annum on the excess amount so charged for the actual number of days falling between the date of the receipt of such excess amount and the date of adjustment of such amount:

Provided further that such excess amount, alongwith simple interest @ 6% per annum, shall be adjusted within ninety days from the date of Commission's order approving the schedule of service connection charges under regulation 14, failing which the defaulting licensee shall, in addition to the excess amount and simple interest @ 6% per annum upto the permitted period of ninety days , also be liable to pay simple interest @ 12% per annum on the excess amount, for the period till the date of such adjustments beyond the permitted period of ninety days:

Provided further that where the amount charged on provisional basis is less than the amount chargeable under the schedule of service connection charges approved by the Commission under regulation 14, the beneficiaries shall pay, within 30 days of its billing by the licensee, the same alongwith simple interest @6% per annum on the deficit amount for the actual number of days falling between the date on which the provisional payment was made and the date of payment of such deficit amount:

Provided further that in case the deficit amount, alongwith simple interest @6% per annum, is not paid by the concerned beneficiary within thirty days from the date of its billing by the licensee, the defaulting beneficiary shall, in addition to the deficit amount and the simple interest @ 6% per annum upto the date on which the permitted period of 30 days expires, be also liable to pay simple interest @ 12% per annum on the deficit amount, for the period till the date of such payment(s) beyond the permitted period of 30 days and the same shall further be without prejudice to this licensee's right to disconnect supply to the consumer after giving a notice of atleast 30 days.

16. Accounting of the amounts recovered.- The amounts recovered by the distribution licensee under various provisions of these Regulations on various accounts for supply at different voltage levels shall be accounted for separately as capital receipts under separate accounting heads and sub-heads for permanent and temporary connections and also each type of charges as well as for each category of voltage level and shall, subject to the provisions of sub-regulations (5), (6), (7) and (8) of regulation 5, be used exclusively for meeting a part of the capital expenditure under the capital expenditure plan:

Provided that such capital receipts shall, as far as possible, be utilized in an equitable proportion of the estimated cost of various works of the respective categories and respective voltage levels:

Provided further that the capital receipts in respect of the works required exclusively for an applicant or group of applicants shall be used for such exclusive works only.

17. Execution of works.- The service lines and other works required for supplying power to the applicant(s) shall normally be executed by the distribution licensee:

Provided that the applicant or the consumer, as the case may be, may, with the prior approval of the distribution licensee which shall ordinarily not be refused, execute the service line through an electrical contractor licensed by the Electrical Inspector, and in such cases, the following provisions shall apply-

(i) all the requisite clearances under various laws shall be obtained by the applicant;

(ii) the applicant shall be liable to pay the departmental charges @ 6.25% of the estimated cost for the specific works or of the corresponding amount worked

out by accounting for the average/normative rates, if approved by the Commission under regulation 4, whichever is higher;

(iii) such option shall be available to the applicant only for the service line to be executed exclusively for the applicant; and

(iv) works other than service line shall be executed by the distribution licensee unless mutually agreed otherwise by the distribution licensee with the applicant, on mutually agreed terms and conditions.

Note: The provisions under the first proviso to this regulation shall also apply for execution of service lines to be executed exclusively for a group of applicants or consumers, as the case may be, if all the members of such group enter into an agreement amongst themselves and nominate their representative who shall then deal with the distribution licensee for such matters.

18. Differential Costs.- (1) The distribution licensee shall recover the expenses and/or charges for giving electricity connections to the applicants as per the provisions of these Regulations and any other additional expenses, as are not recoverable from the applicants under any Regulations or Law, shall be met out of the approved financial provisions of the capital expenditure plan.

(2) In cases where the cost of certain works is to be recovered from the applicant or group of applicants initially on the basis of estimate and such recovery is subject to adjustment as per actual as per the provisions of these regulations, the following provisions shall apply:-

(a) the estimate shall be prepared on the basis of the standard cost data as per sub regulation (2) of Regulation 13; and

the licensee shall, within ninety days of commissioning of the works, render to the applicant/consumer, the account of expenditure showing the excess or deficit in relation to the initial estimated amount giving details of item wise estimation and actual expenditure alongwith the item wise figures of variance to the extent possible and if applicant requires any additional information, the distribution licensee shall furnish the same within ten days of receipt of such requisition.

(3) The distribution licensee shall recover or refund, as the case may be, the difference between the actual expenditure and the estimated cost within 60 days from the submission of account and the unrefunded or unrecovered amounts, as the case may be, shall attract simple interest @ 12% per annum for the period beyond the said limit of 60 days.

19. Way-leaves, Consents and Acquisitions.- (1) Subject to the provisions of the rules framed by the State Government under sub-section (2) of section 67 and clause (b) of sub-section (2) of section 180, of the Act, the licensee shall try to obtain any way leaves, consents and acquisitions required for placing of any wires, poles, wall brackets, stays apparatus and appliances for the carrying electricity, or for the transmission of telegraphic or telephonic communications necessary for proper coordination of the works of the licensee while giving connection to the applicant:

Provided that in cases where the cost of works is to be recovered from the applicant on actual basis, the cost of obtaining the permissions shall also be recovered on actual basis and in cases where the recovery is to be made at normative rates, the cost of obtaining such permissions shall be borne by the licensee:

Provided further that where wires are to pass over other person's land, premises or building, the wires shall be routed along the boundary lines of the said land, set back of the building, streets and roads, whichever is feasible.

(2) The applicant/consumer shall provide required space within his premises for transformer and associated equipments including metering arrangements, if so required by the licensee at any stage.

20. Manner of Payments.- The applicant shall, before the commencement of work of laying service line under regulation 4 and any other works for which the entire cost of the works is required to be paid by him as per the provisions of these regulations, deposit on notice of demand, the entire amount, not limited to the cost of such works only, payable under these Regulations and all other relevant Regulations.

21. Demand Notice. - Demand notice valid for 90 days shall be sent by the registered AD post to the applicant within the time frame laid down in Himachal Pradesh Electricity Regulatory Commission (Licensee's Duty for supply of Electricity on Request) Regulations, 2004:

Provided that the demand notices to be issued on or after the date of commencement of these regulations shall suitably incorporate the terms and conditions of these regulations, apart from other conditions as per other Regulations and Codes of the Commission:

Provided further that if any of the terms and conditions of these regulations remain unaccounted for in any of the demand notices issued on or within 90 days from the date on which these regulations come into force, the licensee may revise the same, so as to incorporate the terms and conditions as per these Regulations and the Act:

Provided further that the demand notices issued prior to commencement of these Regulations and/or the demands still to be raised against the loads/demands released prior to commencement of these Regulations, shall continue to be governed by the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 and other relevant Regulations and Codes of the Commission, but not including these Regulations, unless the Commission issues any specific order in this regard:

Provided further that in case of non-compliance of the demand notice within the period mentioned in such notice or within such period as may be mutually agreed between the licensee and the applicant, the application, against which the demand notice had been issued, shall be treated as withdrawn and the matter shall be further dealt with in accordance with relevant governing Regulations and Codes of the Commission.

22. Power to remove difficulties.- If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, suo-motu or on an application, by general or special order, take suitable action or direct the distribution licensee to take such suitable action not being inconsistent with the Act which, in the opinion of the Commission, is necessary or expedient for removing such difficulties.

23. Issue of orders and practice directions.- Subject to the provisions of the Act and these Regulations, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of these regulations and the procedures to be followed on various matters for which the Commission has been empowered by these Regulations or the Act to lay down and also for the matters incidental or ancillary thereto.

24. Inherent power of the Commission.-(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such

orders as may be necessary for meeting the ends of justice or to prevent the abuse of the process of the Commission.

(2) Nothing in these Regulations shall bar the Commission from adopting a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded, in writing, deems it necessary or expedient.

(3) Nothing in these Regulations shall, expressly or impliedly, debar the Commission to deal with any matter or exercise any power under the Act for which no regulations have been framed and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

25. Repeal and Savings.- (1) Save as otherwise provided in these Regulations, the Himachal Pradesh Electricity Regulatory commission (Recovery of Expenditure for supply of Electricity) Regulations, 2005 are hereby repealed.

(2) Notwithstanding such repeal-

(a) anything done or any action taken or purported to have been done or taken including any appointment made or any document or instrument or any direction given under the repealed regulations, shall be deemed to have been done, taken, made or given or purported to have been done, taken made or given under the corresponding provisions of these Regulations; and

(b) all orders made and documents executed before the commencement of these Regulations, shall continue to apply for the period for which such order has been made or the document has been executed.

By Order of the Commission
Sd/-
Secretary

Notification and Orders issued
under
Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012

[1] [Provisional Arrangement for Normative Infrastructural Development Charges]

NOTIFICATION

Shimla, the 29th May, 2012

No. HPERC/419.- The Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers vested in it under Regulation 15 of the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 and all enabling provisions in this behalf, hereby formulates and notifies the provisional arrangements with regard to the normative infrastructural developmental charges, to be charged under sub-regulation (2) of regulation 5 of the said Regulations, as under:

(a) In case of applicants to whom supply is to be given under two part tariff (i.e. demand charges and energy charges) as per the tariff order of Commission, the distribution licensee shall recover the normative infrastructural development charges on provisional basis, at the following rates:

(i) upto first 100 kVA of the contract demand Rs.1000 per kVA

(ii) for the balance contract demand, Rs. 2500 per kVA if any, in excess of 100 kVA

Note.- In case of additional demands covered under sub-clause (i) of clause(b) of sub-regulation (1) of Regulation 7 of the said Regulations, the rate(s) applicable under relevant higher slab(s) shall be applicable. To illustrate, if the contract demand is increased from 110 kVA to 140 kVA, such charges shall be levied for 30 kVA at Rs.2500 per kVA. However, if the contract demand is increased from 60 kVA to 90 kVA, such charges shall be levied for 30 kVA @ Rs.1000 per kVA.

(b) In case of applicants to whom supply is to be given under single part tariff (i.e. energy charge) as per the tariff order of the Commission, the distribution licensee shall recover normative infrastructural development charges, as per the practice, which was prevalent prior to commencement of the said regulations of 2012, in accordance with Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 for recovery of corresponding charges of similar nature.

(2) These provisional arrangements shall, unless modified, be applicable for a period of 180 days from the date of issuance of this notification or the date of approval of the schedule of service connection charges under regulation 14 of the said Regulations, whichever is earlier.

(3) The final recovery of such charges shall be made in accordance with the schedule of service connection charges to be approved by the Commission after submission of the proposal by the distribution licensee in accordance with regulation 14 of the said

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1 *Published in the R H.P. dated 30th May, 2012 at p. 1533-1534.*

regulations of 2012 and the amount recovered, if any, made in accordance with their provisional arrangements shall be subject to adjustments as per provisions under Regulation 15 of the said Regulations.

(4) These provisional arrangements shall, subject to provision of regulation 21 of Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012, come into force with immediate effect.

By order of the Commission
-Sd-
Secretary

[1]NOTIFICATION

Shimla, the 7th January, 2013

No. HPERC/419 WHEREAS the Himachal Pradesh Electricity Regulatory Commission, in exercise of powers vested in it under regulation 15 of the Himachal Pradesh Electricity Regulatory Commission(Recovery of Expenditure for Supply of Electricity) Regulations, 2012 and all enabling provisions in this behalf formulated and notified, vide its notification dated 29th May,2012, the provisional arrangements with regard to the normative infrastructural development charges to be charged under sub-regulation (2) of Regulation 5 of the said Regulations.

AND WHEREAS the Himachal Pradesh State Electricity Board Ltd. has filed a petition for approval of schedule of service connection charges as per regulation 14 of the said Regulations which also includes the proposal for normative infrastructural development charges as aforesaid.

AND WHEREAS the aforesaid petition for approval of the normative rates per KVA/KW for different category voltage wise is under consideration of the Commission.

NOW THEREFORE, the Commission in exercise of the power vested in it under Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 and all enabling provisions in this behalf, hereby further notifies that the provisional arrangements with regard to normative infrastructure development charges, to be charged under sub-regulation (2) of Regulation 5 of aforesaid Regulations, as notified vide aforesaid notification dated 29th May, 2012 shall remain in force till 30th April, 2013 or the date of finalization of the normative infrastructural development charges, whichever is earlier .

All other terms and conditions of aforesaid notification dated 29th May, 2012 shall remain un-changed.

By order of the Commission
-Sd-
Secretary

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1 *Published in R H.P. dated 8th January, 2013 at p. 5801.*

In Case No.315/05

…

Present for: HPSEB : Sh. Surinder Chandra, CE(Com)
Consumer Representative: None

Order

…

Heard. The Commission herewith clarifies the issues raised by HPSEB in its clarificatory petition on HPERC (Recovery of expenditure for supply of electricity) Regulation, 2005.

Sr. No.	Regulation	Interpretation of the Licensee	Clarification
1	3(1)(a) in the case of application for low tension supply where such supply requires only laying the service line from the existing distributing mains to the consumer's premises, the distribution licensee shall estimate and recover the cost of service line and the cost of terminal and metering arrangements at the premises of the consumer. The cost of meter shall not be included;	In case capacity is available at the existing transformer and only laying of service line is required, only the cost of service line as well as terminal equipment is to be charged from the consumers excluding the cost of metering arrangements.	The interpretation of the licensee is correct except that the cost of meter including CT, PT and not the metering arrangement shall be excluded.
2	3(1)(b) in the case of application where there is a need to erect new electrical plant such as distribution transformer (DTR) alongwith the switch gear etc., for extending supply to the applicant for low tension connection, the licensee shall estimate and recover the cost of electrical plant as follows,- Cost of the works of erection of Distribution transformer DTR) including the cost of switchgear and transformer (in rupees) =P Rated capacity of DTR (kVA) =Q Cost per kVA (in rupees) =P/Q Contract Demand of the applicant (kVA) =K Amount payable by the applicant towards electrical Plant (in-rupees) =K*(P/Q) Provided that the distribution licensee shall estimate the cost of electrical plant and works based upon the approved latest cost data as published by the distribution licensee:	In case the augmentation of distribution transformer is required to release the load to the applicant then proportionate cost on Contract Demand (in KVA)/ Connected Load (KW in case of domestic consumers) is to be charged from consumers.	The interpretation of the licensee is correct and should be read with special order No. 414 issued on 6th Oct. 2005 in respect of applicability of Contract Demand and connected load.

	Provided further that the standard minimum size of the distribution transformer (DTR) viz. single phase 6.3 kVA, 10 kVA, 16 kVA individually or in banking mode or three phase 25 kVA shall be proposed to meet with the contract demand of the applicant: Provided further that in case there are subsequent applications for supply or additional supply and the existing electrical plant has –		
3	3(1)(b)(i) adequate spare capacity to meet with the additional demand, or	To be charged as per interpretation given against Regulation 3(a)	The interpretation is incorrect. The recovery charges shall be as per regulation 3(1)(b) and not 3(1)(a)
4	3(1)(b) (ii) spare capacity but not sufficient to meet with the additional demand, and there is need to strengthen/augment the existing electrical plant for meeting the additional supply, The licensee shall estimate and/or recover the cost in the like manner, including the actual cost already incurred, with compound interest at the rate of 8% per annum on prorata basis and the credit of the depreciated cost of old/existing electric plant rendered surplus on account of augmentation shall be afforded in the estimate;	In case for the release of additional load if the existing distribution transformer is required to be augmented and as per the provision necessary credit for dismantled material at depreciated cost is also to be afforded so the consumer is required to pay the cost/KVA of additional capacity created by augmentation i.e. net cost of Augmentation/ additional capacity created.	The interpretation of the licensee is correct provided that the cost already incurred before the commencement of these regulations shall not be recovered in respect of the spare capacity existing in the Transformer. Only the cost for meeting balance additional load shall be estimated and recovered in the like manner.
5.	3(1)(c) in the case of applications where there is need to erect, strengthen, augment or extend the 11 kV, 22 KV or LT line in order to establish a distribution transformer and extend supply to the applicant, the distribution licensee shall estimate and recover the cost of such section of 11 KV, 22 KV or LT line per kilometer basis based upon the approved latest cost data as published by the distribution licensee.	If there is need to extend 11/22 KV or LT line for the establishment of distribution transformer, the total cost of line and distribution transformer will be recovered on per KVA basis of capacity of distribution transformer. There is no provision in the Regulations for charging the cost of upstream augmentation of sub-station. However, there may be cases, where for the release of connections on L.T. the capacity augmentation of	HPSEB shall read these regulations in conjunction with the standard voltages specified in the tariff order for FY,2005-06 and from time to time. In case of HT and EHT consumers, the recovery of cost shall be for the up-gradation of feeding sub-station and the line only and not the up-gradation of upstream sub-station/line. It is further clarified that recovery charges from the consumer

		33/11 KV S/stn. Is also needed. It is required to be clarified whether the cost of upstream up-gradation is also to be recovered from LT consumers. Further, it also needed to be clarified whether the total cost of capacity augmentation is required to be apportioned to augmented capacity only.	shall be apportioned to the additional augmentation and not the total augmented capacity provided that the cost already incurred before the commencement of these regulations shall not be recovered in respect of the spare capacity existing in the Transformer. Only the cost for meeting balance additional load shall be estimated and recovered in the like manner.
6.	4(1)(a) In the case of the application for new connection, where such supply requires only extension of high tension line from the existing network to the consumer's premises, the distribution licensee shall estimate and recover the cost of works, service line and the cost of terminal and metering arrangements at the premises of the consumer, but not including the cost of meter and current transformers and/or potential transformer used for metering. The distribution licensee shall estimate and recover the cost of service line on per kilometer basis and the cost of metering arrangements based on the latest approved cost data as published by the distribution licensee;	To be dealt with as per interpretation of (3)(1)(a) above.	The interpretation of the licensee is correct except that the cost of meter including CT, PT and not the metering arrangement shall be excluded.
7.	4(1)(b) In the case of application where there is a need to erect a new power transformer or augment the capacity of existing power transformer with or without bay extension at a 33/11 kV sub-station for extending supply to the applicant, the distribution licensee shall estimate and recover the cost of the works involved in the *manner* mentioned in clause (b) of sub-regulation (1) of regulation 3;	To be charged as per interpretation of 3(1) (a)	The interpretation is incorrect. The recovery charges shall be as per regulation 3(1)(b) and not 3(1)(a) except that cost of meter including CT, PT and not the metering arrangement shall be excluded.
8.	4(1)(c) in the case of applications where there is a need to erect a new 33/11 kV sub-station in order to	In such cases also the cost share is to be charged proportionate to	The interpretation of the licensee is correct.

	extend supply to an individual applicant, the distributing licensee shall estimate and recover the cost of such sub-station.	the contract demand of the consumer.	
9.	4(1)(d) In the case of application where there is need to erect , strengthen, augment or extend the HT line in order to establish a power transformer and/or 33/11 kV sub-station for extending supply to the applicant, the distribution licensee shall estimate and recover the cost of such section of EHT line on per kilometer basis.	In such case cost of HT line as well as Sub-station is to be charged on proportionate basis. However, clarification on the recovery of cost of section of EHT line as mentioned in 4(d) of the regulations.	The word EHT shall be replaced by HT and the necessary draft amendment to this effect is being notified by the Commission.
10.		In case the consumer is to be provided connection from a Sub-station on primary voltage of the transformer in that case the cost share is to be regulated according to the capacity available at upstream sub-station i.e. feeding sub-station.	The interpretation of the licensee is correct.

As required under regulation 13 of HPERC (Recovery of Expenditure for Supply of Electricity) Regulations 2005, the Board shall file the cost data book by 31st December 2005 with the Commission for its approval.

(S S Gupta)
Chairman

Dated: 31/10/2005

Clarification sought by HPSEB Ltd. regarding adjustment of advance cost share.

ORDER

Dated: 2nd May, 2011

1. HPSEBL, vide their letter dated 8.04.2011, has sought clarification regarding mechanism for adjustment of advance cost share towards infrastructural developmental charges @ Rs. 1000 per kW/kVA of load applied as per para 3.2.2 read with para 3.2.5 of H.P. Electricity Supply Code 2009, because there is no provision under HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 regarding infrastructural developmental charges and adjustment/recovery thereof.

2. Para 3.2 of the H.P. Electricity Supply Code 2009 has the following provisions:-

(i) 3.2.2. The consumer shall apply, for grant of Power Availability Certificate, on payment of _
……
advance cost share towards infrastructural developmental charges, calculated @ Rs. 1000 per kW/kVA of the load applied for .

(ii) 3.2.5 The applicant may, after grant of power availability certificate in para 3.2.3, submit the application to give supply of electricity to the premises and the licensee shall adjust …….. and the advance cost share towards initial estimated amount payable under Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2005.

3. Regulation 3(1) of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 as well as 4(1) and 5(1) thereof provide for estimate to be prepared by the licensee for recovery of cost under various situations with respect to low tension supply, high tension supply and extra high tension supply respectively, the salient features which are as under:-

(a) In all the three cases of supply, the entire cost of the extensions of line from the existing network and terminal and metering arrangement at the consumer premises is required to be met by the applicant consumer.

(b) The second provisos with respect to all the three types of supply pertain to the situations where there is a need for erection of a new transformer or for augmentation of the existing transformer and imply that the applicant consumer has to share the cost in ratio of capacity to be utilised for supply to be made against the total capacity created or to be created.

However, with respect to HT supply there is also a specific provision that if new 33/11 KV Sub-station is required to be constructed to extend supply to an individual applicant, he will bear cost of construction of such Sub-Station.

(c) With respect to erection, strengthening, augmentation or extension of line for setting up of new sub-station/transformer, there are separate and different provisos for different supplies as under:-

(i) For LT supply, if there is a need to erect, strengthen, augment or extend 11 kV, 22 kV or LT line for establishing a distribution

transformer in order to extend supply to the applicant, the cost thereof is to be paid by him for such section of line, on per kilometre basis.

(ii) For HT supply, if there is a need to erect, strengthen, augment or extend HT line for the purpose of establishing a power transformer and/or setting up of 33/11 kV Sub-station so as to extend the supply to the applicant, the cost thereof is to be paid by him for such section of line, on per kilometre basis.

(iii) With respect to EHT, if there is a need to erect, strengthen, augment or extend EHT line for establishing a power transformer so as to extend supply to the applicant, the cost thereof is to be paid by him for such section of line, on per kilometre basis.

4. Sub-regulation 3(1) of the HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2005 for LT supply, 4 (1) thereof for the HT supply and 5(1) thereof for EHT supply, also contain similar/common provisos for recovery of the cost from subsequent applicants if the system created for the supply to first applicant has spare capacity to meet the requirement of subsequent load for supply/additional supply. The relevant portion reads as under:-

"Provided further that in case there are subsequent applications for supply or additional supply and the existing electrical plant has –

(i) adequate spare capacity to meet with the additional demand, or

(ii) spare capacity but not sufficient to meet with the additional demand, and there is need to strengthen/augment the existing electrical plant for meeting the additional supply,

the licensee shall estimate and/or recover the cost in the like manner, including the actual cost already incurred, with compound interest at the rate of 8% per annum on pro rata basis and the credit of the depreciated cost of old/existing electric plant rendered surplus on account of augmentation shall be afforded in the estimate."

5. The various other provisions contained in the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005, with regard to recovery of cost, manner of payments and option for payment through monthly rentals, are as under :-

(i) **6. Recovery of Cost** : (1) Subject to the provisions of sub-regulation (2), the balance cost of electrical plant and/or electric line after deducting the amount payable by the applicant under sub-regulation (1) of regulation 3, regulation 4 and regulation 5 shall be either invested by the licensee or paid for by the applicant and where licensee's investment approval does not permit this cost, the licensee shall recover the total balance cost from the applicant:

Provided that the balance cost shall be refunded to the applicant as and when new connections are installed or given from the electrical plant

and/or electrical line on pro rata basis with the interest rate of 8% compounded annually.

Provided further that notwithstanding anything contained in any other law for the time being in force, balance cost due shall be recoverable from subsequent applicant(s) and the bills of the consumer who had paid the balance cost shall be invariably flagged continuously until paid fully.

(ii) **8. Manner of Payments**.- The applicant shall, before the commencement of work, deposit 100% payment on notice of demand for amount payable under sub-regulation (1) of regulation 3, regulation 4, regulation 5 and regulation 7.

(iii) **9. Option of paying through monthly rentals**.- (1) Where the works for supply are covered under the approved investment plan of the licensee, the applicant shall have the option either to pay the cost of works and/or service line (including terminal and metering arrangement), electrical plant and/or 11kV, 22 kV or LT/HT/EHT Line in lump sum as specified under sub-regulations (1) of regulation 3, regulations 4,5 and 7 or pay the same alongwith interest @ 8% , compounded annually, in equal monthly instalments within a period of 10 years reckoned from the actual date of supply of electricity.

(2) Where a consumer who in the first instance elects to pay the monthly instalments, afterwards desires to pay in lump sum shall be allowed to pay the balance amount of the total cost after adjusting the instalments already paid by him on Net Present Value @ 8% Discounted Cash Flow. The monthly instalments shall cease from the date, the entire cost is so paid by the consumer in all cases.

6. Regulation 9 provides that in cases where the cost of works of supply is invested, either fully or partially, by the licensee under approved investment plan, the same, alongwith interest, will be recovered from the concerned applicants in instalments. Similarly, the second proviso to Regulation 6 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005, as reproduced in para-5 above substantiates that, except for the dedicated system required to be provided for supply of power to the consumer premises, the applicant consumer is one of the beneficiaries bearing a part of the cost and the balance cost paid by him shall be refunded to him when such cost is recovered from subsequent applicant(s).

7. The HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 thus enshrine the basic spirit that each applicant would pay for (i) the cost of dedicated system to be erected for supply of power to him; and (ii) the cost of certain common system, actually created or to be created, for supply of power to the applicant(s), on pro rata sharing basis. Such works covered in (ii) above for which the cost is to be borne by the applicant(s) on pro rata basis, by virtue of their nature form a part of the infrastructural works as there are more than one beneficiary under such arrangement. These could normally include creation of a new substation or augmentation of the transformation capacity at a substation, as the case may be, and the electrical lines connected to such substation (one each on the incoming and outgoing side) and could involve various combinations of voltages and capacities of the substations and the electrical lines as well as the length(s) of the electrical line(s) required for various applicants. Based on the spirit

enshrined in the aforesaid Regulations, as described above, each applicant must pay for the cost of such infrastructural works in proportion to the estimated usage of such works by him irrespective of the voltage and capacity of the transformer/sub-station and lines. This not only meets the natural ends of justice but is also in conformity with provisions of section 46 of the Electricity Act, 2003. Accordingly, the cost of new substations or the augmentation of transformation capacities, as the case may be, actually provided or to be provided, for supply of power to the applicant should be shared by the applicant on per MVA basis and the same for each section of the line(s) should be shared by the applicants on the basis of per MVA per Kilometre. However, in cases where, in the beginning, there are not many applicants to fully utilize the capacity of such infrastructural works, the balance cost of such works (i.e. after deducting the pro rata share of the applicant on the above lines) shall be invested either by the licensee or by the applicant in accordance with Regulation 6(1) of the aforesaid Regulation and should, after recovery from the subsequent applicant(s) alongwith interest, be passed on to the party (i.e. licensee or the original applicant) which actually invested such balance cost.

8. Even though as per regulation 8 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005, the applicant is required to deposit, before the commencement of the work, 100% payment on notice of demand, the Supply Code also contains some special additional provisions relating to power availability certificates (PACs) for loads exceeding 100 KW. In accordance with para 3.2.4 of the Supply Code , PAC to be issued as per the provisions of the said Code shall be valid for a period as may be mutually agreed by the licensee and the applicant but not exceeding three years. It thus become binding for the licensee to provide connection within a reasonable period if the application is received form the applicant within the validity period of PAC. On the other hand, the Supply Code provides for certain payments in shape of adjustable advance by the applicant as a pre condition to the issuance of the PAC. The PAC thus form an understanding between both the parties i.e. licensee and the applicant and both the parties are expected to carry out parallel activities for supply and drawal of power. The common works as referred to in para 7 above, which by virtue of their nature form a part of infrastructure to be provided at the cost of the applicant(s), may normally involve longer timelines for their execution and as such may require advance action by the licensee for creating such systems in anticipation of the receipt of applications, preparation of estimate for each applicant and compliance of the codal formalities by the applicants.

9. In view of the foregoing and to adhere to the provisions relating to the time limits for release of connection by the licensee to the applicant, as specified under the HPERC (Licensee's Duty for Supply of Electricity on Request) Regulations, 2004, it thus normally becomes necessary for the licensee that the infrastructural works, as described above, are taken up in hand even before the receipt of applications from all the applicants to be fed from such systems particularly when the timelines for execution of such works may also require coordination with the programme for release of connections to the other applicants in the area. The requirements with regard to time limits as well as availability of funds for the purpose are obviously more predominant in case of higher loads. The provisions contained in para 3.2 of the HP Electricity Supply Code, 2009 with regard to payment of advance amount @ Rs. 1000 per kW/kVA takes care of this requirement to a considerable extent as this provides for payment of certain amount as adjustable advance to the licensee to enable it to take up such works, in advance of the actual receipt of the application for the various applicants requiring connection in the area, preparation of estimates for each applicant and compliance of requirement by them. Even though the term "Infrastructural

Developmental Charges" has not been defined in the said Supply Code or in the aforesaid Regulations, the adjustable advance amount to be paid by the applicants on the aforesaid account at the time of obtaining PAC can be aptly termed as Infrastructural Developmental Charges. The amount so collected by the licensee is however, required to be adjusted by the licensee at the time of issuance of the demand notice in accordance with para 3.1.4 of the Supply Code, against the estimated amount payable as per the various provisions and the spirit enshrined in the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2005 as described above. In this connection it is worth mentioning that in addition to such common works forming one part of the infrastructural works to be provided at the cost of applicants, the licensee has also to make arrangements for the upstream systems for which funds are normally required to be arranged by the licensee by including the same in the investment plan.

10. From the harmonious reading of various provisions of the aforesaid Regulations read with the provisions of Supply Code as well as Section 46 of Electricity Act, 2003, it is amply clear that the amount of Rs.1000 per kW/kVA payable by the applicant at the time of obtaining power availability certificate is an adjustable advance amount to be given by the applicant to the licensee at a fixed rate so as to enable the licensee to meet the cost of infrastructural works i.e. transformer, sub-station, line etc. (excluding extension of line from existing net-work to the consumer premises, being a dedicated work) as are normally required to be taken up in anticipation of receipt of applications from the applicant and preparation of estimates for individual applicants keeping in view the overall requirement. Since the applicant is one of the beneficiaries, he is liable to share proportionate cost of such infrastructure. As described above, the Regulations further provide for sharing the balance cost of such infrastructure, whether invested by the original applicant or by licensee through the approved investment plan, by the subsequent applicants on the same principles.

11. For adjustment of such amount, it is essential that when the applicant applies for supply of electricity to the premises, the estimate has to be prepared and communicated to him after adjustment of Rs. 1000 per kW/kVA, indicating recoverable part/ recoveries thereupon from the applicant. Within 3 months after release of connection, the licensee has to render to the applicant consumer, the account of expenditure showing the excess or deficit in relation to initial estimated amount and any refund to the consumer in the event of deficit expenditure or recoveries in the event of excess expenditure shall be regulated as per the regulation 6 (2) of the HPERC (Recovery of Expenditure for Supply of Power) Regulations, 2005 and final adjustment shall be done accordingly. However, if the applicant fails to submit the application for supply of power within the validity period of the PAC or declines to take the supply, the said amount of Rs. 1000 per kW/kVA shall be regulated as per para 3.2.6 of the Supply Code.

Commission clarifies accordingly.

(Subhash C Negi)
Chairman

[1][The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012]

Amended, repealed and otherwise affected by-

1. *(First Amendment) Regulations, 2015 notified vide Not. No. HPERC/428 (Vol-VIII) dated 11.02.2015 published in R H.P. dated 19.02.2015 at p.6291-6293.*
2. *(Second Amendment) Regulations, 2016 notified vide Not. No. HPERC/428 dated 11.04.2016 published in R.H.P. dated 13.04.2016 at p. 235-237.*
3. *(Third Amendment) Regulations, 2017 notified vide Not. No. HPERC/428 dated 31.03.2017 published in R.H.P. 06.04.2017 dated at p. 83-85.*

NOTIFICATION

Shimla, the 17th December, 2012

No. HPERC/428- WHEREAS an adequate updated regulatory framework sensitive to the requirements of various stakeholders is required to be in place to optimally harness the potential of renewable sources, especially the small hydro, in Himachal Pradesh;

AND WHEREAS in accordance with the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007 the tariff and other related issues for SHPs upto 5 MW were determined through an Order dated 18th December, 2007;

AND WHEREAS the existing Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007, specify that the tariff for SHPs not exceeding 5 MW capacity is subject to review after every 5 years;

AND WHEREAS in view of the changing circumstances and experiences gained over the years, it is felt that the existing regulations require substantial updation and rationalization and, therefore, it has become necessary to put in place a new set of regulations in respect of renewable energy sources in the State of Himachal Pradesh;

AND WHEREAS the Commission, as required under sub-section (3) of section 181 of the Electricity Act, 2003 (Act No. 36 of 2003) and read with rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, has published the draft regulations in the Rajpatra, Himachal Pradesh, dated 27th July, 2012 and uploaded on the Commission's Website for the information of all the persons likely to be affected and also invited, within 30 days from the aforesaid publication in the Rajpatra, Himachal Pradesh,

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1 *Published in R H.P. dated 17th December, 2012 at p. 5490-5517.*

the public objections/ suggestions by way of insertions in newspapers "The Tribune" and "Amar Ujjala" dated 29th July, 2012 having circulation in the State of Himachal Pradesh. The said period of 30 days allowed for submission of objections and suggestion, was further extended upto 15th Oct., 2012. The suggestions/ objections received in respect to the draft regulations have been duly taken into consideration;

NOW, THEREFORE, the Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred under section 61, sub-section(1) of section 62, clauses (a), (b) and (e) of sub-section(1) of section 86 and clause (zd) of sub-section(2) of section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, hereby makes the following regulations, namely :-

CHAPTER-I
PRELIMINARY

1. **Short title and commencement. -** (1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012.

(2) These Regulations shall come into force on 18.12.2012, and unless reviewed earlier or extended by the Commission, shall remain in force till [1][30.09.2017.]

2. Definitions and Interpretation.- (1) In these Regulations, unless the context otherwise requires,-

(a) **'Act'** means the Electricity Act, 2003 (36 of 2003);

(b) **'Auxiliary energy consumption'** or 'AUX' in relation to a period in case of a project means the quantum of energy consumed by auxiliary equipment of the generating station, and transformer losses within the generating station and/or switchyard thereof, expressed as a percentage of the sum of gross energy generated at the renewable energy generator terminals of all the units of the generating station;

(c) **'Capital cost'** means the capital cost as defined in regulation 20;

(d) **'Commission'** means the Himachal Pradesh Electricity Regulatory Commission referred to in sub-section (1) of section 82 of the Act;

(e) **'Conduct of Business Regulations'** means the Conduct of Business Regulations specified by the Commission under sub-section (1) of section 92 of the Act;

(f) **'Control period or review period'** means the period during which the norms for determination of tariff specified in these Regulations shall remain valid;

(g) '**Date of commencement of operation of the project'** means the date on which the first unit of the project is synchronized with the grid for the first time;

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[1] *Sub. for* **"31.03.2017***"vide Not. No. HPERC/428 dated 31st March, 2017 published in the R.H.P. dated 6th April, 2017at p. 83-85.*

(h) **'Renewable energy generator'** means the person(s) generating or intending to generate energy, including cogeneration, from renewable energy sources;

(i) **'HIMURJA'** means the Himachal Pradesh Energy Development Agency set up by the State Government for the development of the renewables;

(j) **'Installed capacity'** or **'IC'**, for the purpose of tariff determination, means the summation of the name plate capacities of all the units of the generating station, (reckoned at the renewable energy generator terminals), *o*r the capacity for which the renewable energy generator has executed implementation agreement with the State Government, whichever is higher;

(k) '**Interconnection facilities'** means all the facilities and works which shall include, without limitation, switching equipment, protection control and metering devices etc. and all the associated works (also including civil and electrical works), for the incoming bay(s) for the project line(s) at the interconnecting sub-station of the licensee and shall also include any other works like re-organisation of bays at the interconnecting sub-station and associated civil works as may be required for facilitating the said incoming bays;

(l) **'Inter-connection point'** means the physical touch point where the project line(s) and the allied equipments of the interconnection facilities, forming part of the renewable energy project, are connected, or are to be connected, with the transmission system or distribution system, in accordance with the interconnection agreement/connectivity agreement or power purchase agreement or the power system master plan/sub-plan of the State Transmission Utility/distribution licensee, as may be relevant;

(m) **'Licensee'** means a person to whom a licence has been granted or deemed to have been granted by Commission under Section 14 of the Act;

(n) **'MNRE'** means the Ministry of New and Renewable Energy of the Government of India;

[1][(na) **'Municipal Solid Waste**' means and includes commercial and residential wastes generated in a municipal area or its adjoining areas in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes;]

(o) **'Net saleable energy'** in relation to a period and in respect of a project, means the quantum of energy available for sale from that project at the interconnection point in that period, after allowing auxiliary consumption, transformation losses in the transformers at the generating station and its switchyard, the losses in project line(s) upto the interconnection point and free power, if any, to the State Government**;**

(p) **'Non fossil fuel based co-generation'** means the process in which more than one form of energy (such as steam and electricity) are produced in a sequential manner

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[1] *Ins. clause (na) vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237.*

by use of biomass provided the project may qualify to be a co-generation project if it fulfills the eligibility criteria as specified in clause (d) of Regulation 4;

(q) **'Operation and maintenance expenses'** or **'O&M expenses'** means the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities;

(r) **'Project'** means a generating station alongwith generator/ step up transformers at power house switchyard, the evacuation system upto the interconnection point, including interconnection facilities, and in the case of a small hydro generating station includes, without limitation, all components of generating facility such as dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation in addition to the project line(s) and the interconnection facilities;

(s) **'Project line'** means the evacuation infrastructure from the generating station to the interconnecting sub-station of the licensee, to be provided, operated and maintained as a part of the project by the renewable energy generator(s) for the purpose of evacuation of power from the project;

[1][(sa) **'Refuse Derived Fuel**' means segregated combustible fraction of solid waste other than chlorinated plastics in the form of pellets or fluff produced by drying, shredding, dehydrating and compacting combustible components of solid waste that can be used as fuel;]

(t) '**Renewable energy'** means the grid quality electricity generated from renewable energy sources;

(u) **'Renewable Energy Certificate mechanism' or 'REC mechanism'** means the mechanism devised for the development of market in power from non-conventional energy sources by issuance of transferable and saleable credit certificates under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, and the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010;

[2][(v) **'Renewable energy sources'** mean renewable sources of energy such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste including Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects and other such sources as approved by the MNRE.]

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[1] *Ins. clause (sa) vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237.*

[2] *Sub. vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237 and before its substitution it stood as under:-*

"(v) **Renewable energy sources'** means renewable sources of energy such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and other such sources as approved by the MNRE;

(w) '**Small Hydro Project' or 'SHP'** means a hydro power project with a station capacity up to and including 25 MW and shall also include the project line(s) and the Interconnection Facilities.;

(x) '**Solar PV power'** means the Solar Photo Voltaic power project that uses sunlight for direct conversion into electricity through Photo Voltaic technology;

(y) '**Solar thermal power'** means the solar thermal power project that uses sunlight for direct conversion into electricity through concentrated solar power technology based on either line focus or point focus principle;

(z) **'Tariff period'** means the period for which tariff is to be determined by the Commission on the basis of norms specified under these Regulations;

(aa**)** **'Useful Life'** in relation to a project shall mean the useful life of the following duration from the date of commencement of operation of the project, namely:-

(a) Wind energy power project	25 years
(b) Biomas power project, non-fossil fuel based cogeneration	20 years
(c) SHPs	40 years
(d) Solar PV/Solar thermal power plant	25 years
(e) any other renewable energy technology approved by the MNRE;	as may be fixed under regulation 17

(ab) **'Year'** means a financial year.

(2) The words and expressions used in these Regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these Regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to the electricity industry in the State, shall have the meanings assigned to them in such law; the words and expressions used herein, but not specifically defined in the Regulations or in the Act or any law passed by a competent Legislature, shall have the meaning as is generally assigned to them in the electricity industry.

3. Scope and extent of application.- (1) Save as provided in sub-regulations (2) and (3), these Regulations shall apply in all cases where tariff, for a project based on renewable sources of energy, is to be determined by the Commission under section 62, read with section 86, of the Act:

[1][Provided that in cases of wind, small hydro projects, Biomass power based on Rankine cycle, non-fossil fuel based cogeneration projects, Solar PV, Solar Thermal power projects, Biomass gasifier, Biogas, Municipal Solid Waste based power projects and Refuse Derived Fuel based power projects, these regulations shall apply subject to the fulfilment of eligibility criteria specified in Regulation 4 of these Regulations.]

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[1] *Sub. vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237 and before its substitution it stood as under:-*

"Provided that in cases of wind, SHPs, biomass power based on Rankine cycle, non-fossil fuel based cogeneration projects, Solar PV, solar thermal power projects, biomass gasifier and biogas power projects, these Regulations shall apply subject to the fulfilment of eligibility criteria specified in regulation 4."

(2) These Regulations shall not apply in the following cases:-

(i) where long term agreement for disposal/use of energy have either already been signed by the renewable energy generator or have been approved by the Commission and the capacity of the project has not been enhanced subsequent to signing/approval of such agreement;

(ii) projects upto 100 kW, for which the Commission may determine tariff through a separate order;

(iii) where the tariff for a generating station or a unit has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

(3) Notwithstanding anything contained in sub-regulations (1) and (2)-

(a) where long term agreements have been executed between the renewable energy generators and the licensee, before the setting up of the Commission, the provisions of such agreements shall continue to be applicable;

(b) where, after the setting up of the Commission, the power purchase agreement has been approved by the Commission prior to the commencement of these regulations, the tariff shall be in accordance with the terms and conditions of such approved power purchase agreement read with the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulations,2007, irrespective of the date on which such agreement is actually executed.

4. Eligibility Criteria.- A project shall be eligible for being considered to be based on renewable sources of energy on the fulfillment of the following criteria:-

(a) **Wind power project.–** using new wind turbine renewable energy generators.

(b) **Small hydro project.–** located at the sites approved by the State Government or its agency; using new plant and machinery; and the installed power plant capacity to be lower than or equal to 25 MW at single location.

(c) **Biomass power project based on Rankine cycle technology** .- Biomass power projects using new plant and machinery based on Rankine cycle technology and using biomass fuel sources, provided use of fossil fuel is restricted only up to 15% of total fuel consumption on annual basis.

(d) **Non-fossil fuel based co-generation project**.- The project shall qualify to be termed as a non-fossil fuel based co-generation project, if it is using new plant and machinery and is in accordance with the definition and also meets the qualifying requirement outlined below:-

Topping cycle mode of co-generation – Any facility that uses non-fossil fuel input for the power generation and also utilises the thermal energy generated for useful heat applications in other industrial activities simultaneously:

Provided that for the co-generation facility to qualify under topping cycle mode, the sum of useful power output and one half the useful thermal output be greater than 45% of the facility's energy consumption, during season.

Explanation. - For the purposes of this clause-

(i) 'Useful power output' is the gross electrical output from the renewable energy generator. There will be an auxiliary consumption in the cogeneration plant itself (e.g. the boiler feed pump and the FD/ID fans).

In order to compute the net power output it would be necessary to subtract the auxiliary consumption from the gross output. For simplicity of calculation, the useful power output is defined as the gross electricity (kWh) output from the renewable energy generator.

(ii) 'Useful thermal output' is the useful heat (steam) that is provided to the process by the cogeneration facility.

(iii) 'Energy consumption' of the facility is the useful energy input that is supplied by the fuel (normally bagasse or other such biomass fuel).

(iv) 'topping cycle' means a cogeneration process in which thermal energy produces electricity followed by useful heat application in industrial activities**.**

(e) **Solar PV and Solar Thermal Power Project. –** Based on Technologies approved by the MNRE.

(f) **Biomass Gasifier based Power Project.–** The project shall qualify to be termed as a biomass gasifier based power project, if it is using new plant and machinery and having a grid connected system that uses 100% producer gas engine, coupled with gasifier technologies approved by the MNRE.

(g) **Biogas based Power Project.–** The project shall qualify to be termed as a biogas based power project, if it is using new plant and machinery and having grid connected system that uses 100% biogas fired engine, coupled with biogas technology for co-digesting agriculture residues, manure and other bio-waste as may be approved by the MNRE.

[1][(h) **'Municipal Solid Waste (MSW) based power projects'**- the project shall qualify to be termed as a Municipal Solid Waste (MSW) based power project, if it is using new plant and machinery based on Rankine cycle technology and using Municipal Solid Waste (MSW) as fuel sources; and

(i) **'Refuse Derived Fuel (RDF) based power projects'**- the project shall qualify to be termed as a Refuse Derived Fuel (RDF) based power project, if it is using new plant and machinery based on Rankine cycle technology and using Refuse Derived Fuel (RDF) as fuel sources.]

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[1] *Ins. clauses* **"(h) and (i)"** *vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237.*

CHAPTER-II
PROMOTION OF GENERATION FROM RENEWABLE ENERGY SOURCES

5. Promotion of renewable energy sources. – (1) Any renewable energy generator who does not have an arrangement for disposal/use of energy from his project may, with prior consent of the licensee and approval of the Commission, enter into a power purchase agreement, on long term basis or under the REC mechanism, with the distribution licensee as per the provisions of the relevant applicable regulations, read with regulation 3, or the renewable energy generator may have open access to transmission system and/or distribution system of the licensee , as the case may be, in accordance with the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term Intra-State Open Access and Related Matters) Regulations, 2010.

(2) The renewable energy generator, to whom connectivity with the transmission or distribution system of the licensee has not already been granted, shall apply for connectivity to the licensee atleast 24 months prior to intended date of such connectivity or within such time frame as may be mutually agreed:

Provided that in case of renewable technologies other than SHPs, such application may be made at least 12 months prior to the intended date of such connectivity or within such time frame as may be mutually agreed.

(3) The licensee may, on receipt of the application, grant its approval to provide interconnection point as per the power system master plan/sub- plan, as devised by the State Transmission Utility (STU)/ distribution licensee for various capacities of projects, duly keeping in view the provisions in the agreements already executed or the mutual acceptance between the licensee and the renewable energy generator.

(4) The renewable energy generator shall, soon after finalisation of the interconnection point or immediately in cases where the same has already been finalised, execute an interconnection agreement with the State Transmission Utility and/or the intra-State transmission licensee and /or distribution licensee owning the system where connectivity is to be provided.

(5) The licensee shall, after receipt of the estimated cost of the interconnection facilities, provide appropriate facilities consistent with the grid connectivity standards laid down by the Authority or as specified in the relevant Code-

(i) in case where such facilities are to be provided at an existing sub-station, within a period of 12 months or as may be agreed otherwise; and

(ii) in case of the new sub-station, within such period as may be mutually agreed keeping in view the time frame in which such new sub-station is to be commissioned:

Provided that the renewable energy generator shall give prior intimation, at least 4 months before the expected date of commencement of operation of the project, to the licensee about his intention and readiness to inject power and also regarding the arrangements finalised by him for disposal of power beyond the interconnection point:

Provided further that the renewable energy generator will have to comply with the connectivity standards and the conditions as specified in the State Grid Code /Indian Electricity Grid Code (IEGC) – 2010, the Electricity Distribution Code and/or any other Standards/Codes as may be relevant.

(6) In order to optimise the use of limited transmission/sub-transmission corridors or the limited space at the sub-stations of the licensee, the renewable energy generators may, with the approval of the licensee, enter into a suitable arrangement for joint project line(s) for two or more projects and inject power into the grid through the joint evacuation system in accordance with the principles laid down, from time to time, by the Commission.

(7) Notwithstanding anything in the preceding sub-regulation (6)_where there are right of way problems or there are space limitations at the sub-station of the concerned licensee, the licensee may require the renewable energy generators to enter into suitable arrangement for joint project line(s) for two or more projects and inject power into the grid through the joint evacuation system.

(8) The renewable energy generators may, in consultation with and also with the prior approval of the licensee, augment or establish, on behalf of the licensee, the transmission/distribution system beyond the interconnection point, on build and transfer basis, as per best industry practices and the expenditure so incurred by the renewable energy generators and approved by the licensee shall be repaid by the licensee, alongwith interest, in five equal installments, spread over a period not exceeding 5 years commencing from one year after the date of commissioning of such works, and such expenditure shall be allowed as a pass through to the licensee:

Provided that if such works are not a part of the Capital Expenditure Plan (CAPEX PLAN) approved by the Commission, then the necessary approval for the CAPEX PLAN for the same shall be obtained by the licensee from the Commission before according approval to any such arrangement.

6. Grid Connectivity. - Mechanism for grid connectivity shall be as under-

(a) the renewable energy generator shall construct, operate and maintain the project line(s) at his cost;

(b) the licensee shall, at the cost of renewable energy generator, provide, operate and maintain the interconnection facilities;

(c) the transmission licensee and/or the distribution licensee shall bear the cost of augmentation/establishment of network beyond the inter-connection point under the CAPEX PLAN and the new or the augmented network shall form part of the assets of the transmission or the distribution licensee, as the case may be.

7. Coordination committee.- The Commission may constitute a coordination committee to facilitate coordination among the State Transmission Utility, transmission licensee, distribution licensee, HIMURJA and Directorate of Energy of the State Government for evacuating power from renewable energy projects.

CHAPTER-III
TARIFF DETERMINATION
GENERAL PRINCIPLES

8. Power Purchase Agreement.- (1) In case of the projects covered under these Regulations, the renewable energy generator or the distribution licensee may offer to sell/purchase power in any of the following manner:-

(i) for the entire tariff period starting from the date of commencement of operation of the project, by availing any of the available tariff option under regulation 12;

(ii) for the mutually agreed period(s) under the REC mechanism;

(iii) for the balance part of the tariff period, after having sold power initially under the REC mechanism, in accordance with the provisions of regulation 15;

(iv) in any other manner as may be mutually agreed in accordance with provisions of these Regulations:

Provided that the distribution licensee shall endeavour to procure power through competitive bidding, which, to start with, may be done separately for each type of renewable technology.

(2) In the event of their arriving at a mutual understanding on various issues of the Power Purchase Agreement, including the tariff option under regulation 12, the parties shall file a joint petition before the Commission for approval of the proposed Power Purchase Agreement and shall execute the requisite Power Purchase Agreement after approval of the Commission:

Provided that if the parties have arrived at a mutual understanding on the various issues of the Power Purchase Agreement, as aforesaid, and the renewable energy generator requires a Power Purchase Agreement to achieve the financial closure of the project, the parties may file joint petition for approval of the proposed Power Purchase Agreement before the financial closure.

[1][Provided further that in accordance with the Tariff Policy notified on 28.01.2016 by Ministry of Power, Government of India, the distribution licensee shall compulsorily procure 100% power from the waste energy plants in the State and such plants have also been excluded from the competitive bidding process for tariff determination.]

9. Control period or review period.- (1) The control period for the SHPs under these Regulations shall start from the 18th day of December, 2012 and shall end on the [2][30th day of September, 2017].

[3][Provided that the generic levellised tariffs, for the SHPs, for the control period, determined under these regulations by the Commission, prior to commencement of the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Third Amendment) Regulations, 2017, shall continue to be in force till 30th day of September, 2017 unless amended or revoked earlier.]

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1 *Add. proviso vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237.*

2 *Sub. for words and figures* **"31st day of March, 2017"** *vide Not. No. HPERC/428 dated 31st March, 2017 published in the R.H.P. dated 6th April, 2017at p. 83-85.*

3 *Ins. vide Not. No. HPERC/428 dated 31st March, 2017 published in the R.H.P. dated 6th April, 2017 at p. 83-85.*

Provided [1][further] that the technology specific parameters for the renewable energy sources, other than SHPs, may be fixed for such durations and reviewed at such intervals, as the Commission may find appropriate in accordance with regulation 17.

(2) The tariff(s) determined under these Regulations for the renewable energy generation project(s) or for a category thereof, to which these Regulations are applicable, shall, unless amended or revised under regulation 19, continue to be applicable till the expiry of the tariff period as specified in regulation 10.

(3) The revision of the Regulations for the next control period shall be undertaken six months prior to the end of the control period and in case the revised Regulations are not notified before the end of the control period, the tariff norms laid down under these Regulations shall, subject to adjustments under the revised Regulations, continue to remain applicable until the notification of the revised Regulations.

10. Tariff period.- The duration of tariff period in case of SHPs shall be 40 years and for other renewable technologies the Commission may fix the same under regulation 17.

11. Tariff design.- (1) The single part levellised tariff structure shall be followed for the renewable energy technologies:

Provided that for renewable energy technologies having fuel cost component, like biomass power projects and non-fossil fuel based cogeneration, single part tariff with two components, i.e. fixed cost component and fuel cost component, shall be determined.

(2) The following fixed cost components shall be included for determining the tariff:-

(a) Return on equity;
(b) Interest on loan capital;
(c) Depreciation;
(d) Interest on working capital; and
(e) Operation and maintenance expenses.

(3) The generic or project specific tariff shall be determined on levellised basis for the tariff period:

Provided that tariff for renewable energy technologies, having single part tariff with two components, referred to in the proviso to sub-regulation (1), shall be determined on levellised basis for the tariff period in respect of the fixed cost component and the fuel cost component shall be specified on year of operation basis.

(4) For the purpose of levellised tariff computation, the discount factor equivalent to the post tax weighted average cost of capital shall be considered.

12. Tariff options/applicability.- (1) The following tariff options, subject to mutual acceptance of both the parties, shall be available to the renewable energy generator and the distribution licensee, intending to sell/ purchase power from SHPs for the entire useful life of the project ,-

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[1] *Add. proviso the word "further" vide Not. No. HPERC/428 dated 31st March, 2017 published in the R.H.P. dated 6th April, 2017at p. 83-85.*

(i) to be governed by the generic levellised tariff to be determined by the Commission, in accordance with the regulation 13, in relation to the control period in which the Power Purchase Agreement for the project is approved.

(ii) to be governed by project specific levellised tariff to be determined by the Commission in accordance with the regulations 14 and 18, including the exit options available thereunder to the parties,

(iii) to be governed by any other tariff, as may be mutually agreed by them with the prior approval of the Commission, in accordance with the regulation 41.

(iv) to be governed by the process of competitive bidding in cases where the licensee resorts to competitive bidding.

(2) Where, after sale of net saleable energy to the licensee as per the Power Purchase Agreement(s) approved by the Commission under REC mechanism in the initial periods, the net saleable energy is to be sold to the distribution licensee for the residual period of the useful life of the project, the tariff for such sale for such residual period shall be regulated in accordance with the regulation 15.

(3) Where, after execution of a long term Power Purchase Agreement, the capacity of the project is enhanced with the approval of the State Government, the tariff shall be regulated under regulation 16.

(4) In case of the renewable energy sources, other than SHPs, the tariff options, as provided in regulation 17, shall be available to the parties intending to enter into Power Purchase Agreement for sale/purchase of power.

(5) The parties shall, while arriving at a mutual understanding about sale/purchase of power, also mutually decide the tariff option to be adopted, and shall, before submitting the joint petition for approval of the proposed Power Purchase Agreement under regulation 8, also reflect the same in the proposed Power Purchase Agreement:

Provided that the tariff option adopted in the Power Purchase Agreement shall be irrevocable and binding.

13. Generic levellised tariff.-(1) The Commission shall determine separate generic levellised tariffs and associated terms and conditions for each category of SHPs mentioned in regulation 32, within 90 days from the date of commencement of these Regulations by taking into account the norms specified under these Regulations:

Provided that in case of renewable energy technologies, other than SHPs, the Commission may fix the generic levellised tariffs in accordance with the regulation 17.

(2) The tariff being normative, any shortfall or gain due to performance or any other reasons is to be borne/retained, as the case may be, by the renewable energy generator and no true up of any parameter, including additional capitalisation for whatsoever reasons, shall be taken up during the validity of the tariff except for the specific provisions in these Regulations.

(3) Where the parties have, as per the Power Purchase Agreements executed by them, opted for generic levellised tariff or the same is otherwise applicable under regulation 15, the generic levellised tariff determined in relation to the control period under

sub-regulations (1) shall be applicable for all the projects of that category for which the Power Purchase Agreements are approved by the Commission in that control period.

14. Project specific levellised tariff.-(1) Where the parties have mutually agreed, in the Power Purchase Agreement executed by them, for a project specific levellised tariff, the Commission shall determine such tariff taking into consideration-

(i) prudent capital cost as may be admitted by the Commission duly keeping in view normative capital cost under these Regulations, the cost approved in the Detailed Project Report, the actual expenditure incurred as per auditor's certificate, the information furnished under regulation 18:

Provided that in case of delay in execution of the project, the Commission shall consider the time over run cost as follows -

(a) where the delay is due to factors entirely attributable to the renewable energy generator, the entire cost shall be borne by the renewable energy generator;

(b) where the delay is due to force majeure, the Commission may allow the net additional cost incurred on this account to the renewable energy generator: and

(c) in a situation not covered under clauses (a) and (b), the Commission may allow the additional cost, not exceeding 50% of the net additional cost incurred due to time overrun:

Provided further that the renewable energy generator shall be deemed to have subscribed to the requisite insurance policies covering the risks during construction stage and also to have stipulated provisions for the liquidated damages in the contracts relating to the construction of the project, awarded by him, as per the prudent practices, and accordingly, in case of any time and cost over runs, the Commission shall not allow any amount which is or would have been recoverable by him on account of such deemed provisions for Insurance and liquidated damages:

Provided further that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty imposed in accordance with the Power Purchase Agreement executed with the licensee, will not form part of the capital cost;

(ii) the normative annual capacity utilisation factor specified under Chapter-V of these Regulations for the SHPs or the annual capacity utilisation factor worked out on the basis of data for 75% dependable year as per the approved Detailed Project Report, whichever is higher;

(iii) the technology specific parameters as specified for the SHPs in Chapter V of these Regulations and as may be laid down by the Commission for the other renewable technologies as per regulation 17; and

[1][(iv) financial norms/principles, in relation to the Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects,

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1 *Sub. vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237 and before its substitution it stood as under:-*

as may be adopted by the Commission in accordance with sub-regulation (3A) of regulation 17 of these Regulations and in other cases, the ceiling norms, except for capital cost, as specified in Chapter-IV of these Regulations:]

Provided that if the licensee and renewable energy generator have, in accordance with regulation 31, agreed to any improved norms, including operation and maintenance norms, which may lead to overall reduction in the levellised tariff, such improved norms shall apply for determination of the project specific levellised tariff.

(2) Where the project specific levellised tariff, as determined under sub-regulations(1)–

(i) exceeds the corresponding generic levellised tariff, duly adjusted for permissible rate of free power if any, determined by the Commission in relation to the control period in which the Power Purchase Agreement was approved by the Commission, the distribution licensee shall have the option to exit from the power purchase agreement, provided that this option shall not be available to the distribution licensee if the renewable energy generator agrees to a tariff corresponding to the generic levellised tariff;

(ii) is less than 95% of the corresponding generic levellised tariff, duly adjusted for permissible rate of free power if any, determined by the Commission in relation to the control period in which the Power Purchase Agreement was approved by the Commission, the renewable energy generator shall have the option to exit from the power purchase agreement, provided that this option shall not be available to the renewable energy generator if the distribution licensee agrees to keep the tariff within the aforesaid limit.

(3) Where the exit option is exercised by any party under sub-regulation (2) and the interconnection point for that project falls under the control of the distribution licensee, it shall, on request from the renewable energy generator, provide open access through its system to the renewable energy generator as per the open access regulations.

15. Tariff for residual period after sale/purchase under REC mechanism.- (1)In cases where, after sale/purchase of net saleable energy to/by the licensee as per the power purchase agreement approved by the Commission under REC mechanism in the mutually agreed initial period(s), the net saleable energy for the residual period of the useful life of the project is to be sold to the distribution licensee under long term Power Purchase Agreement, the tariff for sale/purchase of net saleable energy during such residual period shall, save as provided in sub- regulations (2) and (3), be regulated as under:-

(A) If the first Power Purchase Agreement for sale/purchase of power under REC mechanism from a SHP was executed by the parties and /or approved by the Commission before the commencement of these Regulations-

(a) where the capacity of the SHP does not exceed 5 MW, the tariff shall be ` 2.95 per kWh and such rate shall be subject to adjustment in accordance

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" (iv) the ceiling norms, except for capital cost, as specified in Chapter-IV of these Regulations"

with relevant orders of the Commission under which the rate of `2.95 per kWh was determined under the HPERC (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007;

(b) where the capacity of the SHP is more than 5 MW, the Commission may determine the project specific levellised tariff taking into consideration –

(i) prudent capital cost as may be admitted by the Commission which shall be further restricted to the normative capital cost allowed by the Commission for the SHPs upto 5 MW pursuant to the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulations, 2007;

(ii) the annual capacity utilisation factor worked out on the basis of data for 75% dependable year as per approved Detailed Project Report;

(iii) the free power (in percentage) applicable in case of the project which, for any period, shall not exceed 13% as per the Central Government Hydro Policy/Tariff Policy and shall also be subject to further restrictions in accordance with the principles enunciated in sub-regulation (3) of regulation 35.

(iv) the norms/parameters, other than those covered under the preceeding items (i) to (iii) fixed by the Commission for the SHPs upto 5 MW under the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulations, 2007 which shall be considered as ceiling norms;

(v) the liabilities relating to loan repayment, interest, depreciation etc which have been discharged or deemed as discharged during the initial period(s) in which power was being sold under REC mechanism;

(vi) savings on account of the benefit of accelerated depreciation, if availed; and

(vii) any other factors as the Commission may consider appropriate:

Provided that the rate so determined shall be subject to a maximum limit of `2.90 per Kwh.

(B) If the first Power Purchase Agreement for sale/purchase of power to/by the licensee under REC mechanism from a SHP is approved by the Commission on or after the commencement of these Regulations and is signed thereafter, the generic levellised tariff, as determined by the Commission for the relevant category of SHPs under these Regulations, shall be applicable.

(C) In case of projects based on renewable energy technologies, other than SHPs, the terms and conditions as may be incorporated by the Commission, to address such situations, in the terms and conditions to be fixed in accordance with regulation 17 shall be applicable.

(2) Save as provided in sub-regulation (3), in cases where any specific conditions in relation to the rate/tariff applicable for the residual period, referred to in sub-regulation(1), have been stipulated while approving the Power Purchase Agreement under REC mechanism, such conditions shall be applicable.

(3) If the circumstances so warrant, the Commission may on the merit of a case, approve the rate/tariff prevailing in any of the earlier time frames prior to the commencement of these Regulations, for sale/purchase of the net saleable energy during the residual period referred to in sub- regulation(1).

16. Capacity enhancement. - (1) Where, after the allotment of the original project, the capacity of a SHP is enhanced, with the approval of the State Government, the tariff for sale of net saleable energy from such projects, shall be governed by the relevant provisions of sub-regulations (2) to (7).

(2)Where neither the Commission has approved, nor the parties have executed, the Power Purchase Agreement for the original capacity, the enhanced capacity shall be taken into consideration while approving or executing the Power Purchase Agreement, as the case may be.

(3)Where the Commission has approved, or the parties have otherwise executed, the Power Purchase Agreement prior to the commencement of these Regulations –

(i) if the total capacity of the project, after enhancement, does not exceed 5 MW, the tariff applicable as per the Power Purchase Agreement for the original capacity shall be applicable for the net saleable energy for the enhanced capacity subject to adjustment in tariff on account of free power in accordance with sub-regulation (6);

(ii) if the original capacity of the project was not more than 5 MW but the capacity, after enhancement, exceeds 5 MW, the tariff applicable as per the Power Purchase Agreement for the original capacity shall be reduced by 10% to account for the expected reduction in the expenses on normative basis and shall then be adjusted to account for the free power in accordance with sub-regulation (6) by taking into account the free power (in percentage) factored in the tariff for the original capacity as per the Power Purchase Agreement and free power (in percentage) to be allowed in the tariff:

Provided that a levellised rate based on the rate applicable as per power purchase agreement for the original capacity, adjustments under this clause, the duration of residual tariff period and the discount rate determined by the Commission under these Regulations, shall be applicable for the residual tariff period.

(iii) if the original capacity of the project was more than 5 MW and the Power Purchase Agreement spells out the rate applicable for sale of net saleable energy, the tariff applicable as per the Power Purchase Agreement for the original capacity shall be applicable for the net saleable energy for the enhanced capacity subject to adjustment in tariff on account of free power in accordance with sub-regulation (6);

(iv) if the original capacity of the project was more than 5 MW and the Power Purchase Agreement does not spell out the rate applicable for sale of net saleable energy, the Commission may, on joint application from the licensee

and the renewable energy generator, determine the project specific levellised tariff, after accounting for the free power subject to maximum limits outlined in sub-regulation(3) of regulation 35, by duly taking into account the Policy of the State Government/ Regulations/practices prevalent in the timeframe in which the Power Purchase Agreement was executed for the original capacity, and such other factors/norms as it may consider appropriate.

(4) Where the Power Purchase Agreement for the original capacity of a small hydro project covered in these Regulations is approved and executed after the commencement of these Regulations, the generic levellised tariff as well as other associated terms and conditions applicable for the relevant category of SHPs under which the enhanced capacity of the SHPs falls shall be applicable for the entire capacity:

Provided that if such Power Purchase Agreement for the original capacity contains provision for determination of project specific levellised tariff, the Commission may, on application from both the parties, determine the project specific levellised tariff by taking into account the norms applicable for the category of SHPs in which the enhanced capacity of the project falls.

(5) Where the Power Purchase Agreement has been executed for the original capacity and the renewable energy generator sells energy, under the relevant Regulations governing REC mechanism, to the distribution licensee from the additional capacity under REC mechanism with a provision to sell such energy to the licensee for the balance part of the tariff period after exit from the REC mechanism, the following provisions shall apply:-

(i) the tariff for the entire net saleable energy for the residual part of the tariff period shall be fixed/determined in accordance with sub-regulation (3) or (4), as the case may be;

(ii) during the interim period when the energy is sold partly under the Power Purchase Agreement for the original capacity and partly through the REC mechanism-

(a) unless provided otherwise in the Power Purchase Agreement for the original capacity, the tariff applicable for the original capacity shall not be subject to any adjustment, on account of variation in free power, under sub-regulation (6),

(b) the total net saleable energy shall be apportioned in a firm ratio on the basis of original capacity and the enhanced capacity.

(6) In the cases covered by sub-regulations (3), (4) and clause (i) of sub-regulation (5), the tariff shall be adjusted on account of variation in the free power in accordance with sub- regulations (2) and (3) of regulation 35:

Provided that in case capacity enhancement is approved by the State Government, the percentage rate of free power undergoes change due to-

(i) any change in general policy during the intervening period between the dates of execution of Implementation Agreements for the original capacity and the Supplementary Implementation Agreement for the enhanced capacity, e.g. on account of Local Area Development, change in basic rates, change in the category of the project based on the capacity etc; or

(ii) additional free power specifically for enhancement of capacity; the variations in free power on account of item (i) shall only be considered for adjustment in tariff as per sub-regulations (2) and (3) of regulation 35, but additional free power for capacity enhancement as per item (ii) shall not be considered for tariff adjustment.

(7) Where the parties fail to arrive at an understanding for sale/purchase of energy in the manner specified in sub-regulations (3) to (6), the right of the distribution licensee for the net saleable energy as per the original Power Purchase Agreement, duly taking into account the data contained in the Detailed Project Report for the original capacity and power generation on real time basis, shall remain protected and the renewable energy generator shall be eligible to dispose off only the net incremental saleable energy (i.e. after duly adjusting the licensee's first right as aforesaid and the total quantum of free energy for the enhanced capacity of the Project):

Provided that in such a case, the renewable energy generator shall also arrive at an understanding with the distribution licensee about the modalities for energy accounting on real time basis as well as on monthly and annual basis and based on the same, the renewable energy generator shall also make the distribution licensee a party to any such agreement for disposal of such incremental energy:

Provided further that in case the licensee and the renewable energy generator mutually agree to purchase/sell the net incremental saleable energy at a specific rate and jointly make an application to the Commission for determination of such rate, the Commission may determine the specific levellised rate for such net incremental saleable energy as per the provisions of this sub-regulation and by taking into account the provisions of the regulations/practices prevalent in the time frame during which the capacity enhancement was permitted by the State Government.

(8) Where, after the Commission has approved the power purchase agreement for sale of power from a project based on a renewable technology other than SHP, the capacity of the project is enhanced, the tariff for sale of net saleable energy from such project shall be governed by such terms and conditions as may be included by the Commission, to address such situations, in the terms and conditions fixed by it under regulation 17.

17. Tariff for renewable energy projects, other than small hydro projects.- (1) The renewable energy projects, other than SHPs, may include the following:-

(i) Wind power project;

(ii) Biomass power project based on Rankine cycle technology;

(iii) Non-fossil fuel based co-generation project;

(iv) Biomass gasifier based power project;

[1][(v) The Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects;]

(vi) Solar PV and solar thermal power projects,

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[1] *Sub. vide Not. No. HPERC/428 dated 11th April, 2016, published in the R.H.P. dated 13th April, 2016 at p. 235-237. Before substitution clause read as under:*

"Municipal Solid waste projects;"

(vii) Hybrid projects other than Hybrid solar thermal power plants including renewable–renewable or renewable– conventional sources, for which renewable technology is approved by the MNRE;

(viii) Biomass project other than that based on Rankine cycle technology application with water cooled condenser;

(ix) any other renewable energy technology which may be approved by the NRE.

(2) Where the technological specific parameters and other terms and conditions, including the tariff period and useful life of the project have not been specified, the Commission may, by an order, at any time and at such intervals as it considers appropriate to do so, fix the same.

Provided that in case of renewable technologies other than SHPs such parameters and terms conditions may also include other suitable provisions as the Commission may feel necessary to address the situations covered under regulations 15 and 16.

[[1]Provided further that the Commission may, by order, categories the renewable energy projects, other than SHPs, under the respective renewable energy technologies specified in sub –regulation (1), based on the capacity of projects, the available subsidy schemes and such other factors as may be considered appropriate by it:]

[2][Provided further that the Commission may, in order to promote such technologies for smaller capacities, follow, mutatis mutandis, upto the limits as it may consider necessary separately for each such technology but not exceeding 5 MW for any such technology, the technological specific parameters, including capital cost, and other terms and conditions, as notified, or may be notified, by the Central Commission under its Renewable Energy Tariff Regulations in respect of the relevant financial year(s), for the relevant renewable energy technology, as may be considered appropriate by it;]

Provided further that the financial norms, except for capital cost, as specified under Chapter-IV of these Regulations shall also be considered as ceiling norms.

(3) The Commission may, after having fixed the norms/ parameters and other related terms and condition as per sub-regulation (2), determine, by order generic levellised tariff(s) for any or all categories of such renewable energy technology(ies).

[3][Provided that the Commission may, by order, fix, on annual basis, the ceiling rates and associated terms and conditions to be used by the licensee for reverse bidding for procurement of power from the projects based on such technologies.]

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1 *Sub. vide Not. No. HPERC-428- Vol-VIII dated 11.02.2015, published in R H.P. dated 19.02.2015 at p. 6291-6293. Before substitution, 2nd proviso read as under;-*

"Provided further that the Commission shall follow the technology specific parameters, as notified, or as may be notified, from time to time by the Central Commission for the relevant technology as ceiling parameters and may make such deviations (leading to overall reduction in tariff) as may be considered appropriate by it:"

2 *Sub. vide Not. No. HPERC-428- dated 31.03.2017, published in R H.P. dated 06.04.2017 at p. 83-85. Before substitution, 3rd proviso read as under;-*

"Provided further that the Commission may, in order to promote such technologies for smaller capacities, follow, mutatis mutandis, upto the limits as it may consider necessary separately for each such technology but not exceeding 5 MW for any such technology, the technological specific parameters, including capital cost, and other terms and conditions, as notified, or may be notified, by the Central Commission under the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination for Renewable Energy Sources) Regulations, 2012, in respect of the relevant financial years of the control period ending on 31st March, 2017, for the relevant renewable energy technology, as may be considered appropriate by it:"

3 *Proviso added vide Not. No. HPERC-428- Vol-VIII dated 11.02.2015, published in R H.P. dated 19.02.2015 at p. 6291-6293.*

[1][Provided that the Commission may, by suo-moto order, adopt, in respect of any period, the generic levellised tariff determined by the Central Commission for the corresponding period in relation to any or all categories of such renewable energy technologies other than SHPs.]

[2][(3A) Notwithstanding anything contained in sub-regulations (2) and (3) of this regulation, the Commission may, in case of Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects, adopt the various norms/principles including Useful Life, tariff period, technology specific norms, financial norms/principles, applicability of tariff as well as generic levellised tariffs (with and without accelerated depreciation), adjustments on account of grant–in-aid, subsidy and CDM benefits, if any, and other associated terms and conditions as laid down by Central Commission, from time to time, for such projects.]

(4) The renewable energy generator and the distribution licensee intending to sell/purchase power from the projects based on the renewable energy sources (other than the SHPs) for the entire useful life of the project, may, at the time of filing joint petition for the approval of the power purchase agreement, mutually agree to be governed by the generic levellised tariff, if determined by the Commission for that technology, or for determination of project specific tariff by the Commission.

(5) In order to facilitate execution of the Power Purchase Agreements by the distribution licensee with the renewable energy generator, the Commission may, subject to mutual agreement between the parties, allow, or otherwise direct, the parties to incorporate in the Power Purchase Agreement-

(i) a provisional tariff based on the generic levellised tariff, if any, notified by the Central Commission for that technology(ies), for the relevant timeframe, or any other rate as may be considered appropriate by the Commission;

(ii) other related terms and conditions including the maximum permissible variations in the provisional tariff;

(iii) any deviations from financial norms as may be mutually agreed by the parties under regulations 31 and 41; and

(iv) any other conditions as may be considered appropriate by the Commission.

18. Petition and proceedings for determination of project specific levellised tariff.- (1) Where the renewable energy generator and the licensee have mutually agreed, in the Power Purchase Agreement, for the determination of project specific levellised tariff, the renewable energy generator may file, on any date falling between ninety (90) days to one hundred and eighty (180) days before the expected date of commencement of operation of the project, the petition for determination of the project specific levellised tariff in accordance with the Conduct of Business Regulations which shall, apart from such fee as specified by the Commission, be accompanied by-

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1 P*roviso added vide Not. No. HPERC-428- dated 31.03.2017 published in R H.P. dated 06.04.2017 at p. 83-85.*

2 *Add. sub-regulation (3A) Vide Not. No. HPERC/428 dated 11th April, 2016 published in the R.H.P. dated 13th April, 2016 at p. 235-237.*

(a) a copy of the mutual agreement between the parties for project specific determination of tariff and the conditions, if any;

(b) the detailed breakup of capital expenditure incurred and to be incurred for completing the works covered in the original scope of works or for discharging the outstanding liabilities in respect of the completed works and tariff calculations etc. as per the formats as may be laid down by the Commission from time to time;

(c) the detailed project report outlining technical, operational data, capacity utilisation factor, site specific aspects, premise for capital cost and financing plan and in case of SHPs hydrological data for 75% dependable year;

(d) a statement of all applicable terms and conditions and annual expenses as per these Regulations;

(e) a statement containing full details of calculation of any subsidy, incentives and grant or budgetary support received, due or assumed to be due, from the Central Government and/or State Government. This statement shall also include the proposed tariff calculated with and without the benefit of accelerated depreciation in accordance with regulation 21 ; and

(f) electronic formats and soft copy of other details submitted;

(g) requirements of additional data relevant to the agreement in pursuance of which the project specific determination is sought;

(h) any other information as the Commission may require the petitioner(s) to submit.

(2) The Commission may, during the pendency of the petition filed under sub-regulation (1), allow, on such terms and conditions as it may consider necessary, a provisional tariff not exceeding the generic levellised tariff applicable to the relevant category.

19. Review of tariff- (1) Save as provided in sub-regulations (2) and (3), the generic levellised tariff or project specific levellised tariff, as the case may be, determined in accordance with the provisions of these Regulations shall be firm and shall not to subject to any review.

(2) Impact of any change(s) in the rate of free power under the general policy for allotment of sites, but only to the extent permitted under regulation 35 and further within the limit of 13% as per the National Tariff Policy and/or National Hydro Policy, shall be payable/adjustable as per the provisions of regulations 35.

(3) If, after the determination of the generic levellised tariff for the control period or the project specific levellised tariff for a project,-

(i) a water cess or tax on generation is levied which impacts all or any of the projects; and/or

(ii) the limit of 13% for the pass through of free power in the tariff, as per the National Hydro Policy/ Tariff Policy is revised; and/or

(iii) the mechanism or quantum of the capital subsidy or budgetary grant mentioned in regulation 21 is changed as a matter of policy; and/or

(iv) the State Government revises its instructions with regard to the minimum flow of water downstream of diversion structure of the SHPs and implements the same;

the Commission may, suo motu or on an application made to it, by generic or specific order, review the tariff for the residual tariff period or such other part as it may deem fit, for the projects or group of projects actually impacted, to account for the impact of such changes:

Provided that while revising the tariff, the Commission may incorporate such terms and conditions, including the period for which such revised tariff shall be applicable, as it may deem fit.

CHAPTER-IV
FINANCIAL PRINCIPLES

20. Capital Cost.- (1) The norms for the capital cost in case of SHPs shall be as specified in Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under regulation 17.

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report, Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penality imposed in accordance with the Power Purchase Agreement executed with the licensee, will not form part of the capital cost:

Provided further that for project specific tariff determination, the renewable energy generator shall submit the itemwise break-up of capital cost alongwith its petition in the manner specified under regulation 18 and the capital cost admitted by the Commission shall be taken into consideration.

21. Subsidy or incentive or grant/budgetary support by the Central / State Government.- (1) While determining the generic levellised or project specific levellised tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant available under the schemes of the Central or State Government or its agencies, including accelerated depreciation benefit under the Income Tax Act:

Provided that for tariff determination, 90% of the capital subsidy available to the project as per applicable scheme of the MNRE/ State Government shall be considered:

Provided further that the Commission may evolve suitable mechanisms for incorporating impact of the subsidy component for determination or adjustment of generic levellised tariffs for various categories of projects:

Provided further that the capital subsidy under the schemes of the Central or State Government or its agencies, shall, unless the circumstances otherwise warrant, be ordinarily adjusted against the principal component of the loan amount as additional reduction apart from the normal payment:

Provided further that where the Central Government or the State Government notifies or has notified any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall automatically be treated as reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under sub-regulation (1) of this regulation, the Commission shall account for 100% of such budgetary support, while determining project specific levellised tariff.

(3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government and if the amount and/or mechanism of subsidy is changed by the MNRE/State Government, consequent corrections in tariffs may be carried out by the Commission in accordance with regulation 19.

(4) The Commission shall determine two generic levellised tariffs or project specific levellised tariffs, as the case may be, one by considering accelerated depreciation and the other without it, and the tariff to any renewable energy generator shall be applicable as provided in succeeding sub-regulation(5):

Provided that for ascertaining income tax benefits on account of accelerated depreciation for the purpose of tariff determination-

(a) assessment of benefit shall be based on normative capital cost or the cost admitted, as the case may be, accelerated depreciation rate, as per relevant provisions under the Income Tax Act and the Corporate Tax rate;

(b) in case of generic levellised tariff, capitalisation of renewable energy projects shall be considered during second half of the financial year and in case of project specific levellised tariff, the expected date of commencement of operation of the project shall be considered;

(c) per unit benefit shall be derived on levellised basis at the discount factor equivalent to the post tax weighted average cost of capital.

(5) It shall be assumed that the renewable energy generator shall avail the benefit of accelerated depreciation and accordingly the tariff, which accounts for the accelerated depreciation, shall be applicable unless the renewable energy generator

establishes, to the satisfaction of the distribution licensee, that he has not availed or is not entitled to such a benefit.

22. Debt-Equity Ratio.- (1) The normative debt equity ratio shall be 70:30.

(2) For generic levellised tariff, the Commission shall adopt debt equity rati**o** of 70:30.

(3) For project specific levellised tariff, the following provisions shall apply -

(i) if the equity actually deployed is more than 30% of the capital cost admitted by the Commission under regulation 14, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

(ii) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

(iii) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment.

Explanation.- For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this regulation and regulation 25.

(4) The Commission shall treat any incentive or subsidy and/or grant/budgetary support available from the MNRE/State Government, to the extent specified under regulation 21, to have been utilized towards pre-payment of debt in such phases as it may deem fit, leaving balance loan to be considered for determination of tariff.

23. Loan and Finance Charges.- (1) For the purpose of determination of tariff, loan tenure of 12 years, inclusive of moratorium period, if any, shall be considered:

Provided that the capital subsidy admissible to the renewable energy generator shall normally be considered for the reduction of loan period and such reduced loan tenure shall be considered for the purpose of tariff determination.

(2) Interest Rate-

(a) The loan arrived at in the manner indicated in regulation 22 shall be considered as gross normative loan for calculation for interest on loan. The normative loan outstanding as on April 1st of every financial year shall be worked out by deducting the cumulative repayment, inclusive of the prepayment, upto March 31st of the previous financial year from the gross normative loan on normative basis.

(b) For the purpose of computation of tariff, the Average of State Bank of India Base rate(s) prevalent during a period of 6 months preceding the date of commencement of these Regulations, plus 300 basis points shall be considered as the normative interest rate:

[1][Provided that where tariff is to be determined on financial year basis, in the control period, the Average Base Rate(s) of the State Bank of India (SBI) prevalent during the first six months of the previous year plus 300 basis points, shall be considered as the normative interest rate.]

(c) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.

(d) The loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

24. Depreciation.- For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:-

(a) the value base for the purpose of depreciation shall be the normative capital cost (for generic tariff) or the capital cost of the project as admitted by the Commission (for project specific tariff), as the case may be;

(b) the salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

(c) depreciation per annum shall be based on 'Differential Depreciation Approach'. For tariff purposes, the depreciation shall be allowed @ 5.83 % per annum till such time the requirement for repayment of loan component of the capital cost as per regulations 20, 22 and 23 after adjusting the amount of subsidy as per regulation 21, is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method;

(d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

25. Return on Equity.-(1) The value base for the equity shall be 30% of the normative capital cost as determined under regulation 20:

Provided that in case of project specific determination, the value base of equity shall be restricted to the actual amount of equity or 30% of the capital cost admitted by the Commission, whichever is lower, in accordance with the provisions of regulation 22.

(2) The normative return on Equity shall be -

(a) 19% per annum for the first 10 years.

(b) 22% per annum from 11th year onwards.

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[1] A*dd. proviso vide Not. No. HPERC-428 –Vol –VIII dated 11th Feb., 2015, published in R H.P. dated 19.02.2015 at p. 6291-6293.*

26. Interest on working capital (1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following: -

(a) operation and maintenance expenses for one month;

(b) receivables equivalent to 2 (two) months of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis;

(c) maintenance spare @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomas power and non-fossil fuel based cogeneration projects shall be computed in accordance with the following.-

(a) fuel cost for four months equivalent to normative PLF.

(b) operation and maintenance expenses for one month;

(c) receivables equivalent to 2 (two) months of energy charges for sale of electricity calculated on the net saleable design energy on normative basis;

(d) maintenance spare @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on working capital shall be the interest rate equivalent to average of SBI Base Rate (s) prevalent during the period of 6 months preceding the date of commencement of these Regulations, plus 350 basis points**.**

[1]**[**Provided that in cases where tariff is to be determined on financial year basis, in the control period, the Average Base Rate(s) of the State Bank of India (SBI) prevalent during the first six months of the previous year plus 350 basis points, shall be considered as the normative interest rate.**]**

27. Operation and maintenance expenses.- (1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified in Chapter-V of these Regulations for the SHPs and as stipulated in relevant orders of the Commission for other renewable technologies.

(3) Normative O&M expenses allowed under these Regulations shall be escalated at the rate of 5.72% per annum over the tariff period.

28. Taxes and duties.- Tariff determined under these Regulations shall be inclusive of all

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[1] A*dd. proviso vide Not. No. HPERC-438 –Vol-VIII, dated 11th Feb., 2015, published in R H.P. dated 19.02.2015 at p. 6291-6293.*

taxes and duties and shall not be subject to any change except for the provisions specified under regulation 19.

29. Rebate.- (1) The due date for payment of bills shall be 60 days from the date of billing.

(2) For payment of bills of the renewable energy generator through letter of credit, a rebate of 2% shall be allowed.

(3) Where payments are made other than through letter of credit within a period of one month of presentation of bills by the renewable energy generator, a rebate of 1% shall be allowed.

30. Late payment surcharge.-In case the payment of any bill for charges payable under these Regulations is delayed beyond a period of 60 days from the date of billing, a late payment surcharge at the simple interest rate of 1.25% per month shall be levied by the renewable energy generator for the actual number of days by which the payment is delayed.

31. Ceiling norms.-The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall not preclude the licensee or renewable energy generator from agreeing to improved norms, including operation and maintenance norms, which may lead to overall reduction in the levellised tariff and in case the improved norms are agreed to, such improved norms shall be applicable for determination of the project specific levellised tariff.

CHAPTER –V
TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS

32. Categorisation.- For the purpose of tariff determination, the SHPs shall be categorized as under:-

(i)	Above 100 kW to 2 MW capacity
(ii)	Above 2 MW to 5 MW capacity
(iii)	Above 5 MW to 25 MW capacity

33. Normative Capital cost.- (1) In case of SHPs, the normative capital cost inclusive of all its components as specified in regulation 20 of these Regulations, for the control period shall be as under:-

S.No.	Category of small hydro project	Rupees in Lac per MW
(i)	Above 100 kW to 2 MW capacity	780
(ii)	Above 2 MW to 5 MW capacity	750
(iii)	Above 5 MW to 25 MW capacity	700

(2) The subsidy/grant/budgetary support or incentives provided by the Central/State Government shall be adjusted in accordance with the regulation 21 of these Regulations.

34. Normative saleable energy.- (1) The normative saleable energy at the interconnection point for the purpose of generic levellised tariff shall be computed on the following lines namely :-

(i) the normative annual capacity utilisation factor (CUF) for all the SHPs upto 25 MW shall be 55%;

(ii) the normative annual energy worked out at the normative CUF under preceding clause (i) for the installed capacity shall be adjusted for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per regulations 36 and 37;

(iii) the energy worked out under preceding clause (ii) shall be further reduced by the permissible rate of the free power subject to a maximum of 13%, for any year or part thereof, consistent with the National Hydro Policy, Tariff Policy and the policy of the State Government for allotment of sites of SHPs in the manner as laid down in regulation 35, so as to arrive at the yearwise normative net saleable energy at the interconnection point which shall be taken into account for working out the generic levellised tariff.

(2) The normative capacity utilization factor (CUF) under clause (i) of sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative year wise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of sub-regulation (1) of regulation 14, the normative auxiliary consumption and transformation losses under regulation 36 and the energy losses in the project line under regulation 37.

35. Free Power.-(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levellised tariffs for various categories of SHPs, as mentioned in Regulation 32, duly keeping in view of the provisions of the State Hydro Policy for allotment of sites for SHPs, National Hydro Policy, Tariff Policy and the limits specified under sub-regulation (3):

Provided that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in sub-regulation(3).

(2) In case of any change in the structure of free power for a SHP from that considered for the determination of generic levellised tariff or project specific levellised tariff in accordance with sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in regulation 16 and sub-regulation (2) of regulation 19, the distribution licensee shall adjust the tariff as per the following formula:-

$$\text{Rate payable for the month for the net saleable Energy (Rs/kWh)} = a \times \frac{(100 - b)}{(100 - c)}$$

Where, -
"a" is the levellised tariff (in Rs/kWh) which is required to be adjusted under this regulation
"b" is the free power (in percentage) taken into account or deemed as taken into account for the month, in "a" in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

"c" is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power(energy) and the provisions of sub-regulation (3)

Where free power is applicable at different rates for different parts of a month, the permissible free power (i.e "c") shall be determined under this sub-regulation separately for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under sub-regulation (1) and/or any adjustment under sub-regulation (2) shall be subject to the following: -

(i) The free energy to be taken into account for any part of the tariff period for the purposes of sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of sub-regulation (2), shall not exceed 13% free power(energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/ Tariff Policy.

(ii) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power (energy) for any period shall not be factored into the tariff.

(iii) Additional free energy, if any, to be provided by the renewable energy generator to the State Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy).

(iv) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/received at the interconnection point.

(v) The free energy to be allowed for any period for the purpose of sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

36. Auxiliary consumption and transformation losses.- Normative auxiliary consumption and transformation losses for the SHPs shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5% :

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

37. Energy losses.- (1) The normative energy losses in the project line(s) shall be 0.7% of the net generation (i.e. after deducting auxiliary consumption and transformation losses, on normative basis, from the gross generation).

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

38. Operation and maintenance expenses.- (1) Normative annual O&M expenses for the control period shall be as follows:-

S. No.	Category of Project	Annual O&M expenses Rupees in Lac per MW
(i)	Above 100 kW to 2 MW capacity	25
(ii)	Above 2 MW to 5 MW capacity	22
(iii)	Above 5 MW to 25 MW capacity	18

CHAPTER -VI
OTHER PARAMETERS

39. CDM benefits.- The proceeds of carbon credit from approved CDM project shall be retained by the renewable energy generator and shall not be adjusted in the tariff.-

40. Tariff for lower or higher generation.-The tariff based on normative quantum of net saleable energy corresponding to the normative CUF, or any other higher CUF taken into consideration for the project specific determination of tariff as per the provisions of regulation 14, as the case may be, shall be applicable for the entire quantum of net saleable energy actually achieved irrespective of whether such quantum is higher or lesser than the normative quantum of net saleable energy taken into consideration for determination of the tariff.

CHAPTER-VII
MISCELLANEOUS

41. Deviation from norms.-Tariff for sale of electricity by the renewable energy generator may also be agreed between the renewable energy generator and the licensee in deviation from the norms specified in these regulations subject to the condition that the levellised tariff over the useful life of the project on the basis of the norms in deviation does not exceed the levellised tariff determined on the basis of the norms specified in these Regulations:

Provided that the reasons for deviation from the norms specified under these Regulations shall be recorded in writing.

42. Overriding effect.-The provisions of these Regulations shall have effect notwithstanding anything inconsistent therewith contained in any other regulations, framed

by the Commission, relating to the determination of tariff and/or making provisions for open access under the Act.

43. Power to remove difficulties .- If any difficulty arises in giving effect to these Regulations, the Commission may, of its own motion or otherwise, by an order, and after giving a reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these Regulations, as may appear to be necessary for removing the difficulty.

44. Power to relax.-The Commission may, by general or special order, for reasons to be recorded in writing and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

45. Repeal and savings.- (1) Save as otherwise provided in these Regulations, the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations,2007 shall stand repealed from the commencement of these Regulations.

(2) Notwithstanding anything contained in sub-regulation (1) the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulation, 2007, shall continue to be in force in such cases as are covered under the said regulations and do not fall within the scope of these Regulations.

By order of the Commission
-Sd-
Secretary

Notifications and Orders
Under
The Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewal Sources and Co-generation by Distribution Licensees) Regulations, 2007

Small Hydro Power Projects Tariff and Other Issues

ORDER

December 18, 2007

A1: BACKGROUND

Promotion of Energy Generation from Renewables

1.1 Power is a critical infrastructure input for the development and growth of any country. Accelerating economic growth and achieving higher standards of living depend upon the availability of adequate and reliable power at an affordable price. Presently India has a total installed capacity of 134,716 MW and holds 5th position in world for electricity generated. However, annual per capita consumption in India is among the lowest in the world. Many households in a large number of villages have no access to electricity. The end users of electricity like households, farmers, commercial establishments, industries etc. are confronted with frequent power cuts, both scheduled and unscheduled. The government has envisaged an increase in per capita availability to 1000 kWh from existing 600 kWh by the end of 11th five year plan and provide "Electricity for all" by 2009, which will requires installation of additional capacity of more than 100,000 MW.

1.2 There are several constraints around generation from conventional sources of power:

(a) The availability of fuel (e.g. the inability of coal and gas supply to keep up with growing demand has resulted in the need to import these fuels).

(b) Price of fuels (e.g. gas prices have shown sharp volatility in recent years).

(c) Statutory clearances and environmental impact (e.g. large hydro projects have environmental and rehabilitation issues associated with them resulting in significant delays in project execution)

1.3 Ideal mix of thermal and hydro generation in India was supposed to be 60:40. However, over the years hydel capacity addition has not kept pace with the thermal capacity addition. Presently, in India coal based generation dominates the power scenario and will continue to do so in future also. Share of hydel energy in the total energy generation has gradually declined. Therefore, thermal generation, which should generally be used for base load operation, is also being used to meet peaking requirements. This leads to non-optimal utilisation of economic and perishable resources. The thermal generation causes generation of green house gases (GHG), namely, carbon dioxide, sulphur dioxide, nitrogen oxides and solid particulate matters, which beyond a specified limit are health hazards and have raised concern of global warming.

1.4 Given the nature of limitations, it is imperative that non-conventional energy source be encouraged to meet part of the increasing demand of energy in the

country. Hydel energy potential in India still remain untapped and can be effectively utilised for augmenting power generation in India.

1.5 The Ministry of Non-Conventional Energy Sources (MNES) at the central level and various agencies at the state level promote the development of non-conventional energy sources in the Country. Small Hydro Projects upto 25 MW, Wind, Solar, Bio Mass, Urban Municipal/ Industrial Waste etc. are the Non-Conventional (Renewable) Energy Sources (NES), approved by MNES. Developing renewable energy sources, not only augments energy generation, but also contributes to improvement in environment, conservation of fast depleting fossil fuel and employment generation. In this backdrop, power from renewable energy assumes importance and therefore, NES need to be encouraged. The State Electricity Regulatory Commissions are also required to promote generation from renewable sources under the Electricity Act.

1.6 Keeping in view the importance of producing power from renewable sources and the statutory obligations in this regard, the Commission set about the task of framing regulations for promoting the sale of power from renewable sources and co-generation, fixation of tariff etc. from renewable sources within the State of Himachal Pradesh.

Power Scenario and potential

1.7 Himachal Pradesh has no coal reserves in the state. The only significant source is hydel energy. Himachal Pradesh has vast hydel potential of approx. 21,000 MW (approx. 750 MW under Small Hydro Sector) in the five river basins. Of this potential, 6037 MW has been harnessed so far.

1.8 The large hydel projects have been associated with environmental degradation, population displacement and submergence of land, resulting in delays in implementation. Mini/micro/small hydro, projects are free from such problems associated with large hydro, hence generation from mini /micro/small hydro projects could therefore provide a feasible alternative to meet growing energy demand in as quick a manner as possible.

1.9 Presently, there are 20 SHP projects in Himachal Pradesh with an aggregate capacity of approximately 43 MW. Another 90 projects with an aggregate capacity of 299.40 MW are at the implementation stage. Also, 108 projects with an aggregate capacity of 227.45 MW are at MOU stage. Power Purchase Agreements for 38 projects have already been signed. Given the significant potential for development of Small Hydro Projects (SHP) in Himachal Pradesh, the Commission feels the need to facilitate rapid development of SHP in the state.

Legal Provisions for Promotion of Renewable Energy Electricity Act 2003

1.10 Electricity Act, 2003 emphasizes the importance of non-conventional energy sources and clearly mandates for the promotion of electricity generation from non-conventional energy sources including co-generation.

1.11 Section 86(1) (e) of Electricity Act, 2003 empowers Commission to promote co-generation and generation from renewable sources of energy by providing suitable

measures of connectivity with the grid and sale of electricity to any person, and also to specify percentage of renewable energy to be procured as renewable purchase obligation for distribution licensees.

1.12 Section 61(h) of Electricity Act, 2003 further stipulates that provides that the appropriate Regulatory Commissions shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the promotion of cogeneration and generation of electricity from renewable sources.

1.13 Section 3 of the Electricity Act, 2003 provides for formulation of National Electricity Policy and Plan for development of power system based on optimal utilization of resources including renewable sources of energy.

National Tariff Policy

1.14 The National Tariff Policy (2006) also reinstates the importance of the renewable energy generation and their subsequent benefits for the country. Some key extracts are presented below:

5.3 (i) " Tariff fixation for all electricity projects (generation, transmission, and distribution) that results in lower Green House Gas emissions than the relevant base line should take into account the benefits obtained from the Clean Development Mechanism into consideration, in a manner so as to provide adequate incentive to the project developers."

6.4 (1) "..... the Appropriate Commission shall fix a minimum percentage for purchase of energy from such sources taking into account availability of such resources in the region and its impact on retail tariffs...."

National Electricity Policy

1.15 Section 61 of Electricity Act, 2003 also requires the Commission to be guided by the National Electricity Policy. Section 5.2.20 of the said policy mandates that "Feasible potential of non-conventional energy resources, mainly small hydro, wind and bio-mass would also need to be exploited fully to create additional power generation capacity. With a view to increase the overall share of non-conventional energy sources in the electricity mix, efforts will be made to encourage private sector participation through suitable promotional measures."

1.16 Several aspects in respect of promotion and harnessing of renewable energy sources have been highlighted in Section 5.12 of National Electricity Policy as stated under:

"5.12.1- Non-conventional sources of energy being the most environment friendly there is an urgent need to promote generation of electricity based on such sources of energy. For this purpose, efforts need to be made to reduce the capital cost of projects based on non-conventional and renewable sources of energy. Cost of energy can also be reduced by promoting competition within such projects. At the same time, adequate promotional measures would also have to be taken for development of technologies and a sustained growth of these sources."

5.12.2- The Electricity Act 2003 provides that co-generation and generation of electricity from non-conventional sources would be promoted by the SERCs by providing suitable measures for connectivity with grid and sale of electricity to any

person and also by specifying, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee.

Judicial precedents

1.17 The Appellate Tribunal for Electricity (APTEL) has also recognised the need for promoting renewable energy source. APTEL's order dated May 18, 2007 the tribunal notes that

"...The State and its Authorities including the Electricity Regulatory Commissions have a solemn responsibility to protect and improve the environment for present and future generations. Article 48A of the Constitution of India, as a directive principle of the State Policy, inter alia, provides that the State must endeavour to protect and improve the environment. Article 51-A (g) casts a duty on the citizens of India to protect and improve the natural environment. Article 21 of the Constitution, which in its bosom conceals different facets of the right to life, imposes a positive obligation on the State and the Authorities created by it, to take preventive measures, to protect the ecology and environment and to conceive, anticipate and attack the causes of environmental degradation.

The preamble to the Electricity Act, 2003 recognizes the significance and importance of promotion of efficient and environmentally benign policies. In consonance with the preamble, Section 61 (h) of the Electricity Act, 2003, spirit of the Constitution and concern for the environment, it is the bounden duty of the Regulatory Commissions to frame Regulations with a view to give fillip to the production of power through renewable sources of energy. While framing the Regulations, the Regulatory Commissions must have regard to the thrust and spirit of the aforesaid provisions of the Constitution and Electricity Act, 2003, the National Electricity Policy and MNES guidelines. The Regulations should be fashioned in such a manner that it should be possible to built up sizable capacity through clean renewable sources of energy."

