

**Second Annual Performance Review Order
For 4th MYT Control Period (FY20-FY24)
&
Determination of Tariff for FY22
&
True-up of FY19 of 3rd MYT Control Period
&
True-up of FY20 of 4th MYT Control Period
for
Himachal Pradesh State Electricity Board
Limited (HPSEBL)**



**Himachal Pradesh Electricity Regulatory
Commission
May 31, 2021**

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

CORAM
**Sh. DEVENDRA KUMAR SHARMA
Sh. BHANU PRATAP SINGH**

IN THE MATTER OF:

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

AND

IN THE MATTER OF:

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

ORDER

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

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

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

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

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

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

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

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

HPSEBL is directed to make available the copies of the Tariff Order to all concerned officers up to AE level, and sub-divisions within two weeks of issue of this Order. HPSEBL may file

clarificatory petition in case of any doubt in the provisions of the Tariff Order, within 30 days of issue of the Tariff Order.

(BHANU PRATAP SINGH)

Member

(DEVENDRA KUMAR SHARMA)

Chairman

Shimla

Dated: May 31, 2021

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1 INTRODUCTION

1.1 Himachal Pradesh Electricity Regulatory Commission

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

Functions of the Commission

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

- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- c) facilitate intra-state transmission and wheeling of electricity;
- d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;
- f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- g) levy fee for the purposes of this Act;
- h) specify State Grid Code consistent with the Indian Electricity Grid Code specified with regard to grid standards;
- i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- j) fix the trading margin in the intra-state trading of electricity, if considered, necessary; and

- k) Discharge such other functions as may be assigned to it under this Act.
- 1.1.3 The State Commission shall advise the State Government on all or any of the following matters, namely
- l) promotion of competition, efficiency and economy in activities of the electricity industry;
 - m) promotion of investment in electricity industry;
 - n) reorganization and restructuring of electricity industry in the State;
 - o) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by State Government.

1.2 History of HPSEBL

- 1.2.1 Electricity supply at the time of formation of the State in 1948 was available only in the capital of the erstwhile princely states and the connected load at the time was less than 500 kW. First electrical division was formed in August 1953 under the Public Works Department and subsequently a Department of Multi-Purpose Projects and Power was formed in April 1964 after realizing the need for exploiting the substantial hydel potential available in the river basins.
- 1.2.2 Himachal Pradesh State Electricity Board was constituted in accordance with the provisions of Electricity Supply Act (1948) in the year 1971. Thereafter, all functions of the Department of Multi-Purpose Projects and Power such as generation, execution of hydroelectric projects except functions of flood control and minor irrigation were transferred to the Board.
- 1.2.3 In accordance with provisions of the Act, the functions, assets, properties, rights, liabilities, obligations, proceedings and personnel of Himachal Pradesh State Electricity Board (HPSEB) were vested with the Government of Himachal Pradesh vide Notification No. MPP-A(3)-1/2001-IV dated 15th June, 2009. These functions, assets, properties, rights etc. earlier vested with the Government of Himachal Pradesh were re-vested into corporate entities namely Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) vide the 'Himachal Pradesh Power Sector Reforms Transfer Scheme' in accordance with the provisions of the Act and were notified vide No. MPP-A(3)-1/2001-IV, dated 10th June, 2010. The HPSEBL, thus, came into being with effect from the date of re-vesting i.e. 10th June, 2010. In the said transfer scheme, the functions of generation, distribution and trading of electricity have been entrusted with the HPSEBL.
- 1.2.4 The Himachal Pradesh State Electricity Board Limited (hereinafter referred to as 'HPSEBL' or 'Licensee' or 'the Petitioner') is a deemed licensee under the first proviso to Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') for distribution and supply of electricity in the State of Himachal Pradesh.

1.3 Overview of HPSEBL

- 1.3.1 The HPSEBL is a vertically integrated utility and is entrusted with the functions of generation, distribution and trading of power in the State of Himachal Pradesh. The HPSEBL is responsible for the development (planning, designing, and

construction), operation and maintenance of power distribution system in Himachal Pradesh. Investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also entrusted with the HPSEBL. The HPSEBL has share of power in Central Sector stations while it also imports power from neighboring states.

