



COMMISSION'S ORDER

ON

**TRUE-UP FOR FY 2022-23, MID-YEAR PERFORMANCE
REVIEW FOR FY 2023-24, DETERMINATION OF
GENERATION TARIFF FOR THE FY 2024-25**

Case No. HERC/PETITION NO. 67 of 2023

20.02.2024

HARYANA ELECTRICITY REGULATORY COMMISSION

BAYS NO. 33-36, SECTOR-4, PANCHKULA-134112

<https://herc.gov.in>

Abbreviations

Abbreviation	Description
AAC	Additional Auxiliary Consumption
A&G	Administrative & General
APDP	Accelerated Power Development Programme
AEC	Auxiliary Energy Consumption
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal for Electricity
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CIP	Capital Investment Plan
Cr.	Crore (Rs. 10 Million)
DCRTPS	Deen Bandhu Chotu Ram Thermal Power Station
DCS	Distributed Control System
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
DSI	Dry Sorbent Injection
DSM	Deviation Settlement Mechanism
EA 2003	The Electricity Act 2003 (Act 36 of 2003)
ECR	Energy Charge Rate
ERP	Enterprise Resource Planning
FGD	Flue Gas Desulphurization
FPA	Fuel Price Adjustment
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoH	Government of Haryana
GoI	Government of India
HERC	Haryana Electricity Regulatory Commission
HPGCL	Haryana Power Generation Corporation Limited
HWRA	Haryana Water Resources Authority
IndAS	Indian Accounting Standard
IoB	Indian Overseas Bank
IPP	Independent Power Producers
IWC	Interest on Working Capital
MaxDNA	Maximum Dynamic Network Architecture
MoC	Ministry of Coal, Government of India
MoD	Merit Order Dispatch
MoEF&CC	Ministry of Environment, Forest and Climate Change
MoP	Ministry of Power, Government of India
MU	Million Units
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
NIT	Notice inviting Tender
O&M	Operation & Maintenance
PFC	Power Finance Corporation
PLF	Plant Load Factor
PNB	Punjab National Bank
PPA	Power Purchase Agreement

Abbreviation	Description
PPP	Public Private Partnership
PTPS	Panipat Thermal Power Station
RCR	Road cum Rail
REC	Rural Electrical Corporation
RGTPS	Rajiv Gandhi Thermal Power Plant
RSD	Reserve Shut Down
R&M	Repair & Maintenance
SBI	State Bank of India
SCR	Selective Catalytic Reduction
SFC	Secondary Fuel Consumption
SFO	Secondary Fuel Oil
SHR	Station Heat Rate
SLDC	State Load Dispatch Centre
SNCR	Selective Non-Catalytic Reduction
SOFA	Separated Over Fire-Air
SPM	Suspended Particulate Matter
STP	Sewage Treatment Plant
TO	Tariff Order
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
WYC	West Yamuna Canal

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION

BAYS NO. 33-36, SECTOR-4, PANCHKULA-134 112

Case No. HERC/PETITION NO. - 67 of 2023

Date of Hearing : 07.02.2024
Date of Order : 20.02. 2024

QUORUM

Shri Nand Lal Sharma
Shri Naresh Sardana
Shri Mukesh Garg

Chairman
Member
Member

IN THE MATTER OF

Petition filed by the Haryana Power Generation Corporation Ltd. (HPGCL) for approval of True-up for the FY 2022-23, Mid-Year Performance Review for the FY 2023-24 and Determination of Generation Tariff for the FY 2024-2025.

AND

IN THE MATTER OF

HPGCL, Panchkula

..... Petitioner

Present

1. Shri Rajesh Verma, Director (Technical), HPGCL
2. Shri Umesh Aggarwal, Director / Technical, HPGCL
3. Shri Amit Diwan, Director (Finance), HPGCL
4. Shri Vijay Jindal, SE/Regulatory, HPGCL
5. Shri B.S. Gosain, Chief Accounts Officer, HPGCL
6. Shri Ravi Juneja, AEE, HPGCL
7. Shri Gaurav Gupta, Xen, HPPC

ORDER

- 1 The petitioner herein i.e. HPGCL, vide its Memo No. 156/HPGC/Reg-522(2023) dated 24.11.2023, has filed the present petition for approval of true-up for the FY 2022-23, and determination of Generation Tariff for the FY 2024-25 under Section 61 and 62 of Electricity Act, 2003 read with the Haryana Electricity Regulatory Commission MYT Regulations, 2019 including its subsequent amendments.
- 2 In fulfilment of the procedural requirement of the Electricity Act, 2003 and HERC (Conduct of Business) Regulations framed thereunder, the petition was hosted on the official website (s) of the Commission as well as that of the petitioner. Further, a public notice was issued by HPGCL in compliance of

section 64 (2) of the Electricity Act, 2003, in the Newspapers, having wide circulation in Haryana, for inviting objections from the General Public / Stakeholders.

Name	Language	Date of publication
The Tribune	English	30.11.2023
Dainik Tribune	Hindi	30.11.2023

A public notice communicating the last date of filing objection as well as the date of hearing was issued by the Commission in the 'Dainik Bhaskar' and 'The Tribune' both dated 13th December, 2023 and was also hosted on the Commission's website under the head 'schedule of hearing'. The petition filed by HPGCL is set out below.

3 True-up Petition for the FY 2022-23

HPGCL has filed the petition praying for truing-up of the FY 2022-23, which is based on the Audited Accounts of the company for the FY 2022-23 in line with regulation 13.1 of the MYT Regulations, 2019.

The regulation (supra) cited by the petitioner is reproduced below:-

“13. TRUING-UP

13.1 Truing-up of the ARR of the previous year shall be carried out along with mid-year performance review of each year of the control period only when the audited accounts in respect of the year(s) under consideration is submitted along with the application. In case audited accounts pertaining to the year, of which truing-up is to be undertaken, are not available, the generating company or the licensee as the case may be, shall submit the provisional account duly approved by the Board of Directors of the company/licensee.

13.2 Truing-up of uncontrollable items shall be carried out at the end of each year of the control period through tariff resetting for the ensuing year and for controllable items shall be done only on account of force majeure conditions and for variations attributable to uncontrollable factors.

13.3 The Commission shall allow carrying costs for the trued-up amount (positive or negative) at the interest rates specified in these Regulations by adjusting the interest allowed on the working capital requirement for the relevant year of the control period. Upon completion of the mid-year performance review and truing up in accordance with these regulations, the Commission shall pass an order recording:

(a) *The revised ARR for such financial year including approved modifications, if any;*

(b) *Holding cost for under/over recovered amount from the close of the relevant year and up to the middle of the ensuing year of the control period whereupon the trued-up amount has been adjusted by appropriate resetting of tariff in accordance with regulation 13.4, calculated as additional borrowing for working capital for that period.*

Provided that no carrying cost shall be allowed on account of delay in filing for true-up due to unavailability of the audited accounts

13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.”

The petitioner (a generating company as defined in the Electricity Act, 2003), has cited the following regulation for recovery of Fixed Cost/Capacity charges:-

“30. RECOVERY OF ANNUAL FIXED CHARGES (CAPACITY) CHARGES FOR THERMAL POWER PROJECTS

(a) The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations. Payment of capacity charge by the beneficiaries shall be on monthly basis in proportion to allocated / contracted capacity. The total capacity charges payable for a generating plant shall be shared by its beneficiaries as per their respective percentage share / allocation in the capacity of the generating plant;

(b) A generating plant shall recover full capacity charge at the normative annual plant availability factor specified by the Commission. Recovery of capacity charge below the level of target availability shall be on pro-rata basis.....”