1.18 The Appellate tribunal further emphasized the mandate for regulatory commissions to incentivise renewable generation in it's order dated 28 Sept. 2006. The order notes that

"*…The preamble of the Act also recognizes the importance of promotion of efficient and environmentally benign policies. It is not in dispute that non-conventional sources of energy are environmentally benign and do not cause environmental degradation. Even the tariff regulations u/s 61 are to be framed in such a manner that generation of electricity from renewable sources of energy receives a boost. Para 5.12 of the National Electricity Policy pertaining to non-conventional sources of energy provides that adequate promotional measures will have to be taken for development of technologies and a sustained growth of the sources. Therefore, it is the bounden duty of the Commission to incentivise the generation of energy through renewable sources of energy. PPAs can be re-opened only for the purpose of giving thrust to non-conventional energy projects and not for curtailing the incentives.*

MNES/GoI Policy Guidelines

1.19 The Central Government is targeting that by the year 2012, 10% of generation capacity will be from renewable resources of energy. This includes small hydro power plants of capacity less than 25 MW. The MNES guidelines issued in 1993 assumes 1994-95 as the base year for tariff determination. For that year, the tariff was set at Rs.2.25 per kWh with annual escalation of 5% per annum for the first 10

years. From the 10th year and onwards, the price of power as per MNES guideline will be equal to the purchase price at the end of the 10th year, or the High Tension (HT) tariff, prevalent in the State at that time, whichever is higher. The MNES guidelines also require that the period of Power Purchase Agreement (PPA) must be a minimum of 20 years and can be extended by another 10 years, through mutual agreement

Government of Himachal Pradesh initiatives for SHPs

1.20 Himachal Pradesh Energy Development Agency (HIMURJA) has been designated as the nodal agency for the State of Himachal Pradesh to promote NES within the State. HIMURJA has since been instrumental on behalf of the State of Himachal Pradesh in formulating various policies, identifying potential sites, for the development of SHPs in private sector/joint sector.

1.21 In order to provide incentives for development of micro hydel projects in the State, Department of Science and Technology and Environment, GOHP issued its first notification in November, 1994 followed by notifications in August and September, 1999. Subsequently, GOHP through a notification dated May 6, 2000 revised the incentives for private/ joint sector participation in the micro hydel projects upto the capacity of 3 MW (revised to 5 MW in December, 2000). As per the policy, HPSEB was required to purchase power from IPPs/Joint sector companies @ Rs. 2.50 per unit.

1.22 With a view to further promote the generation of power from NES, Government of Himachal Pradesh formulated "Hydro Policy of Himachal Pradesh-2006".The Highlights of the policy have been as under:

(a) The tariff for purchase of power by HPSEB @ Rs. 2.50 per unit.

(b) Wheeling for captive use within the State allowed at a fee of 2% (including system losses). Wheeling charges @ 10% of the energy received (excluding royalty) for sale/captive use of power outside the State.

(c) Banking of energy allowed as per prevailing rules and regulations.

(d) Third party sale of power within the State was not allowed initially. However, in a subsequent amendment the third party sale within the state has been allowed for projects with tariff more than Rs. 2.50 per unit after due approval from the Commission.

(e) Royalty on water usage in shape of free power to the State from the small hydro projects having installed capacity up to 5 MW, is waived off for a period of 12 years reckoned after 30 months from the date of signing of IA of the Project (irrespective of extension in time period of IA granted to an IPP on any account). Beyond 12 years, the royalty @ of 12% is applicable for next 18 years and 18% for the remaining duration of PPA. The 12 years relaxation in royalty is not applicable to the Projects which make captive use of power outside the state or make third party sale outside the state. In that case, the royalty @ of 12% reckoned after 30 months from the date of signing of IA of the Project shall be applicable for the entire duration of PPA.

(f) The developer permitted to establish, own, operate and maintain the Project for a period of 40 years. Thereafter, the Project shall revert to the State Government free of cost and free from all encumbrances.

(g) Interfacing including transformers, panels, kiosks, protection, metering, HT Lines from the points of generation to the HPSEB's nearest feasible sub-station as well as maintenance shall be undertaken by the Developer as per the specifications and requirements of the HPSEB, for which the developer shall bear the entire cost.

(h) The Hydro Projects Developers shall be at liberty to erect common dedicated transmission lines for joint evacuation of Power from two or more Projects by way of suitable Consortium Agreements

(i) Non-cash incentives shall be provided in terms of speedy clearances by the Screening Committee and timely payments by the Electricity Board to the entrepreneur.

(ii) Escort Service shall be provided by HPSEB or HIMURJA

(iii) HPSEB shall clear all dues of a private party on account of purchase of power within thirty days from the receipt of the bill, failing which penalty @ 1.5% per month shall be payable by HPSEB. The HPSEB shall open a revolving Letter of Credit (LC) to ensure timely payment for which the charges shall be borne by the Company. The Letter of Credit provision shall be applicable only in case where the entire power is sold to HPSEB (excluding royalty).

(iii) If the applicant does not take effective steps to undertake survey and investigation within a period of three months from the date of MOU or after finding the site feasible does not prepare DPR within the stipulated period as indicated in the MOU, the MOU shall be automatically terminated (except force majeure conditions) and the site shall be allotted to some other applicant. If, on the other hand, land is not leased to the entrepreneur and power purchase agreement is not signed by the HPSEB within six months from the date of signing of Implementation Agreement, the applicant will have the option to terminate the Implementation Agreement without any financial obligation on either side. The Implementation Agreement shall be signed within 30 months from the date of signing the Memorandum of Understanding (MOU).

(j) Provision for Deemed Generation:

(i) The deemed generation shall be payable in case of non-availability or partial availability of evacuation system beyond the interconnection point on various grounds of system parameters, and/ or backing down instructions from the state load dispatch centre.

(ii) Deemed generation shall be payable when water spillage exceeds 480 hours in a year, and in such cases only where evacuation system is connected to manned 22 KV Sub-stations declared as control sub-stations by the Board or 33 kV/EHV Sub-stations of HPSEB. However loss of generation due to the interruptions/ outages

attributed to the aforesaid factor(s), lasting for a period of less than 20 minutes at a time or attributed to the Force Majeure event(s), shall not count toward deemed generation.The benefit on account of deemed generation shall not be allowed in case where captive use/third party sale is intended to be made outside the State.

(iii) The HPSEB shall pay for the Saleable Deemed Generation on the basis of the deemed generation after deducting on deemed basis the corresponding quantum of Govt supply, auxiliary consumption transformation losses and transmission losses in deemed delivery of such power at the interconnection point.

(iv) For working out the benefit accruing on account of deemed generation, any loss in generation attributed to the factors governing the deemed generation during the first year of the operation of the plant shall be based on the hydrological data in the DPR relating to 75% dependable year. During the subsequent years, deemed generation shall be payable up to actual generation in previous years / 75% dependable year generation, whichever is lower.

HPERC's Responsibilities

1.23 On the basis of the legal & policy framework and judicial precedents described above, HPERC's primary responsibilities relating to Small Hydro Projects are:

(a) Specification of minimum purchase requirements from renewable sources.

(b) Fixation of tariff for purchase of power from small hydro projects by the distribution licensee in HP, when such purchase is not through the competitive bidding route as per the guidelines issued by the Ministry of Power u/s 63 of the Electricity Act, 2003.

(c) Fixation of terms & conditions for wheeling, banking and third-party sale.

(d) Provision for suitable measures of connectivity with the grid.

A2: PROCEDURAL HISTORY

Issue of Draft Regulations on Procurement of Renewable Energy

2.1 In compliance with the statutory provision in the Act and the policy guidelines given in the National Electricity Policy and National Tariff Policy, the Commission published draft regulations on "Power Procurement from Renewable Sources and Co-generation by Distribution Licensee" on 13th April 2007, vide notification No.HPERC/428, inviting suggestions/objections from all the stakeholders. The salient features of these draft regulations were as follows:

(a) Grid Connectivity

(i) Mandatory open access for Non Conventional Energy (NCE) sources to any licensee's transmission system.

(ii) Generators to bear the expenditure incurred for connectivity up to inter-connection point and the transmission licensee or State Transmission Utility (STU) to bear the cost of augmentation of transmission system beyond the inter-connection point

(iii) Renewable Energy and Co-generation Producer(s) to provide interest free loan (shared amongst the IPPs based on the capital cost of the projects on pro rata basis) equivalent to 50% of the cost of augmentation works to be carried out for the evacuation of power beyond interconnection point. Transmission licensee or STU to repay the loan amount in 5 equal instalments, spread over a period of 5 years, commencing from one year after the date of commissioning of the project.

(iv) Priority to be given for connectivity/transmission/wheeling of energy from renewable sources and cogeneration through the grid. Banking of energy to be permitted by the distribution licensee.

(b) Quantum of purchase of electricity from renewable sources

(i) Distribution licensee to purchase a minimum of 20% of its total consumption during a year from renewable sources and cogeneration (available after the captive use and third party sale outside the state) subject to availability. This percentage to be reviewed once in every 3 years and the Commission could waive off the renewable purchase obligation of the distribution licensee in case of supply constraints or any other uncontrollable factors.

(c) Tariff

(i) The tariff for the procurement of energy from mini/micro/small hydro projects up to and including 25 MW by the distribution licensee to be as per the prevalent hydro policy notified by the GoHP.

(ii) Cost based benchmarks to be considered for the determination of the tariff determination.

(iii) The cost based benchmarks to be reviewed once in three years.

(iv) Allowance based on technology, market risk, environmental benefits and social contribution etc. of the mini/micro/small hydro project to be permitted in determination of tariff.

Public Participation

2.1.1 The Draft regulation was circulated to all concerned stakeholders wherein comments/ suggestions were invited from all the stakeholders so as to enable the Commission to take a view on various issues listed therein.

2.2 The Commission received comments/ suggestions on the various aspects of renewable energy projects and the respective provisions of the draft regulation from the following:

(i) The Chief Engineer (Comm), HPSEB.

(ii) Shri PN Bhardwaj, Consumer Representative.

(iii) The Secretary, Himachalis Hydro Power Developer Association.

(iv) Shri. A. K. Chopra, Secretary, M/s Himachal Small Hydro Power Association.

(v) M/s Himachal Hydel Project (P) Ltd.

(vi) Shri SN Kapur, Director (Technical),Astha Projects (India) Limited.

(vii) Shri Shyam Vaidya, Managing Director, Ascent Hydro Projects Ltd, Director, DLI Power (India) Private Ltd.

(viii) Shri AdityaYadlapati, Director, Aditya Cotton Mills Pvt. Ltd., Yadlapati Agro Products Pvt. Ltd., Managing Director, Upper Julakari.

(ix) Shri Dharampal Reddy, E D, Tejas Saranika Hydro Energies Pvt. Ltd.

(x) M/s Milestone Power Generation Limited.

(xi) M/s Chandigarh Distillers & Bottlers Ltd.

(xii) M/s Growel Energy Co. Ltd.

(xiii) M/s RPP Limited.

(i) Shri Maan Singh Thakur, Director, Swamini Hydro Powers Pvt. Ltd.
(ii) Shri PK Kohli, Director, M/s KKK Hydro Power Limited.
(iii) Er. RL Justa, Member HP Govt. Grievances Committee (Shimla Distt.).
(iv) M/s Punjab Hydro Power Pvt. Ltd.
(v) M/s Kapil Mohan & Associates Hydro Power (P) Ltd.
(vi) M/s Techman Infra Ltd.
(vii) M/s DSL Hydrowatt Limited.

2.3 Subsequently, a public hearing was held on 11 June, 2007. All concerned parties and stakeholders made their submissions/suggestions/presentations to the Commission which are summarized below.

Applicability and Project Classification based on size of Project

2.4 HPSEB submitted that the Regulations on Procurement of Renewable Energy (including tariff setting and connectivity to grid) should be applicable only for intra-state sale of power.

2.5 To enhance viability for projects of different sizes, IPPs and consumer representatives suggested that projects less than 5 MW should be classified into slabs for the purpose of tariff setting e.g. less than 50 kW, 51-100 kW, 101-1000 kW, 1-2 MW, and above 2MW, as smaller projects may not be comparable to bigger projects in terms of cost benchmarks and would typically require higher per unit capital and operating costs.

2.6 Further IPPs submitted that the hydro policy of Himachal Pradesh specifies the tariff for the projects up to 5 MW only and not for the projects between 5 MW and 25 MW capacities. They requested that HPERC address tariff determination issues for all small hydro projects upto 25 MW of capacity as per the guidelines of Ministry of Non-conventional Energy Sources (MNES), GoI.

Interconnection point and interconnection facilities

2.7 During the public hearing, various IPPs submitted that interconnection facilities between the developer and the STU be defined to avoid confusion e.g. it should

address issues such as who shall bear the cost of land or building for substation. They also pleaded that the State Transmission Utility (STU) be made responsible for providing interconnection facilities in time bound manner and if the STU fails to provide appropriate interconnection facility within stipulated timeframe, the IPP should be entitled for the benefit of deemed generation charges.

2.8 HPSEB on the other hand submitted that the board would endeavour to provide inter-connection at the nearest HT/EHT sub-station. In case(s) where it is not feasible for the board to provide such inter-connection at the nearest sub-station for one or the other reason, the inter-connection may be given at an alternative sub-station. The HPSEB also submitted that where possible IPPs may enter into suitable arrangement for development of a joint evacuation system and inject power into the licensee's power system through the joint evacuation system in cases where there are right-of-way problems or there are space limitations at the sub-stations of the licensee. HPSEB also pleaded that the minimum voltage level for injections with respect to different plant capacities be specified.

Evacuation System beyond interconnection point

2.9 HPSEB stated that as per the hydro policy of Himachal Pradesh, augmentation cost (if any) has to be met by the IPPs. HPSEB suggested that it would be prudent to charge IPP on the basis of installed capacity of their projects instead of the capital cost of the augmentation as the determination of the capital cost may be a complex process. HPSEB also stated that the modalities for sharing recovery of the cost of augmentation/addition should also account for the apportionment of costs in cases where the system may have to be designed for a much higher capacity for additional future projects.

2.10 The IPPs contended that HPSEB alone should be mandated to meet the entire funding arrangement for augmentation of transmission system. However, if IPPs are to provide loan to STU for augmentation work, the quantum of loan be limited to 25% of augmentation cost to be repaid in 5 equal installments and there should be provision for charging of penal interest rate in case of default by STU. IPPs also suggested that repayment of such loan may be adjusted against the royalty payable to GoHP as free power. Himachal Power Hydro Association pointed out that as per the brochure and Hydro Policy before 2006, it was declared that augmentation cost beyond the interconnection point is to be borne by the Board. Consumer Representative highlighted that intra-state transmission, as per 39 (2) (c) of Electricity Act, 2003 is a clear responsibility of the STU.

Connectivity/Wheeling/ Transmission Charges

2.11 The Board stated that priority in connectivity/wheeling/transmission charges be given only for intra-state operations by the SHP developers.

2.12 It was submitted by the IPPs that 10% wheeling/transmission charges in case of export of power outside the state under open access have been prescribed by the GoHP and Regulatory Commission alone has the authority for fixation of wheeling/transmission charges and it should issue the necessary direction for charging of reasonable wheeling/transmission charges.

Banking of Energy

2.13 The Board argued that the Banking of Energy should not form part of these regulations, as it will come into picture only when the IPPs do not sell power to the Distribution Licensee. HPSEB also pointed out that owing to the variable cost of power for every block of 15 minutes, there could be commercial implications on the Board.

2.14 The IPPs stated that banking of energy may occur in a situation where IPP opts for captive use or 3rd party sale within or outside the state. The IPPs further suggested for incorporation of a provision in the PPA between developer and HPSEB allowing for the option of partial sale of energy to 3rd parties and balance to the Board, similar to the practice being followed in Madhya Pradesh.

Quantum of Purchase of Electricity from Renewable Sources

2.15 IPPs welcomed the provision for minimum procurement from non-conventional at 20% of total consumption; however IPPs submitted that sub-provision allowing for waiving off the target by the Commission (in case of supply constraints or any other uncontrollable factors) should be deleted, as this will defeat the very purpose of fixing the target quantum of purchase. Consumer representative, Mr. P.N. Bhardwaj submitted that 20% renewable power procurement fixed in these regulations could lead to a heavy pass through to the consumers and suggested that the additional per unit burden on account of this quantum needed to be worked out for various costs before deciding the energy purchase limit. The Board submitted that distribution licensee should have the first right to purchase power i.e. before captive use and third party sale instead of last right.

Determination of tariff

2.16 IPPs submitted that the hydro policy spells out the rate for the projects up to 5MW only and not the project more than 5 MW and up to 25MW capacities. It was also suggested that no other state commission has decided tariff determination for SHP up to 25 MW capacities for individual IPPs. Therefore, IPPs argued for withdrawal of the benchmarks, which logically should be prescribed for large projects only, as the SHP needs to be accorded a promotional treatment in the matter of tariff. The tariff for SHP should be revised upward from existing Rs. 2.50 per unit which was fixed by the hydro policy in 2000. The commission should also permit the allowance based on additional costs/levies such as increase in land cost, increase in royalty, Local Area Development charges etc. imposed by the state government for SHPs.

2.17 The Board suggested that flat rate of Rs.2.50 per unit for projects upto 5 MW should be followed as hitherto. If necessary, the Commission can review the rate on the basis of benchmark as may be considered reasonable by it from time to time, as a matter of general review for the future projects, after hearing all the stakeholders. For projects of more than 5 MW and upto 25 MW the tariff can be determined by HPERC on case to case basis on request from both the sides (seller & purchaser) rather than for individual projects.

2.18 Consumer Representative and some other stakeholders offered comments on the cost based benchmarks specified for determination of tariff for SHPs and the same have been discussed in chapter 4.

Issue of Final Regulations on Procurement of Renewable Energy

2.19 The Commission considered the comments, suggestions and presentations made during hearing and notified the final regulations on "Power Procurement from Renewable Sources and Co-generation by Distribution licensee" vide notification No.HPERC/428 on 18 June 2007. Subsequently an amendment to these regulations was notified on 16th November, 2007. Salient features of these regulations and their amendment are as under:

(a) Promotion of renewable sources of energy

(i) Open access for renewable generators to any licensee's transmission system and/or distribution system or grid, as the case may be under the HPERC (Terms and Conditions of Open Access) Regulations, 2005. Generator to bear the expenditure incurred for connectivity up to inter-connection point.

(ii) Interconnection of the project line(s) at its nearest control sub-station and if inter-connection at the nearest control sub-station is not feasible then transmission licensee or STU to propose to the generator other feasible interconnection sub-station(s) and the said proposal, alongwith the reasons for not allowing interconnection at the nearest sub-station, shall be submitted by the transmission licensee or STU for approval of the Commission.

(iii) The generator may, with the approval of the Commission, enter into a suitable arrangement for joint project lines for two or more projects and inject power into the grid through the joint evacuation system.

(iv) Evacuation of power from renewable sources and co-generation beyond the interconnection point, the transmission licensee or STU shall, in consultation with the HIMURJA or any other person whom it may deem fit to consult prepare for the eleventh five year plan a comprehensive plan for augmenting and establishing the transmission/ sub-transmission system corresponding to the commissioning of the projects indicating therein, the year- wise time lines to match the commissioning of the project with the establishment of the related evacuation system. The plan for the projects expected to be commissioned during the subsequent five year plan period shall be prepared by the transmission licensee or STU at least one year in advance of the corresponding five year plan. Such plan shall be submitted by the transmission licensee or STU for the approval of the Commission and any expenditure on account of such plan shall be a pass through to the STU.

(v) Draft Regulation's provision that interest free loan equivalent to 50% of the capital cost to be provided by renewable energy producer to STU for augmentation of transmission system deleted.

(vi) Payment of penalty for both by the defaulting licensee or the generator, as the case may be, if time lines mentioned in plan are not followed.

(vii) Generators may, in consultation with the licensee and with the prior approval of the Commission, augment or establish, on behalf of the licensee, the transmission system beyond, interconnection point, on build and transfer basis, and the expenditure so incurred by the generators to be repaid by the licensee alongwith interest in five equal instalments, spread over a period of 5 years commencing from one year after the date of commissioning of the project and such expenditure to be allowed as a pass through to the licensee

(viii) Where the power purchase agreement, approved prior to the commencement of these regulations, is not subject to the provisions of the Commission's regulations on power procurement from renewable sources; or where, after the approval of the power purchase agreements, there is change in the statutory laws, or rules, or the State Govt. Policy; the Commission, may, after recording reasons, by an order, review or modify such a power purchase agreement or a class of such power purchase agreements.

(b) Monitoring by Empowered Committee

An Empowered Committee constituted by the Commission, comprising of one representative each from the Commission, the transmission licensee or STU, the distribution licensee not below the rank of the Chief Engineer or its equivalent shall examine the change in the inter-connection sub-station before the Commission accords approval to it; shall examine the proposals for the joint evacuation system with respect to the overall transmission/ sub-transmission plan of the licensee before the Commission accords approval to it; shall monitor the adherence to the approved time lines, and submission of quarterly reports to the Commission and shall monitor the augmentation or establishment of the transmission/ sub-transmission system as per the best industry practices.

(c) Quantum of purchase of electricity from renewable sources Distribution licensee to purchase a minimum of 20% of its total consumption during a year from renewable sources and cogeneration (available after the captive use and third party sale outside the state) subject to availability. This percentage to be reviewed once in every 3 years and the Commission could waive off the renewable purchase obligation of the distribution licensee in case of supply constraints or any other uncontrollable factors.

(d) Tariff

(i) Tariff for purchase of energy from renewable sources and co-generation by the distribution licensee to be determined by the Commission by a general or special order.

(ii) Tariff for purchase of energy from SHPs up to 5MW capacity to be determined by the Commission by a general order and for SHPs of more

than 5 MW and not exceeding 25 MW capacity by a special order on individual project basis.

(iii) The Commission shall adopt the tariff, if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

(iv) The Commission shall determine the tariff separately for each category of renewable source e.g. mini/micro/small hydro power projects, wind, solar, biomass and urban/municipal waste power projects.

(v) While determining the tariff the Commission shall consider appropriate operational and financial parameters.

(vi) The tariff for SHPs (not exceeding 5 MW capacity) determined by the Commission shall be applicable for a period of 40 years. The tariff for SHPs is subject to review every 5 years and such revised tariff shall be applicable to power purchase agreements entered into after that date.

Purpose of this Order

2.20 From various comments and suggestions on draft regulations from multiple stakeholders, the Commission observed that issue of tariff determination and evacuation system for renewable energy source is very complex in nature The Commission is of the view that tariff determination and evacuation system issues should be addressed through a separate order, as it would elucidate the issues and concerns of the Commission, the reasons for the approach for tariff determination, formulation of tariff structure opinion on various benchmarks parameters and evacuation system costs etc. The Commission felt that an order on tariff and augmentation cost would capture the whole gamut of issues and give much greater transparency in the whole process.

2.21 Keeping in view the above, and also in pursuance to sub-regulation (1) of regulation 6 of HP Electricity Regulatory Commission (Power Procurement from Renewable Resources and Cogeneration by Distribution Licensee) Regulations, 2007, the Commission has, therefore, come up with this general order for determining tariff for purchase of energy from SHPs up to 5 MW capacity as specified in the final regulations.

A3: ISSUES AND CONCERNS

Power Scenario

3.1 Presently, India has an installed capacity of approximately 134,716 MW which comprise of 86,935 MW of thermal, 33,485 MW of hydel, 4120 MW of nuclear and remaining 10,175 MW of renewable power generation capacity.

3.2 Today, most regions in the country are plagued with power shortages leading to erratic and unreliable supply. The problem becomes acute during peak hours and thus necessitates planned load shedding by many utilities to maintain the grid in a healthy state. The peak shortage is approximately between 11% to 13% while the energy shortage is between 6% to 8.5%.

3.2.1 Electricity is a key driver for economic growth and social development. The Government has already envisaged a plan to provide "Electricity for all villages by 2007" and "Electricity for all by 2009", and the per capita consumption of electricityis targeted to exceed 1000 units by 2012. India has been experiencing economic growth (in the range of 6-8 per cent) over the last decade and is projected to grow at similar rates in the foreseeable future. In order to support the GDP growth rate of around 7 per cent per annum, the rate of growth of power supply needs to be over 10 per cent annually. Based on the projections of demand made in the 16th Electric Power Survey, additional generation capacity of over 100,000 MW needs to be added over 10th & 11th plan duration.

3.3 Given the huge shortage of power, any addition to the installed capacity is a welcome step towards sustained economic growth and social development of India. Further the environmental concerns associated with conventional power projects make it imperative to look at renewable energy sources to meet growing energy demand in the country.

3.3.1 Environmental concerns have raised the need for a fundamental change in approach towards development of energy sector in all countries. Adoption of clean technology, improving end use efficiency and diversifying energy bases and promotion of generation from renewable energy sources, such as wind, sun, hydro power and bio mass, which are abundant in nature, have been undertaken. The pace of their development has been accelerated through fiscal and tax incentives.

3.3.2 Himachal Pradesh, with no coal reserves has no other option but to tap the vast hydel energy potential in state. Promotion of SHPs is imperative, given their minimal environmental impact as compared to large hydro project.

3.4 In view of the increasing importance of renewable energy, most of developed countries have adopted proactive practices towards development of renewable energy sources. However, in India not much progress has been made on this front. India has lagged behind in development of non conventional energy sources. Renewable energy capacity remains at around 6-7% of the total installed capacity of the country. In India, potential from various renewable sources is estimate to be between 80,000 to 100,000MW. However, around 10,175 MW of renewable energy has been tapped so far which amply reflect the slow progress in the renewable sector.Out of the total installed renewable capacity about 7000 MW is wind energy, about 2000 MW is from small hydro and the balance is from co-generation.

Global warming and IPCC findings

3.5 Protection of environment is the crying need of the hour. The Fourth Assessment Report, 2007 rendered by the Inter-governmental Panel on Climate Change (IPCC), established by two United Nations Organizations, namely the World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP) in the year 1988, is revealing. Due to the global warming contributed by use of fossil fuel, the glaciers and the snow cover have receded, level of oceans have risen and seawater has expanded. Though developed countries have been major contributories of green house gases in the past, fast economic growth and large populations of countries like India and China can exacerbate the existing

situation. The danger needs to be averted by undertaking measures to curtail emission of green house gases by interested and enlightened agencies across all geographies.

3.6 The SERCs are required under the Electricity Act, 2003 to promote generation from renewable sources of energy. Small steps to reduce dependence on fossil fuel to the extent possible, which does not impact the progress of electricity sector, can ultimately lead to generation of momentum for a giant leap in the development of technology for production of clean energy. Therefore, it is imperative to promote and incentivise renewable energy generation.

Slow progress of SHP in Himachal Pradesh

3.7 Recognizing the importance and potential of small hydro power projects in Himachal Pradesh, GoHP announced incentives as early as in 1994. However even after more than a decade, progress in the development of renewable is far from satisfactory. So far only 20 number of project with aggregated capacity of around 43 MW has been harnessed out of total potential of 1625 MW from 323 identified sites.

3.8 The Commission has taken the note that despite policy initiative and other steps, there has not been any substantial growth in the installed capacity of small hydro power in Himachal Pradesh. Hitherto, only a minuscule fraction of small hydro power potential has been harnessed in the state. Desired urgency in terms of setting up projects is lacking inspite of a positive governmental policy frame-work and positivities in the sector in terms of large price increases at the trading edge. Therefore, one is forced to speculate as to what factors have come into play for this slow growth. Essentially, is it lack of incentives which have constrained the IPPs, is it the attitude and slow response on clearances of the bureaucracy and the Board, is that ROE at about 14% is inadequate, is it that other sub-sectors of the economy over the last one decade have leveraged far greater potential for revenue generation, or is it just the fact that the IPPs are looking for a tactical advantage enabling them to make a quick money by not producing power but waiting for opportunities to trade a project upfront enblock.

3.9 The view of the Commission is that it is a mix of these factors which have constrained the IPPs from moving forward effectively and efficiently towards actualisation of their projects It is, therefore, upto the Commission to not only provide for adequate tariffs, so as to provide for decent returns while ensuring balance for the consumer classes but also to address non-tariff issues like evacuation and clearances so as to ensure that the fruits of projectisation are available to the country as early as possible. At the end of the day, the most important factor is that any step which improves the nation's energy security needs to be effectively taken brushing aside minor state level or utility level distortions.

3.10 Ultimately the Commission would like to, while determining a tariff, also look at the strategic dimensions vide which neighbouring States are setting tariffs, so that SHPs are incentivised to sell to the State's utility and not incentivised to export power across the State threshold. Tariffs, therefore, have to be fixed in accordance with this strategic concern. Ultimately, however, the Commission will have to over the next few years also evaluate scenarios wherein, if the utility is

making handsome profits from trade and export, a share in that profit is also available in terms of a constructive formulation, to the IPPs as well.

Strategic Concerns

(a) Neighbouring State Scenario

3.11 The Commission has noticed that the neighbouring states viz. Punjab and Haryana has recently come out with their respective tariff for small hydro projects. Both the states have determined higher tariff than hitherto applicable tariff for small hydro projects in Himachal Pradesh as per the Hydro Power Policy of government of Himachal Pradesh. A comparison of the tariffs with neighbouring states is summarised below:

State	Tariff (Rs./Unit)	Escalation in Tariff
Punjab	3.49	3% p.a. for 5yrs on base yr 2007-08
Haryana	3.67	1.5% p.a. for 5 yrs on base yr 2007-08
Himachal Pradesh	2.50	Nil

3.12 The important concern in this regard is to structure the tariff in such a manner so as not to hamper the investment in small hydro projects in the state of Himachal Pradesh. IPPs must have adequate incentive to invest in SHPs in Himachal Pradesh and the state should be able to optimize and make use of the benefits emanating from its own resources.

(b) Third Party Sale outside the State

3.13 Open Access provisions in Electricity Act 2003 enables end consumer to purchase power from a generator, trader or licensee of their choice.

3.14 However, the concern in case of interstate sale by renewable generator is that renewable generators are typically located in remote areas and require substantial investment for evacuation and transmission of power from such renewable generators to a point for export of power. The cost of such evacuation and transmission facilities is significant and the question of who pays for such facilities needs to be addressed. On one hand if the IPPs pay in full for interconnection including for augmentation/ reinforcement of the grid, then some of the projects may become unviable. On the other hand, if the consumers of the state are burdened with the augmentation costs, it may not be fair as they would not get any benefits from such renewable capacity, as the energy from it is getting sold outside the state.

3.15 The Commission has compared the revenues generated for an SHP in both cases e.g. selling power within the state of Himachal Pradesh and selling power outside the state.

3.16 If an SHP opts for sale of power outside the state it will be required to give 12% power free of cost to GoHP in first 12 years of operation, which does not apply, if it sells power within the state.

3.17 For SHP intending to sell outside the state, loss levels on intervening transmission assets to the delivery point will be applicable. Transmission and wheeling charges

to CTU and Transco of other state will also be applicable. Also, SHP may be required to pay higher transmission charges to Board/HP Transco on a deep/hybrid costing mechanism.

Description	Within State Sale	Outside State Sale
Royalty Power for first 12 Years	Nil	12% royalty power free of cost supplied to GoHP
Transmission Loss	Comparatively Low	High, as for outside state sale, energy at state boundary will be considered
Transmission Charges payable to HP Transco	Not applicable if purchased by distribution licensee	As per Commission's regulations
Wheeling charges	Not applicable if purchased by distribution licensee	Applicable as per Commission's regulations if distribution system is used
Augmentation Cost	Shallow approach	Deep /Hybrid approach
Transmission Charges payable to other state/central TransCo	Not Applicable	Applicable
Applicability of Inter-State ABT	Not currently in force	This will apply for inter-state sales. The SHP would need to bear cost of deviations from schedules.

3.18 Based on the above costs, the Commission is of the view that the incentivised tariff determined for SHP sale to HPSEB (while seemingly lower) negates the advantages of an apparently higher tariff for SHPs to sell power outside the state.

Hydro Power Policy of Himachal Pradesh

3.19 Department of Science and Technology and environment, GOHP issued its first notification in November, 1994 followed by notifications in August and September, 1999 to incentivise the development of micro hydel. Further, GoHP vide Notification No. MPP-F (2) –1/2000 dated May 6, 2000 announced a scheme of incentives for the Private/ Joint Sector participation in the Micro Hydel Power Projects of capacity up to 3 MW (revised to 5 MW in December, 2000). As per the said notification, HPSEB was required to purchase power from private parties/joint sector companies setting up Micro Hydel Stations @Rs. 2.50 per unit.

3.20 Subsequently, The State Government has reviewed earlier policy and formulated "Hydro Policy of Himachal Pradesh-2006", making it obligatory for the developers to cater to stipulations such as mandatory 15% water release, LADA, compensation to fisheries, Payments towards use of forest land etc. which were nonexistent when rate of purchase was announced in May, 2000. The new policy with retrospective effect, does not seem to have considered the impact of these changes as the energy tariff has been maintained at Rs. 2.50/unit.

3.21 The MNES guidelines issued in 1993 sets the tariff at Rs 2.25/kWh (for base year 1994-95) with annual escalation of 5% for first 10 years. However tariff fixed by GoHP in year 2000 remain fixed @Rs 2.50/kWh with no escalation.

Inadequate Evacuation System

3.25 Timely availability of appropriate evacuation system is of vital importance to the SHPs investors. The IPPs have voiced there concern on inadequacy of existing evacuation infrastructure and requested the Commission to direct the HPSEB, ensuring availability of requisite interconnection facilities for the new projects in a time bound manner. The Commission observes that strengthening of transmission/sub transmission system remained neglected, as initial thrust has been on the allotment of project and to attract private investment in the sector. The Commission is concerned that if suitable steps are not taken to augment transmission/sub transmission system, then there could be power evacuation problem for many of the projects under implementation.

3.26 SHPs possess specific attributes namely intermittence combined with higher-than-average distance from load centers that can increase the cost of transmission for these projects. High power evacuation cost may render potential SHP sites unviable from an economic point of view, even though social benefits from such projects might be significantly more. Simultaneous promotion of renewable energy with adequate investment in the transmission system and provision for justifiable returns to the transmission utility remains a major concern.

3.27 The Commission is concerned about the provision of evacuation facilities to small hydro projects in a time bound manner and towards ensuring that augmentation of evacuation/transmission system occurs in a planned manner to minimize over/under investment in the system and ensure optimal utilization of resources. Typically, SHPs capacity installations are staggered in nature whereas transmission investments are inherently lumpy in nature. The Commission would be inclined towards a synchronisation of generation and transmission investments to prevent assets from getting stranded.

HPERC Approach

3.28 It has been Commission's primary concern to adopt the best possible solution for all the stakeholders. The Commission seeks to follow the best practices in India and elsewhere in the world and thereby seeks to balance the interests of all concerned parties e.g. consumers, Board, IPPs and society at large and create a win-win situation for all.

Impact of SHPs

3.29 Presently, there are 20 SHP projects in Himachal Pradesh with an aggregate capacity of approximately 43 MW. Power available in FY 07-08 from private and State owned small hydro power plants is approximately 430 MUs (~8.6 % of power consumption for HPSEB).

3.30 In FY07, Himachal Pradesh had total energy sales of 4112 MU with in the state. With 18.56% T&D losses, total energy requirement for sale within Himachal Pradesh works out as 5049 MU. Energy sales in the state are expected to increase by 20% per annum in future years.

3.31 The commissioning schedule of small hydro power projects as given by the board up to year 2012 is as under

Year	2007-08	2008-09	2009-10	2010-11	2011-12
SHP commissioning Schedule (MW)	103.4	185	51	202	126
Cumulative SHP Capacity (MW) excluding Board's own projects.	125.75	310.75	361.75	563.75	689.75

3.32 To estimate the quantum of power purchase and the impact of the cost of procurement from SHP (excluding Board's own projects) on HPSEB, we have considered three cases - each assuming a certain percentage of capacity under planning gets commissioned and further assumed an average operating CUF of 45%

Case 1 - 50% of the planned capacity gets commissioned
Case 2 – 70% of the planned capacity gets commissioned
Case 3 – 100% of the planned capacity gets commissioned

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Case 1	247.9	612.5	713.0	1111.2	1359.5
Case 2	347.0	857.5	998.2	1555.6	1903.3
Case 3	495.7	1225.0	1426.0	2222.3	2719.0

3.33 Total electricity demand in Himachal Pradesh is forecasted with the assumption of 20 % YoY growth.

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Electricity Demand (MU)	6034	7241	8689	10427	12512

3.34 Assuming 4% annul escalation in the average power purchase cost of HPSEB (2.11 Rupee/Unit for FY 2007) the impact on the average power purchase cost of HPSEB for all three cases is summarised below.

Impact (in %) on Annual power purchase cost of HPSEB						
Year		2007-08	2008-09	2009-10	2010-11	2011-12
Tariff offered to SHP	Rupee 2.60/Unit					
Case 1		0.76%	1.18%	0.78%	0.57%	0.14%
Case 2		1.06%	1.65%	1.10%	0.80%	0.19%
Case 3		1.52%	2.36%	1.57%	1.14%	0.28%
Tariff offered to SHP	Rupee 2.80/Unit					
Case 1		1.13%	1.92%	1.47%	1.43%	0.99%
Case 2		1.59%	2.69%	2.06%	2.00%	1.38%
Case 3		2.27%	3.84%	2.95%	2.86%	1.97%
Tariff offered to SHP	Rupee 3.00 /Unit					
Case 1		1.51%	2.66%	2.17%	2.30%	1.83%
Case 2		2.11%	3.72%	3.03%	3.21%	2.56%
Case 3		3.02%	5.32%	4.33%	4.59%	3.66%

	Tariff offered to SHP	Rupee 3.20/Unit					
	Case 1		1.88%	3.40%	2.86%	3.16%	2.68%
	Case 2		2.64%	4.76%	4.00%	4.42%	3.75%
	Case 3		3.76%	6.80%	5.72%	6.32%	5.36%

3.35 Generally, power purchase costs accouts for approximately 60% of the ARR of board. Therefore, impact on aggregate revenue requirement of HPSEB due to purchase of renewable energy from SHP would be even less then the percentage impat on power purchase cost of HPSEB.

3.36 It is thus very obvious that the impact of ensuring greater tariffs to the SHPs as compared to the present tariff at Rs.2.50 per unit would have extremely marginal impact on the overall tariff structure of the utility and would have only negligible impact on the consumers within the State.

A4: TARIFF DESIGN FOR RENEWABLES

Objectives

4.1 The Tariff seting mechanism need to balance multiple objectives. It must be required to meet the following key objectives:

Efficient and economical development of RE

4.2 Efficient and economic development of renewable energy, in line with policy and regulatory requirements, is an important objective. The selection of optimum size of renewable energy plants, choice of plant location, use of cost effective equipment etc. should be encouraged through the tariff setting process. Tariff should be such that development of renewables gets expedited as this is not only in the interest of the State but also of the national interest.

Interests of consumers

4.3.1 The interest of consumers is of significant importance in tariff determination. The quantum of energy from renewable sources and the tariff determined for sale of such power should not have an unbearable impact on retail tariff. Also, there are other externalities such as consumer benefits arising from an adoption of energy generated from clean sources with a positive long term societal impact that need to be factored in.

Fairness to Investors

4.4 The tariff must ensure that the investor earns an adequate return on investment. This should be consistent with the risk and opportunity costs associated with the business. The tariff determination should also factor in changes in the risk and opportunity cost that investors face from time to time to provide adequate signals to potential investors to invest in green power.

Utility interests

4.5 The power purchase tariff must also be fair to the licensee(s) and should reflect the costs and benefits on account of the mandatory requirement to purchase power from renewable energy generators. Factors such as reliability and availability (e.g. infirm nature of renewable energy) could be of serious concern in case the quantum of renewable energy is large compared to the total purchase of the utility.

Operative and implementation simplicity

4.6 The tariff determination mechanism should be simple to understand and implement. Also, an effective design of the tariff mechanism could result in the development of a set of norms to establish the tariff for a wide range of plants as an effective alternative to the Commission having to examine and set individual tariffs for every single renewable generator.

Approaches for Tariff Determination

4.7 There are three dominant approaches available for tariff determination:

- Avoided cost based approach
- Marginal cost approach
- Cost plus approach
  - Benchmarking approach

Avoided Cost Approach

4.8 Avoided cost based approach for tariff determination is based on the unit cost of energy that is replaced at the margin in order to meet the renewable energy procurement requirement. This cost of energy is used to set tariff for the energy generated by the renewable energy plant. The avoided cost approach is based on the price of power from alternative conventional sources. Using the avoided cost approach results in no net impact on the utility's power purchase cost.

4.9 There are issues on the implementation of an avoided cost approach. Typically, SHP plants might be connected to the grid at lower voltage levels. The impact of the voltage and location of both the renewable energy generator and the avoided conventional generator could be factored. Also, the time period for computing the avoided cost is also important (this could occur on a 15 minute interval, hourly interval, daily, monthly or yearly interval) given the variations in power procurement profile of the utility. A trade off between accuracy and convenience usually occurs.

4.10 The key merit of the avoided cost method is that it is based on the most expensive power from conventional sources and this tariff in some sense acts towards encouraging development of renewable energy generation that can come on stream below this tariff level. However, avoide vary on a year to year basis depending on the merit order and might thereby not provide adequate certainty on tariff to renewable developers.

Marginal Cost Based Approach

4.11 Marginal cost pricing is based on the expected future economic cost of power rather than current and historic financial costs. Long run Marginal Cost (LRMC) is the

future cost of power which takes account of the projected increase in demand and supply, the requirement for investment, availability from various fuel sources etc. The data requirements for the determination of the LRMC are the energy production and capital costs of future plants included in the long-term expansion plan. To determine the LRMC, the system expansion plan needs to be defined in terms of investment costs, variable costs and power and energy production. This is generally carried out with an investment horizon of 20 to 25 years.

4.12 The merit of adopting a marginal cost approach is that appropriate economic signals on the pricing of power would be provided to both the supplier and consumer. However, the calculation of Long Run Marginal Cost Pricing is not feasible in the current context as such a study has not been carried out for HP and in the absence of reliable data.

Cost Plus Approach

4.13 The cost plus approach is used to set tariff based on the cost build-up for a generation station. This relies on the availability of requisite station-wise generation, information on various cost elements of the generating station and thereafter builds up the tariffs from costs. This is typically the approach used for SHP tariff setting in India adjusted for performance standards set by regulators. Here the tariff setting is determined in a manner to ensure that the developer recovers cost components such as interest on debt, operation and maintenance (O&M) costs, depreciation etc. and also earns a regulated rate of return on equity.

4.14 This approach necessitates validating each element of the cost structure based on supporting information provided by the developer and monitored for efficiency by the regulator. (based on historical data/past trends and other supporting information) This approach is difficult to implement with inadequate supporting data.

Benchmarking Approach

4.15 The benchmarking approach is a variation of the cost plus approach and is preferred in instances when the Commission prefers to apply a normative tariff approach to set tariff for a large number of small plants. The approach identifies key determinants to define the variables in the framework and tariff is set for each combination of determinants. For example the Commission may decide to segment SHP generators based on the size of the plant and the river basin it is situated on. This approach is convenient to apply to set tariff on a normative basis for a large number of small and widely distributed projects. However, success of such an approach rests on the choice of appropriate determinants and classification of plants under each determinant (for example the size of plant determinant might have classification based on less than 100 kw, 100 kw - 1 MW, 1 MW – 5 MW etc.). The benchmark costs setting method is a convenient mechanism for tariff setting but is dependent on the availability of reliable data for setting tariff benchmarks.

Approach adopted by HPERC

4.16 Based on the above discussion on specific advantages and disadvantages related to different tariff methodologies, it emerges that both, the cost plus approach and the avoided cost based tariff setting methodologies have (a) specific advantages and (b) can be adopted/modified to address specific issue(s).

4.17 However, it is seen that in order to promote the development of renewable energy technologies, a cost plus approach with a return on equity, has been followed by the different state electricity regulatory commissions. This is primarily because the main advantage of a cost based tariff approach is that it has the ability of incorporating any incentive that is introduced for a particular technology and this gets reflected in the tariff that is calculated. Also the cost of renewable power generation sets are reducing rapidly and since it is difficult to predict this reduction, as the cost falls, the actual cost can be reflected through the cost plus tariff mechanism. Further, since the tariffs can be set for a longer period, the annual exercise of tariff setting can be avoided.

4.18 The Commission, therefore, has decided to determine tariff for small hydro energy projects based on the cost plus approach with certain performance benchmarks.

Single Part vs. Two Part Tariff

4.19 Two part tariff is applied in order to recover fixed and variable costs through the fixed and variable components of tariff. This is specifically useful in a scenario of merit order dispatch.

4.20 It has been felt that implementing a two-part tariff, which is implemented for large hydro power projects, will be difficult for SHP projects since the number of small hydro plants in the state is large. Also, since small hydro power projects are not amenable to merit order dispatch principles because of infirm nature and almost all the costs of SHP generators are fixed in nature, hence it is appropriate to have a Single Part tariff for SHP generators.

4.21 The Commission is of the view that a single part tariff would offer high level of investment certainty by guaranteeing a fixed price for every unit delivered.

4.22 Considering the practical difficulties in implementing a two-part tariff for a large number of SHP projects with low capacity, seasonal variation in water discharge and monitoring of large number of projects , the Commission deems it fit to determine and apply single part tariff for the small hydro projects.

Project Specific or Generalized Tariff

4.23 Strictly every project is unique in certain characteristics. However, it is difficult to set tariff for each renewable energy project as projects are small in nature and a large number of projects exist in the state. Tariff determination for each project will be cumbersome and put significant strain on Regulatory Commission.

4.24 A generalized tariff mechanism would provide an incentive to the investors for use of most efficient equipment to maximize returns and for selecting the most efficient site while an individual tariff determination (project specific tariff) would provide each investor, irrespective of the site selected, the stipulated return on equity, which, in effect, would shield the investor from the uncertainties involved.

4.25 Considering above arguments the Commission has decided to opt for generalized tariff rates for projects up to 5 MW and project specific tariff for projects with capacity more than 5 MW and up to 25 MW as specified in the regulations.

Average vs. Levelised Tariff

4.26 Average Tariff is method adopted with a view to avoid front loading of tariff particularly with decreasing trend. In this method the average of tariff for a certain number of years worked out on the basis of cost plus approach or return on capital employed is taken. This results in lower realization of tariff in initial years to be compensated during later year providing less comfort to lenders and investors.

4.27 Levelised tariff is a tool for taking investment decision as well as bid evaluation both for the investors and licensees. Levelised tariff which ensures realization of present day value of investment to investors is a better approach than average tariff approach for estimating tariff payments towards recouping of investments.

4.28 Considering both the approaches the Commission has decided to opt for levalised tariff as it ensure rather more accurate realization of present value of the investment to the investor. As per the CERC guidelines for determination of tariff by competitive bidding the discounting rate for computing levelised tariff shall be prevailing rate of 10 yrs GOI securities. Therefore, the Commission decides that discounting rate will be 11.10 % (as per CERC notice No. Eco 1/2007-CERC dated 1 April 2007).

Third Party Sale

4.29 Third party sales both within and outside the state shall be allowed and the same would be guided by the Open Access regulations framed by the Commission under Electricity Act 2003 namely HPERC (Terms and Conditions for Open Access) Regulations, 2005.

Tariff Structure

4.30 A single part tariff structure is applicable on the energy sold from the project to the purchaser. It is determined as Rate of Energy Charge = Annual fixed charge/Annual saleable energy. Annual Fixed Charge (AFC) for SHP includes all the cost components namely O&M cost, depreciation, interest, Return on equity, interest on working capital, taxes, levies and duties imposed by Government of India and Government of Himachal Pradesh.

4.31 As discussed above, the final tariff determined, in a cost-plus scenario, would depend significantly on the assumptions on investment costs, operating and financing costs and the CUF. The key drivers of cost are as mentioned below and the Commission's treatment of each is discussed in the subsequent sections:

(a) Capital Cost
(b) Capacity Utilization Factor
(c) Debt-Equity ratio
(d) Interest costs on debt
(e) Term of the Loan
(f) Return on Equity
(g) Depreciation rate applicable
(h) Advance Against Depreciation (AAD)
(i) Operation and Maintenance expenses
(j) Royalty Power / Free Power
(k) PPA Period

(l) Taxes/duties/levies imposed by all Governmental agencies

Capital Cost

4.32 Unlike thermal plants, a hydel power project does not incur variable costs (typically corresponding to usage of fuels – coal, gas, oil etc.). The fixed costs such as depreciation, RoE and interest are derivatives of the capital cost. Even O&M costs can be determined as a percentage of the capital cost. Hence, accurate assumptions on capital costs are critical to ensure fair tariffs for hydel projects.

4.33 The following are the capital cost values allowed by some other Regulatory Commissions in determining tariffs for purchase of power from SHP's:

Cost/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Uttarakhand	Maharashtra	Haryana
Project Cost (Cr/Mw)	4.5	3.9	4.5	5.5	4.4	10.25 (upto 2MW)
Notification Year	July 2004	Jan 2005	July 2005	Nov 2005	Nov 2005	Jan 2007
WPI	186.6	188.6	194.6	198.2	198.2	208.8
Equivalent Cost @ Nov 2007 prices WPI=215.4)	5.19	4.54	4.98	5.98	4.78	10.57

Stakeholders Comments

4.34 During the public hearing SHPs suggested that the benchmark specified in draft regulation of 6.5 Crore/MW is inadequate due to the steep rise in the various cost as well as the cost to interface with HPSEB grid and the additional costs on account of Local Area Development Charges, fisheries, forests increased cost of land and the 15% mandatory discharge requirement should also be taken into consideration. It was also suggested that for clarity purpose it would be better to list various salient components of cost included in benchmark capital cost such as cost of road construction to reach weir and power house sites, cost of evacuation system and up-gradation of facilities upto and at interconnection point etc. It was also suggested that cost benchmarks should be comparatively higher for smaller capacity projects. Consumer representative also suggested that the projects should be treated slab wise e.g. 1-50 KW, 51-100 KW, 101-1000 KW, 1-2 MW and above 2 MW. HPSEB made a submission that benchmark of Rs.6.5 Cr/MW needs to be reduced.

Commission Views

4.35 The cost of a small hydro project is mainly dependent on the site which is selected, and therefore, becomes very site specific, The Commission has decided to approve capital cost for tariff determination at Rs.6.5 crore/MW. The proposed bench mark may seem on higher side when compared to capital cost bench mark adopted by other states, however the Commission is of the view that higher capital cost is justified given the mountainous terrain and comparatively higher cost of

transportation and long interconnecting transmission lines from project site to the interconnecting sub-station.

4.36 While deciding the project cost benchmark, the Commission has also considered additional expenditure incurred by the SHP developers on account of LADA charges, forest and fisheries levies. The Commission is also in favour of a single cost benchmark for all projects from 0-5 MW instead of slab-wise cost benchmarks suggested by many stakeholder primarily on account of the fact that economies of scale observed in larger projects are negated by the reduced MNES subsidy (per MW of installed capacity) for larger projects as indicated in the subsequent section.

4.37 The estimated capital cost benchmark includes the cost of interconnection facilities at the interconnection point. The cost of re-organization of bays at the Interconnecting Sub-station and associated civil works necessitated on this account has also been included in the capital cost.

MNES Subsidy

4.38 MNES, Govt. of India, provides capital subsidy for installation of Small Hydro Power projects which is paid directly to financial institutions for commissioning of the projects subject to prior sanction and policy in force.

4.39 Currently, MNES provides a capital subsidy limited to the amount indicated below:

Up to 100 KW	From 101 KW to 999 KW	From 1 MW up to 25 MW
45% of Project cost limited to Rs. 30,000/- per KW	45% of Project cost limited to Rs. 30.00 Lacs + Rs. 21,625/- per KW.	45% of Project cost limited to Rs. 2.25 Crores + Rs. 37.50 Lacs per MW.

Stakeholders Comments

1.40 HPSEB, in their comments on draft regulations submitted that capital subsidy available to the generators from MNES should also be accounted for.

Commission Views

4.41 The Commission is of the view that if the developer gets any subsidy / incentive from MNES / State Govt. or any other agency on the capital cost, then such subsidy / incentive shall not be adjusted against the capital cost of the project for the purpose of tariff determination. In order to fulfil the mandate of promoting renewable energy generation provided by Section 86 (1) (e) and Section 61(h) of the Electricity Act 2003, the Commission has decided that the entire benefit of subsidy be given to developer as incentive for the purpose of promotion of small hydro power in the state.

4.42 The above notation has validity for two more reasons. Firstly, there is doubt whether the Central Ministry will for purpose of subsidy switch over from continuing to give some subsidy to the projects which have been approved on the MOU route or would only seek to provision for only those IPPs who have migrated to the system via the competitive bidding route. Secondly, if we evaluate the overall likely explosion of renewable energy across the North-West

and North-Eastern Himalayan region in the country over the next decade, the number of projects and the budgetary requirement for subsidy will become difficult to provision for by GOI. Similar constraints have been noted in many subsidy based programs, wherein recipients spend lot of time and effort on subsidy retrieval from the bureaucracy at the Central level. This will lead to policy makers at the Central Level to slow down or negate the subsidy transfers. It is thus imperative that like the CDM issue, MNES subsidy should not be accounted for within any tariff formulation but should be left as an incentive for the promoters, in line with the views enshrined in the National Tariff Policy.

Capacity Utilization Factor

4.43 In case of small hydro projects, CUF is an important parameter and is a measure of the estimated energy likely to be generated as a percentage of maximum energy that could have been generated with full capacity utilization of the installed capacity of the project.

4.44 The actual CUF for a hydel project would depend to a large extent on parameters such as location of the project, the river basin, rainfall, etc.

Stakeholders Comments

4.45 During the public hearing, HPSEB made a submission that the data in respect of 75% dependable year generation projects for about 140 projects chosen randomly for which DPRs are available, has been compiled, which has been summarised below:

River Basin	Satluj	Yamuna	Chamba	Beas (Palampur)	Beas (Kullu-Mandi)
No of Projects	34	17	30	28	33
Avg. CUF (%)	68	63	67	70	73

4.46 HPSEB has indicated that average CUF for such projects (upto 5 MW) is of the order of 68%. Hence tariff should be worked out on the basis of net generation corresponding to CUF of 65%. The Board also contended that if a lower CUF is considered then the benchmark generation for the purpose of deemed generation shall also have to be reduced accordingly. The consumer representative stated that if PLF at lower limit of 40% is fixed, the plants will hardly be attractive to an investor This means that the State Government will have to subsidise the project to make it financially attractive and therefore, the lower limit of project utilization factor should be 45%.

Commission Views

4.47 The Commission is of the view that for many of the SHP's, an accurate determination of the design energy and in turn saleable primary energy is difficult due to problems of reliability of available water discharge data. The DPRs of such projects do give estimated projections of the energy likely to be generated and the annual fixed cost (AFC) could indeed be distributed over the projected generation. However, there is an additional risk that if in a particular year water availability reduces, which is not unusual, the developer will not be able to fully recover the AFC as the comfort provided by capacity charge in the two part tariff structure applicable to Large Hydro Projects is not present in single part tariff

structure contemplated for SHPs. At the same time, the single part tariff structure could result in an SHP developer earning much higher returns if actual generation is in excess (which should be deemed as an incentive for higher generation/ productivity)

4.48 Normative values for CUF of SHP's adopted by different states are given below:

Andhra Pradesh	Uttaranchal	Maharashtra	Karnataka	Haryana	Uttar Pradesh
35%	45%	30%	30%	70%	35%

4.49 The higher CUF assumed in Uttaranchal is because the Himalayan Rivers are perennial.

4.50 The Commission also notes that HPSEB's own SHP projects are on average operating at a CUF less than 45% (except in a few cases) as shown below:

Name of Power Station (HPSEB)	Installed Capacity (MW)	CUF		
		2004-05	2005-06	2006-7
Thirot	4.50	17%	9%	21%
Gumma	3.00	25%	56%	30%
Holi	3.00	-	20%	36%
Nogli	2.50	47%	20%	40%
Rontong	2.00	10%	13%	10%
Sal-II	2.00	40%	46%	30%
Chaba	1.75	43%	57%	43%
Rukti	1.50	10%	9%	9%
Chamba	0.45	26%	55%	16%
Killar	0.30	48%	52%	41%

4.51 In comparison to HPSEB's own mini/micro projects, the plants run by private sector are far more efficient and consistently operate at a better CUF. However, there is considerable variation between the CUF achieved in two consecutive years.

Power Station	Installed Capacity MW	CUF(%)	
		2005-06	2006-07
Titang	0.9	28.0%	26.1%
Rasket	0.8	48.9%	45.2%
Maujhi	4.5	32.4%	30.8%
Dehar	5	57.6%	55.5%
Bara Gaon	3	64.8%	78.5%
Ching	1	34.1%	29.2%
Manal	3	13.6%	23.4%
Aleo	3	67.8%	116.1%
Manjhal	1	-	48.1%
Salag	0.15	-	75.3%

4.52 Moreover, the new State Hydro Policy makes it obligatory for the developers to maintain mandatory 15% water release. The impact of this on CUF would need to be factored in.

4.53 The Commission has also observed inconsistencies between the CUF projected in DPR and the actual CUF achieved in a few instances. The reasons behind this are not being considered here.

4.54 In the absence of adequate data for reliable determination of CUF as well as the fact that calculating and determining CUF on an individual basis for a large number of SHP would be a tedious and time consuming process, the Commission is inclined to use a normative value of CUF for the purpose of tariff determination.

4.55 Based on the normative CUF that has been adopted by different states, and the analysis of average CUF of projects across five river basins as reported in DPRs, low CUF of Board's own projects, vide variation in actual CUF of different projects in private sector and variation in CUF on year to year basis, the Commission determines that a normative value of 45% for CUF for the purpose of tariff determination for SHP plants. Uttaranchal, with a similar topography as the state of Himachal Pradesh has also adopted normative CUF as 45%. Benchmark CUF of 45% as decided also takes into consideration the factor of minimum 15% water discharge from diversion weir as mandated by GoHP policy directive

4.56 With a single part tariff for generation arrived at through a cost plus approach wherein the developer recover the annul fixed cost from the generation at normative CUF; a somewhat lower figure of normative CUF at 45% compared to projected average CUF in DPRs (between 63% to 73%) could considerably lower the risk of under recovery due to lower than projected generation.

Debit Equity Ratio

Stakeholders Comments

4.57 Some of the IPP suggested a debt equity ratio of 80:20 on account of difficulty faced by small entrepreneurs in arranging 30% equity. They also contended that some of the international banks are willing to finance the IPPs at a debt equity ratio of 80:20. The consumer representative suggested that the ratio should be 80:20 for all projects, to encourage the bonafide small investors belonging to the State of HP.

Commission Views

4.58 Debt Equity mix of the project is an important parameter influencing the return on a developer's investments. CERC norm for debt-equity ratio in case of conventional power plants is specified as 70:30. For a fixed PLF value and capital cost, a developer who is able to leverage his funds better and able to raise more debt than the 70% of the project cost, earns a higher return on his investment compared to another developer who invests more equity.

4.59 The main factor behind determination of debt-equity ratio is the comfort level of financial institutions. Most of the Financial Institutions insist on debt-equity ratio of 70:30.

4.60 In case of all SHP generating stations across different states, a debt-equity ratio of 70:30, as on the date of commercial operation has been considered for determination of tariff as shown below:

D/E Ratio/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Uttarakhand	Maharashtra	Haryana
D/E Ratio	70:30	70:30	70:30	70:30	70:30	70:30

4.61 Taking into consideration all of the above the Commission determines that a debt-equity ratio of 70:30 shall be considered for the purpose of tariff calculation. The debt and equity amount arrived in this manner is to be used for calculating interest on loan and return on equity allowed to the investor.

Interest on Loan Capital

Stakeholder's comments

4.62 HPSEB submitted that interest rate is defined as "PLR of a Scheduled Bank plus a pre determined margin" in draft regulation. They sought clarity on the pre determined margin.

Commission Views

4.63 Interest on loan capital is computed loan-wise on the loans. The interest rate is based on the Regulatory Commission's assessment of the rates that are being offered by different financial institutions in their respective states. The table below gives the different interest rates that have been considered by Regulatory Commissions across their respective States.

Interest Rate/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Maharashtra
Interest Rate (%)	10	11	10.25	9

4.64 The Commission has taken an interest rate of 11.5% for tariff determination which commission feels realistically reflects the cost of debt raised by the developers.

Term of Loan

Stakeholder's comments

4.65 Consumer Representative stated that the loan period should be 7 years with a moratorium of 18 months for mini/micro/small hydro projects.

Commission Views

4.66 Repayment of loan is considered as 12 years with two year's moratorium with effect from COD of plant which is in conformance with the prevalent practices adopted by the various financial institutions.

Return on Equity (ROE)

Stakeholder's comments

4.67 During the Public Hearing there were various suggestions made by some IPPs and Consumer Representative to set the RoE at a rate of 5% to 6% over and

above that of PLR of scheduled banks, considering the nature of projects and risks associated with them.

Commission Views

4.68 The Return on Equity is to be computed on the equity base. The CERC (Terms and Conditions of Tariff) regulations, 2004, for large hydropower plants provides for a ROE of 14%. Further, UERC tariff regulations for small hydropower plants also provide for a ROE of 14% for such plants. However, for purposes of computing tariff for SHP projects, except for the state of Uttaranchal, all other states have used a rate of 16% per annum. This is based on an assessment of the financial risks and uncertainties faced by the small developers in the development and operation of an SHP plant (including aspects of CUF, release of water etc.) ROE as given in other States is given below:

ROE/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Uttara khand	Maharashtra	Haryana	T.N
ROE (%)	16	16	16	14	16	16	16

4.69 The Commission feels that the investors perceive a high risk and a long pay back period in such projects and therefore, there should be an adequate return to the investor. At the same time, the Commission has set a procurement target for renewable sources to ensure promotion of renewable energy. Balancing interest of all stakeholders including consumers, the Commission fixes the RoE at 14% post-tax which it is of the opinion effectively remunerates the developers for the risk assumed.

Depreciation

Stakeholder's comments

4.70 During the public hearing Aditya Cotton Mills Pvt.Ltd. suggested that depreciation should be raised to minimum 3% considering life of plant as 30 years. Techman Infra Ltd. suggested for adoption of depreciation rates applied by finance ministry for evaluation of profits

Commission Views

4.71 Depreciation is non-cash expenditure for the project holder, and facilitates the servicing of the principal repayment obligation under the loan agreement.

4.72 For the purpose of tariff computation, SERCs have estimated depreciation annually based on a straight-line method over the useful life of the asset and at the rates that are prescribed in their respective State regulations. The States like AP, UP and Karnatka allowed depreciation to cover fully the debt repayment obligation of the IPP. Andra Pradesh has allowed a rate of 7.84% per annum till 70% of the project cost and the balance depreciation of 20% has been spread over the balance period of the PPA. The depreciation rates that have been used by different SERCs are summarized in the table below:

Depreciation/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Maharashtra
Depreciation (%)	7.84	7	7	2.57

4.73 In view of above considerations and relevant data, the Commission determines that the depreciation rate shall be taken as 2.25% over an operational life of plant as 40 years (corresponding to PPAs) and depreciation is to be allowed upto 90% of the cost of the project.

Advance Against Depreciation (AAD)

4.74 In addition to allowable depreciation, the Commission has allowed Advance Against Depreciation (AAD) to facilitate debt repayment and the same shall be calculated as under:

AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these regulations;

Provided that advance against depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year;

Provided further that advance against depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

Operation and Maintenance (O&M) Expenses

Stakeholder's comments

4.75 During the Public Hearing there were various suggestions made by the respondents stating that O&M cost at 1.5% of Capital cost is very low. IPPs suggested for O&M cost benchmark between 2.5 % to 3.5% of capital cost with annual escalation of 5% to 6%. The Consumer Representative argued that on account of special maintenance that run of rivers small hydro stations require to keep the unit operational, the O&M cost should be 3.5% with an escalation of 5%.

Commission Views

4.76 It is a known fact that the operation and maintenance expenses are higher in small hydro projects than in large hydro projects. Part of this is accounted for on account of economies of scale. O&M expenses typically cover the regular maintenance expenses, employees cost, repair and maintenance costs. Small hydro projects are also liable to be subject to harsh weather conditions. The electro mechanical equipment can suffer major faults due to flash floods, debris etc. The cost involved in repair and ensuring availability of the machine at all times for power generation results in extra expenditure. These are again pooled in the O&M expenditure of the plant. In the hilly areas, SHP schemes being the run off river, during months of rains the water contains silt/debris, which causes heavy abrasion to the turbine runner, casing and vanes etc. In storage scheme (normally for schemes having the dams) the impact of silt/debris is comparatively low and therefore, replacement of runner is not frequently required for dams. Referring to CERC guidelines for large hydropower generating stations, the operation and maintenance expenses is to be fixed at 1.5% of the capital cost and is to be escalated at the rate of 4% per annum from the subsequent year.

4.77 States such as Andhra Pradesh and Karnataka have followed the CERC norms of O&M costs as 1.5% of capital cost, even for SHP projects. However, this percentage of 1.5% of the capital cost may not actually cover some of the extra expenses incurred as discussed above. Therefore a relaxed normative ceiling of 2.5% - 3% of the capital cost for O&M expenditure has been considered by other states as tabulated below:

O&M Costs/States	Andhra Pradesh	Karnataka	Uttar Pradesh	Uttarakhand	Maharashtra
O&M cost % of capital cost	1.5	1.5	2.5	3.0	2.5
Annual Escalation	4	5	4	4	4

4.78 Keeping in view the factors stated above, the Commission has decided to relax the CERC norms for O&M costs and has fixed it at 2.25% of capital expenditure with 4% escalation every year.

Interest on Working Capital

Stakeholder's comments

4.79 In the public hearing, Aditya Cotton Mills Pvt.Ltd. submitted that maintenance of the spares should be provided @ 2% of the historical cost, escalated @ 5% from the date of commercial operation.

Commission Views

4.80 Composition of working capital for purposes of computing tariff for SHP projects that has been considered as per the CERC guidelines as summarized below:

(a) Operations and Maintenance expenses for one month;

(b) Maintenance spares equivalent to 50 % of R&M expenses for 1 month;

(c) Receivables equivalent to 2 months of fixed and variable charges for sale of electricity calculated on the normative Capacity Index.

4.81 Rate of interest on working capital is taken as 13.75%.which the Commission feels is representative of cost of short loans of the SHP developers.

Royalty Power / Free Power

4.82 The quantum of royalty power /free power to the state is a policy decision and may vary from year to year. Prior to 2006, Hydro Policy of Himachal Pradesh stipulated that no royalty for first 15 years of operation and 10% royalty was payable thereafter. The new hydro policy of Himachal Pradesh notified that there shall be no royalty for first 12 years, 12% after 12 years and till 30 years and 18% royalty payments thereafter.

4.83 Since royalty payment is a policy decision of government of Himachal Pradesh and not under the jurisdiction of the Commission, hence the Commission decides that any change is existing value of royalty payments by the state government, shall be treated as an uncontrollable element and treated as a pass through in tariff

payable to IPPs. However royalty, as per GoHP Hydro Policy 2006 has been considered while determining the tariff.

PPA period

The PPA period has been considered for 40 years as per the GoHP Hydro policy 2006 wherein the projects are allotted on built, own, operate, maintain for 40 years before transferring to the State Government**.**

Taxes

4.84 Tax holiday benefit in the Income Tax in the form of exemption over a period of 10 years under Section 80IA of the Income Tax Act has been considered. However Minimum Alternate Tax (MAT) @ 11.22% (inclusive of surcharge and cess) under Section 115JB has been provided for in the tariff. Thereafter Income Tax at the rate of 33.66% (inclusive of surcharge and cess) has been considered.

4.85 Any change in the aforesaid taxes or any statutory taxes, duties, cess or other kind of imposition(s) including tax on generation of electricity whatsoever imposed/ charged by State/Central Government and/or any other local bodies/authorities on generation of electricity, after the date of signing of the power purchase agreement, shall be a pass through and shall be reimbursed by the board to the generator on the quantum of net saleable energy.

Summary of the Tariff Structure

4.86 As discussed above, the Commission hereby notifies its approach for determining tariffs for hydro generating stations having capacities up to 5 MW

4.87 Generation tariff for SHP up to capacities of 5MW will be fixed on cost plus basis in accordance with Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007 subject to following Cost benchmarks:

Project Life (Years)	40
Return on Equity (%)	14%
Debt Equity Ratio	70:30
Term of Debt (Years)	12
Moratorium (Years)	2
Interest Rate (%)	11.50%
Recovery of Depreciation (% of asset value)	90%
Rate of Depreciation (% p.a.)	2.25%
Availability (%)	95%
Auxiliary Consumption (%)	0.50%
Transformation Losses (%)	0.50%
Operation	
O&M Expenses (% of Project Cost)	2.25%
Annual Escalation Factor	4%
Working Capital Norms	
Receivables (no of months)	2
Spares (% of Project Cost)	1%

Escalation Factor for Spares (%)	6%
O&M Expenses (no of months)	1
Interest on Working Capital (%)	13.75%
To enable the debt repayment, any cash shortfall in debt repayment obligation was allowed as advance against depreciation (AAD) *11.22% Minimum Alternate Tax has been considered which also includes surcharge and cess* *33.66% Income Tax has been considered which also includes surcharge and cess* *Discount Rate of 11.1 % used for levelized tariff calculations* *Levelized tariff calculations are taken for 40 years of plant operation*	

4.88 Considering all of the above parameter, the Commission has worked out the levelised tariff for the 40 years of commercial operation of SHPs at Rs 2.87/ Unit.

4.89 One notable aspect is that while the Commission has determined the tariff through cost plus approach, there would be a large number of other indicative factors which would move towards looking at this determination from different standpoints. The first, of course, would essentially be looking at cost parameters in the year 2000 when the tariff was fixed at Rs.2.50 per unit and working out the tariff in the current year based on yearly inflation. This would, therefore, increase tariff about 1/3rd of Rs. 2.50 per unit and a tariff between Rs.3.30/per unit and Rs.3.40 per unit would have adequate validity. Second methodology would be to look at the perspective of prevalent tariff in the adjoining States where it various from Rs.3.49/unit (Punjab) to Rs.3.67/unit (Haryana) on base year 2007-08 alongwith provision of escalation every year for next 5 years. From this perspective the average of the other States comes to Rs3.58/unit and, therefore, tariff in Himachal would be somewhere near this figure to discourage inter-state open access by the IPPs, thereby, providing advantage to entities within the State. Thirdly, today in terms of the latest competitive biddings undertaken by the Board, power being imported from Chhatisgarh at Rs.4.98 during the deficit months. If power from IPPs is to replace this power, obviously a tariff near Rs.4.98 from this standpoint have a certain degree of validity. Additionally IPPs have been insisting that the power be purchased from them at a tariff which while containing base tariff of Rs.2.50/unit with increased levies, duties and taxes and policy changes as compared to the year 2000 when this tariff at Rs.2.50 was specified originally. The tariff from this standpoint becomes project specific, but based on broad assumptions the tariff would approximately fall within the range of Rs.3.00/unit to Rs.3.30/unit.

4.90 Looking into all the various factors at play, the cost plus mechanism in spite of its ostensible upgrade gives us a tariff formulation which falls between the different standpoints, giving a major plus to the board. Thus the Commission views the new tariff as win-win for all parties- the utility, the consumers and the IPP(s). The utility today is able to sell power at Rs.7.30 per unit. Buying power at Rs. 2.87/unit still leaves with it with a large spread during the surplus months and a plus during the hydrological deficient period in winter when inputs from these IPP's will bring added comfort to the Board during the period of power importation. The consumer gets more power with greater reliability, less outage and an upgraded wheeling network at a very marginal cost. Finally, the IPP's get a decent long term price, an evacuation structure at zero cost and CDM/MNES benefits which strengthen their bottom line.

Excess Generation beyond Normative CUF

4.91 There are various approaches that have been followed in different states to address the issue of excess generation beyond normative CUF.

4.92 The approach which is adopted by APERC, UPERC is based on giving fixed incentive rate for every unit generated above generation at the normative CUF. APERC and UPERC has fixed an incentive rate of 21.5 paisa of every unit generated above the generation at normative 35% CUF. Uttranchal on the other hand, approved an incentive such that for actual PLF being higher than the normative CUF (which is 45%), an incentive, similar to that for achieving Capacity Index higher than normative is provided such that at 100% of normative CUF the incentive to such units would be 10% of the approved AFC. The rate of energy beyond the normative CUF is, therefore, given by UERC as

Rate of Energy = 0.1 x AFC/[365*24* Installed Capacity in KW* (1-CUF_n)]

Where, CUF_n – Normative Value of CUF.

4.93 The States like Maharashtra, Karnataka, Punjab and Haryana have adopted a different approach wherein tariff for excess energy is same as applicable to the generation within the normative CUF.

4.94 The Commission feels that incentive given by APERC, UPERC and UERC on the excess energy is not adequate for the IPP's as the returns are limited to 16% or 14% of the equity which may not be a good enough incentive for the IPP to invest in this relatively high risk sector in the state of HP. Also in context of Himachal the approach followed by UPERC, UERC and APERC would not be effective because of prevalent flat tariff rate of Rs 2.50/unit for entire generation.

4.95 The Commission in order to promote generation from SHP projects would like greater participation of private sector in the development of SHP projects thereby, creating more generation capacity, which is the need of hour. As already discussed earlier the Commission is also concerned about the very slow progress in small hydro sector.

4.96 Keeping in view the above, the Commission has decided to follow an approach adopted by Karnataka, Maharashtra, Punjab and Haryana and the tariff for excess energy shall be same as applicable to the generation within the normative CUF. The Commission strongly feels that it will result in a win-win situation in Himachal. On one hand the IPP's would be incentivised not only to invest in small hydro but also have adequate incentive to run their projects in most efficient way and generate maximum possible energy. The Board on the other hand would be assured of relatively cheaper power @ Rs. 2.87 per unit for a duration to 40 years. Commission has also analyzed the impact of generation of energy from SHPP on Board's ARR in next five years and the impact on the ARR of the Board is found to be minimal.

Other Issues

Clean Development Mechanism (CDM)

4.97 The projects which result in reduction of green house gases (GHG) are eligible to obtain credit for the emission reduction that is achieved through the Kyoto Protocol

mechanism. For the developing countries like India, the CDM offers the opportunity to benefit from the projects resulting in GHG emission reduction that is paid for by Annexure 1 countries who are signatories to the Protocol.

4.98 There are some uncertainties on the quantification of CDM benefits to be taken into consideration while deciding the tariff (or using these for financing the renewable projects).

(a) The emissions reductions would result in additional revenue to the project. However, this revenue would not be easy to benchmark as CDM is a project-based activity, and the baseline and emission reductions vary from project to project.

(b) Further, all small hydro projects may not be eligible for earning CDM benefits as not all of them may fulfil the stringent criteria of CDM.

4.99 Thus, CDM projects offer an opportunity for additional revenue for the renewable projects and could result in lower consumer tariff if shared with the distribution licensee. However, the Commission is of the view that such additional revenues (CDM credits) be allowed to be retained by developer and not factored into tariff determination given the uncertainty involved in their award. This would also act as an incentive to attract more clean investment in renewable energy sector.

Banking

4.100 The existing banking provision in other states are summarised as under

(a) Punjab, Maharastra, A.P.	12 Months
(b) Kerala	9 Months (June-Feb)
(c) Gujarat & West Bengal	6 Months
(d) U.P.	24 Months
(e) M.P.	Not allowed.
(f) Karnataka	No time limit, UI linked to injection & drawl, banking charges being equal to rate difference.

4.101 Banking of energy has been a promotional tool. However, with the implementation of the ABT mechanism at the central level and the proposed implementation at the state level, there is a commercial impact on the HPSEB that would need to be factored in. Further, providing a banking facility to a set of generators that would constitute a significant proportion of generation capacity may not be advisable. Several states are in the process of reviewing their banking arrangements in light of the ABT implementation on account of developers pumping energy into the grid during higher frequency conditions (when system has surplus of energy and the utility receives a low tariff for the electricity pumped in) and drawing the banked energy during periods of low frequency (when system has deficit of energy & the utility is faced with a high tariff of electricity for such drawl).

4.102 Himachal Pradesh is energy surplus in summer months and energy deficit in winter months given the hydro based generation profile in the state. This pattern holds true even for generation from SHP. Given this energy profile, HPSEB typically sells surplus energy outside the state in summer months while in winter months HPSEB procures power from external sources at tariffs as high as Rs. 5 per unit. Providing a provision for banking would result in a situation where the SHP generators would be providing power to the grid in summer while withdrawing power in the energy deficit winter months with a resulting deleterious commercial impact on HPSEB. The Commission, therefore, is of the view that banking of energy would not be permitted for the time being.

5: TRANSMISSION OF POWER & GRID CONNECTIVITY OF RENEWABLES

Statutory and general requirement

5.1 As per Section 172 of EA 2003, HPSEB, in their capacity as State Transmission Utility (STU) in accordance with the transitional provisions (or their successor entity, if and when notified as STU as per Section 39 of EA 2003 by GoHP) would be obliged to provide grid connectivity, evacuation facilities and transmission access to generation projects

5.2 Under Section 86(1)(e) of EA 2003 the Commission is empowered to promote co-generation and generation from renewable sources of energy by providing suitable measures of connectivity with the grid, and the Commission's jurisdiction covers the State of Himachal Pradesh.

5.3 With regard to connectivity with the grid, certain applicable legal provisions are given as under:

(a) The duties of the generating companies specified vide section 10 of the Act, among others, is to establish, operate and maintain tie lines or the dedicated transmission lines also.

(b) Section 30 of the Act provides that State Commission has to facilitate and promote transmission, wheeling and interconnection arrangements for the transmission and supply of electricity and its economical and efficient utilization.

(c) Section 38 (2) (d), 39 (2) (d) and 40 (c) of the Act provide for CTU/STU/transmission licensee to provide non-discriminatory open access to its transmission system to generating company/ licensee/consumer on payment of transmission charges.

(d) Section 39 2 (b) of the EA-2003 states that CTU/STU/transmission licensee "to discharge all functions of planning and co-ordination relating to intra-state transmission system with - (i) Central Transmission Utility; (ii) State Governments; (iii) Generating Companies; (iv) Regional Power

Committees; (v) Authority; (vi) licensees; (vii) any other person notified by the State Government in this behalf ”

(e) Section 39 (2)(c) of the Act provides for STU to ensure development of an efficient, coordinated and economic system of intra state transmission lines for smooth flow of electricity from a generating station to the load centers.

5.4 Usually renewable sites are remote in location and situated away from load centers. Thus the evacuation system to be developed would almost exclusively cater to SHPs. Also, while SHP capacity addition in a river basin may be in continuous fashion at different instances in time, the quantum and timing of the transmission capacity addition could be an issue especially in a situation with limited right transmission of way. Typically, the quantum of transmission capacity addition needed would need to be understood. The manner of determining how the costs for capacity addition would be borne also needs to be determined.

5.5 In view of above, grid connectivity for renewable power plants can be conceived as comprising of

(a) Connectivity with existing transmission and distribution system

(b) Augmentation of the existing transmission and distribution system to remove bottlenecks, if any, beyond the interconnection point

(c) Establishment of new network system beyond interconnection point.

5.6 It emerges that the STU would need to plan for grid connectivity required to meet location specific NCES power potential and ensure that addition to transmission capacity or augmentation of the system is synchronized with the creation of additional hydro power capacity. Therefore, the Commission in order to facilitate the evacuation of power from small hydro projects has provided for the following in its HPERC (Power Procurement from Renewable Sources) Regulations, 2007:-

(a) Provision of joint evacuation system after the prior approval of the Commission;

(b) Preparation of comprehensive five year plan for augmenting and establishing the transmission/ sub-transmission system corresponding to commissioning of the project alongwith time lines;

(c) Provision of penalty in case the time lines are not adhered to by the licensee or the generator;

(d) Provision for construction of transmission system by the generator beyond the interconnection point on Build and Transfer (BT) basis;

(e) Provision for constitution of Empowered Committee to:

i) To examine the proposals for joint evacuation system;

ii) To monitor adherence to approved time lines so as to avoid mis-match between creation of generator capacity and evacuation system;

iii) To monitor that the augmentation/ establishment of transmission system is as per best industry practices, if the same is being done on BT basis.

Stakeholder's Views on Interconnection Regime

5.7 A few respondents among IPPs submitted that interconnection facilities should be defined to avoid confusion and the substation nearest to the project powerhouse – preferably a manned 22 KV substation as control substation by HPSEB or a 33 KV/EHV sub-station of HPSEB – be stipulated as the interconnection point for the SHP projects.

5.8 IPPs further submitted that STU should provide interconnection facilities in time bound manner as requested by concerned IPP and in case STU fails to provide appropriate interconnection facility within stipulated timeframe, IPP should be entitled for the benefit of deemed generation charges. While IPP could bear the expenditure incurred for connectivity upto the interconnection point with cost of such evacuation line being loaded on tariff but the STU on its own should bear the cost of augmentation, if any, of transmission system beyond the interconnection point.

5.9 HPSEB contended that it shall provide inter-connection at the nearest HT/EHT sub-station on best effort basis, however, in cases where it is not feasible for the licensee to provide such inter-connection at the nearest sub-station for some reason, the inter-connection can be given at some other sub-station. Also the minimum voltage level at which injections are to be made for different capacities should be specified by the Commission. The cost of interconnection facilities is to be met by the generators as per the explicit provision in the PPAs.

5.10 In the matter of augmentation of transmission network beyond the interconnection point, the IPPs submitted that HPSEB alone should be mandated to meet the entire cost for augmentation of transmission system and any provision for IPPs bearing augmentation cost is inconsistent with both the "Model PPA for SHP's upto 5 MW" issued on 24th march, 2003 against petition no.1/2002 filled by HPSEB and with the MOU signed by IPPs with HP Govt.

5.11 Further, IPPs submitted that GoHP is promoting SHP development in the state as a vital environment friendly non conventional energy source. The quantum of capacity addition in the SHP development program is very minimal when compared to the proposed large capacity development. As such, it is to be recognized that the augmentation of transmission system beyond the interconnection point is not exclusively for evacuation of power from SHP, barring certain exceptional cases, which in any case cannot absorb the cost of augmenting the system. GoHP's hydro policy of year 2000 had duly taken in consideration these concerns of SHP developers. However the new power policy (2006) of GoHP loads the cost of augmentation on SHP developers. Any proposal of funding the augmentation by SHPs would be contrary to the very spirit of promoting non-conventional energy source.

5.12 HPSEB contended that the Hydro Policy of H.P. government clearly provides that the cost of augmentation of the system even beyond the interconnection point is to be met by the IPPs on proportionate basis, therefore, entire cost of augmentation and additional systems required for power evacuation must be borne by the IPPs alone.

5.13 HPSEB further suggested that it will be prudent to charge IPP on the basis of installed capacity of their projects instead of the capital cost of the augmentation as determination of the capital cost may involve complex process. HPSEB also stated that the modalities for sharing recovery of the cost of augmentation/addition should also account for the apportionment of costs in cases where the system is designed for a much higher capacity for the upcoming projects in the system and frequent changes in the number of projects with the passage of time.

Approaches for determination of interconnection Charges

5.14 There are two main approaches for determining transmission network connection charges: the deep cost approach and the shallow cost approach. In the deep cost approach the generator bears the burden of all the costs for connecting and improving the grid. The shallow cost approach allocates just the cost of connecting to the grid, whereas the other costs (improvement, upgrading) are socialized through the use of system charges.

Deep Cost Approach

Definition

5.15 In the deep cost approach, the generator pays the identified costs for both the connection to the grid as well as for additional investments. The connection of a generator to the network could involve a loss of system reliability and additional investments might be required to restore the system reliability to initial state. When applying a "deep connection approach" both grid connection and network reinforcement charges are entirely borne by the generator responsible for the loss of reliability. The connection charges do not imply only the cost of the lines but also the cost of all facilities necessary to the connection of the generator.

Properties of the Deep Cost approach

From the point of Generator/Investor

5.16 The adoption of a deep connection charge implies that the generator pays the complete cost associated with connection and upgradation. This high, upfront payment could have an impact on the financial viability of generation project.

5.17 In the deep connection policy, existing generators are not affected by the connection of a new one. Any new connection demand is treated in comparative isolation to the rest of the system. The deep cost approach is not particularly favourable for renewable energy plants that are located away from the load centre and could discourage the development of the project

From the point of Network Operator (NO)

5.18 The deep connection policy results in minimum outflow expenditure by the NO. The deep connection charge represents a low risk approach for the NO. All the cost are paid at the outset by the generator and the NO is not exposed to the risks associated with the possibility of transmission assets that may subsequently get stranded if the generator fails to develop on schedule.

Shallow Cost Approach

Definition

5.19 Under the shallow connection policy, the generator pays only for the cost of connecting to the grid while investments required for system augmentation are socialized and included in the use of system charges spread across a larger consumer base. The generator typically will not pay for use of system charge which would be borne by customers.

Properties of the shallow connection policy

From Generator point of view

5.20 From the generator point of view, this option is favourable since the reinforcement costs are shared by the load customers. Generation developers are not burdened by the reinforcement costs and such costs are passed onto end customers as part of a policy to support development of such renewable capacity. From an implementation viewpoint, this is simpler to undertake, as there is no computation or allocation of the individual impact of each generator on augmentation required in the system.

From Network Operator Point of View

5.21 By applying the shallow connection approach, the Network Operator would be responsible for bearing the costs associated with system augmentation. The network operator would typically be compensated for such investments through an annual use of system charges over the lifetime of the asset.

Hybrid Models

5.22 Some hybrid models emerge depending on local conditions or stakeholder requirements. For example, a shallow cost approach may be adapted to include a fee related to the location of the plant to be payable by the generator to provide incentives on the location of the plant. Another option would be to include a nominal norm based fee linked to the capacity of power to be transmitted.

5.23 Another option would be the introduction of “entry” charges to finance the cost of reinforcement in the grid. The entry charges could take the form of a single capacity payment or an annual charge. The network costs not covered by shallow connection charges and capacity-based entry charges can be socialised across all demand consumers through a separate network usage charge. These costs include payments for the difference between deep and shallow connection costs, the transport of electricity across the network, the operation and maintenance of the network and the provision of capacity to meet peak demand.

International Practices

5.24 Transmission Connection Charging Policy in various countries is summarized below.

New Zealand	Both generators and loads pay connection charges. There are no special provisions for renewable but distribution companies (discoms) are allowed to own distributed generation (DG) (up to 5% of the network's maximum demand or 5MW). There are no limits if the DG fuel is renewable. The government has proposed new regulations where there are no additional network charges or other connection costs for distributed generation less than or equal to 10kW capacity.
Northern Ireland	Demand customers above 1MW and generators pay deep connection charges. Charges are based on 100% of the cost of their connection but the charges for reinforcement charges are limited to the voltage level of connection and the voltage level immediately above the connection level.
Norway	Network Companies can charge new customers an investment contribution and/or a connection fee. Generators and loads pay shallow costs; there are no special provisions for renewables or cogenerators. There are refunds within a period of no later than ten years after the installation is finished. The network company can either prepay the investments costs or set the share of the investment contribution for each customer as they get connected to the network or customers get a refund as new customers are connected to the network.
Spain	Producers and demand users make up-front payments for the capital costs of connection, including the costs of the required network reinforcements). New users (generator or demand user) connecting to the same line extension within a period of 5 years will be responsible for a pro-rata payment of these costs, based on its relative use of the installed capacity. These payments will be used to reimburse the original contributor.
USA (California)	Generators pay deep connection charges, they get refunds if other generators use their assets. An FERC order sets standardised rules for large generator interconnections. According to the rules, generators have to pay for deep connection costs and can get refunds during the following 5 years of operation.
USA (PJM Interconnectio n- Independent System Operator)	Until now, generators and loads pay connection charges. They are allocated a share of the system upgrades cost There are no refunds, however if a new project impacts a facility already identified as requiring an upgrade, cost responsibility may be assigned to the later project. Small generators (<10 MW) can be connected through expedited procedures. FERC's standard interconnection rules apply
USA (New York Indep-endent System Operator - NYISO)	Generators pay for deep connection charges. They are responsible for the cost of upgrading the transmission facilities that are not part of the Annual Transmission Baseline Assessment. FERC's new standard interconnection rules apply.
Alberta (Canada)	New generators bear full responsibility for their own interconnection costs while new loads share the cost responsibility for interconnection costs with existing customers through the investment policy of the transmission administrator. If a customer pays for a facility and Alberta Electric System Operator (AESO) uses those facilities to serve other Customers within 20 years, AESO will adjust the original contribution and assess each of the new customers' contribution. There are no special policies for renewables.
Ontario (Canada)	New generators and loads pay shallow connection charges. The Connection & Cost Recovery Agreement (CCRA) is negotiated. The transmission company, Hydro One Networks issues a refund or a rebate to the generator for subsequent generator connections. The refund to the initial generator is limited to a share of the amount recovered from the subsequent generator(s) connecting within five years.

5.25 As evident from the table above, different countries have followed different approaches namely deep, shallow or hybrid for levying interconnection charges of generating stations. Some of the countries have provided for special provisions for interconnection of non-conventional energy generators.

Interconnection approach followed by various SERC.

5.26 At present, different practices are being followed by the different state Regulatory Commissions on the issue of interconnection of renewables with the grid. For example, in case of Maharashtra, the MERC order says that the developer is required to initially contribute towards augmentation/transmission costs to partially meet the capital costs, with the same being refunded without interest in six annual installments.

5.27 The Madhya Pradesh Electricity Regulatory Commission's order says that the cost is to be borne by the developers initially and 50% would be paid back by the utility.

5.28 Chhattisgarh State Electricity Board mandates that the consumer has to bear the prescribed charge toward supply arrangement including the expenditure on grid interface / transmission line as per the tariff order for 2005-06, passed by CSERC on 15/06/05

5.29 In Rajasthan, the state regulatory commission has prescribed (based on State Government Policy) a uniform rate of Rs.15 lacs per MW towards augmentation charges of the transmission system for power evacuation and Rs.2 lacs per MW towards Grid Connectivity.

Approach followed by HPERC

5.30 The choice between deep or shallow cost is not easy to make. Adoption of a shallow cost approach would result in a part of the augmentation cost being borne by end consumers in Himachal Pradesh. Charging deep interconnection charges may render many small renewable energy projects unviable from a commercial point of view. Also, calculations of deep interconnection charges are very complex and would need to be undertaken on a case-to-case basis.

5.31 Therefore, the HPERC is of the view that a shallow connection policy be adopted to promote the development of non-conventional energy sources. For enunciation of a shallow connection policy for intra-state operations, the utility is being tasked with the creation of the necessary infrastructure for an evacuation system. This is essential, so as to bring about greater structural coherence at various stages of construction and in terms of the control mechanisms, since the wire business will have to be owned and operated upon by the Transmission or the Distribution Utility. The Price differentials between traded electricity today and the tariffs being fixed is nearly three times. Because of the cost parameters, and the control and structural parameters, a shallow connection policy will become essential and, therefore, the regulations for renewable sources have been so conceived. However, in case of third party sale within or outside the state through Open Access, the Commission shall adopt the approach as specified in HPERC (Terms and conditions for Open Access) Regulations, 2005.

Mechanism for Grid Connectivity

- IPPs shall bear the capital and operating costs of interconnection facilities up to the interconnection point which shall include, without limitation, switching equipment, control, protection and metering devices etc. for the incoming bay (s) for the project line(s), to be installed and maintained by the licensee at the Inter-Connection Point at the cost of the generator to enable evacuation of electrical output from the Project plus other expenditures like re-organisation of bays at the interconnecting sub-station and associated civil works alongwith the related operation and maintenance cost
- State Transmission Utility (STU) or Distribution licensee shall bear the cost for augmentation/establishment of network beyond the inter-connection point. The new or the augmented network shall form part of the assets of the transmission or the distribution licensee (as applicable) , the cost of such assets would be recovered from the transmission / distribution consumers (as applicable) through the transmission charge and/or wheeling charge over the life time of the asset.
- Implementation of grid connectivity to the small hydro projects and their monitoring through Empowered Committee shall be as per regulation 3 and regulation 4 of HPERC-(Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007.
- The licensee and SHP developer shall adhere to the time lines as per transmission plan approved by the Commission. However, SHP developer shall give prior intimation of his intention to inject the power at least 6 months before the scheduled commissioning of the project to the licensee so that the licensee gears up administratively and otherwise into the state of readiness for the interconnection. By means of a separate order, the Commission shall set up a Security Mechanism to ensure the commitment of IPP's for timely usage of infrastructure built by the utility.
- Interconnection facility to be provided at the nearest substation of the HPSEB. In case an alternative arrangement of interconnection is desired by any of the parties than such alternative interconnection arrangement needs to be approved by the Commission after scrutiny by the Empowered Committee.

Wheeling and Transmission Charges

5.32 MNES Guideline stipulates that the SEB will undertake to transmit on its grid the power generated, and make it available to the producer for captive use or to a third party within the State at a uniform wheeling charge of 2 % of the energy fed into the grid, irrespective of the distance from the generating station. The third party must be a HT consumer of the Board, unless the Board relaxes this stipulation.

5.33 Wheeling charges for renewable energy generators in other states are summarised as below

(a)	Maharashtra, West Bengal	2%
(b)	Gujarat	4%

(c)	Andhra Pradesh	50p/ unit (network charge) and 28.4% of energy (as losses)
(d)	M.P.	No wheeling charges
(e)	Rajasthan	10%

5.34 The Wheeling and transmission charges shall be governed by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff), and HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2007 respectively.

Applicability of order

5.35 This order shall be applicable to all such Power Purchase Agreements (not exceeding 5 MW) which have already been approved by the Commission with a specific clause that "Tariff and other terms and conditions of the PPA shall be subject to the provisions of the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007" and also the Power Purchase Agreements to be approved by the Commission hereinafter.

This order shall not be applicable to Open Access Customers.

-Sd-

Shimla **(Yogesh Khanna)**

Dated: 18.12.2007 **Chairman**

The Small Hydro Power Projects Tariff and Other Issues Order dated 9 February 2010

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as "the Commission") in pursuance to Section 3, Section 61(h) and Section 86(1) (e) of the Electricity Act, 2003 read with Sub Regulation (1) of Regulation 6 of the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewal Sources and Co-generation by Distribution Licensees) Regulations, 2007, issued an order on Small Hydro Power Project Tariff and other related issues on December 18th, 2007 determining the tariff for purchase of energy from Small Hydro Power Projects (up to and including 5 MW capacity) (hereinafter referred to as "the SHP Order"). The said order was challenged before the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") by way of appeal No. 50 of 2008 filed by M/S Techman Energy Ltd., (hereinafter referred to as "the appellant Company") and in Appeal No. 65 of 2008 filed by the Himachal Pradesh State Electricity Board (hereinafter referred to as "the Board") and the said appeals were disposed off by a common order passed by the Appellate Tribunal vide its order dated 18th Sep., 2009.

2. The Hon'ble Appellate Tribunal, while upholding the SHP Order dated 18.12.2007 has given the following directions (vide para 26 of its order): -

(i) that the capital cost of Rs. 6.5 Crores/MW shall be treated as normative capital cost in all such cases as are found suitable by all parties;

(ii) that the promoters of hydel power in the State of Himachal Pradesh as well as the Himachal Pradesh State Electricity Board shall be entitled to apply to the Commission for fixing project specific capital cost for any project in case the normative capital cost is not suitable to either of them. Similarly, if the Capacity Utilization Factor (CUF) of 45% for a specific project is contested by either party, it may approach the Commission with the site specific Capacity Utilization Factor (CUF);

(iii) that the Commission shall factor in the cost of making up the deficit in the years in which the revenue falls short of cash flow to allow return on equity and enable repayment of loan;

(iv) that the Commission shall factor in the additional return which can be gained by the hydel projects in the years in which the levelised tariff exceeds cost of generation including the return on equity, depreciation, O&M etc;

(v) that the Commission while giving effect to directions (ii), (iii) & (iv) above, shall consider if the period of fixed levelised tariff can be reduced to about 25 years;

(vi) that the Commission may also consider breaking up the period of levelised tariff into two parts (as suggested in paragraph 25 of the Appellate Tribunal Order dated 18.9.2009); and

(vii) that the Commission shall remove arithmetical errors while re-computing the levelised tariff.

3. In light of the directions given by the Appellate Tribunal in items (iii), (iv), (v), (vi) and (vii) mentioned in the preceding para the Commission, proceeds to reconsider the impugned SHP Order as under:-

A. Negative Cash Flow [item (iii), (iv) & (vi)]

The operative portion of para 25 of the APTEL Order dated 18.9.2009, reads as under:-

> "The problem of negative cash flow in the initial years may be solved by various ways like (i) reducing the length of the period during which the levelised tariff will apply say 25 years or (ii) by breaking up the levelised tariff period into two parts – the first 10 years and the remaining years (iii) or both so that negative cash flow is substantially reduced if not eliminated altogether. Therefore, in case any hydel power generator or purchaser of power requires project specific determination of levelised tariff as mentioned in paragraph 21 above, the Commission may also take into account prayer in this regard by the generator/purchaser of power."

Therefore, if any developer of hydel project has a problem on account of negative cash flow in the initial years, the same shall be considered by the Commission on a project specific basis by breaking up the levelised tariff period into two parts. The first for twelve years and the second for the remaining years. The levelised tariff for the two periods shall take into consideration, the adjustment of the deficit and surpluses accrued over the period of levelised tariffs.

B. Periodicity of the levelised tariff [item (v)]:-

Even though there are no regulations which require the Commission to choose the period of 40 years for fixing the levelised tariff, the Commission in its SHP Order has taken forward the tariff period of 40 years as specified in the Government of H.P. Hydro Policy, 2006 and also prior to it. The Government of Himachal Pradesh in order to incentivise the development of hydro projects in the State had notified the tariff of Rs.2.50 paise for a period of 40 years in year 2000. All the Implementation Agreements (IAs) and Power Procurement Agreements (PPAs) subsequent to this notification have been executed and signed accordingly. Moreover, none of the developers from 2000 onward has objected to the levelised tariff period of 40 years. Therefore, keeping in view the aforesaid facts and option of breaking up levilised tariff period into two parts as mentioned in the preceding paragraph, the Commission deems it proper to keep the levelised tariff period at 40 years.

C. Arithmetical errors [item (vii)]

The Hon'ble Appellate Tribunal vide para 23 of its Order dated 18.9.2009 has observed that certain mistakes in arithmetical calculations, leading to determining levelised tariff have been identified by the appellant Company and the Learned Counsel for the Commission has agreed to check the arithmetical errors and to make necessary corrections in the levelised tariff.