- 1.3.2 Operation and maintenance of the distribution system in the HPSEBL is carried out by its Operation Wing, which has three zones - North, Central and South, each being headed by a Chief Engineer. There are 12 Operation Circles under all the above Operation Wings. The geographical area of the Circles is not strictly as per the territorial jurisdiction of districts.
- 1.3.3 The total installed capacity of generation of the HPSEBL is 487.5 MW and total line length (HT & LT) is approx. 100152.46 km. Despite extreme geographical terrain and climate, with the population spread over far- flung and scattered areas, the State has achieved 100 percent electrification of towns and villages in 1988.

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

- 1.4.1 The Commission has adopted Multi Year Tariff (MYT) principles for determination of tariffs, in line with the provision of Section 61 of the Act. The MYT framework is designed to provide predictability and reduce regulatory risk. This can be achieved by approval of a detailed capital investment plan for the Petitioner, considering the expected network expansion and load growth during the Control Period. The longer time span enables the Petitioner to propose its investment plan with details on the possible sources of financing and the corresponding capitalization schedule for each investment.
- 1.4.2 The HPERC notified the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 and subsequently HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 were notified. The Commission carried out the following three amendments in the MYT Regulations of 2011 (together referred as "MYT Regulations, 2011" hereinafter) to incorporate the need-based changes keeping in view the experience gained by the Commission during last three Control Periods:
- a) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (First Amendment) Regulations, 2012 dated 30th March 2012
 - b) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 dated 1st November 2013
 - c) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018 dated 22nd November 2018
- 1.4.3 Through these amendments, the Commission has also aligned its regulations with Model Tariff Regulations issued by the Forum of Regulators, recommendations of the Forum of Regulators, Tariff Policy provisions and various progressive

measures/regulations adopted by the Commission and other Electricity Regulatory Commissions.

- 1.4.4 The Commission had adopted three-year Control Periods during the first and the second MYT Control Periods. Since the Commission had gained sufficient experience in this regard, it was considered appropriate to move towards a five-year Control Period as per the recommendations in the National Tariff Policy. Accordingly, the Commission vide notification dated 22nd November 2018, in exercise of the powers conferred by Clause (9) of Regulation 2 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, fixed the period of five years starting from 1st April 2019 as the fourth Multi-Year Control Period.
- 1.4.5 In accordance with the MYT Regulations 2011, the Commission issued MYT Order for fourth Control Period (FY2019-20 to FY2023-24) for distribution business of HPSEBL on 29th June 2019. Subsequently, the Commission issued the First Annual Performance Review Order under the fourth Control Period for the distribution business of HPSEBL on 06th June 2020.
- 1.4.6 The Petitioner has now filed petition for approval of Second Annual Performance Review for fourth MYT Control Period (FY20-FY24) and determination of Tariff for FY 2021-22 with the HPERC under Sections 62, 64 and 86 of the Electricity Act, 2003, read with the HPERC MYT Regulations, 2011. Also, as part of the MYT Petition, HPSEBL has submitted provisional true-up of uncontrollable parameters of FY 2018-19 of third MYT Control Period and FY 2019-20 of fourth Control Period.
- 1.4.7 This is second Annual Performance Review Order under fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2021-22 along with true-up of uncontrollable parameters for FY 2018-19 and FY 2019-20. In this Order, the Commission has undertaken analysis based on actual values of FY 2019-20 and FY 2020-21 for approval of Wheeling and Retail Supply Tariffs for FY2021-22 based on the updated information submitted by HPSEBL. Also, provisional true-up of uncontrollable parameters for FY 2018-19 and FY 2019-20 has also been undertaken based on the provisional accounts of HPSEBL.
- 1.4.8 As per the MYT Regulations, 2011, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") petition filed by the Licensee. Further, revenue gap on account of provisional true-up of previous years i.e. FY 2018-19 and FY 2019-20 has also been considered for recovery along with the revised ARR for FY 2021-22.
- 1.4.9 The Commission has reviewed the operational and financial performance of HPSEBL and has finalised this Order based on the review and analysis of past records, information submissions, necessary clarifications submitted by the licensee and views expressed by the stakeholders.