In view of the above statute, HPGCL has averred that the regulation (supra) clearly lays down the methodology for recovery of the fixed cost components of the tariff as per the availability of the power plants and the True-up is also required between “Recovered” as per plant availability and ‘Actual’ as per the Audited Accounts. Therefore, in the present petition True-up has been proposed on “Recovered” vis-a-vis “Actual”.

The component wise true-up, as calculated and proposed by the petitioner herein, is as under: -

3.1 True-up of Operation and Maintenance (O&M) expenses

The petitioner has submitted the Commission had approved O&M Expenses, comprising of Employees Cost including retiral benefits, R&M and A&G expenses of Rs. 812.13 Cr for the FY 2022-23, out of which O&M expenses amounting to Rs. 791.24 crore could only be recovered. The total actual O&M Expenses, as per audited accounts for FY 2022-23, (excluding solar business of Rs 0.81 Cr) has been Rs. 1182.52 Cr., as tabulated below: -

Particular	FY 2022-23 (HERC Approved) 1	FY 2022-23 (Recovered) 2	FY 2022-23 (Audited) 3	Variance 4 = (3-2)	True-Up claimed 5
Employee Cost	632.84	616.62	847.79	231.17	231.17
Repair & Maintenance	157.37	153.39	306.78	153.39	153.39
Administrative & General	21.92	21.23	27.95	6.72	6.72
Total	812.13	791.24	1182.52	391.28	391.28

The petitioner has submitted that significant gap between the approved amount, recovered amount and actual amount on account of O&M expenses is on account of the increase in uncontrollable expenses towards employee cost including terminal liabilities & lower plant availability of RGTPS i.e. 83.89% Unit 1 & 73.34% Unit 2, as against the benchmark norm of 85% at which the entire fixed cos including O&M expenses are recoverable. As a corollary any slippage in the annual plant availability reduces the actual recovery of fixed cost.

It has been submitted that the Hon'ble Commission approved Employees Cost for the FY 2022-23 at Rs. 632.84 Crore, whereas, the actual employee cost for FY 2022-23, as per audited accounts, is Rs. 585.35 Crore which is inclusive of net Defined Benefit liability (terminal liability) of Rs. 267.73 Crore towards employees as per the 'Actuarial Valuation' Report submitted by the independent actuary viz. M/s A. Balasubramanian, Senior Consultant and Actuary, appointed for carrying out the requisite Actuarial valuation. HPGCL in its disclosure at Point 2, Page 42 of the Audited Accounts for the FY 2021-22 in the previous year ARR (page no 128) has already apprised that the total defined terminal liabilities stand at Rs 664.51 Crore which was a significant

increase over the previous year. Thus, as guided by the Hon'ble Commission in the past, to cushion the impact of increase over the previous year in terminal liabilities, restricted the recovery of the same to the level of FY 2020-21 at Rs 402.07 Cr. Thus, under recovery of Rs 262.44 Cr was there in the said year, which is now being claimed as part of Terminal benefits in the FY 2022-23. The trend of Terminal Liability of HPGCL as per the report of the independent Actuary from the FY 2017-18 onwards is as under: -

S. No.	Financial Year	Amount in Cr.
1	2017-18	485.01
2	2018-19	688.45
3	2019-20	356.68
4	2020-21	402.08
5	2021-22	402.07
6	2022-23	526.17*

*inclusive of deferred liability of Rs 262.44Cr.

On a perusal of the above, it is observed that the year to year valuation of the retiral benefits, over a period spanning six years is highly erratic despite the fact that no new capacity has been added and parameters like rate of inflation, attrition rate, annual increment, pay structure etc. may not have changed to the extent to disrupt the linearity in valuation.

HPGCL has submitted that it is bound by rules and regulations of the State Government pertaining to employee's benefits (pay structure, D.A., annual increment @ 3%). Any revision, in the pay structure of its employees is beyond the control of the HPGCL and falls under Regulation 8.3.8(b). All these factors lead to an increase in the employees cost of HPGCL. Terminal liability is an 'uncontrollable' expenditure under Regulation 8.3(b) of the MYT Regulation 2019 and the same is therefore admissible for true-up. Accordingly, it has been prayed that this Hon'ble Commission may allow the net true up of Rs. 231.17 Cr. towards Employee Cost on actual basis, as reflected in the Audited Accounts for the relevant year.

The petitioner has averred that O&M expenses, other than employee cost, i.e. R&M and A&G expenses approved by the Commission for the FY 2022-23 was Rs 157.374 Crore & Rs 21.92 Crore respectively. However, the amount recovered by HPGCL has been Rs. 153.39 Cr and 21.23 Cr, respectively. The actual R&M and A&G expense for the year is Rs. 306.783 Cr (excluding solar business of Rs 0.81 Cr) and Rs 27.946 Cr., respectively.

HPGCL has submitted that increase in R&M amount is primarily attributable

to the following factors: -

- a) Increase in water charges on account of notification of Haryana Water Resources (Conservation, Regulations and Management) Authority, Panchkula (herein referred as “HWRA”). The Hon’ble Commission, in its order dated 25.01.2023, had directed as under: -

“Further, impact of additional water charges on account of HWRA notification shall be considered by the Commission, during true-up of the FY 2023-24.”

(CF. page 65 of order dated 25.01.2023).

The increase in water charges as per notification of HWRA, generating unit wise is tabulated as under: -

Plant	Financial Implication on account of Increase in water charges (in Rs Cr)
PTPS	9.51
DCRTPS	9.55
RGTTPS	7.00
Total	26.06

- b) It has been submitted that R&M and A&G expenses of PTPS units was capped by the Hon’ble Commission at 50% for PTPS Units; the same may be allowed under true up, on account of increase in scheduling of power from PTPS power plants (6,7,8) by the Discoms, as per the previous order of the HERC dated 25.01.2023. The amount pertaining to 50% of PTPS Units works out to be Rs 43.023 Cr. It has been reiterated that the increase in R&M & A&G expense are primarily on account of increase in scheduling of HPGCL Units on account of higher demand from the DISCOMs for onward supply to the electricity consumers of Haryana.
- c) The cost of operating coal handling plant.
- d) Additionally, the petitioner has submitted that the Coal Handling plant (CHP) expense amounting to Rs 67.19 Cr has been booked under O&M expense. HPGCL has claimed for the same as part of O&M expenses. However, it has been submitted that an appeal filed in the Hon’ble Appellate Tribunal for Electricity, in the matter, is presently pending for adjudication.

Further, HPGCL has cited regulation 13.4 of the HERC MYT Regulations, 2019, as under:-

“13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control

period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.”

The petitioner has prayed that the Hon’ble Commission may allow the true up of the O&M expenses amounting to Rs. 391.258 crore (Employee cost of Rs 231.17 Cr, R&M expenses of Rs 153.39 Cr and A&G expense of Rs 6.72 Cr.).

3.2 True-up of Depreciation

HPGCL has submitted that actual depreciation amount of HPGCL for the FY 2022-23, as per the audited accounts, excluding solar business of Rs. 3.15 crore, is Rs 334.28 Cr. The Hon’ble Commission, in its orders dated 31.10.2018 & 07.03.2019, has estopped HPGCL from claiming depreciation on spares and dismantling cost on account of IndAS. It has been submitted by HPGCL that depreciation on capitalization of spares and decommissioning cost for FY 2022-23 in accordance IndAS, works out to Rs. 5.77 Cr & Rs. 10.70 Cr. respectively. Thus, HPGCL in compliance with aforesaid directives, has excluded a sum up to Rs 16.47 Cr. (5.77+10.70) from its true up claim of Depreciation. Accordingly, the net allowable Depreciation for the FY 2022-23, exclusive of solar business, and depreciation on spares and decommissioning cost works out to Rs. 317.81 Cr (334.28-16.47). The HERC approved depreciation for the FY 2022-23 was Rs. 324.82 Cr.