The Appellate Tribunal vide sub-para (vii) of para 26 of its order has directed the Commission to remove arithmetical errors by re-computing the levelised tariff. In compliance to the aforesaid directions of the Appellate Tribunal, the Commission has considered the arithmetical errors identified by the appellant Company as under:-

(a) Plant Availability Factor

Submissions

The order of the Commission dated 18.12.2007 clearly specifies that the tariff calculations should be done on the basis of 95% of Plant Availability as per para 4.87 of the SHP Order dated 18.12.07, whereas in Commission's calculations it has been taken as 100% under head of 'Operating Norms' for the calculation of the tariff.

Commission's View

It is clarified that the availability factor is 100% as taken in the financial model and not as 95%, mentioned by mistake in para 4.87 as is also evident from para 3.32 of the SHP order. Thus the plant availability has been factored in, in the assumed CUF of 45% and it has been, therefore, taken as 100% in the model.

(b) Royalty

Submissions

The Rate of Royalty on water usage in shape of free power to the State of Himachal Pradesh from the Small Hydro Power Project upto 5 MW is 18% beyond 30 years of the plant operation as per clause 1.22 (e) of the SHP Order dated 18.12.2007, whereas it has been taken to be 12% in the "Power generation Calculation". Thus the net saleable generation after 30 years of plant operation reduces by 6% more.

Commission's view

The submissions of the appellant Company with respect of the Royalty on water uses for the period beyond 30th year (18%) as against 12% is correct in the context of the Govt. HP Hydro Policy, 2006. Therefore, the necessary correction of increasing the royalty from 12% to 18% needs to be carried out in the tariff model from the 31st to the 40th year.

(c) Minimum Alternate Tax (MAT)

Submissions

The minimum alternate tax should be applicable for first 10 years according to "Income Tax Act" as has been given in clause No. 4.84 of the SHP Order dated 18.12.2007, but the same has been applied for first 15 years in the Computation of Unit Generation Cost.

Commission's view

The Commission accepts the submissions of the appellant Company. The MAT, therefore, needs to be applied for the first 10 years in the tariff model in place of 15 years.

(d) Revenue Receipts

Submissions

The revenue receipts shown in the "Profitability Statement" under the heading "Revenue Generated", have been increased roughly by 1% every year without any explanation, whereas the SHP Order dated 18.12.2007 speaks of a constant Levelised tariff of Rs. 2.87 per unit without any annual increment.

Commission's view

The impugned revenue generation has not been taken into account by the Commission for determination of Tariff. This was one of the options explored by the Commission to ascertain as how the revenue will change if the tariff of Rs. 2.87/unit is

increased by 3 paisa annually and thereafter assess annual revenue requirement vis-à-vis the revenue accrued.

Depreciation

Submissions

The balance stock shown in Depreciation Calculations as per SHP Order is wrong. But the said inadvertent error committed does not affect the calculations of tariff even then it has been pointed out for the sake of exactness.

Commission's view

In view of this submission of the appellant Company there is no impact on the tariff calculations on account of difference in the values of left over assets in the Commission's calculations vis-a-vis calculation provided by the appellant Company.

4. In addition to above the appellant Company has made the further submissions as follows:-

(i) Addition of Transmission losses in interconnection lines.

Submissions

The power energy purchaser/transmission utility (the Board here) has not made any arrangement to receive the generated power energy at the Power House of the hydel power producer. In general a long transmission line is required to be constructed by the hydel power producer to feed the power into the Substation of the Board. In this regard the Board itself has suggested to consider at least two percent power transmission losses for Kachela HEP in the Chamba district between the Power House of the hydel power producer and the interconnecting point at the nearest substation of the Board.

Commission's view

The Commission earlier has not considered it as a separate item because transmission loss is a factor of power flow and length of transmission line which may vary from project to project and therefore cannot be normative like auxiliary consumption (0.5%) and transformation losses (0.5%). However, keeping in view that many of these projects are in remote areas and may have long interconnecting lines and many Power Producers may find it difficult to approach the Commission for ascertaining the impact of these losses on individual project basis, the Commission feels that transmission losses in these lines need to be factored in the tariff even if there is no norm available. The Commission based on certain assumptions arrived at a benchmark figure of transmission loss of 0.63%. The impact of this figure has been operationalised in the tariff model.

(ii) Changing of cess on Income tax from 2% to 3%.

Submissions

The cess on Income tax has changed to 3% from earlier value of 2%.

Commission's view

Clause 4.85 of the SHP order reads as under :-

1. *"4.85 Any change in the aforesaid taxes or any statutory taxes, duties, cess or other kind of imposition(s) including tax on generation of*

electricity whatsoever imposed/charged by State/Central Government and/or any other local bodies/authorities on generation of electricity, after the date of signing of the power purchase agreement, shall be a pass through and shall be reimbursed by the board to the generator on the quantum of net saleable energy."

2. In view of the above, the Commission shall allow the increase in taxes through a supplementary order.

5. Apart from the arithmetical errors as discussed above, the Commission in accordance with SHP Order, has Suo Motu considered the impact of moratorium period of two years on the levelised tariff.

6. After taking into consideration the submissions made by the appellant Company and as analysed in sub-para (C) of para 3 of this Order, the Commission has recalculated the tariff at Rs. 2.95/ unit by rectifying the arithmetical errors on account of royalty, minimum alternate tax, transmission losses and moratorium.

7. In the background what has been stated above, to implement the verdict of the Hon'ble Appellate Tribunal and also in exercise of the powers vested in it under sub-regulation (1) of regulation 6 of the H.P. Electricity Regulatory Commission (Power Procurement for Renewable Resources and co-generation by Distribution Licensee) Regulations, 2007 the Commission, makes the following modifications/amendments in the Commission's Order dated 18.12.2007 on the Small Hydro Power Projects Tariff and other related issues, and directs that the said SHP Order shall be deemed to have been modified to the following extent:-

(i) If any hydel power producer has a problem on account of negative cash flow, he shall approach the Commission within 1 year of the commercial operation date of its project. The Commission, in order to mitigate the negative cash flow problem of the producer, may give two levelised tariffs i.e. the first for twelve years and the second for remaining years. The levelised tariff for the two periods shall take into consideration the adjustment of deficit and surpluses accrued over the periods of levelised tariff.

(ii) the tariff at Rs. 2.87/unit, shall be taken as the tariff at Rs. 2.95/ unit. (as on 18-12-2007)

The Commission is aware that after issuance of the SHP Order dated Dec., 18, 2007 and till the issuance of this Order, the hydel power producers and the Board, have executed and signed the Power Procurement Agreements with the provision of the tariff of Rs. 2.87/Unit for the power producer by the SHPs in this State. In order to give the benefit of increase of tariff of Rs. 2.95/ unit from Rs. 2.87/Unit to the hydel power producers, who have executed the PPAs with the stipulation of Rs. 2.87/Unit, such hydel power producers and the Board are directed to modify the clauses in PPAs, in accordance with law.

SHIMLA **(Yogesh Khanna)**
Chairman

Dated: 9th Feb., 2010.

The Small Hydro Power Projects Tariff and Other Issues Order dated 10 Feb. 2010

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as "the Commission") in pursuance to Section 3, Section 61(h) and Section 86(1) (e) of the Electricity Act, 2003, read with Sub-regulation (1) of regulation 6 of the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewal Sources and Co-generation by Distribution Licensee) Regulations, 2007, issued an order on Small Hydro Power Project Tariff and other related issues on December 18th 2007 determining the levelised tariff for purchase of energy from Small Hydro Power Projects (including 5 MW capacity) (hereinafter referred to as "the SHP Order").

2. Paras 4.82, 4.83, 4.84 & 4.85 of the SHP order read as under : -

"Royalty Power/Free Power:

4.82 The quantum of royalty power /free power to the State is a policy decision and may vary from year to year. Prior to 2006, Hydro Policy of Himachal Pradesh stipulated that no royalty for first 15 years of operation and 10% royalty was payable thereafter. The new hydro policy of Himachal Pradesh notified that there shall be no royalty for first 12 years, 12% after 12 years and till 30 years and 18% royalty payments thereafter.

4.83 Since royalty payment is a policy decision of Government of Himachal Pradesh and is not under the jurisdiction of the Commission, hence the Commission decides that any change in existing value of royalty payments by the State Government, shall be treated as an uncontrollable element and treated as a pass through in tariff payable to IPPs. However royalty, as per GoHP Hydro Policy 2006 has been considered while determining the tariff.

Taxes

4.84 Tax holiday benefit in the Income Tax in the form of exemption over a period of 10 years under Section 80IA of the Income Tax Act has been considered. However Minimum Alternate Tax (MAT) @ 11.22% (inclusive of surcharge and cess) under Section 115JB has been provided for in the tariff. Thereafter Income Tax at the rate of 33.66% (inclusive of surcharge and cess) has been considered.

4.85 Any change in the aforesaid taxes or any statutory taxes, duties, cess or other kind of imposition(s) including tax on generation of electricity whatsoever imposed/charged by State/Central Government and/or any other local bodies/authorities on generation of electricity, after the date of signing of the power purchase agreement, shall be a pass through and shall be reimbursed by the board to the generator on the quantum of net saleable energy.

3. Subsequent to the issuance of the SHP Order there have been material changes in the statutory provisions in relation to taxes and royalty (on free power) as under :

a) **Minimum Alternate Tax (MAT) and Income Tax**
Effective MAT rate of 11.22% considered in the SHP Order has now been enhanced to effective rate of 16.995% including cess w.e.f. financial year 2009-2010 by notification of Govt. of India. Also the effective Income Tax rate of 33.66% considered in the SHP Order has now been enhanced to 33.99% w.e.f. financial year 2007-08 on account of increase in cess from 2% to 3%.

b) **Royalty**
The Govt of H.P from time to time has increased the royalty through various notifications such as No. MPP(NES)-F(2)-44/2006 dated 1.7.2008, No. MPP(NES)-F(2)-4/2005-III-Loose dated 12.11.2008, No. (NES) F(2)-65/2008 dated 29.1.2009, NES-F(10)-4/2006-I dated 3.2.2009 and No. MPP-F(1)-2/2005- V dated 30.11.2009 .

4. In view of the facts as set out in the preceding paras of this order it has become necessary to make the consequential order. Now, therefore, the Commission, in exercise of the power vested in it under sections 3, section 61(h) and section 86(1) (e) of the Electricity Act, 2003, read with sub-regulation (1) of regulation 6 of the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewal Sources and Co-generation by Distribution Licensees) Regulations, 2007, hereby makes the following orders to supplement the SHP order as under:-

a) **Minimum Alternate Tax (MAT) and Income Tax** :

(i) Any change in the MAT from the one considered in the SHP order, in the first ten years of generation of the project, shall be payable by the respective party as per the following formula. –

(27 x revised effective MAT rate)-(27x0.1122) lacs

Whereas

27 is the return on equity in lacs per MW considered in the SHP order
0.1122 is the effective MAT rate considered in the SHP order

Illustration:-

Considering effective MAT rate from first April 2009 as 16.995%

Then, in April 2010 the additional tax payable by the board to the IPP, if its project is within 10 years of its operation, shall be as under:-

(27 x 0.16995)-(27x0.1122) lacs = 4.589-3.029 = **1.56 lacs**

(ii) Any change in the Income Tax from the one considered in the SHP order, from the eleventh year of generation of the project, shall be payable by the respective party as per the following formula.-

(27 x revised effective Income Tax rate)-(27x0.3366) lacs

whereas

27 is the return on equity in lacs per MW considered in the SHP order.

0.3366 is the effective Income Tax rate considered in the SHP order.

The adjustments on account of change in the rates of MAT and Income Tax shall be made at the end of each financial year as per above formulae.

Illustration:-

Considering effective IT rate from first April 2007 as 33.99%

Then, in April 2008 the additional tax payable by the board to the IPP, if its project is in 11th year of its operation, shall be as under:-

(27 x 0.3399)-(27x0.3366) lacs = 9.177-9.088 = **0.09 lacs**

b) Royalty:

Rate payable for the month for the saleable Energy (Rs/kWh)	=	2.95 X	(100% - %Royalty as per model calculation for the month)*
			(100%-% Royalty levied for the month)**

* The rate of Rs 2.95/kWh has been worked out by adopting the royalty structure specified in the GoHP Hydro Policy 2006, which is given as under, and the adjustments shall be made with reference to the same.

For the first 12 years of operation = 0 %

For the next 18years of operation = 12%

For next 10 Years of operation = 18%

** This shall not include the additional royalty levied, if any, on account of curtailment of waiver period due to delay in commissioning of Project as per provisions of Implementation Agreement.

Illustration:-

If the royalty of a particular projects changes to 13% in any month of the 13th year of its commercial operation date then the applicable tariff from that month onward on the saleable energy shall be, as per the order, calculated as under:

$$2.95 \times \frac{100\%-12\%}{100\%-13\%} = 2.95 \times \frac{88\%}{87\%} = \textbf{Rs 2.98/unit}$$

The adjustments on account of change in royalty shall be made at the end of each financial year by taking into account the quantum of saleable energy and the applicable per unit rate for each month of that financial year as per the above formula.

Shimla: **--Sd/-**
Dated: 10th Feb.,2010 **(Yogesh Khanna)**
Chairman

[1][The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013]

Amended, repealed or otherwise affected by –

1. *(First Amendment) Regulations, 2019 notified vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 and published in R H.P. dated 28th November, 2019 at p. 8253-8257.*
2. *(Second Amendment) Regulations, 2022 notified vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 and published in R H.P. dated 27th January, 2022 at p. 7006-7010.*

NOTIFICATION

Dated: Shimla, the 23rd January, 2013

No. HPERC-(H)(1)-1/2012.- WHEREAS the Himachal Pradesh Electricity Regulatory Commission had notified the Himachal Pradesh Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of Consumers) Regulations, 2003 and the Himachal Pradesh Electricity Regulatory Commission (Electricity Ombudsman) Regulations, 2004, in the Rajpatra, Himachal Pradesh (Extra-ordinary) dated 24th October, 2003 and 19th April, 2004, respectively;

AND WHEREAS after coming into force of the said regulations, there has been significant changes in the Distribution Performance Standards of the licensee and in the consumer grievance redressal mechanism and the recommendations in relation thereto have been made by the Forum of Regulators (FOR) in its Report on "Protection of Consumer Interest" which have been endorsed and approved by the Hon'ble Appellate Tribunal for Electricity for implementation vide its Order dated 15.4.2010.

AND WHEREAS, with a view to simplify the process for registration and resolution of consumer complaints, the Himachal Pradesh Electricity Regulatory Commission recognizes the urgency and need to revise and modify the existing regulations framed by the Commission;

NOW THEREFORE, the Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred by Clauses (r) and (s) of sub- section (2) of section 181, read with sub-sections (5) to (8) of section 42, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and in supersession of the Himachal Pradesh Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers) Regulations, 2003 published in the Rajpatra, Himachal Pradesh (Extraordinary) dated 24th October, 2003 and the Himachal Pradesh Electricity Regulatory Commission (Electricity Ombudsman) Regulations, 2004 published in the Rajpatra, Himachal Pradesh (Extraordinary) dated 19th April, 2004, hereby, after previous publication, makes the following Regulations providing guidelines to the distribution licensees in the State for establishing Forum(s) for redressal of grievances of consumers and for the appointment of Electricity Ombudsman by the Commission for making representations against non-redressal of grievances of consumers and the time and manner of settlement of grievances by the Electricity Ombudsman and for matters incidental and ancillary thereto and further to provide the consumers, in their discretion, before approaching the Consumer Grievances Redressal Forum under these Regulations, option to approach the Internal Executive Disputes Resolution Mechanism, if any, set up by the distribution licensee.

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1 Published in the R H.P. dated 28th January, 2013 at p. 6502-6532.

CHAPTER-I

SHORT TITLE, COMMENCEMENT, SCOPE, DEFINITIONS AND INTERPRETATION

1. Short title, extent and commencement. - (1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.

(2) These Regulations shall extend to the whole of the State of Himachal Pradesh.

(3) These Regulations shall come into force on the date of their publication in the Rajpatra, Himachal Pradesh.

2. Objectives, Scope and application. - (1) Without prejudice to right which a consumer may have apart from the rights conferred upon him under section 42 of the Act, the said section 42 requires every distribution licensee to establish a Consumer Grievance Redressal Forum as per the guidelines of the State Commission and any consumer who is aggrieved by non-redressal of his grievance by the forum, may make a representation for the redressal of his grievance to an authority to be known as Ombudsman, to be appointed or designated by the State Commission, who is to settle the grievance of the consumer within such time and in such manner as may be specified by the State Commission.

(2) The objective of these Regulations is to lay down the guidelines for setting up the Consumer Grievance Redressal Forum under section (5) of section 42 of the Act and the time limits within which and the manner in which the Consumer Grievance Redressal Forum and the Ombudsman, to be appointed under sub-section (6) of section 42 of the Act, shall settle the grievances of the consumers.

(3) These Regulations shall be applicable to all the distribution licensees, in the State of Himachal Pradesh, in their respective areas of supply.

(4) Nothing contained in these Regulations shall, expressly or impliedly, restrict the rights and privileges of the consumers available to them under the Internal Executive Disputes Resolution Mechanism (IEDRM) within the distribution licensee and any consumer, who is not satisfied with the solution offered by the licensee under such Internal Executive Disputes Resolution Mechanism, may file the representation under these Regulations.

3. Definitions .- (1) In these Regulations, unless the context otherwise requires, -

(a) **"Act"** means the Electricity Act, 2003(36 of 2003);

(b) **"Annexure"** means the annexure to these Regulations;

(c) **"Commission"** means the Himachal Pradesh Electricity Regulatory Commission;

(d) **"complainant"** means and includes –

(i) any consumer or consumers including their legal heirs or successors, having grievance/complaint against a licensee and lodging the same either directly or through their representatives, or

(ii) any voluntary consumer association or associations, registered under the law for the time being in force and making the complaints in the larger common or similar interest of the consumers, or

(iii) any person whose electricity connection is disconnected, or

(iv) an applicant for a new connection for the supply of electricity;

(e) **"grievance"** means, and includes any complaint, relating to any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which has been undertaken to be performed by a licensee in pursuance of a licence, contract, agreement or under the Electricity Supply Code or in relation to the Distribution Performance Standards of the licensees, as specified by the Commission, and includes billing disputes of any nature and matters related to safety of the distribution system having potential of endangering life or property;

[1][(f) "Forum" means a Forum, established or to be established, by the distribution licensee under sub-section (5) of Section 42 of the Act, as per the guidelines contained in these Regulations;]

(g) **"licensee"** means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply and includes a deemed licensee;

(h) **"Member"** means the Member of the Forum and includes the Chairperson of the Forum;

(i) **"Ombudsman"** means an authority appointed or designated by the Commission, under sub-section (6) of section 42 of the Act, and these Regulations, with whom a representation may be made by any person, who is dissatisfied by the redressal or is aggrieved by the non-redressal of his grievances by the Forum;

(j) **"representation"** means the representation made to the Ombudsman by a complainant, who is aggrieved by the order of the Forum (including the partial or full dismissal order), or non-redressal of his grievances by the Forum within the specified time or dissatisfaction with the order issued by the Forum or non-implementation of the Forum's order by the licensee within the specified time;

(k)**"time lines"** means the time specified in Annexure-I or any other provisions of these Regulations for processing any complaint or representation made under these Regulations.

(2) The other words and expressions used and not defined in these Regulations, but defined in the Act, shall have the meanings respectively assigned to them in the Act.

4. Interpretation.- These Regulations shall be construed harmoniously with the Electricity Supply Code specified by the Commission under the provisions of clause (x), and the Distribution Performance Standards of the licensee and under clause (za,), of sub-section (2) of section 181 of the Act and in case of any inconsistency with these Regulations, Distribution Performance Standards of the licensee and the Electricity Supply Code shall prevail.

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[1] *Subs. vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its substitution in sub-regulation (1), for item (f) it stood as under:-*

"(f) "Forum" means the Forum for Redressal of Grievances of Consumers required to be established, by the distribution licensee, pursuant to sub-section (5) of section 42 of the Act and the guidelines contained in these Regulations;"

CHAPTER-II

CONSUMER GRIEVANCES REDRESSAL FORUM (CGRF)

5. Establishment of Forum .- (1) Every distribution licensee shall, within six months, from the grant of licence, establish, in its area of supply, under sub-section (5) of section 42 of the Act, a Forum for Redressal of Grievances of the consumers, in accordance with the guidelines contained in these Regulations[1][.]

[1][xxxxxxxxxxxxxxxxxx]

[2][(2) The distribution licensee may, after considering various related factors such as the number of consumers under different categories of retail tariff, number of representations generally received and disposed of, ease of access for the consumers in the various areas, establish by order, under intimation to the Commission, additional Forum in its area of supply and in that event each Forum shall have the jurisdiction, linked to any one or more relevant parameters such as geographical/ operational areas, the tariff related categories of consumers etc., as the distribution licensee may, by order, define from time to time:

Provided that in addition to the Forum established as per sub-regulation (1), the distribution licensee, shall, latest by 30th April, 2022, also establish under intimation to the Commission, at least one additional Forum for each of its operation circles and the jurisdiction thereof in relation to the consumers under the respective operation circles, shall be as follows, namely:—

(i) in case of the consumers covered under single part retail tariff- all types of complaints, whether monetary or non- monetary ; and

(ii) in case of the consumers covered under two part retail tariff – all types of complaints whether monetary or non monetary, where the following conditions are met –

(a) the amount of dispute /claim does not exceed two lakh in each case; and

(b) the standard supply voltage does not exceed 22kV:

Provided further that in the event of establishing additional Forums at Divisional/Sub-divisional level, the distribution licensee shall also modify, under intimation to the Commission, the territorial jurisdiction of the Forum established at the headquarter of that Circle.

(3) The Commission may, duly taking into account the factors mentioned in sub-regulation (1), direct, from time to time, the distribution licensee to establish, under intimation to the Commission, the additional Forums at various locations and also to define/modify the jurisdiction of each Forum established, or to be established, under the provisions of these Regulations.

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[1] *Sub. for sign* ***":"*** *and omitted proviso vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its ommission it stood as under:-*

"Provided that the distribution licensee may, by an order, after considering factors such as the number of representations received, disposal of representation within the specified time limit, ease of access for the consumer and the geographical area, establish more than one Forum in its area of supply and in that event each such Forum shall have the jurisdiction as the distribution licensee, out of its total area of supply, define the territorial jurisdiction of each Forum in such order."

[2] *Sub. vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its substitution it stood as under:-*

"(2) In order to ensure that all grievances are disposed of within the specified time limit the Commission may, from time to time, direct the licensee to increase the number of Forums."

(4) The complaints not falling under the jurisdiction of the additional Forums, established as per sub-regulation (2) and sub-regulation (3) of Regulation 5, shall continue to fall under the jurisdiction of Forum established under sub-regulation (1) of Regulation 5.]

[1][6. **Headquarters of Forum**.—The head quarter of the Forum, established as per sub-regulation (1) of Regulation 5, shall preferably be at the headquarter of the distribution licensee. The headquarter for additional Forums established as per the first proviso to the sub-regulation (2) of Regulation 5, shall be at the headquarter of the respective operation circles. The head-quarters of the other Forums, if any, established as per sub-regulation (2) and sub-regulation (3) of Regulation 5, shall be fixed by the distribution licensee. Each Forum may, with the overall objective of ensuring that the complaints/grievances are heard and redressed within the time limit specified under these Regulations, conduct its sittings preferably in the areas, within its territorial jurisdiction, having industrial belts, as it may consider appropriate.]

7. Constitution of Forum and a Appointments of its Members. - (1) The Forum shall consist of three Members including the Chairperson, who shall be persons of experience, ability, integrity and standing, and out of them –

(i) two Members shall be appointed by the distribution licensee out of its officers, who have more than one year service left for supernnuation and out of these two -

(a) one Member shall have degree in electrical engineering and have at least 25 years experience in generation, transmission, distribution or trading of electricity and who is not below the rank of a Chief Engineer or its equivalent; and

(b) one Member shall have degree in engineering or finance or commerce or economics or law or management and who is preferably not below the rank of a Superintending Engineer, or its equivalent, with working experience of at least 20 years in the organisation engaged in generation, transmission, distribution or trading in electricity [2][:]

[2][Provided that in case of additional Forum established, or to be established, as per sub-regulation (2) and sub-regulation (3) of Regulation 5, the distribution licensee shall designate, on Ex-officio basis, the Members of each such Forum out of its serving officers having appropriate qualifications, who shall perform their functions in the said Forums in addition to their normal assigned duties and out of such designated Members, one Member shall be designated as Chairperson of that Forum:

Provided further that no officer of a rank of less than Superintending Engineer shall be designated as Member-cum-Chairperson of any additional Forum to be established as per first proviso to sub-regulation (2) of Regulation 5:

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1 *Sub. vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its substitution it stood as under:-*

"6. Headquarters of Forum .- The head office of the Forum shall be preferably at the headquarters of the distribution licensee. The Forum may, with the overall objective of ensuring that the complaints/grievances are heard and redressed within the time limit specified under these Regulations, conduct its sittings preferably at the Revenue Divisional headquarters or at such other places, within its area of jurisdiction, as may be considered necessary and proper by it."

2 *Ins. provisos vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

Provided further that the Member, other than that designated as Chairperson of a Forum shall not be of a rank which is lower, by more than one step, than the rank held by the Member designated as Chairperson of that Forum:

Provided further that no such officer shall be designated as Member-cum Chairperson of an additional Forum established, or to be established as per sub-regulation (2) and sub-regulation (3) of Regulation 5, who is posted in operation Sub-division/Division/ Circle, as the case may be, in the territorial jurisdiction of that Forum or of such other additional Forum which is chaired by an officer posted in the territorial jurisdiction of that Forum;]

(ii) one Independent Member shall be nominated by the Commission, out of the persons –

[1][(a) who have retired after serving the State Government or of its Undertakings at the posts which are not lower, by more than one step, than the rank held by the Chairperson of that Forum and are familiar with the consumer affairs or regulatory affairs; or]

(b) who are representatives of the registered voluntary consumers protection organisations or NGOs or consumer activists with experience of at least five years in dealing with the matters concerning "consumer grievances;

and such a Member shall be selected through advertisement in the newspapers and display on the website of the Commission:

Provided that a person to be nominated as Independent Member of the Forum shall not have been in the employment in any capacity under, or agency of, the licensee; for a minimum period of one year prior to his being nominated as the Independent Member of the Forum.

(2) No person shall be appointed and/or be entitled to continue as a Member if he-

(i) has been adjudged as an insolvent;

(ii) has been convicted of an offence which, in the opinion of the licensee, involves moral turpitude;

(iii) has become physically or mentally incapable of acting as such a Member;

(iv) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member;

(v) has so abused his position as to render his continuance in office prejudicial to public interest; or

(vi) has been guilty of proven misbehaviour.

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[1] *Sub. for sub-clause (a) of clause (ii) vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its substitution it stood as under:-*

"(a) who are retired officers of the State Government or of its Undertakings with a minimum 20 years service and are familiar with the consumer affairs or regulatory affairs; or"

[1][(3) The licensee shall immediately, but not later than seven days, after the appointment, or designation, of the Members (other than the Independent Member) provide details to the Commission regarding qualifications and experience of the Member(s) so appointed or designated.]

8. Removal of Member .- (1)An existing Member shall be liable to be removed from his office forthwith on any of the grounds mentioned in sub-regulation (2) of regulation 7.

(2) No Member shall be removed from his office on any ground specified in sub-regulation (2) of regulation 7, unless the licensee has held an independent inquiry in accordance with such procedure as be directed by the Commission:

Provided further that the Independent Member, nominated by the Commission under clause(ii) of sub-regulation (1) of regulation 7, shall be removed from his office only after the prior approval of the Commission.

9. Presiding Officer of the Forum .- (1) The Member of the Forum appointed, by the licensee, under sub-clause(a) of clause (i) of sub-regulation (1) of regulation 7, shall be the Chairperson of the Forum [2][:]

[2][Provided that in cases where the Members of the Forums are to be designated, on Ex-officio basis, as per the provisos to clause (i) of sub-regulation (1) of Regulation 7, the Member designated as such, shall be the Chairperson of that Forum;

(2) The Chairperson shall have the general powers of superintendence and control over the Forum.

(3) In case the Chairperson of the Forum is unable to discharge the functions owing to his absence, illness or any other cause, the [3][Member appointed under sub-clause (b) of clause (i) of Sub-regulation (1) of Regulation 7, or the other Member designated as per the provisos thereto] shall discharge the functions of the Chairperson, until the day when the Chairperson assumes his office.

10. Tenure of Members.-(1) Every Member to be appointed by the licensee under Clause (i) of sub-regulation (1) of regulation 7, shall be appointed, and shall ordinarily hold office as such, for a period minimum of one year, but not exceeding three years:

Provided that no Member, other than the Independent nominated Member of the Forum, shall hold office as such, after he ceases to be the officer of the licensee;

(2) The Independent Member, nominated by the Commission, under Clause (ii) of sub-regulation (1) of regulation-7 shall hold office as such for a period of three years:

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1 *Sub. for sub-regulation (3) vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010 and before its substitution it stood as under:-*

"(3) The licensee shall immediately after the appointment of the Members (other than the Independent Member) but not later than seven days after the appointment, provide details to the Commission regarding qualifications and experience of the Chairperson or other Member, as the case may be."

2 *Sub. for sign* **"."** *and Ins. proviso vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

3 *Subs. for words, brackets, sign and figures* "**Member appointed under sub-clause(b) of clause(i) of sub-regulation (1) of regulation 7,"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

Provided that no Independent Member of the Forum shall hold office as such, after he attains the age of sixty five years.

11. Voting and consensus.- Two Members shall form the quorum for the Forum's meeting and proceedings before the Forum and each Member shall have one vote. In case of equality of votes on any issue, the Chairperson or in his absence the person presiding shall have the second or casting vote.

12. Vacancies .- (1) The licensee shall ensure that the post of a Member is not kept vacant for the period of more than 30 days:

Provided that in case the licensee is unable to fill the vacant post within a period of 30 days, the Commission may, at the request of the licensee, grant such additional time, as it deems fit, to the licensee for the purpose of filling up of such vacancy.

(2) No act or proceedings of the Forum shall be deemed to be invalid by reason of any defect in the constitution of the Forum or by reason of the existence of a vacancy amongst its Members.

13. Remuneration and other expenses. - (1) The salary or honorarium, TA/DA and other allowances payable to, and terms and conditions of service of –

(a) [1][the Members appointed, or designated on ex-officio basis] by the licensee under clause (i) of sub-regulation (1) of regulation 7; shall be governed by the terms and conditions of their employment with such a licensee and shall continue to draw the same salary as they are entitled to as regular employees of the licensee; and

(b) the Independent Member nominated by the Commission under clause(ii) of sub-regulation (1) of regulation 7; shall be such as may be determined by the Commission.

(2) The salary, allowances and other terms and conditions of service of the Member shall not be varied to his disadvantage after his appointment.

14. Secretariat.- (1) The office, staff and other facilities required by the Members of the Forum, for efficient functioning of the Forum shall be provided by the licensee.

(2) Out of such staff one person, not below the rank of the Section Officer or its equivalent, shall be designated as the full time Secretary of the Forum [2][:]

[2][Provided that in each case where an additional Forum is established as per Sub-regulation (2) and Sub-regulation (3) of Regulation 5, the distribution licensee shall designate, on Ex-officio basis, a suitable serving official, who shall perform his duties as Secretary of the Forum in addition to his normal assigned duties.]

(3) The expenses of the Forum, including all salaries, honorarium and allowances payable to the Members and its staff, shall be allowed as pass through expense in the Annual Revenue Requirements of the licensee.

15. Particulars of the Forum to widely published.- The name, location, e-mail address, telephone and fax numbers of the Forum, shall be widely published through

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1 *Sub. for words* **"the Member appointed"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

2 *Sub. for sign* **"."** *and Ins. proviso vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

newspapers and displayed on the website and all the offices of the licensee and the Commission, and shall be intimated to the consumers through electricity bills. These particulars shall also be publicized through electronic media.

[1][The distribution licensee shall also provide a link on its web portal and mobile app for registering the complaint/grievance in relevant Forum and also shall provide online tracking system of the complaints as well as status of compliance of the Forum's order by it.]

CHAPTER-III

RIGHT TO APPROACH THE FORUM

16. Right to approach the Forum .- (1) The Complainant shall, in respect of matters falling [2]**[under the jurisdiction of the relevant Forum]** have the right to approach the Forum directly, without exhausting any other remedy available to him through any Internal Executive Disputes Redressal Mechanism other than the Forum established under these Regulations existing within the licensee;

(2) The Complainant can also approach the Forum in the following events :-

(i) if the licensee fails to register a grievance/complaint; or

(ii) if the licensee fails to resolve a grievance/complaint in accordance with the Distribution Performance Standards specified by the Commission; or

(iii) if the consumer/complainant is not satisfied with the redressal of hisgrievance/complaint by the licensee.

CHAPTER-IV

PROCESS FOR SUBMISSION AND REDRESSAL OF GRIEVANCES

17. Submission of grievances .- [3][(1) The complainant may [4][submit his grievance to the relevant Forum, through any channel i.e. in person, through post, e- mail, fax, online through the website/mobile app of the distribution licensee,] giving the particulars of his grievance as specified in ANNEXURE-II:

Provided that the Complainant shall, apart from three copies of his complaint/grievance for the use of the Forum, also submit to the Forum one additional

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1 *Added para for vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

2 *Sub. for the words* **"under the jurisdiction of the Forum,"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

3 *Subs. vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(1) The Complainant can submit his grievance either in person or through post, e-mail or fax giving the particulars of his grievance as specified in ANNEXURE – II:

Provided that the Forum shall take cognizance of any grievance submitted based on the merit of the case and will not reject any grievance for the sole reason of its not having been submitted in the specified format."

4 *Sub. for the words and sign* **"submit his grievance, either in person or through post, e-mail or fax or online through the website of the Forum,"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

copy for each of the respondents to be included as parties, either by Post or in person, even in cases where the representation is originally submitted through e-mail, fax or online:

Provided that all the copies of the complaint/grievance to be submitted in aforesaid manner shall be complete in all respects, including the Annexure etc.:

Provided further that the Forum shall take cognizance of the grievance based on merits of the case and will not reject any grievance for the sole reason of its not having been submitted in the specified format.]

(2) The Complainant may also submit his grievance at the nearest Zonal, Operations Circle or Division headquarters of the licensee or at the other Complaint-Receiving Centres, set up by the licensee.

(3) All such Complaint-Receiving Centres shall accept the grievances from complainants falling within the jurisdiction of the Forum and the grievances alongwith other supporting documents, so received, shall be forwarded to the relevant Forum within the next working day.

(4) The Complainant shall be issued acknowledgement of the receipt of grievance by the Complaint Receiving Centre:

Provided that in case of receipt of grievance-

(a) in person, the acknowledgement shall be issued immediately;
(b) by post, e-mail or fax [1][or online through the website of the Forum], the acknowledgement shall be despatched latest by the next working day:

Provided further that in case of receipt of grievance in the Complaint Receiving Centre, the contact details of the appropriate Forum shall be supplied alongwith the acknowledgement by the next working day.

(5) The licensee shall designate one of its officer as a nodal officer at the headquarters to monitor and ensure that all Complaints Receiving Centres forward the complaints received by them as per time lines specified under these Regulations.

(6) On receipt of complaint made under sub-regulation(1) of this regulation, the Forum may, by order under intimation to the Complainant, allow the complaint to be proceeded with or rejected:

Provided that no grievance shall be rejected, unless the Complainant has been given an opportunity of being heard.

(7) Where a complaint is allowed to be proceeded with under sub-regulation(6), the Forum may proceed with the complaint in the manner provided under these Regulations.

18. Prioritization of complaints.- As far as is possible and practical, the grievances shall be prioritized for redressal based on the following priority order :-

[2][(1) safety related issues

(2) non-supply, connection/disconnection/quality/reliability of supply.]

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1 *Ins. vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

2 *Subs. item (1) & (2) vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(1) non-supply

(2) connection/disconnection of supply"

(3) meter-related issues

(4) billing-related issues

(5) other issues:

Provided that it should be ensured that all grievances are disposed of within the time lines specified under these Regulations.

19. Limitations/ pre-conditions for submission of grievance. - The Forum may reject the grievance at any stage under any or more of the following circumstances:-

(a) in cases where proceedings in respect of the same matter and between the same Complainant and the licensee are pending before any court, tribunal, arbitrator or any other authority, or a decree or award or a final order has already been passed by any such court, tribunal, arbitrator or authority;

(b) in cases which fall under sections 126, 127, 135 to 139, 152, and 161 of the Act;

(c) in cases where the grievance has been submitted two years after the date on which the cause of action has arisen; and

(d) in the case of grievances which are -

(i) frivolous, vexatious, malafide;

(ii) without any sufficient cause; or

(iii) where there is no prima facie loss or damage or inconvenience caused to the Complainant or the consumers who are represented by an association or group of consumers.

20. Process. - (1) The Forum shall forward a copy of the grievance to the officer designated by the licensee authorised to accept the service of notices, and to appear and defend on its behalf and where no such officer is designated by the licensee, to the concerned officer of the licensee or the employee / employees / department named in the grievance.

(2) The designated officer or the concerned officer, as the case may be, of the licensee shall furnish para-wise comments to the Forum on the grievance within the time lines specified in Annexure-I, failing which the Forum shall proceed on the basis of the material available on record.

(3) The Forum may call for any record from the licensee or from the Complainant as is relevant for examination and disposal of the grievance, and both the parties shall be under obligation to provide such information, document or record as the Forum may call for and where a party fails to furnish such information, document or record and the Forum is satisfied that the party in possession of the record is withholding it deliberately, it may draw an adverse inference in relation thereto.

21. Inspection. - (1) The Forum may direct the licensee to undertake an inspection or engage a third party to undertake such inspection with regard to the grievance, as may be required for expeditious redressal of the grievance or it may in special circumstances of a case and recording reasons therefore and at the instance and request of the Complainant, engage a third party (other than the licensee) to undertake inspection and obtain an independent report.

(2) The expenses of such third-party inspection, except expenses of inspection at the request of the Complainant, shall be borne by the licensee, and to the extent reasonable and justifiable, such expenses shall be allowed as pass through expense in the determination of tariff in accordance with the relevant Regulations of the Commission:

Provided that if inspection is taken up at the request of the Complainant, the expenses shall be deposited in advance by him, which may or may not be refunded by the Forum depending on whether the grievance is found to be of substance or not.

22. Promotion of settlement by conciliation.- The Forum may in appropriate cases call the designated officer or the concerned officer of the licensee, as the case may be, for negotiations in order to seek redressal of the grievance filed before it and if the matter is settled through negotiations, it may be recorded as a decision and conveyed to the Complainant and the licensee by the order of the Forum.

23. Hearing of representations.- (1) Where the Forum comes to the conclusion that the Complainant and the designated officer or the concerned officer of the licensee, as the case may be, are required to be heard for redressal of a grievance, the Forum shall call the Complainant and the designated officer or the concerned officer, as the case may be, with the details of the case and documents, if any, as may be necessary.

(2) Where the complainant or the licensee or his representative is unable to appear before the Forum on the date fixed for hearing on more than two occasions consecutively the Forum may, for reason to be recorded in writing, dispense with the presence of such person and may decide the grievance ex-parte.

(3) No adjournment shall ordinarily be granted by the Forum, unless sufficient cause is shown and the reasons for grant of adjournment have been recorded in writing by the Forum.

[1][(4) In cases where the Forum decides to grant the prayer made by any of the party for adjournment, it shall also make an order as to the cost, occasioned by the adjournment, which shall not be less than Rs. 1,000/- for each adjournment, to be paid by the defaulting party to the non-defaulting party and /or to the Forum:

Provided that in case where the adjournment is sought by any party for the first time, no such cost shall be awarded.]

24. Appearance through an Advocate.- A complainant, distribution licensee or any other person who is a party to any proceedings before the Forum may either appear in person or authorise any person, other than an Advocate (within the meaning of the Advocates Act, 1961), to present his case before the Forum and to do all or any of the acts for the purpose.

25. Interim Order. - Upon request of the complainant, the Forum may issue such interim orders pending final disposal of the grievance as it may consider necessary:

Provided that the Forum shall have the power to pass such an interim order in any proceeding, hearing or matter before it, as it may consider appropriate if the complainant satisfies the Forum that prima facie, the distribution licensee has threatened or is likely to remove or disconnect the electricity connection, and has or is likely to contravene any of the provisions of the Act or any rules and regulations made thereunder or any order of the Commission, provided that the Forum has jurisdiction on such matters:

Provided further that, except where it appears that the object of passing the interim order would be defeated by delay, no such interim order shall be passed unless the opposite party has been given an opportunity of being heard and an amount equal to ⅓ rd of the

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[1] *Subs. sub-regulation (4) of regulation 23 vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(4) The Forum may make an order as to the cost, occasioned by the adjournment, to be paid by the defaulting party to the non defaulting party and/or to the Forum."

disputed amount is deposited in cash with the licensee and documentary evidence of such deposit has been furnished.

26. Issuance of Order.- (1) On receipt of the comments from the licensee or otherwise and after conducting or having made such inquiry or local inspection conducted as the Forum may consider necessary, and after affording reasonable opportunity of being heard to the parties, the Forum shall take a decision.

(2) If, after the completion of the proceedings, the Forum is satisfied that the allegations contained in the grievance are correct, it shall –

(f) issue an order to the distribution licensee directing it to do one or more of the following things in a time-bound manner, namely:-

(i) to remove the cause of grievance in question;

[1][(ii) to return to the complainant the undue charges paid by the complainant alongwith the simple interest at the rate of [2]**[12 percent]** per annum, or at such rate as may be fixed by the Commission, for the actual number of days for which the undue disputed amount was withheld by the licensee; or]

(b) pass any other order, deemed appropriate in the facts and circumstances of the case.

(3) If, after the completion of proceedings, the Forum is satisfied that the allegations contained in the grievance are incorrect or if the interim Order issued under regulation 25, need not be confirmed, the Forum shall set aside the said interim Order and restore the other party to the position to which it would have been in the absence of such interim Order.

(4) [3][The Order of the Forum shall be speaking and reasoned] and the reasons given by the Forum in support of the Order, including those by the dissenting Member, if any, shall form a part of the Order, and the Members who heard the matter shall sign the Order.

(5) In cases of grievances related to [4][safety related issues, non-supply, connection/ disconnection/quality or reliability of supply] the Forum shall pass the order within [4][15 days] of filing of the grievance and in cases of other grievances, the order shall be passed within 45 days of filing of the grievance:

Provided that in the event of a grievance being disposed off after the specified maximum period, the Forum shall record, in writing, the reasons for the same at the time of disposing the said grievance under intimation to the Ombudsman.

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1 *Subs. vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(ii) to return to the complainant the undue charges paid by the complainant alongwith the interest at the rate equal to the short Term Prime Lending Rate of the State Bank of India as on 1st April of the financial year for the period for which the undue disputed amount was withheld by the licensee; or"

2 *Sub. for the words and figure* **"15 percent"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

3 *Sub. for the words* **"The Order of the Forum shall be reasoned"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

4 *Subs. for sub-clause (5) the words* **"non-supply, connection or disconnection of supply"** and figure **"20 days"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

(6) The order of the Forum shall be communicated to the complainant and the licensee in writing within three days. A certified copy of every order passed by the Forum shall be delivered to the parties. [1]**[Each such order shall also be displayed on the website of the distribution licensee.]**

[2][(7) The Forum,either on its motion or on an application moved within 30 days of the order by any of the parties to the original proceedings, may, after affording an opportunity of being heard, review its order on-]

(i) the discovery of new and important matter of evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time the order was made;

(ii) on account of some mistake or error apparent from the face of the record;

(iii) for any other sufficient reasons.

[3][(8) The Forum shall, within 30 days from the date of receipt of an application under sub-regulation (7) of this regulation, accept or reject such application].

27. Compliance of the order of Forum. - (1) The licensee shall comply with the order of the Forum within [4]**[30 days]** or within such shorter period as may be directed by an order made by the Forum, from the date of receipt of the order. In appropriate cases, considering the nature of the case, the Forum, upon the request of the licensee, may extend the period for compliance of its order up to a maximum of three months. [5][Omitted].

(2) The concerned officer of the licensee shall furnish a compliance report of the order of the Forum within seven days from the date of compliance, to the Forum and to the complainant. The Forum shall keep a record of the compliance of its orders and review the same every month. In case of non-compliance of its orders, the Forum shall take up the matter with the higher authorities of the licensee for compliance. If even after that the order is not complied with, the Forum shall inform the Commission regarding such non-compliance.

28. Representation against the Forum's Order.- (1) A complainant may prefer a representation before the Ombudsman appointed/ designated by the Commission under the following circumstances:-

(a) if the complainant is aggrieved by the non-redressal of the grievance by the Forum within the period specified,

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1 *Added new sentence in sub-regulation (6) for vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

2 *Subs. vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"The Forum may at any time, after affording an opportunity of being heard, review its Order either on its own motion or an application of any of the parties to the original proceedings, within 30 days of the order on-"

3 *Ins. sub-clause (8) vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

4 *Sub. sub-regulation (1) for the words and figure* **"21 days"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

5 *Ommitted in sub-clause (1), the words* **"Non-compliance of the order of the Forum shall be treated as violation of the Regulations of the Commission and accordingly liable for action under section 142 of the Act."** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

(b) if the complainant is not satisfied with the order passed by the Forum, and
(c) if the complainant is aggrieved by the non-implementation of the Forum's order, by the licensee

(2) The representation under sub-regulation (1) shall be made-

(a) in case the complainant is aggrieved by the non-redressal of the grievance by the Forum within 30 days after the time limit specified for the issuance of the Forum's Order;

(b) in case the complainant is not satisfied with the Order passed by the Forum, within 30 days after issuance of the Order by the Forum;

(c) if the complainant is aggrieved by the non-implementation of the Forum's Order, by the licensee, within 30 days after the time limit specified for the implementation of the Order.

(3) The Forum may settle any grievance in terms of an agreement reached between the parties at any stage of the proceedings before it and there shall be no right of representation before the Ombudsman against such an order.

29. Reporting requirements.- (1) The Forum shall, within 15 days of the close of the quarter to which it relates, submit a quarterly report on [1][disposal of grievances and also giving such details as the Commission may require,] to the licensee, Commission and Ombudsman.

(2) The quarterly report should be submitted in accordance with the format as specified in ANNEXURE III.

(3) The Forum shall, within 45 days of the close of the financial year to which it relates, also furnish a yearly report containing a general review of the activities of the Forum during the financial year to the licensee, Commission and Ombudsman.

(4) The Commission shall –

(a) analyse reports, submitted by the Forum under sub-regulation (3), [2]**[duly taking into account the levels]** of performance achieved on performance of the standards under section 57 (Consumer Protection –Standards of Performance of Licensee) of the Act;

(b) facilitate capacity building of the licensee to develop and implement a comprehensive consumer awareness vis-à-vis public interaction programme, explaining to the consumers their rights as consumers serviced by the licensee.

CHAPTER-V
OMBUDSMAN

30. Qualifications, terms of appointment and removal of Ombudsman.- (1) In terms of sub-section (6) of section 42 of the Act, the Commission may, from time to time, appoint or designate a person as the Ombudsman to discharge the functions in accordance with sub-section (7) of section 42 of the Act.

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[1] *Sub. sub-clause (1) the words* **"disposal of grievances"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

[2] *Sub. sub-clause(a) of sub-regulation (4) for the words* **"with regards to levels"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

(2) The Commission may appoint or designate more than one Ombudsman for a licensee or a common Ombudsman or Ombudsman for two or more licensees considering factors such as the number of representations received, disposal of representations within the specified time limit, ease of access for the consumers and the geographical area.

(3) The Commission shall invite applications through public advertisement for the appointment of the Ombudsman, and shall also form a Selection Committee for recommending names for the appointment of the Ombudsman by the Commission.

(4) The Ombudsman shall be a person of experience, ability, integrity and standing who has adequate knowledge of and has shown capacity in dealing with problems relating to the electrical engineering, finance, commerce, economics, law, administration and management etc. and has held strategic positions in the said fields at the level not below that of the Chief Engineer in a Utility or equivalent position under the Government.

(3) No person shall be appointed or be entitled to continue as the Ombudsman, if he -

(a) has been adjudged as an insolvent;

(b) has been convicted of an offence which, in the opinion of the Commission, involves moral turpitude;

(c) has become physically or mentally incapable of acting as an Ombudsman;

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as an Ombudsman;

(e) has abused his position so as to render his continuance in office prejudicial to public interest; or

(f) has been guilty of proven misbehaviour:

Provided that the Ombudsman shall not be removed from his office on any ground specified in this sub-regulation, unless the Commission has, on an inquiry, concluded that the person ought, on such ground or grounds, be removed.

(6) The Ombudsman shall, before entering upon his office, make and subscribe to, before the Chairperson of the Commission, an oath of office and secrecy in such manner and form as may be determined by the Commission.

(7) The salary and other allowances payable to and all other terms and conditions for the appointment of the Ombudsman shall be such as may be determined by the Commission.

(8) The Ombudsman shall hold office for a fixed term of three years:

Provided that the Ombudsman shall not hold office as such after he attains the age of 65 years.

(9) The Ombudsman may, by giving three month's written notice or paying three months consolidated emoluments in lieu of the notice period, resign from his office.

31. Office of the Ombudsman .- (1) The Ombudsman's office shall preferably be located in the capital city of the State or at any District headquarters in the State:

Provided that the Ombudsman may hold hearings or proceedings at various places, within the State, in order to expedite the disposal of representations received before him.

(2) The Ombudsman appointed under sub- regulation (1) shall devote his whole time to the affairs of his office.

(3) The Commission shall provide the Ombudsman with a Secretariat. The staff strength of the said Secretariat and terms and conditions of appointment of the staff shall be determined by the Commission from time to time.

(4) All expenses of the Ombudsman including that of its office and secretariat shall be borne by the licensee and where there are more than one licensee such expenses shall be borne by them in proportion to their latest approved net Annual Revenue Requirement and such expenses shall be pass through in tariff.

(5) The Commission shall approve the budget estimates alongwith quarterly expenditure phasing for the year before the commencement of the financial year and the licensee shall release quarterly advance accordingly in the last month of the previous quarter for every succeeding quarter to the Ombudsman's office.

(6) The licensee shall make provision in the Annual Revenue Requirement of all expenses for recovery through tariff and actual expenses shall be adjusted during true up.

(7) The name, location, email address and telephone numbers of the Ombudsmen shall be widely publicised through newspapers and displayed on the websites and the offices of the licensees and the Commission, and shall be intimated to the consumers through electricity bills. These may also be publicised through electronic media.

[1][**32. Submission of Representation.-** (1) The complainant may submit his representation, either in person or through post, e-mail or fax or on line through the website of the Ombudsman, giving the particulars of his grievance as specified in ANNEXURE-IV.

(2) The representation under sub-regulation (1) shall be accompanied by the fees specified in the Table below, through Demand Draft or electronic payment mode –

Table

Sl. No.	Nature of Representation	Applicable fees for each representation in (Rs.)
1.	In relation to Low Voltage (LV) power supply	100/-
2.	In relation to High Voltage (HV) power supply	500
3.	In relation to Extra High Voltage power supply	1000/-

33. Pre-conditions/ limitations for entertaining complainant's representation.- (1)The representation may be entertained by the Ombudsman only if all of the following conditions are satisfied that :-

(a) it has been filed by the complainant being the aggrieved consumer or the association representing the consumer/s;

(b) the complainant has, before making a representation to the Ombudsman, approached the Forum constituted under sub-section(5) of section 42 of the Act, for redressal of his grievance;

(c) the representation by the complainant, in respect of the same grievance, is not pending in any proceedings before any court, tribunal or arbitrator or any

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[1] *Subs. vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"32. Format for submission of representation.- The complainant may submit his representation to the Ombudsman as per the format specified in ANNEXURE -IV."

other authority or a decree or award or a final order has not been passed by any such court, tribunal, arbitrator or authority;

(d) the representation is not in respect of the same cause of action which was settled or dealt with on merits by the Ombudsman in any previous proceedings whether or not received from the same complainant or alongwith one or more complainants or one or more of the parties concerned with the cause of action;

(e) the complainant is not satisfied with the redressal of his grievance by the Forum or the Forum has rejected the grievance or has not passed the order within the time-limit specified; or the licensee has not implemented the Forum's Order ;

(f) the complainant has filed the representation before the Ombudsman within 30 days from the date of receipt of the decision of the Forum or the date of expiry of the period within which the Forum was required to take the decision or the date of expiry of the period within which the distribution licensee was required to implement Forum's order whichever is applicable:

Provided that the Ombudsman may entertain a representation after the expiry of the said period of thirty days if the Ombudsman is satisfied that there is sufficient cause for not filing it within that period;

(g) the complainant has deposited with the Ombudsman, an amount equal to 50% of the amount assessed by the Forum, if any;

[1][(h) the complainant has paid such fees as specified in the Table given in sub-regulation (2) of regulation 32.]

(2) Subject to the provisions of the Act and this Regulation, the Ombudsman's decision as to whether the representation is fit and proper for being considered by it or not, shall be final.

(3) The Ombudsman may reject the representation at any stage if it appears to him that the representation is -

(a) frivolous, vexatious, malafide;

(b) without any sufficient cause;

(c) there is no prima facie loss or damage or inconvenience caused to the complainant :

Provided that the decision of the Ombudsman in this regard shall be final and binding on the complainant and the distribution license:

Provided further that no representation shall be rejected in respect of sub-clauses (a), (b) and (c) unless the complainant has been given an opportunity of being heard.

34. Promotion of settlement by conciliation. - (1) As soon as it may be practicable to do so, but not later than seven days from the date of receipt of the representation, the

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1 *Subs. clause (h) of sub-regulation (1) vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(h) the complainant who claims compensation from the distribution licensee has paid such fees as may be stipulated by the Commission from time to time."

Ombudsman shall serve a notice to the concerned officer of the licensee named in the representation alongwith a copy of the representation and endeavour to promote a settlement of the representation by mutual agreement between the complainant and the licensee through conciliation or mediation.

(2) For the purpose of facilitating settlement of the representation, the Ombudsman may follow such procedures, as he may consider appropriate.

(3) When a representation is settled through mediation of the Ombudsman, the Ombudsman shall make a recommendation which he thinks fair in the circumstances of the case and shall send the copies of the recommendation to the complainant and the licensee.

(4) If the complainant and the licensee accept the recommendations of the Ombudsman, they will send a communication in writing, within 15 days of the date of receipt of the recommendations, stating clearly that the settlement communicated is acceptable to them, in totality, in terms of the recommendations made by the Ombudsman, and are in full and final settlement of the representation.

(5) The Ombudsman shall make a record of such an agreement in his order and thereafter close the case.

35. Hearing of representations.- (1) After registering the representation, the Ombudsman, within seven days of registration, shall call for records relating to the representation from the concerned Forum and the concerned Forum shall send the entire records, within seven days from the date of receipt of such notice, to the office of the Ombudsman.

(2) The Ombudsman may require the licensee or any of the officials, representatives or agents of the licensee to furnish documents, books, information and data as may be required to decide the representation and the licensee shall duly comply with such requirements of the Ombudsman.

(3) Where the representation is not settled by agreement within a period of 30 days from the date of receipt of the representation or within such extended period as the Ombudsman may deem fit duly considering the overall time limit specified, the Ombudsman may determine the manner, the place, the date and the time of the hearing of the matter as the Ombudsman considers appropriate.

(4) The Ombudsman may hear the parties and may direct the parties to submit written statements or submissions in the matter.

(5) A complainant, distribution licensee or any other person, who is a party to any proceedings before the Ombudsman, may either appear in person or authorise any person to present his case before the Ombudsman and to do all or any of the acts for the purpose.

(6) Where the complainant or the licensee or their representative is unable to appear before the Ombudsman on the date fixed for hearing on more than two occasions consecutively the Ombudsman may, for reasons to be recorded, dispense with the presence of such person and, reject or decide the representation ex-parte.

(7) No adjournment shall ordinarily be granted by the Ombudsman unless sufficient cause is shown and the reasons for grant of adjournment have been recorded in writing by the Ombudsman.

(8) The Ombudsman may make such orders as to the cost, occasioned by the adjournment, to be paid by the defaulting party to the non-defaulting party and/or to the Ombudsman.

36. Ombudsman Power to issue Interim Order :- (1) Upon the request of the complainant, the Ombudsman may issue such interim orders at any stage during the disposal of the representation as it may consider necessary:

Provided that the Ombudsman shall have the power to pass such an interim order in any proceeding, hearing or matter before it, as it may consider appropriate if the complainant satisfies the Ombudsman that prima facie the distribution licensee has threatened or is likely to remove or disconnect the electricity connection, and has or is likely to contravene any of the provisions of the Act or any rules and regulations made thereunder or any order of the Commission, provided that, the Ombudsman has jurisdiction on such matters:

Provided further that, except where it appears that the object of passing the interim order would be defeated by delay, no such interim order shall be passed unless the opposite party has been given an opportunity of being heard.

(2) The Ombudsman shall be guided by the principles of natural justice, and subject to the other provisions of these Regulations, the Ombudsman shall have power to regulate its own procedure.

37. Issuance of Order.- (1) The Ombudsman shall pass a written order giving reasons for all his findings and stating the nature of the reliefs to which the complainant is entitled as per the order.

(2) The Ombudsman shall pass an order as early as possible, but in any case, within 60 days from the date of receipt of the representation and where there is delay in the disposal of a representation within the said period, the Ombudsman shall record the reasons for such delay.

(3) The order passed by the Ombudsman shall set out -

(a) issue-wise decisions;
(b) reasons for passing the order;
(c) reasons for vacation of the interim Order, if any, made under regulation 36 and its impact;
(d) directions, if any, to the distribution licensee or complainant, and
(e) any other order, deemed appropriate in the facts and circumstances of the case.

(4) A copy of the order shall be sent to the parties and also to the concerned Forum for information within one week from the date of such order.

(5) The licensee shall duly comply with and implement the decision of the Ombudsman on the representation filed by the complainant within [1]**[30 days]** of the issuance of the Order.

(6) Non-compliance of the Ombudsman's orders shall be deemed to be a violation of these Regulations and shall be liable for appropriate action by the Commission under the provisions of the Act.

(7) No party can file an appeal before the Commission against the order passed by the Ombudsman. However, this is without prejudice to the rights of the complainant and the licensee to seek appropriate remedy against the order passed by the Ombudsman before appropriate bodies.

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[1] *Sub. sub-regulation (5) for the words and figure* **"15 days"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

[1][(8) The Ombudsman, either on its own motion or on an application moved, within 30 days of the order, by any of the parties to the original proceedings, may, after affording an opportunity of being heard, review its order on-]

(i) the discovery of new and important matter of evidence which, after the exercise of due diligence, was not within his knowledge, or could not be produced by him at the time the order was made;
(ii) on account of some mistake or error apparent from the face of record;
(iii) for any other sufficient reasons.

[2][(9) The Ombudsman shall, within 30 days from the date of receipt of an application under sub-regulation (8) of this regulation, accept or reject such application.]

38. Reporting requirements.-(1) The Ombudsman shall, within 30 days of the close of the period to which it relates, submit to the Commission a half-yearly report on all the representations filed before it.

(2) The report shall cover-
(a) facts of the representations;
(b) responses of parties in brief;
(c) opinion of the Ombudsman on the compliance of DistributionPerformance Standards by the licensee;
(d) key directions issued to the licensee and/ or to the consumer in the order; and
(e) compliance of order by the licensee and/ or to the consumer.

(3) The Ombudsman shall within 45 days of the close of the financial year to which it relates also furnish a yearly report containing a general review of the activities of the Ombudsman's office during the financial year to the Commission and the State Government.

(4) The Commission shall –
(a) analyse reports, submitted by the Ombudsman under [3][this regulation] [4]**[duly taking into account the levels]** of performance achieved on performance of the standards under section 57 (Consumer Protection–Standards of Performance of Licensee) of the Act;

(b) facilitate capacity building of the licensee to develop and implement a comprehensive consumer awareness public interaction programme, explaining to the consumers their rights as consumers serviced by the licensee.

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1 *Subs. of sub-regulation (8) vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

"(8) The Ombudsman may, at any time, after affording an opportunity of being heard, review his Order, either on his own motion or on an application of any of the parties to the proceedings, within 30 days of the Order on"

2 *Ins. sub-regulation (9) vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

3 *Subs. clause (a) of sub-regulation (4) the words* **"sub-regulation (3),"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

4 *Sub. sub-clause(a) of sub-regulation (4) for the words* **"with regards to levels"** *vide Not. No. HPERC-(H)(1)-1/2012 dated 20th January, 2022 published in the R.H.P. dated 27th January, 2022 at p. 7006-7010.*

CHAPTER –VI
MISCELLANEOUS

39. Power to remove difficulties.- If any difficulty arises in giving effect to any provisions of these Regulations, the Commission may, by a general or special order, direct the distribution licensee, the Forum or the Ombudsman to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulties.

40. Repeal and savings.- (1) The Himachal Pradesh Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of Consumers) Regulations, 2003 and the Himachal Pradesh Electricity Regulatory Commission (Electricity Ombudsman) Regulations, 2004, are hereby repealed.

(2) Notwithstanding such repeal –

(a) anything done or any action taken or purported to have been done or taken including any appointment made, or any document or instrument executed or any direction given under the repealed regulations, shall, in so far as it is not inconsistent with the provisions of these Regulations, be deemed to have been done, taken, made or given under the corresponding provisions of these Regulations ;

(b) all appointments made, and documents executed, before the commencement of these Regulations, shall continue to have effect till the expiry of the period for which such appointment has been made or the document has been executed.

By order of the Commission
-Sd-
Secretary

Annexure-I
(See Regulation 3(k), 20(2), 34, 35 and 37)

TIME LINES

Sr. No.	Description of action to be taken	Time lines Specified	Time from which period begins to seen
Part-I	**Complaints/representations before the Forum**		
1	Forwarding complaints to the Forum when sent through Complaint Receiving Centers of the distribution licensee	By the next working day	
2	Acknowledge of receipt of complaint- (a) When presented in person (b) When received by post, email or fax. (c) When received through the Complaint Receiving Centers	On same day By the next day By the next day	On the receipt of the complaint by the Forum
[1][3	Forwarding of complaints to the concerned officer of the license— (a) In case of safety related issues, non-supply, connection/ disconnection/ quality or reliability of supply. (b) In other case	1 day 2 days	On the receipt of the complaint by the Forum.
4	Response of the Licensee on the complaint— (a) In case of safety related issues, non-supply,connection/disconnection/ quality or reliability of supply. (b) In other case	5 days 15 days	From the date of receipt of complaint.]
5	Making available the record or to furnish any information to the Forum-	7 days	From the date of requisition of the record or information
[1][6	Making of Orders by the Forum— (a) In case of safety related issues, non-supply, connection/disconnection/ quality or reliability of supply. (b) In other case	15 days 45 days	From the date of receipt of complaint.]

[1] *Subs.* ***for items 3, 4 & 6 of Part-I of the Table to Annexure-I*** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257 and before its substitution it stood as under:-*

3	Forwarding of complaints to the concerned officer of the licensee- (a) In case of connection/ disconnection of supply. (b) In other case	1 day 2 days	On the receipt of the complaint by the Forum
4	Response of the Licensee on the complaint - (a) In case of connection/ disconnection of supply. (b) In other case	5 days 15 days	From the date of receipt of compliant.
6	Making of Orders by the Forum- (a) In cases of connection or disconnection of supply. (b) In other case	20 days 45 days	From the date of receipt of the complaint.

7	Compliance of the Orders of the Forum	21 days or the shorter period, directed by Forum within which Order is to complied with	From the receipt of the Order by the licensee.
8	Reporting of compliance by the Licensee to the Forum	7 days	From the date of compliance.
Part-II	**Representation before the Ombudsman**		
1	Making representation to the Ombudsman (a) Against the Forum's Order	30 days	From the date of Order by the Forum.
	(b) For the non- redressal of grievance	30 days	After the expiry of 30 days time allowed under item (a)
	(c) For the noncompliance of the Forum's Order by the licensee	Two months	From the date of Order of the Forum.
2	Settlement by Conciliation (a) Service of notice to the concerned officer of the Licensee for settlement through mediation of the Ombudsman.	7 days	From the date of receipt of representation.
	(b) Acceptance of the recommendations of the Ombudsman.	15 days	From the date of receipt of recommendations of the Ombudsman.
	(c) Making a record of the conciliated agreement.	7 days	After the acceptance of the recommendation by the parties.
3	Registration of Representation a) Registration of representation where the grievance is not settled by mediation or conciliation by the Ombudsman.	30 days	From the date of receipt of the representation by the Ombudsman.
	b) Calling of record from the Forum	7 days	From the date of registration of the representation by the Ombudsman.
	c) Sending of record by the Forum	7 days	From the date of receipt of the notice from the Ombudsman.
4	Order of the Ombudsman	60 days	From the date of receipt of representation.
5	Compliance of the Ombudsman's Order	15 days	From the issue of the Order
Part-III	**Submission of Reports**		
1	Submission of Reports by the Forum (i) Quarterly	15 days	After the close of the quarter.
	(ii) Yearly	45 days	After the close of the year.
2.	Submission of Reports by the Ombudsman- (i) Half yearly	30 days	After the close of period.
	(ii) Yearly	45 days	After the close of the financial year.

ANNEXURE- II
(See Regulation 17)

GRIEVANCE SUBMISSION BEFORE FORUM

APPLICATION TO FORUM FOR REDRESSAL OF GRIEVANCE

Date*: _____

1. Name of the Complainant: _____

2. Full address of the Complainant *: _____

Pin Code*: _____

Phone no.*: _____

Fax no.: _____

Email id: _____

3. Nature of Connection and Consumer no.* (*in case of having applied for a connection, state the application number*):

_____

4. Distribution Licensee*: _____

5. Complaint receiving centre number*: _____

6. Category of grievance (*please tick the relevant box/ boxes*):

a. Wrong billing____ b. Recovery of arrears ___ c. Faulty Meter ___ d. Burnt meter _____
e. Supply interruption _____ f. Harmonics in supply ___ g. Supply voltage related _____
h. Deficient service _____ i. Delay in providing new connection ___ j. Reconnection ____
k. Change in connected load _____ l. Transfer of connection _____

[1][m. Safety related issues_____
n. Others (*please specify*)] _____

7. Name designation and office address of the employee / employees (*specify employee ID or department*) or department against whom grievance has been filed (*if any*):

_____

8. Details of the grievance, facts giving rise to the grievance* (*If space is not sufficient please enclose separate sheet*)

9. Nature of relief sought from the Forum

_____

10. List of documents enclosed (*Please enclose copies of any relevant documents which support the facts giving rise to the grievance*)

_____

11. Declaration

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[1] *Subs. of sub-item 6. renumberd "n"and before the renumberd Ins."****m.*** **Safety related issues……..."** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

(a) I/ We, the Complainant /s herein declare that:

(i) the information furnished herein above is true and correct; and

(ii) I/ We have not concealed or misrepresented any fact stated hereinabove and the documents submitted herewith.

(b) The subject matter of the present Grievance has never been submitted to the Forum by me/ or by any one of us or by any of the parties concerned with the subject matter to the best of my/ our knowledge.

(c) The subject matter of my / our Grievance has not been settled through the Forum in any previous proceedings.

(d) The subject matter of my / our Grievance has not been decided by any competent

authority/court/arbitrator, and is not pending before any such authority / court / arbitrator.

Yours faithfully

(Signature)

(Complainant's name in block letters)

NOMINATION – (If the Complainant wants to nominate his representative to appear and make submissions on his behalf before the Forum, the following declaration should be submitted.)

I/We the above named consumer hereby nominate Shri/Smt. …… ……... , whose address is
……
……
…. as my/our REPRESENTATIVE in the proceedings and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/us. He/She has signed below in my presence.

ACCEPTED

(Signature of Representative)

(Signature of Complainant)

ACKNOWLEDGEMENT OF RECEIPT

The complainant (alongwith supporting documents) comprised of _____ pages from _____ for redressal of grievance _____ has been received on _____

Signature of the office-in charge
Name _____
Designation_____
Date _____

अनुबन्ध–2

(विनियमन नियम 17)

फोरम के समक्ष शिकायत हेतू

फोरम में शिकायत निवारण हेतू आवेदन

दिनांकः.....

1. शिकायतकर्ता का नामः.....

2. शिकायतकर्ता का पूरा पताः.....
.....

पिन कोड न0:.....

टेलीफोन न0:.....

फैक्स न0:.....

ईमेल पताः.....

3. उपभोक्ता श्रेणी व कनैक्शन न0 (कनैक्शन के लिए आवेदन करने के मामले में, आवेदन संख्या बताएं)
.....
....

4.वितरण लाईसेंसधारीः.....
...

5. शिकायत प्राप्त केन्द्र न0:.....
...

6. शिकायत की श्रेणी (कृपया प्रासंगिक रिक्त स्थान को चिंह्नित करें)

क) गलत बिलिंग.....ख) बकाया राशि की वसूली .....ग)दोषपूर्ण मीटर.....
.....घ) जला हुआ मीटर.....ड.) आपूर्ति रूकावट.....च) आपूर्ति में हारमोनिक्स.....

छ) वॉलटेज आपूर्ति सम्बन्धित.....ज) सेवा की कमी.....
...

झ) नए कनैक्शन प्रदान करने में देरी.....ञ)रिकनैक्शन.....
....

ट) जुड़े लोड में परिवर्तन.....ठ)कनैक्शन के स्थानांतरण.....
....

ड) सुरक्षा सम्बन्धी विषय .....

[1][ढ)यदि अन्य, कृपया निर्दिष्ट करें .....

7. कर्मचारी/कर्मचारियों के नाम (कर्मचारी का पता एवं विभाग निर्दिष्ट करें) या विभाग जिस के खिलाफ शिकायत दायर की है।

.....

.....

8.शिकायत का विवरण, शिकायत बढ़ने के कारण (यदि स्थान पर्याप्त नहीं है तो अलग शीट संलग्न करें)

.....

.....

9. फोरम से मांगी गई राहत का प्रकारः–

.....

.....

10. संलग्न दस्तावेजों की सूची (शिकायत से सम्बन्धित तथ्यों के समर्थन में प्रासंगिक दस्तावेजों की प्रतियां संलग्न करें .....

.....

11. घोषणा

(क) मैं/हम शिकयतकर्ता घोषणा करते हूं/हैं कि

अ) उपरोक्त जानकारी सत्य और सही है और ;

ब) मैं/हम ने कोई भी वास्तविकता जोकि ऊपर तथा इस दस्तावेज में दर्षाई गई है को छुपाया /या गलत तरीके से नहीं बताया गया है।

इसके साथ प्रस्तुतः–

(ख) जहां तक मेरी जानकारी है वर्तमान विषय के सम्बन्धित मेरे द्वारा या हममें से किसी के द्वारा या इस मामले से सम्बन्धित पक्ष के द्वारा कभी भी फोरम के समझ षिकायत प्रस्तुत नहीं की;

(ग) मेरी/हमारी शिकायत के विषय में फोरम द्वारा किसी भी पिछली कार्यवाही में समाधान नहीं किया गया;

(घ) मेरी/हमारी शिकायत के विषय में किसी भी न्यायलय/अधिकारी/प्राधिकारी द्वारा फैसला नहीं किया गया है और किसी भी न्यायलय/अधिकारी/प्राधिकारी के समक्ष लम्बित नहीं है।

भवदीय,

(हस्ताक्षर)

(शिकायतकर्ता का नाम)

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[11] *Subs. of sub-item 6 for renumberd "ढ"and before the renumberd Ins.* **ङ. सुरक्षा सम्बन्धी विषय.....** *vide Not. No. HPERC-(H)(1)-1/2012 dated 26th November, 2019 published in the R.H.P. dated 28th November, 2019 at p. 8253-8257.*

नामांकन– (अगर शिकायतकर्ता किसी प्रतिनिधि को मनोनीत करना चाहे एवं उसी की ओर से फोरम के समक्ष प्रस्तुती करना चाहे तो निम्नलिखित घोषणा प्रस्तुत करें)

मैं/हम उपभोक्ता एत्दद्वारा नीचे लिखे श्री/श्रीमति को मनोनीत करता/करते हैं।

.....जिसका पता है।.....

..... .मेरे/हमारे प्रतिनिधि द्वारा कार्यवाही में भाग लेना व किसी भी बयान की पुष्टि, उसके द्वारा की गई स्वीकृति एवं अस्वीकृति मेरे/हमारे ऊपर बाध्य होगी। उसके निम्न हस्ताक्षर मेरी उपस्थिति में किए गए हैं।

स्वीकार किया

(प्रतिनिधि के हस्ताक्षर)

(शिकायतकर्ता के हस्ताक्षर)

ANNEXURE III
(See Regulation 29)

QUARTERLY REPORTING BY FORUM
Quarter: ___ Financial Year: ___

1. Status of grievance redressal

S. No	Parameters	Delay in restoring supply	Quality of Supply	Meter Problems	Billing Problems	Quality of Service	Others	Total
1	Grievances pending at the end of previous quarter							
2	Grievances Received during this quarter							
3	Total grievances(1+2)							
4	Grievances attended during this quarter							
5	Balance grievances to be attended (3-4)							
6	Grievances successfully redressed during this quarter							
7	Grievances in the process of redressal							
8	Grievances escalated to Ombudsman							

Note: Sum of rows 6, 7 & 8 should be equal to row 4

2. Status of compliance by licensee

a. Of the number of grievances successfully redressed during the quarter, state the number of grievances in which the order specified directions for the licensee:

_____

b Describe the status of the licensee's compliance against each such grievance_____

ANNEXURE- IV

(See Regulation 32)

SUBMISSION OF REPRESENTATION BEFORE OMBUDSMAN

Date*: _____

To
The Ombudsman

(*specify full address*)

Dear Sir / Madam

SUB: (*please make a mention of the order of the Forum from which a representation to the Ombudsman is being made)*

Details of the grievance are as under:

1. Name of the Complainant: _____
2. Full address of the Complainant *: _____

   Pin Code*: _____

   Phone no.*: _____

   Fax no.: _____

   Email id: _____
3. Nature of Connection and Consumer no.* (*in case of having applied for a connection, state the Application number*):_____
4. Distribution Licensee*: _____
5. Name and Address of the Forum*: _____
6. Date of submission of grievance by the Complainant to the Forum* (*please enclose 3 copies of the grievance*): _____
7. Details of the representation, facts giving rise to the representation* (*If space is not sufficient please enclose separate sheet*)_____
8. Whether the consumer has received the final decision of the Forum? (*If yes, please enclose three copies of the Forum's order conveying its final decision*) _____
9. If the consumer has received the final decision of the Forum, whether any amount was assessed by the Forum to be paid by the consumer to the licensee? *(If yes, please enclose receipt of the deposit of 1/3rd of such amount with the Ombudsman)*
10. Nature of relief sought from the Ombudsman
11. List of documents enclosed (*Please enclose three copies of all relevant documents which support the facts giving rise to the representation)*_____

12. Decleration.

(a) I/ We, the Complainant/s herein declare that:

(i) The information furnished herein above is true and correct; and
(ii) I/ We have not concealed or misrepresented any fact stated hereinabove and the documents submitted herewith.

(b) The subject matter of the present representation has never been brought before the Office of the Ombudsman by me/ or by any one of us or by any of the parties concerned with the subject matter to the best of my/ our knowledge.

(c) The subject matter of my/ our representation has not been settled through the Office of the Ombudsman in any previous proceedings.

(d) The subject matter of the present representation has not been decided by any competent Authority/court/arbitrator, and is not pending before any such authority / court / arbitrator.

Yours faithfully

(Signature)

(Complainant's name in block letters)

NOMINATION – (If the Complainant wants to nominate his representative to appear and make submissions on his behalf before the Ombudsman, the following declaration should be submitted.)

I/We the above named consumer hereby nominate Shri/Smt. ……and whose address is ……..…… …… ……...as my/our REPRESENTATIVE in the proceedings and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/us. He/She has signed below in my presence.

ACCEPTED

(Signature of Representative)

(Signature of Complainant)

Notification and Orders issued
Under
The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013

[1][The Himachal Pradesh Electricity Regulatory Commission (salary and other Allowances of the Nominated Independent Member of the Consumers Grievances Redressal Forum) Order, 2013]

NOTIFICATION

Shimla, the 29th July, 2013

No. HPERC/Secy/610-A/2013:- In supersession of Order No.HPERC/Secy./610/AS/ MST/ /2008 dated 8th September, 2008 published in Rajpatra, Himachal Pradesh, dated the 11th September, 2008, the Himachal Pradesh Electricity Regulatory Commission in exercise of the power conferred by clause (b) of sub-regulation(1) of regulation 13 of Himachal Pradesh Electricity Regulatory Commission (Consumers Grievances Redressal Forum and Ombudsman) Regulations, 2013, hereby makes the following Order to determine the salary and allowances of the Nominated Independent Member of the consumers Grievances Redressal Forum (CGRF):-

ORDER

1. Short title and commencement.- (i) This Order may be called Himachal Pradesh Electricity Regulatory Commission (salary and other Allowances of the Nominated Independent Member of the Consumers Grievances Redressal Forum) Order,2013.

(ii) This Order shall came into force on the date of its publication in the Rajpatra Himachal Pradesh.

2. Remuneration and other Expenses.- (1) The nominated Independent Member of the Forum shall be paid-

(i) a consolidated amount of Rs.25,000/-(rupees twenty five thousand only) per month towards remuneration; and

(ii) such a member, on completion of his/her service as such for each period of one year rendered, after the commencement of this Order, shall be entitled to an hike of 10% of the consolidated amount:

(iii) for official journeys outside the headquarters of the Forum; TA/DA as admissible to Grade-I Officer of the Licensee.

(iv) conveyance allowance of Rs. 6000/- (Rupee six thousand only) per month, unless otherwise ordered by the Commission.

Provided that the nominated Independent Member, who is functioning as such on the commencement of this order, shall be paid a consolidated amount of Rs.30,000/- (rupees thirty thousand only) per month, without any further hike. This revised rate will be paid to him w.e.f. 1st April, 2013.

(2) The expenditure on account of above shall be borne by the Distribution Licensee(s).

By order of the Commission
-Sd-
Secretary

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1 *Published in R H.P. dated 1st August, 2013 at p. 2653-2654.*

The Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.

[1][**Himachal Pradesh Electricity Ombudsman (Terms and Conditions of Service of Employees) Order, 2014.**]

NOTIFICATION
Shimla, the 21st January, 2014

No. HPERC(IT)(1)-1.—In exercise of the powers conferred by sub-regulation (3) of regulation 31 of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 and all other powers enabling it in this behalf the Himachal Pradesh Electricity Regulatory Commission hereby makes the following order to determine the terms and conditions for appointment of the staff to be posted with the Electricity Ombudsman, namely:—

1. Short title and Commencement.—(1) This order may be called the Himachal Pradesh Electricity Ombudsman (Terms and Conditions of Service of Employees) Order, 2014.

(2) This order shall come into force on the date of its publication in the Rajpatra, Himachal Pradesh.

2. Staff Strength.—(1) The categories of the employees of the Secretariat/office of the Electricity Ombudsman and their strength shall be as under:—

Name of the post	**Staff strength**
Private Secretary	**1**
Senior Assistant	**1**
Driver	**1**
Office Attendant	**2**

Provided that the Commission may review the staff strength in consultation with Electricity Ombudsman from time to time.

3. Terms and Conditions of Appointments of Staff.—(1) The posts referred to in para 2 shall be the posts on the establishment of the Distribution Licensee i.e. HPSEB Ltd. and shall be filled up by Distribution Licensee by posting persons from its establishment.

(2) The Distribution Licensee, in the event of non availability or on administrative grounds, may post persons in any other grade in the same category against the post of Private Secretary, Senior Assistant and Office Attendant.

Explanation.— Against the post of Private Secretary a person in the grade of Senior Private Secretary, Additional Private Secretary, Personal Assistant etc. may be posted.

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[1] *Published in R.H.P. dated 23rd January, 2014 at p. 5897-5899.*

Similarly against the post of Office Attendant, a person holding the post of Peon, Jamadar, Havildar or any other Class-IV grade may be posted.

(3) The employees of Distribution Licensee, while posted in the office of Electricity Ombudsman shall continue to draw salary, allowances and all other facilities as are available to them under the Distribution Licensee i.e. HPSEB Ltd.

(4) Where the Distribution Licensee is unable to deploy such employee(s), the Distribution Licensee may either itself outsource certain functions or authorise the Electricity Ombudsman to outsource certain functions on the terms and conditions being followed by the Distribution Licensee for outsourcing the similar functions.

4. Secretary.—The Electricity Ombudsman shall designate any one of the person holding the post of Private Secretary or Senior Assistant to function as the Secretary of the office of the Electricity Ombudsman.

5. Applicability of CCA and Conduct Rules.—Electricity Ombudsman will be the Controlling Officer of the employees. The provisions of the Central Civil Services Conduct Rules, 1964 and Central Civil Services (Classification, Control and Appeal) Rules, 1965 and other rules and service conditions as applicable to the employees of the Government of Himachal Pradesh and are made applicable, from time to time to its employees by the Distribution Licensee i.e. the State Electricity Board, shall be applicable to the employees of the office of the Electricity Ombudsman.

6. Transitional provisions.—Notwithstanding anything to the contrary contained in this order, the employees of the office of the Electricity Ombudsman, working immediately prior to the issuance of this order, shall continue to discharge duties and perform functions as such employees and be deemed to be the employees deployed by the Distribution Licensee till the period, for which they had been appointed, is expired.

7. Power to remove difficulties.—The Commission may by order make such provisions or give such directions, not inconsistent with the provisions of this order as it may deem necessary for the removal of any difficulty which may arise in giving effect to the provisions of this order.

By the Order of the Commission,
Sd/-
Secretary.

[1][The HPERC (Terms and Conditions for appointment of Electricity Ombudsman) Order, 2014 and sub-regulation (4) of regulation 30 of HPERC (Consumer Grievances Redressal Forum on Ombudsman) Regulations, 2013.]

NOTIFICATION

Dated, the 18*th April,* 2017

No.HPERC/Secy/609/-B/SK/RM/2017-142-146.—In exercise of the powers vested under sub-section (6) of section 42 of the Electricity Act, 2003 read with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for appointment of Electricity Ombudsman) Order, 2014 and sub-regulation (4) of regulation 30 of HPERC (Consumer Grievances Redressal Forum on Ombudsman) Regulations, 2013 as amended from time to time, the Himachal Pradesh Electricity Regulatory Commission is pleased to appoint Er. S.K.Sharda, Chief Engineer (Retd.) as Electricity Ombudsman for a term of 3 years from the date of his entering upon the said office or until he attains the age of 65 years, whichever is earlier.

Other terms and conditions of his services shall be such as notified in Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for appointment of Electricity Ombudsman) Order, 2014. He shall have to take oath of office and secrecy before the Chairperson, Himachal Pradesh Electricity Regulatory Commission before entering upon his office.

By order of the Commission,
Sd/-
Secretary.

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[1] *Published in R.H.P. dated 15th June, 2017 at p. 2164-2165.*

[1][**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**
VidyutAayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla-171009.]

NOTIFICATION

Shimla, the 17th, March 2022

No. HPERC/Secy/610-A/2022.—In continuation of the Order No.HPERC/ Secy/610- A/2013 dated 29th July, 2013 published in the Rajpatra Himachal Pradesh dated 1st August, 2013, the Himachal Pradesh Electricity Regulatory Commission in exercise the powers conferred by clause (b) of sub-regulation (1) of Regulation 13 of Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013, as amended from time to time, hereby makes the following Order to determine the salary and allowances of the Nominated Independent Members of the Additional Consumer Grievances Redressal Forum:—

ORDER

1**. Short title and commencement.—**This Order may be called Himachal Pradesh Electricity Regulatory Commission (Salary and other Allowances of the nominated Independent Member of the Additional Consumer Grievances Redressal Forum) Order, 2022.

(ii) This order shall come into force on the date of its publication in the Rajpatra Himachal Pradesh.

2**. Remuneration and other Expenses.—**(1) The nominated Independent Member of the Additional Consumer Grievances Redressal Forum shall be paid:—

(i) Rs. 2500/- per sitting of the Additional Forum.

(ii) A consolidated Conveyance Allowance of Rs.1000/- (Rupees one thousand only) per month will be admissible to the nominated Independent Member of the Additional Forum in lieu of TA/DA.

(2) The expenditure on account of above shall be borne by the Distribution Licensee(s).

By order of the Commission,
Sd/-
(CHHAVI NANTA, HPAS),
Secretary.

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1 *Published in R.H.P. dated 21st March, 2022 at p. 9079.*

[1][**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**
VidyutAayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla-171009.
Tel No.0177-2627263, 2624591 Fax.No.0177-2627162
E-mail: **secy-hperc@hp.gov.**in Website: http://www.hperc.org.]

NOTIFICATION

Shimla, the 14th, September, 2022

Ref. No:-HPERC-B02/1/2022.—In exercise of the powers vested under the provisions of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 as amended from time to time, the HP Electricity Regulatory Commission hereby nominates following incumbents as the Independent Member of the Addl. Forum for Redressal of Grievances of HPSEBL Consumers, (CGRF), the operation circles mentioned in front of their names:—

Sl. No.	Name	Address	Operation Circles
1.	Sh.Romesh Kumar Kapoor	B-172, Sector-3, New Shimla, Shimla-171009, 9418088008.	Shimla
2.	Er. B.K. Sood	Shanti Daya, Adarsh Vihar , Saproon , Solan-173211(H.P.) India	Solan
3.	Sh. Jagdev Singh Raitka	Vill. & P.O Anandpur, Near Shoghi, Tehsil Shimla, Rural, Distt. Shimla, H.P. ,9418084833.	Rohru
4.	Sh. Ajay Vikrant	Vill. Thankri, P.O Dugli, Teh. & Distt. Hamirpur, H.P.-177029, 7018482101	Hamirpur
5.	Sh. Raj Kumar	Vill. Manwa, P.O. Kothipura, Tehsil, Sadar, Distt. Bilaspur, H.P.-174001.	Bilaspur
6.	Sh. Rakesh Kumar Dhiman	H. No.160/4, Ward No.05 Shamsherpur, Paonta Sahib, Distt. Sirmaur H.P.-173025.	Nahan
7.	Sh. Suresh Kumar Thakur	Jai Niwas, Mohalla Hardaspura Chamba	Chamba
8.	Sh. Ashwani Kumar Sohal	Vill.-Kalheli, P.O.-Bajaura, Tehsil-Bhuntar, Distt.- Kullu (H.P.)	Kullu
9.	Sh. Sudesh Kumar Sen	Ashirwad Cottage, near BDO Office, Bye pass Road, Saproon Solan,H.P.-173211.	Rampur
10.	Er. Ram Prakash Sharma	R/O Village Panol, Teh.- Ghumarwin Distt.- Bilaspur (H.P.) 9418019033.	Una

As per the provision of the aforesaid Regulations, the nomination of the above incumbents will be for three years from the date the above incumbents take over as such or until they attain the age of 65 years, whichever is earlier.

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[1] *Published in R.H.P. dated 16th September, 2022 at p. 4736.*

The salary and allowances shall be as per the provisions notified under HPERC (Salary and Allowances of the nominated Independent Member of the Addl. Consumer Grievances Redressal Forum) Order, 2022.

By order of the Commission,
Sd/-
(CHHAVI NANTA, HAS),
Secretary.

Notes:-

I. Er. Bhupesh Uppal, Chief Engineer (Retd.) nominated as the Independent Member of the Additional Consumer Grievances Redressal Forum (ACGRF) at Operation Circle, Kangra for a period of three years from the date the incumbent takes over as such or until he attains the age of 65 years, whichever is earlier, vide Notification No. HPERC-B02/1/2022 dated 24.06.2023 under the provisions of the HPERC (CGRF and Ombudsman) Regulations, 2013;

II. Sh. Sudesh Kumar Sen, Independent Member, Additional Consumer Grievances Redressal Forum (ACGRF) Operation Circle, Rampur, nominated vide Notification No. HPERC-B02/1/2022-1505-24 dated 14.09.2022, on his request, again nominated as Independent Member, Additional Consumer Grievances Redressal Forum (ACGRF), Operation Circle, Solan, and henceforth, ceased to be the Indipendent Member of Opration Circle, Rampur, vide Notification No. HPERC-B02/1/2022 dated 11.07.2023 under the provisions of the HPERC (CGRF and Ombudsman) Regulations, 2013. Rest of the terms and Conditions as stated in above referred Notification remained unchanged.

III. Remuneration and other Expenses of Nominated Independent Member of the Additional Consumer Grievances Redressal Forum (ACGRF) are redetermined vide Order dated 02.12.2023 as per Notification No. HPERC/Secy./610-A/2022 dated 02.12.2023 as under :-
(i) a consolidated honorarium of Rs. 20,000/- (Twenty thousand rupees) per month;
(ii) for official journeys outside the Headquarters of the Forum; TA/DA as admissible to Grade-I officer of the Licensee; and
(iii) a consolidated conveyance allowance of Rs. 5000/- (Five thousand rupees) per month, unless otherwise ordered by the Commissioner.
The expenditure on account of above shall be borne by the Distrubtion Licensee(s).

[1][The Himachal Pradesh Regulatory Commission (Terms & Conditions of Service of Staff) Regulations, 2013]

Amended, repealed or otherwise affected by:-

1. *(First Amendment) Regulations, 2020 notified vide the Not. No. HPERC-B (3)-1 /2011-705-Vol-VI dated 15th February, 2020 and published in R H.P. dated 18th February, 2020 at p.10666-10667.*
2. *(Second Amendment) Regulations, 2020 notified vide the Not. No.HPERC-B(3)-1/2011-705-Vol-VI dated 27th June, 2020 and published in R.H.P. dated 30th June, 2020 at p. 1206.*
3. *(Third Amendment) Regulations, 2021 notified vide the Not. No. HPERC-B(3)-1/2020-705-Vol-VII. Dated 2nd December, 2021 and published in R.H.P. dated 4th December, 2021 at p. 5750-5751.*

NOTIFICATION

Dated 18th April, 2013

No. HPERC/Secy/RPB/705/CV/KD/2011- In exercise of the powers conferred by clauses (zj) and (zk) of sub section (2) of section 181, read with sub-sections (2) and (3) of section 91 of the Electricity Act, 2003 (Act No.36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission with the prior approval of the State Government and after prior publication, makes the following regulations to specify the terms and conditions of the service of the Secretary, the other Officers and Employees of the Commission, namely:-

1. Short title, commencement and application.- (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Service of Staff) Regulations, 2013.

(2) These shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

(3) These regulations shall apply to the staff of the Commission i.e. Secretary, other Officers and Employees of Himachal Pradesh Electricity Regulatory Commission but shall not apply to the Chairperson and the Members of the Commission.

2. Definitions.- In these regulations unless the context otherwise requires.-

(a) **"Act"** means the Electricity Act 2003(36 of 2003);

(b) **"Chairperson"** means the Chairperson of the Commission;

(c) **"Commission"** means the State Electricity Regulatory Commission referred to in the Act;

(d) **"Schedule"** means the schedule annexed to these regulations;

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1 *Published in R H.P. dated 22nd April, 2013 at p. 364-37 ,followed by corrigendum dated 30th June, 2014 published in R H.P. dated 9th July, 2014 at p. 1703-1704.*

(e) **"Secretary"** means the Secretary of the Commission appointed under section 91 of the Act;

(f) **"State Government"** means the Government of Himachal Pradesh.

(g) **"Staff"** includes both officers and employees of all categories appointed whether on deputation on Foreign Service terms or permanent absorption or on short-term contract basis.

3. Categories of posts, salaries/pay, allowances etc.- (1) The Secretary, Officers and other Employees of the Commission shall constitute the staff of the Commission. The numbers/sanctioned strength, nature and categories of the officers and other employees; and pay/salaries and allowances payable to, and other terms and conditions of service of, the Secretary, Officers and other employees shall be such as are specified in Schedule-I by the Commission, with the approval of the Government of Himachal Pradesh, from time to time.

(2) While filling up a post by way of secondment, if a suitable candidate with the requisite qualification, skill and experience is not available to fill such post, the Commission may fill up the same by a person who is in the rank and pay of any other level/post in the Commission, by assigning appropriate designation, within the overall sanctioned strength of the posts in the respective category.

Explanation.- A post of Deputy Director in technical category may be filled by an officer in the pay and designation of the Director, in addition to total sanctioned post of Directors.

(3) The Himachal Pradesh State Electricity Board Ltd. based pay scales allowed to the existing employees, appointed on permanent absorption basis by the Commission, shall remain protected as a measure personal to such employees till vacation of such posts by the incumbents.

(4) Unless otherwise expressly specified in these regulations, the emoluments, allowances and other conditions of service for appointment on secondment basis (deputation) or on contract basis shall be such as are laid down by the State Government from time to time for its employees.

(5) The officers and the employees on secondment to the Commission from the Himachal Pradesh State Electricity Board Ltd., or its successor utilities, Satluj Jal Vidyut Nigam Ltd; and any other Central/State Govt. Deptt./Public Sector Undertakings having different pay structures and allowances than that of State Government in general, shall continue to draw such pay and allowances as are paid to them in their respective parent organizations:

Provided that any allowance or pay attached to performance of a specific function in the parent organization shall not be admissible if such person is appointed against a post which does not involve performance of such function in the Commission.

(6) The approval/sanction of the posts accorded by the State Government shall also be deemed as an approval for creating such posts and filling up the same by the Commission, from time to time.

4. Appointment of Secretary.- The Secretary of the Commission shall be appointed by the Commission from amongst the All India Service Officers or the Himachal Pradesh Administrative Service Officers preferably having professional qualification in engineering

or finance or management or economics and preferably having 14 years of experience in Himachal Pradesh Administrative Service.

Provided that the Secretary shall be appointed by the Commission from amongst the candidates on the penal sponsored by the State Government.

Provided further that in the absence of the Secretary or during the leave period of an incumbent of the post of Secretary or when regular appointment is under process the Commission may appoint any officer of the Commission to function as the Secretary.

5. Mode of appointment/recruitment of Officers and employees:- (1) The officers and other employees of the Commission shall ordinarily be appointed on secondment or on re- employment basis as specified in Schedule-II:

Provided that Commission may identify certain posts and specify such posts to be filled up by promotion, alongwith terms and conditions of promotion, from amongst its officers/ employees appointed on regular basis and while specifying terms and conditions for such promotions, the essential qualifications, experience etc. shall not be less than those prescribed for similar non-technical categories of posts in the State Govt. Departments and technical categories of posts in the Himachal Pradesh State Electricity Board Ltd.

Provided further that in exceptional situations, where the Commission requires the posts to be filled up by way of absorption or by direct recruitment, Commission may fill up such posts in such manner with the approval of the State Government.

(2) Appointment on secondment or on absorption shall be from amongst the officers and employees of the Central and State Govt. Departments, Boards, Corporations, Autonomous and Local Bodies and from surplus pool maintained by the State Govt.

(3)The employees who are appointed on contract basis in the parent organisations shall be eligible for appointment on secondment on contract basis in the Commission;

(4) Notwithstanding any provision contained in the Schedule II, if suitable officers or employees with requisite expertise, skills and experience are not available to fill any post on secondment basis, or if the services of a retired person having such expertise/skill/experience is required by the Commission in public interest, the Commission may fill up such post by way of re-employment from amongst the retired persons of the State Govt., Boards or Corporations or Autonomous bodies or the Commission having such requisite expertise, skills and experience for a period not exceeding three years at a time or up to the age of 65 years, whichever is earlier and emoluments of such re-employed persons will be those as are applicable for re-employment of retired State Govt. officers and employees in the State Govt. Departments, including FR/SR.

6. Qualifications, experience and eligibility conditions.-(1) The educational qualifications, eligibility, experience and other conditions for appointment to the posts of the Commission shall be such as are laid down by the Commission from time to time keeping in view its specific requirements and as specified in Schedule-II:

Provided that in case of appointment on secondment and by way of absorption, the Commission may relax the educational qualifications and experience, if suitable candidate

fulfilling the eligibility conditions is not available or in view of the requirement of the Commission.

(2) In addition to essential qualifications and experience specified in Schedule-II, the computer literacy, knowledge of customs and dialects of the State, experience of regulatory affairs and working in the hilly areas shall be the desirable qualification for all categories of posts.

(3) The posts to be filled up by promotion from regular officers/ employees of the Commission and eligibility conditions for such promotions shall be as are specified in Part-II of the Schedule-II.

7. Other conditions of service.-(1) The conditions of service, including recruitments and appointments of the officers and other employees of the Commission, grant of House Building Advance, medical reimbursement after retirement, leave encashment, ex-gratia etc., for which no express provision or insufficient provision has been made in these regulations, the rules and orders as made or may be made applicable to the similarly situated State Government employees, shall apply.

(2) Unless otherwise allowed with the approval of the State Govt., the Himachal Pradesh Civil Services Contributory Pension Rules, 2006 shall apply to the regular employees of the Commission.

8. Conduct and Applicability of Government Instructions.- (1) Every officer/ employee of the Commission shall, at all times, maintain absolute integrity and devotion to duty.

(2) No officer/employee of the Commission shall act in a manner prejudicial to discipline and good order in the Commission.

(3) Unless otherwise provided in these regulations the service rules and orders of the Central Government as adopted by the State Government or for the time being in force and applicable to Government servants in the State Government and the rules and orders of the State Govt. shall apply to the officers/employees of the Commission.

9. Selection Committee.- (1) Appointments of the officers, other than the Secretary, and employees on secondment, re-employment, absorption, promotion or in any other manner etc. to the various posts, shall be made on the recommendations of the selection Committee.

Provided that selection for direct recruitments shall be made by the concerned recruiting agency i.e. the Himachal Pradesh Public Service Commission or the Himachal Pradesh Subordinate Service Selection Board or the Departmental Recruitment Committee, as the case may be.

(2) The Selection Committee shall consist of -

(a) for the posts of Officers –
(i) the Chairperson of the Commission (Chairman);

(ii) one Officer to be nominated by the Chairperson;

(iii) the Secretary.

(b) for the post of employees –

(i) the Chairperson of the Commission or Secretary nominated by the Chairperson (Chairman);

(iii) an officer to be nominated by the Chairperson.

(iv) the Secretary or in case Secretary is the Chairman of the Selection Committee any other officer to be nominated by the Chairperson.

(3) The Selection Committee may, at its discretion, co-opt one or more persons as experts to assist it.

(4) The Selection Committee shall devise the mode or procedure, from time to time, in consultation with the Chairperson, for the selection of candidates to various posts, including conduct of written or practical tests, interview etc. so as to ensure selection based on suitability and merit.

10. Appointing Authority.- Appointing authority shall be:-

(a) the Chairperson, in respect of the posts specified as Officers in Part I of Schedule-I

(b) the Secretary, in respect of the posts specified as Employees in Part II of Schedule-I

11. Disciplinary, reviewing and appellate authorities.- The disciplinary authority, appellate authority and reviewing authority, in respect of the officers and employees of the Commission, except those on secondment, shall be as under:-

For officers as specified in Schedule-I

1. Disciplinary Authority	Chairperson
2. Appellate Authority	Commission
3. Reviewing Authority	Commission

For employees as specified in Schedule-I

1. Disciplinary Authority	Secretary
2. Appellate Authority	Chairperson
3. Reviewing Authority	Commission.

12. Outsourcing - (1) The Commission may identify certain services, essential to the efficient running of the Commission and its office, to be performed by outsourcing and may outsource on competitive rates.