1.5 Admission of Petition and Interaction with the Petitioner

- 1.5.1 HPSEBL filed the application for second Annual Performance Review for fourth MYT Control Period (FY20-FY24) along with approval of ARR and determination of Wheeling and Retail Supply Tariff for FY 2021-22, with the Commission on 28th November 2020. The petition also included true-up of uncontrollable parameters for FY 2018-19. Further, the Petitioner vide MA No. 20/2021 dated 18.02.2021 has filed True-up for uncontrollable parameters of FY 2019-20 and True-up of controllable parameters for 3rd MYT Control Period (FY 2014-15 to FY 2018-19). Based on various observations/ deficiencies pointed out by Commission, HPSEBL submitted further details and clarifications subsequently.
- 1.5.2 The Commission admitted the petition submitted by HPSEBL vide its interim order dated 6th February 2021. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarification and justifications on various issues, critical for the analysis of the petition.
- 1.5.3 The Petitioner was asked to remove various deficiencies/ provide additional information vide following HPERC communications:

Table 1: HPERC Communication to the Petitioner

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

- 1.5.4 The queries raised by the Commission vide above mentioned letters were partially replied by HPSEBL. However, delay in submission and non-submission of the complete information remained a major bottleneck.
- 1.5.5 The submissions made by the Petitioner, to the clarifications/ information sought by the Commission from time to time, as detailed hereunder, have also been taken on record:

Table 2: Communication with the Petitioner

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

Public Hearings

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

Table 3: List of Newspapers for Publication of Stakeholder Comments

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

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

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

Table 4: List of Newspapers for Public Notice by Commission

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

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

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

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

2 SUMMARY OF THE TRUE-UP PETITION FOR FY19

2.1 Background

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

2.2 Sales Projections

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

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

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

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

2.3 Revenue from Sale of Power

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

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

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

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

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

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

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

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

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

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

2.4 Power Purchase Cost

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

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

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

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

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

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

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

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

*UI (NRLDC) charges of Rs. 162.84 Cr include Rs. 84.82 Cr paid towards UI charges for HPSEBL and balance comprises of composite DSA bills from NRPC (DSA recovery from GOHP, Malana, IA Energy, Kanchanjunga, Nanti Hydro etc) as booked under revenue from sale outside state in the accounts.

** UI (SLDC) charges of Rs. 27.81 Cr are paid towards HPSLDC commencing from 3.12.2018 as per HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.

*** Jhajjar TPS arrears of Rs. 0.07 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".

cost of banking has not been considered as a part of power purchase expense for computational purposes.

In case of NHPC Bairasuil and Chamera III, amount shown pertains to RLDC charges for GoHP free power.

@ The arrears pertains to power purchased during FY15, which is now settled with PTC.

2.5 Transmission Charges

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

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

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

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

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

#The amount of Rs. 209.94 Cr towards PGCIL charges does not include wheeling charges recovered from GoHP towards M/s PTC Ltd, as the same has already been netted off in accounts.

* Reactive charges of Rs. 0.12 Cr and Rs. 0.01 Cr are booked in accounts under A/H 70.121 "Uttaranchal Power Corp. Ltd" and A/H 70.102 "HVPNL" respectively.

**SJVNL Arrear of Rs. 1.29 Cr paid to DoE is booked in accounts under LADF.

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

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

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

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

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

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

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

2.6 Transmission and Distribution Loss

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

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

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

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

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

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

2.7 Energy Balance

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

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

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

2.8 Incentive for Over-achievement of T&D Loss

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

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

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

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

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

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

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

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

2.9 Employee Cost

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

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

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

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

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

2.10 Administrative & General Expenses

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

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

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