The variation in the approved depreciation and net allowable depreciation for the FY 2022-23 is presented in the table below: -

Rs. Crore									
S. No	Unit	Approved	Actual as per audited accounts*	Dep. on GAAP Spares	Dep. on account of Ind AS	Net allowable dep.	Recovered Dep.	Variance	True up claimed
A	B	C	D	E	F	G=(D-E-F)	H	I=(G-H)	J
1	PTPS -6	0.46	1.95	0.08	1.31	0.56	0.46	0.10	0.10
2	PTPS -7-8	53.95	56.76	0.47	4.32	51.97	53.95	(1.98)	(1.98)
3	DCR TPS 1-2	56.13	58.26	1.22	1.42	55.62	56.13	(0.51)	(0.51)
4	RGT PS 1-2	206.54	211.48	4.00	3.67	203.81	191.04	12.77	12.77
5	Hyde 1	7.74	5.83		(0.02)	5.85	7.74	(1.89)	(1.89)
	Total	324.82	334.28	5.77	10.70	317.81	309.32	8.49	8.49

Note: depreciation on account of Solar Business of Rs. 3.15 Cr. Has been excluded.

HPGCL has submitted that it could not recover Rs 8.49 Crore against the

actual depreciation of the HPGCL Units due to shortfall in the availability of RGTPS vis-à-vis the regulatory norms.

In view of the above, HPGCL has prayed that the Hon'ble Commission may approve Rs 8.49 Cr. as true-up of depreciation for the FY 2022-23.

3.3 True-up of Interest Expenses

The petitioner has submitted that as against the interest and finance charges on loan of Rs. 73.74 Crore approved by the Hon'ble Commission for the FY 2022-23, the actual amount incurred, as per the audited accounts, is Rs. 24.14 Crore (net of interest of Rs. 1.32 Crore on account of Solar Business).

HPGCL has submitted that saving in the Interest and Finance Charges has been achieved due to the restructuring of its loan portfolio & advance payments made by HPGCL by adopting prudent financial management. Refinancing cost of such restructuring has already been allowed and adjusted by the Hon'ble Commission in its previous Tariff Orders.

Interest and Finance charges for FY 2022-23 as per pre-restructuring Loan portfolio (excluding solar business) is as under: -

(Rs. Cr.)

Particulars	Rate of Interest	Opening Bal	Drawls during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10%	27.13	0.00	6.78	20.35	1.44
SBI DCRTPS YNR – PFC takeover	12.50%	271.38	0.00	120.64	150.74	26.38
REC	12.25%	350.44	0.00	75.60	274.84	38.30
State Bank of India (RGTPS) – PFC Takeover	11.45%	336.66	0.00	101.64	235.02	32.73
APDP Loan	12.50%	2.81	0.00	0.15	2.66	0.66
Punjab National Bank (Andhra Takeover)	8.65%	0.00	0.00	0.00	0.00	0.00
Punjab National Bank (Andhra Takeover Hisar)	8.65%	0.00	0.00	0.00	0.00	0.00
Punjab National Bank (REC Takeover)	12.25%	81.73	0.00	20.52	61.21	8.75
NABARD	5.25%	22.99	0.00	11.50	11.49	1.32
Total		1093.13	0.00	336.83	756.30	109.60

* Total Interest during the year as per the submissions of the petitioner, excluding solar business, is Rs. 108.28 Cr (Rs. 109.60 crore – Rs. 1.32 crore)

Actual Loan Portfolio and Int. & Fin. Charges for FY 2022-23 (Rs. Cr.)

Particulars	Rate of Interest (%)	Opening Bal	Additions during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10	27.13	0.00	6.78	20.35	1.44
REC	7.75	302.35	0.00	75.60	226.75	22.02
APDP Loan	12.50	2.81	0.00	0.15	2.66	0.67
NABARD*	5.25%	22.99	0.00	11.50	11.49	1.32 *
Total		355.28	0.00	94.03	261.25	25.46

*Solar business

HPGCL has submitted that in line with the Hon'ble Commission's Tariff order dated 22.02.2022, it is proposing to pass on 50% of the savings on interest and finance charges to the beneficiaries i.e. Haryana Discoms on account of restructuring of loan and to consider the true up of interest & finance charges as given in the table below: -

(Rs. Crore)

Particular	Approved interest & Finance Charges	Actual interest & Finance Charges	Pre-restructuring interest & Finance Charges	Savings on account of restructuring of loan	Allowable interest & Finance charges	Recovered by HPGCL	True-up
1	2	3	4	5= 4-3	6=3+50 % (5)	7	8=6-7
Int.& Fin. Charges (A)	73.74	24.14	108.28	84.14	66.21	69.55	(3.34)
Int. On Normative Debt(B)	0	0	0		0.23		0.23
Total True up of Int.& Fin. Charges(A+B)	73.77	24.14	108.28	84.14	66.44	69.55	(3.11)

HPGCL therefore, has requested to true-up of interest & finance charges to the tune of Rs 3.11 Cr. (-).

3.4 True-up of Return on Equity (RoE)

The petitioner has not claimed any true-up on account of RoE and has submitted the details of opening equity, equity addition and required return of equity considered, unit-wise, for the FY 2022-23, as under:

Rs. Crore

Plants	Opening	Additions	Closing	RoE
PTPS - 6	156.84	0.04	156.882	15.69
PTPS - 7	218.04	0.05	218.089	21.81
PTPS - 8	218.02	0.29	218.309	21.82
DCRTP-1	251.421	0.26	251.680	25.16
DCRTP-2	251.371	0.26	251.630	25.16
RGTP-1	494.889	1.58	496.468	49.57
RGTP-2	493.014	1.58	494.593	49.38
Hydel	18.355		18.355	1.84
Total	2101.95	4.057	2,106.007	210.40

Rs. Crore

HERC Approved RoE(A)	Actual (B)	Recovered (C)	Variance in RoE cost (B-C)	True-up (E)
211.15	210.40	203.70	6.70	-

3.5 True-up of cost of Secondary Fuel Oil (SFO)

HPGCL has submitted that the Hon'ble Commission in its order dated 25.01.2023, had directed that secondary fuel oil does not form part of true up

and needs to be adjusted as per Regulation 29 of the HERC MYT Regulations. Hence, cost of Oil has not been proposed under True -up.

3.6 True up of interest on working capital (IWC)

HPGCL has submitted that the Hon'ble Commission, in its Order dated 22.02.2022, regarding generation tariff for the FY 2022-23 had allowed interest on working capital amounting to Rs. 103.729 crore, considering average prices coal and oil, as proposed by it. However, there has been variation in prices of coal and oil during the FY 2022-23. Therefore, while computing the truing-up of working capital for the FY 2022-23, the actual rate of coal prevailing in FY 2022-23 has been considered.

Due to variation in Fuel prices, the actual interest on working capital for the FY 2022-23, as per the approved norms of the Hon'ble Commission, has increased to Rs 133.93 Cr as against the approved interest on working capital of Rs 103.729 Cr.

HPGCL has submitted that in the FY 2022-23, it has imported coal and also purchased RCR coal to meet the demand place by the beneficiaries, being unprecedented rise in demand of power. This has led to increase in IWC. Thus the actual increase in IWC ought to be allowed while undertaking true up for this component. HPGCL has incurred an expenditure of Rs 1652 Cr approx. for alternate coal, out of which Rs 1140.92 Cr has been arranged by taking short term loan (STL) from PFC & REC. The balance of Rs 511 Crore has been availed through the available Cash Credit limits. Thus, the total implication of IWC on account of STL works out to be Rs 35.16 Crore and from using Cash Credit is Rs 13.41 Crore, thus the additional implication of interest on account of imported coal is Rs 48.57 Crore.