(2) These services shall include, but not be limited to, the security of the office, dusting and cleaning of the office, office help, process/messenger service, reception/diary/ dispatch/telephone attendance etc. typing, secretarial assistance, running and maintenance of specialized services.

(3) The Commission may, in addition, also outsource the functions against sanctioned posts.

13. Power to relax.- Where the Commission is of the opinion that it is necessary or expedient to do so, it may, by order for reasons to be recorded in writing and with prior

consultation with the State Government, relax any of the provision(s) of these regulations with respect to any class or category of person(s) or post(s), provided that where specific provisions of relaxation by the Commission are provided in the regulations or are authorised to the State Commission by the State Govt. in its approval accorded vide letter No. MPP-A (3)-1/2003 Loose dated 4.9.2012, the Commission may relax such provision(s) at its own level.

14. Interpretation.- If any question arises relating to the interpretation of these regulations, the decision of the Commission shall be final provided that with respect to Regulations 2(1), 2(4), 2(5), 4,6,7(3) and 14, the Commission shall require prior approval of the State Govt. for such interpretation.

15. Savings.- Notwithstanding anything to the contrary contained in these regulations, any approvals/ sanctions accorded by the State Government, appointments made or anything done or any action taken by the Commission, prior to the commencement of these regulations, shall be deemed to have validly been made or done or taken under these regulations so far as the same is not inconsistent with these regulations or the rules/instructions applicable to the State Government employees or approvals accorded by the State Government prior to these regulations.

By order of the Commission
-Sd-
Secretary

SCHEDULE-I

(see regulations 2(d), 3, 10 and 11)

CATEGORISATION OF POSTS AND STRENGTH OF THE OFFICERS AND EMPLOYEES OF THE COMMISSION WITH PAY SCALES/PAY BANDS

Part-I
OFFICERS

Sr. No.	Nature of posts	Posts sanctioned	Designation	No. of posts	Pay band and Grade Pay	Pre revised scale (Pre 2006)
1.	Head of Department	1	Secretary	[1]	In his own pay band & Grade Pay.	
2.	Technical	9	Executive Director (Technical Analysis)	[1]	37400-67000+ 10000/-	[1][18600-21000]
			Executive Director (Tariff Financial Analysis)	[1]	37400-67000+ 10000/-	1[18600-21000]
			Director (Tariff Engineering)	[1]	37400-67000+ 8700/-	[2][14300-18600]
			Director (Technical Analysis)	[1]	37400-67000+ 8700/-	2[14300-18600]
			Deputy Director (Trading)	[1]	15600-39100+ 6600/-	10025-15100
			Deputy Director (Generation)	[1]	15600-39100+ 6600/-	[3][10025-15100]
			Deputy Director (Tariff Engineering)	[1]	15600-39100+ 6600/-	3[10025-15100]
			Deputy Director (Tariff Economic)	[1]	15600-39100+ 6600/-	3[10025-15100]
			Deputy Director (Consumer Affairs)	[1]	15600-39100+ 6600/-	3[10025-15100]
3.	Legal	3	Deputy Director (Law)	[1]	15600-39100+ 6600/-	3[10025-15100]
			Reader	[1]	10300-34800+ 5000	7220-11660
			Law Officer	[1]	10300-34800+ 4200	6400-10640
4.	Finance & Accounts		Sr. Accounts Officer	[1]	[4][15600-39100+ 5000]	4[7880-13500]
Part-II STAFF						

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[1] *Corrected for " Rs.18600-2100" vide corrigendum published in R H.P. 9.7.2014 at p. 1703-1704.*

[2] *Corrected for " Rs. 14300-8600" vide corrigendum published in R H.P. 9.7.2014 at p. 1703-1704.*

[3] *Corrected for "Rs. 10025-5100" vide corrigendum published in R H.P. 9.7.2014 at p. 1703-1704.*

[4] *Corrected for "Rs.10300-34800+5400" and Rs.7220-11660" respectively vide corrigendum published in R H.P. dated 9.7.2014 at p. 1703.1704.*

5.	Ministerial	8	Personnel -Cum-Administrative Officer	1	10300-34800+ 5400	7880-11660
			Superintendent	1	10300-34800+ 4200	6400-10640
			Sr. Asstt.	2	10300-34800+ 3800	5800-9200
			Record Keeper	1	10300-34800+ 3800	5800-9200
			Clerk	3	5910-20200+ 1900	3120-5160
7.	Secretarial	11	Sr. Private Secretary	1	15600-39100+ 6600	[1][10025-15100]
			Personal Assistant	5	10300-34800+ 4200	6400-10640
			Sr. Scale Stenographer	2	10300-34800+ 3800	5800-9200
			Steno Typist	3	5910-20200+ 2000	3330-6200
8.	Support staff.	13	Driver	5	5910-20200+ 2000	3330-6200
			Peon	8	4900-10680+ 1300	2520-4140
Total		**46**		**46**		

NOTE:(1) The categorization of posts and number of posts shall be such as are amended by the Commission, from time to time, within the overall approval of the State Government.

(2) Pay scale/band and grade pay as allowed to the Officers and employees of the Commission at the time of absorption with the approval of the State Govt. shall remain protected as measure personal to them till vacation of such posts by them.

(3) The above posts have been created by the Himachal Pradesh Government from time to time vide their letters as detailed below:-

1. MPP-B(1)-2/2000 dated 09.05.2001 — 30 post
2. MPP-C(1)-1/2000(Loose dated 12.08.2002 — 01 ”
3. MP-A(4)-5/2005 dated 08.03.2006 — 06 ”
4. MPP-A(1)-3/2006 dated 03.08.2007 — 09 ”
5. MPP-(B)(1)-2/2000-Pt dated 04.02.2012

   Down gradation of two posts of Personal Asstt. and one post of Sr. Scale Steno to that of 3 posts of Steno Typist and one post each of Sr. Asstt. and Record Keeper and one post of Computer Operator to that of three Posts of Clerks
   (Overall number remained the same)
   Total Posts — **46 Posts**

[1] *Corrected for “ Rs. 10025-5100” vide corrigendum dated 30th June, 2014 published in R H.P. dated 9.7.2014 at p. 1703-1704.*

SCHEDULE –II
(see Regulations, 5 and 6)

PART-I

MINIMUM QUALIFICATIONS, EXPERIENCE AND OTHER ELIGIBILITY CONDITIONS FOR APPOINTMENT ON SECONDMENT OR ON RE-EMPLOYMENT BASIS OR BY ABSORPTION.

Sr. No.	Name of Post	Minimum qualifications and other eligibility conditions.
1.	(i) Executive Director (Technical Analysis) or in brief Executive Director (Technical) (ii) Executive Director (Tariff & Financial Analysis) or in brief Executive Director (Tariff)	From amongst the Chief Engineers or persons holding equivalent posts having degree in Electrical Engineering and having experience of at least 25 years in electricity distribution and transmission or generation and preferably having experience in commercial and power procurement, failing which from amongst Superintending Engineers or equivalent posts with at least 3 years service as such, in addition to other conditions specified above.
2.	Director (Tariff Engineering) or in brief Director (Tariff) Director (Technical Analysis or in brief Director (Technical)	(1)From amongst the Superintending Engineers or persons holding equivalent/analogous posts having degree in Electrical Engineering and having 20 years of service/ experience on Assistant Engineer Class-I and above levels in electricity supply and transmission or distribution failing which from amongst Executive Engineers or equivalent posts having a minimum service of 3 years as such, in addition to the other eligibility conditions specified above.
3.	(i) Deputy Director (Tariff Engineering or in brief Deputy Director (Tariff) (ii) Deputy Director (Generation) (iii)Deputy Director (Trading)	From amongst Assistant Engineers Class-I or equivalent posts, having degree in Engineering with at least 8 years service as such and having experience in electricity distribution or transmission or generation.
4.	(i) Deputy Director (Tariff Economics) (i) Deputy Director (Consumer Affairs)	From amongst Assistant Engineer Class-I or persons holding equivalent posts having degree in Engineering or post graduate degree in Economics/ Commerce/ Maths or MBA or CA/ICWA with at least 8 years service as such and having experience in electricity distribution or regulatory affairs or consumer affairs or commercial accounts or finance.

5.	Deputy Director (Law)	From amongst Under Secretaries (Law) or above, with degree in Law, from H.P. Govt. Secretariat or from amongst District Attorneys and above level with experience in legislative and legal opinion or regulatory matters.
6.	Reader	From amongst persons holding analogous post or from amongst persons in equivalent grade having graduation degree and experience in court and legal matters and preferably having degree in law.
7.	Law Officer	From amongst persons holding analogous or equivalent posts or from Legal Assistants having experience of court and legal matters and having degree in law.
8.	Sr. Accounts Officer	From amongst Asstt. Controller (F&A) of SAS (OB) cadre of State Govt. having experience in commercial accounts or from amongst candidates holding analogous/equivalent posts and having post graduate degree in Commerce/Economics/Maths with experience in commercial accounts or MBA finance or CA/ICWA.
9.	Pers-cum-Admn Officer (in brief Administrative Officer)	From amongst persons holding analogous post and having graduation degree.
10.	Superintendent	From amongst persons holding analogous posts and having graduation degree.
11.	(i) Senior Assistant (ii) Record Keeper (iii) Clerk	From amongst persons having minimum of graduation degree holding an analogous post or any post in equivalent grade and holding computer and typing efficiency as prescribed for the post of clerk by the State Govt. Provided that Commission may specify specific qualification of graduation level for the posts of Senior Assistants. Record Keeper as per requirement like Commerce, Economics, Maths, Statistic, Library Science etc.
12.	(i) Sr. Private Secretary (ii) Personal Assistant (iii)Sr.Scale Stenographer (iv) Steno Typist	From amongst persons having a minimum of graduation degree holding an analogous post or any post in similar grade and having efficiency in computer, typing and short hand writing as prescribed for the post of Steno typist by the State Govt.
13.	Driver	From amongst persons holding the analogous post or any other similar post like mechanic, cleaner, conductor etc. and having experience in driving and having requisite driving licence and further having matriculation qualification.
14.	Peon	From amongst persons holding analogous post or any post in class-IV/group D services.

PART-II

POSTS TO BE FILLED UP BY PROMOTION AND ELIGIBILITY CONDITIONS FOR PROMOTION AS PER PROVISO TO REGULATION 5 AND REGULATION 6(3).

The following posts may be filled by promotion from amongst the regular officers and employees of the Commission as laid down hereunder, subject to fulfilment of eligibility and other conditions of promotion, failing which these may be filled up by other modes of appointment:

Sr. No.	Name of Post	Minimum Qualifications and other eligibility conditions.
1.	Senior Assistant and Record Keeper	From amongst clerks having 10 years of service and typing/computer efficiency specified for clerk's post in Part-I of this Schedule.
2.	Superintendent	From amongst Senior Assistants and Record Keeper, based on combined seniority, having six years service as such.
3.	Law Officer	From amongst Senior Assistants and Record Keeper, based on combined seniority, having six years service as such and further having degree in law.
4.	Reader	From amongst Superintendent, having 3 years service as such failing which from Superintendent having 9 years of service as Supdt. and Senior Assistant/Record Keeper combined together and further having graduation degree.
5.	Pers-cum-Admn Officer	From Reader with 3 years service as such failing which from Reader having combined service of 6 years as Reader and Superintendant and further having graduation degree.
6.	Sr.Scale Stenographer	From amongst Steno typist having 10 years of service as such and typing, computer and short hand writing efficiency as specified for Steno typist.
7.	Personal Assistant	From amongst Senior Scale Stenographers having 6 years of service as such.
8.	Private Secretary /Senior Private Secretary	The post of Sr. Private Secretary may be utilised temporarily in the rank and name of Private Secretary, Rs. 15600-39100 + 5400 GP the level next higher to Personal Assistant, and may be filled up by promotion from amongst Personal Assistants having 5 years service as such and further having graduation degree. The post of Senior Private Secretary may be restored to its sanctioned pay band and grade pay, to be filled up by promotion from Private Secretary having 3 years of service as such and further having graduation degree.
9.	Deputy Director (Consumer Affairs)	From Personal-cum- Administrative Officer having 3 years of service as such and further having qualification as specified for the post in Schedule-II, Part-I.

[1][9-A	Deputy Director (Law)	By promotion from amongst the Law Officers, who possess Degree in Law from a recognized University with 8 years service experience, including service rendered in the regulatory affairs of power sector including service on adhoc basis on the post of Law Officer, if any.]
10.	Joint Director (Tariff Engineering)/ Director (Tariff Engineering)	The post of Director (Tariff Engineering) may be utilised temporarily in the scale/ grade of [2][12000-15500], analogous/ equivalent to Executive Engineer/Joint Director, the level next higher to Deputy Director, and may be filled by promotion from amongst Deputy Directors having at least 6 years of service as Deputy Director on regular appointment basis in the Commission and such post on having filled will be designated as Joint Director (Tariff Engineering). The post of Director (Tariff Engineering) may be restored to its sanctioned pay band and grade pay, to be filled up by promotion from Joint Director (Tariff Engineering) having 8 years service as such.
[3][11.	Director(Technical Analysis)	By promotion from amongst the Joint Directors/Deputy Directors who possess degree in Electrical/Mechanical Engineering or its equivalent from a recognised institution with 20 years service experience of Electrical/ Mechanical Engineering in the relevant discipline and out of the total 20 years, the 12 years experience shall include the service in the regulatory affairs of power sector including service on adhoc basis on the posts of Deputy Directors and above levels, if any.]

[1] *Sub. Sr. No 9-A vide No. HPERC-B(3)-1/2020-705-Vol-VII. dated 2nd December, 2021 published in R.H.P. dated 4th December, 2021 at p. 5750-5751and before its substitution it stood as under:*

"9-A	Deputy Director (Law)	By promotion from amongst the Law Officers, who possess Degree in Law from a recognised University with eight years regular service, including adhoc service rendered, if any."

[2] *Corrected for "Rs. 12000-15100" vide corrigendum dated 30.6.2014 published in R H.P. dated 9.7.2014.*

[3] *Sub. Sr. No 11 vide No. HPERC-B(3)-1/2020-705-Vol-VII. dated 2nd December, 2021 published in R.H.P. dated 4th December, 2021 at p. 5750-5751and before its substitution it stood as under:*

[3][11.	Director (Technical Analysis)	By Promotion from amongst the Joint Directors/ Deputy Directors appointed on regular basis in the Commission, having degree in Electrical/Mechanical Engineering or equivalent, and having 20 years experience dealing in the matters relating to electricity supply and transmission/distribution or in the regulatory affairs of power sector or in both, as specified for the post of Director (TA) in PART-I of the Schedule-II of these Regulations and out of total 20 years, the 14 years shall be the regular service including *adhoc* service rendered, if any on the posts of Deputy Directors and above levels.]

PART-III
(see Regulation 5)

1. **Direct Recruitment:-** Direct recruitment may ordinarily be at the entry level in the officer category and at the level of support staff, clerk, assistant, steno-typist and sr. scale stenographer in the employees category. Under proviso to Regulation 5, educational qualifications and other eligibility conditions specified in Part-I of this Schedule-II for filling up of post shall apply for direct recruitment also. Other terms and conditions like age, reservations, recruiting agency etc. shall be those as prescribed by the state Govt. for such posts.

2. **Appointment by absorption:-** (i) Appointment by absorption of officers and employees already appointed may be made against any post. Educational qualification and other eligibility conditions specified for the post in Part-I of this Schedule-II shall be applicable for absorption to that post.

(ii) Absorption of the incumbent on secondment to the Commission will be in the same scale which the employee holds/carries in the parent organisation. Where the pay of the post in the Commission is higher than that of the incumbent on secondment or the post is vacant, the selection process based on application invited/received after circulation/ requisition shall be followed, if such post is required to be filled up by absorption, so that person in lower scale is considered only when suitable candidate in the same scale is not available.

(iii) Absorption of staff on secondment will be considered only where balance service left before superannuation is at least 5 years.

(iv) From the date of appointment on absorption after 15-5-2003, all employees shall automatically be covered under the Himachal Pradesh Civil Services Contributory Pension Rules 2006 unless other terms and conditions have been given in their absorption orders.

Note: These terms for absorption are as per approval accorded by the State Government vide letter No. MPP-B(L)-1/2009 dated 3.9.2011 from Pr. Secretary (Power) to the Government of H.P. addressed to Secretary, HPERC.

[1][The HPERC Director (Technical Analysis)(Class-I, gazetted) promotion Rules, 2017]

NOTIFICATION

Shimla, the 13th October, 2017

No. HPERC-B(3)-1/2011-705-Vol-VI.—WHEREAS the Commission in exercise to the powers conferred by sub-section (2) and (3) of Section 91 of the Electricity Act, 2003, with prior approval of the State Government notified the Regulations *i.e.* Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Service of Staff) Regulations, 2013 hereinafter referred as "HPERC Staff Regulations, 2013") in the Rajpatra, Himachal Pradesh on 22nd April, 2013, to specific the terms and conditions of service of the employees of the Commission.

WHEREAS the first proviso of Regulation 5 of HPERC Staff Regulations, 2013, provides that Commission may identify certain posts and specify such posts to be filled up by promotion alongwith terms and conditions of promotion from amongst its officers/employees appointed on regular basis and while specifying terms and conditions for such promotions, the essential qualifications, experience etc. shall not be less than those prescribed for similar non-technical categories of posts in the State Govt. Departments and technical categories of posts in the Himachal Pradesh State Electricity Board Ltd.

WHEREAS as per the aforesaid provisions, the post of Director (Technical Analysis), has been identified, to be filled through promotion from the feeding categories of Dy. Director(s)/Joint Director(s) of the technical wing in the Commission. Accordingly, a proposal was forwarded to the State Government for their approval, to fill the post of Director (Technical Analysis) through promotion mode.

WHEREAS the Dept. of MPP & Power, GoHP has conveyed the approval of the State Government vide letter No. MPP-A (7)-1/2000-III dated 4th October, 2016, to fill up the post of Director (Technical Analysis) through promotion from the eligible incumbent subject to ondition that incumbent should fulfill all other service conditions of the post of Director (Technical Analysis) in relaxation of the mode of filling of the post of Director (Technical Analysis) as specified in Regulation 13 of the HPERC (Terms and Conditions of service of Staff) egulations, 2013.

WHEREAS it necessitates the Commission, to specify the terms and conditions to fill the post of Director (Technical Analysis) through promotion as per the provisions of 1st proviso of Regulation 5 of HPERC Staff Regulations, 2013.

NOW, THEREFORE, in exercise to the powers conferred by 1st proviso of Regulations 5 and Regulation 13 of HPERC Staff Regulations, 2013, the Commission, hereby specify the following terms and conditions, to fill the post Director (Technical Analysis) through promotion.

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1 *Published in R.H.P. dated 18th October, 2017 at p. 7218-7219.*

1. Short title and commencement.—(1) These terms and conditions may be called the Himachal Pradesh Electricity Regulatory Commission Director (Technical Analysis) (Class-I, gazetted) promotion Rules, 2017.

(2) These Rules shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Promotion Rules for the post of Director (Technical Analysis).— In addition to the existing modes of appointment for the post of Director (Technical Analysis) *i.e.* secondment/reemployment/by absorption, the following provisions/rules shall be applicable, to fill the post of Director (Technical Analysis) through promotion:—

From amongst the Joint Director(s) having degree in Engineering and having 8 years of service as joint Director/or 8 years service experience, in the regulatory affairs of power sector, in the equivalent pay scale of Joint Directors *i.e.*`15600-39100+7600 Grade Pay.

Or

From amongst the Deputy Directors/Joint Director(s) having degree in Engineering and having 20 years of service/ experience as Class-1 officer in the entry scale of ` 2200-4000/7880-13500 (pre-revised) out of which 8 years service experience shall be in the equivalent pay scale of Joint Directors *i.e.* `15600-39100+7600 Grade Pay. Out of total service experience of 20 years, 8 years service experience shall be in the regulatory affairs of power sector.

By Order of the Commission
Sd/-
Secretary.

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION Vidyut Aayog Bhawan, Block No.37, SDA Complex, Kasumpti, Shimla-171 009

[1] **[**NOTIFICATION

Shimla, the 11th June, 2020

No. HPERC-B(5)-22/2017-III.—The notification dated 13th October, 2017 *i.e.* Himachal Pradesh Electricity Reglatory Commission Director (Technical Analysis) (Class-I, gazetted) Promotion Rules, 2017 published in the Rajpatra, Himachal Pradesh on 18th October, 2017 shall stand withdrawn as it was issued erroneously.

By order of Commission,
Sd/-
Secretary.

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1 *Published in R.H.P. dated 16th June, 2020 at p. 583.*

[1][The Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014]

NOTIFICATION

Shimla-2, the 22nd December, 2014

No. HPERC-H(1)-13/2014:- In exercise of powers conferred by section 181, read with sub-section (8) of section 128 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, The Himachal Pradesh Electricity Regulatory Commission, after previous publication, hereby makes the following regulations:-

1. Short title, extent and commencement.- (1)These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014.

(2) Theses regulations shall extend to the whole of the State of Himachal Pradesh and to all matters within the jurisdiction of the Himachal Pradesh Electricity Regulatory Commission

(3) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Applicability of the Regulations.- These Regulations shall be applicable to all Licensees and Generating Companies, and where any Licensee also undertakes business of generation of electricity and who submits application for determination of tariff under Section 64 of the Act or makes an application for annual performance review under applicable tariff regulations made by the Commission.

3. Definitions.-(1) In these regulations, unless the context otherwise requires,-

(a) **"Act"** means the Electricity Act (36 of 2003);

(b) **"Accounting Statement/Annual Accounts**" for each financial year, includes,-

(i) the balance sheet, prepared at the end of the financial years; in accordance with the general instructions contained in Schedule III of the Companies Act, 2013;

(ii) the cash flow statement, prepared in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 on the recommendations of the Institute of Chartered Accountants of India;

(iii) the cost records prepared and kept under Section 128 of the Companies Act, 2013(Act No. 18 of 2013);

(iv) the profit and loss account, in accordance with the general instructions contained in the Schedule III to the Companies Act, 2013 (Act No. 18 of 2013);

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1 *Published in R H.P. dated 1st January, 2015 at p. 5278-5324.*

(v) a statement of changes in equity, if applicable;

(vi) the report of the statutory auditors;

(vii) any explanatory note, annexed to, or forming part of, any document referred to in clause (i) or clause (v), and

(viii) such other supporting statements, together with notes thereto, and information as the Commission may direct from time to time;

(c) **"Auditor"** means and includes an internal auditor or individual or a firm eligible for appointment and is not disqualified for appointment as auditor under the Companies Act, 2013 (Act No. 18 of 2013).

(d) "**Commission"** means the Himachal Pradesh Electricity Regulatory Commission;

(e) **"Financial Accounting Year"** means the period coinciding with the financial year for the purpose of determination of tariff, i.e., the period commencing on Ist day of April of a calendar year and ending on 31st March of the subsequent calendar year.

(f) **"Licensed Business"** means the functions and activities, which the licensee is required to undertake in terms of the licence granted or being a deemed licensee under the Act;

(g) **"Regulatory Accounts"** means the regulatory accounts, duly audited by the auditor of the Utility containing all the financial and non-financial information including the filled up formats appended to these regulations and cover the activities which includes without limitation the Statutory Accounts prepared under Companies Act, 2013 or any other law applicable to the Utility;

(h) **"Regulated Business"** means the business in relation to which functions and activities are regulated by the Commission;

(1) **"Other Business"** means any business of the licensee or of the deemed licensee other than the licenced business.

(j) **"Utility"** means a person who has been granted a l;icensee or is a deemed licensee under the Act, and includes a generating company.

(2) The words and expressions used herein and not defined in these regulations, but are defined in the Act, rules, or regulations made thereunder, shall have the meanings respectively assigned to them in the Act, and rules or regulations made thereunder..

4. Preparation of Accounting Manual.-(1). Every Utility shall, within 90 days after the commencement of these regulations or the grant of the licensee or the beginning of the regulated business, prepare an accounting a Manual containing-

(i) definitions of terms and expressions used in the Manual;

(ii) introduction of the Utility;

(iii) an overview of the Utility's organizational structure;

(iv) a clear categorization of the regulated and unregulated activities of the Utility with further segregation of regulated activities covered under more than one Regulatory Commission;

(v) a list of the entities within the group, relationship of the Utility with other group Companies or subsidiaries or related parties in terms of common resources, etc.;

(vi) an overview of the financial accounting system, which may include policies relating to treating an expense item as major or minor, capitalization, depreciation, Return on Equity, security deposits, provision for bad and doubtful debts, apportionment of common assets, common liabilities, common expenses and common revenue, etc., with respect to the Regulatory Accounts;

(vii) description of the treatment of related party transactions, allocation of common expenses and allocation of jointly used assets;

(viii) products, services or geographical areas which shall be treated as separate segments while preparing regulatory accounts;

(ix) segmentation of regulated business-

(a) generation – hydro, thermal, renewables i.e. small hydro, solar, wind, bio etc. or any other;
(b) transmission;
(c) SLDC;
(d) distribution - wheeling and retail supply business and
(e) trading:

Provided that where regulated business is carried out in more than one State, State-wise segmentation of the regulated business shall be given:

Provided further, that in case transmission and/or distribution of electricity is carried out under separate transmission and/or distribution licences within the same State, Licence wise segmentation of transmission and/or distribution business shall be given;

(x) Accounting System followed for each segment of the regulated business, referred to clause (ix), and recording of the accounting separation information and reports, which may include list of cost and profit centres, linkages of financial heads to cost and profit centres;

(xi) description of studies, surveys and model employed in cost apportionment and allocation process; and

(xii) procedure for maintenance and updating Manual.

(2) The utility shall subject the Accounting Manual to the Commission by the end of the financial year and all subsequent changes in the said Manual, together with the reasons thereof shall also be submitted to the Commission.

5. Periodicity of submission of Regulatory Accounts.- (1) The Utility shall submit the Regulatory Audited Accounts every year within seven months of the end of the Financial Accounting Year to the Commission in accordance with the formats appended to these regulations.

(2) The reports referred to in sub-regulation (1) shall be submitted in hard copy and in soft copy in MS Excel format alongwith its formulae and linkage;

6. Audit.- (1) Every Utility, to which this Regulation applies, shall appoint an auditor who is qualified for appointment as an auditor under sections 138, 139,141, 142 or 148 of the Companies Act,2013 to audit the reports prepared by the Utility under this regulation and obtain an Audit Report from the Auditor in the Annexure A

(2) The auditor shall audit the Regulatory Accounting Reports prepared by the Utility.

(3) The auditor in his report shall express an opinion as to whether the Regulatory Accounts have been prepared in accordance with the applicable Tariff Regulations as well as these regulations and he has received all information and explanation necessary for the purpose of audit.

7. Maintenance of Information.- (1) Every Utility shall maintain segregated financial, operational and accounting information with supporting vouchers and journal entries including Allocation Statement based on actual in respect of the Regulated Business and Other Business.

Explanation-1 The accounting and reporting arrangements shall be maintained in such a manner that they can be verified at final accounts level. Data maintained in the formats as per the Appendix shall provide information in the most understandable manner, without sacrificing relevance or reliability.

Explanation-2 For normative figures in Regulatory Accounts, such as Interest on Working Capital, Interest on Normative Loans, if any, Depreciation, etc. the information as specified in the formats in the Appendix shall be maintained separately.

(2) Notwithstanding anything contained in sub-regulation (1), the Commission may direct that further or more detailed information may be required to be maintained by every Utility for their Regulated Business.

8. Basis of Preparation.- (1) Every Utility shall prepare the Regulatory Accounts as per formats appended to these regulations under the historical Cost Convention in accordance with the provisions of the Act and the Regulations made by the Commission, Generally Accepted Accounting Principles in India, applicable Accounting Standards as notified under (relevant provisions of the Companies Act, 2013 as well as Electricity (Supply) Annual Accounts Rules, 1985 if applicable). Where there is an inconsistency between the above mentioned principles, etc. and/ the Act or the regulations made by the Commission treatment of items in the Regulatory Accounts shall be given as per these Regulations made by the Commission.

(2) The Utility shall follow the Accounting Policies for Regulatory Accounts and the Standard Chart of Accounts while preparing the Regulatory Accounts as per the formats appended to these regulations. In case the Profit and Loss Account and the Balance Sheet does not comply with any of the Accounting Standards, a disclosure to the effect shall be made in notes to accounts, including the deviation from the Accounting Standard, reasons for such deviation and the financial effect of the same.

9. Accounting Policies for Regulatory Accounts.-

(1) FIXED ASSETS

(a) Value of fixed assets shall be at cost(as per the Himachal Pradesh Power Sector Reforms Transfer Scheme, 2010 formulated in pursuance to unbundling of the erstwhile Himachal Pradesh State Electricity Board, subject to adoption of the same by the Commission for the purpose of tariff determination.

(b) In case of transfer of one entity to another, fixed assets shall be carried at historic cost/ cost allowed by the Commission.

(c) Addition to the fixed assets shall be stated at cost of acquisition or construction including any cost attributable to bringing the assets to their working condition for their intended use and actually put to use for the benefit of consumers (subject to certain exceptions like machine spares, etc.), as allowed by the Commission. The date on which the asset is put to use can be the Commercial Operation Date (COD) of the last Unit of the Generating Station for a Generation Company or the date of charging the asset with the rest of the network for a Transmission Licensee or a Distribution Licensee.

(d) The Generation Company or the Transmission Licensee shall separately indicate the addition of fixed assets in respect of renovation and modernization of fixed assets resulting in increase in life and/or efficiency of existing assets:

Provided that, where any special allowance has been claimed for renovation and modernization of any fixed asset, in accordance with any Regulations notified by the Commission, the Generation Company or the Transmission Licensee shall separately indicate the addition of fixed assets in respect of renovation and modernization of such fixed assets.

(e) All Grants received from Central Government or State Government or any other source and Consumer Contribution received from consumers for capital expenditure shall be reduced from the value of fixed assets for the creation of which these funds have been used. In case the entire asset is funded out of such Grants or Consumer Contributions, then the fixed asset shall be shown in Regulatory Accounts at zero value. In case grants from Central Government or State Government or any other source are received for capital expenditure with caveats which require the Generation Company or the Licensee to achieve certain milestones, such grants shall be reduced from the value of fixed assets after achieving the milestones. Till that time, the full value of fixed assets shall be shown in the Regulatory Accounts.

(f) Wherever considered appropriate and necessary by the Commission, the Generation Company or the Transmission Licensee shall also be required to provide the asset wise break up of cost (consisting of Base Cost, Interest During Construction, Incidental Expenditure During Construction and other cost, if any), asset wise liability incurred, asset wise accumulated depreciation charged till date, and asset wise depreciation charged in the Financial Accounting Year for the purpose of Regulatory Accounts.

(g) Fixed assets which do not have the approval of the Commission shall be shown separately in the fixed assets schedule. Appropriate justification for necessity of such fixed assets shall be given in the Notes to the Regulatory Accounts.

(h) The Generation Company or the Licensee shall capitalise assets to be charged at high voltage or extra high voltage after getting the certificate from the Electrical Inspector: in accordance with Rule 63 of the Indian Electricity Rules, 1956 or any corresponding Rule made under the Electricity Act 2003.

(i) Where the Commission has given year wise approval for capitalization in the beginning of MYT Control Period such amount shall be shown separately in the notes to the Regulatory Accounts.

(j) Amount of spares capitalized and its percentage in the cost of fixed assets shall be shown separately in the notes to the Regulatory Accounts.

(k) Un-discharged liability shall be shown in the fixed asset schedule.

(l) Variance analysis between the actual capitalization and the capitalization approved by the Commission shall be shown in a separate schedule/notes to schedule alongwith brief reasoning justifying the variance.

(m) In case of Generation Utilities, income from sale of infirm power prior to the date of commissioning, after accounting for the fuel charges (both primary fuel charges and secondary fuel charges) shall be reduced from fixed assets and the adjustment shall be shown in the fixed assets schedule.

(n) Amount of capitalisation carried out in pursuance to arbitration, court order, change in law shall be shown separately in notes to the fixed assets schedule.

(o) Details such as Gross block, depreciation for the year, accumulated depreciation and net block shall be provided for each of the above mentioned Items.

(p) Fixed assets common to more than one Business of the Licensee or Generation Company shall be apportioned between the different Businesses based on the Allocation Principles as appended to the Regulation.

(q) Any expenditure on replacement, renovation and modernization or extension of life of old fixed assets shall be considered after writing off the gross value of such replaced/de-capitalised fixed assets from the original capital cost, except for the assets that have been entirely funded out of Grants or Consumer Contribution, where the original asset would be shown at zero value. The Equity portion attributable to replaced/de-capitalised in the Regulatory Accounts shall also be deducted. Specific debt, if any, outstanding corresponding to the replaced old asset shall be deducted from the debt outstanding in the Regulatory Accounts, to the extent set off by sale of the old replaced asset as scrap.

(2) CAPITAL WORK IN PROGRESS

The Capital Work in progress shall be stated at cost inclusive of all direct and proportionate overhead costs incurred.

(3) DEPRECIATION

(a) Depreciation on fixed assets in the Regulatory Accounts shall be charged as per the Tariff Regulations notified by the Commission.

(b) All fixed assets, except land, which is a non-depreciable asset, shall be depreciated up to 90% of the original cost, on straight line method, at rates prescribed under Tariff Regulations notified by the Commission.

(c) In case of fixed assets added during the year, pro-rata depreciation shall be allowed for the first year.

(d) Depreciation shall continue only till writing off of 90% of the original cost of the fixed asset or till the asset is permanently ceases to be in use, whichever is earlier.

(e) In case of replacement of an old asset, the accumulated depreciation corresponding to the asset shall also be deducted from the total accumulated depreciation. Proportionate adjustment in Cumulative Repayment shall also be made.

(4) ADVANCE AGAINST DEPRECIATION

Advance Against Depreciation, if any, shall be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(5) EXPENDITURE ON PROJECT IDENTIFICATION, SURVEY AND FEASIBILITY STUDIES

(a) Expenditure incurred on identification, survey and feasibility studies of a project before the project is considered for sanction or rejection shall be accumulated in an account provided for this purpose.

(b) If the project is found infeasible, the full amount of expenditure shall be charged to revenue as in-fructuous capital expenditure in the year in which the project is rejected.

(c) If the project is found feasible, it shall be submitted to the Commission for approval. Upon approval of the Commission, the expenditure shall be charged to Capital Work-in-Progress account for that project. Any expenditure incurred on detailed feasibility studies etc. after a project is sanctioned shall also be charged to the Capital Work-in-Progress account for that project.

(d) The aggregate of the expenditure incurred before and after the sanction of the project shall be allocated to the assets capitalized under the project based on appropriate cost driver.

(6) EXPENSES CHARGEABLE TO CAPITAL WORKS

All the expenses, such as Employee Expenses, Administration and General Expenses, Interest Expenses etc., in respect of construction of fixed asset shall be fully charged to the cost of fixed assets. At O&M-cum-capital location (where both capital and Operational and Management work is being carried out) only the following expenses shall be capitalized:-

(a) Insurance on assets under construction.

(b) Legal charges and stamp fees in connection with agreement with capital suppliers/contractors.

(c) Fees payable to foreign technician for capital project.

(d) Expenses incurred for foreign technician for capital project.

(e) Technician documentation and design charges.

(f) Other consultancy charges directly related with project (which includes architectural fees).

(g) Power consumed for construction.

(h) Cost of hiring vehicles and equipments for the project.

(i) Other costs directly related to the project

No part of any other administration and general expenses, which is related to Operation and Maintenance of existing assets, shall be charged to capital works.

(7) CAPITALISATION OF DEPRECIATION

Depreciation on fixed assets used for construction of other assets (e.g. depreciation on vehicles transferred to a project, depreciation on building, furniture & fixtures, vehicles and office equipment at the construction division or construction circles) shall be charged to capital works.

(8) NO CAPITALIZATION OF LOSSES

(a) The losses incurred such as irrecoverable advances to contractors, loss of assets or damage to assets at construction stage, shortage observed upon physical verification of stores at construction division, etc. during the construction of the fixed asset shall not be charged to the cost of fixed assets.

(b) Such losses shall be charged to the Profit and Loss Account for the year in which such losses are incurred.

(9) LAND AND LAND RIGHTS

(a) All expenses incurred for bringing the land to a usable condition shall be charged to the cost of land. An indicative list of such expenses is as under-

(i) Purchase price of land

(ii) Compensation for acquisition of land

(iii) Compensation for trees and crops on the acquired land

(iv) Land charges, stamp duty, etc. incurred in order to secure effective title

(v)Land revenue and other taxes paid during the stage of land development

(vi) Site preparation cost such as cost of levelling hills or filling low spots, cost of cleaning trees, etc.

(vii) Cost of demolishing as unwanted structure if the land is acquired with structure.

Cost of land improvement having a limited life such as cost of landscaping, gardens, sidewall, fences and digging shall also be added to cost of land as “cost of land development”.

(10) BUILDINGS

(a) All expenses incurred for bringing the building to usable condition shall be charged to the cost of building. An indicative list of such expenses is as under-

(i) Purchase price,

(ii) Expenses such as legal charges, stamps duty, etc., incurred for securing an effective title,
(iii) Repairs, alteration and improvements to put building in usable condition,
(iv) Architect's fees for remodelling, alteration, improvement before the building is first put to use,
(v) Cost of obtaining permits, sanctioned plans occupationcertificates from municipal or other bodies,
(vi) Architectural fees,
(vii) Insurance on uncompleted structure.

(b) Cost of constructed building shall include the following item-

(i) Cost of construction comprising of materials, labour contractor charges and depreciation on construction machinery
(ii) Surveying
(iii) Cost of obtaining permits, sanctioned plans occupation certificates from municipal or other bodies iv. Architectural fees
(v) Insurance on uncompleted structure
(vi) Cost of excavation (excavation is not a cost of land development).

(11) REPAIR BEFORE COMMISSIONING OF ASSETS

All expenses incurred on repairs or rehabilitation of fixed assets (second hand or new) before capitalization shall be charged to the cost of fixed assets.

(12) REARRANGEMENTS

All expenses on rearrangement (of plan layout, office layout etc.) shall be charged to revenue in the year in which the expenses are incurred.

(13) REPLACEMENTS

Replacement can be defined as 'substitution of one fixed asset by another, particularly of old assets by new assets, or of an old part by a new part'-

(a) Expenses related to minor replacements shall be charged to revenue as Repair and Maintenance Expenses.

(b) Expenses related to major replacement shall be capitalized.

(c) The original cost of the replaced asset shall be withdrawn from the cost of total assets in Regulatory Accounts.

(d) For the purpose of Regulatory Accounts, the Generation Company or the Licensee shall follow the same criterion for distinguishing between major and minor replacement as followed in the Statutory Accounts.

(14) PIECEMEAL REBUILDING

If an asset is rebuilt by replacement of its component over a period of time instead of at one time, the criteria fixed for 'minor' and 'major' replacements shall in such cases be applied to the aggregate of expenditure on replacement in an asset and accounted for accordingly.

(15) CONTRIBUTION, GRANTS AND SUBSIDIES TOWARD COST OF CAPITAL ASSETS

All Grants received from Central Government or State Government and Consumer Contribution received from consumers for capital expenditure shall be reduced from the value of fixed assets for the creation of which these funds have been used.

(16) FULL WRITE-OFF OF SMALL AND LOW VALUE ITEMS

(a) Full cost of all small and low value assets each costing Rs. 5000 or less shall be fully charged to revenue in the year in which the assets are put to use.

(b) No part of the cost of such item shall therefore be included in the cost of fixed assets nor shall any depreciation be charged thereon.

(c) The policy for full write-off stated shall not apply to items included under the classification 'furniture & fixtures' and 'office equipment'. The accounting policy for write-off of small and low value assets shall not apply to cost of granting each service connection.

(17) PIECEMEAL BUILDING OF ASSETS

Assets may be completely built over a considerable period of the time rather than at one time. The cut-off criteria for write-off should in such cases be applied to the aggregate of expenditures and accounting for accordingly.

(18) COMMISSIONING OF ASSETS

(a) All capital expenditure shall be accounted for through capital work-in-progress accounts.

(b) On commissioning of the assets, the expenditure shall be transferred to appropriate fixed assets account, subject to fulfilment of the conditions of the Commission, like getting necessary approvals required (like certificate from Electrical Inspector in case of assets charged at high voltage or extra-high voltage in accordance with Rule 63 of the Indian Electricity Rules, 1956 or any corresponding rule made under the Electricity Act 2003) and other conditions in respect of expenditure and financing etc.

(19) CAPITALIZATION WHEN ASSETS ARE FIRST PUT TO USE

Assets shall be capitalized when they are first put to use. The date on which the asset is put to use can be the Commercial Operation Date (COD) of the last Unit of the Generation Station for a Generation Company or the date of charging the asset with the rest of the network for a Transmission Licensee or a Distribution Licensee.

(a) ASSETS WHICH ARE 'COMMISSIONABLE' BUT NOT ACTUALLY COMMISSIONED

(1) An assets which is installed/constructed and is in 'commissionable' state, but it is 'not commissioned/put to use' shall not be capitalized until it is actually put to use for the benefit of consumers, except in case of initial spares.

(2) All costs incurred on capital assets (including costs incurred on maintaining the assets which are ready but await the actual commissioning) shall be charged to the cost of the assets.

(b) NO WAITING FOR FINISHING TOUCHES

(1) Cost of an assets incurred up to the stage of commissioning of the asset shall be capitalized when it is put to use for the benefit of consumers without waiting for any finishing touches which may not be significant in work and value.

(2) Costs of such finishing touches when completed shall be accounted for and added to the cost of the assets capitalized earlier, subject to specific clauses of additional capitalization in the relevant Tariff Regulations of the Commission.

(20) CAPITALIZATION REGARDLESS OF DISPUTES WITH CONTRACTORS

(a) Capitalisation shall be considered based on expenses incurred on capital assets that have been put to use, either on accrual basis or on cash basis, in accordance with the Tariff Regulations notified by the Commission.

(b) Disputes with contractors/suppliers regarding the fulfilment of the terms and conditions of contract with them shall not be permitted to withhold or defer capitalization of assets concerned, provided the asset is put to use for the benefit of consumers.

(c) Cost of the assets determined on the basis of the contract shall be capitalized by making necessary provision by the Licensee or the Generation Company, subject to specific clauses of additional capitalization in the relevant Tariff Regulations of the Commission.

(21) ESCALATION CLAIM

Cost escalation claim made by suppliers and contractor shall be provided to the extent the claim is acknowledged by the Utility and cost of assets inclusive of such provision shall be capitalized when the asset is first put to use.

(22) CAPITALIZATION OF SPARE UNIT/SERVICE UNIT

Assets which are to be classified as spare units or service units, as approved by the Commission shall be capitalized when they are 'put into usable condition' regardless of whether they are actually used or not.

(23) DATE/VALUE OF ACQUISITION NOT KNOWN

(a) In case of asset scrapped or destroyed or sold for which the date of acquisition is not known, it shall be assumed, for the purpose of withdrawal of cost of asset and depreciation, that the asset concerned was the oldest asset of that type in use at that accounting unit.

(b) In case of asset scrapped or destroyed or sold for which the value of acquisition is not known, it shall be assumed, for the purpose of withdrawal of cost of asset and depreciation, that the salvage value of the scrapped or destroyed or sold shall be equal to the salvage value of a similar asset at that accounting unit at the time of scrapping the asset.

(24) LOSS OF ASSETS

In the event of loss or destruction of assets, the cost of such assets and the accumulated depreciation attributable to such assets shall be withdrawn from the value of total fixed assets and total accumulated depreciation respectively. Cumulative Repayment shall also be adjusted.

(25) WRITE-OFF OF LOSS

Excess of the written down value of the lost or destroyed assets over the amount of insurance claim granted shall be charged to revenue in the year in which the insurance claim is settled.

(26) CAPITAL SPARES AT GENERATING STATIONS

(a) The capital spares at generating stations to the extent allowed in the Tariff Regulations notified by the Commission shall be treated as capital assets.

(b) No accounting shall be done at the time of issue of such spares for replacement in the generating plant.

(c) However, depreciation shall be charged on the total cost of the spares.

(d) Depreciation on such spares shall be charged as per the Tariff Regulations notified by the Commission.

(27) SPARE UNITS/SERVICE UNITS

(a) Depreciation on spare unit, installed with the approval of the Commission shall be charged in normal course as charged for the same type of assets which are in use.

(b) When the original units are removed for repairs or maintenance and the spare units are installed, no accounting adjustments shall be done.

(c) Expense on repairs or maintenance on the removed units shall be charged to revenue.

(d) No accounting entry shall be done either

-when the removed unit is put back into usable condition or

-when it is actually used again in the place of some other units removed for repair or maintenance or

-the repaired unit is installed back in its place and the spare unit installed earlier is removed and brought back to stores.

(e) When the removed unit is considered irreparable, it will be considered to be a retired asset (if the estimated life is over) or scrapped assets (if estimated life is not over) and accordingly the subsequent accounting for retirement, scrapping and sale shall be done.

(f) Simultaneously with retirement/scrapping of the original unit, the cost and accumulated depreciation on the spare unit shall be transferred to fixed assets account.

(28) TREATMENT OF INCOME FROM INVESTMENTS

(a) Income from investment shall be credited to the revenue account for the year in which the income has accrued.

(b) If the investments are held as earmarked investments against any fund such as pension fund, gratuity fund etc., the income from such investments shall be credited directly to the respective fund.

(29) TIMING OF ACCOUNTING FOR REVENUE

(a) Revenue from sale of power shall be accounted for on accrual basis in cases whether the determination of retail tariff is done on the basis of distribution loss approach.

(b) Reconciliation of actual collection, sales, and debtors shall be provided in the notes to the accounts.

(c) Where the sale of energy prior to the end of a Financial Accounting Year has not been billed, a provision for such unbilled revenue shall be made at the end of Financial Accounting Year so as to treat the amount as revenue in the Financial Accounting Year in which supply of power shall be made.

(30) DISPUTED CLAIMS UNDER WARRANTY FOR REPAIRS

(a) Claims made for repair of capital equipments by Licensee or Generation Company to the suppliers or contractor of capital equipment for reimbursement of expenditure, if disputed, shall be fully charged to revenue account in the Financial Accounting Year in which the expenditure is incurred.

(b) Reimbursement when granted by the supplier or contractor of such capital equipment shall be credited to revenue account in the Financial Accounting Year in which the receipt of reimbursed amount is made.

(31) CASH DISCOUNT

Cash discounts earned by the Licensee or the Generation Company on making timely or early payments to supplier/contractor shall be reduced from the cost of the assets.

(32) INTANGIBLE ASSETS

Cost of Goodwill etc. shall not be considered for tariff determination in Regularly Accounts.

(33) INVESTMENTS

(a) Investment and income there from made out of retained return on investment will not be considered in the regulatory accounts, unless they are re-invested in the regulated business.

(b) Income from Investments made against approved Contingency Reserve and from investments made out of Regulated Business shall be considered as Non Tariff Income in Regulatory Accounts.

(34) EQUITY

(a) Where the actual equity including the retained profit invested in the Regulated Business is less than normative equity as per Tariff Regulations, actual equity shall be considered in the Regulatory Accounts.

(b) Where the actual equity including the retained profit invested in the business is more than normative equity as per Tariff Regulations, the difference between actual and normative equity shall be treated as

normative loan and interest shall be allowed on the normative loan as per the Tariff Regulations of the Commission.

(35) RETURN ON EQUITY OR CAPITAL EMPLOYED

Return on Equity / Capital Employed shall be shown in the Regulatory Accounts as per the appropriate provisions of Tariff Regulations:

Provided that where Return on Capital Employed is allowed by the Commission, interest on loans shall not be shown in Regulatory Accounts.

(36) TAXES ON INCOME

In case the RoE/RoCE is allowed on post-tax basis:

(a) Income Tax paid or payable by the Licensee or the Generation Company, at actuals, on the income stream from the Regulated Business shall be considered in Regulatory Accounts.

(b) Income Tax on the amount of efficiency gains or incentives shall not be considered in Regulatory Accounts.

OR

In case the RoE/RoCE is allowed on pre-tax basis:

(a) Income Tax shall be shown as a part of RoE or RoCE in the Regulatory Accounts and shall not be shown separately.

(37) OPERATION AND MAINTENANCE EXPENSES

Operation and Maintenance Expenses shall be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(38) LEASEHOLD LAND

(a) Leasehold land is depreciated over the period of lease as per the terms and conditions of the Lease Agreement.

(b) Lease rental shall be charged to Profit and Loss Account under Administrative & General Expenses as payable, for the actual life of the Project.

(39) LOANS/BORROWINGS

Under audited accounts, actual details of the loans are available based on the actual disbursement of loan and repayment made by the entity. However, in Regulatory Accounts the amount of loan approval depends upon the funding pattern approved by the Commission, subject to the Debt-Equity norm, which is further determined by the capital expenditure approval by the Commission. Where the actual details of loan are not available, the Commission usually allows the loans on normative basis including the period of loan and the repayment schedule which is invariably matched with the depreciation of the fixed asset for which the loan is availed. Very often, there are variations in the actual terms of loan as against the norms approved by the Commission including floating rate of interest, moratorium period of repayment, etc.

(40) BORROWING COST

(a) Capitalization of Interest Expenses on loans shall be limited to the amount approved by the Commission.

(b) All Interest Expenses prior to capitalization of assets shall be considered as Interest During Construction (IDC) and shall be transferred to Capital Work in Progress (CWIP) corresponding to respective assets for capitalisation.

(41) FOREIGN EXCHANGE RATE VARIATION

(a) This will be in accordance with the notified Tariff Regulations.

(b) In the absence of any specific provision in this regard in the Tariff Regulations notified by the Commission, the following approach shall be followed:

(i) The Licensee or the Generating Company may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the licensed business or the generation business, in part or full in the discretion of the Licensee or the Generating Company.

(ii) Every Licensee or the Generating Company shall recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

(iii) To the extent the Licensee or the Generating Company is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant year shall be permissible provided it is not attributable to the Licensee or the Generating Company or its suppliers or contractors.

(42) WORKING CAPITAL LOANS AND INTEREST ON WORKING CAPITAL

(a) Working Capital Loans shall be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(b) Interest on Working Capital shall be shown in the Regulatory Accounts as per the appropriate provisions of Tariff Regulations.

(43) INTEREST ON SECURITY DEPOSIT

Interest on Security Deposit shall be computed and shown in accordance with the provisions of Tariff Regulations notified by the Commission. The details of computation shall be shown in Notes to Accounts.

(44) CONTRIBUTION TO CONTINGENCY RESERVE

Contribution to Contingency Reserve shall be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(45) INCENTIVE/ (DISINCENTIVES) FOR PERFORMANCE PARAMETERS AND EFFICIENCY GAINS/ (LOSSES)

(a) Incentive and Disincentives for Performance Parameters such as Plant Availability Factor or Plant Load Factor for Generation Companies, Availability for Transmission Licensees, Wires Availability and Supply Availability for Distribution Licensees shall be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(b) Incentive and Disincentives for Efficiency Gains/ (Losses) attributable to factors like O&M Expenses, Distribution Losses, etc. shall also be shown in Regulatory Accounts in accordance with the appropriate provisions of Tariff Regulations.

(46) DEEMED GENERATION

This shall be in accordance with the notified Tariff Regulations of the Commission.

(47) TRUING UP

Where the Commission has provided for truing up in its Tariff Regulations, the corresponding year-wise amount accrued up to the date of accounts will be shown in the notes to accounts.

(48) SALES FOR THE YEAR

(a) Generation:- The Million Units (MU) sold and income there from shall be provided in sales schedule for each generating station.

(b) Distribution:- Category wise units sold and income there from should be shown separately in the sales schedule for each licensee/licence area. Units sold under banking arrangement and income considered there from should also be shown separately. Income in the form of penalty from consumers for pilferage of electricity and the assessed units of pilferage based on which the penalty has been charged shall be shown separately.

(c) Transmission:- The Section/Licence area wise MU wheeled and income there from should be given separately.

(49) NON-TARIFF INCOME

Non-Tariff Income, attributable to the Regulated Business shall be considered for reduction in Annual Revenue Requirement of the Licensee or the Generation Company in the Regulatory Accounts.

(50) OTHER BUSINESS INCOME

Other Income shall be considered for reduction in ARR of the Licensee in the Regulatory Accounts, as per the appropriate provisions of Tariff Regulations or where there are no regulations, the Commission may do so by reasoned order.

(51) PRIOR PERIOD ITEMS

Prior Period Income and Prior Period Expenses shall be shown in Regulatory Accounts.

(52) REGULATORY ASSETS

(a) This shall be in conformity with the Tariff Regulations notified by the Commission.

(b) In the absence of any specific provisions in the Tariff Regulations notified by the Commission, the following approach shall be adopted:

(i) The total amount of outstanding Regulatory Asset at the end of the year shall be shown, as a separate entry, under the Assets side of the Accounts.

(ii) The period of amortisation of the Regulatory Asset and the carrying cost of the Regulatory Asset, as stipulated by the Commission in the Regulations or any other Order in this regard, shall be explained under the Notes to the Accounts.

(iii) For every year of amortisation, the amount of Regulatory Asset amortised during the year as approved by the Commission and the carrying cost allowed by the Commission on the balance Regulatory Asset shall be shown under the Revenue side, once the Utility is allowed to bill the same to the consumers.

(53) CARRYING COST

Carrying Cost shall be shown in Regulatory Accounts, as approved by the Commission.

(54) OTHER EXPENSES/EXCEPTIONAL ITEMS/EXTRA ORDINARY ITEMS

Such items of expense shall be shown in Regulatory Accounts, as approved by the Commission.

(55) PROFIT SHARING

This shall be in accordance with the applicable Sharing Mechanism specified in the Tariff Regulations of the Commission and shall be reflected in the notes to the accounts.

(56) TREATMENT OF REVENUE SUBSIDY BY STATE GOVERNMENT AGAINST SALE OF POWER

Any Subsidy given by the State Government to any consumer or class of consumer under Section 65 of the Act shall be considered as revenue to the extent of the billing done to the consumer.

(57) BANKING ARRANGEMENT

Power Banking transactions shall be recorded at the rate as per prevailing directives of the Commission. Where there are no specific directions from the Commission, these power banking transactions shall be recorded as per the terms of the agreement.

(58) ITEMS TREATED ON CASH BASIS

Items like delayed payment surcharge, revenue from penalty, theft detected, etc., which are generally accounted for on cash/realization basis, shall be clearly mentioned in notes to accounts by the Utility.

(59) PROVISIONS MADE AGAINST BAD & DOUBTFUL DEBTS

This shall be in accordance with the applicable Tariff Regulations/directives of the Commission. Actual Bad debts written off as per audited accounts shall be deducted from the amount of provisioning.

(60) INVENTORY

Unless otherwise provided by the Commission, 100% provisioning shall be made for the non-moving stock lying for more than 3 years and 50% provisioning shall be made for the non-moving stock lying for more than 2 years.

(61) RETAIL AND WHEELING BUSINESS

Bifurcation of the accounts including Schedules between retail and wheeling business shall be shown separately with basis of bifurcation for each item in line with the applicable Tariff Regulations/directives of the Commission.

10. Segregation of Distribution Business ARR into Wires Business and Supply Business.- Wires Business is the business of owning and operating of the distribution system, while Retail Supply Business is the business of procuring the requisite power through longterm, medium-term, and short-term power purchase contracts for supplying to its consumers. The different components of Distribution on ARR shall be allocated to Wire and Retail Supply business in the following ratios/ basis:-

(a) Power Purchase/Transmission/SLDC- Expenses related to the Supply Business. Therefore, these should be allocated to Supply Business ARR.

(b) Employee Expenses:- Direct employees for Wires Business and Supply Business should be identified first and Employee Expenses related to these direct employees should be allocated to respective businesses. Thereafter, all common Employee Expenses relating to employees working for both the businesses can be apportioned between Wires Business and Supply Business using the allocation principles specified for apportionment of common Employee Expenses. However, till the time the segregation is complete, the Distribution Licensee may apportion the Employee Expenses between Wires Business and Supply Business using an appropriate ratio. Universal electrification in the highly dispensed habitations involving huge network and systems and geographical and climatic conditions demand very large manpower for O&M and hence more employees are employed for Wires Business and the employees who work for Supply Business are lower as compared to Wires Business, the proportion of employee cost allocated to Wires business and Supply business may be 80:20.

(c) Repair and Maintenance Expenses:- Cost of spares, fuel etc. and cost of services related to wires business and supply business need to be separately recorded. Thus all direct R&M Expenses related to Wires Business and Supply Business may be allocated to the respective businesses. Thereafter all common R&M expenses can be apportioned between Wires Business and Supply Business using the allocation principles specified for apportionment of common R&M Expenses. However, till the time the segregation is complete, the Distribution Licensee may apportion the R&M Expenses between Wires Business and Supply Business in the ratio 95:05.

(d) Administration and General Expenses:- All expenses like rents, electricity charges, water charges, internet charges, office upkeep , insurance charges etc. relating to offices for distribution business should be allocated to Supply Business, while that relating to distribution sub-stations/receiving stations should be allocated To Wires Business. Rates and taxes, Freight, and other purchase related expenses need to be allocated based on the goods purchased – whether for Wires Business or for Supply Business. All other A&G expenses, which are common to both Wires Business and Supply Business can be apportioned using the allocation principles discussed for apportionment of common A&G Expenses. However, till the time the segregation is complete, the Distribution Licensee may apportion the A&G Expenses using the ratio 65:35.

(e) Depreciation:- Major portion of assets of Distribution Licensee would be relating to Wire Business, as sub-stations, HT and LT lines are for wheeling of electricity. Only the service connections and consumer meters, which are in the books of Distribution Licensee should be allocated to Supply Business. Thus, if asset class wise break up of assets relating to Wires Business and Supply Business are available, then depreciation relating to direct assets of Wires Business and direct assets of Supply Business should be allocated to respective businesses. Depreciation on any common asset, if any can be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common depreciation. However, if only the overall asset break-up between Wires business and Supply business is available, then the depreciation has to be apportioned in the same ratio. Till the time the segregation is complete, the Distribution Licensee may apportion depreciation for distribution business in the ratio 95:05.

(f) Interest on Loans:- All new loans availed by the Licensee should be separate for Wires Business and Supply Business, based on the funding of the assets for Wires Business and Supply Business. In this way, interest on loans for Wires Business and Supply Business will be clearly identifiable and these should be allocated to respective businesses. Other interest charges, which are common to both Wires Business and Supply Business should be apportioned using the allocation principles discussed for apportionment of common Interest and Finance Expenses. However, till the time the segregation is complete, the Distribution Licensee may apportion interest on loans between Wires Business and Supply Business in the ratio 95:5.

(g) Interest on Working Capital:- All new Working Capital loans availed by the Distribution Licensee should be separate for Wires Business and Supply Business. In this way, interest on Working Capital loans for Wires Business and Supply Business will be clearly identifiable and these should be allocated to respective businesses. Other interest on Working Capital which are common to both Wires Business and Supply Business can be apportioned using the ratio 05:95, as major portion of Working Capital loans belongs to supply business.

(h) Interest on Security Deposit:- Security deposits are collected by Distribution Licensees from the consumers for supplying electricity to them, hence, the

interest on Security Deposits should be allocated entirely to the Supply Business.

(i) Provision for Bad Debts:- Major part of bad debts relates to supply business and hence may be allocated to the Supply Business 05:95.

(j) Return on Equity:- RoE for both the businesses should be allowed based on the Equity invested separately for both the functions. Common RoE, if any should be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common RoE. In case equity invested for both the functions cannot be segregated clearly or till the time the segregation is complete, RoE can be apportioned between Wires Business and Supply Business using the proportion of GFA between Wires Business and Supply Business or using a suitable ratio 100:00.

(k) Income Tax:- Tax is a function of profit earned, i.e. return of a business, therefore, it should be apportioned on the basis of RoE related to Wires Business and Supply Business, as discussed for apportionment of Income Tax.

(l) Non Tariff Income:- Non Tariff Income resulting from meter rent, delayed payment charges, service connection charges etc. should be allocated to Supply Business, while income resulting from sale of scrap etc. should be allocated to Wires Business. Other common items of Non-tariff Income, if any can be apportioned using the allocation principles specified for apportionment of revenues. However, till the time the segregation is complete, the Distribution Licensee may apportion the Non-Tariff Income between Wires Business and Supply Business using the ratio 0:100.

11. Power to issue directions.- If any difficulty arises in giving effect to these regulations, the Commission may on its own motion or on an application filed by any affected party, issue such directions as may be considered necessary in furtherance of the objective and purpose of these regulations.

12. Power to relax.-

The Commission may be general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

By order of the Commission
-Sd-
Secretary

ANNEXURE- A

(See Regulation (1) of Regulation 6)

FORM OF AUDIT REPORT ON HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION (REGULATIONS ON POWER REGULATORY ACCOUNTING) REGULATION, 2014

I/We, _____having been appointed as the Auditor(s) under the requirements laid down in the Himachal Pradesh Electricity Regulatory Commission (Regulations on Power Regulatory Accounting) Regulation, 2014 issued by _____ H.P Electricity Regulatory Commission by _____(mention name of the Entity) having its registered office at _____ **(mention registered office address of the entity),** have audited the attached Regulatory Accounts covering _____ **(mention name of the service/ geographical area)** for the year ended _____ **(mentioned the accounting Year)** of the Entity.

1. The Entity is responsible for preparation of the Regulatory Accounting Reports. My/ Our responsibility is to audit the Regulatory Accounting Reports in accordance with the Regulations and generally accepted Auditing standards in India.
2. Further to my/our comments/observations given in the enclosed Annexure (Annexure is required in case there are comments/observations on Regulatory Accounting Reports), I/We report that:

   a) I / we have received all the information and explanations, which to the best of my/our knowledge and belief were necessary for the purpose of my/our audit.

   b) In my / our opinion proper books of account have been kept by the Entity so far as appears from my / our examination of those books to enable the preparation of complete and proper Regulatory Accounting Reports in accordance with the Regulations.

   c) The Regulatory Accounting Reports for the year ended _____are in agreement with the books of accounts and have been properly drawn up in accordance with the Regulations and the methods and basis laid down in the Manual of the Entity prescribed under the Regulations.

   d) In my/our opinion, and to the best of my/our information and according to the explanations given to me/us, the Regulatory Accounting Reports for the year ended _____provide the information as per the requirement of the Regulations and represent a true and fair view in conformity with the framework as per the Regulations.

3. I/ We also report that all changes to the Manual prescribed under the Regulations that materially affect the Regulatory Accounting Reports for the year ended _____ have been filed with the Commission by the Entity.

Dated:
Place:

Signature
Name of Proprietor/Partner
Membership No.

Name of the Firm with Stamp (Seal)

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

FORMATS

(See regulation 3(1)(g),5,7 and 8)

Balance Sheet

Sr. No.	Description	Format	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Remarks/ Reconciliation
			Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Gross Fixed Assets	I									
2	Less: Accumulated Depreciation	II									
3	Net Fixed Assets	III									
4	Capital Expenditure-in-progress	IV									
5	Investments	V									
6	Current Assets										
	(a) Inventories	VI									
	(b) Receivables	VII									
	(c) Cash & Bank Balance	VI									
	(d) Loans and Advances	VI									
	(e) Other Common Assets	VI									
7	Less: Current Liabilities & Provisions										
	(a) Current Liabilities	VIII									
	(b) Provisions	VIII									
8	Net Current Assets										
9	Others										
10	**Total application of Funds (3+4+5+8+9)**										
11	Equity & Reserves	IX									
12	Total Loans (Including Normative Loans)	X									
13	Grants and Consumer Contribution	XI									
14	Payment due of Capital Liabilities	XII									
15	Others										
16	**Total Source of Funds (11+12+13+14+15)**										

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014
Profit & Loss Account

Sr. No.	Description	Format	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Remarks/ Reconciliation
			Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Cost of Fuel	XIII									
2	Cost of Power Purchase	XIV									
3	Operation & Maintenance Expenses										
(i)	Employee Expenses	XV									
(ii)	R&M Expenses	XVI									
(iii)	A&G Expenses	XVII									
4	Depreciation including AAD	XVIII									
5	Interest on Long-term Loan Capital	XIX									
6	Interest on Working Capital	XX									
7	Interest on Consumer Security Deposits										
8	Contribution to contingency reserves										
9	Provision for Bad Debt										
10	Other Expenses										
11	Incentive/(Disincentive) for Higher Availability/(Lower Availability)										
12	Sharing of (Gains)/Losses										
(i)	-On Account of Fuel Cost										
(ii)	-On Account of Aux. Consump.										
(iii)	-On Account of O&M Expenses										
(iv)	-On Account of IWC										
(v)	Any Other										
13	Return on Equity/ Capital Employed	XXI									
14	Corporate Tax/MAT & Any Other Tax (In case of Post-Tax Return)	XXII									
15	**Total Expenditure**										

16	Revenue from Tariff	XXIII									
17	Non Tariff Income	XXIV									
18	Income from Open Access consumers										
a	Income from Transmission service charges										
b	Income from wheeling charges										
19	Income from Other Business										
20	Receipt on account of Cross Subsidy and additional Surcharge										
21	Others										
22	**Total Revenue**										
23	**Surplus or (Deficit) (22-15)**										

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format I- Gross Fixed Assets

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
	Directly Attributable to Different Businesses									
1	**Land & land rights**									
2	**Land for Reservoir**									
3	**Buildings and Roads**									
4	**Intangible Assets**									
5	**Hydraulic Works**									
6	**Other civil works**									
7	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
8	**Vehicles**									
9	**Furniture & Fixtures**									
10	**Office Equipment**									
11	**Others**									
12	**Total**									
	Apportioned to Different Businesses									
13	**Land & land rights**									
14	**Land for Reservoir**									
15	**Buildings and Roads**									
16	**Intangible Assets**									
17	**Hydraulic Works**									
18	**Other civil works**									
19	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
20	**Vehicles**									
21	**Furniture & Fixtures**									
22	**Office Equipment**									
23	**Others**									
24	**Total**									
25	**Total of Direct and Apportioned (12+24)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014
Format II- Accumulated Depreciation

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	**Land & land rights**									
2	**Land for Reservoir**									
3	**Buildings and Roads**									
4	**Intangible Assets**									
5	**Hydraulic Works**									
6	**Other civil works**									
7	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
8	**Vehicles**									
9	**Furniture & Fixtures**									
10	**Office Equipment**									
11	**Others**									
12	**Total**									
Apportioned to Different Businesses										
13	**Land & land rights**									
14	**Land for Reservoir**									
15	**Buildings and Roads**									
16	**Intangible Assets**									
17	**Hydraulic Works**									
18	**Other civil works**									
19	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
20	**Vehicles**									
21	**Furniture & Fixtures**									
22	**Office Equipment**									
23	**Others**									
24	**Total**									
25	**Total of Direct and Apportioned (12+24)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014
Format III- Net Fixed Assets

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
					Directly Attributable to Different Businesses					
1	**Land & Land Rights**									
2	**Land for Reservoir**									
3	**Buildings & Roads**									
4	**Intangible Assets**									
5	**Hydraulic Works**									
6	**Other Civil Works**									
7	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
8	**Vehicles**									
9	**Furniture & Fixtures**									
10	**Office Equipment**									
11	**Others**									
12	**Total**									
					Apportioned to Different Businesses					
13	**Land & Land Rights**									
14	**Land for Reservoir**									
15	**Buildings & Roads**									
16	**Intangible Assets**									
17	**Hydraulic Works**									
18	**Other civil works**									
19	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
20	**Vehicles**									
21	**Furniture & Fixtures**									
22	**Office Equipment**									
23	**Others**									
24	**Total**									
25	**Total of Direct and Apportioned (12+24)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format IV- Capital Expenditure-in-Progress

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Capital Works in Progress									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format V-Investment

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Investments									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format VI-Inventories & Other Current Assets
Inventories & Other Current Assets

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission #	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Inventories and Other Current Assets									
2	Cash & Bank Balance									
3	Other Current Assets									
4	Loans and Advances									
5	Total									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format VII-Receivables

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Receivables									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format VIII- Current Liabilities

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Current Liabilities									
2	Provisions									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format IX- Equity

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Equity									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format X- Loans

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
(i)	Secured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(ii)	Unsecured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(iii)	Normative Loans									
A	Total [(i)+(ii)+(iii)]									
Apportioned to Different Businesses										
(i)	Secured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(ii)	Unsecured Loans									
	Source 1									
	Source 2									
	Source n									
B	Total [(i)+(ii)]									
	Total of Direct and Apportioned (A+B)									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XI-Grants & Consumer Contribution

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Grants and Consumer Contribution									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XII-Payments Due on Current Liabilities

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Payment Due on Capital Liabilities									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XIII-Fuel

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Basic Cost									
2	Freight									
3	Freight Surcharge, if applicable									
4	Fuel Handling Charges									
5	Taxes and Duties (pl. specify details)									
6	Any other charges									

7	Total Cost excluding Transit Loss									
8	Transit Loss									
9	Total Cost including Transit Loss									
Apportioned to Different Businesses										
10	Basic Cost									
11	Freight									
12	Freight Surcharge, if applicable									
13	Fuel Handling Charges									
14	Taxes and Duties (pl. specify details)									
15	Any other charges									
16	Total Cost excluding Transit Loss									
17	Transit Loss									
18	Total Cost including Transit Loss									
19	**Total of Direct and Apportioned**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XIV-Power Purchase

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Own Generating Station									
2	Central Generating Stations									
3	Renewable Purchase Obligation									
4	CPPs and IPPs									
5	Short Term Power Purchase, Purchase through UI or from Imbalance Pool and Other Sources									
6	Transmission Charges									
7	SLDC Charges									

8	Wheeling Charges									
9	Standby charges									
10	Any Other Charges									
11	Total									
Apportioned to Different Businesses										
12	Own Generating Station									
13	Other Generating Stations									
14	Renewable Purchase Obligation									
15	CPPs and IPPs									
16	Short Term Power Purchase, Purchase through UI or from Imbalance Pool and Other Sources									
17	Transmission Charges									
18	SLDC Charges									
19	Wheeling Charges									
20	Standby charges									
21	Any Other Charges									
22	Total									
23	**Total of Direct and Apportioned**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XV-Employee Expenses

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission #	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Basic Salary									
2	Dearness Allowance (DA)									
3	House Rent Allowance									
4	Conveyance Allowance									
5	Leave Travel Allowance									
6	Earned Leave Encashment									
7	Other Allowances									
8	Medical Reimbursement									

9	Overtime Payment									
10	Bonus/Ex-Gratia Payments									
11	Interim Relief / Wage Revision									
12	Staff welfare expenses									
13	VRS Expenses/Retrenchment									
14	Compensation									
15	Commission to Directors									
16	Training Expenses									
17	Payment under Workmen's Compensation									
18	Act									
19	Net Employee Costs									
20	Others									
21	**Gross Employee Expenses**									
22	Less: Expenses Capitalised									
23	**Net Employee Expenses**									

pportioned to Different Businesses										
24	Basic Salary									
25	Dearness Allowance (DA)									
26	House Rent Allowance									
27	Conveyance Allowance									
28	Leave Travel Allowance									
29	Earned Leave Encashment									
30	Other Allowances									
31	Medical Reimbursement									
32	Overtime Payment									
33	Bonus/Ex-Gratia Payments									
34	Interim Relief / Wage Revision									
35	Staff welfare expenses									
36	VRS Expenses/Retrenchment									
37	Compensation									
38	Commission to Directors									
39	Training Expenses									
40	Payment under Workmen's Compensation									
41	Act									

42	Net Employee Costs									
43	Others									
44	**Gross Employee Expenses**									
45	Less: Expenses Capitalised									
46	**Net Employee Expenses**									
47	**Total of Direct and Apportioned (23+46)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XVI-R & M Expenses

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Plant & Machinery									
2	Buildings									
3	Civil Works									
4	Hydraulic Works									
5	Lines & Cable Networks									
6	Vehicles									
7	Furniture & Fixtures									
8	Office Equipment									
9	Gross R&M Expenses									
10	Less: Expenses Capitalised									
11	Net R&M Expenses									
Apportioned to Different Businesses										
12	Plant & Machinery									
13	Buildings									
14	Civil Works									
15	Hydraulic Works									
16	Lines & Cable Networks									
17	Vehicles									
18	Furniture & Fixtures									

19	Office Equipment									
20	Gross R&M Expenses									
21	Less: Expenses Capitalised									
22	Net R&M Expenses									
23	**Total of Direct and Apportioned (11+22)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XVII- A&G Expenses

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment /Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Rent Rates & Taxes									
2	Insurance									
3	Telephone & Postage, etc.									
4	Legal charges & Audit fee									
5	Professional, Consultancy, Technical fee									
6	Conveyance & Travel									
7	Electricity charges									
8	Water charges									
9	Security arrangements									
10	Fees & subscription									
11	Books & periodicals									
12	Computer Stationery									
13	Printing & Stationery									
14	Advertisements									
15	Purchase Related Advertisement Expenses									
16	Contribution/Donations									
17	License Fee and other related fee									
18	Vehicle Running Expenses Truck / Delivery Van									
19	Vehicle Hiring Expenses Truck / Delivery Van									

20	Cost of services procured									
21	Outsourcing of metering and billing system									
22	Freight On Capital Equipments									
23	V-sat, Internet and related charges									
24	Training									
25	Bank Charges									
26	Miscellaneous Expenses									Revenue from Transmission Charges are shown as revenues from Tariff in Audited Accounts.
27	Office Expenses									
28	Others									
29	Gross A&G Expenses									
30	Less: Expenses Capitalised									
31	Net A&G Expenses									
Apportioned to Different Businesses										
32	Rent Rates & Taxes									
33	Insurance									
34	Telephone & Postage, etc.									
35	Legal charges & Audit fee									
36	Professional, Consultancy, Technical fee									
37	Conveyance & Travel									
38	Electricity charges									
39	W ater charges									
40	Security arrangements									
41	Fees & subscription									
42	Books & periodicals									
43	Computer Stationery									
44	Printing & Stationery									
45	Advertisements									
46	Purchase Related Advertisement Expenses									
47	Contribution/Do nations									
48	License Fee and other related fee									
49	Vehicle Running Expenses Truck / Delivery Van									

50	Vehicle Hiring Expenses Truck / Delivery Van									
51	Cost of services procured									
52	Outsourcing of metering and billing system									
53	Freight On Capital Equipments									
54	V-sat, Internet and related charges									
55	Training									
56	Bank Charges									
57	Miscellaneous Expenses									
58	Office Expenses									
59	Others									
60	Gross A&G Expenses									
61	Less: Expenses Capitalised									
62	Net A&G Expenses									
63	**Total of Direct and Apportioned (31+62)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XVIII-Depreciation

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation *	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	**Land & land rights**									
2	**Land for Reservoir**									
3	**Buildings and Roads**									
4	**Intangible Assets**									
5	**Hydraulic Works**									
6	**Other civil works**									
7	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
8	**Vehicles**									
9	**Furniture & Fixtures**									

10	**Office Equipment**									
11	**Others**									
12	**Total**									
Apportioned to Different Businesses										
13	**Land & land rights**									
14	**Land for Reservoir**									
15	**Buildings and Roads**									
16	**Intangible Assets**									
17	**Hydraulic Works**									
18	**Other civil works**									
19	**Plant & Machinery**									
a.	Generators									
b.	Transmission									
c.	Distribution									
20	**Vehicles**									
21	**Furniture & Fixtures**									
22	**Office Equipment**									
23	**Others**									
24	**Total**									
25	**Total of Direct and Apportioned (11+22)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014										
Format XIX-Interest Charges										
Sr. No.	**Description**	**Generation***	**Transmission#**	**SLDC**	**Distribution - Wheeling**	**Distribution - Retail**	**Total**	**For Other Business and for Regulated Business in Other States**	**Total as per Annual Accounts**	**Explanation for Apportionment /Remarks, if any**
Directly Attributable to Different Businesses										
(i)	Interest on Secured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(ii)	Interest on Unsecured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(iii)	Interest on Normative Loans									
A	Total [(i)+(ii)+(iii)]									
Apportioned to Different Businesses										
(i)	Interest on Secured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
(ii)	Interest on Unsecured Loans									
	Source 1									
	Source 2									
	…									
	Source n									
B	Total [(i)+(ii)]									
	Total of Direct and Apportioned (A+B)									

Finance Charges										
Sr. No.	Description	Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total	For Other Business and for Regulated Business in Other States	Total as per Annual Accounts	Explanation for Apportionment /Remarks, if any
Directly Attributable to Different Businesses										
1	Loss on exchange									
2	Commission and Brokerage									
3	Other finance charges									
4	Total Finance Charges									
Apportioned to Different Businesses										
5	Loss on exchange									
6	Commission and Brokerage									
7	Other finance charges									
8	Total Finance Charges									
9	**Total of Direct and Apportioned (4+8)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XX-Interest on Working Capital

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Working Capital Loans									
a.	Cost of Fuel - .... Months									
b.	Cost of secondary Fuel - .... Months									
c.	O&M Expenses - ..... Months									
d.	Maintenance Spares - ....% of GFA									
e.	Receivables - ..... Months									
	Minus									
f.	Fuel Expenses- ..... Months									
g.	PP Expenses- ..... Months									
h.	Consumer SD									
	Total Working Capital Loan									
2	Rate of Interest									
3	Interest on Working Capital									
Apportioned to Different Businesses										
4	Interest on Working Capital									
5	**Total of Direct and Apportioned (3+4)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XXI-Returns

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment / Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										

1	Actual Equity/Capital Employed at the Beginning of the year									
2	Actual Equity/Capital Employed Invested									
3	Actual Equity/Capital Employed at the end of the year									
4	Rate of Return									
5	Return on Equity/Capital Employed									
Apportioned to Different Businesses										
6	Actual Equity/Capital Employed at the Beginning of the year									
7	Actual Equity/Capital Employed Invested									
8	Actual Equity/Capital Employed at the end of the year									
9	Rate of Return									
10	Return on Equity/Capital Employed									
11	**Total of Direct and Apportioned (5+10)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XXII-Tax

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Income Tax									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XXII-Tax

Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Income Tax									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XXIII-Revenue										
Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
1	Revenue from Tariff									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Format XXIV-NTI										
Sr. No.	Description	For Regulated Business						For Other Business and for Regulated Business in Other States	Total as per Audited Accounts	Explanation for Apportionment/ Remarks, if any
		Generation*	Transmission#	SLDC	Distribution - Wheeling	Distribution - Retail	Total			
Directly Attributable to Different Businesses										
1	Meter Rent									
2	Delayed Payment Surcharge									
3	Interest on Staff Loans and Advances									
4	Interest on Advances to Suppliers									
5	Sale of Scrap									
6	Interest on IT Refund									
7	Profit/(Loss) on retirement of Assets									
8	Liquidated Damages									
9	Interest on Contingency Reserve									
10	Others									
11	Total									
Apportioned to Different Businesses										
12	Total									
13	**Total of Direct and Apportioned (11+12)**									

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014

Gross Fixed Assets Breakup

Asset wise break-up of Gross Fixed Assets (Optional)

Sl. No.	be pro	Asset code	Asse t	n in the	Additions during the year	Deletions during the year	Closing Asset value	reci atio n at	Undischarged liabilities

					Base cost	ID C	IEDC	FERV	Pre-commissioning expenses	Survey expenses	Capital spares	Total Additions	Depreciation	Asset Value	Depreciation	corresponding equity to be deducted				Opening	Additions	Discharged duing the year	Reversal/Adjusted duing the year	Closing
1																								
2																								
3																								
4																								
5																								
...																								
n																								

The HPERC (Reporting System on Power Regulatory Accounting) Regulation, 2014
CWIP Breakup
Asset wise break-up of CWIP (Optional)

Sl. No.	Asset Particulars (to be provided asset-wise)	Asset code	Opening value	Additions during the year								Deletions / Adjustments during the year								Capitalised during the year								Closing value	Undischarged liabilities				
				Base cost	IDC	IEDC	FERV	Pre-commissioning expenses	Survey expenses	Capital spares	Total Additions	Base cost	IDC	IEDC	FERV	Pre-commissioning expenses	Survey expenses	Capital spares	Total Additions	Base cost	IDC	IEDC	FERV	Pre-commissioning expenses	Survey expenses	Capital spares	Total Additions		Opening	Additions	Discharged duing the year	Reversal/Adjusted duing the year	Closing
1																																
2																																
3																																
4																																
5																																
...																																
n																																

Note: 1. The Field marked with * to be submitted Generation Station wise.

2. The Field marked with # to be submitted Transmission Line/Sub-Station wise or for the entire Transmission System, whichever is applicable.

[1][The Himachal Pradesh Regulatory Commission (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]

NOTIFICATION

Shimla, the, 31st March, 2015

HPERC/F(5)(3)(1). In exercise of the powers conferred by clause (zp) of sub-section (2) of section 181, read with sections 61, 62 and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission, after previous publication, makes the following Himachal Pradesh Electricity Regulatory Commission (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:-

1. Short title and commencement.- (1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (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.

(2) These regulations shall come into force with effect from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions.- In these regulations, unless the context otherwise requires,-

(i) **"Board"** means the Himachal Pradesh State Electricity Board constituted under section 5 of the Electricity (Supply) Act, 1948 (Central Act No.54 of 1948);

(ii) "**existing pensioner(s)**" means all pensioner(s) of the erstwhile Board as on or immediately before the commencement of the Transfer Scheme and shall include eligible family members of such pensioners;

(iii) "**Himachal Pradesh Electricity Board Ltd." or "HPSEB Ltd**." means "Himachal Pradesh State Electricity Board Limited" incorporated under the Companies Act, 1956;

(iv) "**pensioner(s)**" means retired personnel to whom CCS (Pension) Rules, 1972 are applicable and who are entitled to pension and other terminal benefits as per terms of their appointment and includes such family members of deceased personnel who are entitled to pension and other terminal benefits as per service rules;

(v) "**personnel**" means existing and retired workmen, employees, staff, and officers of the erstwhile Board by whatever name called including those on deputation or on secondment in other organizations or institutions; as on or immediately prior to the commencement of the Transfer Scheme to whom

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1 *Published in R H.P. dated 2nd April, 2015 at p. 28-31.*

CCS (Pension) Rules, 1972 are applicable and who are entitled for pension and other terminal benefits as per terms of their appointment and service rules; but excludes persons on deputation from other organizations to the erstwhile Board;

(vi) "**State Government**" means the Government of Himachal Pradesh;

(vii) "**successor entities**" means the Himachal Pradesh State Electricity Board Limited.(the HPSEB Ltd.), Himachal Pradesh Power Corporation Limited (the HPPCL), H.P. Power Transmission Corporation Limited (the HPPTCL), the Himachal Pradesh State Load Dispatch Society (the HPLDS) or any other entity to which the personnel are transferred and in which the property, interest in property, rights and liabilities of the erstwhile Board are re-vested in accordance with the Transfer Scheme or such other State Govt. Scheme(s);

(viii) "**terminal benefits**" means the gratuity (including service gratuity, retirement gratuity/ death gratuity and residuary gratuity), pension (including commutation of pension, restoration of pension, additional pension, family pension, revisions etc.) and the dearness relief thereon, medical benefits and other applicable benefits including arrears, but shall not include the leave encashment payable at the time of retirement as it shall form part of salary expenses;

(ix) "**Transfer Scheme**" means the Himachal Pradesh Power Sector Reforms Transfer Scheme, 2010;

(2) The words and expressions used herein and not defined but defined in the Electricity Act, 2003 (36 of 2003) or Rules or Regulations made thereunder shall have the meaning respectively assigned to them in the Act/Rules/Regulations.

3. Sharing of terminal benefits including pension.- (1) The cost of terminal benefits payable by the HPSEB Ltd. in respect of the personnel, including existing pensioners of the erstwhile Board, shall be shared in the manner provided for in these regulations.

(2) The net cost of the terminal benefits in respect of the personnel retiring after the commencement of the Transfer Scheme, shall be met by the HPSEB Ltd. and be permitted by the Commission in the annual revenue requirement of the HPSEB Ltd. as a part of operations and maintenance cost to be recovered through tariff, after adjusting the following contributions and shares:-

(a) HPSEB Ltd. shall recover monthly contributions towards terminal benefit from borrowing authorities for its personnel on deputation or on secondment with other departments, organizations, successor entities and also in other businesses of HPSEB Ltd. such as new projects, commissioned projects, Special Purpose Vehicles like Beas Valley Power Corporation etc. with effect from the commencement of the Transfer Scheme and such contributions shall be based on formulae to be evolved by HPSEB Ltd. on realistic basis to effect actual contributions as against the normative contribution prescribed by the State Govt. for its employees on deputation, in view of the different salary structure and staffing pattern;

(b) fifty percent of the total annual requirement for terminal benefits, as approved by the Commission, shall be treated as contribution towards past services i.e. the services rendered by its personnel prior to commencement of the transfer scheme and shall be shared in the manner provided in sub-regulation (3) hereunder and only the balance fifty percent shall be recovered against operations and maintenance cost.

(3) The terminal benefits in respect of the existing pensioners and the fifty percent of the terminal benefits of the personnel retiring after commencement of transfer scheme shall be shared and provided for in the following manner:

(a) such costs, net of State Government share as per clause (b) hereunder, shall be shared by the successor entities in proportion as near as the assets, including intangible assets of the erstwhile Board so shared:

Provided that the Commission may, by order, determine the allocation of share of contributions of the successor entities by making suitable assumptions as it may consider necessary;

(b) subject to the provisions of regulations 4, the amount on account of return on equity approved by the Commission in the annual revenue requirement of the HPSEB Ltd. on the investment made by the State Government in the erstwhile Board, including that for completed and ongoing works of HPSEB Ltd., shall be a part of the annual share of State Government;

(c) the shares to be borne by the HPPTCL, HPPCL and HPLDS, as per clause (a) above, shall be allowed in the tariff of these entities by the Appropriate Commission and such amount, shall be recovered by the HPSEB Ltd. from the successor entities on month to month basis;

(d) the Commission shall allow the provision corresponding to the share of HPSEB Ltd., as per clause (a) above, in its annual revenue requirement to be recovered as pension surcharge on tariff.

(4) For the employees of HPSEB Ltd. covered under Contributory Pension Scheme, the cost of Terminal Benefits, to the extent applicable, including the monthly pension contributions by the employer shall be provided as a part of operation and maintenance expenses as and when such payments become due.

(5) The amount allowed, or to be allowed, as pass through in the tariff as per the provisions under sub-regulations (2) and (3), shall be subject to prudence check by the Commission and shall also be subject to further review at the time of the truing up of the revenue requirement of HPSEB Ltd. and the shares of successor entities shall be revised and adjusted accordingly.

4. Obligations under Transfer Scheme.- Nothing contained in these regulations shall, in any way, affect are limit the obligations cast on the State Government under the Transfer Scheme.

5. Nodal Agency.- (1) The HPSEB Ltd. shall be the Nodal Agency for all intents and purposes to implement the terminal benefits under these regulations.

(2) The HPSEB LTD. shall coordinate with the State Government and the representatives of other successor entities as well as the personnel for all matters relating to management and administration of commitments relating to the terminal benefits including pension in accordance with the applicable laws.

6. Power to remove difficulties.-In case of any difficulty in giving effect to any of the provisions of these regulations, the Commission may, either suo motu or on an application made to it, do or undertake to do things, or by general or special order direct the various successor entities to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulty.

7. Power of relaxation.-The Commission may, in public interest and for reasons to be recorded in writing, relax any of the provisions of these regulations.

8. Power to amend.- Subject to the provisions of the Electricity Act, 2003, the Commission may, at any time add, vary, alter, modify or amend any provisions of these regulations.

9. Interpretation.- All issues arising in relation to the interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

10. Inherent Powers of the Commission.- Nothing contained in these regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

11. Savings.- The corresponding provisions made in the Tariff Orders, and in force on the commencement of these regulations shall unless amended or revoked, continue to be in force for such period as may be specified in the Tariff Order.

By Order of the Commission,
-Sd-
Secretary

[1][The Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems based on Net Metering) Regulations, 2015]

Amended, repealed or otherwise affected by –

1. *(First Amendment) Regulations, 2018 notified vide Not. No. HPERC–H(1)-11/2015 dated 6th November, 2018 published in the R.H.P. dated 14th November, 2018 at p. 6010-6016.*
2. *(Second Amendment) Regulations, 2022 notified vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 published in the R.H.P. dated 16th September, 2022 at p. 4721-4735.*

NOTIFICATION

Shimla, the 31st July, 2015

No. HPERC– H (1)-11/2015:- WHEREAS the National Electricity Policy notified by the Central Government mandates promotion of renewable technology on sustainable basis. Among the various renewable sources, the solar power offers clean, climate-friendly, abundant and inexhaustible energy resource;

AND WHEREAS there is a huge potential of Small Hydro power in the State of Himachal Pradesh and considerable progress has been achieved towards exploitation of such potential in the State. At the same time, the Himachal Pradesh, being a hilly State, has generally clear sky and average solar radiation level, favours commercial as well as domestic application of solar power. The Central Government has estimated 34 GW solar power potential in State out of 749 GW, estimated in the country;

AND WHEREAS the Central Government, having recogonised the importance of solar power technology at national level, unveiled a plan to produce 20 GW of solar power by the year 2022 and further revised the target to 100 GW out of which substantial exploitation is planned through rooftop Solar PV projects;

AND WHEREAS there is a large potential available for generating power using unutilized space on rooftops and wastelands around buildings, installation of rooftop Solar PV projects by the consumers would enhance grid stability and reduce distribution losses and also result in saving in electricity bills of the consumer and sale of surplus power to the distribution licensee through net metering;

AND WHEREAS the Himachal Pradesh Electricity Regulatory Commission, recognized the need for a net metering based regulations, for rooftop Solar PV projects, to address the regulatory domain for implementation of grid connected net metering based rooftop Solar projects;

NOW, THEREFORE, in exercise of the powers conferred by section 181, read with sections 61, 66, and 86(1) (e) of the Electricity Act, 2003 (36 of 2003), and all other

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1 *Published in the R.H.P. dated 3rd August, 2015 at p. 2725-2738.*

powers, enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission after previous publication, makes the following Regulations:-

REGULATIONS

1. Short title and commencement.- (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems[1][Omitted]) Regulations, 2015.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions. - In these regulations, unless the context otherwise requires;

(1) **"accuracy class index"** means the index as specified in the Schedule to the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006;

(2) **"Act"** means the Electricity Act, 2003 (36 of 2003);

(3) **"agreement"** means the agreement entered into for connecting rooftop Solar PV system to the distribution system;

(4) [2][**"applicable retail tariff"** means the retail tariff] applicable for supply of electricity by the licensee to the consumer in accordance with relevant Schedule of tariff as per tariff order of the Commission;

(5) **"billing period"** means the period for which regular electricity bills as specified by the Commission, are prepared by the licensee for different categories of consumers and "billing month" means includes the consecutive period of 30 days or so forming part of billing period;

(6) **"Commission"** means the Himachal Pradesh Electricity Regulatory Commission;

(7) "distribution licensee" or "licensee" means a person granted a license under Section 14 of the Act, authorizing him to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;

[3][(8) **"Electricity Supply Code"** means the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;]

(9) **"eligible consumer"** means such a consumer getting supply of electricity from distribution licensee in its area of supply, who uses or intends to use a rooftop Solar PV system installed in his premises to offset part or all of the consumer's own electrical requirements as per the provisions of these regulations;

(10) **"financial year"** or "year" means the period beginning from the first of April in an English calendar year and ending with the thirty-first of the March of the next year;

(11) **"Form"** means the Form appended in these regulations;

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1 *Omitted words "based on Net-Metering" vide Not. No. HPERC-H(1)-11/2015 dated 14th September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words "applicable tariff means the tariff" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. for clause (8) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[1][(11A) **"gross metering"** means a mechanism whereby the total solar energy generated from rooftop solar system of a Consumer and the total energy consumed by the Consumer are accounted separately through appropriate metering arrangements and for the billing purpose, the total energy consumed by the Consumer is accounted at the applicable retail tariff and total solar power generated is accounted for as per the mechanisms under other Regulations of the Commission prevalent from time to time viz. HPERC (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017, HPERC (Grant of Connectivity, Long-Term and Medium-Term Intra-State Open Access and Related Matters) Regulations, 2010, HPERC (Short-Term Open Access) Regulations, 2010 and HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 etc., as applicable;

(11B) **"gross meter"** means an unidirectional energy meter, alongwith the allied metering equipments,to be provided and maintained by the licensee at the cost of the Consumer at the interconnection point as per the connectivity arrangements approved by the Distribution Licensee, through which the electricity generated is injected into the distribution system of the distribution licensee;

(11C) **"group metering"** means an arrangement whereby the energy injected into the Grid from the rooftop solar system installed by a group of the participating consumers shall be recorded through the gross meter and the energy so received by the Distribution Licensee shall be credited, after deducting its charges, related to usage of its distribution system in kind, to the accounts of the participating consumers as per the provisions specified in these Regulations;]

(12) **"interconnection"** means the interface of solar power generation facility system with the network of the distribution licensee;

(13) **"invoice"** means either a periodic bill/supplementary bill or a periodic invoice/ supplementary invoice raised by the distribution licensee;

(14) **"kWp"** means kilo Watt peak;

(15) **"net meter"** means the meter, alongwith allied metering equipments, to be installed and maintained by the licensee at the cost of the consumer, for reading the net import or export of electrical energy by the consumer from/ to the distribution system and the corresponding demand or injection;

[2]**[(15-A) "Net billing"** means an arrangement under which the energy generated from the rooftop solar system installed by an eligible Prosumer at his premises is partially/fully used by him and the balance is exported/imported to/from the Grid. Under this arrangement, the energy imported and exported from/to the Grid shall be recorded separately through suitable net billing meter and the energy import and

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1 *Ins. Clauses (11A), (11B), and (11C) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Ins. Clauses (15-A) and (15-B) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

export so recorded for a billing period shall be accounted for at two different tariffs as per the provisions specified in these Regulations;

(15-B) "net billing meter" means a bi-directional meter, alongwith the allied metering equipments, installed and maintained by the Distribution Licensee at the point of coccencement of supply and at the cost of the Prosumer, which shall be capable of recording th energy import and export, alongwith the corresponding maximum demands, separately;]

[1][(16) **"net metering"** means a mechanism whereby solar energy exported to the Grid from Rooftop Solar System of a Prosumer is deducted from energy imported from the Grid (in units of kWh or kVAh), by using a net meter, so as to record the net imported or exported energy.Under this arrangement, the net energy import by the Prosumer during a billing period is billed by the Distribution Licensee on the basis of the applicable retail tariff and in case the Prosumer has exported energy, on net basis, during a billing cycle, the same is carried-forward and settled as per the provisions specified in these Regulations;]

(17) **"Obligated Entity"** means the entity mandated under clause (e) of sub-section (1) of section 86 of the Act to fulfill the renewable purchase obligation and under Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010;

[2][(18) "**premises**" means rooftops and/or open areas on the land, building or infrastructure or part or combination thereof in respect of which a separate meter or metering arrangements have been made by the licensee for supply of electricity;]

[3][(18-A) **"Prosumer"** means a person who consumes electricity from the grid and can also inject electricity into the grid for distribution licensee, using same point of commencement of supply;]

(19) "Renewable Energy Certificate (REC)" means the certificate issued in accordance with the procedures approved by the Central Electricity Regulatory Commission, pursuant to Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010;

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1 *Sub. Claluse (16) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735. Before its substitution it stood as under:-*

*" (16) "**net metering"** means an arrangement under which rooftop solar system installed at eligible consumer's premises, delivers surplus electricity, if any, to the distribution licensee after off-setting the electricity supplied by distribution licensee during the applicable billing period; "*

2 *Sub. vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016. Before its substitution it stood as under:-*

*"(18) **"premises"** means rooftops or/and elevated areas on the land, building or infrastructure or part or combination thereof in respect of which a separate meter or metering arrangements have been made by the licensee for supply of electricity;"*

3 *Ins. Clause (18A) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

(20) [1][**"Rooftop Solar system" or "Rooftop Solar PV system**"] means the grid interactive solar photo voltaic power system, [2][installed in the Consumer/Prosumer premises] that uses sunlight for direct conversion into electricity through photo voltaic technology;

[3][(21) **"Settlement Period"** means a maximum period of 12 consecutive billing months, comprised in the billing periods, starting from 16th March, or soon thereafter, of a financial year, in which the rooftop solar system remains operative under the applicable arrangement;]

(22) **"Solar Meter"** means a unidirectional energy meter, for recording the electricity generation, installed at the point at which electricity generated by Solar Photo Voltaic (SPV) system, is delivered to the main panel of the [4][eligible Consumer/Prosumer or, in case of gross meter, is transmitted to the inter-connection point;]

(23) all other words and expressions used in these regulations although not specifically defined herein, but defined in the Act, shall have the meaning assigned to them in the Act; the other words and expressions used herein but not specifically defined in these regulations or in the Act but defined under any law passed by the Parliament or any other regulations issued by the Commission, applicable to the electricity industry in the State, shall have the meaning assigned to them in such law/regulation.

3. Scope and application.-[5][(1) These Regulations shall apply to the Distribution Licensee and the eligible Consumers of the Distribution Licensee who have installed or wish to install a rooftop solar system under the net metering, net billing or group metering arrangement as per the provisons of these Regulations.

(2) Save as provided otherwise in these Regulations, these Regulations shall not be applicable in case of gross metering which shall be governed by the other Regulations of the Commission prevalent from time to time viz. HPERC (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017, HPERC (Grant of Connectivity, Long-Term and Medium-Term Intra-State Open Access and Related Matters) Regulations, 2010, HPERC (Short-Term Open Access) Regulations, 2010 and HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 etc., as applicable;]

[5][(3)] These regulations do not preclude the right of State authorities to undertake rooftop solar projects of any capacities through alternative mechanisms.

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1 *Sub. for the words words and signs **"Rooftop Solar system"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words **"installed on the rooftop of Consumer premises"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. Clause (21) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735. Before its substitution it stood as under:-*

*"(21) **"Settlement Period"** means a maximum period of 12 consecutive billing months, comprised in the billing periods, falling between 16th March of a financial year and 14th April of the next financial year, in which the solar PV system remains operative under the net-metering arrangement;"*

4 *Sub. in the Clause (22) for the words **"eligible consumer"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. for the Sub-regulation (1) and existing sub-regulation (2) re-numbered as (3), vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[1][**4. General Principles.-** (1) Subject to the limits and other terms and conditions specified in these Regulations, the eligible Consumers of the Distribution Licensee shall be entitled to install rooftop solar system under any of the following three mechanisms-

A. Net metering.-

(a) The rooftop solar system upto capacity of 50 kWp may be installed under this arrangement.

