

1.3 Procedural Background

- 1.3.1. The Petitioner has filed on 20th November, 2020, the True-up Petition for MYT Control Period from FY 2014-15 to FY 2018-19 for Intra-state Transmission Network. The Petition was registered by the Commission as Petition No. 36/2022. The Commission admitted the Petition vide the Interim Order dated 14th September, 2022 for further detailed scrutiny.
- 1.3.2. Since the submission of the Petition, there have been a series of interactions between the Petitioner and the Commission, both written and oral, wherein the Commission sought additional information/clarifications and justifications on various issues, critical for the analysis of the Petition.
- 1.3.3. A detailed scrutiny of the petition has been made and clarifications/ information sought by the Commission from time to time and submission made by the petitioner in response there to, as detailed hereunder, have been taken into consideration:

Table 1: Communication with the Petitioner

Sl.	Letter from Commission	Response from Petitioner
1	HPERC/F(1)-21/2021-2781-82 dated 16.01.2021	MA No. 27/2021 dated 24.02.2021
2	HPERC/F(1)-21/2021-712-13 dated 23.06.2021	MA No. 157/2021 dated 17.08.2021
3	HPERC/F(1)-21/2021-1985-86 dated 27.10.2021	MA No. 10/2022 dated 10.02.2022
4	HPERC/F(1)-21/2021-183-184 dated 25.04.2022	MA No. 100/2022 dated 24.05.2022
5		Additional Submission dated 07.12.2022

1.4 Public Hearings

- 1.4.1. The Interim Order, inter alia, included direction to the Petitioner to publish the application in an abridged form and manner as per the “disclosure format” attached with the Interim Order for the information of all the stakeholders in the State. As per the direction, the Petitioner published the public notice in the following newspapers:

Table 2: List of Newspapers in which salient features of the Petition were published

Sl.	Name of Newspaper	Date of Publication
1.	The Tribune (English)	18.09.2022
2.	Amar Ujala (Hindi)	18.09.2022

1.4.2. The Commission published a public notice inviting suggestions and objections from the stakeholders on the tariff petition filed by the Petitioner and conveying relevant dates including the date of Public Hearing in accordance with Section 64(3) of the Act which was published in the following newspapers:

Table 3: List of Newspapers in which Notice inviting objections from Stakeholders and conveying the date of Public Hearing were published

Sl.	Name of News Paper	Date of Publication
1.	Indian Express (Chandigarh edition)	22.09.2022
2.	Divya Himachal (Himachal edition)	22.09.2022

1.4.3. Through the aforementioned publications, the interested parties/ stakeholders were asked to file their objections and suggestions on the Petition. The dates for replies and rejoinders were also specified by the Commission through the publications. The Commission received objections/ suggestions from the HPSEBL. The Petitioner also responded to the objections of the HPSEBL.

1.4.4. A public hearing was held in the Commission on 26.10.2022 for providing adequate opportunity to all the stakeholders for expression of their opinions, suggestions and objections in the matter.

2 SUMMARY OF THE TRUE-UP PETITION FOR THE 3RD CONTROL PERIOD (FY15 TO FY19)

2.1. Introduction

2.1.1. This chapter summarizes the highlights of the True-up Petition for the third Control Period (FY15 to FY19) filed by the HPPTCL based on the audited annual accounts for respective years.

2.2. Background

2.2.1. In exercise of powers conferred under Sub-section 4 of Section 131 of the Act, the Government of Himachal Pradesh established Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) on August 27, 2008 with a view to strengthen the transmission network in the State of Himachal Pradesh and to facilitate the evacuation of power from upcoming power generating stations. HPPTCL was formed through an order notified by the State Government vide its notification No. -MPPA-A-(1)-4/2006-Loose dated September 11, 2008.

2.2.2. The Petitioner has submitted that HPPTCL was declared State Transmission Utility (STU) vide Notification No. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh and as a result thereof, the Himachal Pradesh Electricity Regulatory Commission (HPERC) recognized HPPTCL as deemed "Transmission Licensee" and notified by the Commission's order dated 31.07.2010 in Petition No. 32 of 2010 filed by HPPTCL under section 14 and 15 of the Electricity Act, 2003.