The RCR coal also have additional financial implication on account of coal on "As is Where is basis" and the generator has to arrange transportation for the same till the railway siding. Thus, the total additional interest implication of additional burden of imported and RCR coal turns out to be Rs 54.24 Cr (Imported Rs 48.57 Cr + RCR Rs 5.67Cr).

The revised allowable IWC as per Regulation 22.2 of MYT 2019 has increased, as presented in the table below:

Rs. crore

S. No.	Particular	HERC Approved IWC (Rs. Cr) @ 8.50%	Normative(Revised) IWC (Rs. Cr) @ 8.60%
1	Coal Stock	468.483	605.51
2	Oil Stock	4.032	4.03
3	O&M Expenses	67.678	67.68
4	Maint. Spares	80.505	80.50
5	Receivables	599.646	738.76
6	Total W/C Requirement	1220.343	1496.48
	Int. on W/C	103.729	128.70

The table below summarizes True-up of interest on working capital for FY 2022-23.

Rs. crore

Particular	HERC Approved IWC (Rs. Cr.) @ 8.50% (A)	Normative IWC (Rs. Cr.) @ 8.60% (B)	Actual Audited IWC (C)	Recovered IWC (D)	True-up Rs. Cr. E=C-D
Interest on working capital	103.729	128.70	133.93	99.78	34.15

3.7 Non-Tariff Income

Detail of Other Non-operating income included in the 'other income' as per the Audited Balance Sheet for the FY 2022-23 is as under:

Non-Tariff Income for FY 2022-23 (Rs. Cr.)

Particulars	Amount (Rs. in crore)
Income from sale of scrap	7.03
50% of other income	1.225
Total	8.255

HPGCL has submitted that certain under recoveries are on account of metallurgical degradation due to past meagre scheduling by the Discoms, which leads to under recovery of some tariff components under fixed cost. Accordingly, HPGCL has prayed that it may be allowed to retain the non-operating income to cushion the impact of under recoveries.

3.8 Total True-up for the FY 2022-23

A summary of the True-up claims as proposed by the HPGCL is presented in the table below: -

(Rs. Crore)

O&M Expenses	Depreciation	Oil Expense	IWC	Interest & Fin. Charges	RoE	Non-Tariff Income	Total True-up (Cr.)
391.28	8.49	-	34.15	(3.11)	-	-	430.81

In addition to the above claim, the petitioner has prayed that the Hon'ble

Commission may allow carrying cost on the trued-up amount as per the MYT Regulations along with late payment surcharge, in the case of any delay in realization of payments beyond the stipulated time from the DISCOMs in accordance with regulation 43 of the HERC MYT Regulation 2019.

4 Capital Investment Plan (CIP)

4.1 It has been submitted by the petitioner that the Hon'ble Commission, vide its Order dated 25.01.2023 (PRO 64 of 2022), had approved CIP as under: -

Sr No	Capital Expenditure Work	(Rs. Crore)		
		2022-23	2023-24	2024-25
	Year			
1	ERP System and allied works		18.45	12.81
2	Data Centre, Data Recovery centre etc. for ERP Solution		3.94	6.90
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar		4.43	5
4	Construction of 2 no. Barracks for CISF for RGTPP Hisar	0.71		
5	Installation of CCTV surveillance System in RGTPP Hisar	1.65		
6	Construction of DAV school in power plant colony for RGTPS Hisar			6.87
7	Improvement work of Cooling Towers of RGTPP Unit I & II			6
8	Up gradation of C&I system for RGTPP Hisar	3	8.00	
9	Procurement of ID fan blades, RGTPP	0.82		
10	Replacement of 03 Nos. Fire Tenders at RGTPP	1.2		
11	Up gradation of hardware and software of PLC at RGTPP, Khedar	4	3.00	
12	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar	3.35		
13	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar		2.00	
14	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55		
15	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65		
16	Revival of Fire Fighting System of Unit6, PTPS, Panipat		0.600	
17	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana		0.952	
18	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		4.600	
19	Energy Management System PTPS Unit- 7-8		1.22	
20	Modernization of Boiler Lift for PTPS Unit 8	0.80		
21	Replacement of 02 Nos. Fire Tenders at PTPS Panipat		0.44	
22	Renovation of centralized AC System of Unit-7&8, PTPS Panipat		1.80	
23	Replacement of 8" water lines around the circular road in PTPS, Colony	0.49		
24	Township for DCRTTPP, Yamunanagar		2.36	
25	Refurbishment of BFP Cartridge: DCRTTPP, Yamuna Nagar	1.55		
26	Purchase of 01 no. Runner Hub without blades and new set of guides vanes-WYC		7	
27	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted		1.91	

28	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at various sites of PTPS		5.65	
29	EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totalling to Rs 3.2 Crore (approximately)		3.20	
	TOTAL	18.77	69.552	37.58
	GRAND TOTAL		125.902	

4.2 The petitioner has submitted that there are certain variations in the actual vis-à-vis approved CAPEX mainly due to revision in the overhauling schedule/ financial prudence and some of the schemes have been completed/surrendered/dropped in the FY 2022-23, as tabulated below: -

Sr No	Completed/Dropped Schemes	Amount (Rs. Cr.)	Remarks
4	Construction of 2 no. Barracks for CISF for RGTPP Hisar	0.71	Work Completed
5	Installation of CCTV surveillance System in RGTPP Hisar	1.65	Work Completed
12	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar	3.35	Work Completed
11	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	3.83	The upgradation work of PLCs of DM Plant, CHP, AHP, ESP-I&II & Wagon Tippler/Stacker-Reclaimer for Rs. 3.83Cr has been completed in 2022-23 and the proposed upgradation of remaining PLCs will be carried out in the year of 2023-24.
15	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65	Work Completed
20	Modernization of Boiler Lift for PTPS Unit 8	0.80	Work Completed
23	Replacement of 8" water lines around the circular road in PTPS, Colony	0.49	Work Completed
25	Refurbishment of BFP Cartridge, DCRTPP	1.55	Work Completed

4.3 That in view of the above, the revised schedule of capitalization of the remining capital works is presented below for kind consideration and approval of the Hon'ble Commission.

SNo	Capital Expenditure Work Year	(Rs. Crore)		
		2022-23	2023-24	2024-25
1	ERP System and allied works		29.52	
2	Data Centre, Data Recovery centre etc. for ERP Solution		6.68	
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar	4.43	5.00	
4	Construction of DAV school in power plant colony for RGTPS Hisar	0.95	0.60	
5	Improvement work of Cooling Towers of RGTPP Unit I & II	6.00		
6	Up gradation of C&I system for RGTPP Hisar	9.50	-	-
7	Procurement of ID fan blades, RGTPP	0.82		
8	Replacement of 03 Nos. Fire Tenders at RGTPP	-	1.77	-
9	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	3.00	-	-
10	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar	2.00	-	-

11	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55		
12	Revival of Fire Fighting System of Unit6, PTPS, Panipat	0.600	1.45	
13	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana.		0.952	
14	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		21.60	
15	Energy Management System PTPS Unit- 7-8	1.09		
16	Replacement of 02 Nos. Fire Tenders at PTPS Panipat	0.85		
17	Renovation of centralized AC System of Unit-7&8, PTPS Panipat	1.65		
18	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at various sites of PTPS	5.65		
19	Township for DCRTPP, Yamunanagar		2.36	
20	Purchase of 01 no. Runner Hub without blades and new set of guide vanes-WYC		7.00	
21	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted	1.91		
22	EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totalling to Rs 3.2 Crore (approximately)		3.2**	
	TOTAL	39.00	80.13	0
	GRAND TOTAL		119.132	

** HPGCL is exploring the options to have EV Charger under PPP mode, so the impact under Capex, be avoided. Therefore, HPGCL is presently not proposing any amount under CAPEX for the same in present ARR.