(b) Under this arrangement,the solar energy generated from the rooftop solar system, installed at premises of the eligible Prosumer, is used by the Prosumer in his premises and the surplus energy, if any, is delivered to the Grid.

(c) The energy imported by the Prosumer from the Grid, on net basis, during a billing period is billed to the Prosumer at applicable retail tariff.

(d) A net-meter capable of measuring net flows shall be installed and maintained, at the cost of eligible Prosumer, by the Distribution Licensee at Prosumer premises under this arrangement.

(e) The carry forward of unadjusted surplus energy from one billing period to the subsequent billing period(s) within the same settlement period shall be done in shape of units kWh or kVAh, as the case may be.

(f) The unadjusted surplus energy, if any, as per the bill for the last billing period of the settlement period shall be settled as per the provisions of Regulation (10).

B. Net billing-

(a) The rooftop solar system with capacity of more than 50 kWp, but not exceeding 1.00 MWp, may be installed under this arrangement.

(b) Under this arrangement, the energy imported and exported from/to the Grid shall be recorded separately through suitable metering arrangement and the energy import and export so recorded for a billing period shall be accounted for at two different tariffs as per the provisions of these Regulations.

(c) A net billing meter capable of measuring energy imported from the Grid and energy exported to the Grid shall be installed and maintained, at the cost of eligible Prosumer, by the Distribution Licensee at Prosumer premises under this arrangement.

(d) The value of energy exported by the Prosumer in a billing period shall be calculated at the rate as per sub-clause (iii) of clause (b) of sub-regulation (9) of Regulation 10 of these Regulations for adjustment against the value of energy imported by the Prosumer and other charges, if any, recoverable by the Distribution Licensee from him.

(e) The carry forward of the unadjusted monetary value of the exported energy from one billing period to the subsequent billing period(s) within the same settlement period shall be done in monetary value (and not in units) and the unadjusted amount, if any, as per the bill for the last billing period of that

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[1] *Sub. for Regulation 4, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735. Before its substitution it stood as under:-*

*"**4. General Principles.-** Subject to the limits and other terms and conditions specified in these regulations, the eligible consumers of the distribution licensee shall be entitled to install rooftop solar PV system and use the power so generated at their premises. The surplus power can be injected into the grid system."*

settlement period shall become payable as per the timelines specified in sub-regulation (7D) of Regulation 10 of these Regulations.

(f) The net amount payable, if any, by the Distribution Licensee as per the bill for the last billing period of the settlement period shall be settled as per the provisions of sub-clause (iii) of clause (b) of sub-regulation (9) of Regulation 10 of these Regulations.

C. Group metering.-

(a) The maximum capacity which can be installed under this arrangement shall be equal to the sum total of the eligibility of each individual participating Consumer:

Provided that the maximum capacity to be installed shall not exceed the maximum limit which can be installed at the relevant voltage level:

Provided further that rooftop solar system with capacity of more than 20kWp, but not exceeding 1.00 MWp, may be installed under this arrangement.

(b) The Group of Consumers intending to install the rooftop solar system shall be eligible to install rooftop solar system under group metering arrangement if the premises of all the participating Consumers are located in the same building and all of them are covered in single part tariff as per the retail tariff order of the Commission and are also fed from a common distribution transformer at the same voltage level.

(c) The group of Consumers intending to install rooftop solar system under this arrangement shall enter into suitable agreement(s) and submit the same to the Distribution Licensee alongwith the application for approval of setting up the rooftop solar system. Such agreement shall essentially contain the following:-

(i) details about the electricity connections of the Participating Consumers;

(ii) nomination of one of the Participating Consumers as the leading member of the Group who shall represent the Participating Consumers for various activities viz. reconciliation of energy accounts, handling all matters related to installation, operation and maintenance and accounting of the rooftop solar system to be installed under group metering arrangement;

(iii) the percentage share of each Participating Consumer in the total energy available for allocation amongst the Participating Consumers in respect of a billing month:

Provided that the list of Participating Consumers and their shares may be changed by mutual agreement once in the financial year so long as the overall eligibility conditions are met:

Provided further that the Distribution Licensee shall give effect to any such changes, if it otherwise meets the relevant conditions, with effect from the billing period starting immediately after expiry of 60 days from the date of submission of the revised agreement signed by all the Participating Consumers.

(iv) the total solar energy injected by the rooftop solar system during a billing period shall be recorded through the Gross meter.

(v) the Distribution Licensee shall compute the energy injected to the Grid in a billing period based on the readings of the Gross meter

and shall then also compute the energy to be allocated to the accounts of the Participating Consumers for that billing period after deducting 9% energy from the total energy received by it during the billing period. Such energy shall be credited to the accounts of respective Participating Consumers at the respective percentages indicated under the agreement entered by the Participating Consumers.

(vi) The energy so credited to the account of a Participating Consumer shall be offset against the consumption of that Consumer in the billing period and the Participating Consumer shall be billed at the applicable retail tariff for his net consumption arrived at after such offset.

(vii) In case the energy credited to the account of a Participating Consumer exceeds the consumption of that Consumer in the billing period, the surplus energy shall be settled as per the provisions relating to net metering under Regulation 10.

(viii) For the purposes of group metering arrangement, "Participating Consumer" shall mean a Consumer who participates in the Group metering arrangement by signing a detailed agreement with the other Participating Consumers for the purpose.

(2) Consumer/Prosumer who has already installed,or has otherwise initiated the process of obtaining approvals for the installation rooftop solar system before the first day of September, 2022, shall have one time option to switch over to any of the arrangement, including the corresponding tariff for surplus power as per sub-clause (iii) of clause (b) of sub-regulation (9) of Regulation 10 of these Regulations, for which he may otherwise be eligible as per Regulations 4 of these Regulations:

Provided that the Distribution Licensee shall give effect to such option, if otherwise found to be in order, with prospective effect with effect from the billing period starting immediately after the expiry of 30 days from the date of receipt of such option.]

5. Capacity of Rooftop Solar PV Systems. - (1) All eligible consumers of electricity in the area of supply of the distribution licensee can participate in the [1][relevant rooftop solar arrangement subject to the fulfillment of elegibility conditions,] in accordance with the provisions of these regulations.

[2][(2) The maximum peak capacity of the rooftop solar system to be installed by any individual consumer covered under two part tariff shall not exceed 80% of the sanctioned

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[1] *Sub. for the words* ***"rooftop solar net metering arrangement"*** *vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[2] *Subs. vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016. Before its substitution it stood as under:-*

"(2) The maximum peak capacity of the rooftop solar system to be installed by any individual consumer covered under two parts tariff shall not exceed 80 % of the sanctioned contract demand and such maximum limit incase of an individual consumer, covered under single part tariff shall be 30% of the sanctioned connected load:

Provided that the capacity of rooftop solar PV system to be installed by an eligible consumer shall not exceed the following limits:-

Sr.No.	*Voltage at which consumer getting supply*	*Maximum Capacity of rooftop solar PV system*
1	*LT (1f)*	*5 kWp*
2	*LT (3f)*	*15kWp*
3	*HT/EHT*	*1 MWp*

Provided further that the cumulative capacity to be allowed in the area, fed from a distribution transformer or any other transformer from which power is fed to the eligible consumer, shall not exceed 30%, or any other percentage as may be fixed by the Commission, of the rated capacity of such transformer(s):

contract demand and such maximum limit in case of individual consumers, covered under single part tariff, shall be as follows, namely:—

Table-1

Sl. No	For consumers having sanctioned connected load	Maximum peak capacity of [1][rooftop solar system]
1.	5 kW or less	100% of sanctioned connected load
2.	Exceeding 5kW but not exceeding 10 kW	70% of sanctioned connected load or 5 kW; whichever is higher.
3.	Exceeding 10 kW	50% of sanctioned connected load or 7 kW; whichever is higher:

Provided that, save as provided in the table-1 appearing in this sub-regulation, the capacity of rooftop solar PV system to be installed by an eligible consumer shall not normally exceed the limits given in Table-2 :—

Table-2

Sl. No	Voltage at which consumer(s) gets supply	Maximum peak capacity of [1][rooftop Solar PV System]
1.	LT (1Ø)	7 kWp
2.	LT (3 Ø)	20kWp
3.	11 kV or higher voltage level	1 MWp:

Provided further that the officer(s) not below the rank of Superintending Engineer to be designated by the distribution licensee may, on request of the eligible consumer, allow, after considering all technical aspects such as the adequacy of the system and impact on the system parameters etc., installation of the rooftop solar PV system of capacity [2][upto 50 kwp, but not exceeding the sanctioned connected load] in cases where the consumer is getting supply through a dedicated feeder at 3 phase LT voltage:

Provided further that the maximum peak capacity of the [3][rooftop solar system] so worked out shall be rounded to next integral value:

Provided further that the distribution licensee shall maintain the redundancy of 30% in its distribution system and in cases where any equipment of the distribution system is loaded or is likely to be loaded beyond 70% of the rated capacity as a result of the installation of such systems, the licensee shall, save as provided in Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012, take immediate action to augment the system/equipment by making suitable provisions in CAPEX plan.]

Provided further that in case of multiple applications from the consumers covered by a transformer for participation in the scheme, the connectivity with the grid interactive rooftop solar PV system shall be allowed on first come first serve basis."

1 *Sub. for the words **"Solar PV project"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words and figure **"upto sanctioned connected load upto 50kWp"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. for the words "**Rooftop Solar PV grid Interactive System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[1][(3) The Distribution Licensee shall, from time to time, give due publicity to the various arrangements available to the Consumers for setting up rooftop solar systems under these Regulations.]

6. Capacity of transformer. - The distribution licensee shall provide information on its website regarding capacity available in different transformer(s) for feeding the eligible consumer at different locations for connecting Rooftop Solar PV System [2][under relevant metering arrangement] within 3 (three) months from the date of commencement of these regulations, and shall update the same within one month of the subsequent financial year under intimation to the Commission.

7. Procedure for making application and registration. - (1) The eligible consumer may make the application, delivered by post or by hand or through any electronic mode such as online submission and e-mail etc., as per Form-1, to the local office of [3][the distribution licensee to install and connect] the rooftop solar system to the distribution system of the distribution licensee. The distribution licensee shall make available format of the Form-1 on its website and also at its local offices[4][:]

[4]**[**Provided that the Distribution Licensee shall, as far as possible, process all such applications in online mode as a part of web based application processing system evolved, or to be evolved, by the Distribution Licensee for the Prosumers:

Provided further that even where the applications are received in physical form, the same shall be uploaded on the web based application system by the Distribution Licensee for online processing.]

(2) The distribution licensee shall acknowledge the application [5][as per the timelines given in the Table-3 of sub-regulation (9) of this regulation] and take all necessary actions including sending appropriate communications to the applicant:

Provided that where an application is received through electronic mode, the acknowledgment and other communication shall be served through such electronic mode also and its hard copy shall be sent to the applicant by post or by hand delivery.

(3) After checking the feasibility, the distribution licensee shall, except for the cases covered under sub regulation (4), issue letter of approval to the applicant [6][on first come first serve basis,] [7][as per the timelines given in the Table-3] of receipt of application. The consumer shall execute the agreement with the licensee as per Form-2 [8][as per the

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1 *Ins. Sub-regulation (3), vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words "**under net metering arrangement**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Subs. of sub-regulation (1) for the words* **"the distribution licensee to connect"** *vide Not. No. HPERC-H(1)-11/2015 dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

4 *Added proviso, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

6 *Ins. words and sign "**on first come first serve basis,**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

7 *Subs. for the words* **"within 30 days"** *vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

8 *Subs. for the words* **"within 30 days***" vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

timelines given in the Table-2;] from the date of issuance of letter of approval. The eligible consumer shall thereafter set up rooftop solar system [1][Omitted] and submit the work completion report alongwith Single Line Diagram of the synchronizing and protection arrangement issued by the plant supplier/ Engineering Procurement Construction (EPC) contractor as per relevant standards and specifications [2][as per the timelines given in the Table-3]:

Provided that the distribution licensee may modify the [3][Solar Metering Connection Agreement Form-2] or add such conditions to it, as it may find necessary;

Provided further that the distribution licensee may, on receipt of request from the eligible consumer, grant extension for a maximum period of 3 (three) months if it is satisfied with the progress made by eligible consumer towards installation of rooftop solar system;

Provided further that the approval accorded to the eligible consumer shall automatically lapse if he does not execute the agreement with the licensee within the period [4][***] as specified under sub-regulation (3) or rooftop solar system is not commissioned within the permitted period. In such cases, the eligible consumer may apply afresh for obtaining approval of the distribution licensee which shall be dealt at par with other applications received by it in the time frame in which such fresh application is received.

(4) Before any application for setting up [5][rooftop solar system] in the area, covered under particular distribution transformer is rejected by the distribution licensee due to any reason, the consumer shall be served with a 15 days notice to attend to the observations and remove the deficiencies. In case the approval cannot be granted due to non-availability of capacity, then the application of the consumer may be considered after availability of the capacity, if the consumer opts so.

(5) The distribution licensee on the receipt of completion report and test result etc. from the applicant and after site verification to satisfy itself about the fulfillment of requirements for commissioning of rooftop solar system, shall install at the cost of eligible consumer and jointly seal the bidirectional energy meter (net meter) [6][as per the timelines given in the Table-3] [7][and Accounting under the relevant arrangement shall be carried out]

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1 *Omitted the word "**plant**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Subs. for the words* **"within 240 days"** *vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

3 *Sub. for the words "**Net Metering Connection Agreement Form-2**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Omitted the words* **"of 30 days"** *vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

5 *Sub. for the words "**rooftop solar plant**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

6 *Subs. for the words and figures* **"within 10 days** *" vide Not. No. HPERC-H(1)-11/2015 dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

7 *Sub. for the words "**and plant will be treated as commissioned for net metering commercial operations**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

from the date of installation and first reading of such meter. [1][If the distribution licensee has no stock of meters, the consumer will, upon intimation by the distribution licensee, purchase the same.]

(6) The eligible consumer intending to avail financial assistance may get his [2][rooftop solar system] registered with Himachal Pradesh Energy Development Agency (HIMURJA), being a State Nodal Agency, in online mode or otherwise and HIMURJA shall acknowledge the same [3][as per the timelines givenin the Table-4] from the date of receipt of such request [4][and, thereafter, if considered eligible, shall record in principle approval and also take further action to grant subsidy , as per the timelines given in the Table-4.]

(7) The distribution licensee shall delegate power to local offices, at par with power delegated for load sanction and release of connection, [5][to avoid procedural delay in smooth implementation of these regulations].

(8) The Commission may, if it finds it expedient to do so, revise, by order, the procedure contained in these regulations.

[6][(9) The distribution licensee, the eligible consumers, State Nodal Agency and the Chief Electrical Inspector or any competent authority shall adhere to the timelines for various activities pertaining to them as given in the following Tables-3 and 4, namely:—

Table-3

Activity	Responsibility	Timeline (Maximum Working Days)
Submission of application	the consumer	Zero date
Acknowledgment of application by the distribution Licensee.	the distribution Licensee	02
Site Verification/Technical Feasibility & Issuance of Letter of Approval (LOA)/[7][Termination]	the distribution licensee	15
Execution of [8][Solar Metering Connection Agreement] after issuance of Letter of Approval (LOA).	the distribution licensee and consumer	15-20
Intimation to the distribution licensee about expected date of installation of [1][rooftop Solar System.]	the consumer	30 days prior to the expected date of installation.

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1 *Added vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

2 *Sub. for the words "**grid interactive rooftop solar PV project**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Subs. for the words* **"within one week"** *vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

4 *Added vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

5 *Subs. for the words* **"for purposes of procedure of these regulations"** *vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

6 *Added sub-regulation (9) vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

7 *Sub. for the word and sign "**Termination***", vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

8 *Sub. for the words "**Net Metering Agreement**", vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Intimation to consumer, after receipt of intimation from consumer about expected date of readiness to procure meter if not available in stocks of the distribution licensee.	the distribution licensee	7
Installation of Rooftop Solar System including solar meter and submission of Work Completion Report/Certificate including installation of Solar Meter.	the consumer	90-180 days from issuance of Letter of Approval.
Inspection by the Chief Electrical Inspector, or any other competent authority and intimating deficiencies, if any.	the Chief Electrical Inspector or any other competent authority.	15-20
Removal of deficiencies, if any	the consumer	15
Issuance of Safety Certificate (informing the distribution licensee) after inspection and removal of deficiencies if any.	the Chief Electrical Inspector or any other competent authority.	5-10
Intimation to the Distribution Licensee, after receipt of Safety Certificate to Install Meter.	the consumer	5
[2][Inspection by the Distribution Licensee and if found in order installation of meter'(s) (please also see Note 1 and Note 2)]	the distribution licensee	15-20
Removal of deficiencies, if any [3][intimated to the Prosumer as a result of inspection by the distributions licensee]	the consumer	15
Permission to synchronise the Solar Rooftop PV System unit with the Grid.	the distribution licensee	[4][within7 days after installation of meter(s)]
Synchronizing the system with the Grid and commissioning of the same after receipt of permission from the distribution licensee and sealing of meters by the distribution licensee.	the distribution licensee and consumer	2
Billing Process after receipt of Safety Certificate from the Chief Electrical Inspector or any other competent authority.	the distribution licensee	after first synchronization with Grid.

[5][**Note 1].-** In case of any deficiency, the distribution licensee to communicate the same to Consumer and provide an opportunity to rectify the same within a period of 15 days and in such cases, this timeline shall be got extended correspondingly.

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1 *Sub. for the words "Solar PV System", vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words "**Inspection by the Distribution Licensee and intimation of deficiencies, if any**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Sub. for the words, figure and sign "**5-7 days after removal of deficiencies**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. for the sign and the word **"*Note**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[1][**Note 2.-** In case the meter is to be provided by the Consumer as per the provisions of sub-regulation (5) of Regulation 7 read with Table-3 of these Regulations or otherwise, the Consumer shall hand over the meter of the required specifications to the Distribution Licensee well in advance i.e. atleast 30 days before the due date of its installation so as to enable the Distribution Licensee to install, after testing, the same as per the timeline provided in Table-3 above.]

Table-4

Activity	**Responsibility**	**Timeline (Maximum Working Days)**
Submission of Application for registration and for subsidy after obtaining Letter of Approval (LOA) from the distribution licensee.	the consumer	Zero date for Subsidy Process
Acknowledgement of Subsidy Application by the State Nodal Agency.	the State Nodal Agency	02
In-Principle Approval for Subsidy	the State Nodal Agency	10
Inspection for release of subsidy on receipt of request from the consumer & intimation to be sent to the consumer regarding deficiencies, if any.	the State Nodal Agency *	7-10 days after commissioning of Solar Rooftop PV System.
Release of Subsidy	the State Nodal Agency	5-10 days after removal of deficiencies, if any.

***Note**.—Joint Inspection by the State Nodal Agency, for achieving the relevant milestones under Table-3 and Table-4, the Chief Electrical Inspector or any other competent authority and distribution licensee can reduce the timelines substantially.]

8. Interconnectivity, Standards and Safety. - (1) The distribution licensee and the eligible consumer shall ensure that-

(i) the interconnection of the rooftop solar system with the consumer installations and the distribution system of the licensee conforms to the specifications, standards and provisions as provided in the Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Regulations, 2013;

(ii) the relevant provisions of the Central Electricity Authority (Measures relating to Safety and Electricity Supply), Regulations, 2010 are adhered to.

(2) The eligible consumer may install rooftop solar system with or without battery backup:

Provided that suitable protection shall be provided to automatically prevent the power flow from the battery/Decentralized Generation (DG) including rooftop solar

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[1] *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

system into the grid in the absence of grid supply. Manual isolation switch shall also be provided.

(3) The eligible consumer shall be responsible for safe operation, maintenance and rectification of any defect of the rooftop solar system upto the point of net meter.

[1][(4) The distribution licensee shall have the right to inspect the rooftop solar system routinely at any time during the term of the Solar Metering Connection Agreement. As a part of the inspection, the distribution licensee shall ensure that the following aspects are checked:

(i) All protective equipment of the rooftop solar systems is functioning as per the specifications.

(ii) The rooftop solar system including panels, inverters, etc. continue to meet the requirements of Indian & IEC Standards post installation till completion of the Solar Metering Connection Agreement.]

[1][(5)] The distribution licensee shall have the right to disconnect the rooftop solar system at any time in the event of possible threat/damage, from such rooftop solar system to its distribution system, to prevent an accident or damage. Subject to sub-regulation (3), the distribution licensee may call upon the eligible consumer to rectify the defect(s) within a reasonable time.

9. Metering arrangement.- [2]**[**(1) The eligible consumer shall, for recording the electricity generation install and maintain main Solar Meter of 0.2s class accuracy with [3][one port for downloading facilities of meter data through Consumer meter Reading instrument (CMRI) and another port/system for remote communication]. Check meter shall be mandatory for Rooftop Solar PV System having capacity of more than [4][20 kWp]. For installation of capacity of less than or equal to [4][20 kWp], the solar check meter would be optional. The cost of such meter(s) shall be borne by the eligible consumer.]

(2) [5][Meter capable of measuring the flows shall required to be measured under the relevant arrangement] be installed and maintained, at the cost of eligible consumer, by the distribution licensee and the meter shall [6][have one port for downloading facilities of metered data through common Meter Reading instrument (CMRI) and another port/ system for remote communication]:

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1 *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Subs. vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016 and before its substitution read as under:*

"(1) The eligible consumer shall, for recording the electricity generation, install and maintain the Solar Meter at his cost and a;"

3 *Sub. for the words "**facility for recording meter reading uing Meter Reading Instrument (MRI) or Wireless equipment**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Sub. for the word and fugure **"20 kW**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. for the words "**Net meter capable of measuring the net flows"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

6 *Sub. for the words "**be compliant to the system of recording meter reading through Meter Reading Instrument (MRI) or through wireless**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Provided that if bills are prepared on the basis of MRI downloads or if meter reading is taken on the basis of remote meter reading and the consumer wants to have a record of the reading taken, he shall be so provided by the licensee.

(3) The meters installed as per sub-regulation (1) and (2) shall be jointly inspected and sealed on behalf of both the parties.

(4) Notwithstanding anything contained in sub-regulation (3), [1][the meter readings of the [2][meter under the relevant arrangement] as well as the Solar Meter (main as well as check meter where installed) taken by the distribution licensee] shall form the basis of commercial settlement.

(5) All the meters shall adhere to the standards as specified in Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended from time to time.

(6) All the meters to be installed [3][Omitted] shall be of the same or of better Accuracy Class Index than the existing meter installed for measuring the supply of the power to the consumer.

(7) The [4][meter under the relevant arrangement] to be installed for the eligible consumer shall be compliant to the requirements as per the applicable tariff including those relating to Time of Day (ToD) tariff and in case of consumer availing open access, shall also have the requisite features of special energy meters.

10. Energy Accounting and Settlement.- [5][(1) The principles to be followed for accounting under various arrangements have been specified in sub-regulation(2) to sub-regulation(13). The principles for Net Metering. have been specified in sub-regulation(2) to sub-regulation(7) and the same for the net billing have been specified in sub-regulation(7A) to sub-regulation(7D). The sub-regulation (8) to sub-regulation(13) specify the general principles in this regard which shall be applicable for all the arrangement under these Regulations.]

(2) Billing shall be done on the basis of the net flows recorded by the Net Meter over the billing period subject to provisions contained in the sub-regulation (8).

(3) In the event, the eligible consumer exports energy, on net basis, to the distribution system during a billing period, the energy so exported on net basis, shall be carried forward in shape of electricity credit to the immediately next billing period, forming part of the settlement period.

(4) In the event, the eligible consumer imports energy, on net basis [6][during a billing period,] and after adjusting the electricity credits if any, carried forward from the

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1 *Subs. of sub-regulation (4) for the words* **"meter reading taken by the distribution licensee"** *vide Not. No. HPERC-H(1)-11/2015 dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

2 *Sub. for the words "**Net meter**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Omitted the words "**for net metering**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Sub. for the words "**Net meter**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. of Sub-regulation(1), vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735. Before its substitution it stood as under:-*

"(1) The accounting of electricity generated, consumed and injected by the Rooftop Solar system under these regulations shall become effective from the date on which the said system is treated as commissioned as per sub regulation (5) of regulation 7 of these regulations."

6 *Sub.for the words "**on net basis"** vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

immediately preceding the billing period, from the distribution system during a billing period, the distribution licensee shall recover energy charges for such chargeable energy so drawn (i.e.chargeable net energy) at the applicable rates of energy charges as per sub-regulation (9).

(5) The distribution licensee shall make payment to the eligible consumer, by way of adjustment in the electricity bills, for the electricity credits, if any, remaining unadjusted at the end of the settlement period, at the rates mentioned in sub-regulation (9)[1][:]

[1][Provided that such amount for the unadjusted energy shall fall due for payment by the Distribution Licensee on 30th June after the close of the relevant settlement period and in case of any delay in payment, interest shall be applicable for actual number of days by which such payment is delayed beyond 30th June at the simple rate of 12% per annum or any such rate as may be fixed by the Commission for the purpose:

Provided further that in case there is some outstanding amount against the Prosumer, the Distribution Licensee may offset such outstanding amount by adjusting the same against the amount payable by it and in that case, the interest shall cease to be payable on the date of such adjustment.]

(6) There shall be no carry forward of any electricity credit, pertaining to a settlement period [2][except that the same shall be kept flagged separately] beyond that settlement period.

(7) The distribution licensee shall reflect in the bill the energy units exported or imported, by the consumer as well as the electricity credits brought/ carried forward or adjusted as the case may be, during the billing period and the amount payable by the eligible consumer for each component of tariff (i.e. Energy Charges and Demand Charges etc.).

[3][(7A) Billing shall be done on the basis of flows recorded by the net billing meter over the billing period subject to the provisions contained in sub-regulation(8).

(7B) The Distribution Licensee shall send the bill for the billing period indicating the following:

(i) the quantum of energy imported by the Prosumer in the billing period which shall be charged at the applicable retail tariff:

(ii) the quantum of energy exported by the Prosumer in the billing period for which the Prosumer shall be entitled payment at a tariff as per the provisions of sub-clause(iii) of clause (b) of sub-regulation (9); and

(iii) all other charges as applicable as per the retail tariff such as demand charge, fixed charges etc.

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1 *Sub. for the sign "." and added provisos vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Ins. sub-regulation (7A),(7B),(7C) and (7D) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

(7C) The Distribution Licensee shall deduct the monetary value of the exported energy by the Prosumer from the monetary value of the imported energy by the Prosumer to arrive at the net amount to be billed:

Provided that in case of net billing arrangement, the energy exported by the Prosumer during a billing period shall be valued at the rate as per sub-regulation(9):

Provided further that in case some amount is payable by the Distribution Licensee, on net basis, for any billing period, such amount shall be carried forward to the bill(s) for the subsequent billing period(s) relating to the same settlement period and the settlement of the unadjusted amount, if any, as per the bill for the last billing period of that settlement period by way of payment to the Prosumer at the end of the settlement period or by adjustment against the outstanding amount as per the provisions of sub-regulation (7D):

Provided further that the energy import and energy export, as recorded by the Net billing Meter shall not be offset against each other.

(7D) In case, the net amount due against the Prosumer i.e. after adjusting the amount payable, if any, by the Distribution Licensee as per the bill for the last billing period of that settlement period works out to a negative figure, the corresponding amount shall be payable by the Distribution Licensee. Such amount shall fall due for payment by the Distribution Licensee on 30th June after the close of the relevant settlement period and in case of any delay in payment, interest shall be applicable for actual number of days by which such payment is delayed beyond 30th June at the simple rate of 12% per annum or any such rate as may be fixed by the Commission for the purpose:

Provided that in case there is some outstanding amount against the Prosumer, the Distribution Licensee may offset such outstanding amount by adjusting the same against the amount payable by it and in that case, the interest shall cease to be payable on the date of such adjustment:

Provided further that there shall be no carry forward of monetary amount of excess amount, to be paid to the Prosumer by the Distribution Licensee, beyond the settlement period except that the same shall be kept flagged separately.]

(8) In case the eligible consumer is under the ambit of time of day tariff, as determined by the Commission from time to time, the [1][flows] of electricity over the billing period shall be recorded separately for the respective times of day and the energy accounting shall be carried out separately for each Time of the Day (ToD) and the net flows during any time period, including the electricity credit if any, shall not be adjusted against the flows or the electricity credit, pertaining to any other time of the day even at the stage of settling the unadjusted electricity credits as per sub-regulation (5).

Provided that in case of consumer availing open access, the energy accounting shall also be done in accordance with open access regulations on the basis of flows and deviation for the respective time blocks in which open access is availed and the same shall be duly accounted for while raising bills.

(10) For the energy to be billed or settled as per the provisions under sub-regulation 4, 5 and 8, [2][for net metering and sub-regulations 7A,7C, 7D and 8 for net

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[1] *Sub. for the words "**net flows**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[2] *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

billing] the distribution licensee shall raise bills or carry out necessary adjustment, as the case may be, in the following manner and at the following rates:-

(i) **Energy Charges:-**

(a) The quantum of energy for which the energy charges are to be recovered by the distribution licensee for a billing period as per sub-regulation (4) shall be billed to the consumer at the rate(s) of energy charges, applicable as per the applicable tariff:

Provided that where different rates of energy charges are applicable for different times of the day (normal, peak and night hours etc.) as per the applicable tariff, the energy accounting shall be done separately for each time of day as per sub-regulation (8) and energy charges shall be recovered at respective rates for respective quantums of chargeable net energy.

[1][(b) The distribution licensee shall settle the quantum of energy to be settled for anytime of the day at the end of the settlement period in accordance with sub-regulation (5) and (8), in the following manner, namely:—

(i) in cases where the Letter of Approval is issued as per the sub-regulation (3)of Regulation 7, also duly taking into account the 3rd proviso to the same, on or before 15.11.2018, the amount payable to the consumers for such energy shall be worked out at a fixed rate of Rs. 5.00 per kWh of the energy to be settled in case of consumers covered under single part tariff and at a fixed rate of Rs. 4.50 per kVAh in case of consumers covered under two parts tariff:

Provided that if the amount of subsidy or grant or both, available to eligible consumer under the relevant scheme(s) of the Government(s) (State or Centre) or their agencies, exceeds 50% of the normative capital cost of the rooftop solar PV system, the aforesaid rates of Rs. 5.00 per kWh and Rs.4.50 per kVAh, as applicable, shall be reduced by 50% and such eligible consumer shall, for such purposes, be deemed to have availed the total (maximum) subsidy or grant, or both, as available under such scheme(s) irrespective of the amount actually availed by him;

(ii) in cases where the Letter of Approval is issued as per the sub-regulation (3) of Regulation 7, also duly taking into account the 3rd proviso to the same, after 15-11-2018—

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[1] *Subs. sub-clause (b) of clause (i) vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016 and before its substitution read as under:*

" (b) For the quantum of energy to be settled for any time of the day at the end of the settlement period in accordance with sub-regulation 5 and 8, the distribution licensee shall pay, byway of adjustment of amount in future electricity bills, at a fixed rate of Rs. 5.00 per kWh of the energy to be settled in case of consumer covered under single part tariff and at a fixed rate Rs. 4.50 per kVAh in case of consumer covered under two parts tariff:

Provided that the if the amount of subsidy or grant or both, available to eligible consumer from Government agencies exceeds 50% of the capital cost of the rooftop solar PV system, the aforesaid rates of Rs. 5.00 per kWh and Rs. 4.50 per kVAh, as applicable, shall be reduced by 50%;

Provided further that the Commission may, by order, revise the aforesaid rates of Rs. 5.00 per kWh and Rs. 4.50 per kVAh, as and when it finds it expedient to do so;

Provided further that in the event of revision of such rates as per the second proviso to this sub-regulation, such revised rates shall be applicable only for such cases in which letter of approval is yet to be issued in accordance with the provisions contained in the regulation 7."

(a) in case of the domestic supply consumers, the amount payable to the consumers for such energy shall be worked out at the rate(s) determined by the Commission from time to time by considering the subsidy available to such consumers (in percentage) under the relevant scheme(s) of Government(s) (State or Centre) or their agency(ies), appropriate financial and technical parameters alongwith other terms and conditions; and

(b) in case of consumers, other than domestic supply consumers, the distribution licensee shall settle such energy at the end of the settlement period at zero rate *i.e.* without any payment for the same.]

[1][(iii) in cases where the Letter of Approval is issued as per the sub-regulation (3) of Regulation 7, also duly taking into account the 3rd proviso to the same or the Prosumer otherwise submits his one time option for the change over to the solar metering arrangements as per Sub-regulation (2) of Regulation 4 of these Regulations, on or after the first day of the month of September, 2022, the settlement shall be done at a rate of 50% of the weighted average per kWh rate at which it has purchased power from the ground mounted solar PV plant upto 5.00 MW capacity located in the State during the calendar year ending on 31st December falling in the settlement period immediately preceding the settlement period for which the rate is to be determined:

Provided that in case the Prosumer is entitled to a subsidy and/or grant and/or incentive etc. under any Government Scheme, such settlement shall be done at a rate equivalent to that worked out at such percentage of the aforesaid weighted average rate as specified in the Table-5 below:-

Table-5

Sl. No.	**Subsidy and/or grant and /or incentive etc. as a percentage of the normative capital cost/benchmark capital cost considered by MNRE or any other Government Agency which provides subsidy**	**Percentage of weighted average rate to be considered for settlement.**
1	Less than 50%	40%
2	50% or more but less than 70%	30%
3	70% or more but less than 90%	25%
4	90% or more	15%

Provided further that in cases where any part of subsidy and/or grant and/or incentive etc. is provided at a lump sum rate instead of expressing the same as a percentage of normative capital cost/benchmark capital cost, the benchmark capital cost considered by MNRE for the purpose of subsidy shall be considered:

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[1] *Ins. vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Provided further that in cases where such subsidy and/ or grant and/or incentive is available in more than one Government Scheme, the sum total of percentage rates of subsidy and/or grant and/or incentive available under each of the Government Schemes shall be considered for this purpose:

Provided further that in case, the normative capital cost/ benchmark capital cost for any year is not fixed by MNRE or any other Government Agency providing the subsidy, the Commission may fix by order, the same, for that year:

Provided further that in case of the Prosumers covered under net billing arrangement, the valuation of the energy exported by the Prosumer shall be done for each billing period under the settlement period at such rate:

Provided further that in case of Prosumers covered under net billing arrangement for whom two part tariff is applicable, the adjustment shall be done in kVAh and the per kVAh tariff shall be worked out on the basis of average power factor maintained by the Prosumer in the relevant period.]

(ii) Demand Charges:-

The licensee shall recover the demand charges, including the additional demand charges for peak load hours and the contract demand violation charges, from the consumer as per the provisions of applicable tariff:

Provided that actual net demand of power, drawn from the distribution system, during any demand period (time block of 30 months or any other time block as per the tariff order) shall be considered as the actual demand of the consumer in that demand
period;

Provided further that average demand for any time of day block of the billing period shall also be worked out on the basis of the net import, if any, of energy by the eligible consumer during the billing period (but without adjustment of electricity credits) from the distribution system in respect of respective times of the day over the billing period.

[1]**[(iii) Other charges:—**

(a) Any other charges as per the applicable tariff shall be charged to the consumer at par with other consumers of similar category who are not generating any Rooftop Solar PV power under this scheme.

(b) In cases where the consumer is getting supply at a voltage lower than the standard supply voltage specified in the Supply Code, the Low Voltage Supply Surcharge (LVSS) shall be charged as per the rate(s) approved in the tariff orders issued by the Commission from time to time on the sum total of the solar generation and the total consumption of the consumer in each billing month.]

[1][(c) The Late Payment Surcharge shall be recoverable by the Distribution Licensee from the Prosumer only for the net amount recoverable from

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[1] *Subs. vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016 and before its substitution read as under:*

"(iii) Other charges:-

Any other charges as per the applicable tariff shall be charged to the consumer at par with other consumers of similar category who are not generating any Roof Top Solar PV power under this scheme."

the Prosumer i.e. after adjusting the amount payable by the Distribution Licensee, if any, to the Prosumer:

Provided that such adjustment shall be permissible only on or after the date when any such amount payable by the Distribution Licensee falls due for payment:

Provided further that no Late payment Surcharge shall be applicable for the billing period for which the amount recoverable from the Prosumer may work out to zero or a negative figure.]

(iv) The licensee shall not be required to pay any charges to the eligible consumer for any deemed generation in case non-evacuation of power due to non-availability of grid or any such reason.

(v) In case the applicable tariff provides for billing on kVAh basis, the net import or export of energy and electricity credits etc. shall also be accounted in kVAh.

(vi) The distribution licensee shall, in addition to applicable tariff, also be eligible to raise invoice for any other charges as allowed by the Commission.

(10). The distribution licensee shall also take the readings of solar meter for recording total solar power generated by [2][rooftop solar system] of consumer for its Renewable Power Purchase Obligation (RPPO) [3][and also for computing the energy consumption of the consumer.]

(11). All the rules, regulations and conditions, applicable to the consumers of the distribution licensee for the applicable category, shall also be applicable to the eligible consumer.

[4][(12) The accounting of electricity generated, consumed and injected by the rooftop solar system under these Regulations shall become effective from the date as per sub-regulation (5) of Regulation 7 of these Regulations.

(13) Where the service connection of any Participating Consumer(s) is disconnected due to any reason under any law for the time being in force, the unadjusted units/remaining credits of that Participating Consumer shall be paid by the Distribution Licensee at the end of the applicable settlement period.]

11. [5]**[**Omitted**]**

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[1] *Ins., vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[2] *Sub. for the words "**Solar PV system**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[3] *Added words for sub-regulation (10) vide Not. No. HPERC-H(1)-11/2015dated 6th November, 2018 published in R.H.P. dated 14th November, 2018 at p. 6010-6016.*

[4] *Ins. Sub-regulations (12) and (13) vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[5] *Omitted, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

12. Renewable Power Purchase Obligation.- The quantum of electricity generated by the eligible consumer under these regulations shall qualify towards compliance of Renewable Power Purchase Obligation (RPPO) of the distribution licensee:

Provided that where the eligible consumer is himself an obligated entity, only the quantum of electricity generated by him over and above his Renewable Power Purchase Obligation during a quarter, shall qualify towards compliance of Renewable Power Purchase Obligation of the distribution licensee for that quarter.

13. Participation under Renewable Energy Certificate Mechanism. –(1) Nothing contained in these regulations shall apply to a Solar PV generator, intending to sell power under Renewable Energy Certificate mechanism and he shall be free to sell power under such mechanism, as per the provisions of the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.

(2) The eligibility for Renewable Energy Certificate and issue of such certificate for Renewable Energy shall be as per the eligibility criteria specified under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.

14. Penalty or Compensation.- In case of failure of net metering system, the provisions of penalty or compensation shall be applicable as per the provisions of the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.

15. Applicability of Other Provisions.- The provision of HP Electricity Supply Code, HP Electricity Distribution Code, HP Grid Code and tariff orders issued by the Commission from time to time, shall be applicable, in respect of the matters, not specifically dealt in these regulations.

16. Powers to remove difficulties.- If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by a general or special order, make such provisions not being inconsistent with the provisions of these regulations or the Act, as may appear to be necessary or expedient for the purpose of removing the difficulties.

17. Powers to give directions.- The Commission may from time to time issue such directions/ guidelines/orders as considered appropriate for the smooth implementation of these Regulations.

18. Powers to relax.- The Commission may by general or special order, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

19. Powers to amend.- Subject to the provisions of Electricity Act, 2003, the Commission may, from time to time, add, vary, alter, suspend, modify, amend or repeal any provisions of these regulations.

By order of the Commission
Sd/-
Secretary

[1][Form-1

(see sub-regulation (1) of regulation 7)

Application Form for Installation of Rooftop Solar System

To
Designated Officer*
(Name of office)
Date:

I/we herewith apply and request for a solar energy net metering, net billing or group metering connection for the Rooftop Solar system details of which are given below.

1	Name of applicant	
2	Address of applicant	
3	K-Number (A/C No.)	
4	Sanctioned Contract Demand(kVA) connected load in kW	
5	Applicable tariff / Category	
6	Telephone number(s)	
7	Email ID	
8	Capacity of the proposed Rooftop Solar System (AC Capacity)	
9	The arrangement under which the rooftop solar system is proposed i.e. Net Metering/Net Billing/Group metering	
10	Bank details: Name of Account Holder: Name of Bank: Account Number: Name of Branch: IFSC details: Type of Account:	
11	Available subsidy and/or grant and/or incentive under different Government scheme; if any.	

I/We agree to pay the required charges as may be demanded in accordance with the Codes and Regulations.

I / We agree to install the plant in accordance with the protection and Safety Standards as mandated in the Regulations relating to Safety.

I / We agree to enter into the agreement as per the Regulation.

I/We agree to bear the entire cost of erection of separate service line, to inject the total generated power into the grid in case of gross metering arrangement.

Name:

Signature:

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[1] *Sub. Form-1 under sub-regulation(1) of Regulation 7, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Net Metering/Net Billing/Group Metering Application Acknowledgement

Received an application for a solar energy net metering/ net billing/ group metering connection form,

Name :
Date:
K-Number (A/C No.) :
Application registration no.:
Rooftop Solar System Capacity :
Name of Officer :
Signature :
Designation:
Distribution Licensees:]

FORM-2

(see sub-regulation (1) of regulation 7)

[1][Solar Metering Connection Agreement]

This Agreement is made and entered into at (location)……..on this (date) …….day of (month)……. Between …… who is a consumer of the distribution licensee with sanctioned contract demand of ……. kVA at …… and intends to install Rooftop Solar PV Grid Interactive System at his premises …….. (address)…… as **First party, and**……. distribution Licensee (herein after called as…… (Name of Discom) ……. and having its registered office at …….(address)…… as **Second party** of the agreement. And whereas, the ……(Name of Discom)……..agrees to facilitate the Rooftop Solar PV Energy Generator for the electricity generated from his Rooftop Solar PV Grid Interactive System of capacity…….[2][kWp] and as per conditions of this agreement and [3][Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System) Regulations, 2015 as amended from time to time (hereinafter referred to as "Rooftop Solar Regulations")/Order] issued by the Himachal Pradesh Electricity Regulatory Commission. Both the party hereby agrees to as follows:

1. Eligibility

1.1 Eligibility for [4][relevant metering arrangement] shall be as specified in the [5][Rooftop Solar Regulations]. First Party is required to be aware, in advance, of the

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1 *Sub. for the words "**Net Metering Connection Agreement**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the word "**watts**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. for the words and sign "**Net Metering regulations/orders**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Sub. for the words "**net -metering**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. for the words "**Himachal Pradesh Electricity Regulatory Cmmission (Rooftop Solar PV Grid Interactive System based on Net Metering) Regulations, 2015**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

standards and conditions his system has to meet, for being integrated into grid/distribution system.

2. Technical and Interconnection Requirements

2.1 First Party agrees that his [1][Rooftop Solar PV system] and net- metering system willconform to the Standards and requirements mentioned in the following Regulations, codes and any other relevant provisions and also that he shall be continued to be governed by all such regulations, codes and other relevant provisions.-

(i) the Central Electricity Authority (Technical Standards for connectivity of the Distributed Generating Resources) Regulations, 2013;
(ii) the Central Electricity Authority (Installation and Operation of Meters) Regulation 2006;
(iii) the Himachal Pradesh Electricity Distribution Code, 2008;
(iv) the Himachal Pradesh Electricity Supply Code, 2009;
(v) any other provisions applicable to the electricity consumer of the distribution licensee.

2.2 First Party agrees that he has installed or will install, prior to connection of [2][Rooftop Solar System] to Second Party's distribution system, an isolation device (both automatic and inbuilt within inverter in case of Solar PV Generation and external manual relays) and agrees for the Second Party to have access to and operation of this, if required and for repair ……(Name of Discom)……and maintenance of the distribution system.

2.3 First Party agrees that in case of a power outage on Second Party's system, [3][Rooftop Solar System] will shut down, automatically and his plant will not inject power into Licensee's distribution system.

2.4 All the equipment connected to distribution system must be compliant with relevant international (IEEE/IEC) or Indian standards (BIS) and installations of electrical equipment must comply with the Central Electricity Authority (Measures of Safety and Electricity Supply) Regulations, 2010.

2.5 First Party agrees that licensee will specify the interface/interconnection point and metering point.

2.6 First Party and Second Party agrees to comply with the relevant CEA regulations in respect of operation and maintenance of the plant, drawing and diagrams, site responsibility schedule, harmonics, synchronization, voltage frequency, flicker etc.

2.7 Due to Second Party obligation to maintain a safe and reliable distribution system, eligible consumer agrees that if is it determined by the Second Party that First

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1 *Sub. for the words "**Solar PV generation plant**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Party's [1][Rooftop Solar System] either caused damage to and/or produces adverse effects affecting other consumers or Second Party's assets, First Party will have to disconnect [2][Rooftop Solar System] immediately from the distribution system upon direction from the Second Party and correct the problem at his own expense prior to a reconnection.

3. Clearances and Approvals

3.1 First Party agrees to obtain all the necessary approvals and clearances (environmental and grid connection related) before connecting the [3][Rooftop Solar System] to the distribution system.

4. Access and Disconnection

4.1 Second Party shall have access to metering equipment and disconnecting means of [4][Rooftop Solar System], both automatic and manual, at all times.

4.2 In emergency or outage situation, where there is no access to a disconnecting means, both automatic and manual, such as a switch or breaker, Second Party may disconnect service to the premise.

5. Liabilities

5.1 First Party and Second Party will indemnify each other for damages or adverse effect from either party's negligence or intentional misconduct in the connection and operation of [5][Rooftop Solar System] or Second Party distribution system.

5.2 Second Party and First Party will not be liable to each other for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for indirect, consequential incidental or special damages, including, but not limited to, punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, or otherwise.

5.3 Second Party shall not be liable for delivery or realization by First Party for any fiscal or other incentive provided by the Central/State Government beyond the scope specified by the Commission in its relevant order.

6. Commercial Settlement

6.1 All the commercial settlement under this agreement shall follow the [6][Rooftop Solar Regulations] and relevant Orders of Himachal Pradesh Electricity Regulatory Commission.

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1 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

2 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

3 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

4 *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

5 *Sub. for the words "**Photovoltaic System**, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

6 *Sub. for the words "**Net Metering Regulations**", vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

7. Connection Costs

7.1 The First Party shall bear all costs related to setting up of [1][Rooftop Solar System] including metering and interconnection costs. The First Party agrees to pay the actual cost of modifications and upgrades to the service line required to connect [2][Rooftop Solar System] in case it is required.

8. Termination

8.1 The First Party can terminate agreement at any time by providing Second Party with 90 days prior notice.

8.2 Second Party has the right to terminate Agreement on 30 days prior written notice, if eligible consumer breaches a term of this Agreement and does not remedy the breach within 30 days of receiving written notice from Second Party of the breach

8.3 First Party agrees that upon termination of this Agreement, he must disconnect the [3][Rooftop Solar System] from Second Party's distribution system in a timely manner and to Second Party's satisfaction.

In the witness, whereof of Mr……..for and on behalf of First Party and Mr…….for and on behalf of Second Party sign this agreement in two originals.

First Party
Name

Second Party
Name

Address

Designation

K-Number (A/C No.) of consumer Office Address

Discom :-Distribution Licensee of the area.

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[1] *Sub. for the words "**Photovoltaic System**, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[2] *Sub. for the words "**Photovoltaic System**, vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

[3] *Sub. for the words "**Photovoltaic System**" vide Not. No. HPERC-H(1)-11/2015 dated 14TH September, 2022 and published in R.H.P. dated 16th September, 2022 at p. 4721-4735.*

Notification and Orders issued
Under
[1][The Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Order, 2019].

NOTIFICATION
Shimla, the 30th March, 2019

No. HPERC-H(1)-11/2017.—The Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred by Section 181 and under sub-regulation (9) of Regulation 10 of the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Regulations, 2015 and all other powers enabling it in this behalf, after previous publications, hereby makes the following Order, namely:—

ORDER

1. Short title.—This Order may be called the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Order, 2019.

2. Applicability. —(i) This Order shall be applicable to such domestic supply consumers to whom Letter of Approval for installing Rooftop Solar PV Grid Interactive System based on Net Metering is issued after 15th November, 2018 as per the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Regulations, 2015 and who have thereafter installed such system.

(ii) This order shall be applicable only in such cases where the domestic supply consumer installs the solar rooftop photovoltaic (PV) grid interactive system based on net metering which directly convert Solar Energy into Electricity, using the crystalline silicon or thin film technology or any other technology as approved by the Ministry of New and Renewable Energy and are connected to the Grid.

3. (i) The distribution licensee shall compute the per kWh rate payable to domestic supply consumers for the energy credits at the close of settlement period from their Rooftop Solar PV Grid Interactive System based on Net Metering for each settlement period and the same shall be equal to 30% of the weighted average per kWh rate at which it has purchased power from the ground mounted solar PV plant upto 5 MW capacity located in the State during the calendar year ending on 31st December falling in the relevant settlement period for which the rate is to be determined.

(ii) This tariff/rate shall be subject to the provisions of the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System based on Net Metering) Regulations, 2015 and the orders as may be issued by the Commission thereunder from time to time.

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[1] *Published in R.H.P. dated 2nd April, 2019 at p. 35-36.*

(iii) The distribution licensee shall make payment, as per the above mentioned tariff/rate, to the eligible domestic consumers, for the electricity credits, if any, remaining unadjusted at the end of settlement period during the useful life of 25 years of the rooftop solar PV system.

(iv) The distribution licensee shall workout the weighted average rate for purchase of energy in respect of each calendar year on the above lines and upload on its website, the rate payable for each completed settlement period by 15th day of the month of February in each year *i.e.* about 45 days immediately preceding the close of the relevant settlement period for which the rate is to be determined.

Place: Shimla.
Date: 30th March, 2019

By order of the Commission
Sd/-
Secretary.

[1][The Himachal Pradesh Electricity Regulatory Commission (Authorised Consumer Representative) Regulations, 2016]

NOTIFICATION

No. HPERC-712(1)/2012 Dated, Shimla the 30th July, 2016

WHEREAS the Electricity Act, 2003, mandates inter alia for taking measures conducive to the protection of interest of consumers and supply of electricity in all areas and contains elaborate provisions, seeking to safeguard the consumers interest, in its Sections 22,42,43,56,57,60,61 (d), 62 (1), 63, 64, 81(d) and 88 (d) and as a sequel to the said provisions, the National Electricity Policy/ Tariff Policy also contains provisions for protection of consumers interest;

AND WHEREAS, the mandate given to the Commission is to protect consumers, the Commission has not only to look after the interest of only a handful high-end consumers, but also the interest of the consumers at large, the most of whom are scattered low income subsidized consumers, and have no common platform to present their views, properly well in time, due to lack of requisite information;

AND WHEREAS the Commission, while exercising regulatory power and in particularly dealing with matters concerning the ARR, of the Licensees/ Distribution Company, tariff determination and other tariff related matters in discharge of the functions and powers vested under the Electricity Act, 2003, exercises inquisitorial powers and it is not only to consider the material, which is placed before it by the parties, but is also to accord hearing to all the stakeholders and objectors, with regard to the entire material placed before it. In the process of determination of tariff, transmission and wheeling charges, alongwith surcharge/additional surcharge etc. an opportunity to consumers, have a say in the matter;

AND WHEREAS to achieve the aforesaid objective, section 94 (3) of the Act (ibid) empowers the Commission to authorize any person, as it may deem fit, to represent the interest of consumers in the proceedings before it; and the Consumer Representative plays yeoman's role in such proceedings, and vindicates views impartially to protect the consumers interest;

NOW THEREOF in exercise of the powers conferred upon it by section 181, read with section 94(3) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission (hereinafter called "the Commission") proposes to make the Himachal Pradesh Electricity Regulatory Commission (Authorised Consumer Representative) Regulations, 2016, and hereby publishes the proposed draft regulations, as required by sub-section(3) of section 181 of the said Act, read with rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2 2005, for the information of all the persons likely to be affected hereby; and notice is hereby given that the said draft regulations will be taken into consideration after the expiry of 30 days from the date of their publication in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may, within the aforesaid period, be received in respect thereto. The draft of proposed regulations is also available on the HPERC website www.hperc.org.

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1 *Published in R.H.P. dated 1st August, 2016 at p. 3110-3118.*

The objections or suggestions in this behalf can be sent by post to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Keonthal Commercial Complex, Khalini, Shimla-171002, or by e-mail to hperc@rediffmail.com or by fax to + 91-177-2627162.

1. Short Title and Commencement.- (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Authorized Consumer Representative) Regulations, 2016.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh**.**

2. Definitions.- (1) In these "regulations" unless the context otherwise requires,-

(a) "Act" means the Electricity Act, 2003 (36 of 2003);

(b) "Appendix" means the Appendix to these regulations;

(c) "Commission" means the Himachal Pradesh Electricity Regulatory Commission;

(d) "Consumer Representative (CR)" includes any individual, firm, body or association of persons, not in the employment of the Commission, who or which possesses or has access to knowledge, experience or skill in dealing with problems relating to the electrical engineering and is familiar with the consumer and tariff regulatory affairs and who may be authorised by the Commission to represent the interest of the consumers in the proceedings before it or to assist the Commission on any matter required to be dealt with by the Commission, under the Act;

(2) The words or expressions used herein and not defined in these regulations but defind in the Act, shall have the meaning assigned to them in the Act.

3. Categorisation of Consumer Representatives.-The Consumer Representatives (CRs), to be authorized under these Regulations, will be categorized into one of the following two categories:-

(a) Institutional Consumer Representatives (CRs);

(b) Individual Consumer Representatives (CRs);

4. Eligibility Criteria for selection as Consumer Representative (CR).- (1) Criteria for selection as Institutional Consumer Representative (CR)-

(a) The applicant organization shall be registered under applicable laws, preferably working for three (3) years on matters concerning consumer grievances/tariff regulatory affairs.

(b) The applicant shall preferably be a 'not for profit' kind of organization.

(c) The applicant organization shall be either:
(i) a research and academic institution, or

(ii) and advocacy group, such as NGO working in public interest, or

(iii) associations of consumers and professionals.

(d) The applicant organization shall furnish information as per Appendix-A to these Regulations alongwith adequate data/ documents as proof of its working in the interest of electricity consumers.

(2) Criteria for selection as Individuals Consumer Representative (CR)-

(a) An individual applicant shall be a person of experiences, ability integrity and standing, who has adequate knowledge of and has shown capacity in dealing with problems relating to the electrical engineering, finance, commerce, economics, law, administration and management etc. and has held strategic positions in the said fields under the Government or its undertaking, and is familiar with consumer affairs or regulatory affairs; or had been the representative of the registered voluntary consumer protection organizations NGOS or consumer activists with experience of at least three years in dealing with the matters concerning "consumergrievances"/tariff regulatory matters:

Provided that a person to be authorised to as a Consumer Representative shall not have been in the employment in any capacity or agency of, the licensee for a minimum period of one year prior to his being engaged as the Consumer Representative (CR) under these regulations.

(b) Proof of recognition and experience of an individual person, shall be considered for his/her being authorized to represent the interest of consumers in the proceedings before the Commission.

(c) An Individual Consumer Representative (CR) shall not be a member of an Institutional Consumer Representative (CR).

(d) The applicant shall furnish information as per Appendix-B to these Regulations alongwith adequate data/documents as proof of his/her working in the interest of Electricity Consumers.

(e) Knowledge of spoken and written Hindi Language apart from English would be preferable.

(3) The Commission, while selecting a Consumer Representative (CR), may keep the following in view, as the minimum eligibility requirement:-

(a) Suitability to make representations on behalf of the electricity consumers having regard to past experience in similar proceedings;

(b) Past experience in representing the interests of certain categories of consumers/ institutions/parties, local industry, Chambers of Commerce and Trade Associations, etc.

(c) Before authorizing a Consumer Representative (CR), the Commission shall satisfy itself that the applicant organization/ Individual does not have any financial or other interest which is likely to affect prejudicially its/his/her functions as an authorized Consumer Representative (CR).

5. **Process for authorization of Consumer Representatives (CRs).—**

(1) The Commission shall invite applications for enlistment of Consumer Representatives (CRs) through public advertisement in two (2) daily newspapers one in English Language and one in Hindi Language having wide circulation in the State, as the Commission deems fit, and shall also upload the Notice on its website:

Provided that applications shall, as far as practicable, be invited 30 days in advance of the expiry of authorization of Consumer Representatives (CRs).

(2) An organization(s) or an individual person shall be authorized by the Commission as Institutional Consumer Representative (CR) or Individual Consumer Representative (CR) under these regulations on the recommendations of a Selection Committee.

(3) The Commission shall, subject to the terms and conditions as it may determine, form a Selection Committee for recommending the names for enlisting eligible persons to be authorised to represent the interests of the consumers in the proceedings before the Commission or to assist the Commission an any specific matter required to be dealt with under the Act;

(4) The Selection Committee shall submit its recommendations to the Commission on the suitability and eligibility of an applicant for becoming a Consumer Representative (CR) and the Commission may, on the recommendations of the Selection Committee, authorize the selected organization or individual person as Institutional Consumer Representative (CR) or Individual Consumer Representative (CR) under these regulations;

6. Publication of List of Authorized Consumer Representatives.- The Commission shall notify the name of the authorized CR by issuing notices in at least the same daily English and Hindi language newspapers through which the applications were invited and such information shall also be uploaded on the website of the Commission.

7. Total Number of CRs and areas to be represented.- (1) There shall be a **'Panel of Consumer Representatives (CRs)** comprising of a maximum of two (2) Institutional Consumer Representatives (CRs) and three (3) Individual Consumer Representatives (CRs).

(2) The Panel specified in sub-regulation (1) of Regulation 7.1 shall indicate the fields of expertise of the Individual Consumer Representatives (CRs).

(3) The Commission may invite a suitable number of CRs from the **'Panel of Consumer Representatives (CRs)** on case to case basis:

Provided that the Commission will keep in view the expertise of the Consumer Representative (CR) and relevant to the proceedings, while issuing notice to the Consumer Representatives (CRs).

8. Tenure of a Consumer Representative (CR).-(1) An Institutional Consumer Representative (CR) shall be authorized for a maximum period of six (6) years from the date of its authorization.

(2) An Individual Consumer Representative (CR) shall be authorized for a maximum period of three (3) years from the date of his/her authorization.

(3) The Commission may consider re-appointing an Institutional Consumer Representative (CR)/Individual Consumer Representative (CR) keeping in view the following factors:-

(a) Number of appearances made against the notices issued by the Commission inviting the said Consumer Representative (CR) to represent the interest of the Consumers in the proceedings before the Commission;

(b) The functions and duties performed by the said Consumer Representative (CR) assigned to him under regulation 10.

(4) In the event any Consumer Representative (CR) wishes to have the authority vested on it withdrawn, such Consumer Representative (CR) shall make an appropriate application to the Commission.

9. Nature of Proceedings before the Commission.- (1) The Commission shall intimate such of the Institutional Consumer Representatives (CRs) and /or Individual Consumer Representatives (CRs) and invite them, as may be required by the Commission, keeping in view the types of proceedings including the following and the demonstrated expertise of the Consumer Representative (CR) viz-a-viz the specific proceedings:-

(a) **Tariff Functions/Licensing Functions.-**

(i) Proceedings pertaining to Tariff Determination for Generation, Transmission, Supply and Wheeling of Electricity, Regulating Electricity Purchase and Procurement Process of Distribution Licensees, and analogous proceedings;

(ii) Proceedings pertaining to issuance of Licenses for Distribution, Transmission or Trading of electricity;

(iii) Proceedings pertaining to promotion of co-generation, generation from renewable energy sources, grid connectivity, purchase electricity from such sources, and analogous proceedings;

(b) **Penal Proceedings/Enforcement Proceedings.-**

(i) Non-compliance of directions of the Commission, orders of the Forums and Electricity Ombudsman, Non-compliance of Regulations made under the Act, penalty under Sections 33, 142,146,149 as the case may be;

(ii) Enforcement of standards of performance of licensees/Utilities.

(c) **Adjudication Proceedings.-**

(1) Adjudication of disputes between the licensees and generating companies.

(2) The Commission may seek testimony or advice or opinion on specific issues, from the Consumer Representatives (CRs) in any proceedings not mentioned in sub-regulation (1).

(3) The non-attendance of a Consumer Representative (CR) in any proceedings of the Commission, shall not invalidate the proceedings.

10. The functions and duties of the CRs.- (1) The CRs shall.-

(a) represent the interests of consumers in the proceedings before the Commission;

Provided that a Consumer Representative (CR) shall not file representation for any particular party in any proceedings before the Commission.

(b) make suggestions to the Commission for capacity building of consumer groups and their effective representation before the Commission;

(c) take steps that enhance the efficiency of regulatory processes before the Commission.

(2) The Commission may also from time to time direct the Consumer Representatives (CRs) to take any all of the following measures:-

(a) to educate consumers in respect of energy saving, methodology to tide over shortage situation, Demand Side Management and Consumer's Rights in terms of the service to be provided by the Distribution Licensees;

(b) to provide testimony or advice to the Commission for the implementation of the Commission's orders and regulations for safeguarding the interests of the Consumers;
(c) to assist the Commission in improving efficiency and efficacy in the consumer grievance redressal mechanism;
(d) to bring to the notice of the Commission instances of any non-implementation/.non-compliance of the Commission's Orders and regulations:

Provided that unless specifically authorized by the Commission, in writing, the Consumer Representative (CR) while performing the functions as specified in these regulations, shall not make any direct communication with any Utility or the Forum or the Electricity Ombudsman, asking for any information:

Provided further that the aforesaid restriction is without prejudice to the right which a Consumer Representative (CR) may have under any law for the time being in force.

11. Withdrawal of authorization of a Consumer Representative (CR).-(1) The Commission may review the performance of the Consumer Representative (CRs).

Provided that when the Commission deems fit, it may formulate a suitable mechanism to review/evaluate quality, level of participation of the Consumer Representative (CRs), from time to time:

Provided further that the Commission may seek recommendations of the Selection Committee on the performance of the Consumer Representative (CRs).

(2) The Commission may, after consulting the Selection Committee, withdraw the authority given to a Consumer Representative (CR) if the Commission finds that its performance or quality of its representations are not in the interest of electricity consumers or electricity industry or if frivolous interventions have been made in the past or for any other sufficient and just reasons:

Provided that the Commission shall seek representations either in writing or orally from the concerned Consumer Representative (CR) before the authority given to the Consumer Representative (CR) is withdrawn.

12. Intimation of Change.- The Institutional Consumer Representative (CR) shall intimate and notify the Commission promptly in the event there is any change in the information supplied by him at the time of making application for being authorized as a Consumer Representative (CR):

Provided that the authorization accorded to a Consumer Representative (CR) shall become liable to be withdrawn if any material information or change in information is not disclosed to the Commission.

13. Fee or honorarium and other allowances.- (1) The fee or honorarium, TA/DA and other allowances payable, and other terms and conditions for performing the functions and discharging the duties under regulation 10, shall be such as may be determined by the Commission:

Provided that where the experience, expertise, qualifications and credentials are paramount requirements and the persons of requisite qualifications and experience are rarely available, a consolidated amount may be negotiated and decided by the Commission depending on the merits of individuals and the nature of the proceedings.

(2) The Secretary of the Commission shall be the Controlling Authority in respect of such traveling and other allowances.

14. Saving of inherent powers of the Commission.- Nothing in these Regulations shall bar the Commission from adopting a procedure which is at variance with any of the provisions of these Regulations if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure prescribed in these Regulations.

15. General power to amend:- The Commission may at any time and on such terms as it may think fit amend any provision of these Regulations for the purpose of achieving the objectives for which these Regulations have been made.

16. Power to remove difficulties:- If any difficulty arises in giving effect to any of the provisions of these Regulations the Commission may, by general or special order, make such provisions, not being inconsistent with the provisions of the Act, which appears to it to be necessary or expedient for the purpose of removing the difficulty.

Sd/-
(Kameshwar Singh Dhaulta)
Secretary,
HPERC, Khalini, Shimla-02

APPENDIX-A

Information to be submitted by the Applicant desirous of being authorized as Institutional Consumer Representative

The applicant Institution/ Organization shall furnish the following information to the Commission alongwith the documentary proofs, as may be applicable:-

- Name of the Institution/ Organization and address,
- Correspondence address and contact details (telephone, mobile, email, etc.),
- Type of Organization, date of registration (alongwith photocopy of registration),
- Full details and experience of executives/ persons working for the organization, with the period of working with the organization- full time as well as on part time basis, Voluntary/ honorary, or on payment of compensation,
- Full details of the working members of the organization, who hold assignments of profits, in any way, connected with the electricity distribution system of the area, or anywhere within the State,
- Details of Branches, their Locations, strengths,

  Overall budget, Annual expenses, Sources for its funding,
- Balance sheets, Income and Expenditure details, for the past 3 years,
- Whether and particular school or thought, specialization, or interest in scientific research/study etc., with reports, if any, has been followed, preferably concerned with electricity sector/ consumers,
- Brief details of the matters handled in the past (by various branches) concerning electricity consumers in the State, related with the Electricity Act, Rules and Regulations, procedures, etc.,
- Desire to represent all type of electricity consumers or only any particular, Domestic, Commercial, and Industries (Specialty/experience based),

  Desire to represent the electricity consumers of entire State or from a particular area only,
- Full particulars of all available individual members of the organization, who will generally be representing the consumers in various types of proceedings before the Commission, alongwith their field/s of interest expertise. The list of persons may also define as the ‘main’ and ‘alternate’ persons.

- *Declaration of contribution received by the Institutions/organization:-*

(a) the contribution in excess of twenty thousand rupees received from a political party, in a year, in the three financial years preceding the year of making application before the Commission;

(b) the contribution in excess of twenty thousand rupees received from companies other than Government companies, in a year, in the three financial years preceding the year of making application before the Commission.

APPENDIX-B

Information to be submitted by the Applicant desirous of being authorized as Individual Consumer Representative.

- Personal details– Name; residential address; postal address; contact details (telephone, mobile, email, etc.); nationality/domicile.
- Curriculum Vitae with full details of assignments in electricity distribution system in its area of residence, or anywhere within the State of Himachal,
- IT Returns for the past 3 years, if any,
- Whether any particular school of thought, specialization, or interest in scientific research/study etc. with reports, if any, has been followed, preferably concerned with electricity sector,
- Brief details of the matters handled in the past concerning electricity consumers in the State, related with the Electricity Act, Rules and Regulations, procedures, etc.,
- Desire to represent all types of electricity consumers or only any particular type(s)/segments of the electricity consumers, for example, Agriculture, Domestic, Commercial, and Industries (Specialty/Experience based).
- Desire to represent the electricity consumers of entire state or from a particular area only.
- *Declaration of contribution received:-*

(a) The contribution in excess of twenty thousand rupees received by such CR from a political party in the three financial years preceding the year of making application before the Commission;

(b) The contribution in excess of twenty thousand rupees received by such CR from companies other than Government companies in the three financial years preceding the year of making application before the Commission.

[1][The Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017]

Amended, repealed and otherwise affected by-

1. *(First Amendment) Regulations, 2017 notified vide the Not. No. HPERC/428 dated 07.05.2018 published in R.H.P. dated 18.05.2018 at p. 1595-1596.*
2. *(Second Amendment) Regulations, 2019 notiifed vide the Not. No. HPERC/428 dated 28th January, 2019 published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*
3. *(Third Amendment) Regulations, 2019 notified vide the Not. No. HPERC/428 dated 11th November, 2019 published in R.H.P. dated 18th November, 2019 at p.7983-7995.*
4. *Corrigendum (Third Amendment) Regulations, 2019 dated 28th November, 2020, published in R.H.P. dated 1st December, 2020 p. 5512-5513.*
5. *(Fourth Amendment) Regulations, 2020 notified vide the Not. No.HPERC/428 dated 8th September, 2020 published in R.H.P. dated 15th September, 2020 at p. 3561-3570.*
6. *(Fifth Amendment) Regulations, 2020 notified vide the Not. No.HPERC/428 dated 20th November, 2020 published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*
7. *(Sixth Amendment) Regulations, 2023 notified vide the Not. No.HPERC/428 dated 27th January, 2023 published in R.H.P. dated 1st February, 2023 at p. 9640-9644.*
8. *(Seventh Amendment) Regulations, 2023 notified vide the Not. No.HPERC/428 dated 22nd September, 2023 published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

NOTIFICATION

Shimla, the 16th *November,* 2017

No. HPERC/428.—WHEREAS the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012, specified norms and other provisions for the Renewable Energy projects for the control period extending upto 30-09-2017 and thus it has become necessary to put in place the new regulations commencing from 01-10-2017;

AND WHEREAS the Commission, as required under sub-section (3) of Section 181 of the Electricity Act, 2003 (36 of 2003), read with rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, has published the draft regulations in Rajpatra, Himachal Pradesh dated 19-08-2017, and uploaded the same on the Commission's website, for information of all the persons likely to be affected and also invited, within twenty one days from the aforesaid publication in Rajpatra, Himachal Pradesh, the public objections/suggestions by way of insertions in newspapers "The Tribune" and "Amar Ujala" dated 20th August, 2017. The said period of 21 days allowed for submission of

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[1] *Published in R.H.P. dated 23rd November, 2017 at p. 8149-8179.*

objections/suggestions, was further extended upto 29th September, 2017. Two public hearings were conducted by the Commission on 16th September, 2017 and 7th October, 2017 to hear the views of stakeholders in person. The suggestions/objections received in respect of the draft regulations have been duly taken into consideration;

NOW, THEREFORE, the Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred by Section 61, sub-section(1) of Section 62, clause(a), (b) and (e) of sub-section (1) of Section 86 and Clause (zd) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf hereby makes the following regulations, namely.—

REGULATIONS

CHAPTER-I
PRELIMINARY

1. Short title and commencement.—(1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017.

(2) These Regulations shall come into force on 1st October, 2017 [1][shall remain in force till the same are reviewed, amended and repealed by the Commission.]

2. Definitions and Interpretation.—(1) In these Regulations, unless the context otherwise requires.—

(*a*) 'Act' means the Electricity Act, 2003 (36 of 2003);

(*b*) 'Auxiliary energy consumption' or **'AUX'** in relation to a period in case of a project means the quantum of energy consumed by auxiliary equipment of the generating station and transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the renewable energy generator terminals of all the units of the generating station;

[2]**[(ba) 'Base Rate of Late Payment Surcharge'** means the marginal cost o funds based on lending rate for one year of the State Bank of India, as applicable on the 1st April of the Financial Year in which the period lies, plus five per cent and in the absence of marginal cost of funds based lending rate, any other arrangement that substitutes it, which the Central Government may, by notification, in the Official Gazette, specify;]

(*c*) 'Capital cost' means the capital cost as defined in regulation [3][21 or 21-A or 21-B or 21-C as the case may be;]

(*d*) 'Commission' means the Himachal Pradesh Electricity Regulatory Commission referred to in sub-section (1) of section 82 of the Act;

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1 *Sub.vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under*:
"unless reviewed earlier or extended by the Commission, shall remain in force till [1][31st March, 2019 or the date of commencement of the new Renewable Energy Regulations framed by the Commission, whichever is earlier".

2 *Ins. new clause (ba) vide Not. No. HPERC/428 dated 27th January, 2023 and published in R.H.P. dated 1st February, 2023 at p. 9640-9644.*

3 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

(*e*) 'Conduct of Business Regulations' means the Conduct of Business Regulations specified by the Commission under sub-section (1) of section 92 of the Act;

[1]**[(*f*) 'Control period or review period'** means the respective periods during which the norms for determination of tariff as specified or fixed under these Regulations from time to time shall remain valid;]

(*g*) [2]**['Date of commencement of operation of the project'** [3]**[Omitted]** means the date on which the first unit of the project is synchronized with the grid for the first time. [4][However, in case of solar PV project such date shall be reckoned with respect to the first synchronization for each part of the total capacity of such plant;]

[5]**[(ga) 'Default Trigger Date' means,-**

(i) In case of non-payment of dues, one month after the due date of payment or two and half months after the presentation of bill by the renewable energy generator, whichever is later; and

(ii) In case of non-maintenance of the payment security mechanism, shall be from the next bank working day after the payment security mechanism due to be replenished but is not done;

(gb) 'Due Date' means the date by which the bill for the charges for power supplied by the renewable energy generator are to be paid, in accordance with the power purchase Agreement and in case not specified in the Power Purchase Agreement, forty-five days from the date of presentation of the bill by the renewable energy generator:

Provided that if the due date for payment of any invoice falls on a bank non-working day, the next bank working day shall be considered as due date for payment;]

(*h*) 'Renewable energy generator' means the person(s) generating or intending to generate energy, including cogeneration, from renewable energy sources;

[6]**[(hh) 'Government Designated Agency/Designated Agency'** means the agency designated by the State Government for certifying the zero date as well as for issuing certificates under regulation 13 of these regulations and for discharging such other

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1 Sub.vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under:-

***'(f) Control period or review period'** means the period during which the norms for determination of tariff specified in these Regulations shall remain valid;"*

2 Sub.vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under-

*"**'Date of commencement of operation of the project'**"*

3 Omitted vide Not. No. HPERC/428 dated 11th November, 2019 published in R.H.P. dated 18th November, 2019 at p. 7983-7995before its omission it stood as under-

***"Commercial operation date of the project/COD of the project"**.*

4 Ins. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.

*5 Ins. clauses **"(ga") & "(gb")** vide Not. No. HPERC/428 dated 27th January, 2023 and published in R.H.P. dated 1st February, 2023 at p. 9640-9644.*

*6 Ins. clause **"(hh")** vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

functions relating to implementation of SHPs as may be assigned to it by the State Government:

Provided that the State Government may designate different agencies for different categories of SHPs;]

(*i*) **'HIMURJA'** means the Himachal Pradesh Energy Development Agency set up by the State Government for the development of the renewables;

(*j*) **'Installed capacity'** or **'IC',** for the purpose of tariff determination, means the summation of the name plate capacities of all the units of the generating station, reckoned at the renewable energy generator terminals *o*r the capacity for which the renewable energy generator has executed implementation agreement with the State Government, whichever is higher. [1][However, in case of Solar PV power projects and Floating solar projects, Installed capacity shall be sum of name plate capacities (Nominal AC power) of the inverters of the project;]

(*k*) **'Interconnection facilities'** means all the facilities and works which shall include, without limitation, switching equipment, protection control and metering devices etc. and all the associated works (also including civil and electrical works), for the incoming bay(s) for the project line(s) at the interconnecting sub-station of the licensee and shall also include any other works like re-organisation of bays at the interconnecting sub-station and associated civil works as may be required for facilitating the said incoming bays;

(*l*) **'Inter-connection point'** means the physical touch point where the project line(s) and the allied equipments of the interconnection facilities, forming part of the renewable energy project, are connected, or are to be connected, with the transmission system or distribution system, in accordance with the interconnection agreement/connectivity agreement or power purchase agreement or the power system master plan/sub-plan of the State Transmission Utility/distribution licensee, as may be relevant;

(*m*) **'Licensee'** means a person to whom a licence has been granted or deemed to have been granted by the Commission under Section 14 of the Act;

(*n*) **'MNRE'** means the Ministry of New and Renewable Energy of the Government of India;

(*o*) **'Municipal Solid Waste'** means and includes commercial and residential waste generated in a municipal area or its adjoining areas in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes;

(*p*) **'Net saleable energy'** in relation to a period and in respect of a project, means the quantum of energy available for sale from that project at the interconnection point in that period, after meeting auxiliary consumption, transformation losses in the transformers at the generating station switchyard, the losses in project line(s) upto the interconnection point and free power, if any, to the State Government;

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[1] *Ins. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

(*q*) **'Non fossil fuel based co-generation'** means the process in which more than one form of energy (such as steam and electricity) are produced in a sequential manner by use of biomass provided the project may qualify to be a cogeneration project if it fulfils the eligibility criteria as specified in clause (d) of regulation 4;

(*r*) **'Operation and maintenance expenses'** or **'O&M expenses'** means the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities;

[1]**[(ra) 'Outstanding Dues'** means the dues (payment of bills) of a renewable energy generator, not stayed by a competent court or Tribunal or dispute resolution agency as designated in the Power Purchase Agreement, which remains unpaid by the Licensee beyond the Due Date;

(rb) 'Payment Security Mechanism' means Letter of Credit or Letter of Credit backed by Escrow Account as per the agreement and shall also include advance payment;]

(*s*) **'Project'** means a RE technology based generating station alongwith generator/step up transformers at power house switchyard, the evacuation system upto the interconnection point, including interconnection facilities, and in the case of a small hydro generating station includes, without limitation, all components of generating facility such as dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation in addition to the project line(s) and the interconnection facilities;

(*t*) **'Project line'** means the evacuation infrastructure from the generating station to the interconnecting sub-station of the licensee, to be provided, operated and maintained as a part of the project by the renewable energy generator(s) for the purpose of evacuation of power from the project;

(*u*) **'Refuse Derived Fuel'** means segregated combustible fraction of solid waste other than chlorinated plastics in the form of pellets or fluff produced by drying, shredding, dehydrating and compacting combustible components of solid waste that can be used as fuel;

(*v*) **'Renewable energy'** means the grid quality electricity generated from renewable energy sources;

(*w*) [2]**['Renewable Energy Certificate mechanism' or 'REC mechanism'** means the mechanism devised for the development of market in power from

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[1] In clauses "(ra)" and "(rb)" *vide Not. No. HPERC/428 dated 27th January, 2023 and published in R.H.P. dated 1st February, 2023 at p. 9640-9644.*

[2] *Subs. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791. Before its substitution it stood as under:*

Renewable Energy Certificate mechanism' or 'REC mechanism' means the mechanism devised for the development of market in power from nonconventional energy sources by issuance of transferable and saleable credit certificates under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, and the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010;

nonconventional energy sources by issuance of certificates under the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 and the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023;]

(*x*) 'Renewable energy sources' mean renewable sources of energy such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste including Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects and other such sources as approved by the MNRE;

(*y*) 'Small Hydro Project' or 'SHP' means a hydro power project with a station capacity up to and including 25 MW and shall also include the project line(s) and the Interconnection Facilities.;

(*z*) 'Solar PV power' means the Solar Photo Voltaic power project that uses sunlight for direct conversion into electricity through Photo Voltaic technology;

(aa) 'Solar thermal power' means the solar thermal power project that uses sunlight for direct conversion into electricity through concentrated solar power technology based on either line focus or point focus principle;

(ab) 'Tariff period' means the period for which tariff is to be determined by the Commission on the basis of norms specified under these Regulations;

(ac) 'Useful Life' in relation to a project shall mean the useful life of the following duration from the date of commencement of operation of the project, namely:—

(*a*)	Wind energy power project	25 years
(*b*)	Biomas power project, non-fossil fuel based cogeneration	20 years
(*c*)	SHPs	40 years
(*d*)	Municipal Solid Waste (MSW)/ Refuse Derived Fuel (RDF) based power project	20 years
(*e*)	Solar PV/Solar thermal power plant	25 years
(*f*)	Any other renewable energy technology approved by the MNRE;	As may be fixed under regulation 18

(ad) 'Year' means a financial year.

[1]**[(ae) 'Zero date'** means the date as may be defined by the State Government in the State Hydro Policy or as may be notified separately by the State Government pursuant to the same.]

(2) The words and expressions used in these Regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these Regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to

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[1] *Ins. clause **"(ae")** vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

the electricity industry in the State, shall have the meanings assigned to them in such law; the words and expressions used herein, but not specifically defined in the Regulations or in the Act or any law passed by a competent Legislature, shall have the meanings as are generally assigned to them in the electricity industry.

3. Scope and extent of application.—(1) Save as provided in sub-regulations (2) and (3), these Regulations shall apply in all cases where tariff, for a project based on renewable sources of energy, is to be determined by the Commission under section 62, read with section 86, of the Act:

Provided that in cases of wind power projects, small hydro projects, biomass power based on Rankine cycle, non-fossil fuel based cogeneration projects, solar PV based power projects, solar thermal based power projects, biomass gasifier based power projects, biogas based power projects, municipal solid waste based power projects and Refuse Derived Fuel based power projects, these regulations shall apply subject to the fulfilment of eligibility criteria specified in regulation 4 of these regulations.

(2) [1][Save as provided in the regulation 16, these regulations shall not apply] in the following cases:-

(*i*) [2][where agreements for disposal/use of energy, whether on long term basis or under REC mechanism or otherwise] have either already been signed by the renewable energy generators or have been approved by the Commission, or the joint petitions for the approval of the Power Purchase Agreements have been filed before the Commission, prior to the date of commencement of these Regulations:

Provided that in case the capacity has been enhanced subsequent to signing/approval of such agreement(s), the applicability of these regulations shall be ascertained, based on such criteria, separately for the original capacity and the additional capacity;

(*ii*) [3][Omitted]

(*iii*) where the tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government[4][;]

[5][(iv) where the renewable energy generator, implementing the small hydro project, has commenced the operation of its project, prior to the date of commencement of these Regulations.]

(3) Notwithstanding anything contained in sub-regulations (1) and (2)—

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1 *Sub. for the words* "These Regulations shall not apply" *vide Not.* No. HPERC/428 dated 11th November, 2019 *published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

2 *Sub. for the words* **"**where long term agreements for disposal/use of energy" *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

3 Omitted the words, sign and figures "Small Hydro Projects] upto 100 kW, for which the Commission may determine tariff through a separate order" *vide not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

4 *Sub. for the sign* **"."** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

5 *Added clause (iv) vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

(*a*) where long term agreements have been executed between the renewable energy generators and the licensee, before setting up of the Commission, the provisions of such agreements shall continue to be applicable;

(*b*) where, after the setting up of the Commission, the joint petition for approval of the power purchase agreement has been filed before the Commission prior to the commencement of these regulations, the tariff shall be in accordance with the terms and conditions of such approved power purchase agreement read with the Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulations, 2007 and the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012, as may be relevant, irrespective of the date on which such agreement is actually approved by the Commission and/or is executed.

4. Eligibility Criteria.—A project shall be eligible for being considered to be based on renewable sources of energy on the fulfilment of the following criteria:—

(***a***) **Wind power project.–**using new wind turbine renewable energy generators.

(***b***) **Small hydro project.–**located at the sites approved by the State Government or its agency; using new plant and machinery; and the installed power plant capacity to be lower than or equal to 25 MW at single location.

(***c***) **Biomass power project based on Rankine cycle technology.—**Biomass power projects using new plant and machinery based on Rankine cycle technology and using biomass fuel sources, provided use of fossil fuel is restricted only up to 15% of total fuel consumption on annual basis.

(***d***) **Non-fossil fuel based co-generation project.—**The project shall qualify to be termed as a non-fossil fuel based co-generation project, if it is using new plant and machinery and is in accordance with the definition and also meets the qualifying requirement outlined below:—

Topping cycle mode of co-generation–Any facility that uses non-fossil fuel input for the power generation and also utilises the thermal energy generated for useful heat application in other industrial activities simultaneously: Provided that for the co-generation facility to qualify under topping cycle mode, the sum of useful power output and one half of the useful thermal output should be greater than 45% of the facility's energy consumption, during season.

Explanation.—For the purposes of this clause—

(i) 'Useful power output' is the gross electrical output from the renewable energy generator. There will be an auxiliary consumption in the cogeneration plant itself (e.g. the boiler feed pump and the FD/ID fans). In order to compute the net power output, the auxiliary consumption shall be subtracted from the gross output. For simplicity of calculation, the useful power output is defined as the gross electricity (kWh) output from the renewable energy generator.

(ii) 'Useful thermal output' is the useful heat (steam) that is provided to the process by the cogeneration facility.

(iii) 'Energy consumption' of the facility is the useful energy input that is supplied by the fuel (normally biogases or other such biomass fuel).

(iv) 'topping cycle' means a cogeneration process in which thermal energy produces electricity followed by useful heat application in industrial activities.

(*e*) **Solar PV and Solar Thermal based Power Project.–** Based on Technologies approved by the MNRE.

(*f*) **Biomass Gasifier based Power Project.–**The project shall qualify to be termed as a biomass gasifier based power project, if it is using new plant and machinery and having a grid connected system that uses 100% producer gas engine, coupled with gasifier technologies approved by the MNRE.

(*g*) **Biogas based Power Project.–**The project shall qualify to be termed as a biogas based power project, if it is using new plant and machinery and having grid connected system that uses 100% biogas fired engine, coupled with biogas technology for co- digesting agriculture residues, manure and other bio-waste as may be approved by the MNRE.

(h) **Municipal Solid Waste (MSW) based power projects.—**The project shall qualify to be termed as a Municipal Solid Waste (MSW) based power project, if it is using new plant and machinery based on Rankine cycle technology and using Municipal Solid Waste (MSW) as fuel sources; and

(*i*) **Refuse Derived Fuel (RDF) based power projects.—**The project shall qualify to be termed as a Refuse Derived Fuel (RDF) based power project, if it is using new plant and machinery based on Rankine cycle technology and using Refuse Derived Fuel (RDF) as fuel sources.

CHAPTER-II
PROMOTION OF GENERATION FROM RENEWABLE ENERGY SOURCES

5. Promotion of renewable energy sources.—(1) Any renewable energy generator who does not have an arrangement for disposal/use of energy from his project may, with prior consent of the distribution licensee and approval of the Commission, enter into a power purchase agreement, on long term basis or under the REC mechanism, with the distribution licensee as per the provisions of the relevant applicable regulations, read with regulation 3; or the renewable energy generator may have open access to transmission system and/or distribution system of the licensee(s), as the case may be, in accordance with the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term Intra-State Open Access and Related Matters) Regulations, 2010.

(2) The renewable energy generator, to whom connectivity with the transmission or distribution system of the concerned licensee has not already been granted, shall apply for connectivity to the licensee at least 24 months prior to intended date of such connectivity or within such time frame as may be mutually agreed:

Provided that in case of renewable technologies other than small hydro projects, such application may be made at least 12 months prior to the intended date of such connectivity or within such time frame as may be mutually agreed.

(3) The licensee may, on receipt of the application, grant its approval to provide interconnection point as per the power system master plan/sub- plan, as devised by the State Transmission Utility (STU)/distribution licensee for various capacities of projects,

duly keeping in view the provisions in the agreements already executed or the mutual acceptance between the licensee and the renewable energy generator.

(4) The renewable energy generator shall, soon after finalisation of the interconnection point or immediately in cases where the same has already been finalised, execute an interconnection agreement with the State Transmission Utility and/or the intra-State transmission licensee and/or distribution licensee owning the system where connectivity is to be provided.

(5) The licensee shall, after receipt of the estimated cost of the interconnection facilities, provide appropriate facilities consistent with the grid connectivity standards laid down by the Authority or as specified in the relevant Code(s)/Regulations—

(*i*) in case where such facilities are to be provided at an existing sub-station,within a period of 12 months or as may be agreed otherwise; and

(*ii*) in case of the new sub-station, within such period as may be mutually agreed keeping in view the time frame in which such new sub-station is to be commissioned:

Provided that the renewable energy generator shall give prior intimation, at least 4 months before the expected date of commencement of operation of the project, to the licensee about his intention and readiness to inject power and also regarding the arrangements finalized by him for disposal of power beyond the interconnection point:

Provided further that the renewable energy generator will have to comply with the connectivity standards and the conditions as specified in the State Grid Code/Indian Electricity Grid Code (IEGC)–Regulation 2010, the Electricity Distribution Code and/or any other Standards/ Codes/Regulations as may be relevant.

(6) In order to optimize the use of limited transmission/sub- transmission corridors or the limited space at the sub-stations of the licensee, the renewable energy generators may, with the approval of the licensee, enter into a suitable arrangement for joint project line(s) for two or more projects and inject power into the grid through the joint evacuation system in accordance with the principles laid down, from time to time, by the Commission.

(7) Notwithstanding anything contained in the preceding sub-regulation (6), where there are right of way problems or there are space limitations at the sub-station of the concerned licensee, the licensee may require the renewable energy generators to enter into suitable arrangement for joint project line(s) for two or more projects and inject power into the grid through the joint evacuation system.

(8) The renewable energy generators may, in consultation with and also with the prior approval of the licensee, augment or establish, on behalf of the licensee, the transmission/ distribution system beyond the interconnection point, on build and transfer basis, as per the best industry practices and the expenditure so incurred by the renewable energy generators and approved by the licensee shall be repaid by the licensee, alongwith interest, in five equal installments, spread over a period not exceeding 5 years commencing from one year after the date of commissioning of such works, and such expenditure shall be allowed as a pass through to the licensee:

Provided that if such works are not a part of the Capital Expenditure Plan (CAPEX PLAN) approved by the Commission, then the necessary approval for the CAPEX PLAN

for the same shall be obtained by the licensee from the Commission before according approval to any such arrangement.

6. Grid Connectivity. —Mechanism for grid connectivity shall be as under—

(*a*) the renewable energy generator shall construct, operate and maintain the project line(s) at his cost;

(*b*) the licensee shall, at the cost of renewable energy generator, provide, operate and maintain the interconnection facilities;

(*c*) the transmission licensee and/or the distribution licensee shall bear the cost of augmentation/establishment of network beyond the inter- connection point under the CAPEX PLAN and the new or the augmented network shall form part of the assets of the transmission or the distribution licensee, as the case may be.

7. Coordination Committee.—The Commission may constitute a coordination committee to facilitate coordination among the State Transmission Utility, transmission licensee, distribution licensee, HIMURJA and Directorate of Energy of the State Government for evacuating power from renewable energy projects.

CHAPTER-III
TARIFF DETERMINATION
GENERAL PRINCIPLES

8. Power Purchase Agreement.—(1) In case of the projects covered under these Regulations, the renewable energy generator or the distribution licensee may offer to sell/purchase power in any of the following manner:—

(*i*) for the entire tariff period starting from the date of commencement of operation of the project, or for the balance tariff period in case of enhancement of the capacity of the project at the later stage by availing any of the available tariff option under regulation 13;

(*ii*) for the mutually agreed period(s) under the REC mechanism;

(*iii*) for the residual part of the tariff period, after having sold power initially under the REC mechanism, in accordance with the provisions of regulation 16;

(*iv*) in any other manner as may be mutually agreed in accordance with provisions of these Regulations:

Provided that the distribution licensee shall endeavour to procure power through competitive bidding, which, to start with, may be done separately for each type of renewable technology:

Provided further that in accordance with the Tariff Policy notified by Ministry of Power, Government of India, the distribution licensee has to procure the entire net saleable power from the waste to energy plants in the State at the tariff determined by the Commission under section 62 of the Act and such plants have also been excluded from the competitive bidding process for tariff determination.

(2) In the event of their arriving at a mutual understanding on various issues of the power purchase agreement, including the tariff option under regulation 13, the parties shall file a joint petition before the Commission for approval of the proposed power purchase

agreement and shall execute the requisite power purchase agreement after approval of the Commission:

[1][Provided that if the parties have arrived at a mutual understanding on the various issues of the power purchase agreement, as aforesaid, and the renewable energy generator requires in principle approval for purchase of power by the distribution licensee to achieve the Zero Date or financial closure, the distribution licensee may, in first instance, grant such approval within the framework of State Hydro Policy of the State Government, subject to the following conditions, namely:—

(a) such an approval shall also incorporate the outer date upto which it shall remain valid, which shall be fixed keeping in view the status and progress of the project towards achieving financial closure, but shall in no case, extend beyond the time line for achieving zero date/financial closure as stipulated in the first implementation agreement for that project;

(b) the in principle approval so granted shall automatically lapse if the developer fails to file joint petition for approval of the PPA within such outer date, unless the Commission grants extension of the validity period in accordance with the succeeding clause(c); and

(c) in case the renewable energy developer seeks any extension of the validity period of the in principle approval accorded to him as per the above provisions, he may, before the expiry of the validity period, file a petition before the Commission for such extension upto an outer date of his achieving zero date or financial closure:

Provided further that the distribution licensee shall expeditiously fix such outer dates in all such cases where any such in principle approvals for purchase of power from SHPs have already been issued under the State Hydro Policy on or before 11-02-2019 and shall also modify such approvals suitably.]

9. Control period or review period.— [2][(1) The Commission shall fix the durations of the control period(s) for the respective Renewable Energy Technologies under these regulations from time to time:

Provided that the first control period for the small hydro projects under these Regulations shall start from the 1st October, 2017 and shall end on the 30th September, 2019:]

[3][Provided further that the second control period for the small hydro projects under these regulations shall start from 1st October, 2019 and shall end on 31st March, 2020:]

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1 *Sub. for proviso vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under-*

"Provided that if the parties have arrived at a mutual understanding on the various issues of the power purchase agreement, as aforesaid, and the renewable energy generator requires a power purchase agreement to achieve the financial closure of the project, the parties may file joint petition for approval of the proposed power purchase agreement before the financial closure."

2 *Sub. for vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under-*

"(1) The control period for the small hydro projects under these Regulations shall start from the 1st October, 2017 and shall end on the [2][31st day of March, 2019 or the date of commencement of the new Renewable Energy Regulations framed by the Commission, whichever is earlier]:

Provided that the technology specific parameters for the renewable energy sources, other than small hydro projects, may be fixed for such durations and reviewed at such intervals, as the Commission may find appropriate in accordance with regulation 18."

3 *Ins. vide Not. No. HPERC/428 dated 11th November, 2019 published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[1][Provided further that the third control period for the small hydro projects under these regulations shall start from 1st April, 2020 and shall end on 30th September, 2023:]

[2][Provided further that the fourth control period for the small hydro projects under these Regulations shall start from 1st October, 2023 and shall end by 31st March, 2027:]

Provided further that the technology specific parameters for the renewable energy sources, other than small hydro projects, may be fixed for such durations and reviewed at such intervals, as the Commission may find appropriate in accordance with Regulation 18.

(2) The tariff(s) determined under these Regulations for the renewable energy generation project(s) or for a category thereof, to which these Regulations are applicable, shall, unless amended or revised under regulation 20, continue to be applicable till the expiry of the tariff period as specified in regulation 10.

(3) The revision of the Regulations for the next control period shall be undertaken six months prior to the end of the control period and in case the revised Regulations are not notified before the end of the control period, the tariff norms laid down under these Regulations shall, subject to adjustments under the revised Regulations, continue to remain applicable until the notification of the revised Regulations.

10. Tariff period.—The duration of tariff period in case of small hydro projects shall be 40 years and for other renewable technologies, the Commission may fix the same under regulation 18.

[3]**[11. Omitted]**

12. Tariff design.—(1) The single part levellised tariff structure shall be followed for the renewable energy technologies:

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[1] *Ins. proviso vide Not. No. HPERC/428 dated 8th September, 2020, published in R.H.P. dated 15th September, 2020 at p. 3561-3570.*

[2] *Ins. proviso vide Not. No. HPERC/428 dated 22nd September, 2023, published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

[3] *Omitted Reg. 11 vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its omission it stood as under-*

"11. Special provisions for Small Hydro Projects.—

(1) Where the first Implementation Agreement of a small hydro project has been executed on or before 31st December, 2014 and neither any joint petition for approval of the Power Purchase Agreement has been filed before, nor any power purchase agreement, whether under REC Mechanism or otherwise, has been approved by, the Commission for such project prior to the date of commencement of these Regulations, the norms, tariffs and osther associated terms and conditions as per Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012, shall be applicable in the same manner as applicable to the small hydro projects covered in the said Regulations:

Provided that for the purpose of this regulation, the date of signing the first Implementation Agreement of the small hydro project shall only be taken into account and the Supplementary Agreement(s), if any, executed thereafter due to any reason, but other than due to enhancement of capacity, whatsoever, viz for extension of the scheduled completion date, shall not be considered:

Provided further that in cases where the power purchase agreements have already been approved by, or the joint petitions for approval of the power purchase agreement(s) have been filed before, the Commission prior to the date of commencement of these Regulations, the tariff(s) for such small hydro projects shall be governed as per the provisions of power purchase agreements and relevant Regulations irrespective of the dates on which such agreement(s) are actually approved and/or executed:

Provided further that if a Supplementary Implementation Agreement is executed on or after 1st January, 2015 to provide for enhancement of capacity, the tariff and other terms and conditions as per regulation 14 and regulations 20 to 41 shall be applicable only for the incremental energy generation as per the provisions under regulations 17.

(2) Save as provided in sub-regulation(1), the tariff determined under the regulation 14 and regulations 20 to 41 shall be applicable only for such small hydro projects where—

(*i*) the 1st Implementation Agreement has been signed on or after 1st January, 2015;

(*ii*) no power purchase agreement, whether under REC Mechanism or otherwise, has been approved by the Commission before the date of commencement of these Regulations; and

(*iii*) the RE generator implementing the small hydro project has neither filed joint petition for approval of PPA before the Commission, nor has commenced the operation of its project, prior to the date of commencement of these Regulations."

Provided that for renewable energy technologies having fuel cost component, like biomass power projects and non-fossil fuel based cogeneration, single part tariff with two components, i.e. fixed cost component and fuel cost component, shall be determined.

(2) The following fixed cost components shall be included for determining the tariff:-

(*a)* Return on equity;
(*b*) Interest on loan capital;
(*c*) Depreciation;
(*d*) Interest on working capital; and
(*e*) Operation and maintenance expenses.

(3) The generic or project specific tariff shall be determined on levellised basis for the tariff period:

Provided that tariff for renewable energy technologies, having single part tariff with two components, referred to in the proviso to sub- regulation (1), shall be determined on levellised basis for the tariff period in respect of the fixed cost component and the fuel cost component shall be specified on year of operation basis.

(4) For the purpose of levellised tariff computation, the discount factor equivalent to the post tax weighted average cost of capital shall be considered.

13. Tariff options/applicability.—(1) The following tariff options, subject to mutual acceptance of both the parties, shall be available to the renewable energy generator and the distribution licensee, intending to sell/purchase power from small hydro projects for the entire useful life of the project ,—

(*i*) [1][Omitted]

(*ii*) [2][Omitted]

[3][(a) in case of RE technologies, other than SHPs, the generic levellised tariff to be determined by the Commission, in accordance with the regulation 14, inrelation to the control period in which the renewable energy generator and the distribution licensee file the joint petition for approval of Power Purchase Agreement(PPA):

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[1] *Omitted vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its omission it stood as under-*

" (i) for the small hydro projects covered under sub-regulation (1) of regulation 11, to be governed by the generic levellised tariff and associated terms and conditions in accordance with the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012, in the same manner in which such tariff would have been applicable if the power purchase agreement would have been signed before the commencement of these Regulations."

[2] *Omitted words* **"(ii) for the small hydro projects not covered under preceding clause (i):—"** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-784.*

[3] *Sub. clause (a) and first proviso vide not. No.* HPERC/428 *dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995 and before its substitution it stood as under-*

"(a) to be governed by the generic levellised tariff to be determined by the Commission, in accordance with regulation 14, in relation to the control period in which the RE Generator and Distribution Licensee file the joint petition for approval of PPA:

Provided that if a SHP achieves the date of commencement of operation of the project within the stipulated time period, as approved in the Technical Concurrence(TC) or Techno Economic Clearance (TEC) or in the first implementation agreement signed by RE generator with the State Government whichever is lesser or least, after achieving the zero date except force majeure conditions or reasons not attributable to the developer and a certificate to this effect is issued by the Government designated agency, the Commission, on receipt of such a certificate alongwith other details as it may require, may, on a petition from the concerned SHP developer, allow the tariff applicable for the control period in which the date of commencement of operation of the project falls:"

Provided that in case a specific provision is made in the PPA about the applicability of tariff in cases where the commissioning of the project is delayed, the tariff shall be regulated accordingly.