2.2.3. Further, as per the Notification No-MPP-A-(1)-4/2006-Loose dated October 31, 2008 by the Government of Himachal Pradesh, HPPTCL was entrusted with the following works/business with immediate effect"

- a. All new works of construction of Sub-Stations of 66 KV and above.
- b. All new works of laying/construction of transmission lines of 66 kV and above.
- c. Formulation, updation and execution of Transmission Master Plan for the State in order to strengthen the Transmission Network and plan the evacuation of power including new works under schemes that are already

submitted by the Board under this Plan to the Financial Institutions for funding and where loan agreements are not yet signed.

- d. All matters relating to Planning and Co-ordination of the Transmission related issues with Central Transmission (CTU), Central Electricity Authority (CEA), Ministry of Power, State Government and HPSEBL.
- e. Planning and coordinating with the IPPs / CPSUs / PSUs / Other Departments or organizations or agencies of the Central Government & State Government, HPSEBL and HPPCL regarding all Transmission related issues.
- f. All other matters related to the subject which the State Government may specifically assign to HPPTCL from time to time.

2.2.4. The State Government also transferred and vested in HPPTCL the ownership, operation and maintenance of Transmission lines of 66 kV and above owned by the then Himachal Pradesh State Electricity Board Limited (HPSEBL) including the co-ordination of the lines owned and operated by Power Grid Corporation of India, (PGCIL), Independent Power Producers (IPPs), Haryana Vidyut Prasaran Nigam Limited (HVPNL) and other utilities vide its Notification No. MPP-A (3)-1/2001-IV, dated 21st June, 2010 read with earlier Notification of even number dated 10th June, 2010.

2.2.5. In compliance to the orders of the State Government, HPSEBL provided the details of Transmission network along with the asset value which were transferred to HPPTCL vide Letter No.-HPSEBL/CE(ES)/AU-4/2010-6220-25, dated September 6, 2010 and even No.8648-53 dated 19-11-2010. The capital cost of the transferred assets was revised by HPSEBL from Rs. 199.08 Crore to 102.63 Crore vide Letter No. HPSEBL/F&A/A&R-55/R&M works/2014-15-1024 -25 dated 27-10-2014.

2.2.6. The Petitioner submitted that the Commission had issued the MYT Order for HPPTCL for the period from FY 2011 -12 to FY 2013-14 on July 14, 2011 and thereafter for the period from FY 2014-15 to FY 2018-19 on July 10, 2014. Also, Tariff Order on True Up for the period FY 2011-12 to FY 2013-14 was issued on April 10, 2017 and thereafter the Tariff Order on True Up for FY 2014-15 & FY 2015-16 and Mid-Term Review Order for FY 2016-17 to FY 2018-19 was issued on October 6, 2017.

2.2.7. HPPTCL has filed the application for approval of Five-Year Business Plan and MYT Petition for the fourth Control Period from FY 2019-20 to FY 2023-24 on 30th November, 2018. The MYT Framework specifies to file an application for True Up of previous Control Period along with the Petition for determination of ARR-cum-

Transmission Tariff for the Control Period. As at the time of filing of MYT Petition for the fourth Control Period, Annual Accounts for the year FY 2017-18 were provisional and only six months of actual data was available for FY 2018-19. HPPTCL has filed the present Petition for approval of True Up for FY 2014-15 to FY 2018-19, post finalisation of the annual accounts of FY 2017-18 and FY 2018-19.

2.2.8. The Petitioner has submitted that as per Notification No. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh, the details of transmission lines vested with HPPTCL are as follows:

Table 4: Assets transferred from HPSEBL to HPPTCL

S. No.	Name of Existing lines	Type of line AC/HVDC	S/C or D/C	Line length (km)	Date of Commercial Operation
A	220 KV Lines				
1	220 kV D/C Bairasuil - Pong Line (LILO portion at Jassure)	AC	D/C	0.24	09-1985
2	220 kV S/C Jassure-Thein Line	AC	S/C	25.60	03-2001
3	220 kV Dehar-Kangoo Line (S/C ckt. Line on D/C tower)	AC	S/C	3.18	06-1999
4	220 kV D/C Panchkula-Kunihar Line	AC	D/C	46.72	05-1989
5	220 kV D/C Kodari-Majri Line	AC	D/C	35.02	09-1989
6	220 kV D/C Nalagarh (PGCIL)-Nalagarh Line	AC	D/C	3.50	07-2010
B	132 KV Lines				
7	132 kV S/C Giri-Kulhal Line	AC	S/C	17.40	04-1978
8	132 kV D/C Giri-Abdullapur Line	AC	D/C	16.22	08-1982
9	132 kV S/C Kangra Tap Line	AC	S/C	0.14	02-1979
10	132 kV S/C Dehar-Kangoo Line	AC	S/C	2.99	12-1998
11	132 kV D/C Shanan-Bassi Line	AC	D/C	5.00	03-1970
C	66 KV Lines				
12	66 kV Shanan-Bijni Line	AC	S/C	35.00	10-1969
13	66 kV Pinjore-Parwanoo Line	AC	S/C	8.23	04-1956
14	66 kV Pong-Sansarpur Terrace Line	AC	S/C	6.30	10-1990
15	66 kV Bhakra-Goalthai-Rakkar Line	AC	S/C	16.72	03-2006

2.2.9. Of the above 15 lines, 12 are Intra-state while 3 are Inter-state Transmission Lines as follows:

Table 5: Inter-state Lines transferred from HPSEBL to HPPTCL

S. No.	Name of Existing Inter-State lines	Type of line AC/HVDC	S/C or D/C	Line length (km)	Date of Commercial Operation
	220 KV Lines				
1	220 kV S/C Jassure-Thein Line	AC	S/C	25.60	03-2001
2	220 kV D/C Panchkula-Kunihar Line	AC	D/C	46.72	05-1989
3	220 kV D/C Kodari-Majri Line	AC	D/C	35.02	09-1989

2.2.10. As per the Petitioner, the following nine (9) Intra-state Transmission Assets have been commissioned in addition to the assets transferred from HPSEBL:

- 33/220 kV, 80/100 MVA GIS Sub-Station Phojal along with 220 kV D/C LILO Transmission Line
- 220 kV D/C Kashang Bhaba Transmission Line
- 220/66 kV Pooling station at Bhoktoo
- 220 kV D/C Charor Banala Transmission Line
- 33/220 kV, 50/63 MVA GIS Sub Station Karian Substation along with 220 kV D/C Karian Rajera Line
- 33/132 kV 31.5 MVA GIS Pooling Station Pondoh with LILO of 132 kV S/C of Larji-Bijni line
- 33/132 kV, 2x31.5 MVA sub-station at Chambi with LILO of 132 kV S/C Kangra- Dehra line
- 2x315 MVA, 220/33 kV GIS Pooling Station at Lahal, Himachal Pradesh
- 66/220/400 kV GIS Sub Station (66/220 kV, 2x80/100 MVA+220/400 kV, 2x315 MVA) at Wangtoo.

2.3. Funding of Assets transferred from HPSEBL

2.3.1. The Petitioner has submitted that the assets transferred from HPSEBL to HPPTCL have been as per the terms of "Himachal Pradesh Power Sector Reforms Transfer Scheme, 2010" Notified by government of Himachal Pradesh vide MPP-A (3)-1/2001-iv dated June 10, 2010 and quoted clause 4 of the Transfer Scheme:

"4. Transfer of functions and undertakings:

(1) With effect from date of re-vesting, the "HPSEB Ltd." shall undertake the functions of generation, distribution and trading of electricity along with all undertakings including residuary and miscellaneous assets, rights, interests and obligations which have not been specifically transferred to "HPPTCL", under the scheme or retained by the government.

(2) With effect from the date of re-vesting, the function of evacuation of power by Intra-State or Inter-State transmission lines shall be done by "HPPTCL" subject to permissible transmission system remaining part of distribution network of the "HPSEB Ltd."

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(10) As consideration for the re-vesting of the assets and liabilities, including all rights, obligations and contingencies to the Transferees as mentioned in sub-clause (1) and (2) above, shares of appropriate amount shall be issued to the State Government." {Emphasis Added}.

2.3.2. The Petitioner claimed that the capital cost of transferred assets as on 19-11-2010 was Rs.199.08 Cr. which was revised to Rs. 102.63 Cr. as per letter No. HPSEBL/F&A/A&R-55/R&M works/2014-15-1024 -25 dated 27-10-2014. The petitioner has also submitted that the written down value of the assets has been taken on books of account and amount shown as payable to Himachal Pradesh State Government/HPSEBL instead of shares being issued against the asset value. The liabilities were transferred to the audited accounts for FY 2014-15 under the head of "Long Term Provisions" payable to Govt. of HP /HPSEBL.

2.3.3. The Petitioner Submitted that with regards to the segregation of assets of HPSEBL till formation of HPPTCL, the Commission in its order dated 24-4-2012 for the True up for the First Control period FY 2008-09 to FY 2010-11 has segregated GFA, depreciation and funding into business segments of Generation, Transmission and Distribution as reproduced below:

"6.19 The revised depreciation now approved by the Commission is shown below:

Table 77: Trued-up GFA & Depreciation for the Control Period (Rs. Cr)

Particulars	FY 09	FY 10	FY 11
Opening	3698.10	4016.97	4285.22
Generation	1827.02	1827.07	1847.83
Transmission	780.26	929.27	959.50
Distribution	1090.82	1260.63	1477.90
Addition	565.97	609.22	286.58
Generation	0.05	20.76	8.84
Transmission	149.01	30.22	85.23
Distribution	169.81	217.27	83.32
Reduction	0.00	0.00	0.00
Generation	0.00	0.00	0.00
Transmission	0.00	0.00	0.00
Distribution	0.00	0.00	0.00
Closing GFA	4016.97	4285.22	4462.61
Generation	1827.07	1847.83	1856.67
Transmission	929.27	959.50	1044.73
Distribution	1260.63	1477.90	1561.22
Depreciation Rate			
Generation	2.52%	2.52%	2.52%
Transmission	2.50%	2.50%	2.50%
Distribution	2.50%	2.50%	2.50%

Particulars	FY 09	FY 10	FY 11
Depreciation	96.84	103.92	109.38
Generation	46.08	46.08	46.34
Transmission	21.37	23.61	25.05
Distribution	29.39	34.23	37.99

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Table 80: Classification of Capitalisation now approved (Rs. Cr.)

Particular	FY 2008-09	FY 2009-10	FY 2010-11
Total Capitalisation	318.87	268.25	177.39
Pre MYT Schemes	250.00	200.00	150.00
MYT Schemes	68.87	68.25	27.39

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6.25 The Commission has considered the following funding pattern for total asset capitalisation (both pre-MYT and MYT schemes, as segregation was not available)

Table 81: Capitalisation classification now approved (Rs. Cr.)

Funding	FY 2008-09		FY 2009-10		FY 2010-11	
	Loan	Grant	Loan	Grant	Loan	Grant
Transmission	149.01	0.00	30.22	0.00	85.23	0.00
Generation	0.05	0.00	20.76	0.00	8.84	0.00
Distribution	81.38	88.43	95.79	121.48	48.13	35.19
Total	230.44	88.43	146.78	121.48	142.20	35.19

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6.27 Funding details of the MYT schemes and interest now approved for the capitalization of fresh investment during the MYT Period is shown below:

Table 82: Funding Requirement and Funding now approved (Rs. Cr.)

Particulars	FY 2008-09	FY 2009-10	FY 2010-11
Funding Requirement	68.87	68.25	27.39
Consumer Contribution/Grant	22.08	21.88	8.78
Debt	46.79	46.37	18.61
Equity	0.00	0.00	0.00
New Loans taken for Capex			
Opening	0.00	42.08	66.45
Addition	46.79	46.37	18.61
Repayment	4.68	9.32	11.18
Closing	42.11	79.17	86.60
Interest Rate	10.25%	10.25%	10.25%
Interest	2.16	6.22	8.50

6.34 The Commission now approves ROE to the generation, transmission and distribution businesses at the rate of 14%, 14% and 16%, respectively, in accordance with its Tariff Regulations, as detailed in the table below:

Table 82: Trued Up RoE for the Control Period in MYT Order (Rs. Cr.)

Particulars	FY 2008-09	FY 2009-10	FY 2010-11
Equity	297.27	297.27	297.27
Generation	108.27	108.27	108.27
Transmission	79.05	79.05	79.05