5 HPGCL's Proposed Technical Parameters

5.1 NAPAF (Normative Annual Plant Load Factor)

The petitioner has submitted that its power plants are presently being optimally scheduled and expects scheduling on the same patterns in the ensuring financial year as well. Accordingly, HPGCL proposes the NAPAF for all thermal Units for the FY 2023-24 in line with Hon'ble Commission's Tariff Order dated 25.01.2023 and for the FY 2024-25 in line with HERC MYT Regulation, 2019, in vogue, as under: -

SN	Unit No.	HERC Approved	Proposed	
		FY 23-24	FY-23-24	FY 24-25
1	PTPS 6	85.00%	85.00%	85.00%
2	PTPS 7	85.00%	85.00%	85.00%
3	PTPS 8	85.00%	85.00%	85.00%
4	DCRTPP 1	85.00%	85.00%	85.00%
5	DCRTPP 2	85.00%	85.00%	85.00%
6	RGTPP 1	85.00%	85.00%	85.00%
7	RGTPP 2	85.00%	85.00%	85.00%
8	WYC Hydel	43.00%	43.00%	43.00%

5.2 Auxiliary Energy Consumption

HPGCL has proposed auxiliary energy consumption for the FY 2024-25 in line with the MYT Regulations 2019 and for the FY 2023-24 in line with the approval already granted vide order dated 22.02.2022.

HPGCL has submitted that the auxiliary energy consumption approved by the Hon'ble Commission for the FY 2023-24 and proposed by HPGCL for the FY 2023-24 and FY 2024-25, are as under: -

S. N	Unit #	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	9.00%	9.00%	9.00%
2	PTPS 7	8.50%	8.50%	8.50%
3	PTPS 8	8.50%	8.50%	8.50%
4	DCRTPS 1	8.50%	8.50%	8.50%
5	DCRTPS 2	8.50%	8.50%	8.50%
6	RGTPS 1	6.00%	6.00%	6.00%
7	RGTPS 2	6.00%	6.00%	6.00%
8	WYC HEP	1.00%	1.00%	1.00%

5.3 Secondary Fuel Oil Consumption (SFC)

Secondary fuel consumption proposed by HPGCL is in line with the HERC MYT Regulations as below: -

S.N	Unit #	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	1.00	1.00	1.00
2	PTPS 7	0.50	0.50	0.50
3	PTPS 8	0.50	0.50	0.50
4	DCRTPS 1	0.50	0.50	0.50
5	DCRTPS 2	0.50	0.50	0.50
6	RGTPS 1	0.50	0.50	0.50
7	RGTPS 2	0.50	0.50	0.50

Station Heat Rate (SHR)

The SHR for the FY 2024-25 is proposed by HPGCL as per norms specified in the HERC MYT Regulation, 2019 is as under: -

S.N	SHR (kcal/kWh)	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	2550	2550	2550
2	PTPS 7	2500	2500	2500
3	PTPS 8	2500	2500	2500
4	DCRTPS 1	2344	2344	2344
5	DCRTPS 2	2344	2344	2344
6	RGTPS 1	2387	2387	2387
7	RGTPS 2	2387	2387	2387

5.4 Gross Calorific Value (GCV) and Price of Coal

HPGCL has proposed GCV, cost of coal and Secondary Fuel (Oil) for the FY 2024-25 as per the actual weighted average calorific value of coal and landed cost of oil, during April to September of the FY 2023-24, as under: -

GCV & Coal Cost (FY 2024-25)

Particulars	PTPS-6	PTPS-7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Coal (kcal/Kg)	3441	3486	3186	3269
Average landed cost of coal (Rs. /MT)	5501.22	5770.75	5201.73	5362.79

GCV & Oil Cost (FY 2024-25)

Particulars	PTPS	DCRTPS	RGTPS
Gross Calorific Value of Oil (kcal/l)	9648	9347	9398.35
Average landed cost of Oil (Rs. /Kl)	74391.37	74756.37	72389

5.5 Energy Charge Rate (ECR) / Fuel Cost

HPGCL has computed ECR as per Regulation 31 of the MYT Regulations, 2019, on the basis of actual fuel consumed on blended basis from April, 2023 to September, 2023 as tabulated below: -

HPGCL'S Computation of ECR (FY 2024-25)

Fuel Cost	Generation (Ex-bus) in MU	Per Unit Variable cost Rs/ Unit
PTPS – 6	1422.931	4.545
PTPS – 7	1703.273	4.555
PTPS – 8	1703.273	4.555
DCRTPS 1	2043.927	4.215
DCRTPS 2	2043.927	4.215
RGTPS-1	4199.544	4.196
RGTPS-2	4199.544	4.196

6 Annual Fixed Cost

The petitioner has proposed fixed cost for the FY 2024-25 in line with the HERC MYT Regulations, 2019, as amended from time to time.

6.1 Operation and Maintenance Expenses (O&M)

HPGCL has submitted that the Commission has notified the norms for O&M Expenses (in Rs. Lac per MW) for the FY 2024-25 under Regulation 28 of HERC MYT Regulations, 2019 as amended from time to time. Accordingly, the O&M expense for FY 2024-25 has been proposed as under:-

S.N	Unit No	HERC Approved	Proposed as per MYT,2019
		FY 23-24	FY 24-25
1	PTPS 6	106.820	109.96
2	PTPS 7	110.753	114.00
3	PTPS 8	110.753	114.00
4	DCRTPP 1	118.200	121.65
5	DCRTPP 2	118.200	121.65
6	RGTPP 1	143.157	147.36
7	RGTPP 2	143.157	147.36
8	WYC	29.172	30.03
	Total	880.212	906.01

6.2 Depreciation

HPGCL has submitted that the depreciation amount has been considered only for the Capex schemes that has been completed during the year as per the HERC MYT Regulations. Opening Gross Fixed Assets (GFA) for the FY 2024-

25 is as per the Fixed Asset Register (FAR) of FY 2022-23 and closing GFA for FY 2024-25 is after considering the addition of the Capex scheme completed in the respective years as tabulated below:

Gross Fixed Assets for FY 2024-25 (Rs. Crore)							
S. N	Unit #	GFA as on 01.04.22	Addition FY 2022-23	Deletion FY 2022-23	Addition FY 2023-24	Addition FY 2024-25	GFA as on 31.03.2025
1	PTPS – 6	999.76	0.16		2.52	25.13	1027.573
2	PTPS – 7	947.19	0.25	-	3.66	4.53	955.627
3	PTPS – 8	957.31	1.71	-	3.66	4.53	967.206
4	DCRTPP-1	1151.02	2.65	0.34	0.96	5.94	1160.225
5	DCRTPP-2	1148.36	0.80	0.34	0.96	5.94	1155.715
6	RGTPP-1	2200.19	9.06	-	13.63	12.66	2235.535
7	RGTPP-2	2176.26	5.04	-	13.63	12.66	2207.585
8	Hydel	208.85	1.39	0.01		7.88	218.11
	Total	9788.95	21.06	0.70	38.996	79.26	9927.576

HPGCL has submitted that the Hon'ble Commission, in its earlier order, has disallowed certain capitalization. Accordingly, admissible GFA has been computed, as per details given below: -