(aa) in case of SHPs, to be governed by the generic levellised tariff determined, or to be determined, by the Commission in accordance with the provisions of the renewable energy Tariff Regulations/practice followed by it in relation to the control period or any other period, not forming the part of any control period, encompassing the scheduled date of commencement of operation of the project, as fixed or revised by the Government, till the date on which the distribution licensee and renewable energy generator file the joint petition before the Commission for approval of Power Purchase Agreement:

Provided that if, subsequent to filing such joint petition, the Government further revises the scheduled date of commencement of operation of the project and a certificate to this effect is issued by the Government or by its designated agency, the Commission, on receipt of such a certificate alongwith other details as it may require, may, on a petition from the concerned SHP developer,allow the generic levellised tariff determined, or to be determined, in relation to the control period, or any period, encompassing such revised scheduled date of commencement of operation of the project (SHP):

Provided further that in case the commencement of operation of the project takes place before the scheduled date of commencement of operation of the project (SHP), as fixed or revised by the Government, the date on which the project actually achieves the date of commencement of operation of the project shall be considered for the purposes of this clause:]

Provided further that the Government designated agency shall, for the purposes of certifying the [1][zero date, fixing or revising scheduled date of commencement of operation of the project, issuing certificates and also for providing such other information as may be required by the Commission to meet the requirements of these regulations and the State Hydro Policy] follow uniform and transparent procedures, including extra checks in cases where tariff is likely to be impacted, to be framed by it with the approval of the State Government and shall also duly take into account the various provisions of State Hydro Policy as applicable from time to time.

[2][Provided further that in case of the SHPs covered under the One Time Amnesty Scheme notified by the State Government, the generic levellised tariff as applicable for the control period, encompassing the Scheduled Commercial Operation Date (SCOD) fixed as per the said scheme, or the actual date of commencement of the operation of the project, whichever is earlier, shall only be considered without allowing any further revision of the said Schedule date.]

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1 *Sub. for words and figures* "zero date and issuing the certificate as per the preceding proviso to this regulation" *vide Not No.*HPERC/428 *dated 8th September, 2020, published in R.H.P. dated 15th September, 2020 at p. 3561-3570.*

2 *Ins. proviso vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

(*b*) to be governed by project specific levellised tariff to be determined by the Commission in accordance with the regulations 15 and 19, including the exit options available thereunder to the parties;

(*c*) to be governed by any other tariff, as may be mutually agreed by them with the prior approval of the Commission, in accordance with the regulation 42;

(*d*) to be governed by the process of competitive bidding in cases where the licensee resorts to competitive bidding.

(2) Where, after sale of net saleable energy to the licensee as per the power purchase agreement(s) approved by the Commission under REC mechanism in the initial periods, the net saleable energy is to be sold to the distribution licensee for the residual period of the useful life of the project, the tariff for such sale for such residual period shall be regulated in accordance with the regulation 16.

(3) Where, after execution of a long term power purchase agreement, the capacity of the project is enhanced with the approval of the State Government, the tariff shall be regulated under regulation 17.

(4) In case of the renewable energy sources, other than small hydro projects, the tariff options, as provided in regulation 18, shall be available to the parties intending to enter into power purchase agreement for sale/purchase of power.

(5) The parties shall, while arriving at a mutual understanding about sale/purchase of power, also mutually decide the tariff option to be adopted, and shall, before submitting the joint petition for approval of the proposed power purchase agreement under regulation 8, also reflect the same in the proposed power purchase agreement:

Provided that the tariff option adopted in the power purchase agreement shall be irrevocable and binding.

[1]**[14. Generic levellised tariff.—**(1) The Commission, from time to time and at such intervals as it may consider appropriate in line with the duration of respective control periods as per Regulation 9, shall—

(i) specify the financial norms to be used for determination of tariffs for various RE technologies;
(ii) specify the technological specific parameters for the small hydro projects; and
(iii) fix the technological specific parameters for the various RE technologies, other than SHPs, in accordance with Regulation 18:

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[1] *Sub. vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its substitution it stood as under-*

"14. Generic levellised tariff.—(1) The Commission shall for each category, mentioned in regulation 33 of small hydro projects, other than those covered in sub-regulation (1) of regulation 11, determine separate generic levellised tariffs and associated terms and conditions, within 90 days from the date of commencement of these Regulations by taking into account the norms specified under these Regulations:

Provided that in case of renewable energy technologies, other than small hydro projects, the Commission may fix the generic levellised tariffs in accordance with the regulation 18.

(2) The tariff being normative, any shortfall or gain due to performance or any other reasons is to be borne/retained, as the case may be, by the renewable energy generator and no true up of any parameter, including additional capitalisation for whatsoever reasons, shall be taken up during the validity of the tariff except for the specific provisions in these Regulations.

(3) Save as provided under sub-regulations (1) of regulation 11, where the parties have, as per the power purchase agreements executed by them, opted for generic levellised tariff or the same is otherwise applicable under regulation 16, the generic levellised tariff determined in relation to the control period under sub-regulations (1) shall be applicable for all the projects of that category for which the power purchase agreements are approved by the Commission in that control period."

Provided that the financial parameters for all the renewable energy technologies and the technological specific parameters for the SHPs already specified under [1][**PART-IV of Chapter-IV and PART-IV of Chapter-V** respectively, shall remain in force upto 31st March, 2026:]

Provided further that the technological specific parameters already fixed by the Commission for Solar PV technology in respect of the financial years 2017-18 and 2018-19 shall also continue to be in force till the expiry of the respective periods for which the same were fixed.

(2) The Commission shall, within 90 days from the date on which the norms in relation to the respective control periods are notified/fixed under these regulations, determine separate generic levellised tariffs and associated terms and conditions, for each category of small hydro projects, as mentioned in regulation [2]**[33 or 33-A or 33-B or 33-C as the case may be**,] by taking into account the norms specified under these Regulations for the respective control periods:

[2][Provided that for Small Hydro Projects upto and including 100kW, the Commission may determine the Generic Levellised Tariff for the balance period of the 3rd Control period ending on 30-09-2023 by taking into account the financial parameters specified for the RE technologies as per Chapter-IV and the technology specific parameters as may be fixed by it in the tariff determination Order in a manner as it may find appropriate:]

Provided [3][further] that in case of renewable energy technologies, other than small hydro projects, the Commission may fix the generic levellised tariffs in accordance with the Regulation 18:

Provided further that the generic levellised tariffs already determined for the SHPs, in relation to the first control period under these Regulations, shall remain in force upto 30th September, 2019:

Provided further that the generic levellised tariffs determined, for the solar PV technology in respect of the financial years 2017-18 and 2018-19 shall also remain in force until the expiry of the respective periods for which the same had been fixed.

(3) The tariff being normative, any shortfall or gain due to performance or any other reasons is to be borne/retained, as the case may be, by the renewable energy generator and no true up of any parameter, including additional capitalisation for whatsoever reasons, shall be taken up during the validity of the tariff except for the specific provisions in these Regulations.

(4) Where the parties have, as per the power purchase agreements executed by them, opted for generic levellised tariff or the same is otherwise applicable under regulation 16, the generic levellised tariff determined in relation to the control period under sub-regulation (2) shall be applicable for all the projects of that category for which the power purchase agreements are approved by the Commission under the provisions applicable for that control period.]

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[1] *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

[2] *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

[3] *Added the word vide Not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

[1][Provided that the generic levellised tariff determined, or to be determined, by the Commission in accordance with the provisions of the RE Tariff Regulations/practice followed by it in relation to such control period or any other period, not forming the part of any control period, as the case may be, may be considered appropriate by the Commission in accordance with under the clause (a), or clause (aa), as the case may be, of the sub-regulation (1) of regulation 13 of these regulations, shall be applicable in the following cases, namely:—

(i) cases covered under the proviso to clause (b) of sub-regulation (1) of regulation 16 of these regulations; or

(ii) where any specific provisions have been made in the PPA approved by the Commission pursuant to clauses (a) or clause (aa), alongwith the provisions thereto, as the case may be, under sub-regulation (1) of regulation 13 of these regulations.]

15. Project specific levellised tariff.—(1) Where the parties to a power purchase agreement[2][for a project] have mutually agreed, in such power purchase agreement for which joint petition is filed before the Commission on or after commencement of these Regulations, and is thereafter approved by the Commission, and executed thereafter by the parties, opted for a project specific levellised tariff, the Commission shall determine such tariff taking into consideration—

(*i*) prudent capital cost as may be admitted by the Commission duly keeping in view normative capital cost under these Regulations, the cost approved in the Detailed Project Report, the actual expenditure incurred as per auditor' scertificate, the information furnished under regulation 19:

Provided that in case of delay in execution of the project, the Commission shall consider the time over run cost as follows—

(*a*) where the delay is due to factors entirely attributable to the renewable energy generator, the entire cost shall be borne by the renewable energy generator;

(*b*) where the delay is due to force majeure, the Commission may allow the net additional cost incurred on this account to the renewable energy generator; and

(c) in a situation not covered under clauses (a) and (b), the Commission may allow the additional cost, not exceeding 50% of the net additional cost incurred due to time overrun:

Provided further that the renewable energy generator shall be deemed to have subscribed to the requisite insurance policies covering the risks during construction stage and also to have stipulated provisions for the liquidated damages in the contracts relating to the construction of the project, awarded by him, as per the prudent practices, and accordingly, in

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1 *Added proviso vide Not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

2 *Subs. for the words* **",** for a project, other than the small hydro projects covered in sub-regulation (1) of regulation 11**"** *vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

case of any time and cost over runs, the Commission shall not allow any amount which is or would have been recoverable by him on account of such deemed provisions for Insurance and liquidated damages:

Provided further that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty [1][imposed by the State Government in accordance with the implementation agreement and/or those imposed by the licensee in accordance with the power purchase agreement] will not form part of the capital cost;

(*ii*) the normative annual capacity utilisation factor specified under Chapter-V[2][, or in case of small hydro projects upto 100 kW capacity fixed in the orders issued under Regulation 14] of these Regulations for the small hydro projects or the annual capacity utilisation factor worked out on the basis of data for 75% dependable year as per the approved/concurred Detailed Project Report, whichever is higher;

(*iii*) the technology specific parameters as specified for the small hydro projects in Chapter V [3][, or in case of small hydro projects upto 100 kW capacity fixed in the orders issued under Regulation 14,] of these Regulations and as may be laid down by the Commission for the other renewable technologies as per regulation 18;

(*iv*) financial norms/principles, in relation to the renewable energy technologies based power projects, as specified in Chapter-IV of these Regulations, which shall except for capital cost, be considered as ceiling norms; and

(*v*) the ceiling tariff (s), if any, fixed by the Commission for the respective categories of the renewable energy technologies based power projects:

Provided that if the licensee and renewable energy generator have, in accordance with regulations [4]**[32 or 32-A or 32-B or 32-C, as the case may be,]** and 42, agreed in the power purchase agreement executed by them after prior approval of the Commission to any improved norms, including operation and maintenance norms, which smay lead to overall reduction in the levellised tariff, such improved norms shall apply for determination of the project specific levellised tariff.

(2) Where the project specific levellised tariff, as determined under sub-regulations (1)—

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[1] *Sub. for words* "imposed in accordance with the power purchase agreement executed with the licensee," *vide not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[2] *Added the words, signs and figures vide Not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

[3] *Added the words, signs and figures vide Not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

[4] *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

(*i*) exceeds 105% of the corresponding generic levellised tariff, duly adjusted for permissible rate of free power if any, determined by the Commission in relation to the control period or other provisions under which the power purchase agreement was approved by the Commission, the distribution licensee shall have the option to exit from the power purchase agreement, provided that this option shall not be available to the distribution licensee if the renewable energy generator agrees to keep the tariff within the aforesaid limit;

(*ii*) is less than 95% of the corresponding generic levellised tariff, duly adjusted for permissible rate of free power if any, determined by the Commission in relation to the control period or other provisions under which the power purchase agreement was approved by the Commission, the renewable energy generator shall have the option to exit from the power purchase agreement, provided that this option shall not be available to the renewable energy generator if the distribution licensee agrees to keep the tariff within the aforesaid limit.

(3) Where the exit option is exercised by any party under sub-regulation (2) and the interconnection point for that project falls under the control of the distribution licensee, it shall, on request from the renewable energy generator, provide open access through its system to the renewable energy generator as per the open access regulations.

16. Tariff for residual period after sale/purchase under REC mechanism.— (1) In cases where, after sale/purchase of net saleable energy to/by the licensee as per the power purchase agreement approved by the Commission, under REC mechanism in the [1][mutually agreed initial period(s) starting from the date of commencement of operation of the project] or even if the project has not commenced its operation during such initial period(s), the net saleable energy for the residual period of the useful life of the project is to be sold to the distribution licensee under long term power purchase agreement, the tariff for sale/purchase of net saleable energy during such residual period shall, save as provided in sub-regulations (2) and (3), be regulated as under:—

(g) If the first power purchase agreement for sale/purchase of power under REC mechanism from a small hydro projects was executed by the parties and/or approved by the Commission before the commencement of these Regulations,the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012, shall be applicable irrespective of the fact whether the project has, or has not, commenced its operation, in the same manner as if the power purchase agreement for the residual life of the project would have been approved prior to commencement of these Regulations;

(h) Save as provided in succeeding clause (c), if the joint petition for the approval of first power purchase agreement for sale/purchase of power to/by the licensee under REC mechanism from a small hydro project [2][Omitted] is filed before the Commission on or after the commencement of these Regulations and is approved

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[1] *Sub. for the word* "mutually agreed initial period(s)" *vide Not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[2] *Ommitted vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and before its omission it stood as under:*

*",*other than the small hydro projects covered in sub-regulation(1) of regulation 11"

by the Commission thereafter, the generic levellised tariff, as determined [1][by the Commission for the relevant category of small hydro projects, in relation to the control period in which such joint petition for approval of the first PPA under REC mechanism for the SHP is filed or the control period in which the renewable energy generator commenced operation at his project, whichever is earlier, under these regulations] as per regulation 14 and regulations [2][**20 to 41 or 20A to 39-A or 21-B to 39-BBB or 21-C to 39-CCC, as the case may be,**] shall be applicable;

[3][Provided that if, in relation to a SHP, all of the following milestones, namely.—

1. submission of the joint petition for approval of the first PPA under REC mechanism; and
2. signing of the first PPA under REC mechanism; and
3. commencement of operation of the SHP;

are achieved on or after the first day of October 2019 and no joint petition for approval of PPA for sale/purchase of power for the residual useful life of the project has been filed before the Commission prior to the said date (i.e. 1-10-2019), the Commission may, upon receipt of joint petition for sale/purchase of power for the residual useful life of the SHP, allow the generic levellised tariff determined by it for such control period, or any other past period, as it may consider appropriate in accordance with the clause (aa) read with the provisos thereto, of sub-regulation (1) of regulation 13 of these regulations; and]

(*c*) In case of small hydro projects, [4][Omitted] where the project had commenced its operation, prior to the commencement of these Regulations, the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012 shall be applicable even if the joint petition for approval of the first power purchase agreement for sale/purchase of power under REC mechanism from such small hydro projects is filed before the Commission on or after the commencement of these Regulations;

(*d*) In case of projects based on renewable energy technologies, other than small hydro projects, the terms and conditions as may be incorporated by the Commission, to address such situations, in the terms and conditions to be fixed in accordance with regulation 18 shall be applicable.

(2) Save as provided in sub-regulation (3), in cases where any specific conditions in relation to the rate/tariff applicable for the residual period, referred to in

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[1] *Sub. for the words* "**by the Commission for the relevant category of small hydro projects under these Regulations,"** *and at the end of the clause (b) added proviso vide Not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[2] *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

[3] *Ins. Proviso vide vide Not. No. HPERC/428 dated 11th November, 2019 and published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[4] *Ommitted the words and figure* "**covered under-subregulation(1) of regulation 11, or**" *for vide Not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

subregulation (1), have been stipulated while approving the power purchase agreement under REC mechanism, such conditions shall also be applicable[1][:]

[1][Provided further that the SHP developer shall, before executing the long term agreement for sale of power to the licensee for the residual period, have to discharge his obligations, if any, under the power purchase agreement approved and/or signed for the relevant period under REC mechanism.]

(3) If the circumstances so warrant, the Commission may, even after the commencement of these regulations, on the merit of a case, approve the rate/tariff prevailing in any of the earlier time frames prior to the commencement of Himachal Pradesh Electricity Regulatory Commission (Power Procurement from Renewable Sources and Cogeneration by Distribution Licensee), Regulations, 2007 or the commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012 or these Regulations, as the case may be, for sale/purchase of the net saleable energy during the residual period referred to in sub- regulation(1).

17. Capacity enhancement.—(1) Where, after the allotment of the original project, the capacity of a small hydro project is enhanced, with the approval of the State Government, the tariff for sale of net saleable energy from such projects, shall be governed by the relevant provisions of sub-regulations [2][(2) to (8)], as applicable.

[3][(2) Where, prior to commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017,—

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1 *Ins. Proviso vide vide Not. No. HPERC/428 dated 11th November, 2019 and published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

2 *Sub. for the words and figure* **"(2) to (7)"** *for vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

3 *Sub. for sub-regulations, (2), (3), (4) vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843 and the sub-regulation (5) re-numbered as sub-regulations (6) before its substitution sub-regulations, (2), (3) & (4) aread as under-*

"(2) Where the Implementation Agreement for the original capacity as well as the Supplementary Implementation Agreement for the enhanced capacity have been signed by the concerned developer with the State Government on or before 31st December, 2014, the relevant provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012 and of the power purchase agreements, if approved and signed, shall be applicable irrespective of the dates of signing the power purchase agreements for the original capacity and the enhanced capacity.

(3) Where the Implementation Agreement for the original capacity has been signed by the concerned developer with the State Government on or before 31st December, 2014, but the Supplementary Implementation Agreement for the enhancement of the capacity is signed on or after 1st January, 2015, and no joint petition for approval of the power purchase agreement for the enhanced capacity has been filed, or approved by the Commission prior to the commencement of these Regulations, a composite rate shall be worked out, on normative basis irrespective of the dates of signing the power purchase agreements for the original capacity and enhanced capacity, as follows:—

(*i*) the tariff applicable for the original capacity as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012 shall be considered for the annual energy generation corresponding to 75% dependable year as per the Detailed Project Report for the original capacity, irrespective of the date of signing of the power purchase agreement for the original capacity:

Provided that if joint petition for the approval of power purchase agreement for the original capacity has already been filed before, or the PPA has been approved by, the Commission, or executed by the parties, before the commencement of these Regulations, the tariff and associated terms and conditions, as per such power purchase agreement read with the approval of the Commission, shall be considered;

(i) for the annual incremental energy generation due to enhancement of capacity i.e.the annual additional energy generation which is expected to take place in the 75% dependable year as per the detailed project report for the enhanced capacity, the generic levellised tariff determined as per the provisions under regulations 12 to 14 and regulations 20 to 41 of these Regulations for the category of small hydro projects in which the enhanced capacity falls, shall be considered:

(a) any part of the original capacity as well as that of the additional capacity has been synchronized with the grid at least once; or

(b) joint petition(s) for the approval, whether under the REC mechanism or on long term basis, of PPA(s) in relation to the original capacity as well as of the supplementary PPA in relation to additional/enhanced capacity, has/have been filed before the Commission; or

(c) PPA(s), or the supplementary PPA, whether under the REC mechanism or on long term basis, for purchase of net saleable energy from the original capacity and the additional capacity or the enhanced capacity has/have been signed by the concerned developer with Distribution Licensee;

the tariff(s) for the original capacity and the additional capacity, or the composite rate for the enhanced capacity, as the case may be, and the associated conditions for each of such tariffs, shall be regulated as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012.

(3) Where, prior to commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017,—

(a) in relation to the original capacity of the project or a part thereof,- (i) either synchronization of the same with the Grid has taken place at least once, or (ii) a joint petition for the approval of PPA for purchase/sale of net saleable energy has been filed before the Commission, or (iii) the PPA for the sale/purchase of net saleable energy from the same, whether under REC mechanism or on long term basis, has been signed by the developer of the concerned project with the Distribution Licensee; and

(b) in relation to the additional capacity of the project or a part thereof,—(i) neither any synchronization of the same, with the Grid has taken place even once, nor (ii) any joint petition for approval of any PPA (or supplementary

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Provided that the tariffs considered for the respective energy quantums as per clauses (i) and (ii) of this sub-regulation shall be governed by the associated terms and conditions as per the respective power purchase agreements and relevant Regulations and in case of any adjustment in any of these tariffs, the adjustment(s) shall be applicable only for the respective energy quantum's as per clauses (i) and (ii) of this sub-regulation under this sub-regulation:

Provided further that the composite rate for the entire saleable energy shall, in no case, be higher than the rate applicable under these regulations to the small hydro project category under which the enhanced capacity falls:

Provided further that in cases where the incremental capacity is commissioned in phases, the tariff(s) during such interim stages shall be computed based on such incremental energy generation corresponding to the additional capacity actually installed from time to time.

(4) Where the Implementation Agreement for the original capacity as well as the Supplementary Agreement for the enhanced capacity are signed on or after 1st January, 2015and prior to the commencement of these Regulations, neither the project has commenced its operation nor the joint petition for approval of Power Purchase Agreement has been filed before the Commission, the following provisions shall be applicable:—

(*i*) where neither the Commission has approved, nor the parties have executed, the power purchase agreement for the original capacity, the enhanced capacity shall be taken into consideration while approving or executing the power purchase agreement, as the case may be;

(*ii*) where the power purchase agreement for the original capacity of a small hydro project, covered in these Regulations, has already been approved after the commencement of these Regulations, and executed thereafter, and such power purchase agreement provides for generic levellised tariff in accordance with provisions under regulation,14 and regulations 20 to 41, the generic levellised tariff as well as other associated terms and conditions as per the provisions under regulation 14 and regulations 20 to 41, applicable to the relevant category of small hydro projects under which the enhanced capacity of the small hydro projects falls, shall be applicable to the entire capacity:

Provided that if such power purchase agreement for the original capacity contains provision for determination of project specific levellised tariff, the Commission may, on application from both the parties, determine the project specific levellised tariff by taking into account the norms applicable for the category of small hydro projects in which the enhanced capacity of the project falls."

PPA), in relation for such additional/enhanced capacity, whether under REC mechanism or long term basis, has been filed before the Commission, nor (iii) any PPA, or supplementary PPA, for such additional/enhanced capacity has been signed by the developer of the concerned project with the distribution licensee for such additional/enhanced capacity;

the tariff for the net saleable energy in relation to the original capacity shall be determined as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2012 and the same for the additional capacity shall be determined as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 as applicable on the date on which the joint petition for approval of PPA in relation to the additional capacity/enhanced capacity is filed before the Commission or on the date on which such additional capacity, or a part thereof, is synchronized with the grid for the first time, whichever is earlier.

(4) Where, prior to commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017,—

(a) no part of the original or enhanced capacity has been synchronized with the grid even once; and

(b) no joint petition for the approval of PPA(s), whether under REC mechanism or long term basis, in relation to any part of the enhanced capacity of the project, *i.e.* the original capacity and/or for the additional capacity and/or for the enhanced capacity, has been filed before the Commission; and

(c) no PPA, whether under the REC mechanism or on long term basis, for the original capacity or for the additional capacity or for the enhanced capacity or any part thereof has/have been signed by the developer of the concerned project developer with the Distribution Licensee; and

(d) the joint petition(s) for approval of PPA(s) or for the supplementary PPA, in relation to of the original capacity as well as for the additional capacity or for the enhanced capacity is filed before the Commission for the first time only after the commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017;

the tariff for the net saleable energy for the relevant capacity/capacities for which PPA, or supplementary PPA, is sought to be approved shall be fixed in accordance with the norms and Generic Levellised rate and other conditions as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 as applicable on the date(s) of filing such petition(s) or on the corresponding date(s) of synchronization of any such part capacity(ies) with the Grid for the first time, whichever is/are earlier:

Provided that if separate joint petitions are filed on or after the commencement of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and

Conditions for Tariff Determination) Regulations, 2017, for approval of PPAs, or the supplementary PPA, before the Commission in relation to the original capacity and the additional capacity, the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017, as applicable on the respective dates of filing such petitions, or the respective dates of synchronization of the corresponding capacities, whichever are earlier, shall apply.

(5) Where different sets of Commission's regulations as per sub-regulation 3 of this regulation, or different sets of provisions/norms of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 as per the provisions under sub-regulations (4) of this regulation, are applicable for the net saleable energy corresponding to the original capacity and for the additional capacity, a composite rate shall be worked out, on normative basis, for the net saleable energy corresponding to the enhanced capacity, as follows, namely:—

(i) the generic levellised tariff applicable for the net saleable energy in relation to the original capacity as per the sub-regulation (3) or sub-regulation (4) as applicable, shall be considered for the net saleable energy in relation to the annual energy generation corresponding to 75% dependable year as per the Detailed Project Report for the original capacity, irrespective of the date of signing of the power purchase agreement for the original capacity;

(ii) for the net saleable energy in relation to the annual incremental energy generation due to enhancement of capacity *i.e*. the annual additional energy generation which is expected to take place in the 75% dependable year as per the detailed project report for the enhanced capacity, the generic levellised tariff applicable for the net saleable energy in relation to the additional capacity as per the provisions of sub-regulation (3) or sub-regulation (4), of this regulation, as applicable, shall be considered:

Provided that the tariffs considered for the respective energy quantums as per clauses (i) and (ii) of this sub-regulation shall be governed by the respective associated terms and conditions as per the respective power purchase agreements and the applicable provisions for respective capacities:

Provided further that in case the applicable provisions for the respective capacities provide for any adjustment of the corresponding tariff, such adjustment(s) shall also be made only for the respective energy quantums as per clauses (i) and (ii) of this sub-regulation under this regulation and the adjusted composite rate shall be calculated accordingly:

Provided further that while computing such composite rate, the free power (in percentage) shall, save as provided in sub-regulation (7) , be accounted for as follows, namely:—

A	if no separate rates of free power (in percentage) are provided in supplementary IA for the original capacity and for the additional capacity and only composite rate is provided for the enhanced capacity;	composite rate of free power (in percentage), not exceeding the limits specified in regulation [1][**36 or 36-A or 36-B or 36-C, as the case may be,**] for the entire capacity *i.e.* in relation to the original capacity as well as additional capacity;
B	if separate rates for original capacity and for the additional capacity are provided in the supplementary Implementation Agreement;	Separate adjustments in accordance with the limits specified in regulation 36 shall be made for the net saleable energy in relation to the two capacities *i.e.* original capacity and additional capacity at corresponding rates of free power (in percentage). In such cases the limits as per regulation [2][**36 or 36-A or 36-B or 36-C, as the case may be,**] shall be applicable separately for the two capacities:

Provided further that the composite rate for the entire net saleable energy shall, in no case, be higher than the generic levellised rate applicable under Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 as on the date of approval of the PPA for the additional/ enhanced capacity or the date on which any part of additional capacity is synchronized, whichever is earlier, for the small hydro project category under which the enhanced capacity falls:

Provided further that in cases where the incremental capacity is commissioned in phases, the tariff(s) during such interim stages shall be computed based on such incremental energy generation corresponding to the additional capacity actually installed from time to time.]

(6) Where the power purchase agreement has been executed for the original capacity and the renewable energy generator sells energy from the additional capacity, under the relevant Regulations governing REC mechanism, to the distribution licensee with a provision to sell such energy to the licensee for the balance part of the tariff period after exit from the REC mechanism, the following provisions shall apply:—

(i) the tariff for the entire net saleable energy for the residual part of the tariff period shall be fixed/determined in accordance with sub- regulation [3][(2), (3), (4) or (5)], as the case may be;

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1 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

2 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

3 Sub. *for the words and figure* **"(2) (3) or (4)"** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

(ii) during the interim period when the energy is sold partly under the power purchase agreement for the original capacity and partly through the REC mechanism—

(a) unless provided otherwise in the power purchase agreement for the original capacity, the tariff applicable for the original capacity shall not be subject to any adjustment, on account of variation in free power, under sub-regulation [1][(7)],

(b) the total net saleable energy shall be apportioned in a firm ratio on the basis of original capacity and the enhanced capacity."

(7) In the cases covered by [2][sub-regulations (3),(4),(5) and clause (i) of sub-regulation (6)], the tariff shall be adjusted on account of variation in the free power in accordance with sub-regulations (2) and (3) of regulation [3][**36 or 36-A or 36-B or 36-C, as the case may be,]:**

Provided that in case capacity enhancement is approved by the State Government, if the percentage rate of free power undergoes change due to—

(*i*) any change in general policy during the intervening period between the dates of execution of Implementation Agreement for the original capacity and the Supplementary Implementation Agreement for the enhanced capacity, e.g. on account of Local Area Development, change in basic rates, change in the category of the project based on the capacity etc; or

(*ii*) additional free power specifically for enhancement of capacity:— thevariations in free power on account of item (i) shall only be considered for adjustment in tariff as per sub-regulations (2) and (3) of regulation 36-A, but additional free power for capacity enhancement as per item (ii) shall not be considered for tariff adjustment.

(8) Where the parties fail to arrive at an understanding for sale/ purchase of energy in the manner specified in sub-regulations [4][(3) to (7)], the right of the distribution licensee for the net saleable energy as per the original power purchase agreement, duly taking into account the data contained in the Detailed Project Report for the original capacity and power generation on real time basis, shall remain protected and the renewable energy generator shall be eligible to dispose off only the net incremental saleable energy (i.e. after duly adjusting the licensee's first right as aforesaid and the total quantum of free energy for the enhanced capacity of the project):

Provided that in such a case, the renewable energy generator shall also arrive at an understanding with the distribution licensee about the modalities for energy accounting on real time basis as well as on monthly and annual basis and based on the same, the renewable energy generator shall also make the distribution licensee a party to any such agreement for disposal of such incremental energy:

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1 *Sub. for the words and figure* **"(6)"** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

2 *Sub. for the words and figure* ***"(3),(4) and clause (i) of sub- regulation (5)"*** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

3 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

4 *Sub. for the words and figure* ***"(3 to (6)"*** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

Provided further that in case the licensee and the renewable energy generator mutually agree to purchase/sell the net incremental saleable energy at a specific rate and jointly make an application to the Commission for determination of such rate, the Commission may determine the specific levellised rate for such net incremental saleable energy as per the provisions of this sub-regulation and by taking into account the provisions of the regulations/practices prevalent in the time frame during which the capacity enhancement was permitted by the State Government.

[1][(9)] Where, after the Commission has approved the power purchase agreement for sale of power from a project based on a renewable technology other than small hydro project, the capacity of the project is enhanced, the tariff for sale of net saleable energy from such project shall be governed by such terms and conditions as may be included by the Commission, to address such situations, in the terms and conditions fixed by it under regulation 18.

18. Tariff for renewable energy projects, other than small hydro projects.—

(1) The renewable energy projects, other than small hydro projects, may include the following:—

(*i*) Wind power project;

(*ii*) Biomass based power project based on Rankine cycle technology;

(*iii*) Non-fossil fuel based co-generation project;

(*iv*) Biomass gasifier based power project;

(*v*) Municipal Solid Waste (MSW) based power projects and Refuse Derived Fuel (RDF) based power projects;

(*vi*) Solar PV and solar thermal power projects;

(*vii*) Hybrid projects other than Hybrid solar thermal power plants including renewable–renewable or renewable–conventional sources, for which renewable technology is approved by the MNRE;

(*viii*) Biomass project other than that based on Rankine cycle technology application with water cooled condenser;

(*ix*) Any other renewable energy technology which may be approved by theMNRE.

(2) Where the technological specific parameters and other terms and conditions, including the tariff period and useful life of the project, have not been specified, the Commission may, by an order, at any time and at such intervals as it considers appropriate to do so, fix the same:

Provided that in case of renewable technologies, other than small hydro projects, such parameters and terms conditions may also include other suitable provisions as the Commission may feel necessary to address the situations covered under regulations 16 and 17:

Provided further that the Commission may, by order, categorise the renewable energy projects, other than small hydro projects, under the respective renewable energy

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[1] *Sub-regualtion (8) re-numbered (9) vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

technologies specified in sub– regulation (1), based on the capacity of projects, the available subsidy schemes and such other factors as may be considered appropriate by it:

Provided further that the Commission may, in order to promote such technologies for smaller capacities, follow, mutatis mutandis, upto the limits as it may consider necessary separately for each such technology but not exceeding 5 MW for any such technology, any or all of the technological specific parameters, including capital cost, and other terms and conditions or the tariff, in respect of the relevant part of the control period for the relevant renewable energy technology, as it may deem fit —

(*a*) as specified or adopted by the Central Commission for determining project specific tariff for any project(s) or generic levellised tariff for any category of project(s); or

(*b*) the rate discovered though competitive bidding undertaken by any Government agency; or

(*c*) the inputs available from any other sources, as the Commission may find appropriate:

Provided further that the financial norms, except for capital cost, as specified under Chapter-IV of these Regulations shall also be considered as ceiling norms.

(3) The Commission may, after having fixed the norms/parameters and other related terms and conditions as per sub-regulation (2), determine, or otherwise fix, by order, either generic levellised tariff(s) for any or all categories of such renewable energy technology(ies):

Provided that the Commission may, by order, fix, at such time intervals as it may consider appropriate, the ceiling rates and associated terms and conditions to be used by the licensee for reverse bidding for procurement of power from the projects based on such technologies.

(4) The renewable energy generator and the distribution licensee intending to sell/purchase power from the projects based on the renewable energy sources, other than the small hydro projects, for the entire useful life of the project, may, at the time of filing joint petition for the approval of the power purchase agreement, mutually agree to be governed by the generic levellised tariff, if the Commission has already determined or expressed its intention, by order, to determine such a rate for that technology, or in absence of Commission having expressed any such intention, for determination of project specific tariff by the Commission.

(5) In order to facilitate execution of the power purchase agreements by the distribution licensee with the renewable energy generator, within the framework of sub-regulation (4), the Commission may, subject to mutual agreement between the parties, allow, or otherwise direct, the parties to incorporate in the power purchase agreement-

(*i*) a provisional tariff based on the generic levellised tariff, if any, notified by the Central Commission for that technology(ies), for the relevant timeframe, or any other rate as may be considered appropriate by the Commission;

(*ii*) other related terms and conditions including the maximum permissible variations in the provisional tariff;

(*iii*) any deviations from norms, as may be mutually agreed by the parties under regulations [1][**32 or 32-A or 32-B or 32-C and 42, as the case may be;]** and

(*iv*) any other conditions as may be considered appropriate by the Commission.

19. Petition and proceedings for determination of project specific levellised tariff.— (1) Where the renewable energy generator and the licensee have mutually agreed, in the power purchase agreement signed by them with the approval of the Commission, for the determination of project specific levellised tariff, the renewable energy generator may file, on any date falling between ninety (90) days to one hundred and eighty (180) days before the expected date of commencement of operation of the project, the petition for determination of the project specific levellised tariff in accordance with the Conduct of Business Regulations which shall, apart from such fee as specified by the Commission, be accompanied by—

(a) a copy of the mutual agreement between the parties for project specific determination of tariff and the conditions, if any;

(b) the detailed breakup of capital expenditure incurred and to be incurred for completing the works covered in the original scope of works or for discharging the outstanding liabilities in respect of the completed works and tariff calculations etc. as per the formats as may be laid down by the Commission from time to time;

(c) the detailed project report outlining technical, operational data, capacity utilization factor, site specific aspects, premise for capital cost and financing plan and in case of small hydro projects hydrological data for 75% dependable year;

(*d*) a statement of all applicable terms and conditions and annual expenses as per these Regulations;

(*e*) a statement containing full details of calculations of any subsidy, incentives and grant or budgetary support received, due or assumed to be due, from the Central Government and/or State Government. This statement shall also include the proposed tariff calculated in accordance with these Regulations;

(*f*) electronic formats and soft copy of other details submitted;

(*g*) requirements of additional data relevant to the agreement in pursuance ofwhich the project specific determination is sought; and

(*h*) any other information as the Commission may require the petitioner(s) to submit at the time of undertaking, or during the course of, determination of project specific tariff.

(2) The Commission may, during the pendency of the petition filed under sub-regulation (1), allow, on such terms and conditions as it may consider necessary, a provisional tariff not exceeding the generic levellised tariff, if any, applicable to the relevant category.

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[1] *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

20. Review of tariff— (1) Save as provided in sub-regulations (2) and (3), the generic levellised tariff or project specific levellised tariff, as the case may be, determined in accordance with the provisions of these Regulations shall be firm and shall not to subject to any review.

(2) Impact of any change(s) in the rate of free power under the general policy for allotment of sites, but only to the extent permitted under regulation 36 and further within the limit of 13% as per the National Tariff Policy and/or National Hydro Policy, shall be payable/adjustable as per the provisions of regulations [1][**36 or 36-A or 36-B or 36-C, as the case may be.]**

(3) If, after the determination of the generic levellised tariff for the control period or the project specific levellised tariff for a project:—

(*i*) a water cess or tax on generation is levied which impacts all or any of the projects; and/or

(*ii*) the limit of 13% for the pass through of free power in the tariff as per the National Hydro Policy/Tariff Policy is revised by the Central Government, or staggered by the Government; and/or

(*iii*) the mechanism or quantum of the capital subsidy or budgetary grant mentioned in regulations [2][**22 or 22-A or 22-B or 22-C, as the case may be,]** is changed as a matter of policy; and/or

(*iv*) the State Government revises its instructions with regard to the minimum flow of water downstream of diversion structure of the small hydro projects and implements the same;

The Commission may, suo-motu or on an application made to it, by generic or specific order, review the tariff for the residual tariff period or such other part as it may deem fit, for the projects or group of projects actually impacted, to account for the impact of such changes:

Provided that while revising the tariff, the Commission may incorporate such terms and conditions, including the period for which such revised tariff shall be applicable, as it may deem fit.

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1 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

2 *Sub. vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

[1][PART-I]

[2][CHAPTER-IV
FINANCIAL PRINCIPLES
(APPLICABLE FROM 01.10.2017 TO 30.09.2019)]

21. Capital Cost.—(1) The norms for the capital cost in case of small hydro projects shall be as specified in Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under regulation 18.

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report, Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, contribution towards Local Area Development Fund (LADF), statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty imposed in accordance with the power purchase agreement executed with the licensee, will not form part of the capital cost:

Provided further that for project specific tariff determination, the renewable energy generator shall submit the itemwise break-up of capital cost alongwith its petition in the manner specified under regulation 19 and the capital cost admitted by the Commission shall be taken into consideration.

22. Subsidy or incentive or grant/budgetary support by the Central/ State Government.-(1) While determining the generic levellised or project specific levellised tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant available under the schemes of the Central or State Government or its agencies, but excluding accelerated depreciation benefit under the Income Tax Act:

Provided that for tariff determination, only 75% of the capital subsidy available to the project as per applicable scheme of the MNRE/State Government shall be considered:

Provided further that the Commission may evolve suitable mechanism(s) for incorporating impact of the subsidy component for determination or adjustment of generic levellised tariffs for various categories of projects:

Provided further that the capital subsidy under the schemes of the Central or State Government or its agencies, shall, unless the circumstances otherwise warrant, be ordinarily adjusted in the middle of first 12 months from the commencement of the tariff

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[1] *Ins. vide not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[2] Sub. *for* ***"CHAPTER-IV FINANCIAL PRINCIPLES"*** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

period against the principal component of the loan amount as additional reduction apart from the normal payment:

Provided further that where the Central Government or the State Government notifies or has notified any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall automatically be treated as reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under sub-regulation (1) of this regulation, the Commission shall account for 100% of such budgetary support, while determining project specific levellised tariff. (3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government and if the amount and/or mechanism of subsidy is changed by the MNRE/State Government, consequent corrections in tariffs may be carried out by the Commission in accordance with regulation 20.

23. Debt-Equity Ratio.— (1) The normative debt equity ratio shall be 70:30.

(2) For generic levellised tariff, the Commission shall adopt debt equity ratio of 70:30.

(3) For project specific levellised tariff, the following provisions shall apply —

(*i*) if the equity actually deployed is more than 30% of the capital cost admitted by the Commission under regulation 15, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

(*ii*) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations;

(*iii*) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment.

Explanation.—For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this regulation and regulation 26.

(4) The Commission shall treat any incentive or subsidy and/or grant/ budgetary support available from the MNRE/State Government, to the extent specified under regulation 22, to have been utilized towards pre- payment of debt in such phases as it may deem fit, leaving balance loan to be considered for determination of tariff.

24. Loan and Finance Charges.—(1) For the purpose of determination of tariff, loan tenure of 13 years, inclusive of moratorium period, if any, shall be considered:

Provided that the capital subsidy admissible to the renewable energy generator shall normally be considered for the reduction of loan period and such reduced loan tenure shall be considered for the purpose of tariff determination.

(2) Interest Rate.—

(*a*) The loans arrived at in the manner indicated in the regulation 23 shall be considered as gross normative loan for calculation for interest on loan. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment up to 31st March of previous year from the gross normative loan.

(*b*) For the purpose of computation of tariff(s) under these Regulations, normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months, prior to the respective date(s) from which such tariff(s) the respective generic levellised tariffs are to be made applicable, shall be considered:

Provided that in case where the project specific tariff is to be determined, such average rate of SBI, as prevalent during the respective periods in which the loan has been availed, shall be taken into account on weighted average basis and the rate so worked out on this basis or the weighted average rate at which the loan has been availed, whichever is lower, shall be considered.

(*c*) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.

(*d*) Apart from the adjustment of subsidy in accordance with regulation 22, the loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

25. Depreciation.—For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:—

(a) the value base for the purpose of depreciation shall be the normative capital cost (for generic tariff) or the capital cost of the project as admitted by the Commission (for project specific tariff), as the case may be;

(*b*) the salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

(*c*) depreciation per annum shall be based on 'Differential Depreciation Approach'.For tariff purposes, the depreciation shall be allowed @ 5.28% per annum till such time the requirement for repayment of loan component of the capital cost as per regulations 21, 23 and 24 after adjusting the amount of subsidy as per regulation 22, is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method;

(d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

26. Return on Equity.—(1) The value base for the equity shall be 30% of the normative capital cost as determined under regulation 21:

Provided that in case of project specific determination, the value base of equity shall be restricted to the actual amount of equity or 30% of the capital cost admitted by the Commission, whichever is lower, in accordance with the provisions of regulation 23.

(2) The normative return on Equity shall be 17% per annum on pre tax basis and shall not be subject to any adjustment on account of any taxes, or changes in the tax rates, under the Income Tax Act.

27. Interest on working capital.—(1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following:—

(*a*) operation and maintenance expenses for one month;

(*b*) receivables equivalent to 2 (two) months of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis;

(*c*) maintenance spare @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomass power projects with Rankin Cycle technologies, biomass gasifier based power projects, non-fossil fuel based cogeneration projects, Municipal Solid Waste power projects and Refused Derived Fuel project shall be computed in accordance with the following:—

(a) fuel cost for four months equivalent to normative Plant Load Factor (PLF);

(b) operation and maintenance expenses for one month;

(c) receivables equivalent to 2 (two) months of energy charges (fixed and variable charges) for sale of electricity calculated on the net saleable design energy on normative basis;

(*d*) maintenance spare @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred (300) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (One Year Tenor) prevalent during the last available six months, prior to the respective date(s) from which the generic tariff(s) are to be made applicable:

Provided that in case where the project specific tariff is to be determined, such average rate for the last available six months prior to the date from which the project specific tariff is to be made applicable, shall be considered.

28. Operation and maintenance expenses.—(1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including

employees expense, administrative and general expenses), repairs, spares, consumables, insurance andoverheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified in Chapter-V of these Regulations for the small hydro projects and as stipulated in relevant orders of the Commission for other renewable technologies.

(3) Normative O&M expenses allowed under these Regulations shall be escalated at the rate of 5.72% per annum over the tariff period.

29. Taxes and duties.— Tariff determined under these Regulations shall be inclusive of all taxes and duties and shall not be subject to any change except for the provisions specified under regulation 20.

30. Rebate.—(1) The due date for payment of bills shall be 60 days from the date of billing.

(2) For payment of bills of the renewable energy generator through letter of credit, a rebate of 2% shall be allowed.

(3) Where payments are made other than through letter of credit within a period of one month of presentation of bills by the renewable energy generator, a rebate of 1% shall be allowed.

31. Late payment surcharge.—The distribution licensee shall make timely payments of energy bills of the renewable energy generators by assigning priority over and above all other payments. In case the payment of any bill for charges payable under these Regulations is delayed beyond a period of 60 days from the date of billing, a late payment surcharge at the simple interest rate of 1.25% per month shall be levied by the renewable energy generator for the actual number of days by which the payment is delayed.

32. Ceiling norms.—The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall notpreclude the licensee or renewable energy generator from agreeing to improved norms,including operation and maintenance norms, which may lead to overall reduction in the levellised tariff and in case the improved norms are agreed to, such improved norms shall beapplicable for determination of the project specific levellised tariff.

[1][PART-II

FINANCIAL PRINCIPLES

(APPLICABLE FROM 01.10.2019 TO 31.03.2020)

21-A. Capital Cost.—(1) The norms for the capital cost in case of small hydro projects shall be as specified in Part-II of the Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under regulation 18.

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report,

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1 *Ins. "**PART-II**" vide not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, contribution towards Local Area Development Fund (LADF), statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc. and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement and/or any liquidated damages/penalty imposed by the State Government in accordance with the implementation agreement and/or those imposed by the licensee in accordance with the power purchase agreement, will not form part of the capital cost:

Provided further that for project specific tariff determination, the renewable energy generator shall submit the itemwise break-up of capital cost alongwith its petition in the manner specified under regulation 19 and the capital cost admitted by the Commission shall be taken into consideration.

22-A. Subsidy or incentive or grant/budgetary support by the Central/State Government.—(1) While determining the generic levellised or project specific levellised tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant available under the schemes of the Central or State Government or their agencies, but excluding accelerated depreciation benefit under the Income Tax Act:

Provided that the Commission may evolve suitable mechanism(s) for incorporating impact of the subsidy component for determination or adjustment of generic levellised tariffs for various categories of projects:

Provided further that the capital subsidy under the schemes of the Central or State Government or their agencies, shall, unless the circumstances otherwise warrant, be ordinarily adjusted in the middle of first 12 months from the commencement of the tariff period against the principal component of the loan amount as additional reduction apart from the normal payment:

Provided further that where the Central Government or the State Government notifies, or has notified, any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall automatically be treated as reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional project specific grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under sub-regulation (1) of this regulation, the Commission shall account for such budgetary support also, while determining project specific levellised tariff.

(3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government/Central Government and if the amount and/or mechanism of subsidy is changed by the MNRE/State Government/Central Government, consequent corrections in tariffs may be carried out by the Commission in accordance with regulation 20.

23-A. Debt-Equity Ratio.—(1) The normative debt equity ratio shall be 70:30.

(2) For generic levellised tariff, the Commission shall adopt debt equity ratio of 70:30.

(3) For project specific levellised tariff, the following provisions shall apply.—

(i) if the equity actually deployed is more than 30% of the capital cost admitted by the Commission under regulation 15, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

(ii) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations;

(iii) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment.

Explanation.—For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this regulation and regulation 26-A.

(4) The Commission shall treat any incentive or subsidy and/or grant/budgetary support available from the MNRE/State Government/Central Government, to have been utilized towards pre-payment of debt in such phases as it may deem fit, leaving balance loan to be considered for determination of tariff.

24-A. Loan and Finance Charges.—(1) For the purpose of determination of tariff, loan tenure of 13 years, inclusive of moratorium period, if any, shall be considered:

Provided that the capital subsidy admissible to the renewable energy generator shall normally be considered for the reduction of loan period and such reduced loan tenure shall be considered for the purpose of tariff determination.

(2) Interest Rate.—

(a) The loans arrived at in the manner indicated in the regulation 23-A shall be considered as gross normative loan for calculation of interest on loan. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment up to 31st March of previous year from the gross normative loan.

(b) For the purpose of computation of tariff(s) under these Regulations, normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months, prior to the respective date(s) from which such tariff(s) the respective generic levellised tariffs are to be made applicable, shall be considered:

Provided that in case where the project specific tariff is to be determined, such average rate of SBI, as prevalent during the respective periods in which the loan has been availed, shall be taken into account on

weighted average basis and the rate so worked out on this basis or the weighted average rate at which the loan has been availed, whichever is lower, shall be considered.

(c) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.

(d) Apart from the adjustment of subsidy in accordance with regulation 22-A, the loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

25-A. Depreciation.—For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:—

(a) the value base for the purpose of depreciation shall be the normative capital cost (for generic tariff) or the capital cost of the project as admitted by the Commission (for project specific tariff), as the case may be;

(b) the salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

(c) depreciation per annum shall be based on 'Differential Depreciation Approach'. For tariff purposes, the depreciation shall be allowed @ 5.28% per annum till such time the requirement for repayment of loan component of the capital cost as per regulations 21-A, 23-A and 24-A after adjusting the amount of subsidy as per regulation 22-A, is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method;

(d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

26-A. Return on Equity.—(1) The value bases for the equity shall be 30% of the normative capital cost as determined under regulation 21-A:

Provided that in case of project specific determination, the value base of equity shall be restricted to the actual amount of equity or 30% of the capital cost admitted by the Commission, whichever is lower, in accordance with the provisions of regulation 23-A.

(2) The normative return on Equity shall be 17% per annum on pre tax basis and shall not be subject to any adjustment on account of any taxes, or changes in the tax rates, under the Income Tax Act.

27-A. Interest on working capital.— (1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following:—

(a) operation and maintenance expenses for one month;

(b) receivables equivalent to 2 (two) months of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis;

(c) maintenance spares @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomass power projects with Rankin Cycle technologies, biomass gasifier based power projects, nonfossil fuel based cogeneration projects, Municipal Solid Waste power projects and Refused Derived Fuel project shall be computed in accordance with the following:—

(a) fuel cost for four months equivalent to normative Plant Load Factor (PLF);

(b) operation and maintenance expenses for one month;

(c) receivables equivalent to 2 (two) months of energy charges (fixed and variable charges) for sale of electricity calculated on the net saleable design energy on normative basis;

(b) maintenance spares @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred (300) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (One Year Tenor) prevalent during the last available six months, prior to the respective date(s) from which the generic tariff(s) are to be made applicable:

Provided that in case where the project specific tariff is to be determined, such average rate for the last available six months prior to the date from which the project specific tariff is to be made applicable, shall be considered.

28-A. Operation and maintenance expenses.—(1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified in Part-II of Chapter-V of these Regulations for the small hydro projects and as stipulated in relevant orders of the Commission for other renewable technologies.

(3) Normative O&M expenses allowed under these Regulations shall be escalated at the rate of 5.72% per annum over the tariff period.

29-A. Taxes and duties.— Tariff determined under these Regulations shall be inclusive of all taxes and duties and shall not be subject to any change except for the provisions specified under regulation 20.

30-A. Rebate.—(1) The due date for payment of bills shall be 60 days from the date of billing.

(2) For payment of bills of the renewable energy generator through letter of credit, a rebate of 2% shall be allowed.

(3) Where payments are made, other than through letter of credit, within a period of one month of presentation of bills by the renewable energy generator, a rebate of 1% shall be allowed.

31-A. Late payment surcharge.—The distribution licensee shall make timely payments of energy bills of the renewable energy generators by assigning priority over and above all other payments. In case the payment of any bill for charges payable under these Regulations is delayed beyond a period of 60 days from the date of billing, a late payment surcharge at the simple interest rate of 1.25% per month shall be levied by the renewable energy generator for the actual number of days by which the payment is delayed.

32-A. Ceiling norms.—The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall not preclude the licensee or renewable energy generator from agreeing to improved norms, including operation and maintenance norms, which may lead to overall reduction in the levellised tariff and in case the improved norms are agreed to, such improved norms shall be applicable for determination of the project specific levellised tariff.

32-AA. Applicability.—The provisions of this Chapter shall be applicable for all the RE technologies for the matters to be dealt under second control period irrespective of the intervals at which Generic levellised tariffs are determined under this control period.]

[1][PART-III
FINANCIAL PRINCIPLES
(APPLICABLE FROM 01-04-2020 TO 30-09-2023)

21-B. Capital Cost.—(1) The norms for the capital cost in case of small hydro projects shall be as specified in Part-III of Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under regulation 18.

[2][Provided that in case of small hydro projects upto 100 kW capacity, such norms shall be as fixed in the relevant orders of the Commission under Regulation 14.]

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report, Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, contribution towards Local Area Development Fund (LADF), statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc. and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty imposed by the licensee in accordance with the power purchase agreement executed with it, or by the State Government in accordance with the implementation agreement executed with it, will not form part of the capital cost:

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1 *Ins. "**PART-III**" vide not. No. HPERC/428 dated 8th September, 2020, published in R.H.P. dated 15th September, 2020 at p. 3561-3570.*

2 *Ins. proviso vide Not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

Provided further that for project specific tariff determination, the renewable energy generator shall submit the item wise break-up of capital cost alongwith its petition in the manner specified under regulation 19 and the capital cost admitted by the Commission shall be taken into consideration.

22-B. Subsidy or incentive or grant/budgetary support by the Central/State Government.—(1) While determining the generic levellised or project specific levellised tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant available under the schemes of the Central or State Government or their agencies, but excluding accelerated depreciation benefit under the Income Tax Act:

Provided that the capital subsidy under the schemes of the Central or State Government or their agencies shall be adjusted in the normative capital cost and the cost so arrived, after such adjustment, shall be considered for computing Debt-Equity Components for the purposes of determination of generic levellised tariffs:

Provided further that where the Central Government or the State Government notifies, or has notified, any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall be reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional project specific grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under sub-regulation (1) of this regulation, the Commission shall account for such budgetary support also, while determining project specific levellised tariff.

(3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government/Central Government and if the amount and/or mechanism of subsidy is changed by the MNRE/State Government/Central Government, consequent corrections in tariffs may be carried out by the Commission in accordance with regulation 20.

23-B. Debt-Equity Ratio.—(1) The normative debt equity ratio shall be 70:30.

(2) For generic levellised tariff, the Commission shall adopt debt equity ratio of 70:30:

Provided that for arriving at the amount of debt and equity, the debt equity ratio shall be considered after deducting, from the normative capital cost, the amount of incentive, grant and capital subsidy available for the project.

(3) For project specific levellised tariff, the following provisions shall apply—

(i) if the equity actually deployed is more than 30% of the net capital cost arrived at after subtracting the incentive, grant and capital subsidy from the capital cost admitted by the Commission under regulation 15, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the

reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

(ii) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations;

(iii) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment;

(iv) for arriving at the amount of equity in cases involving project specific determination of tariff, the debt equity ratio shall be considered after deducting, from the capital cost admitted by the Commission under Regulation 15, the amount of incentive, grant and capital subsidy available for the project.

Explanation.—For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this regulation and regulation 26-B.

(4) The Commission shall treat any incentive or subsidy and/or grant/ budgetary support available from the MNRE/State Government/Central Government, to have been availed and shall adjust the same as per the provisions of these regulations.

24-B. Loan and Finance Charges.—(1) For the purpose of determination of tariff, loan tenure of 15 years shall be considered.

(2) **Interest Rate.—**

(a) The loan amount (*i.e.* the debt component) arrived at in the manner indicated in the regulation 23-B shall be considered as gross normative loan for calculation of interest on loan. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment up to 31st March of previous year from the gross normative loan.

(b) For the purpose of computation of tariff(s) under these Regulations, normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months, prior to the respective date(s) from which such tariff(s) the respective generic levellised tariffs are to be made applicable, shall be considered:

Provided that in case where the project specific tariff is to be determined, such average rate of SBI, as prevalent during the respective periods in which the loan has been availed, shall be taken into account on weighted average basis and the rate so worked out on this basis or the weighted average rate at which the loan has been availed, whichever is lower, shall be considered.

(c) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.

(d) The loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

25-B. Depreciation.—For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:—

(a) the value base for the purpose of depreciation shall be equal to sum total of the debt and equity components as per the provisions of regulation 23-B;

(b) the salvage value shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the value base as per clause (a) of this regulation:

Provided that no depreciation shall be allowed to the extent of incentive, grant and capital subsidy available for the project.

(c) depreciation per annum shall be based on "Differential Depreciation Approach". For tariff purposes, the depreciation shall be allowed @ 4.67% per annum of the value base as per clause (a) of this regulation till such time the requirement for repayment of loan component of the capital cost as per regulations 21-B, 23-B and 24-B is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method;

(d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

26-B. Return on Equity.—(1) The value base for the equity (on which return on equity shall be calculated) shall be equal to the equity component computed in accordance with the provisions of regulation 23-B.

(2) The normative Return on Equity shall be 14%. The normative Return on Equity shall be grossed up by the latest available notified Minimum Alternate Tax (MAT) rate for the first 20 years of the Tariff Period and by the latest available notified Corporate Tax rate for the remaining Tariff Period.

27-B. Interest on working capital.—(1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following:—

(a) operation and maintenance expenses for one month;
(b) receivables equivalent to 45 days of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis;
(b) maintenance spare @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomass power projects with Rankin Cycle technologies, biomass gasifier based power projects, non-fossil fuel based cogeneration

projects, Municipal Solid Waste power projects and Refused Derived Fuel project shall be computed in accordance with the following:—

(a) fuel cost for four months equivalent to normative Plant Load Factor (PLF);

(b) operation and maintenance expenses for one month;

(c) receivables equivalent to 45 days of energy charges (fixed and variable charges) for sale of electricity calculated on the net saleable design energy on normative basis;

(d) maintenance spare @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred and fifty (350) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (One Year Tenor) prevalent during the last available six months, prior to the respective date(s) from which the generic tariff(s) are to be made applicable:

Provided that in case where the project specific tariff is to be determined, such average rate for the last available six months prior to the date from which the project specific tariff is to be made applicable, shall be considered.

28-B. Operation and maintenance expenses.—(1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified in Part-III of Chapter-V of these Regulations for the [1][small hydro projects exceeding 100 kW Capacity] and as stipulated in relevant orders of the Commission for other renewable [1][energy projects.]

(3) Normative O&M expenses allowed under these regulations shall be escalated over the tariff period at the rate of 3.84% per annum.

29-B. Taxes and duties.—Tariff determined under these regulations shall be inclusive of all taxes and duties and shall not be subject to any change except for the provisions specified under regulation 20.

30-B. Rebate.—(1) The due date for payment of bills shall be 45 days from the date of billing.

(2) For payment of bills of the generating company through revolving and valid letter of credit on presentation or through National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) payment mode within a period of 5 days of presentation of bills, a rebate of 1.5% on bill amount shall be allowed.

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[1] *Subs. the words and figures* **"small hydro projects"** *and the words* **"technologies"** *vide not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

(3) Where payments are made on any day after 5 days within a period of thirty (30) days from date of presentation of bills by the generating company, a rebate of 1% shall be allowed.

Explanation.—For computing the "5 days" and other cutoff dates for the purposes of this regulation and regulation 31-B, the number of days shall be counted consecutively without considering any holiday. However, in case the last day is official holiday, the last day for these purposes shall be construed as the immediate succeeding working day.

[1][**31-B. Late payment surcharge.—** The Distribution Licensee shall make timely payments of energy bills of the renewable energy generator(s) by assigning priority over and above all other payments. In case the payment of any bill payable under the power purchase agreement is delayed beyond a period of 45 days from the date of presentation of the bill, a Late Payment Surcharge shall be payable on the payment outstanding after the due date at the base rate of Late Payment Surcharge applicable for the period for the first month of default:

Provided that if the period of default lies in two or more financial years, the base rate of Late Payment Surcharge shall be calculated separately for the periods falling in defferent years:

Provided further that the rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 percent for every month of delay and shall not be more than three percent higher than the base rate at any time:

Provided further that the payment made by the Distribution Licensee to the renewable energy generator for power procured from it shall be first adjusted towards Late Payment Surcharge irrespective of the bill to which it pertains and thereafter towords monthly charges starting from the longest overdue bill:

Provided further that all the bills payable by the Distribution Licensee to a renewable energy generator for power procured from it, shall be time tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee, as has not been adjusted towards the Late Payment Surcharge as per the third proviso to this Regulation, shall be adjusted first against the oldest bill and then to the second oldest bill and so on so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for.]

[2][**31-BB. Payment Security Mechganism.-** (1) the Distribution Licensee shall maintain unconditional, irrevocable and adequate payment security mechanism.

(2) The supply fo power shall only be made if an adequate Payment Security Mechanism is maintained or in the absence thereof, advance payment is made:

Provided that in case the renewable energy generator supplies power without the Payment Security Mechanism or without advance payment, it shall lose the right to collect the late payment surcharge from the Distribution Licensee:

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1 Sub. *vide not. No. HPERC/428 dated 27th January, 2023, published in R.H.P.dated 1st February, 2023 at p. 9640-9644.*

2 Inst. *Regulation 31-BB vide not. No. HPERC/428 dated 27th January, 2023, published in R.H.P.dated 1st February, 2023 at p. 9640-9644.*

Provided further that in case of non-payment of outstanding dues by the default trigger date, the obligation of the renewable energy generator to supply power shall be reduced to 75% of the contracted power to distribution licensee and balance 25% of contracted power may be sold by the renewable energy generator through the Power Exchanges:

Provided further that if the Distribution Licensee does not establish Payment Security Mechanism or continues to default in payment of outstanding dues for a period of thirty days after lthe commencement of sale of power by the RE generator to the extent of 25% of contracted power through the Power Exchanges then the renewable energy generator shall be entitled to sell 100% of the contracted power through Power Exchanges.

(3) In case of non-maintenance of Payment Security Mechanism, renewable energy generator shall regulate power supply to the Distribution Licensee in accordance with Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 notified by the Ministry of Power on 3rd June, 2022.

(4) The gains or losses, as the cases may be, from the sale of such power, which shall be the difference between selling price of such power in the Power Exchanges and the expense borne by the renewable energy generator including energy charges, transmission charges; other incidental charges and shall be adjusted on monthly basis in the following order:-

(i) liquidation of overdue amount, if any (in case of gains only);
(ii) the balance shall be shared in the ratio of 75:25 between the Distribution Licensee and the renewable energy generator.

(5) The renewable energy generator shall share the detailed calculations as per the sub-regulation (4) of this Regulation, with the defaulting entity i.e. Distribution Licensee on a monthly basis:

Provided that such gains or losses, as the case may be, shall be computed by talking into account on daily basis the selling rate of such power in the Green Day Ahead Market (GDAM) or actual sale price on any other platform, whichever is higher.]

32-B. Ceiling norms.—The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall not preclude the licensee or renewable energy generator from agreeing to improved norms, including operation and maintenance norms, which may lead to overall reduction in the levellised tariff and in case the improved norms are agreed to, such improved norms shall be applicable for determination of the project specific levellised tariff.

32-BB. The provisions of this Chapter shall be applicable for all the RE technologies for the matters to be dealt under third control period irrespective of the intervals at which the generic levellised tariffs are determined under this control period.]

[1][PART-IV
FINANCIAL PRINCIPLES
(APPLICABLE FROM 01-10-2023 TO 31-03-2027)

21-C. Capital Cost.—(1) The norms for the capital cost in case of small hydro projects shall be as specified in Part-IV of Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under Regulation 18:

Provided that in case of small hydro projects upto 100 kW capacity, such norms shall be as fixed in the relevant orders of the Commission under Regulation 14.

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report, Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, contribution towards Local Area Development Fund (LADF), statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc. and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty imposed by the licensee in accordance with the power purchase agreement executed with it, or by the State Government in accordance with the implementation agreement executed with it, will not form part of the capital cost:

Provided further that for project specific tariff determination, the renewable energy generator shall submit the item wise break-up of capital cost alongwith its petition in the manner specified under Regulation 19 and the capital cost admitted by the Commission shall be taken into consideration.

22-C Subsidy or incentive or grant/budgetary support by the Central/State Government.—(1) While determining the generic levellised or project specific levellised tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant and/or budgetary support available, irrespective of whether the same is actually availed or not, under the schemes of the Central or State Government or their agencies, but excluding accelerated depreciation benefit under the Income Tax Act:

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[1] *Ins.* ***"PART-IV****" vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

Provided that the capital subsidy under the schemes of the Central or State Government or their agencies shall be adjusted in the normative capital cost and the cost so arrived, after such adjustment, shall be considered for computing Debt-Equity Components for the purposes of determination of generic levellised tariffs:

Provided further that where the Central Government or the State Government notifies, or has notified, any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall be reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional project specific grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under Sub-regulation (1) of this regulation, the Commission shall account for such budgetary support also, while determining project specific levellised tariff.

(3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government/Central Government and if the amount and/or mechanism of subsidy is changed by the MNRE/State Government/Central Government, consequent corrections in tariffs may be carried out by the Commission in accordance with Regulation 20.

23-C. Debt-Equity Ratio.—(1) The normative debt equity ratio shall be 70:30.

(2) For generic levellised tariff, the Commission shall adopt debt equity ratio of 70:30:

Provided that for arriving at the amount of debt and equity, the debt equity ratio shall be considered after deducting, from the normative capital cost, the amount of incentive, grant and capital subsidy available for the project.

(3) For project specific levellised tariff, the following provisions shall apply:—

(i) if the equity actually deployed is more than 30% of the net capital cost arrived at after subtracting the incentive, grant and capital subsidy from the capital cost admitted by the Commission under Regulation 15, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

(ii) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations;

(iii) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment.

(iv) For arriving at the amount of equity in cases involving project specific determination of tariff, the debt equity ratio shall be considered after deducting,

from the capital cost admitted by the Commission under Regulation 15, the amount of incentive, grant and capital subsidy available for the project.

Explanation.—For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this Regulation and Regulation 26-C.

(4) The Commission shall treat any incentive or subsidy and/or grant/ budgetary support available from the MNRE/State Government/Central Government, to have been availed and shall adjust the same as per the provisions of these regulations.

24-C. Loan and Finance Charges.—(1) For the purpose of determination of tariff, loan tenure of 15 years shall be considered:

(2) Interest Rate.—

(a) The loan amount (i.e. the debt component) arrived at in the manner indicated in the Regulation 23-C shall be considered as gross normative loan for calculation of interest on loan. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment upto 31st March of previous year from the gross normative loan.

(b) For the purpose of computation of tariff(s) under these Regulations, normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months, prior to the respective date(s) from which such tariff(s) the respective generic levellised tariffs are to be made applicable, shall be considered:

Provided that in case where the project specific tariff is to be determined, such average rate of SBI, as prevalent during the respective periods in which the loan has been availed, shall be taken into account on weighted average basis and the rate so worked out on this basis or the weighted average rate at which the loan has been availed, whichever is lower, shall be considered.

(c) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.

(d) The loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

25-C. Depreciation.—For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:—

(c) the value base for the purpose of depreciation shall be equal to sum total of the debt and equity components as per the provisions of Regulation 23-C;

(d) the salvage value shall be considered as 10% and depreciation shall be allowed upto maximum of 90% of the value base as per clause (a) of this Regulation:
Provided that no depreciation shall be allowed to the extent of incentive, grant and capital subsidy available for the project;

(c) depreciation per annum shall be based on "Differential Depreciation Approach". For tariff purposes, the depreciation shall be allowed @ 4.67% per annum of the value base as per clause (a) of this Regulation till such time the requirement for repayment of loan component of the capital cost as per regulations 21-C, 23-C and 24-C is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method; and

(d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

26-C. Return on Equity.—(1) The value base for the equity (on which return on equity shall be calculated) shall be equal to the equity component computed in accordance with the provisions of Regulation 23-C.

(2) The normative Return on Equity shall be 14%. The normative Return on Equity shall be grossed up by the latest available notified Minimum Alternate Tax (MAT) rate for the first 20 years of the Tariff Period and by the latest available notified Corporate Tax rate for the remaining Tariff Period.

27-C. Interest on working capital.—(1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following:—

(a) operation and maintenance expenses for one month;

(b) receivables equivalent to 45 days of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis; and

(c) maintenance spare @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomass power projects with Rankin Cycle technologies, biomass gasifier based power projects, non-fossil fuel based cogeneration projects, Municipal Solid Waste power projects and Refused Derived Fuel project shall be computed in accordance with the following:—

(a) fuel cost for four months equivalent to normative Plant Load Factor (PLF);

(b) operation and maintenance expenses for one month;

(c) receivables equivalent to 45 days of energy charges (fixed and variable charges) for sale of electricity calculated on the net saleable design energy on normative basis; and

(d) maintenance spare @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in Sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred and fifty (350) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (One Year Tenor) prevalent during the last available six months, prior to the respective date(s) from which the generic tariff(s) are to be made applicable:

Provided that in case where the project specific tariff is to be determined, such average rate for the last available six months prior to the date from which the project specific tariff is to be made applicable, shall be considered.

28-C. Operation and maintenance expenses.—(1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified in Part-IV of Chapter-V of these Regulations for the small hydro projects exceeding 100 kW Capacity and as stipulated in relevant orders of the Commission for other renewable energy projects.
(3) Normative O&M expenses allowed under these Regulations shall be escalated over the tariff period at the rate of 3.84% per annum.

29-C. Taxes and duties.—The tariff determined under these Regulations shall be inclusive of all taxes and duties and shall not be subject to any change except for the provisions specified under Regulation 20 and 29-CC of these Regulations.

29-CC.Reimbursement of water cess.—The amount, if any, paid to the State Government by a SHP generator on account of water cess shall be reimbursed by the Distribution Licensee on monthly basis on production of the receipt in support of such payment:

Provided that such reimbursement shall be limited to the water cess actually paid on such quantum of water usage as is required by the SHP developer for generating the saleable energy for sale to the Distribution Licensee at generic levellised tariff determined under these Regulations and also for providing free power, associated with such sale, to the State Government, limited to the extent of 13% (12%+1% LADF) of the actual generation, or the quantum of free power actually provided whichever is lower, read with Regulation 36-C of these Regulations:

Provided further that the interest and/or penalty, if any, paid the SHP generator on account of delay in payments by it to the State Government shall not be reimbursed:

Provided further that the bill for reimbursement of the amount actually paid, till the date of presentation of the monthly energy bill, on this account by a SHP generator to the State Government shall be raised, supported by a receipt as a proof of such payment, alongwith the monthly bill for that month and the same shall, unless rejected by the Distribution Licensee due to some reasons, be reimbursed within the timelines applicable for the energy charges and as per the provisions of Regulation 30-C, Regulation 31-C and Regulation 31-CC.

30-C. Rebate.—(1) The due date for payment of bills shall be 45 days from the date of billing.

(2) For payment of bills of the generating company through revolving and valid letter of credit on presentation or through National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) payment mode within a period of 5 days of presentation of bills, a rebate of 1.5% on bill amount shall be allowed.

(3) Where payments are made on any day after 5 days within a period of thirty (30) days from date of presentation of bills by the generating company, a rebate of 1% shall be allowed.

Explanation.—For computing the "5 days" and other cutoff dates for the purposes of this Regulation and Regulation 31-C, the number of days shall be counted consecutively without considering any holiday. However, in case the last day is official holiday, the last day for these purposes shall be construed as the immediate succeeding working day.

31-C. Late payment surcharge.—The Distribution Licensee shall make timely payments of energy bills of the renewable energy generator(s) by assigning priority over and above all other payments. In case the payment of any bill payable under the power purchase agreement is delayed beyond a period of 45 days from the date of presentation of the bill, a Late Payment Surcharge shall be payable on the payment outstanding after the due date at the base rate of Late Payment Surcharge applicable for the period for the first month of default:

Provided that if the period of default lies in two or more financial years, the base rate of Late Payment Surcharge shall be calculated separately for the periods falling in different years:

Provided further that the rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 percent for every month of delay and shall not be more than three percent higher than the base rate at anytime:

Provided further that the payment made by the Distribution Licensee to the renewable energy generator for power procured from it shall be first adjusted towards Late Payment Surcharge irrespective of the bill to which it pertains and thereafter towards monthly charges starting from the longest overdue bill:

Provided further that all the bills payable by the Distribution Licensee to a renewable energy generator for power procured from it, shall be time tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee, as has not been adjusted towards the Late Payment Surcharge as per the third proviso to this Regulation, shall be adjusted first against the oldest bill and then to the second oldest bill and so on so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for.

31-CC. Payment Security Mechanism.—(1) The Distribution Licensee shall maintain unconditional, irrevocable and adequate payment security mechanism.

(2) In case of non-payment of outstanding dues by the default trigger date, the obligation of the renewable energy generator to supply power shall be reduced to 75% of the contracted power to Distribution Licensee and balance 25% of contracted power may be sold by the renewable energy generator through the Power Exchanges:

Provided further that if the Distribution Licensee does not establish Payment Security Mechanism or continues to default in payment of outstanding dues for a period of thirty days after the commencement of sale of power by the RE generator to the extent of 25% of contracted power through the Power Exchanges then the renewable energy generator shall be entitled to sell 100% of the contracted power through Power Exchanges.

(3) In case of non-maintenance of Payment Security Mechanism, renewable energy generator shall regulate power supply to the Distribution Licensee in accordance with Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 notified by the Ministry of Power on 3rd June, 2022.

(4) The gains or losses, as the cases may be from the sale of such power, which shall be the difference between selling price of such power in the Power Exchanges and the expense borne by the renewable energy generator including energy charges, transmission charges; other incidental charges and shall be adjusted on monthly basis in the following order:—(i) liquidation of overdue amount, if any (in case of gains only); (ii) the balance shall be shared in the ratio of 75:25 between the Distribution Licensee and the renewable energy generator.

(5) The renewable energy generator shall share the detailed calculations as per the Sub-regulation (4) of this Regulation, with the defaulting entity i.e. Distribution Licensee on a monthly basis:

Provided that such gains or losses, as the case may be, shall be computed by taking into account on daily basis the selling rate of such power in the Green Day Ahead Market (GDAM) or actual sale price on any other platform, whichever is higher.

32-C. Ceiling norms.—The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall not preclude the licensee or renewable energy generator from agreeing to improved norms, including operation and maintenance norms, which may lead to overall reduction in the levellised tariff and in case the improved norms are agreed to, such improved norms shall be applicable for determination of the project specific levellised tariff.

32-CC.—The provisions of this Chapter shall be applicable for all the RE technologies for the matters to be dealt under fourth control period irrespective of the intervals at which the generic levellised tariffs are determined under this control period.]

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[1][PART-I]

[2]**[CHAPTER –V**

TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS
(APPLICABLE FROM 01.10.2017 TO 30.09.2019)]

33. Categorisation.- For the purpose of tariff determination, the small hydro projects shall be categorized as under:—

(i)	Above 100 kW to 2 MW capacity
(ii)	Above 2 MW to 5 MW capacity
(iii)	Above 5 MW to 25 MW capacity

34. Normative Capital cost.—(1) In case of small hydro projects, the normative capital cost inclusive of all its components as specified in regulation 21 of these Regulations, for the control period shall be as under:—

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[1] *Ins. vide Not. No. HPERC/428 dated 11th November,2019 and published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

[2] Sub. *for* **"CHAPTER-V TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS"** *vide not. No. HPERC/428 dated 28th January, 2019, published in R.H.P. dated 30th January, 2019 at p. 7835-7843.*

Sr. No.	Category of small hydro project	Rupees in Lac per MW
(i)	Above 100 kW to 2 MW capacity	880
(ii)	Above 2 MW to 5 MW capacity	850
(iii)	Above 5 MW to 25 MW capacity	800

(2) The subsidy/grant/budgetary support or incentives provided by the Central/State Government shall be adjusted in accordance with the regulation 22 of these Regulations.

35. Normative saleable energy.—(1) The normative saleable energy at the interconnection point for the purpose of generic levellised tariff shall be computed on the following lines namely :—

(*i*) the normative annual capacity utilisation factor (CUF) for all the small hydro projects upto 25 MW shall be 55%. The number of hours in a year for calculations of CUF shall be 8766;

(*ii*) the normative annual energy worked out at the normative CUF under preceding clause (i) for the installed capacity shall be adjusted for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per regulations 37 and 38;

(*iii*) the energy worked out under preceding clause (ii) shall be further reduced by the permissible rate of the free power subject to a maximum of 13%, for any year or part thereof, consistent with the National Hydro Policy, Tariff Policy and the policy of the State Government for allotment of sites of small hydro projects in the manner as laid down in regulation 36, so as to arrive at the year wise normative net saleable energy at the interconnection point which shall be taken into account for working out the generic levellised tariff:

Provided that in case the limit of 13% for the pass through of free power in the tariff as per the National Hydro Policy/Tariff Policy is revised by the Central Government, or staggered by the Government, at any stage, the Commission may review the tariff(s) as per the provisions under regulations 20.

(2) The normative capacity utilization factor (CUF) under clause (i) of sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative year wise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of sub-regulation (1) of regulation 15, the normative auxiliary consumption and transformation losses under regulation 37 and the energy losses in the project line under
regulation 38.

36. Free Power.—(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levellised tariffs for various categories of small hydro projects, as mentioned in regulation 33, duly keeping in view of the provisions of the State

Hydro Policy for allotment of sites for small hydro projects, National Hydro Policy, Tariff Policy and the limits specified under sub-regulation(3):

Provided that in case the structure of free power actually applicable to a project, duly curtailed as per sub-regulation (3), is at variance from the structure considered while determining the generic levellised tariff, such tariff shall be suitably adjusted based on the structure of free power applicable subject to the limit specified in sub-regulation(3):

Provided further that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in sub-regulation(3).

(2) In case of any change in the structure of free power for a small hydro project from that considered for the determination of generic levellised tariff or project specific levellised tariff in accordance with sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in regulation 17 and sub-regulation (2) of regulation 20, the distribution licensee shall adjust the tariff as per the following formula:—

Rate payable for the month for the net saleable Energy (Rs/kWh)	= a x (100-b)/(100-c)

Where, —

"a" is the levellised tariff (in Rs/kWh) which is required to be adjusted under this Regulation

"b" is the free power (in percentage) taken into account or deemed as taken into account for the month, in "a" in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

"c" is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power(energy) and the provisions of sub-regulation (3)—

Where free power is applicable at different rates for different parts of a month, the permissible free power (i.e "c") shall be determined under this sub-regulation separately for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under sub-regulation (1) and/or any adjustment under sub-regulation (2)shall be subject to the following: —

(*i*) The free energy to be taken into account for any part of the tariff period for the purposes of sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of sub-regulation (2), shall not exceed 13% free power(energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/ Tariff Policy;

(*ii*) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power(energy) for any period shall not be factored into the tariff;

(*iii*) Additional free energy, if any, to be provided by the renewable energy generator to the State Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy);

(*iv*) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/ received at the interconnection point;

(*v*) The free energy to be allowed for any period for the purpose of sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

37. Auxiliary consumption and transformation losses.—Normative auxiliary consumption and transformation losses for the small hydro projects shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5%:

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

38. Energy losses.—(1) The normative energy losses in the project line(s) shall be 0.7% of the net generation (i.e. after deducting auxiliary consumption and transformation losses, on normative basis, from the gross generation).

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

39. Operation and maintenance expenses.—(1) Normative annual O&M expenses for the control period shall be as follows:—

Sr.No.	**Category of Project**	**Annual O&M expenses Rupees in Lac per MW**
(i)	Above 100 kW to 2 MW capacity	33
(ii)	Above 2 MW to 5 MW capacity	29
(iii)	Above 5 MW to 25 MW capacity	24

[1][PART-II

TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS
(APPLICABLE FROM 01.10.2019 To 31.03.2020)

33-A. Categorisation.—For the purpose of tariff determination, the small hydro projects shall be categorized as under:—

(i) Above 100 kW to 2 MW capacity

(ii) Above 2 MW but below 5 MW capacity

(iii) 5 MW to 25 MW capacity

34-A. Normative Capital Cost.—(1) In case of small hydro projects, the normative capital cost inclusive of all its components as specified in regulation 21-A of these Regulations, for the control period shall be as under:—

Sr. No.	Category of small hydro project	Rupees (in Lac) per MW of the installed capacity
(i)	Above 100 kW to 2 MW capacity	1000
(ii)	Above 2 MW but below 5 MW capacity	1000
(iii)	5 MW to 25 MW capacity	900

(2) The subsidy/grant/budgetary support or incentives provided by the Central/State Government or their agencies shall be adjusted in accordance with the regulation 22-A of these Regulations.

35-A. Normative saleable energy.—(1) The normative saleable energy at the interconnection point for the purpose of generic levellised tariff shall be computed on the following lines namely:—

(i) the normative annual capacity utilisation factor (CUF) for all the small hydro projects upto 25 MW shall be 55%. The number of hours in a year for calculations of CUF shall be 8766;

(ii) the normative annual energy worked out at the normative CUF under preceding clause (i) for the installed capacity shall be adjusted for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per regulations 37-A and 38-A;

(iii) the energy worked out under preceding clause (ii) shall be further reduced by the permissible rate of the free power subject to a maximum of 13%, for any year or part thereof, consistent with the National Hydro Policy, Tariff Policy and the policy of the State Government for allotment of sites of small hydro projects in the manner as laid down in regulation 36-A, so as to arrive at the year wise normative net saleable energy at the interconnection point which shall be taken into account for working out the generic levellised tariff:

Provided that in case the limit of 13% for the pass through of free power in the tariff as per the National Hydro Policy/Tariff Policy is revised by the Central Government, or staggered by the Government, at any stage, the Commission may review the tariff(s) as per the provisions under regulations 20.

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[1] *Ins.* **"Part-II"** *vide not. No. HPERC/428 dated 11th November, 2019, published in R.H.P. dated 18th November, 2019 at p. 7983-7995.*

(2) The normative capacity utilization factor (CUF) under clause (i) of sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative yearwise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of sub-regulation (1) of regulation 15, the normative auxiliary consumption and transformation losses under regulation 37-A and the energy losses in the project line under regulation 38-A.

36-A. Free Power.—(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levellised tariffs for various categories of small hydro projects, as mentioned in regulation 33-A, duly keeping in view of the provisions of the State Hydro Policy for allotment of sites for small hydro projects, National Hydro Policy, Tariff Policy and the limits specified under sub-regulation(3):

Provided that in case the structure of free power actually applicable to a project, duly curtailed as per sub-regulation (3), is at variance from the structure considered while determining the generic levellised tariff, such tariff shall be suitably adjusted based on the structure of free power applicable subject to the limit specified in sub-regulation (3):

Provided further that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in sub-regulation(3).

(2) In case of any change in the structure of free power for a small hydro project from that considered for the determination of generic levellised tariff or project specific levellised tariff in accordance with sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in regulation 17 and sub-regulation (2) of regulation 20, the distribution licensee shall adjust the tariff as per the following formula:—

Rate payable for the month for the net saleable Energy (Rs./kWh) = a x (100-b)/(100-c)

Where,—

"a" is the levellised tariff (in Rs./kWh) which is required to be adjusted under this regulation.

"b" is the free power (in percentage) taken into account or deemed as taken into account forthe month, in "a" in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

"c" is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power(energy) and the provisions of sub-regulation (3)—

Where free power is applicable at different rates for different parts of a month, the permissible free power (*i.e.* "c") shall be determined under this sub-regulation separately

for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under sub-regulation (1) and/or any adjustment under sub-regulation (2) shall be subject to the following:—

(i) The free energy to be taken into account for any part of the tariff period for the purposes of sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of sub-regulation (2), shall not exceed 13% free power (energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/Tariff Policy;

(ii) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power (energy) for any period shall not be factored into the tariff;

(iii) Additional free energy, if any, to be provided by the renewable energy generator to the State Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy);

(iv) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/received at the interconnection point;

(v) The free energy to be allowed for any period for the purpose of sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

Note.—In case of the deferment of free power by the State Government, the provisions of the sub-regulation (2) shall not be applicable for the adjustment in tariff on account of change in the structure of free power to the extent such change is caused due to deferment of free power by the State Government.

37-A. Auxiliary consumption and transformation losses.—Normative auxiliary consumption and transformation losses for the small hydro projects shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5%:

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

38-A. Energy losses.—The normative energy losses in the project line(s) shall be 0.7% of the net generation (*i.e.* after deducting auxiliary consumption and transformation losses, on normative basis, from the gross generation).

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

39-A. Operation and maintenance expenses.—(1) Normative annual O&M expenses for the control period shall be as follows:—

Sr. No.	Installed capacity of SHP	Annual O & M expenses in lac rupees per MW of installed capacity
(i)	Above 100 kW to 2 MW capacity	37
(ii)	Above 2 MW but below 5 MW capacity	32
(iii)	5 MW to 25 MW capacity	27

39-AA. Adjustment for fraction of a MW of the installed capacity.—The installed capacity shall be rounded to one decimal place by ignoring the fraction of less than 0.05 MW and by considering the fraction of 0.05 MW and above as 0.1 MW.]

[1][PART-III

[2][TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS HAVING INSTALLED CAPACITY OF MORE THAN 100 kW]

(APPLICABLE FROM 01-04-2020 TO 30-09-2023)

33-B. Categorisation.—For the purpose of tariff determination, [3][the small hydro projects having installed capacity of more than 100 kW] shall be categorized as under:—

i)	Above 100 kW to 2 MW capacity
(ii)	Above 2 MW but below 5 MW capacity
(iii)	5 MW to 25 MW capacity

34-B. Normative Capital Cost.—(1) In case of small hydro projects, the normative capital cost, inclusive of all its components as specified in regulation 21-B of these Regulations, for the control period shall be as under:—

Sl.No.	Category of small hydro Project	Rupees (in Lac) per MW of the installed capacity
(i)	Above 100 kW to 2 MW capacity	**1100**
(ii)	Above 2 MW but below 5 MW capacity	**1100**
(iii)	5 MW to 25 MW capacity	**1100**

(2) The subsidy/grant/budgetary support or incentives etc. provided by the Central/State Government or their agencies shall be adjusted in accordance with the regulation 22-B of these Regulations.

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1 *Ins. "**PART-III** vide not. No. HPERC/428 dated 8th September, 2020, published in R.H.P. dated 15th September, 2020 at p. 3561-3570.*

2 *Sub. the word and figure "**TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS**" vide not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

3 *Sub. the words and figure "**the small hydro projects**" vide not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

35-B. Normative saleable energy.—(1) The normative saleable energy at the interconnection point for the purpose of generic levellised tariff shall be computed on the following lines namely:—

(i) the normative annual capacity utilisation factor (CUF), net of 13% free power [including 1% contribution towards the Local Area Development Fund (LADF)], shall be 47.85% for all the small hydro projects upto 25 MW. The number of hours in a year for calculations of CUF shall be 8766;

(ii) the quantum of normative annual saleable energy worked out for the installed capacity of the project at the normative CUF under preceding clause (i) shall be reduced by 1.7%, to account for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per regulations 37-B and 38-B, to arrive at the normative saleable energy at the interconnection point;

(iii) the generic levellised tariff determined on the basis of the normative saleable energy at the interconnection point as per the preceding clause (ii) shall be deemed to have accounted for total free power of 13% [including 1% contribution towards the Local Area Development Fund (LADF)]:

Provided that in case where the generic levellised tariff is to be determined for a free power structure which is at variance from the above, the net saleable energy shall be adjusted suitably after taking into account the free power structure corresponding to which such tariff is to be determined.

(2) The normative capacity utilization factor (CUF) under clause (i) of sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative year wise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of sub- regulation (1) of regulation 15, the normative auxiliary consumption and transformation losses under regulation 37-B and the energy losses in the project line under regulation 38-B.

36-B. Free Power.—(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levellised tariffs for various categories of small hydro projects, as mentioned in regulation 33-B, duly keeping in view of the provisions of the State Hydro Policy for allotment of sites for small hydro projects, National Hydro Policy, Tariff Policy and the limits specified under sub-regulation(3):

Provided that in case the structure of free power actually applicable to a project, duly curtailed as per sub-regulation (3), is at variance from the structure considered while determining the generic levellised tariff, such tariff shall be suitably adjusted based on the structure of free power applicable subject to the limit specified in sub-regulation(3):

Provided further that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in sub-regulation(3).

(2) In case of any change in the structure of free power for a small hydro project from that considered for the determination of generic levellised tariff or project specific levellised tariff in accordance with sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in regulation 17 and sub-regulation (2) of regulation 20, the distribution licensee shall adjust the tariff as per the following formula:—

Rate payable for the month for the net saleable Energy (Rs/kWh)	= a x (100-b)/(100-c)

Where,-
"a" is the levellised tariff (in Rs/kWh) which is required to be adjusted under this regulation.

"b" is the free power (in percentage) taken into account or deemed as taken into account for the month, in "a" in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

"c" is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power(energy) and the provisions of sub- regulation (3)-

Where free power is applicable at different rates for different parts of a month, the permissible free power (*i.e.* "c") shall be determined under this sub-regulation separately for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under sub-regulation (1) and/or any adjustment under sub-regulation (2) shall be subject to the following:—

(i) The free energy to be taken into account for any part of the tariff period for the purposes of sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of sub-regulation (2), shall not exceed 13% free power (energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/ Tariff Policy;

(ii) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power (energy) for any period shall not be factored into the tariff;

(iii) Additional free energy, if any, to be provided by the renewable energy generator to the State Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy);

(iv) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/ received at the interconnection point;

(v) The free energy to be allowed for any period for the purpose of sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

37-B. Auxiliary consumption and transformation losses.—Normative auxiliary consumption and transformation losses for the small hydro projects shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5%:

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

38-B. Energy losses.—(1) The normative energy losses in the project line(s) shall be 0.7% of the gross generation.

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

39-B. Operation and Maintainance Expenses.---- (1) Normative annual O & M expenses for the control period shall be as follows:-

Sr. No.	Installed capacity of SHP	Annual O&M expenses in Rupees (in Lac) per MW of installed capacity
(i)	Above 100 kW to 2 MW capacity	**41.78**
(ii)	Above 2 MW but below 5 MW capacity	**41.78**
(iii)	5 MW to 25 MW capacity	**31.34**

39-BB. Adjustment for fraction of a MW of the installed capacity.—The installed capacity shall be rounded to one decimal place by ignoring the fraction of less than 0.05 MW and by considering the fraction of 0.05 MW and above as 0.1 MW.]

[1]**[39-BBB.** The norms specified under this chapter shall be applicable only for small hydro projects having installed capacity of more than 100 kW and the same for the small hydro projects with installed capacity upto 100 kW shall be fixed in the relevant orders issued under Regulations 14 of these Regulations.]

[1] *Ins. regulation **39-BBB** vide not. No. HPERC/428 dated 20th November, 2020, published in R.H.P. dated 24th November, 2020 at p. 5421-5423.*

[1][**PART-IV**

TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS HAVING INSTALLED CAPACITY MORE THAN 100 kW (APPLICABLE FROM 01-10-2023 TO 31-03-2027)

33-C. Categorisation.—For the purpose of tariff determination, the small hydro projects having installed capacity of more than 100kW shall be categorized as under:—

(i)	Above 100 kW to 2 MW capacity
(ii)	Above 2 MW to 5 MW capacity
(iii)	Above 5 MW to 25 MW capacity

34-C. Normative Capital Cost.—(1) In case of small hydro projects, the normative capital cost, inclusive of all its components as specified in Regulation 21-C of these Regulations, for the control period shall be as under:—

Sr. No.	**Category of small hydro project**	**Rupees in Lac per MW**
(i)	Above 100 kW to 2 MW capacity	880
(ii)	Above 2 MW to 5 MW capacity	850
(iii)	Above 5 MW to 25 MW capacity	800

(2) The subsidy/grant/budgetary support or incentives etc. provided by the Central/State Government or their agencies shall be adjusted in accordance with the Regulation 22-C of these Regulations.

35-C. Normative saleable energy.—(1) The normative saleable energy at the interconnection point for the purpose of generic levellised tariff shall be computed on the following lines namely:—

(i) the normative annual capacity utilisation factor (CUF), net of 13% free power including 1% contribution towards the Local Area Development Fund (LADF), shall be 47.85% for all the small hydro projects upto 25 MW. The number of hours in a year for calculations of CUF shall be 8766;

(ii) the quantum of normative annual saleable energy worked out for the installed capacity of the project at the normative CUF under preceding clause (i) shall be reduced by 1.7%, to account for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per Regulations 37-C and 38-C, to arrive at the normative saleable energy at the interconnection point;

(iii) the generic levellised tariff determined on the basis of the normative saleable energy at the interconnection point as per the preceding clause (ii) shall be deemed to have accounted for total free power of 13%

[1] *Ins. "**PART-IV**" vide Not. No. HPERC/428 dated 22nd September, 2023 and published in R.H.P. dated 26th September, 2023 at p. 7779-7791.*

(including 1% contribution towards the Local Area Development Fund LADF):

Provided that in case where the generic levellised tariff is to be determined for a free power structure which is at variance from the above, the net saleable energy shall be adjusted suitably after taking into account the free power structure corresponding to which such tariff is to be determined.

(2) The normative capacity utilization factor (CUF) under clause (i) of Sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative yearwise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in Sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of Sub- regulation (1) of Regulation 15, the normative auxiliary consumption and transformation losses under Regulation 37-C and the energy losses in the project line under Regulation 38-C.

36-C. Free Power.—(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levellised tariffs for various categories of small hydro projects, as mentioned in Regulation 33-C, duly keeping in view of the provisions of the State Hydro Policy for allotment of sites for small hydro projects, National Hydro Policy, Tariff Policy and the limits specified under Sub-regulation (3):

Provided that in case the structure of free power actually applicable to a project, duly curtailed as per Sub-regulation (3), is at variance from the structure considered while determining the generic levellised tariff, such tariff shall be suitably adjusted based on the structure of free power applicable subject to the limit specified in Sub-regulation (3):

Provided further that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in Sub-regulation (3).

(2) In case of any change in the structure of free power for a small hydro project from that considered for the determination of generic levellised tariff or project specific levellised tariff in accordance with Sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in Regulation 17 and Sub-regulation (2) of Regulation 20, the Distribution Licensee shall adjust the tariff as per the following formula:—

Rate payable for the month for the net saleable Energy (Rs/kWh)	= a x (100-b)/(100-c)

Where;—

"a" is the levellised tariff (in Rs/kWh) which is required to be adjusted under this Regulation.

"b" is the free power (in percentage) taken into account or deemed as taken into account for the month, in "a" in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

"c" is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power (energy) and the provisions of Sub-regulation (3)—

Where free power is applicable at different rates for different parts of a month, the permissible free power (i.e. "c") shall be determined under this Sub-regulation separately for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under Sub-regulation (1) and/or any adjustment under Sub-regulation (2) shall be subject to the following:—

(i) The free energy to be taken into account for any part of the tariff period for the purposes of Sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of Sub-regulation (2), shall not exceed 13% free power (energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/ Tariff Policy;

(ii) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power (energy) for any period shall not be factored into the tariff;

(iii) Additional free energy, if any, to be provided by the renewable energy generator to theState Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy);

(iv) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/ received at the interconnection point;

(v) The free energy to be allowed for any period for the purpose of Sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

37-C. Auxiliary consumption and transformation losses.—Normative auxiliary consumption and transformation losses for the small hydro projects shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5%:

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

38-C. Energy losses.—(1) The normative energy losses in the project line(s) shall be 0.7% of the gross generation.

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

39-C. Operation and maintenance expenses.—Normative annual O&M expenses for the control period shall be as follows:—

Sr. No.	Installed capacity of SHP	Annual O&M expenses in Rupees (in Lac) per MW of installed capacity
(i)	Above 100 kW to 2 MW capacity	**46.78**
(ii)	Above 2 MW but below 5 MW capacity	**46.78**
(iii)	5 MW to 25 MW capacity	**35.09**

Provided that the Commission shall, in order to offset the effect of reduction in O&M charges on the generic levellised tariff in cases of small hydro projects having capacities of 5 MW and above but not exceeding 6.50 MW, evolve suitable mechanism, while determining the generic levellised tariff, so as to provide for adjustment in the tariff to facilitate aggregate annual O&M charges of not less than Rs. 229.222 Lacs for such projects.

39-CC. Adjustment for fraction of a MW of the installed capacity.—The installed capacity shall be rounded to one decimal place by ignoring the fraction of less than 0.05 MW and by considering the fraction of 0.05 MW and above as 0.1 MW.

39-CCC.—The norms specified under this chapter shall be applicable only for small hydro projects having installed capacity of more than 100 kW and the same for the small hydro projects with installed capacity upto 100 kW shall be fixed in the relevant orders issued under Regulations 14 of these Regulations.]

CHAPTER-VI
OTHER PARAMETERS

40. CDM benefits.—(1) In case of small hydro projects, the proceeds of carbon credit from approved CDM project shall be retained by the Small Hydro Project generator and shall not be adjusted in the tariff.

(2) In case of renewable energy technologies, other than the small hydro projects, the CDM benefit shall be shared in the following manner, namely:-

(*a*) 100% of the gross proceeds on account of CDM benefit to be retained by the project developer for the year in which the project commences its operation and the first year immediately thereafter;

(*b*) In the second year i.e. after the expiry of period mentioned in clause (a) above, the share of the beneficiaries shall be 10% which shall be

progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

41. Tariff for lower or higher generation.—The tariff based on normative quantum of net saleable energy corresponding to the normative CUF, or any other higher CUF taken into consideration for the project specific determination of tariff as per the provisions of regulation 15, as the case may be, shall be applicable for the entire quantum of net saleable energy actually achieved irrespective of whether such quantum is higher or lesser than the normative quantum of net saleable energy taken into consideration for determination of the tariff.

CHAPTER-VII
MISCELLANEOUS

42. Deviation from norms.—Tariff for sale of electricity by the renewable energy generator may also be agreed between the renewable energy generator and the licensee in deviation from the norms specified in these regulations subject to the condition that the levellised tariff over the useful life of the project on the basis of the norms in deviation does not exceed the levellised tariff determined on the basis of the norms specified in these Regulations:

Provided that the reasons for deviation from the norms specified under these Regulations shall be recorded in writing.

43. Overriding effect.—The provisions of these Regulations shall have effect notwithstanding anything inconsistent therewith contained in any other regulations, framed by the Commission, relating to the determination of tariff and/or making provisions for open access under the Act.

44. Power to remove difficulties.—If any difficulty arises in giving effect to these Regulations, the Commission may, of its own motion or otherwise, by an order, and after giving a reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these Regulations, as may appear to be necessary for removing the difficulty.

45. Power to relax.—The Commission may, by general or special order, for reasons to be recorded in writing and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

By order of the Commission,
Sd/-
Secretary.