Unit	GFA as on 01.04.2023 exclusive of Ind AS	Disallowances – GAAP spares	Allowable GFA as on 01.04.2023	Addition during 2023-24	Allowable GFA as on 01.04.2024	Addition during 2024-25	Allowable GFA as on 01.04.2025
PTPS – 6	999.92	1.07	998.85	2.52	1001.37	25.13	1026.50
PTPS – 7	947.44	2.35	945.10	3.66	948.75	4.53	953.28
PTPS -8	959.02	5.53	953.49	3.66	957.15	4.53	961.68
DCRTP-1	1153.33	13.65	1139.68	0.96	1140.64	5.94	1146.57
DCRTP-2	1148.81	13.65	1135.17	0.96	1136.12	5.94	1142.06
RGTPP-1	2209.25	37.76	2171.49	13.63	2185.11	12.66	2197.77
RGTPP-2	2181.30	37.76	2143.54	13.63	2157.17	12.66	2169.83
Hydel	210.23		210.23	-	210.23	7.88	218.10
Total	9809.31	111.76	9697.55	39.02	9736.54	79.26	9815.80

The depreciation rate has been applied as per the rate notified in the HERC, MYT Regulations, 2019. HPGCL has further submitted that the Hon'ble Commission, in its order dated 31.10.2018 & 07.03.2019, had directed HPGCL not to claim depreciation on such disallowed capitalization (spares and decommissioning cost). Thus, HPGCL in compliance with the aforesaid

directives has excluded such depreciation. The details are tabulated below: -

Allowable GFA for FY 2024-25 (Rs. In crore)

S.No.	Unit	Actual Depreciation	Depreciation on GAAP spares	Depreciation on account of Ind AS	Net allowable depreciation
A	B	C	D	E	F = C- (D+E)
1	PTPS - 6	16.07	0.08	1.31	14.68
2	PTPS - 7	30.59	0.15	1.82	28.62
3	PTPS - 8	33.17	0.32	2.48	30.36
4	DCRTPP-	29.03	0.61	0.53	27.89
5	DCRTPP-	30.01	0.61	0.89	28.51
6	RGTPP-1	50.28	1.23	0.57	48.48
7	RGTPP-2	52.89	1.23	0.73	50.93
8	Hydel	6.14	-	-	6.14
	Total	248.18	4.25	8.33	235.60

It has been further submitted that the Commission in its Order dated 31.10.2018 had directed HPGCL to maintain a memorandum accounts of allowed capitalization, spares and decommissioning cost capitalized, depreciation and net block of fixed assets. HPGCL has maintained the memorandum accounts as directed by the Hon'ble Commission.

6.3 Interest & Finance Charges

HPGCL has submitted that the Hon'ble Commission has approved loan portfolio for HPGCL from time to time based on the approved Capex. Further, HPGCL by using its financial prudence has been successful in restructuring its loan portfolio to reduce its interest and finance charges.

It has been submitted that HPGCL is expecting to incur interest and finance charges amounting to Rs 19.60 Cr. in the FY 2024-25 while the interest and finance charges for FY 2024-25 pre-restructuring was Rs 44.19 Cr.

Therefore, saving of Rs 24.59 Cr (Rs 44.19 – 19.60 Cr.) in the interest and finance charges due to diligence and efficient financial management of HPGCL. According to Clause 21.1 (v) of the HERC MYT Regulations 2019, HPGCL is eligible for incentive on the net savings resulting from restructuring of loan. Accordingly, HPGCL requests the Commission to approve interest expenses including incentive (50% of savings from restructuring) for FY 2024-25.

An amount of Rs. 5.43 crore of the equity contribution has been considered as normative debt @ 8.5% as per Regulation 19.2(b) of the HERC MYT Regulations 2019. The normative interest expense is estimated at Rs 23 lacs.

The same has been added to the interest and finance charges for the purpose of tariff computation of FY 2024-25.

The interest and finance charges computed based on the above submissions are presented below:

Interest and finance charges (Rs. Cr.) for FY 2024-25

	Int. & Fin. Charges post restructuring	Int. & Fin. Charges pre-restructuring	Savings due to restructuring	Incentive (50% of savings)	Total interest expense	Interest expense on normative loan	Final Interest Expense
1	2	3	4= (3-2)	5=50% of 4	6= (2+5)	7	8=6+7
PTPS 6	1.95	1.95	0	0	1.95	-	1.95
PTPS 7	0.63	0.65	0.03	0.01	0.64	0.01	0.65
PTPS 8	0.63	0.65	0.03	0.01	0.64	0.01	0.65
DCRTPP-1	0.55	1.52	0.97	0.49	1.03		1.03
DCRTPP-2	0.55	1.52	0.97	0.49	1.03		1.03
RGTPP-1	7.37	18.67	11.30	5.65	13.02	0.11	13.13
RGTPP-2	7.37	18.67	11.30	5.65	13.02	0.11	13.13
WYC Hydel	0.55	0.55		-	0.55	-	0.55
Total	19.60	44.19	24.59	12.30	31.90	0.23	32.14

6.4 Return on Equity (RoE)

HPGCL has submitted that the Hon'ble Commission, in its Order dated 25.01.2023, has approved RoE @ 11.67% for thermal power plants and 12.67% for HEP. However, the 2nd amendment to Regulation 20 of the HERC MYT Regulations, 2019, specifies that RoE that can be claimed is up to 12% for thermal plants and up to @ 13% for hydro plants.

Accordingly, the equity deployed in the generation business and RoE claimed thereto for the FY 2024-25 is as under: -

Details of Equity Deployed in FY 2024-25 (Rs Cr.)

Sr. No.	Unit#	Closing FY 2022-23	Additions FY 2023-24	Additions FY 2024-25	Closing FY 2024-25	Proposed RoE @ 12%/13%
1	PTPS - 6	156.882	0.76	7.54	165.18	19.37
2	PTPS - 7	218.089	1.10	1.36	220.54	26.38
3	PTPS - 8	218.309	1.10	1.36	220.76	26.41
4	DCRTPS-1	251.680	0.29	1.78	253.75	30.34
5	DCRTPS-2	251.630	0.29	1.78	253.70	30.34
6	RGTPS-1	496.468	4.09	3.80	504.35	60.29
7	RGTPS-2	494.593	4.09	3.80	502.48	60.07
8	Hydel	18.355	-	2.36	20.72	2.57
	Total	2,106.007	11.70	23.78	2,141.48	255.75

6.5 Interest on Working Capital (IWC)

HPGCL has submitted that Regulation 22.1 of HERC MYT Regulations, 2019 provides various components to be considered for estimating working capital requirement and tariff computation. Further, the Regulation 22.2 of the aforementioned Regulations state that the rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of

150 basis points i.e. 1.5%. SBI MCLR as on 15.09.2023 was 8.55% p.a. Accordingly, HPGCL has estimated the working capital requirements and the interest on working capital @ 10.05% (8.55%+1.50%).

HPGCL has proposed IWC as per the MYT Regulations in vogue for the FY 2024-25 as under: -

IWC (Normative) for FY 2024-25 (Rs Cr.)							
Unit #	Coal Stock	Oil Stock	O&M Expenses	Maint. Spares	Receivables	Total W/C Requirement	Int. on W/C
	1 Month	1 Month	1Month	10% Thermal/7.5 % (Hydel)	1 Months		10.05% [@]
PTPS - 6	52.92	0.97	9.16	11.00	67.24	141.29	14.20
PTPS - 7	64.07	0.58	9.50	11.40	80.18	165.73	16.66
PTPS - 8	64.07	0.58	9.50	11.40	80.33	165.88	16.67
DCRTPP-1	71.09	0.70	10.14	12.17	88.39	182.48	18.34
DCRTPP-2	71.09	0.70	10.14	12.17	88.44	182.53	18.34
RGTPP-1	145.50	1.35	12.28	14.74	172.19	346.05	34.78
RGTPP-2	145.50	1.35	12.28	14.74	172.37	346.24	34.80
Hydel	-	-	2.50	4.50	3.36	10.36	1.04
Total	614.25	6.21	75.50	92.10	752.49	1540.55	154.83

6.6 Total Fixed Cost (proposed by HPGCL)

The Fixed Cost of HPGCL Plants, as estimated and prayed for by the petitioner for the FY 2024-25, is as under:

Annual Fixed Cost (Rs. Cr.) for FY 2024-25							
S.N	Unit #	O&M	Depreciation	Interest & Finance Charges	Return on Equity	W/C Interest	Total Fixed Cost
1	PTPS - 6	109.96	14.68	1.95	19.37	14.20	160.15
2	PTPS - 7	114.00	28.62	0.65	26.38	16.66	186.31
3	PTPS - 8	114.00	30.36	0.65	26.41	16.67	188.09
4	DCRTPP-1	121.65	27.89	1.03	30.34	18.34	199.26
5	DCRTPP-2	121.65	28.51	1.03	30.34	18.34	199.87
6	RGTPP-1	147.36	48.48	13.13	60.29	34.78	304.05
7	RGTPP-2	147.36	50.93	13.13	60.07	34.80	306.29
8	Hydel	30.03	6.14	0.55	2.57	1.04	40.30
	Total	906.01	235.61	32.14	255.75	154.83	1584.32

6.7 HPGCL has prayed that they may be allowed recovery of all expenditure relating to petition filing fees including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.

6.8 Summary of Tariff computation for the FY 2024-25

Total Capacity Charges and Energy Charge Rate (ECR) per kWh for the FY

2024-25 as proposed by the petitioner is summarized as under:

Tariff Summary for FY 2024-25

Particular	PTPS 6	PTPS 7	PTPS 8	DCRTP S 1	DCRTP S 2	RGTPS 1	RGTPS 2	WYC HEP	Total
Total Capacity Charges (Rs crore)	149.54	193.42	191.2	211.93	212.23	320.91	323.4	39.33	1641.94
Energy Charge Rate (Rs/kWh)	4.438	4.43	4.43	4.415	4.415	4.560	4.560	Nil	

6.9 HPGCL's has Prayed as under: -

- a) Admit this Petition.
- b) To approve the revised Capital Investment Plan as proposed.
- c) To declare the directive of CAQM as "Change in Law" for RECD on DG Set for PTPS units, and allow the actual expense after completion of work under True Up of the relevant year as proposed.
- d) To revisit the directive for booking of Capex below Rs 50 Lakh under R&M.
- e) To take note of status of 800MW to be commissioned at DCRTTP (Yamuna Nagar).
- f) To take the note of approval of Government of Haryana for carrying associated works of PTPS Unit 6,7,8 after carrying requisite RLA studies for retaining pf Unit till 2035 as per the advisory issued by GoI.
- g) To provide guidance regarding recovery of un-recovered depreciation.
- h) To take note of the increase in water charges for availing TWW water.
- i) To allow increase in A&G charges on account of migration from SPFS insurance policy to Mega Insurance Policy.
- j) To provide necessary clarification in respect of booking of CISF charges.
- k) To allow true up of water charges as per HWRA notification and Commission order dated 25.01.2023.
- l) To allow PTPS Units R&M and A&G charges as per Normative allowed under the Regulation.
- m) To allow IWC as per the balance sheet, the increase in IWC is primarily on account of procurement of alternate fuel i.e., Imported /RCR coal.
- n) To allow retaining the non-tariff income.
- o) To allow true up of Rs 430.81 Cr., as proposed.
- p) To allow the tariff for FY 2024-25, as proposed.

- q) Allow recovery of all expenditure relating to petition filing including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.
- r) Condone any inadvertent omissions / errors / delays / short comings and permit the applicant to add/ change/modify/ alter this filing and make further submissions as may be required at later stage as the filing is being done based on the best available information.
- s) Treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record.

7 Additional data/details provided by HPGCL

The Commission, after initial scrutiny of the petition, sought additional data / information, vide memo no. 3825/HERC/Tariff dated 11.12.2023 and memo no. 4090/HERC/Tariff dated 29.12.2023. HPGCL, vide Memo no. 168/HPGC/Reg-522(2023), dated 26.12.2023 and 02/HPGC/Reg-522(2023), dated 03.01.2024, filed its reply, which has been taken on record.

8 Procedural Aspects, Analysis & Order of the Commission

In line with Section 64 of the Electricity Act, 2003 and Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, the Commission scheduled a hearing on 09.01.2024 in order to afford an opportunity to the stakeholders to present their objections / suggestions on the present petition of HPGCL. In response to the public notice no comments / objections were filed by any stakeholder including the distribution licensees/HPPC. As such, no intervener was present in the hearing.

The hearing was held in the courtroom of the Commission. The Commission heard at length the submissions of the representatives of the petitioner company present in the hearing. Upon hearing the averments of the petitioner, the Commission observed that the distribution licensees in Haryana viz. Uttar Haryana Bijli Vitran Nigam and Dakshin Haryana Bijli Vitran Nigam has a bulk power supply agreement with the petitioner herein; however despite the fact that the generation tariff determined by the Commission in the present proceedings will directly impact the power purchase cost and availability of the Discoms, they neither filed any objections/comments nor made any oral submissions in the public hearing. The nodal agency of the distribution licensees i.e. Haryana Power Purchase Centre (HPPC) was also conspicuous by its absence in the hearing. Hence, in

order to afford another opportunity to the beneficiaries of the petitioner herein, the Commission considered it appropriate to schedule further hearing in the matter on 07.02.2024. In the hearing held on 07.02.2024, the beneficiary i.e. UHBVNL and DHBVNL or its nodal agency for power purchase expressed no views / objections or comments on the true-up claimed by HPGCL for the FY 2022-23 or the proposed operating / financial parameters for determining generation tariff for the FY 2024-25. The petitioner herein i.e. HPGCL reiterated its prayers for being allowed the true-up amount as worked out by them as well as generation tariff as per their petition.

State Advisory Committee (SAC)

In the consultation process for giving a final shape to the order for FY 2022-23 (True-up), APR (2023-24) and generation tariff (FY 2024-25). The Commission, in order to have the benefit of the views / suggestions of the Members of the SAC, convened a meeting of the State Advisory Committee, constituted under Section 87 of the Act, on 9.02.2024. The SAC meeting was convened to discuss the petition filed by the Haryana Power Utilities including that of HPGCL. At the onset the Hon'ble Chairman underscored the significance of technical audit of all the power stations under HPGCL at Panipat, Yamunanagar, Hisar and WYC (HEP). He also pointed out the need for adopting good O&M practices including preventive and predictive maintenance of the power plants as well as the auxiliary equipment. On the issue of low design energy at the normative PLF, HPGCL informed that due to the crack in the rotor of one unit of 600 MW power plant at Hisar the generator could not be brought back on the bar for a prolonged period as the Chinese O&M took a lot of time. It was added that in the past because of low scheduling, on merit order, given by the Discoms, the actual PLF remained low. The Hon'ble Chairman suggested that the two Units of HPGCL at Yamunanagar (2X300 MW) and two Units at Hisar (2X600 MW) are of Chinese origin, hence, HPGCL ought to explore the possibilities of Indian firms / Vendors who are competent to service such power plants. Such efforts will also promote the national agenda of 'make in India'. Shri Naresh Sardana, Hon'ble Member raised the issue of proper and coordinated planning of planned outages of HPGCL's Units in a staggered manner given the fact that planned outages of more than one unit is often allowed. Such planned / maintenance shutdown is avoidable during the peak power demand months

in Haryana. Shri Mukesh Garg, Hon'ble Member emphasized the need for reigning in cost of power generation in Haryana, which constitutes about 80% of the cost of power supplied to the electricity consumers of Haryana. The Director / Technical informed the SAC Members that they have put in place a 'Knowledge Team' that visits various power plants of HPGCL to identify the gaps / problems on the technical side and accordingly address them well within time. He further informed that the average PLF of HPGCL's power plants during the FY 2023-24 was marginally above 71%.