[1][The Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018]

Amended, repealed or otherwise affected by:-

1. *(First Amendment) Regulations, 2019 notified vide the Not. No. HPERC-H(1)25 dated 29th June, 2019 and published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*
2. *(Second Amendment) Regulations, 2021 notified vide the Not. No. HPERC-H(1)25 dated 8th September, 2021 and published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

NOTIFICATION

Shimla, the 16th *October,* 2018

No. HPERC-H(1)25/2017.—The Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred by sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission, after previous publication, hereby makes the following regulations:—

REGULATIONS

1. Short title and Commencement.—(1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.

(2) These regulations shall come into force from the 00 hrs. of the 3rd day of December, 2018:

Provided that the SLDC and various State Entities shall, during the interim period between date of publication of these regulations in the Rajpatra, Himachal Pradesh and the date of commencement of these regulations, make all preparatory arrangements required for smooth implementation of these regulations.

2. Definitions and Interpretation.—(1) In these regulations, unless the context otherwise requires,—

(*a*) **'Act'** means the Electricity Act, 2003 (36 of 2003);

(b) **'Actual Drawal'** in a time-block means electricity drawn by a buyer, as computed or projected appropriately, as described in more detail in regulation 5, on the basis of the energy recorded by the Interface meters and other related data of losses;

(*c*) **'Actual Injection'** in a time-block means electricity generated or supplied by the seller, as the case by, as computed or projected appropriately, as described in more detail in regulation 5, on the basis of the energy recorded by the Interface meters and other related data of losses;

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[1] *Published in the R.H.P. dated 25th October, 2018 at p. 5710-5727.*

(*d*) **'Area Load Despatch Centre' or 'ALDC'** means a Load Despatch to carry out the operating directives of the SLDC and assist the SLDC for safe Centre established by the distribution licensee operating in the State and integrated operation of the concerned distribution network;

[1][**(da) 'Area Clearing Price (ACP)'** means the price of a time block electricity contract established on the Power Exchange after considering all valid purchase and sale bids in particular area(s) after market splitting, *i.e.* dividing the market across constrained transmission corridor(s), as established by NLDC pursuant to Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended from time to time;]

(*e*) **'Beneficiary'** means the person purchasing electricity generated from a generating station;

(*f*) **'Buyer'** means a person, including beneficiary and distribution licensee purchasing electricity through a transaction scheduled in accordance with the relevant regulations, including those applicable for short-term open access, medium-term open access and long-term access;

(*g*) **'Central Commission'** means the Central Electricity Regulatory Commissionreferred to in sub-section (1) of section 76 of the Act;

(*h*) **'Commission'**means the Himachal Pradesh Electricity Regulatory Commission referred to in sub–section (1) of section 82 of the Act.

[2][(ha) **'Daily Base DSM'** means the sum of charges for deviations, as per Regulation 7, for all time blocks in a day payable or receivable as the case may be,excluding the additional charges under Regulation 9 and Regulation 9A;

(hb) **'Day Ahead Market (DAM)'** means a market where physical delivery of electricity occurs on the next day (T+1) of the date of transaction (T) and is governed by the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (as amended from time to time), the Rules and Bye-Laws of the Power Exchanges as approved by the Central Commission;]

(*i*) **'Deviation'** in a time-block for a seller means its total actual injection minus its total scheduled generation and for a buyer means its total actual drawal minus its total scheduled drawal[3][:]

[3][Provided that the deviation in case of the distribution licensee shall always be computed in terms of under drawal or over drawal for each time block by treating it as a buyer even if it exports power to the grid in some time blocks;]

(*j*) **'Gaming'** in relation to these regulations, shall mean an intentional mis-declaration of declared capacity by any seller or buyer in order to make an undue commercial gain through a Charge for Deviations;

(*k*) **'Grid Code'** means the Grid Code specified by the Commission under clause of sub-section (1) of Section 86 of the Act;

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1 *Add. clause* **"(da)"** *vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

2 *Add clauses* **"(ha & hb)"** *vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

3 *Sub. for the sign ";" vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

(l) **'Interface Meters'** means interface meters as defined by the Central Electricity Authority under the Central Electricity Authority (Installation and Operation of Meters)Regulations, 2006, as amended from time to time, or any other meter as may be relevant in specific situation;

(*m*) **'Intra-State Deviation Charges'** mean charges for deviation as specified by these regulations;

(*n*) **'Open Access Consumer'** means a consumer, trader, distribution licensee or generating company who has been granted Open Access under relevant regulations;

(*o*) **'Open Access Regulations'** mean the Himachal Pradesh Electricity Regulatory (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010 and the Himachal Pradesh Electricity Regulatory Commission (Short Term Open Access) Regulations, 2010;

(*p*) **'Qualified Coordinating Agency (QCA)'** means the agency/licensee co-ordinating on behalf of RE generators and other systems, if any, connected to a pooling station. The QCA may be one of the generator/distribution licensee or RE generator selling power to the distribution licensee or any other mutually agreed agency for the following purposes, namely:—

- coordinate for schedules with periodic revisions on behalf of all the RE generations connected to the pooling station(s) or selling power to the distribution licensee;
- responsible for coordination with the STU/SLDC for metering, data collection/ transmission, communication;
- where applicable, undertake commercial settlement on behalf of the generators of such charges pertaining to generation deviations only including payments to the Regional/State Deviation Pool Accounts through the SLDC; and
- undertake de-pooling of payments received on behalf of the generators from the State Deviation Pool Account and settling them with the individual generators. The QCA shall be treated as a State Entity and shall be registered with the SLDC.

[1][(Pa) **'Schedule'** means Schedule to these regulations;]

(*q*) **'Scheduled Generation'** at any time or for a time block or any period meansschedule of generation in MW or MWh ex-bus given by the State Load Despatch Centre;

(*r*) **'Scheduled drawal'** at any time or for a time block or any period time block means schedule of despatch in MW or MWh ex-bus given by the State Load Despatch Centre;

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[1] *Added clause "(**Pa**)" vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

(*s*) **'Seller'** means a person, including a generating station and distribution license, supplying electricity through a transaction scheduled in accordance with the relevant regulations applicable for short-term open access, medium-term open access and long-term open access;

[1][(sa) **'Simple Average Area Clearing Price (SAACP)'** means the simple average area clearing price as discovered/computed on daily basis by the NLDC for the day ahead market segment of the Power Exchange in accordance with the provisions of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 amended from time to time and thereafter posted by it on their website, which shall be automatically applicable for the purpose of these regulations also;]

(*t*) **'State Entity/Constituent'** means such a person who is in the SLDC control area and whose metering and energy accounting is done at the State level and as described in more detail in regulation 4 of these regulations;

(*u*) **'State Load Despatch Centre'** means the centre established under sub-section (1) of section 31 of the Act;

(*v*) **'State Grid'** means the Intra-State Transmission System/ network owned by the State Transmission Utility (STU)/transmission licensee(s) and/or the EHV/High Voltage Distribution System/ network owned by the distribution licensee(s) within the State;

(*w*) **'State Periphery' or 'HP Periphery'** means, except in situations which may warrant any other treatment in specific cases, the interconnection point of the transmission system of the STU with the transmission system of the CTU; or with any other inter State transmission system not owned by any State Entity; or with the generation bus-bar of the joint sector projects from where power is supplied to the distribution licensee through the STU system;

(*x*) **'STU Periphery'** means the interconnection point between the transmission system of the STU with the distribution system of the distribution licensee;

(*y*) **'Time-block'** means a time block of 15 minutes, for which specified electrical parameters and quantities are recorded by special energy meter, with first time block starting at 00.00 hrs:

Provided that the Commission may revise the duration of time block to 5 minutes, or any other duration, from the date to be notified by it from time to time;

[2][(ya) **'Time Block DSM'** means the charge for deviation, as per Regulation 7, for the specific time block in a day payable or receivable as the case may be, excluding the additional charges under Regulation 9 and Regulation 9A;]

(*z*) **'Un-Requisitioned Surplus' or '(URS)'** means the reserve capacity in a generating station that has not been requisitioned and is available for despatch, and is computed as the difference between the declared capacity of the generating station and its total schedule under long-term, medium-

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[1] *Added clause* **"(sa)"** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[2] *Added clause* **"(ya)"** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

term and short-term transactions, as per the relevant regulations of the appropriate Commission; and

(za) **'Week'** means a period of seven continuous days beginning at 00 hrs of each Monday or as reckoned by the NRPC for preparing weekly deviation accounts.

(2) The words and expressions used in these regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to the electricity industry in the State, shall have the meanings assigned to them in such law; the words and expressions used herein, but not specifically defined in the regulations or in the Act or any law passed by a competent Legislature, shall have the meanings as are generally assigned to them in the electricity industry.

3. Objective.—The objective of these regulations is to maintain grid discipline and grid security as envisaged, under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 and Himachal Pradesh Electricity Grid Code, 2008 and amendments made from time to time, through the commercial mechanism for Deviation Settlement through drawal and injection of electricity by the users of the grid.

4. Scope.—These regulations shall be applicable to the buyers and the sellers *i.e.* the State distribution licensee(s), State Sector Generating Stations and Open Access Customers connected to the State Grid:

Explanation.—The sellers selling power to a person forming the State Entity, including the distribution licensee, on regular basis shall not be considered as separate State Entity in relation to such sale of power under regular arrangement and the availability of power from the such sources shall be accounted for by the State Entity purchasing such power for all intents and purposes. However, in case only a part of the total energy sales by a seller is being sold under regular arrangement and balance part is sold to any other person, not forming a State Entity of the State, such seller shall be considered as a separate State Entity in relation to sale of such balance portion. Accordingly the generating stations selling the entire saleable energy to the distribution licensee shall not be treated as the State Entities for the purpose of scheduling and despatching.

5. Principles for operationalising deviation settlement mechanism.—The framework for Deviation Settlement Mechanism shall cover the following key design parameters:—

(*a*) Scheduling period;
(*b*) Premise for least cost despatch;
(*c*) Operating range of frequency;
(*d*) Consolidated scheduling of all the State Entities at the State periphery;
(*e*) Deviation;
(*f*) Settlement period;
(*g*) Measurement unit for State Deviation Pool;
(*h*) Deviation Pool Price Vector;
(*i*) Deviation Volume Limit;
(*j*) Premise for allocation of losses;

(*k*) Submission of data by the generating station not considered as the State Entities;
(*l*) Procurement of URS in the interest of the State Grid;
(*m*) Congestion Charges; and
(*n*) Downloading/recording of SEMs and timely communication of data to the SLDC:—

(A) Scheduling Period.—The scheduling period shall comprise of 96 time blocks, each of 15-minute duration starting from 00:00 hours (IST) ending with 24:00 hours (IST). The first time block of scheduling period shall commence from 00:00 hours (IST) to 00:15 hours (IST), second time block of scheduling period shall commence from 00:15 hours (IST) to 00:30 hours (IST) and so on:

Provided that from the date to be notified by it, the Commission may revise the scheduling period to 288 time blocks, each of 5-minute duration starting from 00:00 hours (IST) ending with 24:00 hours (IST). Accordingly, the Interface Metering, Energy Accounting and Deviation Settlement should be capable to undertake transactions with 5-minute duration. All future resource planning, IT and communication system requirement and infrastructure development shall be undertaken to cater to this requirement.

(B) Premise for least cost dispatch.—Based on the availability schedule forecasted by generating stations (Sellers) and load requirement forecasted by Buyers, the SLDC shall draw up the least cost despatch schedule on Day Ahead basis for the State Entities in accordance with the merit order principles as applicable, or approved by State Commission, from time to time:

Provided that wheeling transactions of captive users and open access consumers shall be despatched as contracted subject only to transmission and Distribution system constraints and system emergency conditions.

(C) Operating Range of frequency.— (*i*) The normal operating range for average grid frequency for time block shall be in line with range stipulated under Grid Code from time to time (*viz.* 49.90 Hz to 50.05 Hz). While normal operating range of average frequency as per Grid Code has been stipulated as 49.90 Hz to 50.05 Hz, the deviation price vector has been specified under Regulation 7 and 9 for frequency range of [1][49.85 Hz] to 50.05 Hz;

(*ii*) no over-drawal or under-injection shall be allowed when grid frequency is below [1][49.85 Hz] and no under-drawal or over-injection shall be allowed when grid frequency is above 50.05 Hz; and

(*iii*) during the time blocks when frequency is [1][49.85 Hz] and above but below 50.05 Hz, the variation to the extent [2][as specified in regulation 9] shall be permissible for the purpose of additional deviation charges, subject to payment of deviation charges:

[3][Omitted]

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[1] *Sub. figure and sign in clauses (i), (ii) & (iii)* ***"49.70 Hz"*** *vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[2] *Sub. for the word, sign and figure* ***"of +/- 12%",*** *vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

[3] *Ommitted "proviso alongwith Explanation" vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137 before its the omission read as under:*

"Provided that in case of,—

(*a*) over drawal/under injection by a State Entity during 12 such time blocks, immediately preceding any given time, in which the frequency remained less than 49.9 Hz; or

(D) Consolidated scheduling of all the State Entities at the State periphery.— The injection/drawal schedules of the State Entities, other than the distribution licensee, shall be prepared with reference to their respective injection/drawal points in the State and shall, for the purposes like preparation of consolidated schedule for the State as a whole, accounting, computation and recovery of various charges under these regulations etc., be projected to the State periphery by loading applicable transmission and distributed losses of the STU and distribution licensee, as applicable:

Provided that in cases involving sale of energy by the generating stations directly connected to the distribution system of the distribution licensee to the retail consumers of distribution licensee procuring power from such generating stations through intra-State open access without involving STU system under the normal scheme of flows, the transmission losses of the STU shall not be loaded to their respective injection/drawal schedules for projecting the same to the State periphery:

Provided further that the distribution licensee shall give its net schedule w.r.t. the STU periphery which shall be projected to the State periphery by loading the transmission losses of the STU:

Provided further that all the charges specified in these regulations shall be levied based on the data at State periphery.

(E) Deviation.— For the purposes of Deviation settlement amongst State Entities, the SLDC shall work out the 'Deviation Pool Accounts' comprising over- drawal/under-drawal and over-injection/under-injection for each State Entity corresponding to each Scheduling period in accordance with the principle that the deviation in a time-block for a Seller means its total actual injection minus its total scheduled generation and for a Buyer means its total actual drawal minus its total scheduled drawal.

(F) Settlement Period.—Preparation and settlement of 'Deviation Pool Accounts' shall be undertaken on weekly basis coinciding with mechanism followed for regional energy accounts. The SLDC shall also prepare and issue detailed statements as per Regulation 12 alongwith such accounts.

(G) Measurement Unit for Deviation Pool Account.—The measurement unit for Deviation Pool Volume (Over-drawal/under-drawal and Over-injection/under-injection) preparation shall be kiloWatt hours (kWh). Measurement unit for Deviation Pool Value (Payable and Receivable) preparation shall be Indian Rupees (INR). The decimal component of the energy unit (kWh) and amount (INR) shall be rounded off to nearest integer value.

(*b*) under drawal/over injection by a State Entity during 12 such time blocks, immediately preceding any given time, in which the frequency was more than 49.9 Hz;

such State Entity shall take immediate steps, to reverse the sign of deviation and in case of repeated failures by any State Entity to reverse the sign of deviation, the SLDC may also issue appropriate directions to such State Entities, apart from taking suitable remedial measures to avoid such situations.

Explanation.—The period of 12 time blocks shall be counted after ignoring the time blocks in which the frequency is beyond the limits stipulated in item (i) or (ii), as the case may be."

(H) Deviation Pool Price Vector.—The charges for Deviation shall be in accordance with the Deviation Price Vector specified in regulation 7 or as may be subsequently notified by the Commission from time to time[1][:]

[1][Provided that in case of transactions involving sale or purchase of power from the Solar/Wind generating stations, the provions of the Schedule to these regulations shall be applicable.]

(I) Deviation Volume Limit.—In order to ensure grid discipline and grid security, conditions for Deviation Volume Limit and consequences for exceeding such Deviation Volume Limit by way of levy of Additional Deviation Charges, as specified under Regulations 8 and 9, shall be applicable. Similarly, additional charges for deviation as specified in sub-regulations (2) and (3) of regulation 9 shall also be applicable[2][:]

[2][Provided that in case of transactions involving sale or purchase of power from the Solar'Wind generating stations, the provisions of the Schedule to these regulations shall be applicable.]

[3][(IA) Additional Charges For Sustained Deviation**:** In addition to the charges/ additional charges as per regulations 7, 8 and 9, the State Entity shall also be liable to [4][pay the additional charges, save as provided in the Schedule to these regulations in relation to the sale or purchase of power from the Solar/Wind generating stations, in case of violation] in case of violation of the requirements in relation to sustained deviations, as specified in regulation 9A ;]

(J) Premise for allocation of losses.—For the purpose of Deviation Pool accounting, intra-State transmission system losses and distribution losses, as approved by the Commission, shall be applicable to the State Entities using State network on their actual drawal/injection:

Provided that the State Load Despatch Centre shall maintain account of actual intra- State transmission system loss for each time block and publish reconciliation statement of 52 weekly average loss vis-à-vis approved loss by the Commission on its website.

(K) Submission of data by generating stations.—Such generating stations as are selling entire saleable energy to the distribution licensee and are not considered as separate State Entities in view of explanation under regulation 4, shall submit their projections/estimates and other online and offline data as may be required by the ALDC so as to enable the ALDC to prepare consolidated schedule of the distribution licensee and also to keep SLDC updated on the information relating to the distribution licensee, including such generating stations.

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1 *Added proviso, vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

2 *Sub. for the sign "." vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

3 *Ins. sub-regualtion (IA), vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

4 *Sub. for the words "**pay the addional charges, in case of violation**", vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

(L) Procurement of URS in the interest of the State Grid.—In the event of sudden fall in availability of one or more State Entities by more than 20 MW for any individual State Entity, if the concerned the State Entity generator has not already initiated any steps, or is not entitled, to revise his schedule, the SLDC may, in the interest of grid security, procure, under intimation to such State Entity(ies), URS from the concerned generating stations for such time blocks as it may feel appropriate duly keeping in view the main objectives that no energy cuts should be imposed in the State, as far as possible, and also that the grid parameters must be maintained within the permissible limits:

Provided that the SLDC shall, within 90 days of notification of these regulations, develop an uniform procedure, keeping in view the various possible situations under which URS are to be arranged and also incorporating the broad principles which shall be followed by it while procuring URS for any State Entity(ies):

Provided further that in the uniform procedure to be developed by the SLDC, it may also spell out the broad situations under which it may procure URS even for the individual State Entities whose cases fall in availability does not exceed 20 MW:

Provided further that till such time such uniform procedure is evolved, the SLDC shall procure URS only after,—

(*i*) prior consultation with the concerned State Entity in cases where the rate of URS at State periphery is equal to or less than [1][800 Paise/kWh]; and

(ii) obtaining the consent of concerned State Entity in cases where the rate of URS at State periphery exceeds [1][800 Paise/kWh]:

Provided further that while procuring URS on behalf of more than one State Entity, the SLDC shall duly indicate the share (quantum and rate) of each such State Entity at the time of such procurement and shall also subsequently reflect the same in the weekly/ monthly accounts statement showing the share of each State Entity in the quantum of URS procured by it:

Provided further that the SLDC shall also, apportion, within 5 days from the date of issue of monthly accounts, whether provisional or final or revised, by NRPC for any month, the total energy booked for the State amongst concerned State Entities on the aforesaid lines:

[2][Provided further that if SLDC procures URS on the basis of specific requests made by the distribution licensee or any other State Entity(ies), it shall apportion such URS to the concerned State Entity(ies) exclusively.]

(M) Congestion Charges.—If any, congestion charges are payable/receivable by the Himachal Pradesh depending upon the real time behaviour of the State in line with the Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009, the SLDC shall reflect the amount of congestion charges in the weekly accounts statement showing the share of each State Entity on the basis of deviation by each user calculated for each time block:

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[1] *Sub. for figures and sign in clauses (i) & (ii)* ***"824.04 paise/kwH"*** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[2] *Sub. for proviso vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328 and before its substitution read as under:*

"Provided further that the distribution licensee, or any other State Entity, may also, of its own, procure URS under intimation to the SLDC and in that event the SLDC shall duly apportion such URS to that State Entity".

Provided that the SLDC shall apportion congestion charges within three days from the date of issuance of Congestion Charges Account from NRPC and each State Entity shall pay the amount indicated in the account within 7 (seven) days of issuance of such account by the SLDC. Any delays in payment shall be dealt as per regulation 14.

(N) Downloading/recording of SEMs and timely communication of data to the SLDC.—[1][(i)] Meter data downloading/reading of the interface Special Energy Meters (SEMs), or any other meters as appropriate, as required by the SLDC, shall be taken by the authorized officers of the transmission licensee or the distribution licensee, as the case may be, on weekly basis (on every Monday for preceding week (00:00 Hrs of Monday to 24.00 Hrs of Sunday) and shall supply the same to the SLDC by Tuesday. Any change in multiplication factor or CT/PT ratio setting shall also be recorded. The downloaded data in the electronic form and hardcopy printout alongwith a statement of consumption as recorded by the Main, Check SEMs and, in case of the consumers of the distribution licensee, the ToD meter also, duly authenticated by the concerned Sr. Executive Engineer of the concerned licensees, shall be sent to the SLDC for preparation of Intra State Deviation Settlement account of the State Entities:

Provided that in cases where the State Entity, other than the transmission licensee/the distribution licensee, expresses its intention to associate itself in the process of downloading/reading of SEMs, the authorised representative of such State Entity shall also be associated in the process:

Provided further that if the representative of the concerned State Entity does not turn up at the scheduled time of downloading/taking such readings of SEMs, the authorised officer of the transmission licensee/the distribution licensee, as the case may be, shall download/take the readings and submit the same to the SLDC under intimation to the concerned State Entity:

Provided further that the SLDC may issue, on the need based, detailed instructions in this regard to all the State Entities.

[2][(ii) The State Entities shall provide data telemetry to SLDC and shall ensure the correctness of the real time data and undertake the corrective actions, if required. Frequency of real time data updation to be shared with SLDC shall be 10 second or less as per prevailing practice being followed by RLDCs. Further, any other outage plan shall be forwarded to SLDC:

Provided that the State Entities shall follow Central Electricity Regulatory Commission (Communication Systems for Inter- State Transmission of Electricity) Regulations,2017 for Communication infrastructure to be used for data communication, tele-protection of power system at the State level till the Commission notifies separate regulations on Communication systems for State Entities:

Provided further that the State Entities shall abide by any guidelines, technical standards, protocols for communication system etc. which may be notified by CEA under CERC (Communication Systems for Inter-State Transmission of Electricity) Regulations, 2017, as applicable to them.]

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1 *Added signs " (i)" vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

2 *Added para "(ii)', vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

6. Declaration, scheduling and elimination of gaming.—(1) The provisions of the Himachal Pradesh Electricity Grid Code, 2008, and the Himachal Pradesh Electricity Regulation Commission (Short Term Open Access) Regulations, 2010 and the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010, and other appropriate regulations as may be relevant, as amended from time to time, shall be applicable for declaration of capacity, scheduling and elimination of gaming.

(2) The generating stations, as far as possible, shall generate electricity as per the day ahead generation schedule finalized by the State Load Despatch Centre in accordance with the State Grid Code:

Provided that the revision in generation schedule on the day of operation shall be permitted, in accordance with the procedure specified under the Himachal Pradesh Electricity Grid Code, 2008 as amended from time to time.

(3) The QCA shall coordinate the aggregation of schedule of all generators connected to a pooling station or selling power to the distribution licensee and communicate it to the SLDC. The QCA shall undertake all commercial settlements on behalf of the renewable energy generator(s) connected to the respective pooling station(s) or selling power to the distribution licensee.

(4) The Commission, either *suo motu*, or on a petition made by SLDC or any affected party, may initiate proceedings against any State Entity namely the generator, distribution licensee, Open Access consumer etc. on charges of gaming and, if required, may order an inquiry in such manner as decided by the Commission. When the charge of gaming is established in the aforesaid inquiry, the Commission may, without prejudice to any other action under the Act or Regulations made thereunder, disallow any Charges for Deviation received by such State Entity during the period of such gaming.

7. Charges for Deviations.—(1) [1][Save as provided in the Schedule to these regulations in relation to the sale or purchase of power from the Solar/Wind generating stations, the charges for the Deviations] for each time-block, payable for over drawal by the buyer and for under-injection by the seller; and receivable for under-drawal by the buyer and for over-injection by the seller; shall be worked out on the average frequency of that time-block at the rates [2][specified in Table-1, read with the notes in the parenthesis and the proviso below the said Table] as per the provisions specified in these Regulations:

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[1] *Subs.for the words, "**The charges for the Deviations**", vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

[2] *Sub. for words and figures **"specified in the Table-1 below"** for vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[1][Table-1
Frequency based Charges for Deviation

Average Frequency of the time block (Hz)		Charges for Deviation (Paise/kWh)
Below	Not Below	
	50.05	0.00
50.05	50.04	**1xP/5**
50.04	50.03	**2xP/5**
50.03	50.02	**3xP/5**
50.02	50.01	**4xP/5**
50.01	50.00	**P**
50.00	49.99	**50.00+15xP/16**
49.99	49.98	**100.00+14xP/16**
49.98	49.97	**150.00+13xP/16**
49.97	49.96	**200.00+12xP/16**
49.96	49.95	**250.00+11xP/16**
49.95	49.94	**300.00+10xP/16**
49.94	49.93	**350.00+9xP/16**
49.93	49.92	**400.00+8xP/16**

[1] *Sub. for vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137and before its substitution read as under:*

Table -1
Frequency based Charges for Deviation

Average Frequency of the time block (Hz)		**Charges for Deviation**
Below	**Not Below**	**Paise/kWh**
	50.05 And above	**0.00**
50.05	50.04	35.60
50.04	50.03	71.20
50.03	50.02	106.80
50.02	50.01	142.40
50.01	50.00	178.00
50.00	49.99	198.84
49.99	49.98	219.68
49.98	49.97	240.52
49.97	49.96	261.36
49.96	49.95	282.20
49.95	49.94	303.04
49.94	49.93	323.88
49.93	49.92	344.72
49.92	49.91	365.56
49.91	49.90	386.40
49.90	49.89	407.24
49.89	49.88	428.08
49.88	49.87	448.92
49.87	49.86	469.76
49.86	49.85	490.60
49.85	49.84	511.44
49.84	49.83	532.28
49.83	49.82	553.12
49.82	49.81	573.96
49.81	49.80	594.80
49.80	49.79	615.64
49.79	49.78	636.48
49.78	49.77	657.32
49.77	49.76	678.16
49.76	49.75	699.00
49.75	49.74	719.84
49.74	49.73	740.68
49.73	49.72	761.52
49.72	49.71	782.36
49.71	49.70	803.20
49.70		824.04

49.92	49.91	**450.00+7xP/16**
49.91	49.90	**500.00+6xP/16**
49.90	49.89	**550.00+5xP/16**
49.89	49.88	**600.00+4xP/16**
49.88	49.87	**650.00+3xP/16**
49.87	49.86	**700.00+2xP/16**
49.86	49.85	**750.00+1xP/16**
49.85		**800.00**

Where P is the Daily Simple Average Area Clearing Price (SAACP) in paisa per kWh.

Notes:—

(i) The Deviation Settlement Mechanism (DSM) rate vector will have a dynamic slope determined by joining the identified price points at 50 Hz. (daily simple average ACP), frequency of 49.85 Hz (Rs. 8 per unit) and 50.05 Hz (zero) on a daily basis.

(ii) The maximum ceiling limit applicable for average Daily ACP discovered in the DAM segment of Power Exchange at 50.00 Hz shall be 800 Paise/kWh.

(iii) The formulae have been devised in a manner which ensure that the Charges for deviation for each 0.01 Hz step shall be equivalent to the Slope determined by joining the price at 'Not below 50.05 Hz' and 'identified price at 50.00 Hz' in the frequency range of 50.05-50.00 Hz, and to the Slope determined by joining the 'price identified at 50.00 Hz' and price at 'below 49.85 Hz' in frequency range 'below 50 Hz' to 'below 49.85 Hz'.

(iv) In case of non-availability of daily SAACP due to no-trade on a given day, daily SAACP of the last available day shall be considered for determining the DSM charges as per Table-1.

(v) Deviation price shall be rounded off to nearest two decimal places.

(vi) The State Load Dispatch Centre (SLDC) shall declare the DSM rates, based on the rates discovered/computed by NLDC under the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 and shall display all relevant information on its website:]

Provided that,—

(*i*) [1][In case of the State Entities other than the distribution licensee, the receivables] against the charges for the Deviation for the under drawal by the buyer in a time block in excess of 12% of the schedule shall be zero; and

(*ii*) the receivables against the charges for the Deviation for the over injection by the seller in a time block in excess of 12% of the schedule shall be zero, except in case of injection of infirm power, which shall be governed by the sub-regulations & (4) of this regulation, as the case may be.

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[1] *Subs. for the words,"**the receivables**" vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

[1][(iii) In case of distribution licensee, the receivables against the charges for the Deviation for the under drawal in a time block in excess of 12% of the absolute value of the Scheduled drawal, shall be zero:

Provided that in case of distribution licensee, when absolute value of Schedule in a time block is less than or equal to 300MW, the charges for deviation for the under drawal in excess of 36 MW, shall be zero.]

(2) The charges for Deviation may be reviewed by the Commission from time to time either *suo-moto* or on receipt of comprehensive proposal from SLDC.

(3) In cases where treatment of infirm power has been included in the PPA, or in any other agreement, or the provision for treatment of such power are already provided in any of the regulations, the same shall be governed by such conditions or provisions.

(4) In cases not covered under sub-regulation (3), the infirm power injected into the grid by a generating unit or a generating station during the testing, prior to Commercial Operation Date (COD) of the unit, shall be paid at charges for deviation for infirm power injected into the grid, consequent to testing, for a period not exceeding 6 months, or for extended time allowed by the Commission, subject to a ceiling of cap rate of Rs. 1.78/kWh sent out in case of hydro/wind/solar/MSW generation.

8. Limits on Deviation Volume.—(1) [2][Save as provided in sub-regulation(3) of this regulation, the over-drawal/under-drawal of electricity by a state Entity other than the distribution licensee] any buyer during the time block shall not exceed 12% of its scheduled drawal, when grid frequency is [3][49.85Hz] and above" but "below 50.05 Hz":

Provided that no over-drawal of electricity by any buyer shall be permissible when grid frequency is "below [3][49.85Hz]" and no under-drawal of electricity by any buyer shall be permissible when grid frequency is "50.05 Hz and above".

(2) The under-injection/over-injection of electricity by a seller during a time-block shall not exceed 12% of the scheduled injection of such seller, when frequency is [3][49.85Hz] and above but below 50.05 Hz":

Provided that no under injection of electricity by a seller shall be permissible when grid frequency is "below [3][49.85Hz]" and no over injection of electricity by a seller shall be permissible when grid frequency is "50.05 Hz and above":

Provided further that any injection of infirm power by a generating station prior to COD of a unit during testing and commissioning activities shall be exempted from the volume limit specified above for a period not exceeding 6 months or the extended time allowed by the Commission:

Provided further that any drawal of power by a generating station prior to COD of a unit for the start up activities shall be exempted from the volume limit specified above when grid frequency is "[3][49.85Hz] and above".

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1 *Ins. clause (iii) vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

2 *Subs. for the words,"**The drawal/under-drawal of electricity by any buyer**", vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

3 *Sub. for regulation 8 in sub-regualtion (1) & (2) and provisio for words and figures **"49.70Hz"** for vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[1][(3) The over-drawal/under-drawal of electricity by distribution licensee during any time block shall not exceed 12% of the absolute value of the Scheduled drawal, when grid frequency is "49.85 Hz and above" but "below 50.05 Hz":

Provided that in case of distribution licensee, when absolute value of Schedule is less than or equal to 300MW, the over drawl/under drawl of electricity shall not exceed 36MW, when grid frequency is "49.85 Hz and above" but "below 50.05 Hz]".

9. Additional charges for crossing Deviation Volume Limits.—(1) [2][Save as provided in the Schedule to these regulations in relation to the sale or purchase of power from the Solar/Wind generating stations, in addition to charges] for Deviation as stipulated under Regulation 7 of these regulations, additional charge for Deviation shall be applicable for incremental over-drawal as well as under-injection of electricity for each slab in respect of each time block in excess of the volume limit specified in regulation 8 above, when average grid frequency of the time block is [3][49.85 Hz] and above but upto 50.05 Hz" at the rates specified in the Table-2 below.

Table-2
Additional Charges for Deviation beyond the limits on Deviation Volume

1.	For over drawal of electricity by any buyer in excess of 12% and up to 15% of the schedule in a time block	Equivalent to 20% of the charge for Deviation corresponding to average grid frequency of the time block.
2.	For over drawal of electricity by any buyer in excess of 15 % and upto 20% of the schedule in a time block	Equivalent to 40% of the charge for Deviation corresponding to average grid frequency of the time block.
3.	For over drawal of electricity by any buyer in excess of 20 % of the schedule in a time block	Equivalent to 100% of the charge for Deviation corresponding to average grid frequency of the time block.
4.	For under injection of electricity by any seller in excess of 12% and upto 15% of the schedule in a time block	Equivalent to 20% of the charge for Deviation corresponding to average grid frequency of the time block.
5.	For under injection of electricity by any seller in excess of 15% and upto 20% of the schedule in a time block	Equivalent to 40% of the charge for Deviation corresponding to average grid frequency of the time block.
6.	For under injection of electricity by any seller in excess of 20% of the schedule in a time block	Equivalent to 100% of the charge for Deviation corresponding to average grid frequency of the time block.

[4][Provided that in case of distribution licensee, when the absolute value of its Schedule is less than or equal to 300 MW, the additional charges for the deviation payable by the distribution licensee shall be based on the percentage of deviation worked out with reference to the Schedule of 300 MW:

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1 *Added sub-regulation, vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

2 *Sub. for the words "In addition to charges" vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

3 *Sub. in sub-regualtion (1) for words and figures* ***"49.70Hz"*** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

4 *Sub. for proviso, vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328 and before its substitution read as under:*

"Provided further that any drawal of power by a generating station prior to COD of a unit for the start up activities shall be exempted from the payment of additional charges of Deviation."

Provided further that any drawal of power by a generating station prior to COD of a unit for the start up activities shall be exempted from the payment of additional charges of Deviation.]

(2) In addition to the Charges for Deviation as specified under regulation 7 of these regulations, additional charge for Deviation shall be payable for the over-injection and/or under drawal of electricity for each time block by a seller and/or buyer, as the case may be, [1][when grid frequency is "50.10 Hz and above" at the rate of Deviation charges applicable for the frequency range of 50-50.01 Hz for that day as per the Table-1 under regulation 7.]

(3) In addition to the charges for Deviation as stipulated under regulation 7 of these regulations, additional charge for Deviation shall be payable for over-drawal and/or under injection of electricity for each time block by a buyer and/or seller, as the case may be, when grid frequency is "below [2][49.85] and the rate for the same shall be equivalent to 100% of the charge for Deviation corresponding to the grid frequency of "below [2][49.85 Hz" *i.e. [2][800 Paise/kWh].*

[3][9A. Additional Charges for not meeting the requirements for Change in sign of deviations.—

"In the event of sustained deviation from schedule in one direction (positive or negative) by any State Entity (buyer or seller), such entity shall correct its position in the manner as specified in following clauses (a) and (b) of this Regulation.

(a) on or before 31-03-2020, if the sustained deviation from schedule continues for 12 time blocks, the State Entity (buyer or seller), shall correct its position either by changing the sign of its deviation from schedule or by restricting the sustained deviation to the permissible limits as specified in Table-3 below with reference to its schedule for the time block to be reckoned for violation, at least once, latest by 13th time block.

Table-3
Maximum permissible limits for Sustained Deviation from Schedule

Sl. No.	Schedule for relevant time block to be reckoned for violation	Maximum permissible limits (in one direction of sustained deviation) in MW
1.	Up to 10 MW	**0.5**
2.	Upto 25MW	**1.0**
3.	Upto 100MW	**2.00**
4.	Above 100 MW	**10.00**

Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable/ receivable as the case may be;

(b) on or after 01-04-2020, if the sustained deviation from schedule continues for 6 time blocks, the State Entity (buyer or seller), shall correct its position, either by

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1 *Sub. for the words, figures and signs " **when grid frequency is "50.10 Hz and above" at the rate of 178 paise per kWh**." vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

2 *Sub. for regulation 9 in sub-regualtion (3) for words and figures **"49.70Hz and 824.04 Paise/kWh**" vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

3 *Ins. regulation 9A vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-31373.*

changing the sign of its deviation from schedule or by restricting the sustained deviation to the permissible limits as specified in Table-3 above with reference to its schedule for the time block to be reckoned for violation, at least once, latest by 7th time block:

[1][Provided that, save as provided in the Schedule to these regulations in relation to the sale or purchase of powr from the Solar/Wind generating stations,] violation of the requirement under this clause shall attract an additional charge as specified in the table-4 below:

Table-4
Additional Charge for Violation in Sustained Deviation from Schedule:

No. of Violation in a Day	Additional Charges Payable
From first to fifth violation	For each violation, an additional charge @ 3% of daily base DSM payable/receivable.
From sixth to tenth violation	For each violation, an additional charge @ 5% of daily base DSM payable/receivable.
From eleventh violation onwards	For each violation, an additional charge @ 10% of daily base DSM payable/receivable.

Provided further that counting of number of sign change violations under clauses (a) & (b) of this Regulation shall start afresh at 00.00 Hrs. for each day:

Provided further also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to—

(i) any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations; and

(ii) any drawal of power by a generating station for the start-up activities of a unit.

Explanation.—For the purpose of this Regulation, sustained deviation means continuous deviation outside the maximum permissible limit as specified in Table-3 above, such range being a subset of the volume limit as specified in sub-regulations (1) and (2) of regulation 8. In other words, if the deviation is brought within the range as specified in Table-3 or it remains within the range specified in Table-3, it will not be considered as sustained deviation, even if the change in sign of deviation has not taken place.

Illustrations:—

(i) Illustration to clause (a) of this regulation.—A State Entity having a sustained deviation from time blocks t1 to t12, should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the permissible limits as specified in Table-3 above with reference to its schedule latest in the end of time block t13. In case, such sign change does not take

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[1] *Sub. for the words "Provided that", vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

place or it fails to come back in the range as specified in Table-3 above in the end of time block t13, but such correction of position takes place from time block t14 up to time block t24, then the additional charge shall be levied equivalent to one violation. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for t13. Further, in case, sign change does not take place or it fails to come back to the range as aforesaid even latest in the end of t25, but correction of position takes place from time block t26 up to time block t36, then the additional charge shall be levied equivalent to two violations. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for t13 & t25, and so on.

(ii) Illustration to clause (b) of this regulation.—On or after 01-04-2020, if a State Entity having a sustained deviation from time blocks t1 to t7, should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the range as specified in Table-3 above with reference to its schedule latest in the end of time block t7. In case, such sign change does not take place or it fails to come back in the aforesaid range in the end of time block t7, but such correction of position takes place from time block t8 up to time block t12, then additional charge shall be levied equivalent to one violation. Further, in case, sign change does not take place or it fails to come back in the range as aforesaid latest in the end of t13, but correction in position takes place from time block t14 up to time block t18, then the additional charge shall be levied for two violations and so on.

The additional charge shall be at the rate as specified in Table-4 above of this Regulation.

(iii) In case the State Entity effects change in the sign of its deviation from the schedule, or otherwise restricts the deviation to the permissible limit as per Table-3, before the expiry of latest time block in which it was required to do so, the violations, if any, for the remaining period of the day shall be counted with reference to the time block in which it has actually complied the said requirement prior to the expiry of that time block.

(iv) The additional charge as per this regulation shall be computed on the sum total of the mode values (*i.e.* by ignoring the sign) of the amount payable and receivable for that day under regulation 7.]

10. Contravention of the limits and uploading of records on website.— [1][(1) Charges for Deviation under regulation 7 and the additional charges for Deviation under sub-regulations (1), (2) and (3) of regulation 9 and those under regulation 9A shall be levied without prejudice to any action that may be considered appropriate by the Commission under Section 142 of the Act for contravention of the provisions of these Regulations .]

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[1] *Sub. for sub-regualtion (1) vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137and before its substitution read as under:*

"(1) Payment of charges for Deviation under regulation 7 and the additional charges for Deviation under sub-regulations (1), (2) and (3) of regulation 9, shall be levied without prejudice to any action that may be considered appropriate by the Commission under Section 142 of the Act for contravention of the limits of over-drawal/under drawal, or under-injection/over-injection, as specified in these regulations, for each time block or in case of violation of any other provisions of these regulations."

(2) The charges for over-drawal/under-injection and under-drawal/over-injection of electricity shall be computed by the SLDC.

(3) The SLDC shall, on weekly basis prepare and publish on its website, the records of the Deviation Accounts quantifying the over-drawal/under-injection and over injection/under drawal and corresponding amount of charges for Deviation payable/ receivable for each buyer and seller for all the time-blocks [1][when grid frequency was "49.85Hz and above" and "below 49.85 Hz" separately. The SLDC shall also upload the details of DSM account and the status of amounts received/paid as well as the interest payable/ receivable against each bill on regular basis.]

(4) The SLDC shall also submit quarterly reports to the Commission indicating summary of the grid behavior and discipline maintained by the State Entities alongwith the details of any significant reportable events and the suggestions, if any, in regard to the matters concerning grid discipline.

11. Compliance with instructions of State Load Despatch Centre.— Notwithstanding anything specified in these regulations, the sellers and the buyers shall strictly follow the instructions of the SLDC on injection and drawal in the interest of grid security and grid discipline.

12. Accounting of Charges for Deviation and Billing.—(1) The SLDC shall prepare the State Energy Accounts on monthly basis. In addition, the SLDC shall, on weekly basis, also —

(*i*) prepare statements showing the amount payable and receivable, separately for deviation charges under regulation 7 and additional charges for Deviation under regulation 9, by each State Entity;

[2][(ii) in case for any day, the amount payable by various State Entities separately on account of charges under regulation 7 or regulation 9 or regulation 9A falls short of the total amount payable for that day for the State as a whole on account of the corresponding charges under the respective regulations as per the bill(s) raised by NRLDC/NRPC, the amount(s) payable, for that day, by the concerned State Entity(ies) against such charges under respective regulations shall be increased proportionately (*i.e.* in proportion to the sum total of the mode values of the amount payable and receivable separately under each of the said regulation) so as to cover up such shortfall for that day fully separately in respect of each of such charges;

Explanation.—The proportionate increase on these lines shall be carried out on daily basis only *i.e*. separately for each day and separately for the charges under each of the said regulation, even though the bills are otherwise to be raised on weekly basis;]

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[1] *Sub. in sub-regualtion (3) for the words,gigures and signs* ***"when grid frequency was "49.70Hz and above" and "below 49.70 Hz" separately"*** *vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

[2] *Sub. for clause (ii) of sub-regulation (i) vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137 and before its substitution read as under:*

"(ii) in case, for any week, the total amount recoverable from the various State Entity(ies) separately for deviation charges as per regulation 7 and sub-regulation (1) of regulation 9 falls short of the total amount payable separately in respect of any one or both of the aforesaid two items for the State as a whole as per the bill(s) raised by the NRLDC/NRPC, the amount recoverable from each State Entity for each of two such items shall be increased in proportion to the amount recoverable from each State Entity as per regulation 7 and sub- regulation (1) of regulation 9 so as to cover up such shortfall fully in respect of each of the aforesaid two items;"

(*iii*) reflect other requisite details as it may consider appropriate in such statement;

(*iv*) devise suitable formats for preparing and reflecting the accounts/ payments detail in a fair and transparent manner; and

(*v*) the statements of Deviation charges on weekly basis and other details as above, as prepared by it, to all State Entities for the seven-day period ending on the previous Sunday mid-night, within 3 days of issuance of bills by the NRLDC/NRPC.

(2) The SLDC shall also prepare and raise the weekly bills on its State Entities, including distribution licensee also for the Deviation charges as well as the additional charges for Deviation, congestion charges, if any, as per clause (M) under regulation 5 and any other charges as due showing appropriate details, including the adjustments on account of shortfall if any as per item (ii) under sub-regulation (1), separately in respect of each of the items such as the charges under regulation 7 and each of the three sub- regulations under regulation 9.

(3) All payments on account of charges for Deviation including additional charges for Deviation levied under regulations, and interest, if any, received for late payment, shall be credited to the fund called "the State Deviation Pool Account" which shall be opened, maintained and operated by the State Load Despatch Centre in accordance with provisions of these regulations:

Provided that,—

(*i*) the Commission may, by order, direct any other entity to operate and maintain " the State Deviation Pool Account" ; and

(*ii*) separate books of accounts shall be maintained by the SLDC for the principal component and interest component of charges for Deviation and each component of the additional charges for Deviation.

(4) All payments received in "the State Deviation Pool Account" shall be apportioned on weekly basis in the following sequence, namely:—

(*i*) first towards any cost or expense or other charges incurred on recovery of charges for Deviation.

(*ii*) next towards over dues or penal interest, if applicable.

(*iii*) next towards normal interest.

(*iv*) towards charges for Deviation, additional charges for Deviation and the congestion charges.

(*v*) lastly towards the defaulting amount recoverable by the SLDC from the concerned State Entity under sub-regulation (4) of regulation 14 in respect of the relevant timeframe starting from the date on which matter is referred by the distribution licensee to the SLDC.

(5) The amounts received in "the State Deviation Pool Account" shall be utilised by the SLDC for payment of the consolidated bill(s) for the Deviation charges, the additional charges for Deviation and the congestion charges raised by the NRLDC/NRPC on distribution licensee/SLDC for the State as whole and also for making payments to any other State Entities who may be entitled to the same in accordance with the Statement of Accounts issued under sub-regulation (1):

Provided that, save as provided in regulation 15, the surplus balance, if any, in "the State Deviation Pool Account" shall be retained in the said account and shall be utilized in a manner as may be approved/ directed by the Commission from time to time.

(6) The amount(s) billed by the NRLDC/NRPC generating stations to the distribution licensee on account of supply of URS shall be paid by the distribution licensee, who shall, in turn, recover the same from other State Entities to the extent such URS were procured on behalf of such other Entities in accordance with the Statement of Accounts issued by SLDC in accordance with sub-regulation (1).

(7) The bills raised by the distribution licensee as per sub-regulation (6) shall be payable by the concerned Entities within 15 days of issuance of such bills failing which interest shall be payable at the same rate as specified in regulation 14 for late payment:

Provided that if any of such bill(s) remain unpaid even after expiry of 120 days from the date of raising such bill, the distribution licensee may refer the matter to the SLDC, who shall then recover the same, alongwith interest for each day starting from the date of expiry of the grace period of 15 days till the date of payment/settlement from the defaulting State Entity, by allocating suitable priority under sub-regulation (4) of this regulation, or by operating LC or otherwise and the amount, so recovered, together with interest for late payment starting from the date or which it was originally due, shall be credited to the account of the distribution licensee.

13. Special provisions for Open Access Customer who are also retail Consumers of the distribution licensee.—In case of the Open Access Customers who are also retail consumers of the distribution licensee, the following special provisions shall be applicable, namely :—

(*i*) a consumer who meets part of his requirement through open access and balance through supply of power by the distribution licensee, shall be entitled to draw the total power within its sanctioned contract demand irrespective of its purchase of power through open access. However, where the consumer has revised his contract demand temporarily within the total sanctioned contact demand as per the provisions of the Supply Code and relevant tariff order, he shall be entitled to draw power within such revised contact demand only until he further revises the contract demand. In case the consumer desires to draw power in excess of his sanctioned contact demand, he shall have to get his sanctioned contact demand increased in accordance with the provisions of the Supply Code and other relevant regulations notified by the Commission from time to time;

(*ii*) demand charges shall be payable by the consumer on the sanctioned contract demand/revised contract demand irrespective of its purchase of power through open access, to the licensee as per relevant Schedule of the tariff order.The additional charges on the average demand (Rs./kVA/month) during peak load hours shall also be payable on the basis of the total consumption during the peak load hours in respect of the billing month irrespective of the quantum of energy availed through open access or otherwise;

(*iii*) consumer availing short term open access shall submit the schedule only for drawal of power through open access and no schedule for drawal of power as a normal consumer of distribution licensee shall be required;

(*iv*) the total recorded drawal by the consumer for the different tariff blocks (*i.e.* peak, night and normal hours) in the billing month shall be reduced by the total scheduled entitlement for various time blocks in the respective tariff blocks in the billing month as per the schedules under open access arrangement, irrespective of actual drawal by the consumer in the respective time blocks, but subject to the provisions under the succeeding item. The balance energy shall be treated as supplied by the distribution licensee to the consumer as per the relevant tariff order of the Commission. This shall be subject to the condition that if the quantum of such balance energy works out to a negative figure in any time block, the energy supplied by the distribution licensee to the consumer in that time block shall be considered as zero and the remaining unadjusted energy for that time block shall be adjusted as per the succeeding item. In case the total drawal, including the same under the open access arrangement, exceeds the sanctioned contract demand or the reduced contract demand, as applicable, at any time during the billing period, such over drawal shall be considered as violation of the contract demand in accordance with the provisions of normal schedule of tariff and the contract demand violation charges shall also be charged accordingly in addition to the energy charges as per the schedule of tariff;

(*v*) in case of time blocks where the total recorded drawal of the consumer is less than the scheduled entitlement of the consumer in that time block, the SLDC shall account for such under drawal by the consumer in its accounts and compute the amounts payable/receivable by that consumer under regulations 7 and 9 separately. The payable/ recoverable amounts so worked out by the SLDC shall be payable/recoverable by the consumer directly to/from the SLDC without involving the monthly billing for that consumer under the retail tariff. The distribution licensee shall not make any adjustment on this account in the monthly bills. However, the consumer shall not be entitled to any relief in the demand charges on account of any such under drawal;

(*vi*) the consumer will, however, continue to be governed by the Supply Code and relevant Schedule of Tariff order approved by the Commission; and

(*vii*) for the purposes of energy accounting, adjustments and billing, the energy scheduled (computed in kWh), under open access to the consumer of distribution licensee, as projected at the point of supply to that consumer, shall be converted into kVAh by adopting the actual average power factor as recorded in/calculated from special energy meter data for each 15 minutes time block.

14. Schedule of Payment of Charges for Deviation.—(1) The payment of charges for Deviation, the additional charges for Deviation, congestion charges or any other charges payable as per the SLDC's statement shall have a high priority and the concerned buyer/seller shall pay the indicated amounts within 7 (Seven) days of the issue of statement of charges for Deviation including additional charges for Deviation by the SLDC into “the State Deviation Pool Account”.

(2) If payments against the charges for Deviation including additional charges for Deviation, congestion charges or any other charges are delayed by more than [1][one day, *i.e*., beyond Eight (8) days] from the date of issue of the bill by the SLDC, the defaulting buyer/seller shall have to pay simple interest @ 0.04% for each day of delay[2][:]

[3][Provided that in case of delay in payment of any weekly bill beyond 24 days from the date of issue of bill by SLDC, the simple interest payable by the defaulting State Entity shall be @0.08% for each day of delay beyond the said period of 24 days.]

(3) All payments to the buyer/seller entitled to receive any amount on account of charges for Deviation shall be made within 5 working days of receipt of the payments in the "State Deviation Pool Account" beyond which buyer/seller shall also be entitled for simple interest @ 0.04% for each day of delay:

Provided that,—

(*i*) in case of delay in the payment of charges for Deviations into the State Deviation Pool Account and interest, if any, there on, [4][beyond 8 days] from the date of issuance of the Bill of charges, the buyer(s)/seller(s) who have to receive payment for Deviation or interest there on shall be paid from the balance available, if any, in the State Deviation Pool Account. In case the balance available is not sufficient to meet the payment to such buyer(s)/ seller(s), the payment from the State Deviation Pool Account shall be made on *pro rata* basis from the balance available in the Fund referred to the regulation 15; and

(*ii*) the liability to pay interest for the delay in payments to "the State Deviation Pool Account" shall remain till interest is not paid; irrespective of the fact that buyer/seller who have to receive payments have been paid from the "State Deviation Pool Account" in part or full.

(5) In case of default in payment of the amount recoverable by the distribution licensee from any other State Entities as per sub-regulation (7) of regulation 12, the outstanding amount, alongwith interest shall be recovered by the SLDC from the defaulting Entities as per the provisions of this regulation by treating the same procedure as applicable for the Deviation charges and the additional charges for deviation. For this purpose, the SLDC shall assign priority to this amount on weekly/monthly basis, under sub-regulation (4) of regulation 12, starting from the date on which the matter is referred by the distribution licensee to the SLDC in accordance with these provisions. Such amount shall, on recovery, from the defaulting Entity(ies), be credited to the account of the distribution licensee.

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1 *Sub. for words and figures* **"two days, i.e. beyond Nine (9) days"** *in sub-regualtion (2) vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

2 *Sub. for the sign* **"."** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

3 *Ins. proviso vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

4 *Sub. the words and figures* **"beyond 9 days"** *vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

(5) All buyers/sellers, which had at any time during the previous financial year, failed to make payment of charges for Deviation including additional charges for Deviation within the time specified in these regulations shall be required to open a Letter of Credit (LC) equal to 110% of its average payable weekly liability for Deviations in the previous financial year, in favour of the SLDC before 14th April of the financial year:

Provided that,—

(*i*) if any buyer/seller fails to make payment of charges for Deviation including additional charges for Deviation by the time specified in these regulations during the current financial year, it shall be required to increase the amount of LC already opened as per the above provision or open a new LC, as the case may be, for an amount equivalent to 110% of the average weekly liability for the current financial year; and

(*ii*) the LC amount shall be increased to 110% of the payable weekly liability for Deviation in any week during the year, if it exceeds the previous LC amount by more than 50%;

Illustration: If the average payable weekly liability for Deviation of a buyer/seller during 2018-19 is Rs. 20 Crore, the buyer/seller shall open LC for Rs. 22 Crore in 2019-20. If the weekly payable liability during any week in 2019-20 is Rs. 35 Crore which is more than 50% of the previous financial year's average payable weekly liability of Rs. 30 Crore, the buyer/seller shall increase the LC amount to Rs. 38.5 Crore (1.1* 35.0) by adding Rs. 16.5 Crore.

(6) In case of failure to pay into the "State Deviation Pool Account" within the specified time of [1][8 days] from the date of issue of statement of charges for Deviations, the SLDC shall be entitled to encash the LC of the buyer/seller to the extent of the default and the buyer/seller shall recoup the LC amount within 3 days.

[2][(7) In case a State Entity defaults in making payment of a weekly bill, whether directly or through LC, by more than 30 days beyond the due date, the HPSLDC, in order to recover the dues, may, apart from invoking the provisions made elsewhere in these regulations, also suitably curtail the schedule for the defaulting State Entity, by way of withholding NOC/concurrence or any other appropriate means, after giving a notice of 30 days to such defaulting State Entity and may also continue such curtailment till the entire updated outstanding amount, including interest also, is paid by that defaulting State Entity and the requisite letter of credit, as per the equirement of sub-regulation (5) of this regulation is also opened and made operative.]

15. Application of fund collected through Deviations.—The surplus amount, if any, in the State Deviation Pool Account as on the last days of the months of June and December of each year, or at such other intervals as the Commission may direct from time to time, shall be transferred to a separate fund namely "the State Power Systems Development Fund", which shall be opened, operated and maintained by the SLDC. The fund shall be utilized for the purpose relating to development of power system in the State in the manner

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1 *Sub. for the words and figures* **"9 days"** *vide Not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

2 *Ins. sub-regualtion (7) vide not. No. HPERC-H(1)25 dated 29th June, 2019, published in R.H.P. dated 3rd July, 2019 at p. 3131-3137.*

specified in these regulations or as may be approved/directed by the Commission from time to time:

Provided that the SLDC shall submit half yearly returns to the Commission i.e. on 31st July and 31st January of ea ch year indicating the transactions in the said funds and the proposal, if any, for utilization of the said fund.

16. Power to Relax.—The Commission may, by general or special order, for reasons to be recorded in writing, and after giving an opportunity of being heard to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

17. Power to issue directions.—If any difficulty arises in giving effect to these regulations, the Commission may, on its own motion or on an application filed by any affected party, issue such directions as may be considered necessary in furtherance of the objective and purpose of these regulations.

18. Power to amend.—The Commission may, at any time, vary, alter, modify or amend any provisions of these regulations.

19. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of these regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

20. Overriding effect.—The provisions of these regulations shall have overriding effect notwithstanding anything inconsistent therewith contained in any other regulations of the Commission, for the time being in force or in any instrument/detailed procedure having effect by virtue of any such regulations.

[1]**["Schedule"**

Special provisions in relation to the sale/purchase/captive consumption of power from Solar/Wind generating stations.

(1) Applicability :—This Schedule shall be applicable for the transactions involving:—

(i) Sale of power by the Solar/Wind generators, which are State Entities, to the buyers, which are also the State Entities;
(ii) Sale of power by the Solar/Wind generators, which are State Entities, to the buyers outside the State;
(iii) Sale of power by the Solar/Wind generators to the buyers within the State by availing Inter State Open Access;
(iv) Captive consumption by the Solar/Wind generators by availing Intra State Open Access; and
(v) Captive consumption by the Solar/Wind generators by availing Inter State Open Access.

(I) Definitions :—In this Schedule, unless the context otherwise requires.—

(i) 'Absolute Error' shall mean the absolute value of the error in the actual generation of Solar/Wind generators with reference to the Scheduled generation and the 'Available Capacity' (AvC), as calculated using the following formula for each 15 minute time block:

Error (%) = 100 X No. of time blocks in an hour X [Actual Generation– Scheduled Generation] /(AvC)

Note :—Actual generation and Scheduled generation shall be taken in MWH and the AvC shall be taken in MW.

ii) 'Available Capacity (AvC)' for Solar/Wind generators which are State Entities shall mean the cumulative capacity rating of the solar inverters/wind turbines that are capable of generating power in a given time-block;

2) **Deviation Charges :**—The deviation charges for under or over-injection and the other related charges i.e. additional deviation charges and the sustained deviation charges shall be applicable for these types of transactions as per the following provisions:—

(I) Intra-State Transactions:—

Sale of power by the Solar/Wind generators, which are State Entities to the buyers, which are also State Entities; and Captive consumption by the Solar/Wind generators by availing Intra State Open Access:—

(i) the generators shall be paid on the basis of actual generation, subject, however, to adjustment of losses etc;

(ii) the generation Schedule as well as the corresponding drawal Schedule shall be treated as revised based on actual generation for the billing purposes;

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1 *Added "**Schedule**", vide Not. No. HPERC-H(1)25 dated 8th September, 2021, published in R.H.P. dated 10th September, 2021 at p. 3322-3328.*

(iii) for the deviations in the generation, being less or more than the Scheduled generation, the deviation charges for shortfall or excess generation shall be payable by the Solar/Wind generator or the QCA on its behalf, as the case may be, to the State Deviation Pool Account, at the following rates :—

TABLE – 5
DEVIATION CHARGES IN CASE OF OVER/ UNDER INJECTION

Sl. No	**Absolute error in the 15- minute time block**	**Deviation Charges payable**
1.	<= 15%	None
2.	>15% but <= 25%	(@ Rs. 0.50 per unit for the shortfall or for the excess energy beyond 15% and upto 25%)
3.	>25% but <=35%	(@Rs. 0.50 per unit for shortfall or for excess energy beyond 15% and upto 25%) + (@ Rs1.00 per unit for balance energy beyond 25% and up to 35%)
4.	> 35%	(@Rs. 0.50 per unit for the shortfall or for the excess energy beyond 15% and upto 25%) + (@Rs. 1.00 per unit for the energy beyond 25% and up to 35%)+(@Rs. 1.50 per unit for the balance energy beyond 35%)

Note :—(a) The charges payable for deviation from Schedule by the Solar/Wind generators which are State Entities, shall be delinked from frequency.

(b) The charges under regulations 7, 8, 9 and 9A of these regulations shall not be applicable in such cases.

(c) the deviations, if any, in the drawals by the buyer based on the revised Schedule as per clause (ii) above, shall be accounted for in accordance with the main regulations i.e. Regulation 1 to 20 of these regulations; and

(II) Inter -State Transactions:—(a) Sale of power by the Solar/Wind generators, which are State Entities, to the buyers outside the State; (b) Sale of power by the Solar/Wind generators to the buyers within the State by availing Inter State Open Access; and (c) Captive consumption by the Solar/Wind generators by availing Inter State Open Access:—

(i) If NRLDC gives a separate treatment to such transactions as per sub-clauses (v)(vi) and (vii) of clause (1) under regulation 5 of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Second Amendment) Regulations, 2015, the SLDC shall also give the similar treatment,for the purposes of deviation and other related charges under these regulations as well as for accountal of RPOs, to the inter-State transactions involving sale of power or captive consumption by the Solar/Wind power generators as well as for the purchase of power by the State Entities from such generators. The SLDC shall keep separate account of such transactions and shall reflect the same suitably in weekly bills etc. The amount to be billed (recoverable/ payable) on the concerned State Entity shall be at par with those

billed by NRLDC for such transactions except for adjustment of losses, transmission and wheeling charges etc.; and

(ii) If NRLDC does not give special treatment for such transactions as per item (i) above, the SLDC shall also not give special treatment to such transactions and shall charge the concerned State Entities for such transactions at the normal rates as per regulations 7, 8, 9 and 9A of these regulations and no special rates for deviation etc. shall be applicable. In such cases the SLDC shall not be required to maintain separate account for such transactions.

(3) Dedicated Sale/Purchase of power by distribution licensee from Solar/Wind Sources:—The distribution licensee shall be treated as separate State Entity(ies) for the transactions involving:—

i) dedicated sale of power by the distribution licensee from its Solar/Wind sources, whether from its own projects or out of the dedicated purchases made by it from such sources, to the buyers within the State which are State Entities;

(ii) dedicated sale of power by the distribution licensee from its Solar/Wind sources, whether from its own projects or out of the dedicated purchases made by it from such sources, to the buyers outside the State ;

(iii) dedicated purchase of power from the Solar/Wind generating stations which are State Entities; and

(iv) dedicated purchase of power from Solar/Wind generating stations by availing Inter State Open Access.

Transactions involving dedicated sale/purchase of energy by the distribution licensee under such scenarios will be given the treatment at par with the respective provisions, as applicable for Intra State Transactions or Inter State Transactions as the case may be of this Schedule.

(**4) Other Provisions** :—Except for the special provisions made in the Schedule, all other provisions of the main regulation 1 to 20 of these regulations, including those for payment etc., shall be applicable.]

BY ORDER OF THE COMMISSION,
Sd/-
(CHAMAN DILTA)
Secretary.

[1][The Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020]

NOTIFICATION

Shimla, the 22nd August, 2020

No. HPERC-H(1)32/2020.—In exercise of the powers conferred under sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission, hereby makes the following regulations, namely:—

REGULATIONS

1. Short title and commencement.—(1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions and interpretation.—(1) In these Regulations, unless the context otherwise requires:

(a) **'Act'** means the Electricity Act, 2003 (36 of 2003), including amendments thereto;

(b) **'Appraisal Committee'** means the Committee constituted by the Commission as per regulation 6 of these regulations;

(c) **'Commission'** means the Himachal Pradesh Electricity Regulatory Commission;

(d) **'Monitoring Committee'** means the committee constituted by the Commission as per regulation 8 of these regulations;

(e) **'Nodal Agency'** means the agency designated for the purpose of these regulations as per regulation 5 of these regulations;

(f) **'PSDF'** means the State Power System Development Fund to be opened, operated and maintained by the HPSLDC under the regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018;

(g) **'Project Entity'** means the State Transmission Utility (STU) or Distribution Licensee or Himachal Pradesh State Load Dispatch Centre (HPSLDC) who may submit the proposal(s) for funding from PSDF under regulation 4 of these regulations and shall also be responsible for execution, operation & maintenance of

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1 *Published in the R.H.P. on dated 25th August, 2020 at p. 2834-2840.*

the scheme sanctioned by the Commission under regulation 10 of these regulations; and

(h) **'Scheme'** means the proposal for the implementation of a set of works, as approved by the Commission under regulation 7 of these regulations.

(2) The words and expressions used in these regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to the electricity industry in the State, shall have the meanings assigned to them in such law; and the words and expressions used herein, but not specifically defined in the regulations or in the Act or any law passed by a competent Legislature, shall have the meanings as are generally assigned to them in the electricity industry.

3. Utilization of Power System Development Fund.—The proposal(s) which meet the following criteria may be considered for funding from PSDF:—

(i) the proposal(s) which are not covered under any scheme formulated for funding, fully or partially, under the State Government/Central Government/Project Entity schemes;

(ii) proposal(s) may broadly cover the works of the following nature:—

(a) improvement in LT/HT/EHT distribution system of Distribution Licensee to ensure the smooth and reliable power supply to the consumers and also improvement in distribution system beyond the interconnection points where the renewable power generators have connected;

(b) transmission/distribution systems of strategic importance based on operational feedback by Himachal Pradesh State Load Despatch Centre (HPSLDC), STU or Distribution Licensee for relieving congestion in Intra-State Transmission/ Distribution system;

(c) installation of special protection schemes, pilot and demonstrative projects,standard protection schemes and for setting right the discrepancies identified in the protection audits; and

(d) scheme in furtherance of the above objectives such as technical studies, capacity building, improvement of voltage profile, hardware/software for up-gradation of HPSLDC/ HPALDC, Smart Grid initiatives, Energy Storage, Demand Side Management, Power System communication & communication hardware, Monitoring and Measuring schemes including installation of Phasor Measurement Unit (PMU), etc;

(iii) the proposal(s) should be useful for the safe, smooth and efficient operation of a larger part of the State Power System instead of a few individuals; and

(vi) private sector schemes shall not be eligible for assistance from the PSDF.

4. Submission of proposals to be funded from PSDF.—The concerned Project Entity(ies) shall submit the draft scheme(s), complete in all respects and duly supported by the cost benefit analysis, proposed for funding from State PSDF to the Nodal Agency

under intimation to the Appraisal Committee and the Commission by 30th September, 2020 and subsequently by the end of each quarter.

5. Nodal Agency and its functions.—(1) The Himachal Pradesh State Load Despatch Centre (HPSLDC) shall be the Nodal Agency for all intents and purposes and the overall coordination of the various activities under these Regulations.

(2) **The Functions of the Nodal Agency.—**(i) functions related to the preparation of detailed guidelines for**:—**

(a) submission of DPRs by the Project Entity(ies) to Nodal Agency and by the Nodal Agency to the Commission;

(b) processing of appraisal of the schemes;

(c) disbursement and release of funds subject to the provisions of these regulations;

(d) monitoring of scheme(s) at the execution and operation stage;

(e) cost/time overrun in the execution of scheme(s) and remedial measures to curb and mitigate the same ;

(f) submission of schemes to the Commission for sanction and submission of progress reports etc. to the Commission; and

(g) any other item required to complete the intend of the regulations to ensure the proper implementation of the provisions of these regulations;

(ii) functions related to the scrutiny of the draft schemes:—

(a) the Nodal Agency shall initially scrutinize the proposals received from the concerned Project Entity(ies) in each quarter for technical suitability duly keeping in view the eligibility conditions as per regulation 3 of these regulations;

(b) all the proposals received by it at the end of a quarter shall be scrutinized as per the prudent practices and submitted, within one month, to the Appraisal Committee for its suitable directions/recommendations; and

(c) all the proposals received by the Nodal Agency in a quarter shall be processed in a single lot;

(iii) functions related to submission of the draft schemes to the Commission.—The Nodal Agency shall submit the self contained draft scheme(s), duly scrutinized and processed as per clause (ii) above, alongwith the recommendations of the Appraisal Committee, to the Commission for sanction, soon after the availability of the recommendations of the Appraisal Committee;

(iv) functions related to monitoring the progress of sanctioned schemes during the execution stage:—

(a) the Nodal Agency shall monitor the progress of the implementation of the scheme(s), sanctioned by the Commission as per regulation 7 of these regulations, on monthly basis based on the progress report to be submitted to it by the concerned Project Entity implementing the scheme;

(b) to submit the status report, alongwith the proposed remedial measures if any, to the Monitoring Committee on a quarterly basis;

(c) to submit to the Commission the progress reports, alongwith the recommendations of the Monitoring Committee under sub-regulation (2) of regulation 8, to the Commission on a monthly basis;

(d) to submit the proposals for revision of the scope of work, sanctioned cost or the completion targets, alongwith the recommendations of the Monitoring Committee under clause (iii) of sub-regulation (2) of regulation 8, to the Commission; and

(e) to submit proposals, alongwith the recommendations of Monitoring Committee, For the release of funds against the sanctioned cost of the scheme(s) to the Commission;

(v) functions related to monitoring the progress of sanctioned schemes during operation stage:—

(a) the Nodal Agency shall submit the progress report on a quarterly basis about the functioning of the schemes during the operation stage to the Monitoring Committee; and

(b) the Nodal Agency shall also submit, to the Commission, half yearly progress reports about the functioning of the schemes during operation stage, alongwith the details of recommendations, if any, made by the Monitoring Committee for improving the performance of such schemes and action taken in this regard; and

(vi) other functions:—

(a) function as Secretariat to the Monitoring Committee and the Appraisal Committee;

(b) keep the Record of Business transacted at each meeting of the Appraisal Committee and the Monitoring Committee;

(c) to submit, to the Commission the proposals received by it in a quarter, alongwith complete details as well as the recommendations of the Appraisal Committee, within 15 days from the receipt of recommendations from the Appraisal Committee;

(d) prepare Annual Report of PSDF; and

(e) perform such other functions as may be assigned by the Commission, Monitoring Committee and the Appraisal Committee.

6. Appraisal Committee.—(1) The Commission may constitute an Appraisal Committee under the chairmanship of the Executive Director (Technical) of the Commission with General Manager (Projects), State Transmission Utility, Chief Engineer (System Planning) of Distribution Licensee, Sr. Accounts Officer of the Commission, as its members and the Superintending Engineer (HPSLDC) as its Member Secretary:

Provided that the Commission may nominate any other person not below the rank of Superintending Engineer as a Member of the Committee.

(2) (a) The Appraisal Committee shall carry out the techno-economic appraisal of the proposals submitted to it by the Nodal Agency, under clause (ii)(b) of sub-regulation 2 of regulation 5, keeping in view, the eligibility criteria as per regulation 3 of these regulations and shall finalize its findings/ recommendations on each scheme submitted to

it. The schemes received by the Nodal Agency from the concerned Project Entity in a quarter shall be considered simultaneously;

(b) The Member Secretary of the Appraisal Committee shall duly compile and process the recommendations of the Appraisal Committee and shall expedite the submission of the self-contained proposals by the nodal agency to the Commission in accordance with clause (iii) of sub-regulation 2 of regulation 5; and

(c) any other functions as may be specifically assigned to it by the Commission or Monitoring Committee or which may otherwise be required to discharge by it for smooth implementation of its role under these regulations.

7. Sanction of Schemes.—(1) The Commission may further shortlist the proposals received by it under clause (iii) of sub-regulation (2) of regulation 5 from the Nodal Agency, by taking into account:—

(a) the eligibility conditions as per regulation 3 of these regulations;

(ii) the critical importance of each such proposal for the smooth operation of the State Power System;

(iii) cost-benefit analysis of each proposal;

(iv) availability of balance amount in the PSDF after accounting for the estimated amount required for the schemes already sanctioned; and

(v) any other factors as the Commission may consider appropriate.

(2) The proposals so shortlisted and prioritized shall be considered for sanction for funding out of PSDF depending upon the availability of funds in PSDF.

(3) The funds against the sanctioned schemes shall be released on the recommendations of the Monitoring Committee as per the provisions of clause (ii) of sub-regulation (2) of regulation8:

Provided that amount to the extent of 10 % of the sanctioned cost of the scheme or Rs.10 lacs, whichever is lower, may be released, on the request of the concerned Project Entity, upfront immediately after the sanction of the scheme without waiting for the recommendations of the Monitoring Committee.

(4) The Commission may also, subsequent to sanction of the scheme, revise the scope, sanctioned cost and/or the completion targets of any such schemes based on the proposals submitted to it by the Nodal Agency alongwith the recommendations of the Monitoring Committee:

Provided that in case of any upward revision of the cost, the Commission may also direct the Nodal Agency and the concerned Project Entity to meet the additional cost in a manner as may be considered appropriate by it keeping in view the quantum of such additional amount and the other details.

(5) The Commission may issue suitable directions to the concerned Project Entity, or the Nodal Agency, in case of any deficiency in the performance of any scheme during operation stage duly taking into account the half yearly progress reports submitted to it under clause (v)(b) of sub-regulation (2) of regulation 5.

8. Monitoring Committee.—(1) The Commission may constitute a Monitoring Committee under the Chairmanship of the Member (Technical) of the Commission with the Director (Projects), State Transmission Licensee, Director (Operation) of Distribution Licensee, Chief Accounts Officer of Distribution Licensee and any other officer (s) of the concerned Project Entity, as considered appropriate, as its members and Superintending Engineer (HPSLDC) as its Member-Secretary.

(2) The Monitoring Committee shall discharge the following functions, namely:—

(i) review the progress of the implementation of the scheme(s) sanctioned by the Commission under regulation 7 based on the status to be submitted to it by the Nodal Agency;

(ii) make its recommendations for release of funds against the sanctioned cost in a phased manner after taking into account the plan of implementation and the progress actually achieved:

Provided that in case any amount, in excess of the limit specified in the proviso to sub-regulation (3) of regulation 7, is required to be released upfront keeping in view the specific requirements, the Monitoring Committee may give its recommendations after detailed examination;

(iii) in case of any cost/time overrun in the completion of the scheme, the Monitoring Committee may recommend the remedial measures to curb and mitigate the time/cost overrun and also for the revision of the estimated cost and completion target and/or the scope of the work based on the actual progress achieved :

Provided that in cases where revision of cost is recommended, it will also make recommendations about the funding of the additional cost based on the benefit analysis for the additional cost;

(iv) the Monitoring Committee shall also review the progress about the functioning of each such scheme during operation stage so as to evaluate the benefits being derived as a result of the execution of any such scheme and also to recommend the steps for improving the function of the scheme in case of any shortfall;

(v) any other functions as may be specifically assigned to it by the Commission or otherwise may require to be discharged for smooth implementation of its role under these regulations; and

(vi) the Member Secretary of the Monitoring Committee shall duly compile and process the recommendations of the Monitoring Committee and shall expedite the submission of the self-contained proposals/status reports alongwith recommendations of the Monitoring Committee to the Commission by the Nodal Agency in accordance with clauses (iii), (iv) and (v) of sub-regulation 2 of regulation 5.

9. Assistance Pattern.—For the purpose of determination of ARR in relation to any project funded from PSDF, the funds released from PSDF shall normally be considered as grant unless ordered otherwise by the Commission.

10. Execution, Operation & Maintenance of the Assets.—(1) The Project Entity shall be responsible for the execution as well as Operation & Maintenance of the projects during the useful life thereof.

(2) The Project Entity shall also submit the monthly progress reports of the completion of the scheme(s), alongwith the reasons for delays, if any, and the remedial measures proposed to be taken to mitigate such delays as well as the revised cost, completion targets and/or scope, to the Nodal Agency on monthly basis.

(3) The Project Entity shall also submit quarterly reports about the successful functioning of the project/scheme alongwith the benefits accrued from the project/scheme to the Nodal Agency so as to enable the Nodal Agency to evaluate the benefits accrued from such scheme(s) and submit the same to Monitoring Committee on a quarterly basis.

11. Miscellaneous functions.—Preparation of Budget, Accounts other records and Annual Reports.—The miscellaneous functions related to the preparation of the budget, accounting of receipts/disbursals from PSDF, Utilization Certificates, Audit and Annual Reports etc. shall be carried out by the State Load Dispatch Centre (SLDC) as a separate part in their accounts for the other functions discharged by it.

12. Powers to Remove Difficulties.—If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by a general or special order, make such provisions not consistent with these provisions of the Act, as may appear to be necessary for removing the difficulties.

13. Power to Relax.—The Commission may, by general or special order, for reason to be recorded in writing, and after giving an opportunity of being heard to the parties likely to be affected by the grant of relaxation, may relax any of the provision of these Regulations on its own motion or an application made before it by an interested person.

14. Interpretation.—All the issues arising in relation to the interpretation of these Regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

15. Inherent Powers of the Commission.—Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

16. Power to Amend.—The Commission, may at any time, vary, alter, modify or amend any provisions of these Regulations.

By the order of the Commission
Sd/-
Secretary

[1][The Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023]

NOTIFICATION

Shimla, the 24th February, 2023

No. HPERC/438.—The Himachal Pradesh Regulatory Commission, in exercise of the powers conferred by sub-section (1) of Section 62, Section 66, Clauses (a), (b) and (e) of Section 86 and Clause (zi) of Sub-section (2) of Section 181 of the Electricity Act, 2003 (36 of 2003), and all other powers enabling it in this behalf, after previous publication, hereby makes the following Regulations, namely:—

REGULATIONS :

1. **Short title and commencement**.—(1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023.

(2) These Regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. **Definitions.—**(1) In these Regulations, unless the context otherwise requires,

(a) **"Act"** means the Electricity Act, 2003 (36 of 2003);

(b) **"Central Agency"** means the agency as referred to in Regulation 3 of Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 hereinafter to be referred as CERC REC Regulations, 2022;

(c) **"Central Commission**" means the Central Electricity Regulatory Commission referred to in Sub-section (1) of Section 76 of the Act;

(d) **"Certificate"** means the renewable energy certificate issued by the Central Agency in accordance with the provisions specified in,including the procedure notified under the CERC REC Regulations, 2022 read with Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2022 and shall, wherever the context so requires, also include such certificates issued under CERC REC Regulations, 2010;

(e) **"CERC** REC Regulations, 2010" means Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of

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[1] *Published in the R H.P. (Extra) dated 1st March, 2023 at p. 10469-10482.*

Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time;

(f) **"CERC REC Regulations, 2022"** means Central Electricity Regulatory Commission Generation) Regulations, 2022; (Terms and Conditions for Renewable Energy Certificates for Renewable Energy.

(g) **"Commission**" means the Himachal Pradesh Electricity Regulatory Commission;

(h) **"Hydro Power Projects"** means all hydro electric power projects irrespective of capacity and shall also include pump storage plants for the purpose of these Regulations;

(i) **"Renewable Energy Certificate Mechanism" or "REC mechanism"** means the mechanism devised for the development of market in power from non-conventional energy sources by issuance of transferable and saleable credit certificates under the CERC REC Regulations, 2022 and under Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2022 hereinafter to be referred as RPPO Regulations, 2022;

(j) **"Renewable Energy Sources" or "RE Sources"** means sources of renewable energy such as hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by the Central Government;

(k) **"Renewable Power Purchase Obligation" or "RPPO"** means the renewable power purchase obligations to be met by the Obligated Entity as per the provisions of the RPPO Regulations, 2022;

(l) **"RPO Regulations, 2010"** means Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010;

(m) **"Obligated Entity"** means an entity which is mandated to fulfill renewable purchase obligation in accordance with Regulations 3 of these Regulations;

(n) **"State Agency"** means the agency as referred to in the Regulations 7 of these Regulations; and

(o) **"Year"** means a period commencing on 1st April of a calendar year and ending on 31st March of the immediately succeeding calendar year.

(2) Words and expressions used in these Regulations and not defined herein but defined in the Act or the Regulations issued by the Central Commission or any other Regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act, or such other Regulations issued by the Central Commission or such other Regulations issued by the Commission.

3. Applicability of Renewable Power Purchase Obligation (RPPO).—(1) The following entities are obligated to fulfill RPPO under these Regulations, namely:—

(a) the Distribution Licensee;

(b) any person, consuming electricity procured from conventional sources (i.e. other than renewable energy sources) through open access or otherwise;

(c) any person who installs Captive Generating Plant, with an installed capacity exceeding 5 MVA, based on conventional technology (i.e. other than any renewable energy technology) and consumes electricity from such Plant purely for meeting his Standby (or emergency back-up) requirements in the exceptional circumstances of power cuts/breakdown etc. in his normal source of power; and/or

(d) any person who installs Captive Generating Plant, with an installed capacity exceeding 1MVA, based on conventional technology (i.e. other than renewable energy technology) and consumes electricity from such plant for meeting his normal requirements, apart from his standby (or emergency back-up) requirements.

(2) The Co-generation plants based on Waste Heat Recovery System (WHRS), irrespective of type of fuel used in such plants, shall be exempted from the applicability of Renewable Power Purchase Obligations provided in the Regulation 4 of these Regulations.

(3) Save as provided in Sub-regulations (1) and (2) of this Regulation, a retail consumer of Distribution Licensee shall not be considered as Obligated Entity to the extent of its consumption in its capacity as a retail consumer of the Distribution Licensee.

4. Quantum of Renewable Power Purchase Obligation (RPPO).—(1) The Obligated Entity shall, during each year, purchase or generate and consume such quantum of electricity (in kWh) from renewable sources as is not less than the quantum of electricity (in kWh), worked out as per provisions of Schedule:

Provided that the Captive Power Plants (CPPs) commissioned before 01-04-2016, RPO shall be at the level specified for the Financial Year 2015-16 by the Commission under RPO Regulations, 2010. For CPPs commissioned from 01-04-2016 onwards, the RPO level shall be applicable as specified by the Commission for the respective financial year of commissioning of the CPP under RPO

Regulations, 2010 and these Regulations. In case of any augmentation in the capacity of CPPs, the RPO for augmented capacity shall be the RPO applicable for that financial year in which the CPP has been augmented.

(2) Subject to the provisions contained in Regulation (3) of these Regulations, the consumption of the Obligated Entity shall be computed by taking into account the following, namely:—

(i) the total energy purchased from various sources, interalia, including the purchases under Power Purchase Agreement(s), through energy exchanges, Unscheduled Interchange power and from joint sector projects etc. etc.;

(ii) the energy generated (excluding auxiliary consumption) from the power plants, owned exclusively or jointly, by it. This shall include the standby generating set(s) also;

(iii) the transmission and distribution losses (T&D losses for short) borne by it for conveyance of power from the point of purchase/ generation to the point of consumption in relation to Clause (i) and (ii);

(iv) the sale of energy out of the energy so purchased/generated, interalia, including transmission and distribution losses borne by it for conveyance of power from the point of purchase/generation to the point of such sale shall be excluded:

Provided that in case it is not feasible to identify such losses separately, the average T&D losses as per Clause (iii) shall be considered.

(v) in case of the banking arrangement(s), the energy banked/ returned by the Distribution Licensee shall be considered as sale under Clause (ii), (iv) and the energy received shall be treated as purchased under Clause (i) and (iii).

(3) Any person/consumer, who consumes power from any source (generation/purchase), interalia, including purchase through Open Access, but other than in his capacity as a consumer of Distribution Licensee or by drawl from a Captive Generating Plant, the RPPOs at the rate(s) provided in Schedule under Sub-regulation (1) of this Regulation shall be applicable in respect of his consumption from such sources:

Provided that the energy purchased/generated by Obligated Entity, shall be considered to have been arranged from the sources other than the RE Sources, unless such Obligated Entity establishes to the satisfaction of the State Agency that such arrangement was arranged from RE Sources.

(4) The Commission may, keeping in view the power supply constraints or other factors beyond the control of the Obligated Entity(ies) or for any other reasons, Suo-Moto or at the request of an Obligated Entity, also revise the percentage targets or allow inter category adjustment over and above those permissible as per the schedule to these Regulations taking into account the non-availability of such

renewable energy or RE certificates in respect of any one or more categories of the RPPO, for a year(s) for which Renewable Power Purchase Obligations have been fixed as per Schedule of these Regulations.

5. Fulfillment of Renewable Power Purchase Obligations (RPPOs).—(1) Each of the Obligated Entity shall meet, on yearly basis, the RPPOs separately under each of the categories (i.e. for Wind Energy, Hydro Power Purchase (HPO), other renewable energy as well as wind storage and solar storage renewable energy) as per Schedule of these Regulations:

Provided that the Obligated Entity shall endeavour to meet RPPOs under each category on quarterly basis.

(2) The Obligated Entity may meet its Renewable Power Purchase Obligation (RPPO), as specified in Regulation 4 and Schedule of these Regulations, from the renewable sources relevant to respective categories of RPPOs, including the following, namely.—

(i) purchase of energy from generating stations, based on RE Sources;

(ii) purchase of energy from any other person, or any platform facilitating exchange of power, which would arise from RE Sources;

(iii) purchase of free power (royalty) of the State Government by the Distribution Licensee depending upon the renewable source from where such free power has arisen subject to the condition and limitation as may be prescribed by the Central Government from time to time;

(iv) the energy generated from its own RE Sources, if any; and

(v) receipt of energy under banking arrangement(s) which has, as per the agreement(s) arisen from RE Sources:

Provided that the T&D losses borne by the Obligated Entity in relation to procurement of energy shall also be included for computing the quantum of energy procured for each of such sources:

Provided further that the Obligated Entity may also meet RPPOs by redeeming, wherever permissible, the certificates already held by it:

Provided further that the renewable energy sold, if any, by the Obligated Entity to any other entity out of availability as per Clause (i) to (v) as well as the T&D losses borne by the Obligated Entity from a point of purchase/generation to the point of such sale, shall not qualify for offsetting RPPOs:

Provided further the electricity purchased by the Obligated Entity under REC mechanism as per Regulation 10 of these Regulations shall not qualify for offsetting RPPOs:

Provided further that the quantum of electricity generated by the Consumer/Prosumer, being an Obligated Entity, through rooftop solar PV system under net metering/net billing/ group metering arrangements in any year, shall qualify towards compliance for RPPO of the Distribution Licensee or the Consumer/Prosumer, as the case may be, for that year in accordance with the provisions contained in Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System) Regulations, 2015 renamed and amended from time to time.

(vi) The Obligated Entity can also met their Renewable Purchase Obligation by purchasing green hydrogen or green ammonia and the quantum of such green hydrogen or green ammonia would be computed by considering the equivalence to green hydrogen or green ammonia produced from the one MWh of electricity from the renewable sources or its multiplies and norms in this regard as may be notified by the Central Commission.

(vi) The procurement of green energy from the Distribution Licensee or any person other than the Distribution Licensee as per the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, by the open access consumer being an Obligated Entity, in excess of Renewable Purchase Obligation, shall be counted towards the Renewable Purchase Obligation Compliance of the Distribution Licensee.

(3) In case the Obligated Entity expects any shortfall in meeting RPPOs of one or more categories in a year, it shall meet such shortfall by procuring power, or certificates, from RE Sources based on respective technology (ies) before close of that year:

Provided that the shortfall for a category of RPPOs in a year may be offset, to the extent permissible under Schedule of these Regulations or as per Sub-regulation (4) of Regulation 4 of these Regulations, by adjustment of surplus availability under by other category of RE Sources:

Provided further that in case the CERC REC Regulations, 2022 or the Procedure made thereunder, provide for inter category convertibility of certificates on the basis of Certificate multipliers and such multipliers shall also be applicable for the purpose of offsetting the shortfalls or computing surpluses. The shortfall in any category of RPPOs may be met by purchasing certificates related to other categories of RPPOs by suitably applying such Certificate multiplier fixed by the Central Commission.

(4) Failure on the part of any Obligated Entity to meet its RPPO in any financial year shall be dealt in accordance with the provisions contained in Regulation 9 of these Regulations.

6. Certificates under the Regulations of the Central Commission.—(1) Subject to the terms and conditions contained in these Regulations, the Certificates issued under the CERC REC Regulations, 2022 and CERC REC Regulations, 2010 shall be the valid instruments for the discharge of RPPO.

(2) Further, subject to the provisions of these Regulations and directions as the Commission may give from time to time, the Obligated Entity as well as the State Agency shall act in accordance with the CERC REC Regulations, 2022 and CERC REC Regulations, 2010 in regard to matter relating to the Certificates and fulfillment of RPPO.

(3) The details of Certificates, alongwith its source, purchased by the Obligated Entities from the Power Exchanges or through Electricity Traders, in terms of the Regulations of the Central Commission mentioned in Sub-regulation (1), shall be submitted to the State Agency.

(4) The Obligated Entity shall apply for the certificates, in accordance with the provisions of CERC REC Regulations, 2022, these Regulations and Procedure framed thereunder as well as the directions, if any, issued by the Commission, for such part of energy purchased/generated from the RE Sources of respective category which remains unadjusted/unsold in the year.

(5) The purchaser shall be exclusively entitled for offsetting the RPPO and getting RECs for surpluses, if any, for purchase of renewable energy, other than the purchases under REC mechanism.

(6) On application by the Obligated Entity for issuance of certificate, the State Agency shall, after satisfying itself, about the entitlement of that Obligated Entity initiate the process with regard to the accreditation of the Obligated Entity for issuance of certificates.

(7) Renewable energy generator selling power to the Distribution Licensee under Power Purchase Agreement(s), other than those under REC mechanism, shall not be eligible for accreditation under the REC mechanism for issuance of Renewable Energy Certificates (hereinafter to be referred as 'RECs') in respect of the renewable energy against which the Obligated Entity is eligible to offset its RPPOs.

(8) The State Agency and the other concerned agency(ies) shall ensure that no permission is accorded under REC mechanism in favour of any renewable energy generator for accreditation under REC mechanism and also for issuance of RECs in respect of the energy for which they are not eligible for such accreditation as per the Sub-regulation (7) of this Regulation.

(9) The State Agency and the other concerned agency(ies) before according any permission, in favour of Renewable Energy Generator, for accreditation as well as issuance of RECs, shall also require such generator to provide a Certificate

from the concerned entity, to whom such generator may be selling or otherwise providing power from his Renewable Energy project, to the effect that such energy has not been, and also shall not be, adjusted for offsetting the RPPOs or for getting Certificate as per the provisions of these Regulations.

7. State Agency.—(1) The Directorate of Energy, Government of Himachal Pradesh shall be the State Agency for the purpose of CERC REC Regulations, 2022 and these Regulations to cater the State specific issues without prejudice to the power and functions conferred under CERC REC Regulations, 2022:

Provided that the Commission may designate any other agency as State Agency after satisfying itself that such agency has a required capability of performing its functions provided under these Regulations and CERC REC Regulations, 2022 or procedure framed by the Central Agency under CERC REC Regulations, 2022.

(2) The State Agency shall function as per the provisions, including the Procedures, of CERC REC Regulations, 2022 read with these Regulations and directions, if any, issued by the Commission.

(3) (i) The State Agency shall, in consultation with the Commission, develop and maintain RPPO Web-portal for registration by the Obligated Entities and for the compliance, monitoring and reporting etc. of RPPOs and simultaneously formulate suitable Procedures for smooth functioning of Web-portal in relation to such activities.

(ii) The State Agency shall, after the RPPO web-portal is developed and Procedures are formulated under Clause (i), through public notices, declare the Web-portal to be operative:

Provided that such development shall be suitably coordinated with the facility available/planned under the National Web-portal developed for the purpose.

(4) (i) The State Agency shall, submit on quarterly as well as yearly basis status to the Commission in respect of compliance of renewable power purchase obligation by the Obligated Entity(ies) in the format as may be required by the Commission.

(ii) The State Agency may also recommend appropriate action to the Commission, if required, for compliance of the Renewable Power Purchase Obligation.

(5) The Commission may from time to time fix the remuneration and charges payable to the State Agency for discharge of its functions under these Regulations and CERC REC Regulations, 2022.

8. Registration and reporting by the obligated entities.—(1) The Obligated Entities, including those already registered off line with the State Agency, shall mandatorily register themselves online on RPPO Web-portal within three months from the date on which the RPPO Web-portal is declared, under Clause (ii) of Sub-regulation (3) of Regulation 7 to be operative, or from the date on which the entity qualifies for being an Obligated Entity under these Regulations whichever is later and shall also furnish requisite information, on quarterly and annual basis as per the Procedure, formulated by the State Agency under Clause (i) of Sub-regulation (3) of Regulation 7.

(2) The Obligated Entity shall have the exclusive right to adjust, in any sequence, the energy procured by it from RE Sources, as per Sub-regulation (2) of Regulation 5 of these Regulations for meeting its RPPOs for relevant category and also for procuring certificates for the surplus procurement of renewable energy, if any, after offsetting the RPPOs.

(3) The Obligated Entities shall submit, online, necessary details, duly taking into account the provisions specified under Regulations 4 and 5 of these Regulations, regarding total consumption of electricity, power purchased from RE Sources or Renewable Energy Certificate(s) procured and the shortfall, or surpluses as the case may be, in meeting the RPPOs alongwith the reasons for shortfalls, if any, and the plans for fulfillment of RPPO as well as any other information as the State Agency may require, on quarterly basis before the end of the sixth week of the succeeding quarter and annual consolidated report on or before the 15th May of the succeeding year:

Provided that till such time the RPPO Web-portal becomes fully operative under Clause (ii) of Sub-regulations (3) of Regulation 7, such information shall be submitted alongwith its hard copy to the State Agency.

(4) The State Agency shall get the data submitted as per Regulations (2) and (3) of this Regulation, to it by the Obligated Entities, other than the Distribution Licensee, verified from the appropriate authorities viz the Nodal Agency in case of Open Access Consumers and the officers designated by the Distribution Licensee in case of the Captive Consumers:

Provided that the State Agency, if it finds appropriate, may, in consultation with the Commission, also appoint the third party verifier, for verification of the data of the Obligated Entities.

(5) Save as provided in Sub-regulations (2), (3) and (4) of this Regulation, the Distribution Licensee shall also indicate, alongwith sufficient proof thereof, the estimated quantum of purchase from RE Sources, relevant to each category of RPPOs, for the ensuing year(s) in MYT tariff/ annual performance review petition in accordance with Regulations made by the Commission. The estimated quantum of purchase shall duly take into account the provisions of Regulation 4 of these Regulations.

(6) The State Agency shall host the status prepared by it, as per Clause (i) of Sub-regulation (4) of Regulation 7 on its website.

9. Consequences of default.—(1) Where, during any year, the Obligated Entity does not fulfill the renewable purchase obligation as provided in these Regulations and also does not purchase the certificates, the Commission may direct the Obligated Entity to deposit into a separate fund, to be created and maintained by such Obligated Entity or State Agency as the case may be, such amount as the Commission may determine on the basis of the shortfall in units of RPPO:

Provided that the fund so created shall be utilised, as may be directed by the Commission partly for purchase of the certificates and partly for development of transmission/sub-transmission infrastructure for evacuation of power from generating stations based on RE Sources:

Provided further that the Obligated Entities shall not be authorized to use the fund created in pursuance of these Regulations without prior approval of the Commission: Provided further that the Commission may empower an officer of the State Agency to procure from the Power Exchange(s) or through Electricity Traders the required number of certificates to the extent of the shortfall in the fulfillment of the obligations, out of the amount available in the fund.

(2) Where any Obligated Entity fails to furnish requisite information, as provided under Regulation 8, or fails to comply with the obligation to purchase the required percentage of power from RE Sources as provided under these Regulations or fails to purchase the Renewable Energy Certificates, it shall be liable for penalty as may be imposed by the Commission under Section 142 of the Act:

Provided that in case of genuine difficulty in complying with the Renewable Power Purchase Obligation because of non-availability of certificates, the Obligated Entity may approach, along-with complete detail, to the State Agency or the Commission in case of Distribution Licensee, for allowing carry forward in the RPPO as per Sub-regulation (3) of Regulation 5 of these Regulations:

Provided further that where the Commission has consented to carry forward of compliance requirement, the provisions of Sub-regulation (1) or the provisions of Section 142 of the Act shall not be invoked.

10. Purchase of Electricity under REC Mechanism.—(1) The term, 'Energy Purchased under REC Mechanism', shall mean the energy purchased by an Obligated Entity from RE Sources, under the Power Purchase Agreement(s) or any other arrangement signed by it on or after, 18th January, 2010 with specific provisions that such purchase shall not entitle the Obligated Entity to deal with the green attributes for the quantum of energy so purchased.

(2) The Commission may, fix the rate and other associated conditions, by duly taking into account the Average Cost of Power Purchase by the Distribution Licensee, at

such interval as it may consider appropriate, for purchase of electricity by the Distribution Licensee, under REC mechanism:

Provided that the rate fixed by the Commission for Average Pooled Purchase Cost (APPC) under REC mechanism vide its Order dated 03.01.2022 in Suo-Moto Petition No. 28/2021 shall be considered as the rate fixed under this Regulations for the period upto 31-03-2023.

11. Overriding effect.—The provisions of these Regulations, including the orders or directions issued by the Commission under these Regulations, shall have effect notwithstanding anything inconsistent therewith contained in any other Regulations, framed by the Commission, relating to the determination of tariff, and/or making provisions for Open Access under the Act.

12. Power to remove difficulties.—If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, either Suo- Motu or on an application made to it, by general or special order, direct the licensee/generator or any other person to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulty.

13. Issue of orders and directions.—Subject to the provisions of the Act and these Regulations, the Commission may, from time to time, issue orders and practice directions with regard to the implementation of these Regulations and procedure to be followed for such implementation and matters incidental or ancillary thereto. Such direction(s) issued by the Commission shall be binding on the State Agency and the Obligated Entity.

14. Saving of Inherent Powers of the Commission.—Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission to adopt a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

15. Repeal and Savings.—(1) Save as otherwise provided in these Regulations, the RPO Regulations, 2010 and all subsequent amendments thereto shall stand repealed from the date of coming into force of these Regulations.

(2) Notwithstanding such repeal:

(a) anything done or any action taken or required to be taken or purported to have been done or taken or permission granted or any document or instrument executed or any direction given under the repealed Regulations shall, in so far as it is not inconsistent with the provisions of these Regulation, be deemed to have been done or taken under the corresponding provisions of these Regulations;

(b) as far as treatment of Certificates issued under the provisions of repealed CERC REC Regulations, 2010 shall be governed as per the provisions of CERC REC Regulations, 2022.

16. Interpretation. — All issues arising in relation to interpretation of these Regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

By order of the Commission
Sd/-
(Chhavi Nanta), HPAS,
Secretary.

SCHEDULE

Minimum percentage for Renewable Power Purchase Obligation

Table-1				
Year	**Minimum Quantum of Purchase in percentage (%) from renewable sources (in terms of energy in kWh) of total consumption.**			
	Wind Renewable Purchase Obligation (Wind RPO)	**Hydro Power Purchase Obligation (HPO)**	**Other Renewable Purchase Obligation (Other RPO)**	**Total Renewable Purchase Obligation (Total RPO)**
2022-23	0.81	0.35	23.45	24.61
2023-24	1.60	0.66	24.82	27.08
2024-25	2.46	1.08	26.37	29.91
2025-26	3.36	1.48	28.17	33.01
2026-27	4.29	1.80	29.86	35.95
2027-28	5.23	2.15	31.43	38.81
2028-29	6.16	2.51	32.69	41.36
2029-30	6.94	2.82	33.57	43.33

(i) Wind RPO shall be met by energy produced from Wind Power Projects (WPPs), commissioned after 31st March, 2022 and the Wind Energy consumed over and above 7% from WPPs commissioned till 31st March, 2022.

(ii) HPO shall be met only by energy produced from Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs) commissioned after 8th March 2019.

(iii) Other RPO may be met by energy produced from any RE power project not mentioned in (i) and (ii) above.

(a) From FY 2022-23 onwards, the energy from all Hydro Power Projects (HPPs) will be considered as part of RPO. The HPO trajectory, as has been notified earlier will continue to prevail for Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs) commissioned after 8th March, 2019. Energy from all other HPPs including free power from HPPs commissioned before 8th March, 2019 will be considered as part of 'RPO' under category of 'other RPO'.

(b) RPO shall be calculated in energy terms as a percentage of total consumption of electricity.

(c) HPO obligations may be met from the power procured from eligible Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs) commissioned on and after 8 th March, 2019 to 31st March, 2030.

(d) HPO obligation of the Distribution Licensee may be met out of the free power being provided to the State from Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs), commissioned after 8th March, 2019 as per agreement at that point of time excluding the contribution towards LADF, if consumed within the State. Free power (not that

contributed for Local Area Development) shall be eligible for HPO benefit.

(e) In case, the free power mentioned above is insufficient to meet the HPO obligations, then the Distribution Licensee would have to buy the additional hydro power to meet its HPO obligations or may have to buy the corresponding amount of Renewable Energy Certificate corresponding to Hydro Power.

(f) The above HPO trajectory shall be trued up on an annual basis depending on the revised commissioning schedule of Hydro projects.

(g) Hydro power imported from outside India shall not be considered for meeting HPO.

(h) Any shortfall remaining in achievement of 'Other RPO' category in a particular year can be met with either the excess energy consumed from WPPs, commissioned after 31st March 2022 beyond 'Wind RPO' for that year or with excess energy consumed from eligible Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs), commissioned after 8th March, 2019 beyond 'HPO' for that year or partly from both. Further, any shortfall in achievement of 'Wind RPO' in a particular year can be met with excess energy consumed from Hydro Power Plants, which is in excess of 'HPO' for that year and vice versa.

(i) The following percentage of total energy consumed shall be renewable energy along with/through storage.

FY	Storage (on Energy basis)
2023-24	1.0%
2024-25	1.5%
2025-26	2.0%
2026-27	2.5%
2027-28	3.0%
2028-29	3.5%
2029-30	4.0%

(j) The Energy Storage Obligation in para (i) above shall be calculated in energy terms as a percentage of total consumption of electricity and shall be treated as fulfilled only when at least 85% of the total energy stored in the Energy Storage System (ESS), on an annual basis, is procured from renewable energy sources :

Provided that in case an Obligated Entity fails to meet its RPPO in this regard for any year, a quantum equivalent to the percentage as may be fixed by the Central Commission for such purpose, or in case no such % has been fixed, at 200%, of such shortfall for that year shall be added to the RPPOs of that Obligated Entity for that year and the quantum so added shall be further apportioned to various categories under Table -1 in the ratio of RPPOs for each category in respect of obligated entity for the relevant year.

Illustration: If the consumption of an Obligated Entity for the year 2023-24 is 1000 MU, its obligation under Para-(i) above for that year shall be 10 MUs. Depending on the quantum of energy actually met from the ESS by the Obligated Entity for that year, the adjustment shall be made on the following lines:—

Scenario-I, if the energy actually met from ESS by that Obligated Entity for that year equal or exceed the RPPOs under Para (i) of this Schedule.

Item	Description	Wind RPO (MUs)	HPO (MUs)	Other RPOs (MUs)	Total RPOs (MUs)
(I)	RPO for the Obligated Entity for 2023-24 for consumption of 1000 MUs as per Table-1	16	6.6	248.2	270.8
(II)	RPO from ESO included in item (I)	10A	10B	10C	10
(III)	If the energy actually met by that Obligated Entity from ESS for that year is 12 MUs (i.e. equal to or more than the RPO under Para (i) of this Schedule).	12A*	12B*	12C*	12
(IV)	Net RPPOs to be met under Table-1after adjustment of RPOs met from ESOs if there is no shortfall under item (IV) above [Item (I)-(III)]	16-12A	6.6-12B	248.2-12C	270.8-12
Scenario-II, if the RPPOs under Para (i) of this Schedule are not fully met and an Obligated Entity meets such RPPOs to the extent of 6MUs only against the said RPPO.					
(I)	RPO for the Obligated Entity for 2023-24 for consumption of 1000 MUs as per Table-1	16	6.6	248.2	270.8
(II)	RPO from ESO included in item (I)	10A	10B	10C	10
(III)	RPOs fulfilled from ESS by that Obligated Entity is 6 MUs (i.e. less than the RPO under para (i) of this Schedule).	6A*	6B*	6C*	6
(IV)	Adjustment on account of shortfall, if any, in meeting RPPOs from ESOs under para (I) of	8A	8B	8C	8

	this schedule i.e. 200% of the shortfall.				
(V)	The RPPOs to be met under Table-1 of the Schedule including energy actually met from ESS after adjustment of the shortfall in RPPOs under Para (i) of this Schedule [Item (I)-(II) +(IV)]	16-2A	6.6-2B	248.2-2C	270.8-2

Where A=16/270.8
B=6.6/270.8
C=248.2/270.8
A+B+C=1
Notes.—

(a) In case the energy actually met from ESS by an Obligated Entity for a year can be segregated into three categories of RPPOs based on documentary evidence, such segregation shall be done based on the such evidence, instead of proportionate adjustment as per item (III) under each of the two scenarios.

(b) The values of A, B and C, as given above, are based on the category wise RPPOs in respect of the year 2023-24 as per table-I. The values for the other years shall vary based on the category wise RPPOs applicable for respective years. Total (i.e. A+B+C) shall however always be equal to one.

(c) The RPPOs as per item (IV) in Scenario-I and item (V) in Scenario-II are to be met in addition to the energy actual consumed from ESS as per item (III) under both the Scenarios."

(k) The Energy Storage Obligation to the extent of energy stored from RE sources shall be considered as a part of fulfillment of the total RPO as mentioned in Table-1 above.

(l) Minimum percentage for Renewable Power Purchase Obligation for each category mentioned in Table-1 and para (i) of this Schedule shall have to be met separately subject to the conditions specified in the Regulations and this Schedule.

(m) The provisions contained in this Schedule shall, unless revised earlier, be applicable in respect of the period upto 31st March, 2030:

Provided that in case the provisions for the period beyond 31st March, 2030 are not specified before the said date, the provisions relating to the year 2029-2030 shall continue to be applicable till the issuance of notification of such provisions for that period.

[1][The Himachal Pradesh Electricity Regulatory Commission (Transmission Performance Standards) Regulations, 2023]

NOTIFICATION

Shimla, the 2nd March, 2023

No. HPERC/H(1)/39.—The Commission, in exercise of the powers conferred by sub-section (1) of Section 181 and Clauses (za) and (zb) of sub-section (2) of Section 181, read with Sections 30, 57, 58, 59 and Clause (i) of sub-section (1) of Section 86 of the Electricity Act, 2003 (36 of 2003), Rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005 and all other powers enabling it in this behalf, and after previous publication, hereby makes the following Regulations, namely :—

REGULATIONS
CHAPTER-I
GENERAL

1. Short title and commencement.—(1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Transmission Performance Standards) Regulations, 2023.

(2) These Regulations shall be applicable to all the licensees engaged in the Transmission of electricity in the State of Himachal Pradesh.

(2) These Regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions.—(1) In these Regulations, unless the context otherwise requires—

(a) **"Act** " means the Electricity Act, 2003 (36 of 2003), including amendments thereto;

(b) **" Affected Person**" means an user of Intra-state Transmission System, who is affected due to non-adherence to the Standards of Performance specified in these Regulations by the Transmission Licensee;

(c) "**Availability "** means time in hours, the transmission system is capable to transmit electricity at its rated voltage from the supply point to the delivery point and shall be expressed in percentage (%) of total hours in a given period;

(d) **"Delivery Point or Interconnection point**" means the physical touch point where the electric power is supplied / received by the user to/from the State transmission system;

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1 *Published in the R H.P. (Extra) dated 6th March, 2023 at p. 10469-10482.*

(e) "**Extra High Voltage (EHV)" or "Extra High Tension (EHT)**" means the voltage, which exceeds 33,000 volts; under normal conditions subject, however, to the percentage variation allowed under electricity rules;

(f) "**Force Majeure Event**" means, with respect to any party, any event or circumstance, which is not within the reasonable control of, or due to an act or omission of, that party and which, by the exercise of reasonable care and diligence, that party is not able to prevent, including, without limiting the generality of the foregoing:

(i) Acts of God, including but not limited to lightning, storm, earthquakes, flood, drought and natural disaster;

(ii) Strikes, lockouts, go-slow, bandh or other industrial disturbances;

(iii) acts of public enemy, wars (declared or undeclared), blockades, insurrections, riots, revolution, sabotage, vandalism and civil disturbance;

(iv) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic chemical contamination;

(v) any shutdown or interruption of the grid, which is required or directed by the State or Central Government or by the Commission or the State Load Despatch Centre;

(g) "**Grid Code**" means the State Grid Code specified by the Commission under clause (h) of Sub-section (1) of Section 86 of the Act;

(h) "**Intra-state Transmission System (IaSTS)"** means State Transmission System which includes the entire transmission network within the State excluding the Inter-state Transmission System;

(i) "**State Transmission Utility (STU)"** means the Board or the Government Company specified as such by the State Government under Sub-section (1) of Section 39 of the Act;

(j) "**System Average Interruption Duration Index (SAIDI)"** means the average duration of sustained interruptions at time occurring during the reporting period for a voltage class, determined by dividing the number of EHV sub-stations in service during the reporting period having that class of voltage supply;

(k) "**System Average Interruption Frequency Index (SAIFI)"** means the average frequency of sustained interruptions at time occurring during the reporting period for a voltage class, determined by dividing the number of EHV sub-stations in service
during the reporting period having that class of voltage supply;

(l) "**State Transmission System**" means the system of EHV network and electrical equipments operated and/or maintained by the Transmission Licensee for the purpose of the transmission of electricity among generating stations, external interconnections, distribution systems and any other user connected to it;

(m) "**Transmission Licensee**" means a licensee authorized under section 14 of the Act to establish or operate transmission lines. At present "Himachal Pradesh

Power Transmission Corporation Limited (HPPTCL)" is transmission licensee in the State;

(n) "**User**" means any person who uses any segment/ element of the Intra-state Transmission System including Generating Station located in the State, Independent Power Producer(s), Renewable Energy Power Plant, Distribution Licensee, Deemed Licensee, Open Access Customer interconnected to State Transmission System and entered into Transmission Service Agreement with Transmission Licensee; and

(o) **"Year"** means financial year.

(2) The words and expressions used in these Regulations and not defined herein, but defined in the Act / Rules or any other Regulations of the Commission, shall have the meaning assigned to them under the Act / Rules or any other Regulations of the Commission.

CHAPTER-II
OBJECTIVE, NORMS AND METHODOLOGY

3. **Objective**.—(1) These standards of performance shall serve as guidelines for Transmission Licensee to operate its State Transmission System for providing an efficient, reliable, coordinated and economical system of electricity supply and transmission.

These standards set the levels of operational security and quality of supply, which a licensee shall be obliged to maintain in making power available for the purposes of supply / receipt to/from user. The objectives of the performance standards are—

i) to ensure that the Grid Performance meets a minimum standard, which is essential for the User's system demand and the equipment function properly;

ii) to enable the Users to design their systems and equipment to suit the electrical environment that they operate in;

iii) to ensure compliance of Standards of Performance by Transmission Licensees; and

iv) to monitor operational performance of Transmission Licensees.

4. **Performance Standards.—**All Transmission Licensees shall comply with the following Standards of performance specified in these Regulations:

(I) Transmission System Availability
(II) Reliability Indices
(III) Restoration Time

Provided that standards of performance as specified in these Regulations shall be minimum standards that Transmission Licensee shall achieve and maintain:

Provided further that any time limits set out in these Regulations shall refer to maximum time permitted for performing activities to which they relate to:

Provided further that Transmission Licensee shall also comply with standards for Operation and Maintenance of Transmission Lines" as specified in Central Electricity Authority (Grid Standards) Regulations, 2010 as amended from time to time.

(I) Transmission System Availability:—

The Transmission System Availability of a transmission element/ system for a given period is the time during which transmission system is capable of transmitting electricity at its rated voltage to the delivery point. The norms of Availability of Transmission System for recovery of Annual Transmission Charges and Incentive shall be as specified in Transmission Service Agreement or Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time.

(II) Reliability Indices:—

(a) **System Average Interruption Frequency Index (SAIFI)-**

System Average Interruption Frequency Index (SAIFI) SAIFI = Σ I / N

Where,

Σ I = Sum number of interruptions exceeding 5 minutes at a time duration in the month
for the voltage class.
N = Number of EHV sub-stations in service at the beginning of month having that class of voltage supply.

(b) **System Average Interruption Duration Index (SAIDI) –**

SAIDI = Σ D/ N

Where,

Σ D = Sum of duration all interruptions of exceeding 5 minutes at a time in the month for the voltage class.

N = Number of EHV sub-stations in service at the beginning of month having that class of voltage supply :

Provided that all interruptions of duration exceeding 5 (five) minutes at a time shall be considered for computation of indices:

Provided further that interruptions due to scheduled outage (including three shift operation of agriculture pump sets), load shedding to meet capacity shortage, failure of Inter-state Transmission System or failure of generating units (leading to grid failure or system islanding) shall be excluded.

(c) SAIFI and SAIDI for the transmission system shall be calculated on monthly basis for each voltage class as per item (a) and (b) above and the same shall not be exceeded to the values as given in the Table-1 below:

Table-1

SAIFI	SAIDI
2 interruptions per month	30 minutes per month

(d) The detail of SAIFI and SAIDI shall be submitted to the Commission as per Regulation 7 of these Regulations.

(III) Restoration Time:—

Restoration time for different types of failures of transmission line, power transformers and reactors shall be as per the following Table:—

Table-2

Sl. No.	Type of Failures	Restoration Time from the date of occurrence of failure (Days)	
1.	Insulator failure		
	Plain Terrain	1	
	Hilly Terrain	2	
	Tribal Areas	Summer Months (April to October)	Winter Months (November to March)
		3	4
2.	Tower after collapse by Emergency Restoration System (ERS)	12	
3.	Tower after collapse		
	Plain Terrain	30	
	River Bed	50	
	Hilly Terrain	60	
	Tribal Areas	Summer Months (April to October)	Winter Months (November to March)
		90	130
4.	Phase conductor broken		
	Plain Terrain	2	
	Hilly Terrain	3	
	Tribal Areas	Summer Months (April to October)	Winter Months (November to March)
		3	7
5.	Failure of earth wire		
	Plain Terrain	2	
	Hilly Terrain	3	
	Tribal Areas	Summer Months (April to October)	Winter Months (November to March)
		4	6
6.	Restoration of Failure of Power Transformer/Inter Connecting Transformer (Single/three Phase)	120	
7.	Restoration of the failed reactor	120	

Note.—1. Hilly Terrain and Tribal Areas shall be as per notification issued by central/State government from time to time.

2. In the event of different types of failure of transmission line, transformers and reactors, the power supply of the affected area(s) has to be restored on top priority.

5. **Payment of Compensation.—**Any failure by the Transmission Licensee to maintain the standards of performance for restoration time of various elements as specified in Table-2 of clause (III) of Regulation 4 shall render the concerned licensee liable for payment of compensation as per Regulation 6 of these Regulations to an affected person claiming such compensation:

Provided that any failure by the Transmission Licensee to maintain the standards of performance as provided in Clause (I) and Clause (II) of Regulation 4, the penalties for such failure shall be imposed as provided in the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 as amended from time to time:

Provided further that the payment of compensation by the Transmission Licensee shall be without prejudice to any penalty, which may be imposed or any prosecution which may be initiated by the Commission in accordance with the provisions of the Act.

6. **Methodology for Compensation.-** (1) An affected person, within ninety (90) days from the date of restoration of transmission element for the standards as specified in Table-2 of clause (III) of Regulation 4, may make an appropriate Petition to the Commission for award of compensation along with necessary documentary evidence of being affected because of non-adherence of Standards of Performance.

(2) The Commission shall determine the compensation after giving reasonable opportunity to the concerned transmission licensee of being heard:

Provided that the compensation to be paid by the Transmission Licensee to the affected party shall be 1.5 times of the applicable transmission charges for the affected person during such period of non-adherence of Standards of Performance or as awarded by the Commission through its order.

CHAPTER-III
INFORMATION TO BE FURNISHED BY TRANSMISSION LICENSEES

7. Information to be furnished by Transmission Licensees.—(1) All Transmission Licensees, shall furnish the following to the Commission:—

(i) the level of performance achieved regarding element wise system availability, total availability of transmission system, SAIFI and SAIDI, provided in clause (I) and Clause (II) of Regulation 4 of these Regulations, alongwith its business plans to be submitted in accordance with Regulation 37 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time;

(ii) month-wise details of element where restoration time has exceeded the standards as specified in Clause (III) of Regulation 4 ;

(iii) month-wise details of compensation paid by the Transmission Licensee under Regulation 5 of these Regulations; and

(iv) any other information as required by the Commission.

(2) The month-wise information provided in Sub-regulation (1) of this Regulation shall be submitted to the Commission in the requisite formats twice during the year, on six monthly basis, i.e. by 31st October and 30th April for the periods April to September and October to March respectively:

Provided that such information also be displayed by the Commission on its website.

(3) All Transmission Licensees shall display on their websites the actual performance against the specified Standards of Performance on a monthly basis and the aggregate amount of compensation paid, if any, in the formats enclosed in the Schedule.

8. Annual Review of Performance Standards.—The Commission, by an Order, may designate a Nodal Agency or a Committee to review the performance of each Transmission Licensee every year and submit its recommendations, if any, to the Commission.

9. Force Majeure.—The Commission may, if it considers necessary or expedient to do so and for the reasons to be recorded in writing, relax adherence to any specific Standard of Performance during Force Majeure event:

Provided that the Transmission Licensee shall not be discharged from its liability on account of its failure to maintain the Standards of Performance under these Regulations, if such failure is attributed to the negligence or deficiency or lack of preventive maintenance of the State transmission system or failure to take reasonable precaution which has resulted in loss to the affected person.

CHAPTER-IV
MISCELLANEOUS

10. Power to remove difficulties.—If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, either suo-moto or on an application made to it, by general or special order, make such provisions, not inconsistent with the provisions of the Act or provisions of other Regulations as specified by the Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these Regulations.

11. Power to amend Schedule. - The Commission, may, at any time, by an order, published in the Official Gazette add, vary, alter, modify or amend any of the provisions of the Schedule to these Regulations.

12. Power to Relax.—The Commission may, by general or special order, for reasons to be recorded in writing, and after giving an opportunity of being heard to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

13. Overriding effect.—The provisions of these Regulations shall have overriding effect notwithstanding anything inconsistent therewith contained in any other Regulations of the Commission, for the time being in force or in any instrument/detailed procedure having effect by virtue of any such Regulations.

By order of the Commission,
Sd/-
Secretary.

SCHEDULE-A

Information to be furnished by Transmission Licensee to the Commission

(i) Outage Details of AC Transmission Line/Power Transformers/Static VAr Compensator/Series Compensator/Line Rectors/Bus Reactors for the month of.....

Month wise Element wise Transmission System Availability

See Regulation 4(I)

Element Name	**outage**	**Restor-ation**		**Duration of Outage Attributable to**				
	Date Time	**Date Time**	**Reason of Outage**	**Transmission Licensee**	**Others**	**Force Majeure Conditions**	**Deemed Available**	**% Availability**
				Hrs:Min	Hrs:Min	Hrs:Min	Hrs:Min	

(ii) Yearly Availability of the AC Transmission System:

Name of Element	**Year**	**% Availability**

(iii) SAIFI and SAIDI of the Transmission System

See Regulation 4(II)

Month	**SAIFI (in Numbers)**	**SAIDI (in mins)**

(iii) The restoration times for different types of failures of a transmission line and failure of power transformer and reactor in the following format:

See Regulation 4(III)

Sl. No.	**Types of failures**	**Restoration time**		
		Table Ref. No.	**Specified time (in days)**	**Actual restoration time (in days)**
1.	Insulator failure			
2.	Tower after collapse by Emergency			

	Restoration System (ERS)			
3.	Tower after collapse without emergency Restoration System			
4.	Snapping of Phase conductor			
5.	Failure of earth wire			
6.	Failure of Power Transformer/Inter Connecting Transformer			
7.	Restoration of failed Power Transformer/Inter Connecting Transformer (Single/Three Phase Unit)			
8.	Failure of Reactors (Single/Three Phase Unit)			
9.	Restoration of the failed reactor			

(v) Details of Elements where restoration time has exceeded the standards specified in Regulation 4(III).

Element Name	**Restoration time as specified in Regulation 4(III) (in days)**	**Actual restoration time (in days)**

(vi) Details of compensation paid by the transmission licensee under Regulation 5;

Element Name	**Violation of Regulation 4(I) and 4(II)**		**Violation of Regulation 4(III)**		**Compensation Paid (in Rs.)**
	% Availability Prescribed	Actual % Availability	Restoration time as per Regulation (in days)	Actual restoration time (in days)	
Total					

[1][The Himachal Pradesh Electricity Regulatory Commission (Compensation to Victims of Electrical Accidents) Regulations, 2023.]

NOTIFICATION

Shimla, the 22nd July, 2023

No. HPERC/H(1)-36/2021.—In exercise of powers conferred under Section 57 read with Section 181 (za) of the Electricity Act, 2003 (36 of 2003) read with Section 21 of the General Clauses Act,1897 (10 of 1897) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission hereby makes the following Regulations, namely:—

REGULATIONS

CHAPTER – I

GENERAL

1. **Short title, extent and application.— (**1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Compensation to Victims of Electrical Accidents) Regulations, 2023.

(2) These Regulations shall extend to whole of the State of Himachal Pradesh.

(3) These Regulations shall be applicable to:

(i) the Distribution and Transmission Licensees in their respective area of supply; and

(ii) all the Generating Companies in the State of Himachal Pradesh.

(4) These Regulations shall come into force from the date of publication in the Rajpatra, Himachal Pradesh.

2. **Definitions.—(**1) In these Regulations, unless the context otherwise requires,—

(a) **"Act"** means the Electricity Act, 2003 (36 of 2003);

(b) "**Authority**" means the Central Electricity Authority (CEA) constituted under Section 70 of the Electricity Act, 2003;

(c) "**Claimant(s)**" for the purpose of these Regulations means victim and in case of loss of human life, his/her spouse, children and mother and in their absence legal heirs;

(d) "**Commission**" means the Himachal Pradesh Electricity Regulatory Commission as constituted under Section 82 of the Electricity Act, 2003;

(e) "**Compensation**" means as provided for in Chapters-III & IV of these Regulations;

(f) "**Designated Officer of Obligated Entity**" means the officer designated by the Obligated Entity for the purpose of these Regulations;

(g) "**Dependents**" means persons who are entitled to succeed to the estate of the deceased as per the personal law by which the deceased was governed;

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1 *Published in the R.H.P. on dated 25th July, 2023 at p. 4321-4329.*

(h) "**Electrical Accident**" means any accident occurring in connection with the generation, transmission, distribution, supply or in connection with, any part of the electric lines or electrical plant and the accident results in loss of human or animal life or any injury to a human being;

(i) "**Generating Company**" for the purpose of these Regulations shall mean any power generating company working/ situated in the State of Himachal Pradesh;

(j) "**Injury**" means any mental or physical harm done to a person by an electrical accident;

(k) "**Licensee**" means distribution and transmission licensee granted license under Section 14 of the Act, including a deemed licensee;

(l) "**Obligated Entity**" for the purpose of these Regulations means a generating company or a licensee liable to pay compensation as per the provisions of these Regulations; and

(m) "**Victim"** means the person affected by loss of human life or animal or injury to person(s) in consequence to electrical accident;

(2) Unless the context otherwise requires, words or expressions used and not defined in these Regulations, but specifically defined in the Act, shall have the meanings assigned to them in the Act. Other words or expressions used in these Regulations, but not specifically defined in these Regulations or the Act, shall have meanings as are generally understood in the electricity supply industry.

CHAPTER-II
STANDARDS OF PERFORMANCE

3. Safety Standards.—(1) The Obligated Entity shall strictly comply with the Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulations, 2010 as amended from time to time and any further suitable measures that may be specified by the Authority under Section 53 (a) and (b), Section73 (c) and Regulations notified by Authority under Section177 (2) (b) of the Electricity Act, 2003.

(2) The Obligated Entity shall comply with all the mandatory safety requirements and take all necessary measures to protect person(s) and animals from injury by reason of contact with, or proximity of, or by reason of the defective or dangerous condition of any appliance or apparatus/equipment used in transmission and distribution of electrical energy.

(3) The works of the Obligated Entity shall be carried out in such a way so as to protect the public (including the persons engaged in the transmission or distribution) and animals from dangers arising from such activities. The Obligated Entity shall eliminate or reduce the risks of personal injury to any person.

4. Liability for compensation.—(1) The Obligated Entity failing to meet the standards of performance specified in Regulation 3 shall be liable to pay compensation as specified in Chapter III & IV of these Regulations for injury to person(s) or loss of human or animal life in consequence of an electrical accident.

(2) Whether or not there has been any wrongful act, omission, rashness, neglect or default on the part of the Obligated Entity as would entitle the Victim to maintain a civil action for recovery of any compensation or maintain a prosecution for invoking criminal liability in respect thereof, the Obligated Entity shall, not withstanding anything contained in any other law in force, be liable to pay compensation as specified in these Regulations, if an electrical accident occurs, resulting in injury to person(s) or loss of human or animal life unless the electrical accident primarily was not due to the failure of the Obligated Entity to meet the standards of performance but was a direct or proximate result of intervention of some other extraneous reason(s) or cause(s).

(3) The compensation shall be paid within the time limit specified in these Regulations to the Victim/ Claimant(s) by the Obligated Entity.

(4) No compensation shall be payable to the Victim(s)/Claimant(s) by the Obligated Entity, in case of occurrence of any fatal or non-fatal accident on account of construction of any structure, house, building, cow-shed or encroachment etc. underneath the electrical line(s) or Right of Way of transmission line(s), as the case may be, by compromising the safety standards and clearances etc. despite warnings/notices issued to the owner(s)/occupier(s) of such building/structure under the Rules/Regulations Act or for the injury or damage or loss of life occurring out of irresponsible act on the part of the Victim(s).

(5) If the loss of human life is due to suicide or homicide or injury to a human life is due to an attempt to commit suicide or homicide, the Obligated Entity shall not be liable to pay any compensation for such act under these Regulations.

CHAPTER -III
IMMEDIATE RELIEF

5. (1) immediate relief in the cases of an electrical accident/incident shall be paid to the Victim by the Obligated Entity in the following manner:—

(i) In case of loss of human life, an immediate relief of Rs. 1, 25,000 (Rupees one lakh twenty five thousand) shall be paid.

(ii) In case of hospitalization of the Victim on account of injuries caused due to an electrical accident/incident, an immediate relief of Rs. 12,000 (Rupees twelve thousand) shall be paid:

Provided that in case, the hospitalization continues for more than 7 days, an additional amount of Rs. 8,000 (Rupees eight thousand) shall be paid:

Provided further that in case the hospitalization continues beyond a fortnight, further amount of Rs. 25,000 (Rupees twenty five thousand) shall be paid in addition to the amount specified under the first proviso:

Provided further that the total amount payable shall not exceed Rs. 45,000 (Rupees forty five thousand) on account of hospitalization.

(2) The payment on account of immediate relief shall be paid within three working days from the occurrence of mishap/accident by the Designated Officer to the claimant(s).

(3) In the case of hospitalisation, the Designated Officer shall personally procure proof of hospitalisation and in case of loss of human life, report from the concerned Panchayat/ local body, where the accident/incident has occurred:

Provided that such payment shall be adjusted towards the amount to be paid, under Regulation 9:

Provided further that immediate relief shall not be delayed, for any reason whatsoever, beyond the timelines as specified in this Regulation.

(4) Notwithstanding anything to the contrary contained in any law for the time being in force, in case of loss of human life due to the electrical accident/ incident, the immediate relief shall be paid to the surviving spouse and in his/ her absence, to the children and mother of victim failing which to the legal heirs.

(5) Immediately after the occurrence of electrical accident/ incident, the Designated Officer or the Authorized Officer shall visit the house of the victim(s)/ claimant(s) and get the documentation, if any, including the application completed.

CHAPTER - IV
COMPENSATION

6. Quantum of compensation.—(1) The Obligated Entity is at liberty to fix the amount of compensation to be paid which shall not be less than the amount as specified in these Regulations.

(2) The compensation payable, under these Regulations, for loss of human life due to an electrical accident shall be Rupees 5, 00,000/- per person.

(3) In case of disability caused due to an electrical accident, the amount of compensation shall be payable, based on the certificate issued by the concerned Medical Authority designated by the State Government for such purpose with regard to percentage of disability, in the following manner:—

(i) Permanent Total Disablement: If an injury to a human being is caused due to an electrical accident resulted in a permanent total disablement, the compensation payable, under these Regulations, shall be Rs 4,00,000/-;

(ii) Permanent Partial Disablement: If an injury to a human being is caused due to an electrical accident resulted in a permanent partial disablement, the compensation payable, under these Regulations, shall be equal to the same percentage out of a maximum amount of Rs. 2,00,000/- subject to a minimum of Rs 1,00,000/-; and

(iii) Temporary Disablement: If an injury to a human being caused due to an electrical accident resulted in temporary disablement, the compensation payable, under these Regulations, shall be Rs 50,000/- for a period of disablement below 30 days, Rs 75,000/- for a period of disablement above 30 days but below 6 months and shall be Rs. 1,00,000/- for period above 6 months.

(4) The compensation payable for loss of animal life as a result of an electrical accident shall be payable at the following rates per animal:—

(a) Milch Animals—
Buffalo/Cow/Yak/Mithun/Camel etc.: Rs. 40,000/-, Sheep/Goat/Pig etc.: Rs. 10,000/-
(b) Draught Animals—
Horse/Mule/Bullock/Camel/Ox etc.: Rs.40,000/-, Calf/Donkey/Pony,etc: Rs.25,000/-
(c) Poultry–
Poultry @ 500/- per bird subject to a ceiling of assistance at Rs. 20,000/- per farm.

(5) Notwithstanding anything contained in these Regulations, the amount of compensation shall be deemed to have been revised @ 10% in each category of cases, after every three years, if the amount of compensation is not revised within a period of three years from the date of coming into force of these Regulations.

CHAPTER-V
REPORTING, INQUIRY, TIMELINES AND PAYMENT OF COMPENSATION

7. Occurrence report and claim by the victim(s)/claimant(s).—(1) In addition to an independent intimation of accident, the Junior Engineer or the Assistant Engineer or the Sr. Executive Engineer or an equivalent rank engineer/officer of the Obligated Entity shall send a report under proper receipt, through a special messenger or through official email, to the Electrical Inspector of the concerned area/Department of Electrical Inspectorate and to the Designated Officer of the Obligated Entity forthwith on the occurrence of an electrical accident in Format-I to these Regulations so as to reach the Electrical Inspector and the Designated Officer of the Obligated Entity within 24 hours from the date of occurrence of the electrical accident/incident.

(2) The Obligated Entity, within 15 days from the date of commencement of these Regulations, shall upload the following on its website—

(i) details i.e. name, address, telephone number of the Electrical Inspector;
(ii) details of the Designated Officer designated by the Obligated Entity.

8. Enquiry Report and Final Orders.—(1) The Department of Electrical Inspectorate shall provide, after conducting an enquiry of electrical accident, a copy of report to the Obligated Entity as well as to the Designated Officer of the concerned Obligated Entity within a period of 5 days of the occurrence of the accident/ incident. In case the report is not provided, as stipulated above, the said report shall be deemed to have been received.

(2) The Designated Officer of the concerned Obligated Entity shall within 5 days, from the date of occurrence, collect the copy of postmortem report, copy of First Information Report (FIR) from the concerned Department/Agency of the State Government of the concerned area or any other document as specified in Sub-regulation (3) of Regulation 5,if not already collected under said sub-regulation.

(3) The Obligated Entity or the Designated Officer within 5 days from the date of occurrence of electrical incident shall conduct an independent departmental enquiry, to find out the detailed causes of the accident.

(4) The Designated Officer of the Obligated Entity shall, within 5 days from the receipt of report(s) as referred to above, shall pass the final order.

9. Payment of Compensation.—(1) The immediate relief as provided in Chapter-III of these Regulations shall be paid within three (3) days.

(2) The compensation as provided in Chapter-IV of these Regulations shall be paid by the Designated Officer to the victim(s)/claimant(s), within 14 days from the date of occurrence of accident/ incident, after adjustment of the amount already paid as Immediate Relief under Regulation 5.

(3) Notwithstanding anything to the contrary contained in any law for the time being in force, in case of loss of human life due to the electrical accident/incident, the immediate relief shall be paid to the surviving spouse and in his/her absence, to the children and mother of victim failing which to the legal heirs.

(4) In case the legal heir certificate is not made available or delayed due to the reason beyond the control of the claimant(s) for getting compensation under Chapter-IV, the compensation amount shall be paid within the timelines as provided is sub-regulation (2) of this Regulation after getting the Indemnity Bond of equal amount from the claimant(s).

(5) In case the payment is delayed for any reason beyond the timeline provided in sub-regulation (2) of this Regulation, an additional amount of Rs. 500 (Rupees five hundred) for each day of default, subject to maximum Rs. 1,00,000 (Rupees one Lacs) shall be payable to the victim(s)/claimant(s) (6) In case the additional amount as per sub-regulation (5) of this Regulation is paid by the Obligated Entity on account of delay in payment of compensation, the same shall not be passed through in the Annual Revenue Requirement of the Licensee/Annual Fixed Cost/Project Cost. The responsibility of the officer/official shall be fixed for such delay and brought to the notice of the Commission within a week after payment of such amount.

10. Rights to claim compensation through Courts of Law.—The right to claim compensation under these Regulations shall not affect the right of any victim(s)/claimant(s) to file a civil suit to claim the compensation through the Court of Law:

Provided that the amount paid as compensation under these Regulations by the Designated Officer/ Obligated Entity shall be adjusted against the amount awarded by the Civil Court(s), if any:

Provided further that the payment of compensation under these Regulations shall not be construed as admission of wrongful act, omission, rashness, neglect or default on

the part of the Obligated Entity in any civil suit filed in a court of law or in any other legal proceedings.

11. Claim of compensation under Contracts/Schemes/ Insurance.—The right of victim/ claimant to claim compensation under any Contract or Scheme providing for payment of compensation for death or personal injury or any sum payable under any policy of insurance shall remain unaffected by any payment made under these Regulations.

12. Maintenance of Record.—The Designated Officer shall maintain the following record:—

(i) In case of Human(s):—

1. Proof of identity of the claimant(s),
2. Proof of relationship of the claimant(s) with the deceased/ injured,
3. Proof of hospitalization; and
4. Certificates (legal heirs/medical certificates), report from the panchayat/local body, FIR etc.).

ii) In case of Animals:—

1. Copy of First Information Report or Postmortem Report of Animal Husbandry Department,
2. Copy of photo of the animal(s) (after the accident),
3. Proof of the ownership regarding the animal; and
4. The detail of claims submitted by the claimants.

13. Fund for compensation.—(1) The Distribution Licensee at the Circle level and other Obligated Entities at appropriate level/ Project level of the organization shall maintain a revolving fund of Rs. 10 Lacs for payment of immediate relief/compensation under these Regulations:

Provided that pending creation of revolving fund, the Obligated Entity shall ensure disbursal of compensation to the victim(s)/claimant(s) as per the timelines provided in these Regulations:

Provided further that to adhere the timelines for payment of compensation provided under these Regulations, in cases where additional requirement of such fund is needed, the Obligated Entity shall provide the same to the Designated Officer so as at avoid any penalty for delay of payment on this account.

14. Information to the Commission.—The Obligated Entity shall submit to the Commission by the first week of every succeeding month, the details of electrical accidents occurred within their respective jurisdiction and action taken thereon in accordance with these Regulations.

15. Consequence of non-compliance.—(1) The Obligated Entity shall authorize the Designated Officer for payment of Immediate Relief as per Chapter-III and payment of compensation under Chapter-IV of these Regulations within 15 days from the publication of these Regulations in Rajpatra, Himachal Pradesh.

(2) Non-compliance of these Regulations shall be deemed to be contravention of these Regulations within the meaning of Sections 142 and 146 of the Electricity Act, 2003.

CHAPTER -VI
MISCELLANEOUS

16. Residuary Provisions.—(1) The provisions of these Regulations shall be in addition to and not in derogation of the provisions of any other Law or Rules or Regulations or Scheme or Contract for the time being in force.

(2) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent the abuse of the process of the Commission.

(3) Nothing in these Regulations shall debar the Commission from adopting a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing deems it necessary or expedient.

(4) Nothing in these Regulations shall, expressly or impliedly, debar the Commission to deal with any matter or exercise any power under the Electricity Act, 2003 for which no Regulations on the subject have been framed, and the Commission may deal with such matters, powers and functions in a manner it deems fit.

(5) Subject to the provisions of the Electricity Act, 2003 and these Regulations, the Commission may, from time to time, pass orders and issue directions in this regard for the implementation of these Regulations and procedure to be followed.

17. Power to remove difficulties.—If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, of its own motion or otherwise, by a general or special order, direct the Obligated Entity to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulty(ies).

18. Power to relax.—The Commission may, by general or special order, for reasons to be recorded in writing and after giving an opportunity of being heard to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by the affected person.

By order of the Commission,
Sd/-
(Chhavi Nanta), HPAS,
Secretary.

FORMAT –I
OCCURRENCE REPORT

1. Date & Time of accident:
2. Place of accident
3. System and Voltage of Supply:
4. Designation of the Officer-in-charge of the Licensee in whose jurisdiction the accident occurred:
5. Name of owner/user of energy in whose premises the accident occurred:
6. Details of Victim(s):

(a) Human

Sl. No.	Name	Father's Name	Sex of the Victim	Full Postal Address	Approximate Age	Fatal/Non-fatal

(b) Animal

Sl. No.	Description of the animal(s)	Number(s)	Name of the owner(s)	Full Postal Address of the owner(s)	Fatal/Non-fatal

7. (a) Describe fully, the nature and extent of sustained injuries e.g. fatal/ disability (permanent/temporary) of any portion of the body or burns or other injuries:

   (b) In case of fatal accident, was the post mortem performed?:
8. Detailed causes leading to the accident: (Use a separate sheet and attach it to this form, if needed):
9. Action taken regarding first aid, medical assistance etc immediately after the occurrence of the electrical accident (Give details):
10. Whether the District magistrate and Police Station concerned have been informed of the electrical accident? (If so, give details):
11. Steps taken to preserve the evidence in connection with the accident to the extent possible:
12. Whether isolating switches and other sectionalizing devices were employed to deaden the sections for working on the same? Whether working section was earthed at the site of the work?:
13. Whether artificial resuscitation treatment was given to the person(s) who met with the electrical accident? If yes, how long was it continued before its abandonment?
14. Details of the persons who witnessed the accident: (Name, designation, address etc.):
15. Any other information:

Place:

Date: Signature

Time: Name & Designation.

[1][The Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023.]

NOTIFICATION

Shimla, the 29th November, 2023

No. HPERC-F(1)-67/2023.—In exercise of the powers conferred under section 61, sub-section(1) of Section 62, Clauses (a), (b) and (e) of sub-section (1) of Section 86 and clause (zd) of sub-section (2) of Section 181 of the Electricity Act, 2003 (36 of 2003), read with Section 21 of the General Clauses Act, 1897 (10 of 1897), and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission hereby makes the following regulations, namely:—

REGULATIONS

PART-I

PRELIMINARY

1. Short Title and Commencement.—(1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023.

(2) These Regulations shall come into force from the date of their publication in the Official Gazette.

2. Scope, Extent and Application.—(1) These Regulations shall apply to all the Distribution Licensees in the State of Himachal Pradesh and shall extend to the whole of the State of Himachal Pradesh.

(2) These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from 1st April, 2024 onwards and up to 31st March, 2029 until extended by the Commission.

(3) These Regulations shall be applicable where the capital cost-based tariff is determined by the Commission.

(4) Where tariff has been determined through the transparent process of bidding in accordance with the guidelines issued by the Central Government, the Commission shall adopt such tariff in accordance with the provisions of the Act.

3. Definitions.—(1) In these Regulations, unless the context otherwise requires,

(a) "**Accounting Statement**" means for each financial year, the following statements, namely:—

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1 *Published in the R.H.P. on dated 7th December, 2023 at p. 10441-10478.*

(i) Balance sheet, prepared in accordance with the form contained in Part-I of Schedule III to the Companies Act, 2013, as amended from time to time;

(ii) Cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (A5-3) of the Institute of Chartered Accountants of India or Ind AS 7 issued by the Accounting Standard Board;

(iii) Cost records prescribed by the Central Government under section 128(1) of the Companies Act, 2013;

(iv) A statement of changes in equity, if applicable;

(v) Profit and loss account, complying with the requirements contained in Part-II of Schedule-III to the Companies Act, 2013;

(vi) Report of the statutory auditors;

(vii) Together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time:

Provided that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority.

(b) "**Act"** means the Electricity Act, 2003 (36 of 2003);

(c) **"Aggregate Revenue Requirement" or "ARR**" means the costs pertaining to the licensed business which are permitted, in accordance with these Regulations, to be recovered from the tariffs and charges determined by the Commission;

(d) "**Allocation Statement"** means for each year, a statement in respect of each of the businesses (Generation, Distribution comprising Wheeling and Retail Supply and Other Business) of the licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc., which has been either,—

(i) Determined by apportionment or allocation between different businesses of the licensee, together with a description of the basis of the apportionment or allocation; or

(ii) Charged from or to each such Other Business together with a description of the basis of that charge:

Provided that 'Allocation Statement' shall not be construed as a substitute for maintaining separate accounting statement for the licensed business and other businesses of the Licensees;

(e) **"Auditor"** means an auditor appointed by licensee in accordance with the provisions of Sections 139 and 148 of the Companies Act, 2013 (18 of 2013), or any other law for the time being in force;

(f) "**Average Cost of Supply**" means ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the year including unrecovered revenue gaps/ surpluses of previous years alongwith carrying cost to the extent proposed to be recovered through retail tariffs, to the total sales of the Distribution Licensee for the respective year;

(g) "**Base Year"** means the financial year immediately preceding first year of the control period and used for the purposes of these Regulations;

(h) "**Change in law**" means occurrence of any of the following events having implication for the distribution system operations covered by these Regulations:—

(i) Enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of any law; or

(ii) Change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or

(iii) Change by any competent statutory authority, in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or

(iv) Coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government;

(i) "**Commission**" means the Himachal Pradesh Electricity Regulatory Commission;

(j) "**Conduct of Business Regulations**" means the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005, as amended from time to time;

(k) "**Consumer"** shall mean any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under the Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be, but shall be restricted to such consumers within the State except in border areas with neighbouring Indian States where it is non-feasible to provide connection by

the other State(s) licensee, but with the mutual consent of the respective State Government;

(l) "**Control Period**" means a multi-year period comprising of five financial years from 1st April, 2024 to 31st March, 2029, and as may be extended by the Commission;

(m) "**Current Year**" means a year in which the petition for aggregate revenue requirement or determination of tariff is to be filed;

(n) "**De-capitalization**" for the purpose of the tariff under these Regulations, means reduction in Gross Fixed Assets corresponding to the removal/ deletion of assets as admitted by the Commission;

(o) "**Distribution Business**" means the business of operating and maintaining a distribution system for supplying electricity in the area of the supply of the Distribution Licensee;

(p) "**Distribution loss**" means the energy losses in the distribution system of a distribution licensee including auxiliary power consumption in the Sub-station;

(q) "**Extra High Tension" or "EHT**" means all voltages above 33 kiloVolt as defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;

(r) "**Ensuing Year**" means the year immediately following the current year;

(s) "**Financial Year**" means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;

(t) "**Force Majeure Event**" means, with respect to any party, any event or circumstance, or combination of events or circumstances, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been prevented; and, without limiting the generality of the foregoing, shall include the following events or circumstances:—

(i) acts of God, including but not limited to lightning, landslide, storm, action of the elements, earthquakes, flood, torrential rains, drought and natural disaster or exceptionally adverse weather conditions;

(ii) strikes and industrial disturbances having a State-wide or extensive impact in the area of supply of a Licensee, but excluding strikes and industrial disturbances in the Licensee's own organisation;

(iii) acts of public enemy, war (declared and undeclared), blockades, embargo, invasion, armed conflict or act of foreign enemy, insurrections, riots, revolution, sabotage, terrorist or military action, vandalism and civil disturbance;

(iv) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic chemical contamination;

(v) any shutdown or interruption of the Grid, which is required or directed by the State or Central Government or by the Commission or by the concerned Load Despatch Centre; and any shut down or interruption, which is required to avoid serious and immediate risks of a significant plant or equipment failure;

(u) "**High Tension" (or "HT**") means all voltages above 400 Volt and up to but not exceeding 33 kiloVolt as defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;

(v) "**Investment Approval**" means approval by the Commission conveying sanction for the project including funding of the project and the timeline for the implementation of the project;

(w) "**Licence**" means a licence granted under clause (b) of Section 14 of the Act;

(x) "**Licensed Business**" means the functions and activities, which the licensee is required to undertake in terms of the licence granted by the Commission or being a deemed licensee under the Act;

(y) "**Licensee**" means a person who has been granted a licence and shall include a deemed licensee;

(z) "**Low Tension**" (or "LT") means all voltages not exceeding 230 volts between phase and neutral and 400 volts between phases as defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;

(za) "**Multi Year Tariff Petition" or "MYT Petition**" means a Petition to forecast the ARR and the tariff of the Distribution licensee for the Control Period;

(zb) "**Non-Tariff Income"** means income relating to the licensed business other than from tariff (wheeling and retail supply), and excluding any income from other business, cross-subsidy surcharge and additional surcharge;

(zc) "**Other Business**" means any other business of the distribution licensee for optimum utilisation of its assets within the meaning of Section 51 of the Act;

(zd) **"Petitioner"** means the Distribution Licensee, who has filed a Petition for determination of Tariff or for True up or for Annual Performance Review in accordance with the Act and these Regulations, and includes the Distribution Licensee whose Tariff is the subject to review by the Commission on a Suo-motu basis or as part of a Truing-up exercise or Annual Review;

(ze) "**Previous Year**" means the year immediately preceding the current year;

(zf) "**Prudence Check**" means scrutiny of reasonableness of capital expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff. While carrying out the Prudence Check, the Commission shall look into whether the distribution licensee has been careful in its Judgments and decisions and vigilant in executing the project;

(zg) "**Retail Supply Business**" means the business of sale of electricity by a distribution licensee to the consumers within the area of supply in accordance with the terms of the licence for distribution and retail supply of electricity;

(zh) "**State"** means the State of Himachal Pradesh;

(zi) "**Terminal Liabilities**" means terminal benefits such as Death-cum-Retirement Gratuity, Ex-Gratia, Pension including Family Pension, Commuted Pension, Leave Encashment, LTC, Dearness relief, Interim relief, Medical reimbursement including fixed medical allowance in respect of pensioners;

(zj) "**Wheeling**" means the operation whereby the distribution system and associated facilities of a distribution licensee are used by another person for the conveyance of electricity on payment of charges to be determined under section 62, or under section 42(2);

(zk) "**Wheeling Business**" means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of the distribution licensee; and

(zl) "**Year"** means the financial year ending on 31st March.

(2) The words and expressions occurring in these regulations and not defined herein but defined in the Act or Grid Code or State Grid Code or the Himachal Pradesh Electricity Supply Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code or the Himachal Pradesh Electricity Supply Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code or HP Electricity Supply Code shall have the meanings generally assigned to them in the electricity industry.

(3) The words "Application" or "Petition" shall be interpreted synonymously.

PART-II
GENERAL PRINCIPLES

4. Multi Year Tariff Framework.—(1) The Commission shall determine the tariff for distribution business under a Multi-Year Tariff framework with effect from 1st April, 2024.

(2) The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from tariff and charges for Distribution Business:—

(a) A detailed Business Plan based on the Operational Norms and trajectories of performance parameters specified in the MYT Regulations, year-wise for the Control Period, shall be submitted by the applicant for the Commission's approval;

(b) Based on the Business Plan, the applicant shall submit a Petition with the forecast of Aggregate Revenue Requirement and expected revenue from existing tariff and charges for each year of the Control Period, and the Commission shall approve the tariff for each year of the Control Period;

(c) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors will be as specified by the Commission in these Regulations;

(d) The mechanism for sharing of approved gains or losses arising out of controllable factors will be as specified by the Commission in these Regulations;

(3) The norms specified under these Regulations are the ceiling norms and this shall not preclude the licensee from agreeing to improved norms of operation. In case the improved norms are agreed to, such norms shall be applicable for determination of tariff.

5. Segregation of ARR of Generation and Distribution Businesses.—(1) The Distribution Licensee also carrying out the generation business shall segregate the accounts of the Company into generation business (separate for each of the generating plant) and distribution business. The Distribution Licensee, based on segregated accounts, shall submit separate ARRs for generation and distribution businesses. The ARR for generation shall be used to determine generation tariff and the ARR for distribution business to determine wheeling charges and retail tariffs.

(2) Until accounts are segregated, Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to respective businesses for the period prior to 31st March, 2023. The Allocation Statement shall be based on actual data:

Provided that the accounts shall necessarily be segregated from 1st April, 2024.

(3) The Allocation Statement shall be considered by the Commission only if it is certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, and is accompanied with an explanation of the methodology.

6. Segregation of ARR of Wheeling and Retail Supply Business.—(1) The Distribution Licensee shall segregate the accounts of the distribution business into wheeling business and retail supply business. The accounts of the distribution business shall also be maintained voltage-wise by the Distribution Licensee. The ARR for wheeling business shall be used to determine Wheeling Charges and the ARR for retail supply business to determine Retail Supply Tariffs.

(2) Until accounts are segregated, the Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to Wheeling and Retail Supply Businesses:

Provided that the Distribution business accounts shall necessarily be segregated into Wheeling and Retail Supply business from 1st April, 2024.

(3) The Allocation Statement, certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, shall be accompanied with an explanation of the methodology.

7. Business Plan.—(1) The Distribution Licensee shall file a Business Plan, for the Control Period of financial years from 1st April, 2024 to 31st March, 2029 for approval of the Commission on or before 31st October of the year preceding the first year of the Control Period for a duration covering the entire Control Period. The Business Plan shall comprise but not be limited to detailed category/ sub-category/ slab-wise sales and demand projections, financing plan, power procurement plan, capital investment plan, plan for reduction in Distribution Losses, plan for improving operational efficiency, Man Power Plan, Plan for improving quality and reliability of power supply, Plan for IT initiatives and physical targets:

Provided that in case the Commission issues guidelines and formats from time to time, the same shall be adhered to by the Distribution Licensee.

(2) The Distribution Licensee carrying out the Generation Business shall file separate Business Plans for its Generation and Distribution businesses.

(3) The Distribution Licensees shall project the power purchase requirement after considering effect of target set for Energy Efficiency (EE), and Demand Side Management (DSM) Schemes.

(4) The Capital Investment Plan covering the entire MYT Control Period will be submitted in the following two parts:—

(a) Ongoing schemes/works of the previous MYT Control Period (i.e. works / schemes which are under construction or where full payments have not yet been made or where Supply/Work Orders have not been placed). All spillover works will be included in this; and

(b) Schemes to be taken up in the order of priority giving the schedule over the full MYT Control Period. The likely date of completion should also be given. This will also include such schemes which were part of the Capital Investment Plan of the previous MYT Control Period but could not be started and which the Petitioner considers necessary to take up during the present Control Period.

(5) The Petitioner shall submit the Detailed Project Reports (DPRs) for all the schemes as per clauses (a) and (b) of sub-regulation (4) which shall include,—

(a) Purpose of investment;
(b) Broad Technical Specifications of the proposed investment and supporting details;
(c) Capital Structure;
(d) Capitalization Schedule;
(e) Financing Plan, including identified sources of investment;
(f) Physical targets;
(g) Cost-benefit analysis;
(h) Prioritization of proposed Investments:

Provided that DPRs will not be necessary for schemes under Rupees ten crore for Distribution Business:

Provided further that the total capital expenditure on non-DPR schemes in any year should not exceed 20% of that for DPR schemes during that year.

(6) The capital investment plan for Distribution Business shall match with,—

(a) Replacement of existing asset
(b) Meeting load growth
(c) Technical loss reduction
(d) Non-technical loss reduction;
(e) Meeting reactive energy requirements;
(f) Customer service improvement; and
(g) Improvement in quality and reliability of supply etc.

(7) The Petitioner shall provide a copy of the proposed Capital Investment Plan for Distribution Business to the State Transmission Utility (STU) for carrying out planning for network augmentation/ strengthening at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the STU by the Petitioner, immediately after approval by the Commission.

(8) The petitioner shall extend all cooperation to the STU for providing data/information required for carrying out the planning activity effectively.

(9) The Commission shall scrutinize and approve the business plan including capital investment plan taking into consideration the additional information, if any, provided by the petitioner and the objections/suggestions of the key stakeholders.

8. Specific Trajectory for Certain Variables.—(1) The Commission shall stipulate a trajectory while approving the Business Plan for certain variables having regard to the reorganization, restructuring and development of the electricity industry in the State:

Provided that the variables for which a trajectory may be stipulated include, but are not limited to, Operation & Maintenance expense norms (including employee cost, R&M expenses and A&G expenses), supply availability and wires availability, distribution losses, billing efficiency, collection efficiency and payment efficiency.

(2) The Commission shall fix the year-wise trajectory for the distribution losses after duly considering the distribution losses as may be approved by it for the previous control period, including the true-up thereof, investment likely to be made for strengthening/ improvement of distribution system and other relevant factors as it may consider appropriate. The Commission shall review the performance of the distribution losses with respect to the trajectory so fixed, or as may be revised by the Commission as a part of the Mid-term review. Apart from the year-wise trajectory of the distribution losses, the Commission shall also monitor, on periodical basis, the Aggregate Technical & Commercial (AT&C) losses after duly taking into account the trajectory of Distribution Licensee and issue such directions to the Distribution Licensee, as it may consider appropriate.

9. Forecast.—(1) The applicant shall, based on the Business Plan, submit the forecast of Aggregate Revenue Requirement and expected revenue from tariff, for the Control Period by way of MYT Petition in accordance with the HPERC (Conduct of Business), Regulations, 2005, as amended from time to time, by 30th November of the year prior to the commencement of the Control Period and accompanied by such fee payable, as specified in the HPERC (Conduct of Business) Regulations, 2005, as amended from time to time.

(2) The Petitioner shall develop the forecast of Aggregate Revenue Requirement using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during each year of the Control Period, including inter-alia detailed category-wise sales and demand projections, power procurement plan, trajectories of parameters specified in these Regulations and Business Plan, in accordance with guidelines and formats, as may be specified by the Commission from time to time.

(3) The forecast of expected revenue from tariff and charges shall be developed based on the following:—

(a) Estimates of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users for each financial year within the Control Period; and

(b) Prevailing tariff at the date of making the application.

(4) Based on the forecast of Aggregate Revenue Requirement for the Control Period and Expected Revenue from Tariff and Charges, the Distribution Licensee for the Distribution Wheeling Business and Retail Supply Business, shall propose the tariff for the Control Period:

Provided that the tariff proposed by Distribution Licensee shall be in accordance with Section 62 of the Electricity Act, 2003 and these Regulations.

(5) The Petitioner shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or

productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.

(6) The Petitioner shall publish its petition filed for Multi-Year Tariff (MYT)/ Aggregate Revenue Requirements (ARR) as required by the HPERC (Conduct of Business) Regulations. The Petitioner shall also display the petition on its official website.

10. Review of Performance and True-Up.—(1) Where the aggregate revenue requirement and expected revenue from tariff and charges of a Distribution Licensee are covered under a Multi-Year Tariff framework, such Distribution Licensee shall be subject to an annual and a mid-term review of performance and True-Up during the Control Period in accordance with these Regulations:

Provided that in case of an extra-ordinary circumstance, at any time notwithstanding the Annual Review, the Distribution Licensee may file appropriate application before the Commission.

11. Uncontrollable and Controllable Factors.—(1) The "uncontrollable factors" shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:—

(a) Force Majeure events, such as war, fire, natural calamities etc.;
(b) Change in law;
(c) Taxes, Cess and Duties;
(d) Variation in sales;
(e) Inter-State & Intra-State Transmission charges and losses; and
(f) Variation in the cost of power generation and/or power purchase including due to price of fuel.

(2) Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to controllable factors include, but are not limited to the following:—

(a) Variations in capital expenditure on account of time and/or cost over runs/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;
(b) Variations in Aggregate Technical & Commercial (AT&C) losses which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected) wherein the units realized shall be equal to the product of units billed and collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed for the same year). Detailed methodology for computation of AT&C loss has been indicated at Annexure-I to these Regulations;
(c) Distribution Losses which is measured as the difference between total energy input for sale to all its consumers and sum of the total energy billed in its license area in the same year;

(d) Variations in Return on Equity (RoE), depreciation and working capital requirements;
(e) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted;
(f) Variation in Operation & Maintenance Expenses, except those attributable to directions of the Commission; and
(g) Variation in Wires Availability and Supply Availability.

12. Mechanism for pass through of gains or losses on account of uncontrollable factors.—The approved aggregate gain or loss to the Distribution Licensee on account of uncontrollable factors shall be passed through, as an adjustment in the tariff of the Distribution Licensee, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations.

13. Mechanism for sharing of gains or losses on account of controllable factors.—(1) The approved aggregate gain to the Distribution Licensee on account of controllable factors shall be dealt within the following manners:—

(a) Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission; and

(b) The balance one-third of the amount of such gain, shall be utilised at the discretion of the Distribution Licensee.

(2) The approved aggregate loss to the Distribution Licensee on account of controllable factors shall be dealt within the following manners:—

(a) One-third of the amount of such loss shall be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission; and

(b) The balance two-third of the amount of such loss, shall be absorbed by the Distribution Licensee.

(3) The gain or loss on account of other controllable factors, unless otherwise specifically provided by the Commission shall be to the account of the Distribution Licensee.

PART-III
PROCEDURE

14. Procedures Relating to Making an Application for Determination of Tariff.—(1) An application for approval of the Business Plan shall be made on or before 31st October of the year prior to the commencement of the Control Period in accordance with the Himachal Pradesh Electricity regulatory Commission (Conduct of Business) Regulations, 2005, and accompanied by such fee as specified in the said Regulations:

Provided that where no separate fees has been specified for filing of a Business Plan, the applicant shall pay fees as may be applicable for filing miscellaneous applications.

(2) An application for determination of tariff and Performance Review shall be made by 30th November every year, in such form and in such manner as specified in this Regulation, and accompanied by such fees as may be specified by the Commission. Besides, Annual Performance Review, the Commission shall also conduct the Mid-Term Performance Review in the year after the mid-year of the control period especially to analyse the performance of the licensee on account of Controllable Parameters for the Control Period. Proceedings to be held by the Commission for determination of tariff shall be in accordance with the HPERC (Conduct of Business) Regulations, 2005, as amended from time to time.

(3) The petition for determination of tariff shall be accompanied by information for the previous year, current year and the ensuing year for the entire control period capturing the expected revenue from the tariff and charges including miscellaneous charges alongwith detailed assumptions and parameters required in annual true-up exercise, etc.:

Provided that the application shall be accompanied, where relevant, by a detailed tariff revision proposal showing category-wise tariff and how such revision would meet the gap, if any, in Aggregate Revenue Requirement for each year of the Control Period:

Provided further that the information for the previous year shall be based on audited accounts and the same should be filed alongwith audited accounts for the previous year.

(4) The Distribution Licensee shall, alongwith the aforesaid petition, submit a statement on the status of compliance of directives, if any, issued by the Commission in its previous tariff order.

(5) The petition for determination of tariff shall include the details of date-wise actual subsidy received from the State Government vis-a-vis that claimed by the Distribution Licensee and the true-up Petition for the previous year.

(6) The Commission may seek clarifications and additional information on inadequacies in the application, if any, within 14 (fourteen) days of filing of the application for approval of the Business Plan and application for determination of tariff, as the case may be.

(7) The Distribution Licensee shall respond within next 10 (ten) days to the Commission with all clarification and information as required.

(8) The Commission may seek further information/ clarification on the response submitted by the Distribution Licensee/ Petitioner.

(9) The Commission shall admit the application for approval of the Business Plan and application for determination of tariff, as the case may be, within 7 (seven) days of submission of complete information/response by the Distribution Licensee.

(10) On receipt of a complete application accompanied by all requisite information, particulars and documents in compliance with all the requirements specified in these Regulations, the application for approval of the Business Plan and application for determination of tariff, as the case may be, shall deem to be received and the Commission or the Secretary or the designated Officer shall intimate the applicant that the application is ready for publication.

(11) The applicant shall, within 7 (seven) days of an intimation given to him in accordance with sub-regulation (10), publish a notice in atleast two English and two Hindi language daily newspapers widely circulated in the area to which the application pertains, outlining the proposed Business Plan or the proposed tariff, as the case may be, and such other matters as may be stipulated by the Commission, and invite suggestions and objections from the public:

Provided that the applicant shall make available a hard copy of the complete application to any interested party, at such locations and at such rates as may be stipulated by the Commission:

Provided further that the applicant shall also putup on its website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission alongwith all regulatory filings, information and documents in the manner so stipulated by the Commission:

Provided further that the web link to the information mentioned in the second proviso shall be easily accessible, archived for downloading and shall be prominently displayed on the applicant's website:

Provided further that the applicant may not provide or putup any such information, particulars or documents, which are confidential in nature, with the prior approval of the Commission.

Explanation.—for the purpose of this Regulation, the term “downloadable spreadsheet format” shall mean one (or multiple, linked) spreadsheet software files containing all assumptions, formulae, calculations, software macros and outputs forming the basis of the application.

(12) Notwithstanding anything contained in these Regulations, in case of delay/ non- submission of the application for approval of the Business Plan and application for determination of tariff, as the case may be, the Commission may initiate Suo-motu proceedings for the determination of Tariff by 1st January every year:

Provided that in the event of the licensee not filing the application despite the aforesaid proceeding, the Commission may on its own, decide the tariff based on previous year's tariff details and after incorporating suitable adjustments:

Provided further that the Commission may also pass directions under Section 129 and/or Section 142 of the Act, if required.

15. Order Approving the Business Plan and Tariff Order.—(1) The Commission shall scrutinize and approve the business plan after following the due consultation process.

(2) The Commission shall, within 120 (one hundred and twenty) days from the receipt of a complete application for tariff determination and after considering all suggestions and objections received from the public,—

(a) issue a Tariff Order accepting the application with such modifications or such conditions as may be specified in that Order; or

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and Regulations made thereunder or the provisions of any other law for the time being in force: Provided that an applicant shall be given a reasonable opportunity of being heard before rejecting its application.

(3) The applicant shall publish the tariff approved by the Commission in atleast two English and two local language daily newspapers having wide circulation in the area of supply and shall put up the approved tariff / tariff schedule on its website and make available for sale, a booklet containing such tariff or tariff, as the case may be, to any person on payment of reasonable charges.

(4) The tariff so published shall be in force from the date specified in the said Order and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein.

16. True-up Order.—(1) The Commission shall True-up the expenses either as part of the Tariff Order or issue Order(s) for True-up of expenses preceding the Tariff order of ensuing year.

(2) An Order for True-up of expenses shall be issued on annual basis.

(3) An Order for True-up of expenses shall be on the basis of expense estimates made in the beginning of the year under consideration, actual expenses booked in the audited books of account of the Distribution Licensee for the year and prudence check by the Commission.

(4) Estimates of expenses for the ensuing year shall be on the basis of corresponding figures in the order for True-up of expenses of the previous year and Tariff Order of the current year.

17. Carrying Cost or Holding Cost.—The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts at the weighted average one-year Marginal Cost of Funds-based Lending Rate ('MCLR') prevailing during the concerned Year as declared by the State Bank of India from time to time, plus 150 basis points:

Provided that in case of delay in filling the true-up Petition(s) by the Distribution Licensee, Carrying Cost or Holding Cost shall not be allowed on the net entitlement after the due date of filling the true-up Petition, i.e. 30th November, as per these Regulations. However, in case the true-up results in surplus, the carrying cost shall be applicable.

18. Adherence to Tariff Order.—(1) If a Distribution Licensee recovers a price or charge exceeding the tariff determined under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be payable to the person who has paid such price or charge, alongwith interest equivalent to State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) of one year tenure, as on first April of the corresponding year without prejudice to any other liability that may be incurred by such Distribution Licensee.

(2) The Distribution Licensee shall submit periodic returns as may be required by the Commission, containing operational and cost data to enable the Commission to monitor the implementation of its Order.

PART-IV
SALES, POWER PURCHASE QUANTUM AND COST

19. Sales forecast (Forecasting Methodology).—(1) The Distribution Licensee shall submit a month-wise forecast of the expected sales of electricity to each Tariff category/sub-category and to each Tariff slab within such Tariff category/sub-category to the Commission for approval alongwith the Business plan for the Control period from 1st April, 2024 to 31st March, 2029. The forecast provided under the Business plan shall also be submitted under the ARR petition for the Control Period, as specified in these Regulations:

Provided that the Distribution Licensee shall submit relevant details regarding category-wise sales separately for each Distribution Franchisee area within its License area, as well as the aggregated category-wise sales in its License area.

(2) The sales forecast shall be consistent with the load forecast prepared as part of the power procurement plan under Regulation 22 of these Regulations and shall be based on past data and reasonable assumptions regarding the future:

Provided that where the Commission has stipulated a methodology for forecasting sales to any particular Tariff category, the Distribution Licensee shall incorporate such methodology in developing the sales forecast for such Tariff category:

Provided further that open access transactions shall not form part of Sales.

20. Treatment of Distribution Loss.—The power purchase requirement of the Distribution Licensee at the Transmission-Distribution interface point, shall be computed by grossing up the sales with the distribution losses approved by the Commission:

Provided that the Commission may stipulate the target distribution losses in accordance with Regulation 15 as part of the Order on Business Plan:

Provided further that the Distribution Licensee shall submit the details of circle-wise distribution losses for the relevant years, in accordance with the formats prescribed by the Commission:

Provided further that the Commission may fix the targets for circle-wise distribution losses separately for the relevant years.

21. Power Procurement Guidelines.—(1) The Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with these Regulations.

(2) All future procurement of short-term or medium-term or long-term power, including Renewable Energy, shall invariably be undertaken through competitive bidding in accordance with Guidelines notified by the Government of India under Section 63 of the Act:

Provided that in case either no competitive bids are received or the bids received are higher than the prevailing market rates or on any other sufficient reason, then the Distribution Licensee may procure medium-term or long-term power under Section 62 of the Act, subject to fulfilling the conditions specified in Regulation 23:

Provided further that the power procurement from those Renewable Energy technologies/sources, wherein the Commission has determined/ notified the generic/ preferential tariffs, shall be allowed at such rates:

Provided further that the power procurement from those energy sources, as prescribed in the National Tariff Policy, shall be allowed for tariff determination under Section 62 of the Electricity Act, 2003, with the prior approval of the Commission.

22. Power Procurement Planning.—(1) The Distribution Licensee shall prepare a plan for procurement of power (in MW/ MU) to serve the demand for electricity in its area of supply and submit such plan to the Commission for approval:

Provided that such power procurement plan shall be submitted for the Control Period commencing on 1st April, 2024, as part of the Business plan in accordance with Regulation 7 of these Regulations:

Provided further that such power procurement plan may include long term (more than 5 years), medium-term (upto 5 years) and short-term (upto 1 year) sources of power procurement, in accordance with these Regulations.

(2) The power procurement plan of the Distribution Licensee shall comprise the following:—

(a) A quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;
(b) An estimate of the quantity of electricity supply from the identified sources of power purchase, including own generation, if any;
(c) An estimate of availability of power to meet the base load and peak load requirement:

Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU);

(d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission;
(e) Measures proposed for Renewable Purchase Obligation (RPO), energy conservation, energy efficiency, and Demand Side Management;
(f) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (e) above;
(g) The impact of Open Access on load;
(h) The sources of power, quantities and cost estimates for such procurement; and
(i) Impact of Storage capacities including Batteries, Electric Vehicle charging stations
etc.:

Provided that the forecast or estimates contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantity of power to be procured (in MU) and maximum demand (in MW):

Provided further that the forecast or estimates for the Control Period from FY2024-25 to FY 2028-29 shall be prepared for each month over the Control Period:

Provided further that the medium-term /short-term procurement plan shall be at least cost plan based on available information regarding costs of various sources of supply.

(3) The forecast or estimate shall be prepared using forecasting techniques based on past data and reasonable assumptions regarding the future:

Provided that the forecast or estimate shall take into account factors such as overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity sector, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors.

(4) Where the Commission has specified a percentage of the total consumption of electricity in the area of a Distribution Licensee to be purchased

from co-generation or renewable sources of energy, the power procurement plan shall include the plan for procurement from such sources upto the specified level.

(5) The Distribution Licensee shall forward a copy of its power procurement plan to the State Transmission Utility for verification of its consistency with the transmission system plan for the intra-State Transmission System, prepared in accordance with the Regulations of the Commission governing Transmission Open Access:

Provided that the Distribution Licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the transmission system plan.

(6) The Commission shall approve the power procurement plan for the Control Period as part of its Order on the MYT Petition.

(7) The Commission may, as a result of additional information not previously known or available to the Commission at the time of approval of the procurement plan under Regulation 15, if it deems appropriate, Suo-motu or on a Petition filed by the Distribution Licensee, modify the procurement plan of the Distribution Licensee for the remainder of the Control Period.

23. Approval of long-term/medium-term Power Purchase Agreement/ Arrangement.—(1) Every long-term/medium-term agreement or arrangement for power procurement, including on a Standby basis, by a Distribution Licensee from a Generating Company or Licensee or from another source of supply, and any change to an existing agreement or arrangement shall come into effect only with the prior approval of the Commission:

Provided that the prior approval of the Commission shall not be required for purchase of power from Renewable Energy sources at the generic/preferential tariff determined by the Commission for meeting its Renewable Purchase Obligation (RPO).

(2) The Commission shall consider a Petition for approval of power procurement agreement or arrangement having regard to the approved power procurement plan of the Distribution Licensee and the following factors:—

(a) Requirement of power procurement under the approved power procurement plan;

(b) Adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government under Section 63 of the Act or adherence to the terms and conditions for determination of Tariff specified under Part-V of these Regulations;

(c) Competitiveness of the Tariff vis-a-vis the Tariff prevalent in the market and/or Tariff discovered through competitive bidding under Section 63 of the Act;

(d) Availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement or arrangement; and

(e) Need to promote co-generation and generation of electricity from renewable sources of energy.

(3) Upon completion of its consideration of the power procurement agreement or arrangement, the Commission shall,—

(a) issue an Order approving the power procurement agreement or arrangement, subject to such modifications and conditions as it may stipulate; or
(b) reject the Petition for reasons to be recorded in writing, after giving the Petitioner an opportunity of being heard.

24. Additional Power Procurement.—(1) The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.

(2) Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year or when the sourcing of power from existing tied-up sources becomes costlier than other available alternative sources, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.

(3) Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a Tariff that reduces its approved total power procurement cost, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.

(4) The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system, or when directed to do so by the HPSLDC to prevent Grid failure.

(5) Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall submit to the Commission its details, including the quantum, Tariff computations, duration, supplier particulars, method of supplier selection and such other details as the Commission may require so to assess that the conditions specified in this Regulation have been complied with.

(6) Where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified

in sub- regulations (2) to (4), it may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.

25. Power Purchase Quantum and Cost.—(1) Based on the power procurement planning, the power purchase quantum and cost shall be calculated.

(2) The approved Power Purchase cost shall be net of expected revenue from sale of surplus power, if any, during lean period.

(3) Revenue from sale of surplus power shall be estimated by taking into consideration the annual per unit weighted average price of bilateral purchases of the Distribution Licensee estimated by the Commission for ensuing year and power exchange rates for the last one year at the time of finalization of the ARR for the ensuring year.

26. Fuel and Power Purchase Cost Adjustment (FPPCA) Methodology:

1. Computation of fuel and power purchase adjustment surcharge:—

(a) For these Regulations "Fuel and Power Purchase Adjustment Surcharge" (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission;

(b) Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed by the Commission, subject to true-up, on an annual basis, as decided by the Commission:

Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations;

(c) Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Inter-State Transmission Charges for the power procured during the n th month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of carrying cost during truing-up exercise for under recoveries on account of fuel and power purchase adjustment surcharge shall be forfeited;

(d) The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment Surcharge for a Billing Month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty percent of variable component of approved tariff;

(e) The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through fuel and power purchase adjustment surcharge shall first be accounted towards the oldest carry forward portion of the fuel and power purchase adjustment surcharge followed by the subsequent month;

(f) In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the weighted average one-year Marginal cost of Funds-based lending Rate (MCLR) prevailing during the concerned Year, as declared by the State Bank of India from time to time, plus one hundred and fifty basis points shall be allowed till the same is recovered through tariff and this carrying cost shall be trued-up in the year under consideration;

(g) Depending upon quantum of fuel and power purchase adjustment surcharge, the automatic pass through shall be adjusted in such a manner that—

(i) If fuel and power purchase adjustment surcharge ≤5%, 100% cost recoverable of computed fuel and power purchase adjustment surcharge by distribution licensee shall be levied automatically using the formula; and

(ii) If fuel and power purchase adjustment surcharg>5%, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per item (i) above. 90% of the balance fuel and power purchase adjustment surcharge shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true -up;

(h) The revenue recovered on account of pass through of fuel and power purchase adjustment surcharge by the distribution licensee, shall be trued-up later for the year under consideration and the true-up for any financial Year shall be completed by 30th June of the next financial year;

(j) In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true-up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of fuel and

power purchase adjustment surcharge shall be allowed during true-up, to be billed alongwith the automatic Fuel and Power Purchase Adjustment Surcharge amount;

Explanation.—For example, in the month of July, the automatic pass through component for the power supplied in May and additional Fuel and Power Purchase Adjustment Surcharge, if any, recoverable after true-up for the month of April in the previous financial year, shall be billed.

(j) The distribution licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the fuel and power purchase adjustment surcharge recovered, and the detailed computations and supporting documents, as required by the Commission, during true-up of the normal tariff;

(k) To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that the licensee billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available; and

(l) The licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge and recovery of fuel and power purchase adjustment surcharge (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

(2) Computation of Fuel and Power Purchase Adjustment Surcharge:
(a) Formula:

$$\text{Monthly FPPAS for n th Month (\%)} = \frac{(A-B)*C + (D-E)}{[Z * (1- \text{Distribution losses in\%}/100)]*ABR}$$

Where,
n^{th} month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in tariff for the power supplied in the $(n-2)^{th}$ th month

A=is Total units procured in $(n-2)^{th}$ Month (in kWh) from all Sources including Long-term, Medium –term and Short-term Power purchases (To be taken from the bills issued to distribution licensees).

B=is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C=is incremental Average Power Purchase Cost= Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs./ kWh)- (from tariff order).

D=Actual inter-state and intra-state Transmission Charges in the (n-2) th Month, (From the bills by Transcos to Discom) (in Rs.)

E=Base Cost of Transmission Charges for (n-2) th Month = (Approved Transmission Charges/12) (in Rs.)

Z={[Actual Power purchased from all the sources outside the State in (n-2) th Month (in kWh)* (1 – Interstate transmission losses in % /100) + Power purchased from all the sources within the State(in kWh)]}*(1 – Intra state losses in %) – B}/100 in kWh

ABR=Average Billing Rate for the year (to be taken from the Tariff Order in Rs./kWh)

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

Inter-state transmission Losses (in %) = As per Tariff Order

(k) The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

(c) Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted though the true-up approved by the Commission.

PART-V
FINANCIAL PRINCIPLES

27. Consumer Contribution, Deposit Work, Grant and Capital Subsidy.—(1) The expenses on the following categories of works carried out by the Distribution Licensee shall be treated as specified in sub-regulation (2):—

(a) Works undertaken from funds, partly or fully, provided by the users, which are in the nature of deposit works or consumer contribution works;

(b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments; and

(c) Other works undertaken with funding received without any obligation of repayment and with no interest costs.

(2) The expenses on such capital works shall be treated as follows:—

(a) normative O&M expenses as specified in these Regulations shall be allowed;

(b) the debt-equity ratio, shall be considered in accordance with Regulation 28, after deducting the amount of such financial support received;

(c) provisions related to depreciation, as specified in Regulation 32, shall not be applicable to the extent of such financial support received;

(d) provisions related to return on equity, as specified in Regulation 35 shall not be applicable to the extent of such financial support received; and

(e) provisions related to interest on loan capital, as specified in Regulation 33 shall not be applicable to the extent of such financial support received.

28. Debt-equity ratio.—(1) For a capital investment Scheme declared under commercial operation on or after 1st April, 2024, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission, after prudence check for determination of Tariff:

Provided that the Distribution Licensee shall substantiate such investment of equity and debt through documentary evidence:

Provided further that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Distribution Licensee for determination of Tariff:

Provided further that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

29. Principles for determination of ARR.—The Aggregate Revenue Requirement for the Distribution Business of the Distribution Licensees for each year of the Control Period, shall contain the following financial parameters:—

(a) Operation and Maintenance expenses;
(b) Capital Expenditure;
(c) Depreciation;
(d) Interest on Loan;
(e) Interest on Working Capital;
(f) Return on Equity;
(g) Income Tax;
(h) Non-Tariff Income; and
(i) Income from Other Business

30. Operation & Maintenance Expenses.—(1) The O&M expenses shall be on the following norms:—

(a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee Cost, Repairs & Maintenance (R&M)
expense and Administrative & General (A&G) expense:

Provided that such norms may be specified for a specific Distribution Licensee or a class of Distribution Licensees;

(b) Norms shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per sub-station alongwith annual expenses per personnel for Employee expenses; combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;

(c) One-time expenses such as expense due to change in accounting policy, arrears paid due to Pay Commissions etc., shall be excluded from the norms in the trajectory;

(d) The expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal liabilities in Employee cost etc., shall be excluded from the norms in the trajectory;

(e) The one-time expenses and the expenses beyond the control of the Distribution Licensee shall be allowed by the Commission over and above normative Operation & Maintenance expenses after prudence check;

(f) The norms in the trajectory shall be specified over the control period with due consideration to productivity improvements;

(g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline;

(h) The Distribution Licensee specific trajectory of norms shall be identified by the Commission on the basis of absolute and relative analysis;

(i) In absolute analysis, Distribution Licensee's audited accounts of operations for last three years, expenses claimed for control period, historically approved cost, and prudence check shall be used by the Commission to estimate values of norms;

(j) In relative analysis, performance parameters of other Distribution Licensees within the same State or in other States, shall be considered by the Commission to estimate norms:

Provided that other Distribution Licensees so chosen shall have similar profile as that of the Distribution Licensee under consideration in terms of consumer mix, type of license area (city, State, etc.) type of distribution networks, viz., underground/overhead, HT-LT ratio, etc.;

(k) Suitable average of outcomes of absolute and relative analysis shall be taken by the Commission to fix the norms over the control period for the Distribution Licensee;

(l) Based on the proposal submitted by the licensee, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;

(m) Till such time the norms are fixed by the Commission, the trajectory for various components of O&M expenses shall be submitted by the licensee and approved by the Commission taking into consideration the actual costs of the licensee for the previous years in accordance with the provisions of these Regulations; and

(n) Presently, the State of Himachal Pradesh is having only one DISCOM i.e. HPSEBL and its per unit employee cost is one of the highest in the Country. Therefore, the HPSEBL must take prior approval of the Commission before going for any fresh recruitment. Otherwise, the cost on such account shall not be approved by the Commission;

(2) Employee Cost.—Employee cost shall be computed as per the approved norm/trajectory escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Distribution Licensee and one time expected expenses, such as recovery/adjustment of terminal liabilities, implications of Pay Commission, arrears and Interim Relief, governed by the following formula:—

EMPn = (EMPb * CPI inflation) + Provision

Where:

EMP n :	Employee expense for the year n
EMP b :	Employee expense as per the norm/trajectory
CPI inflation:	Average increase in the Consumer Price Index (CPI) for immediately preceding three years
Provision:	Provision for expenses beyond control of the Distribution Licensee and expected one-time expenses as specified above

(3) Repairs and Maintenance Expense.—Repairs and Maintenance expense shall be calculated as percentage (as per the norm/trajectory defined) of Opening Gross Fixed Assets for the year governed by following formula:—

R&Mn = K b* GFA

Where:

R&Mn :	Repairs & Maintenance expense for n th year
GFA n :	Opening Gross Fixed Assets for n th year
Kb :	Percentage point as per the norm/trajectory

(4) Administrative and General Expense.—A&G expense shall be computed as per the norm/trajectory escalated by wholesale price index (WPI) and adjusted by

provisions for confirmed initiatives (IT initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:—

A&G n = (A&G b * WPI inflation) + Provision
Where:
A&G n : A&G expense for the year n
A&G b : A&G expense as per the norm/trajectory
WPI inflation: Average increase in the Wholesale Price Index (WPI) for immediately preceding three years
Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.

31. Capital Expenditure.— (a) Capital expenditure shall be considered on scheme-wise basis, as approved in the Capital Investment Plan;

(b) For capital expenditure greater than INR 10 Crore, the Distribution Licensee shall seek prior investment approval of the Commission by filing a separate Petition if the work is not already approved in the Capital Investment Plan;

(c) The Distribution Licensee shall submit detailed supporting documents while seeking investment approval from the Commission:

Provided that supporting documents shall include but not be limited to purpose of investment, capital structure, capitalization schedule, financing plan and cost-benefit analysis;

(d) The approval of capital expenditure by the Commission for the ensuing year shall be in accordance with load growth, system extension, rural electrification, distribution loss reduction or quality improvement as proposed in the Distribution Licensee's supporting documents;

(e) The Distribution Licensee shall not propose any new transmission line/Sub-station of 66 kV and above voltage level. However, for augmentation and strengthening of the existing transmission system, the Distribution Licensee shall take separate approval of the Commission on case to case basis;

(f) The Commission may also undertake a detailed review of the actual works undertaken compared with the works approved in the previous Tariff Order while approving the capital expenditure for the ensuing year;

(g) In case the capital expenditure is required for emergency work, the licensee shall submit an application, containing all relevant information alongwith reasons justifying the emergent nature of the proposed work, seeking post facto approval of the Commission;

(h) The Distribution Licensee shall take up the work prior to receiving the approval from the Commission provided that the emergent nature of the scheme has been certified by its Whole Time Directors (WTD);

(i) In case the capital expenditure incurred for ongoing approved schemes exceeds the amount as approved in the capital expenditure plan, the balance amount and the incidental cost shall be trued up by the Commission after prudence check at the end of Control Period. However, for schemes those are completed shall be trued up while doing the truing of the respective year. The completed schemes once trued up shall be considered to attain finality and shall not be re-opened for consideration at the time of true-up of remaining schemes to be done at the end of Control Period:

Provided that any additional capital expenditure incurred on account of time over run and/or unapproved changes in scope of approved schemes, except for reasons beyond the control of Licensee and duly submitted in writing may not be allowed by the Commission:

Provided that capital expenditure incurred on unapproved schemes shall not be allowed by the Commission;

(j) If capital expenditure is less than INR 10 Crore and already approved by the Commission in the Capital Investment Plan, the Distribution Licensee shall undertake the execution of the plan with simultaneous notification to the Commission with all the relevant supporting documents;

(k) Consumer's contribution towards cost of capital asset shall be treated as capital receipt and credited in current liabilities until transferred to a separate account on commissioning of the assets;

(l) An amount equivalent to the depreciation charge on such assets for the year shall be appropriated from this account as income to the profit and loss account over the useful life of the asset;

(m) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of Section 42 of the Act shall be pass through:

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions:—

(i) the asset has been created in accordance with the Capital Investment Plan for the licensee approved by the Commission;
(ii) the asset has been procured in competitive and transparent manner; and
(iii) the asset is geo-tagged and properly recorded in Fixed Asset Register.

32. Treatment of Depreciation.— (a) Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year;

(b) Depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants;

(c) The rate of depreciation for each of the components of the fixed assets based on the useful life of the assets shall be as given in Annexure–II:

Provided the salvage value of the any category of assets defined at Annexure - II shall be 10% of the initial cost of the asset;

(d) The rate of depreciation should be based on Straight Line Method (SLM) over the useful life of the assets, after factoring the salvage value of the assets:

Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset;

(e) The distribution licensees having fixed asset records for the assets procured before 31st March, 2024 shall have one time option to adopt the new rates for the older assets, if opted by the distribution licensee:

Provided that, in case the distribution licensee does not have an asset record to assess the date of commissioning of assets as per the categorization provided in Annexure–II, the Commission shall allow the existing method of depreciation on the assets already commissioned till the issue of last tariff Order:

Provided that record of the assets being commissioned by the Distribution licensee during the ongoing FY subsequently shall be properly maintained by the Distribution licensee and the computation of depreciation of such assets shall be in accordance with clause (c) above;

(f) Depreciation shall be charged from the first year of operation of the asset:

Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis; and

(g) A provision of replacement of assets shall be made in the capital investment plan.

33. Treatment of Interest on loan.—(a) The Distribution Licensee shall provide detailed loan-wise, project-wise and utilization- wise details of all the pending loans;

(b) If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual loan shall be considered for determination of interest on loan;

(c) Actual loan or normative loan, if any, shall be referred as gross normative loan in this Regulation;

(d) The normative loan outstanding as of 1st April of 2024 shall be computed by deducting the cumulative repayment as approved by the Commission (basis as mentioned below) upto 31st March of 2023 from the gross normative loan;

(e) The repayment for the control period shall be deemed to be equal to the depreciation allowed for the year;

(f) Notwithstanding any moratorium period availed by the Distribution Licensee, the repayment of the loan shall be considered from the first year of the control period as per annual depreciation allowed;

(g) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures:

Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable:

Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest:

Provided further that exception shall be made for the existing loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects;

(h) The Distribution Licensee shall make every effort to refinance the loan as long as it results in net benefit to the consumers:

Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Distribution Licensee and the consumers:

Provided further that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval.

34. Interest on Working Capital.—The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:—

(a) O&M expenses for one month;
(b) Two months equivalent of expected revenue;
(c) Maintenance spares @ 40% of R&M expenses for one month; and Less:

(d) Security deposits from consumers, if any:

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the weighted average of one year Marginal Cost of Funds based Lending Rate (MCLR) as declared by the State Bank of India from time to time for the financial year in which the application for the determination of tariff is made plus 350 basis points:

Provided further that interest shall be allowed on consumer security deposits and security deposits from Distribution System users at the Bank Rate as on the date on which the petition for determination of tariff is accepted by the Commission.

35. Treatment of Return on equity.—(a) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:

Provided that assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in this Regulation:

Provided, that accumulated depreciation, over and above debt repayment, shall be used to reduce the equity base for return on equity after debt repayment is over;

(b) The return on the equity invested in working capital shall be allowed from the date of start of commercial operation; and

(c) Distribution Licensee shall be allowed 14% post-tax return on equity.

36. Income Tax.—(1) Income tax, if any, on the licensed business of the Distribution Licensee shall be treated as expense and shall be recoverable from consumers through tariff. However, tax on any income other than that through its licensed business shall not be a pass through, and it shall be payable by the Distribution Licensee itself.

(2) Any under-recoveries or over-recoveries of tax on income shall be adjusted every year on the basis of income-tax assessment, under the Income Tax Act, 1961, as certified by the statutory auditors:

Provided further that the benefits of tax-holiday as applicable in accordance with the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

(3) The Income Tax actually payable or paid shall be included in the ARR. The actual assessment of Income Tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

(4) Tax on income, if any, liable to be paid shall be limited to tax on Return on Equity. However, any tax liability on incentives due to improved performance shall not be considered.

37. Non-Tariff Income.—(a) All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, income from rent of land and buildings, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, interest income on advance to suppliers and contractors, income from rent from staff quarters, income from rent from contractors, income from hire charges from contactors and others, supervision charges for capital works, income from consumer charges levied in accordance with Schedule of Charges approved by the Commission, income from recovery against theft and/or pilferage of electricity, income from advertisements, income from sale of tender documents, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee;

(b) Interest on security deposits, in excess of the rate specified by the Commission shall be considered as Non Tariff income of the Licensees;

(c) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.

38. Income from Other Business.—Where the Licensee is engaged in any other business, the income from such business will be deducted from the Aggregate Revenue Requirement in calculating the revenue requirement of the Licensee in the manner and in proposition as may be specified by the Commission:

Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement as approved by the Board of Directors to the Commission alongwith its application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceed the revenues from such Other Business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the Licensee on account of such Other Business.

PART-VI
WHEELING AND RETAIL SUPPLY BUSINESS

39. Segregation of Wheeling Business and Retail Supply Business.—(1) The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business.

(2) The tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Wheeling Business and Retail Supply Business.

PART-VII
SUBSIDY, CROSS SUBSIDY AND TARIFF DESIGN

40. Subsidy.—(a) The Commission shall determine the ARR and Tariff without considering subsidy:

Provided that in case the State Government declares subsidy in advance or during tariff filing proceedings and the licensee incorporates the subsidy in the petition, the Commission shall notify two tariff schedules, one with subsidy and the other without subsidy:

Provided also that the Government's subsidy provided for or declared shall be supported by documentary evidence of time schedule of payment, mode of the payment of the subsidy and categorization of the subsidy amount into subsidized consumer categories;

(b) The Commission may clarify in the tariff order, post the declaration from the Government, the quantum of Government's subsidy as applicable to the fuel and power purchase cost adjustment alongwith the range (%) of variable cost up to which the fuel and power purchase cost adjustment cost shall not be passed to the consumers, category-wise classification, mode of payment and schedule of payment etc;

(c) In case of no disbursement or delayed disbursement of subsidy by the Government, the licensee shall charge consumers as per the tariff schedule which is approved by the Commission, without consideration of subsidy.; and

(d) The distribution licensee(s) shall submit to the Commission on quarterly basis the information on subsidy due, subsidy overdue and subsidy realized based on actual energy supplied to subsidized categories of consumer. The report on subsidy status shall be hosted on the distribution licensee's website.

41. Cross Subsidy surcharge, Additional Surcharge and Tariff Design.—(1) Cross-subsidy surcharge and additional surcharge in Open Access,—

(a) The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time in accordance with the Regulations specified by the Commission, shall be shown separately against the consumer category that is permitted open access as per the phasing plan; and

(b) Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories who have been permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Distribution Licensee arising out of his obligation to supply:

Provided that the licensee shall provide such details in its annual filings.

2. Tariff Design.—(a) The Commission may categorize consumers on the basis of their Load Factor, Power Factor, Voltage, total consumption of electricity during

any specified period, or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required;

(b) The Commission shall be guided by the provisions of National Electricity Policy and national Tariff policy while determining tariff and level of cross subsidy applicable to different categories of consumers:

Provided that the Commission shall progressively and gradually reduce the existing cross subsidies;

(c) The Tariff Policy, 2016 prescribes that for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the appropriate Commission would notify a roadmap such that tariffs are brought down within ±20% of the average cost of supply. In Himachal Pradesh, this target of ±20% of the average cost of supply has already been achieved, barring lifeline consumers who consume below a specified level;

(d) The Commission shall indicate a roadmap for reduction and/or rationalization of cross subsidies in the MYT Orders for the Control Periods starting from 1st April, 2024 and thereafter, the roadmap shall be based on the approach of a gradual reduction/ rationalisation in cross subsidy, guided by the principles laid down in the National Tariff Policy with a target that by the end of the Control Period i.e. by 31st March, 2029, the tariffs for the consumer categories, other than the lifeline category, are within (—)10% to (+)10% of the average cost of supply;

(e) During the interim periods as mentioned in clause (d), 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 Commission shall broadly follow the following methodologies for allocation of costs for the purpose of cost to serve calculations:—

(i) Functionalization and classification of Cost.—Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc. Each of the functionalized cost shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting;

(ii) Allocation of Costs— A. Allocation of Demand Costs.—Demand costs various functions shall be allocated among consumer categories on the

basis of average estimated demand of the consumer categories during different hours of the day and different seasons of the year;

B. Allocation of Energy Costs.—Energy related costs of Distribution functions shall be allocated to the consumer categories on the basis of incremental cost of power purchase by following merit order and block approach beyond the minimum common level of load factor:

Provided that the cost of additional 5% power kept as contingent surplus in accordance with these regulations may be allocated to all the consumer categories in proportion to the total electricity consumption of each category:

Provided further that the energy flows from HT system to EHT system during certain situations which are typically prevalent in Himachal Pradesh on account of small hydro projects shall also be duly considered while allocating the distribution losses to various categories of consumers; and

C. Allocation of Customer Costs.—Customer related costs shall be allocated to consumer categories by assigning suitable weights duly taking into account to average consumption per consumer for various categories of consumers.

(f) The consumers below poverty line who consume power below a specified level, say 60 units per month, shall receive a special support through cross subsidy.

PART-VIII
MISCELLANEOUS

42. Power to amend.—The Commission may, at any time, amend any provisions of these Regulations.

43. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific Order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

44. Repeal and savings.—(1) Save as otherwise provided in these Regulations, the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time, are hereby repealed.

(2) Notwithstanding such repeal, any proceedings before the Commission pertaining to the period prior to the commencement of the Control Period, including Petitions for True up of expenses, annual performance review, etc. shall be governed by the Regulations so repealed under sub-regulation(1), as if the said Regulations had not been repealed.

By the Order of the Commission,
Sd/-
Chhavi Nanta, HPAS,
Secretary.

ANNEXURE – I

METHODOLOGY FOR COMPUTATION OF AT &C LOSSES

Name of State		
Name of Distribution licensee		
Para-meter	**Particulars**	**Calculation**
A	Input Energy (MU)	Energy Generated-Auxiliary Consumption+Energy Purchased (Gross)-Energy Traded/Inter State Sales.
B	Transmission Losses (MU)	
C	Net Input Energy (MU)	A-B
D	Energy Sold (MU)	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-State Sales.
E	Revenue from Sale of Energy(₹ Cr.)	Revenue from Sale of Energy to all categories of consumers (including Subsidy Booked) but excluding Revenue from Energy Traded /Inter-State Sales.
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (₹ Cr.)	Revenue from Sale of Energy (same as E above) minus Subsidy Booked plus Subsidy Received against subsidy booked during the year).
G	Opening Debtors for Sale of Energy (₹ Cr.)	Opening debtors for sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors.
H	Closing Debtors for Sale of Energy (₹ Cr.)	(i) Closing debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors. (ii) Any amount written off during the year directly from (i)
I	Adjusted Closing Debtors for sale of Energy (₹ Cr.)	H (i+ii)
J	Collection Efficiency(%)	(F+G-1)/E* 100
K	Units Realized (MU) = [Energy Sold * Collection Efficiency]	D* J/100
L	Units Unrealized (MU)= [Net Input Energy-Units Realized]	C-K
M	AT&C Loss (%) = [{ Units Unrealized/Net Input Energy}*100]	L/C *100

Treatment of Parameter for computation of AT&C loss:
For the calculation of AT&C loss, the treatment of various sub-parameters shall be as under:—

Parameter	**Sub-Parameter**	**Treatment of Parameter for computation of AT&C loss.**
Net Input Energy/ Energy Sold (MU).	Open Access/ Wheeling	Open access/ wheeling units shall not be included in Net Input Energy and Energy Sold while calculating Billing Efficiency.
Revenue from Sale of Energy(₹ Crores).	Unbilled Revenue	No adjustment shall be made in revenue from sale of energy on account of unbilled revenue.

Adjusted Revenue from Sale of Energy on Subsidy Received basis (₹ Crore).	Subsidy Received against subsidy booked during the year.	Total Tariff Subsidy received during the year including arrears (if any) shall also be included while calculating Adjusted Revenue from Sale of Energy on Subsidy Received basis.
Collection Efficiency (%)		Actual Collection Efficiency of subsidy received and realization from sale of power together in the current financial year.

ANNEXURE - II

Useful life and rate of depreciation for distribution assets The useful life and the rate of depreciation for various categories of the assets shall be as below;

1. Transformer:

Sl.	Particulars	Useful Life (in years)	Rate of Depreciation (%)
1.	Power Transformers	25	3.6
2.	Distribution Transformers		
	i <100 kVA	15	6.0
	Ii >=100 KVA	20	4.5

2. Substation Switchgear:

Sl.	Particular	Useful Life(in years)	Rate of Depreciation (%)
1.	Circuit Breakers (33kv S/s)	15	6.0
2.	Circuit Breakers (LV)	10	9.0
3.	Isolators	10	9.0
4.	Bus couplers	15	6.0
5.	Lightning Arrestor	10	9.0

3. Other sub-station components:

Sl.	Particular	Useful Life(in years)	Rate of Depreciation (%)
1.	Instrument Transformer	15	6.0
2.	Insulators	10	9.0
3.	Ring Main Unit	10	9.0
4.	SCADA	20	4.5

4. Capacitor Bank:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation(%)
1.	Capacitor Banks	20	4.5

5. Batteries:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation(%)
1.	Batteries	5	18.0

6. Wires and cables with support structure:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation(%)
1.	Overhead lines including supports:		
	i. 11kV and above 3.6	25	
	ii. LT lines	20	4.5
2.	Underground lines including joint boxes and disconnected boxes.	25	3.6
3.	Cable Duct System	25	3.6

7. Meters:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Consumer Meters		
	i. Electronic meters	10	9.0
	ii. Smart meters	10	9.0
2.	Interface/ Energy Audit Meters.	10	9.0

8. IT equipment including software etc:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	IT equipment including software		
i.	Information and Communication system including communication hardware.	7	12.9
ii.	IT hardware (server equipment).	6	15.0
iii.	IT hardware (end use i.e. desktops / laptops).	3	30.0
iv.	IT software (amortization of software licensing costs OR in house developed software).	5	18.0

9. Safety equipment and tools:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Safety and Tools		
i.	Tools and Tackles (wire strippers, pliers, flash arc equipment,drill, hammer etc).	10	9.0
ii.	Personal protective equipment PPE (shoes, gloves, glasses, protective gear etc).	5	18.0

10. Buildings and civil engineering works:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Buildings and Civil Engineering Works of permanent nature.		
	i. Office and showrooms	60	1.5
	ii. Buildings other than Offices & showrooms.	30	3.0
	iii. Others	30	3.0
2.	Temporary structures and erections	1	90.0

11. Office furniture equipment and fixtures:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Office furniture, equipment, fixtures, etc.		

i.	Office furniture and fittings	10	9.0
ii.	Office equipment	10	9.0
iii.	Internal wiring including fittings and apparatus.	10	9.0
iv.	Street Light fittings	10	9.0

12. Self propelled vehicles Particulars Useful Life:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Self propelled vehicles	5	18.0

13. Air Conditioning Plants:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Static	15	6.0
2.	Portable	5	18.0

14. Apparatus let on hire:

Sl.	Particulars	Useful Life(in years)	Rate of Depreciation (%)
1.	Other than motors	5	18.0
2.	Motors	15	6.0