The Commission has taken note of the deliberations in the SAC meeting held on 9.02.2024 and shall consider the same while giving a final shape to the present order.

HPGCL is directed to take appropriate action on the views / suggestions of the SAC Members and submit an action taken report to the Commission within two months.

Commission's Order

The Commission, while passing the present order has considered the petition filed by HPGCL, additional information provided by them from time to time, oral submissions made in the public hearing held on 09.01.2024 and 07.02.2024 as well as the relevant documents available in the public domain.

The Commission reiterates that the present order is confined to the true up of the FY 2022-23 and determination of generation tariff for the FY 2024-25 in accordance with the HERC MYT Regulations, 2019. Hence, any other issue that the petitioner may have raised outside the scope of the present proceedings, has not been dealt in the present order.

9 Miscellaneous issues raised by HPGCL

At the outset, the Commission has considered it appropriate to address the issues raised by the petitioner in the present petition which has impact on generation tariff or financial/operating performance of the generator. Accordingly, the issues raised and Commission's view thereon are as under: -

9.1 Installation of Retrofitted Emissions Control Device on DG Sets of PTPS Units in compliance of CAQM directives.

HPGCL has submitted that MoEF&CC/GoI, in exercise of the powers conferred under Section 3 of the Commission for Air Quality Management in National Capital Region and adjoining areas Act 2021, has constituted the Commission for Air Quality Management ("CAQM") in National Capital Region

and Adjoining Areas. The said Commission has issued advisory for retro fitting of emission control device on Diesel Gensets under NCR w.e.f 01.10.2023 which was further extended by the Commission to 31.12.2023 vide its order dated 29.09.2023. HPGCL's PTPS unit falls in the NCR region and thus bound to adhere to the advisory of CAQM in the matter. The Hon'ble Commission (HERC) has identified the directives of the CAQM as "Change in Law" in its order dated 19.07.2022 & in the Review Petition No 5 of 2022 & IA no 13 of 2022. Thus, HPGCL needs to adhere the directives of CAQM for retro fitting for Diesel Gensets to operate on Gas cum Diesel or to install Retrofitted Emission Control Device (RECDs) with presently installed DG Sets.

In view of the above, HPGCL has prayed that the Commission may consider the ibid advisory of CAQM under "Change in Law" and allow the expenses to be incurred in the matter to be pass through for PTPS units for carrying such retrofitting works which will be claimed after the completion of the work.

Commission's view: -

The Commission observes that HPGCL has, in a cryptic manner, submitted that advisory of CAQM for retro fitting of emission control device on Diesel Gensets, may be considered as "Change in Law". The Commission has considered the submissions and observe that the capex revised/proposed by the petitioner herein has no such proposal in terms of cost and timeframe. Hence, the Commission at this stage and without the requisite details is not expressing any views on this issue flagged by the petitioner herein.

9.2 HERC directions for booking CAPEX below Rs 50 Lakh under R&M.

HPGCL has submitted that the Hon'ble Commission, vide its order dated 26.04.2017 (page no 84, directive 1), had directed to book CAPEX schemes below Rs 50 Lakhs under O&M expenses. However, in the present scenario when due to sudden rise in power demand post COVID leading to continuous scheduling of HPGCL Units, HPGCL is liable to make more expenditure on O&M of the plants. Therefore, on account of change in scenario from a meagre scheduling to the highest PLF of the Units, it becomes necessary in present circumstances to revisit the said directive. As, it is hampering the regular O&M practices on account of delay of such petty CAPEX schemes, which in longer run may impact HPGCL's performance.

In view of the above, HPGCL has prayed that the Commission may recall the said directive, as the Hon'ble Commission has the powers to adjust any

CAPEX against any margin of O&M available for any True-up to avoid the burden on the Consumers, without impacting financials of the Generating company.

Commission's view: -

The Commission has perused the direction issued in the order dated 26.04.2017. The same is reproduced hereunder: -

"It has been observed that repair & maintenance activities have also been made part of CAPEX by HPGCL. Since, the Commission has approved CAPEX for the FY 2017-18 and HPGCL is required to submit CAPEX plan for the ensuing control period in line with the amended MYT Regulations, it is directed that such like expenditure up to Rs. 50 lacs should be met out of O&M expenses and should not be made part of the Capex."

In view of the directive supra, the Commission has considered the submissions and observes that such direction is to avoid inclusion of small repair activities as part of CAPEX and increase in CAPEX items. Further, the Commission has perused Indian Accounting Standard 16 on "Property, Plant and Equipment" and has noted the distinction between the 'initial costs' and 'subsequent costs'. While the 'initial costs' incurred on items of property, plant and equipment qualify for recognition as assets. Whereas, the costs of the day-to-day servicing of the items, including small parts, does not qualify for capitalization. Needless to add the very nomenclature 'Capital Expenditure' or CAPEX, suggest that post incurring of such expenses a revenue earning asset is created or the status of any such asset is enhanced. While another expenditure required to keep the already created asset in a working condition ought to necessarily fall under R&M. Further, for such small amount no long-term funding arrangements (equity, debt) has to be made as the same is part and parcel of recurring expenses for a 'going concern'.

Accordingly, the Commission does not find any reason to interfere in its earlier decision in the order dated 26.04.2017.

9.3 Status of 800 MW power plant to be Commissioned at DCRTTP.

HPGCL has submitted the status of upcoming 800 MW power plant, for information of the Commission.

Commission's view: -

The Commission has taken note of the status of the proposed 800 MW power plant in Yamuna Nagar. As this stage it has no impact on the petition under

consideration of the Commission, hence the Commission is not expressing any views on the same. Nonetheless, HPGCL may keep in mind appropriate vendor development, tie-up of appropriate grade of coal from linked mine, human resource planning / up-skilling and redeployment of manpower rendered surplus from de-commissioned PTPS Units 1 to 5.

9.4 Intimation of decision of Government of Haryana for retaining PTPS 6,7,8 Units till 2035 as advised by MoP/GoI.

HPGCL has submitted that CEA, vide its letter dated 20.01.2023, has advised all Generating Utilities not to retire any units till 2030 and ensure the availability of units after Renovation and Modernization (R&M), if required. MoP Vide letter dated 01.08.2023 has also issued guidelines regarding approach to be adopted for Life Extension (LE) and Renovation and Modernization (R&M) of coal-based units. HPGCL has placed the issue for consideration of Government of Haryana for seeking in-principle approval for carrying out the RLA studies for PTPS 2x250 MW (Units 7 & 8) & 1x210 MW (Units 6) Units along with the permission to carry out the associated works of R&M as per the outcome of RLA studies for extension of life cycle of PTPS units for next 10 years in terms of MoP letter dated 01.08.2023 & CEA letter dated 20.01.2023. After considering all the aspects presented in the matter by HPGCL, Hon'ble CM/Haryana has approved the proposal of carrying out the RLA studies for Unit 6,7,8 of PTPS and its related works, as per the outcome of the studies, so that the Units can be retained up to next 10 years i.e. 2035 as advised by MoP/GoI.

Accordingly, HPGCL has intimated that it has initiated the process of the carrying the RLA studies in the matter to retain the units of PTPS till 2035.

HPGCL has submitted the status, for information of the Commission.

Commission's view: -

The Commission has taken note of the above submissions for carrying out the residual life assessment (RLA) studies for PTPS 2x250 MW & 1x210 MW Units for extension of life cycle of PTPS units for next 10 years. However, in absence of the RLA and LE reports including cost-benefit analysis of the same, it is not expressing any views on the same.

9.5 Unrecovered Depreciation of HPGCL Units.

HPGCL has submitted that Regulation 13.4 of MYT Regulation 2019 provides, as under: