"13.4 Over or under recoveries of true-up amount in previous years(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."

HPGCL has submitted the following details of unrecovered depreciation of its units, from 2017-18 to 2022-23: -

Year	PTPS	DCRTPP	RGTPP	WYC Hydel	Total
2017-18	1.25	6.16		0.40	7.82
2018-19		1.22			1.22
2019-20		12.28	26.53		38.80
2020-21			45.73	0.28	46.01
2021-22		5.79	102.63	1.11	109.53
2022-23			15.50		15.50
TOTAL	**1.25**	**25.45**	**190.40**	**1.79**	**218.89**

In this regard, HPGCL has submitted that CPSUs plants covered under CERC Regulations are allowed true-up during the control periods, which allows the CPSUs to adjust the under recoveries during the control periods of the regulations, whereas in case of HPGCL the same is being trued -up on yearly basis and hardly any margins is left with HPGCL to adjust any under recovery of tariff.

In view of the above, HPGCL has sought guidance for recovery of unrecovered depreciation, in term of Regulation 13.4 of MYT Regulation 2019, either, by allowing to adjust against the higher normative plant availability factor achieved by HPGCL Units/ to adjust in the margins of tariff heads or by spreading the same under next control period of the MYT Regulation in future.

Commission's view: -

The Commission has considered the submissions of the petitioner regarding recovery of unrecovered depreciation, which has been re-iterated while seeking 'true up' of various expenses for the FY 2022-23.

At the onset, it is observed that HPGCL has claimed true-up of the 'recovered' expenses including depreciation vis-à-vis actual expenses as per the audited accounts, citing Regulation 13 and 30 of the HERC MYT Regulations, 2019. HPGCL has submitted that the unrecovered amount may be allowed to recovered as per Regulation 13.4 of the MYT regulations 2019 at the end of control period of present control period of MYT Regulations,2019. HPGCL has relied upon regulation 30 of the HERC MYT Regulations, 2019, reproduced hereunder: -

"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…………………"

HPGCL has submitted that in view of non-availability of RGTPS -2, & partial availability of DCRTPS-1, the true-up, on the basis of recovered in terms of Regulation 30 vs Actuals, has been offered/ claimed for available units only.

Similarly, depreciation has remained unrecovered, from 2017-18 to 2022-23, due to non-availability/partial availability of its units.

In this regard, the Commission observes that the issue has already been discussed in the previous ARR order(s) dated 18.02.2021 and 22.02.2022. The operative part of the said order(s) is reproduced below: -

"The Commission has carefully examined the Regulations cited by the petitioner in support of its claim. The regulation 13.4 provides that "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 Commission observes that this clause in the MYT regulations is meant for DISCOMs only, where at times the ARR remains unrecovered through tariff. In that event, the unrecovered amount is allowed to be adjusted in the ensuing year by appropriate resetting of tariff. The generating companies are allowed to recover their full annual fixed cost under regulation 30 of HERC MYT Regulations, 2019, based on their plant

availability. The generating plant shall recover full capacity charges at the normative annual plant availability factor specified by the Commission. Recovery of capacity charges below the level of target availability shall be on pro-rata basis. No capacity charges shall be payable at zero availability. Thus, in case availability of the plant is below the normative plant availability, it will not be able to recover full fixed cost and some portion will remains unrecovered. This has been provided in order to provide equity on both the sides. While DISCOMs pay fixed costs for the power which remains available to them up to the level of norms and the same time generator is required to be geared to generate in order to recover fixed cost. The generator is not allowed to claim the unrecovered fixed cost due to their non-availability, in the true-up. DISCOMs are required to pay the fixed cost, only and to the extent of the generator remains available for them.

The Commission further observes that the similar issue was also raised by HPGCL in its true-up petition for the FY 2019-2020, albeit on the different grounds i.e. non-recovery of expenses due to "force majeure" conditions caused by COVID-19 pandemic and resultantly delay in capital overhauling of RGTPP-1.

The Commission re-iterates its decision taken in its order dated 18.02.2021 (HERC/PRO-76 of 2020) that the present true-up exercise is being carried out with respect to the fixed cost already approved vis-vis actual cost incurred. *The basis, details and the amount to be trued up under each head are discussed in the paragraphs that follow."*

(para 13 of the order dated 22.02.2022)

In view of the above, while considering the true-up petition of HPGCL for the FY 2022-23, the actual expenditure as per the audited accounts of the FY 2022-23 vis-à-vis the expenses approved by the Commission vide its Order dated 22.02.2022 for the FY 2022-23 has been reckoned with. In case the unrecovered expenses/ depreciation due to non-availability/partial availability of its units, are allowed to be recovered at the end of the control period or allowed to carry forward to next control period, it will derail the whole regulatory regime. Accordingly, the Commission has allowed or disallowed, as the case may be, recovery of the trued-up amount in accordance with the provisions of the MYT

Regulations, 2019.

The aforesaid order (s) issued by this Commission in the past are self-explanatory. Hence, no further deliberation on this issue is called for.

9.6 Tertiary Treated Water (TTW) consumption for DCRTPP.

HPGCL has submitted that the Hon'ble Commission, vide order dated 21.02.2022 (petition 38 of 2021), has identified that the TTW is mandatory for consumption in thermal plants located near 50 Km radius of sewage treatment plant from Municipality/Local Bodies / similar organization and increase in the expenditure on account of the same is allowed under tariff. After the said order, as per the decision of the Government, HPGCL is liable to pay the water charges for availing the water being offered as per the policy.

In view of the above, HPGCL has claimed true-up of the impact of the same, as 'change in law'.

Commission's view: -

The Commission has perused its order dated 21.02.2022 (Petition No. 38 of 2021). The relevant part of the ibid order of the Commission is reproduced hereunder: -

"Therefore, the Commission, at this stage, is not going into the claims as the cost is yet to be discovered through a transparent process of competitive bidding to be undertaken by the petitioner in concurrence with HPPC, subject to prudence check by the Commission as well as the HERC Regulations occupying the field. However, it would suffice to say that this Commission having determined the capital cost and tariff for this project, any additional expenses of capital nature has to be within the four corners of the definition and regulatory dispensation on "Additional Capitalization". The starting point of the dispensation is that the capex ought to have been actually incurred by the generating company and admitted by the Commission after prudence check even if the same had to be incurred due to any statutory provisions post CoD of the project. ***Hence, the Commission is estopped from according in-principle approval(s) as prayed for by the petitioner herein.***

Additionally, it is observed that the DCR TPS is more than 14 years old and in terms of operating efficiencies and cost may not be comparable to pit head based power plants / super critical TPS. Hence, with the professed national agenda of scaling the RE Power to 50% in

the consumption and also the GoI policy of exiting from PPAs with Thermal Power Plants having completed 25 years, the petitioner ought to carry out a rigorous cost-benefit analysis as well a realistic payback period based on the emerging trend in scheduling of DCR TPS / actual PLF attained in the recent past as well as going forward. The petitioner is directed to clarify whether the financial viability of the present pilot project has been brought to the knowledge of the State Government and the efforts made to secure subsidy / subvention for the pilot project including cost sharing with relevant public authority like Public Health and Engineering Department.

Further, in order to take the process forward, the petitioner and the answering respondent shall form a committee of experts to firstly ensure that incurring the proposed expenditure is a financially prudent decision and the social cost arising therefrom especially in view of the stated position that it is a pilot project. Thus, after ascertaining the financial feasibility at stage one, the committee may oversee the bidding process so as to ensure that the price discovered is lowest and aligned to the prevailing market conditions. It is, however, made clear that the petitioner, after conclusion of bidding process and prior to award of work, shall approach this Commission with a petition with all the requisite details and documents to enable the Commission to assess the reasonableness of the project, capital cost discovered, requisite O&M cost and also the manner in which the same shall be recovered from the respondent herein."

A perusal of the above makes its abundantly clear that the Commission's observations in the ibid order are contradictory to the averments of HPGCL in the present petition. The Commission observes that the cost of water, in the financial year 2022-23 has increased by an amount of Rs. 43.97 crore (FY 2022-23: Rs. 67.01 crore, previous year: Rs. 23.04 crore). Whereas, HGPCL has claimed in the petition that the financial implications on account of increase in water charges due to the notification of Haryana Water Resources (Conservation, Regulations and Management) Authority, Panchkula ("HWRA") are Rs. 26.06 crore only. The Commission observes that while deciding the generation tariff for the FY 2023-24, vide order dated 25.01.2023, it has not allowed the

impact of additional water charges on account of HWRA notification. However, while taking note of the prayer of HPGCL, the ibid order dated 25.01.2023, provided that the impact of additional water charges shall be considered by the Commission, during true-up of the FY 2023-24. Such a prayer was not made by HPGCL, while seeking generation tariff for the FY 2022-23. Hence, the same was not allowed in the generation tariff for the FY 2022-23. Accordingly, the same cannot be considered as part of the true-up.

9.7 Migration from Standard Fire and Peril Services (SFPS) to Mega policy for HPGCL Units– impact in A&G expenses thereof.

HPGCL has submitted that in the past it has opted for SFPS based insurance which is primarily covering all its operational generation units on its depreciated value, which has experienced severe deductions in claim assessment /pay out. Whereas, other thermal plants viz, West Bengal State Power Corporation, UP Rajya Vidyut Utpadam Nigam, Durgapur Projects, SCCL, NTPC, Rajasthan Rajya Vidyut Utpadan Nigam, Gujarat State Electricity, ONGC Thermal Power Company, DVC, NLC etc, are opting the MEGA Policy for their units. In the past, minimum expenditure has been made on the insurance cost, on account of less scheduling. At present on account of maximum scheduling and plants are remains on bar for more than the normative limits, it become mandatory to have the comprehensive policy i.e. MEGA policy to reduce any losses on account of failure. Thus, in view of the above, HPGCL is migrating from SFPS policy to MEGA policy, which may have financial implications.

In view of the above, HPGCL has prayed that they may be allowed the variance of the same under A&G expenses as per differential actual expenses of MEGA policy vs SFPS policy.

Commission's view: -

The Commission has considered the submissions of HPGCL that the tender of the same has been called and financial bid for the same is yet to be open, thus the impact of the same on generation tariff can only be reckoned with after the final offer is accepted.

The Commission is of the considered view that submissions in a petition for taking 'note' of the planned migration to 'mega policy', is of no relevance unless financial consequences on generation tariff, statutory

requirement, if any, and cost-benefit stream, is established. Hence, at this stage when financial impact on the OPEX of the petitioner has not been firmed up, the Commission finds it difficult to accord approval to the planned migration. HPGCL may seek feedback from the thermal power plants located in the states cited by it and submit a report to the Commission within two months.

9.8 Booking of CISF expense under Employee cost or under A&G.

HPGCL has submitted that CAG has made repeated comments for shifting of CISF expense from Employee cost to other Expense i.e. A&G expense. CERC allows the Security Charges in respect of CISF and other related expense under Security Expenses as per actual under O&M head of tariff as per its prevailing Tariff Regulations. Security Expense whether outsourced or having own employed security workers falls under the Employee Cost head, irrespective whether it be booked under Employee Cost or under Security expense, which needs to be allowed as per actual.

In view of the above, HPGCL has suggested two alternatives i.e. either carry on with the present practice for booking of security charges under Employee Cost or the same may be booked under "other expense" and considered as a part of employee cost while carrying the true.

Commission's view: -

The Commission has considered the submissions of HPGCL and observes that norms of O&M for the MYT period of 01.04.2020 to 31.03.2025 were fixed based on the corresponding figures for the FY 2017-18 and admittedly in the audited figures of the FY 2017-18, these expenses did not form part of the O&M expenses. **Accordingly, the Commission, at this stage, is not inclined to accept the change of accounting practice by HPGCL and decides that the Security Charges towards CISF, since made part of employee cost in the base year (FY 2017-18) of the control period, shall continue to be treated in the same manner to maintain the linearity in treatment of a particular expense. HPGCL is directed to provide the details of CISF personnel deployed at its various locations including its costs, within two months.**

10 FY 2022-23 True-Up

The Commission has considered the submissions of the petitioner regarding 'true up' of various expenses for the FY 2022-23. While considering the true-up petition of HPGCL for the FY 2022-23, the actual expenditure as per the audited accounts of the FY 2022-23 vis-à-vis the expenses approved by the Commission vide its Order dated 22.02.2022 for the FY 2022-23 has been reckoned with. Accordingly, the Commission has allowed or disallowed, as the case may be, recovery of the trued-up amount is in accordance with the provisions of the MYT Regulations, 2019.

The Commission observes that HPGCL has submitted that the true-up has been claimed/offered, after considering the non-availability / partial availability of RGTPS units and further considering the amount recovered vs. actual for other units. However, the details substantiating such claim/submissions has not been provided by HPGCL. The fixed cost (not only R&M/A&G) allowed to HPGCL for the financial year 2022-2023, in the Generation Tariff Order dated 22.02.2022, was allowed to be recovered subject to the Annual Plant Availability. Accordingly, HPPC/DISCOMs may re-examine the recovery of fixed cost allowed to HPGCL vis-à-vis NAPAF for the FY 2022-23, in the bills raised by HPGCL and take appropriate action accordingly. However, the true-up portion approved in the present order, has been adjusted on account of non-availability / partial availability of RGTPS units.

At the outset, the Commission observes that net profit after tax of HPGCL for the FY 2022-23 was Rs. 540.20 crore. Even after reducing the provision for terminal liabilities of the FY 2022-23 (Rs. 181.15 crores), the net profit comes to Rs. 359.05 crore, as against the return on equity (RoE) of Rs. 211.15 crore allowed in the generation tariff order dated 22.02.2022. The Commission further observe that the revenue of HPGCL billed to Discoms is Rs. 8562.28 crore, which should be on account of cost of coal and oil only. Whereas, the consumption of coal and oil, as per the financial statements for the FY 2022-23 submitted by HPGCL, is Rs. 6927.91 crore. Which, prima-facie, establishes that Rs. 1634.37 crore has been recovered in excess by HPGCL on account of cost of coal and oil. The Commission is of the considered view that in a regulatory regime, the generator is allowed a fixed RoE over and above its approved costs. Thus, in an ideal situation wherein all the allowed fixed costs are recovered by a generator, it should earn the allowed RoE. It casts aspersion in the minds of the stakeholders when a state-owned generator reports a net profit of Rs. 359.05 crore as against the RoE of Rs. 211.15 crore and at the same time seek true-up of Rs. 430.81 crore over and above Rs. 359.05 crore already earned. Whereas, in an ideal situation, after allowance of true-up, the net profit of a generator should not exceed the RoE.

11 Operation and Maintenance Expenses (O&M)

As per the provisions of the HERC MYT Regulations, 2019, regarding the basis and admissibility of truing-up, the Commission has examined the Audited Accounts of HPGCL for the FY 2022-23, true-up petition of HPGCL submitted vide memo no. 156/HPGC/Reg-522(2023), dated 24.11.2023 and additional information submitted by HPGCL. It is observed that HPGCL has sought true-up amounting to 391.28 Crore on account of O&M expenses, without mapping the true-up sought on the basis of the Audited Accounts and the said expenses as approved by this Commission. The true-up of Rs. 391.28 Crore has been sought on account of true up of employees cost Rs. 231.17 crore, Rs. 153.39 crore on account of R&M expenses and Rs. 6.72 crore on account of A&G expenses.

11.1 True-up of employees cost

The Commission observes that HPGCL has claimed true-up of employees cost amounting to Rs. 231.17 Crore. The Commission, on perusal of the claims, observes that the employee cost approved, in the order dated 22.02.2022 for the FY 2022-23, was Rs. 632.836 crore. As against this, employees cost claimed by HPGCL is Rs. 847.786 Crore i.e. Rs. 214.95 crore over and above the expenses approved in the order dated 22.02.2022 (Rs. 847.786 Crore minus Rs. 632.836 Crore).

HPGCL has sought the true-up of employees cost mainly on account of actuarial valuation of terminal liabilities amounting to Rs. 262.44 crore of the FY 2021-22 carried forward to the FY 2022-23. HPGCL has submitted that actuary had valued the terminal liabilities of the FY 2021-22 at Rs 664.51 Crore. However, the recovery of the same was restricted to the level of FY 2020-21 i.e. Rs 402.07 Cr. and the balance amount of Rs. 262.44 crore was deferred. HPGCL has further submitted that disclosure in this regard was made at Point 2, Page 42 in the Audited Accounts for FY 2021-22. Thus, the terminal liability of the FY 2022-23 amounting to Rs. 526.17 crore included in the employee cost of Rs. 847.786 crore comprises of terminal liabilities for the FY 2022-23 amounting to Rs. 263.73 crore and carried forward terminal liabilities of the FY 2021-22 amounting to Rs. 262.44 crore.

The Commission further observe that out of total terminal liability (Rs. 526.17 crore) claimed by HPGCL in the FY 2022-23, an amount of Rs. 443.59 crore (Rs.181.15 crores is for FY 2022-23 and Rs. 262.44 crores is for FY 2021-22) is shown as "Other Comprehensive expense", instead of "employees cost". In this regard, HPGCL submitted that the other comprehensive expense is, in fact, employee cost only but is presented as other comprehensive expense due to requirements of Indian Accounting Standards-19 and observations raised in past by statutory auditors. Therefore, this part of employee cost is reduced from overall employee cost and is presented separately in P&L statement as other comprehensive expense. HPGCL further submitted that out of total terminal liability of Rs. 526.17 crore claimed in the FY 2022-23, an amount of Rs. 454.86 crore remained unpaid as on 31.03.2023. Out of this, an amount of Rs. 315 crore was paid between 01.04.2023 to 30.09.2023. However, an amount of Rs. 139.86 crore (Rs. 454.86 crore minus Rs. 315 crore) was disallowed in its Income Tax Return (ITR), since this amount was not paid till date of filling of ITR. HPGCL has further submitted that the disallowed amount remains the liability of HPGCL and is paid to Trust in due course of time.

In view of the above discussions, the Commission has considered the employee cost for true-up for the FY 2022-23 at Rs. 847.786 crore as proposed by the petitioner as against the approved amount in the order dated 22.02.2022 of Rs. 632.836 crore i.e. true-up amounting to Rs. 214.95 crore. HPGCL ought to be aware that in any petition filed by them seeking relief or indulgence of the Commission should necessarily be accompanied with a specific prayer. Hence, mentioning something as a passing reference or requesting the Commission to take note of etc. and/or disclosing something in the Audited Accounts e.g. deferred terminal liabilities will not be considered for passing an order by the Commission. As a one-time measure, restricted to the present order, the Commission has reckoned with the balance amount of retiral deferred benefits.

11.2 True-up of Repairs and Maintenance

The Commission observes that HPGCL has claimed true-up of repairs and maintenance expenses (R&M) amounting to Rs. 153.39 Crore, vis-à-vis the actual (audited) and the amount recovered.

HPGCL has submitted that increase in R&M expenses is primarily attributable to the following factors: -

a) Increase in water charges, amounting to Rs. 26.06 crore.

b) Increase in R&M and A&G expenses of PTPS units which was capped @ 50% for PTPS Units. Increase in expense of R&M & A&G due to enhanced scheduling of HPGCL Units.

c) The cost of operating coal handling plant (Rs. 67.19 crore).

The detailed reasons for increase in the aforementioned expenses have already been reproduced earlier in this order.

The claim of HPGCL in respect of increase in water charges (Rs. 26.06 crore) has already been dealt with earlier in this order, wherein the Commission has taken a considered view that as the same was not allowed in the generation tariff for the FY 2022-23, the same cannot be considered as part of the true-up, a principled stand consistently taken by the Commission while dealing with such a situation.

Further, the Commission had deliberated at length on the admissibility of the Coal Handling Plant (CHP) expenses, in its earlier generation tariff (HPGCL) orders dated 22.02.2022 and 25.01.2023. The Commission after due deliberations has considered it appropriate not to include expenses related to coal handling plant as part of R&M expenditure. The relevant extract of the order of the Commission dated 22.02.2022, is re-produced below:-

"Regarding R&M cost related to coal handling plant (Rs. 52.37 Crore), the Commission observes that there is change in the practice by HPGCL of claiming expenses relating to coal handling. Prior to the FY 2020-21, it was treated as part of coal cost and claimed as Energy Charge Rate (ECR). Whereas, in the FY 2020-21, it has been claimed as fixed cost under R&M expenses. The Commission observes that norms of R&M for the MYT period of 01.04.2020 to 31.03.2025 were fixed based on the corresponding figures for the FY 2017-18

and in the audited figures of the FY 2017-18, these expenses did not form part of the R&M expenses.

The Commission has considered the order dated 11.07.2018 (Petition No. 93/MP/2017) passed by Hon'ble Central Electricity Regulatory Commission, wherein Kerala State Electricity Board Limited (the petitioner) asserted that "other charges" comprising of stone picking charges, loco drivers' salary and sampling charges etc. shall be booked/met to/from O&M expenses. Whereas, NTPC (the respondent) contended that these expenses are incidental to the process of bringing coal till unloading point of the generating station; accordingly, not included in the O&M expenses. NTPC further asserted that these expenses were not even formed part of the O&M expenses of the base year (FY 2008-09 to 2012-13) which was considered while determining the norms of O&M expenses in the Tariff Regulations, 2014. Hon'ble CERC has held as under:-

"28. The 2014 Tariff Regulations provides for computing the energy charges considering the landed price of fuel. Landed price would take into account charges paid to Coal Company, the transportation cost and all incidental costs involved in bringing coal upto the unloading point. The expenses indicated by NTPC and MPL are in the nature of incidental costs involved in bringing coal upto the unloading point. These charges have been shown separately only to indicate them as charges paid in addition to what is paid to coal companies and transportation companies and are therefore, part of landed cost of fuel. Therefore, the claim under other charges is not illegitimate as pleaded by the Petitioner."

"Thus, following the ratio of the judgement Supra, the Commission, at this stage, is not inclined to accept the change of accounting practice by HPGCL without even including any specific prayer for the same in their petition and decides that the landed price of coal includes charges paid to coal company, the transportation cost and all incidental costs involved in bringing coal up to the unloading point. HPGCL should have claimed this cost as part of ECR, as per their existing practice and the practice being adopted by NTPC. The Commission is of the view that the practice of charging such cost to ECR, uniformly across the generators and generator inter-se, helps in the preparation of correct "Merit Order Despatch" by DISCOMs. Further, such change in the important

accounting practices, without even adequate disclosures / prayers, derails the "Merit Order Despatch" prepared by DISCOMs. Therefore, coal handling expenses (Rs. 52.37 Crore) are not approved as part of R&M expenses."

(para 14 of the order dated 22.02.2022)

Similarly, in its generation tariff order for HPGCL's power plants dated 25.01.2023, the Commission held as under:-

"The Commission observes that the issue of Coal Handling charges forming part of R&M expenses has been taken up by HPGCL again while claiming O&M expenses for the FY 2023-24, albeit on the different ground i.e. 2nd Amendment in MYT Regulations, 2019 has shifted the GCV of the coal from "As Fired Basis" to "As Received basis", which mandate HPGCL to shift certain expenditures under O&M. The charges in respect of Coal Handling plant after unloading of coal by railway and charges paid to Railways etc become the part of O&M cost as per the instant Regulation in the matter. Accordingly, HPGCL has prayed to allow it to shift expenses incurred in the plant after landing of coal i.e. "As Received" from Railways unloading point under O&M head. HPGCL has further prayed that the same may be taken as base for next control period of MYT Regulations while calculating the O&M expenses for HPGCL Plants.

……………………

In this regard, HPGCL ought to refrain from agitating the same issues albeit on different grounds, repetitively. The decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of higher judicial authorities, no shift in stand is either warranted or justifiable."

In the present petition, HPGCL has submitted that CHP expenses amounting to Rs 67.19 Cr have been booked by them and claimed under O&M, as the matter is presently pending before APTEL for adjudication. **The claim proposed was examined by the Commission in its earlier order(s) and a considered view was taken that these expenses are not admissible as part of O&M expenses. Further, the matter is pending before Hon'ble APTEL for adjudication. Hence, the issue re-agitated by the petitioner is hit by principles of res-judicata and the matter is therefore sub-judice.**

Further, the Commission observes that SLDC charges (Rs. 4.22 Crore) claimed by HPGCL as part of O&M expenses, has already been claimed from the DISCOMs by raising invoices. The recovery of SLDC charges (Rs. 4.22 Crore) is appearing at Note 30 of the Audited Financial Statements for the FY 2022-23 submitted by HPGCL. **Therefore, the same shall not form part of true-up under O&M expenses, as this would tantamount to duplicity of recovery.**

In this regard, HPGCL is advised to refrain from pressing the same issues albeit on different grounds, repetitively and the issues that are pending with Court/Tribunal of competent jurisdiction. The decisions of the Commission are considered decisions, unless the same is warranted by a change in law or decision of judicial authorities of competent jurisdiction, no shift in stand is either warranted or justifiable.

In view of the above, the actual repairs and maintenance expenses (R&M) admissible for true up is Rs. 209.31 crore (i.e. Rs. 306.78 Crore reduced by inadmissible amount of Rs. 26.06 crore, Rs. 67.19 crore and Rs. 4.22 crore), as against the amount of Rs. 157.37 crore approved in the order dated 22.02.2022 i.e. excess by an amount of Rs. 51.94 crore.

The Commission has considered the submissions of HPGCL that it may be allowed to claim O&M and A&G expenses of PTPS 6, 7 & 8 up to the norms specified in the MYT Regulations, as amended from time to time, since the same was restricted to 50% in the HERC's order dated 22.02.2022 on account of PLF being pegged at a lower level by the Commission based on past trend of actual dispatch. The Commission observes that actual PLF of PTPS 6, 7 & 8, during the FY 2022-23 was 72.44%, 84.37% and 76.67%respectively; although, their availability (deemed PLF) was 89.81%, 94.32% and 85.31%, respectively. Thus, the actual PLF of PTPS units is around the normative level as against the approved PLF in the order dated 22.02.2022 i.e. 55%. **Accordingly, the Commission allows the prayer of HPGCL for increasing O&M and A&G expenses of PTPS 6, 7 and 8 up to the normative level specified in the MYT Regulations, 2019. However, the same shall be limited to actual expenses incurred.**

Consequently, Rs. 37.07 Crore has been considered for true-up of R&M expenses.

11.3 True-up of Administrative and General expenses (A&G expenses)

It has been submitted by the petitioner that the A&G expenses approved by the Hon'ble Commission for the FY 2022-23 was Rs. 21.92 cr. As against this the actual A&G expense as per the audited accounts for the year is Rs. 27.95 21.92 cr.

The Commission has considered the submission in view of the audited accounts of the FY 2022-23, in line with the discussions in the preceding para of this order, the Commission has allowed the prayer of HPGCL for increasing the A&G expenses of PTPS 6, 7 and 8 up to the normative level specified in the MYT Regulations, 2019, limited to the extent of actual A&G expenses incurred. Consequently, Rs. 5.95 Crore has been considered for true-up of A&G expenses.

Thus, the true-up amount of O&M expenses for the FY 2022-23 works out to Rs. 257.97 Crore.

12 True-up of Depreciation

The Commission has carefully examined the submissions of HPGCL that the actual depreciation amount in the FY 2022-23 was Rs. 334.28 Crores (net of solar business) as against the approved depreciation amount of Rs. 324.82 Crore. It has been further submitted that the depreciation on account of capitalization of spares and decommissioning cost stands at Rs. 16.47 Cr. Hence, the net allowable depreciation for the FY 2022-23, exclusive of Solar business and depreciation on spares and Decommissioning Cost is Rs. 317.81 Cr (334.28-16.47).

In view of the above, the actual allowable depreciation for the FY 2022-23, works out to Rs. 317.18 Crore as against the approved depreciation of Rs. 324.82 Crore. Consequently, Rs. (Minus) 7.64 Crore has been considered for true-up of depreciation.

13 True-up for the Interest and Finance Charges

The Commission has examined the submissions of HPGCL that the actual interest and finance charges of HPGCL was Rs. 24.14 Crore (net of Solar Business) as per the audited accounts for the FY 2022-23, as against the approved interest and finance charges on term loan of Rs 73.74 Crore.

Interest on term loan was allowed in the order dated 22.02.2022, as per the existing loan portfolio of HPGCL i.e. post restructuring, subject to true-up.

HPGCL has further submitted that it has paid compensation amounting to Rs. 7.30 Cr. to the land owners of RGTPS, Hisar in compliance to the order of Hon'ble Supreme Court and Rs. 0.46 Cr. to the land owners of PTPS, Panipat in compliance of Hon'ble Punjab& Haryana High Court. The entire compensation is in the nature of capital expenditure of HPGCL and has been entirely funded by the State Govt. by way of equity infusion. However, as per past practice of this Commission, the normative interest expense estimated at Rs 0.23 Cr, has been added to the final true-up amount of the FY 2022-23.

The Commission observes that the petitioner i.e. HPGCL has again sought to retain 50% of the savings and to pass on 50% of the savings on 'interest and finance charges' to the beneficiaries. It needs to be noted that this issue has been discussed at length and decided by the Commission in the previous generation tariff orders (HPGCL) dated 18.02.2021, 22.02.2022 and 25.01.2023. The detailed discussion and the view considered of the Commission as recorded in the order dated 18.02.2021 is reproduced hereunder: -

"The Commission observes that HPGCL has already been allowed benefit of saving in interest amounting to Rs. 59.84 Crore due to re-structuring in its Order dated 07.03.2019, on the basis of facts and figures placed on record by HPGCL itself. The interest post restructuring projected by HPGCL in its Petition for the FY 2019-20 was Rs. 141.49 Crore, which now on actual basis has been shown as Rs. 102.31 Crore, mainly due to prepayment and general decline in the lending rates in the prevalent market scenario. In such a scenario, even if, HPGCL would have retained the loans from REC/PFC, the applicable rate of interest would have been lower. HPGCL could have negotiated the rate of interest with REC/PFC on the basis of their credit rating and State Sector borrower and get the rate of interest reduced. The reply of HPGCL in this context that these loans were governed by specific terms & conditions and interest rate was not floating, is not found convincing as these loans generally carry reset option of 3 years. The general rate of interest (before negotiation) applicable on REC loan as on 04.04.2018 was

10.90% p.a. & PFC loan as on 15.06.2018, it was 11.40% p.a., applicable for State Sector borrower with A++ category.

Further, the Commission observes the following provisions of Regulation 12 of HERC MYT Regulations, 2012, relating to incentive and penalty framework: -

"12. INCENTIVE AND PENALTY FRAMEWORK

12.1 Various elements of the ARR of the generating company and the licensee will be subject to incentive and penalty framework as per the terms specified in this regulation. The overall aim is to incentivize better performance and penalize poor performance, with the base level as per the norms / benchmarks specified by the Commission.

12.2 The elements of ARR of generating company and licensees to which incentive and penalty framework shall apply are as follows:

a) *Common for generating company and licensees*

i. *Operation & maintenance expenses-Applicable when the actual expenses fall below or exceed the level specified by the Commission.*

ii. ***Interest on new long-term loans****- Applicable when* ***interest rate falls below or exceeds the level*** *specified by the Commission.*

iii. ***Restructuring of capital cost*** *- Applicable when there is a* ***benefit from restructuring of capital cost****.*

iv. *Interest on working capital- Applicable when interest rate falls below or exceeds the level specified by the Commission*

vi. ***Restructuring of loan portfolio****- Applicable when there is a net benefit from* ***restructuring of loan portfolio****."*

(Emphasis added)

The Regulation 12.2 has specified that interest on term loan is subject to incentive and penalty framework on account of changes in the rate of interest, restructuring of capital cost and loan portfolio. While the restructuring of capital cost relates to restructuring of debt & equity, prepayment of debts from introduction of fresh equity/utilization of internal accrual etc. Restructuring of loan portfolio refers to the change in the existing loans w.r.t. the rate of interest/monthly installments/terms & conditions of existing loans etc. In a nutshell, the Regulations provides that all the factors relating to changes in rate of interest, swapping of higher interest-bearing loan with low interest-bearing loans and prepayment of loan from internal accruals, are covered by Incentive and Penalty frameworks specified in Regulation clause 12.2.

HPGCL, in its Petition for the FY 2019-20, has submitted that interest cost after restructuring is Rs. 141.49 Crore, which is after saving of Rs. 119.67 Crore due to such restructuring. Accordingly, HPGCL claimed 50% of such interest saving amounting to Rs. 59.84 Crore (50% of Rs. 119.67 Crore). The Commission in its Order dated 07.03.2019 (HERC/PRO-59 of 2018) had accepted the submissions of HPGCL and approved the interest cost of Rs. 185.22 Crore, after disallowing the loan to be met from Dry Fly Ash Fund i.e. Rs. 141.49 Crore + Rs. 59.84 Crore – Rs. 16.11 Crore. Thus, benefit of interest saving due to restructuring was passed on to HPGCL, in the Order dated 07.03.2019.

Now, while undertaking true-up exercise, actual interest cost has to be compared with the interest cost approved in the Order dated 07.03.2019 and 50% of the difference may be allowed to be kept by HPGCL in line with Regulation clause 12.2 of HERC MYT Regulations, 2012."

In this regard it is re-iterated that, HPGCL ought not to raise the same issues under different garbs, as the decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of authorities of competent jurisdiction, the order (s) of he Commission will not change.

Accordingly, true up of interest & finance charges (-) 24.57 Crore is tabulated below: -

Particular	**HERC Approved interest & Finance Charges**	**Actual interest & Finance Charges**	**Difference**	**50% of the difference at (A) allowed to be retained by HPGCL**	**True-up**
1	**2**	**3**	**4 = 3-2**	**5= 4 *50%**	**6=4-5**
Int.& Fin. Charges (A)	73.74	24.14	49.60	24.80	24.80
Int. On Normative Debt(B)	0	0.23	0.23	-	0.23
Total True up of Int.& Fin. Charges(A-B)	**73.74**	**24.37**			**24.57**

14 True-up of Return on Equity (ROE)

HPGCL has submitted the detail 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
DCRTPP-1	251.421	0.26	251.680	25.16
DCRTPP-2	251.371	0.26	251.630	25.16
RGTPP-1	494.889	1.58	496.468	49.57
RGTPP-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**

The Commission, vide its order dated 22.02.2022, has approved the RoE at Rs. 211.15 crore. Accordingly, Rs. (Minus) 0.75 Crore has been considered for true-up of RoE (211.15 – 210.40).

15 True-up of interest on working capital

HPGCL has submitted that the Hon'ble Commission, in its Order dated 22.02.2022, while determining generation tariff for the FY 2022-23 had allowed interest on Working Capital amounting to Rs. 103.729 Crore, considering average coal and oil prices, 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, actual rate of coal and oil prevailing in the FY 2022-23 has been considered.

HPGCL has submitted that due to variation in Fuel prices, the interest on normative working capital requirement for FY 2022-23, as per HERC approved norms works out to Rs 128.70 Cr as against the approved interest on working capital of Rs 103.729 Cr. Further, HPGCL has sought the Interest on Working Capital @ 8.60% as against the approved rate of 8.50% (7%+1.5%). The actual interest on working capital incurred by HPGCL for the FY 2022-23 was Rs. 133.93 Crore.

The Commission has considered the above submissions and observes that SBI one-year MCLR rate as on 01.04.2022 was 7% and changed to 7.10% w.e.f. 15.04.2022. Accordingly, the rate applicable for the FY 2022-23, shall be as applicable on 01.04.2022 i.e. 7%. Hence, in line with the regulation i.e. MCLR + 150 basis points i.e. 8.5% shall prevail.

The Commission has considered the submissions of HPGCL that there was unprecedented rise in the demand for power in the FY 2022-23. In compliance to the directions of the Ministry of Power (MoP), HPGCL has to incur additional coal cost on import of coal and RCR coal. The Commission observes that actual PLF of PTPS 6, 7 & 8, during the FY 2022-23 was 72.44%, 84.37% and 76.67%, respectively. Whereas, the Commission, in its order dated 22.02.2022, had allowed interest on working capital on the basis of PLF of 55% with cost of coal @ Rs. 4448/MT to Rs. 4797/MT. Due to impact of imported coal and RCR coal, the average cost of coal for the FY 2022-23 worked out to @ Rs. 5978/MT to Rs. 6195/MT. The Commission observes that even considering the PLF at the actual level will give normative interest on working capital at Rs. 110.63 crore. Further, given the unprecedented year, the impact of increase in coal cost, ought to be considered.

Accordingly, the Commission allows true-up of the interest on working capital to the actual level i.e. Rs. 133.93 Crore as against the approved amount of Rs. 103.729 Crore. Consequently, Rs. 30.20 Crore has been considered for true-up of interest on working capital.

16 True-up of Non-tariff Income

The Commission observes that HPGCL has reported other income (Non-operating Income) of Rs. 8.255 Crore in the FY 2022-23, as detailed below: -

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

Details of other income, as per audited financial statements of HPGCL for the FY 2022-23, has been tabulated as under:-

Particulars	Amount (Rs. in crore)
Interest income including delayed payment charge	50.44
Income from sale of scrap	7.03
Other Income	2.45
Total	**59.92**

The Commission, in its earlier orders, has observed that generally, generating companies should not have any non-tariff income. The non-operating income of generating company can be on account of sale of scrap, ash etc. The same should be reduced from the coal cost/O&M expenses/reduced from true-up amount approved by the Commission. Further, since the Commission has allowed the true-up of interest on working capital to the extent of actual cost, therefore, interest income including the receipt of delayed payment charges, is to be added to the non-tariff income.

Consequently, other income amounting to Rs. 59.92 Crore has been reduced from the amount eligible for true up in the present Order.

In view of the above discussions, the Commission allows true-up expenses for the FY 2022-23 as under: -

(Rs. Crore)

	HPGCL (Proposed)	HERC (Allowed)
O&M Expenses	391.28	257.97
Depreciation cost	8.49	-7.64
Interest Cost	-3.11	-24.57
ROE	0	-0.75
Interest on working capital	34.15	30.20
Non-Tariff Income	-	-59.92
Total True-up	430.81	195.29
Add: Holding Cost @ 8.50% from 01.04.2023 to 31.03.2024 (12 months)		16.60
Total True-up including holding cost		211.89

HPGCL shall recover the aforesaid amount of Rs. 211.89 Crore from the Discoms i.e. UHBVNL and DHBVNL. The same shall become payable upon the submission of bill and late payment charges shall be accordingly applicable in accordance with Regulation Clause 43 of the MYT Regulations, 2019. The major difference between the true-up amount, as worked out by HPGCL, and that approved by the Commission is on account of disallowance of interest cost on term loan and Depreciation. Further, HPGCL had claimed true-up of the recovered expenses vis-à-vis actual expenses, whereas the true-up vis-à-vis approved expenses has been undertaken in the present Order in line with the HERC Regulations in vogue.

17 Capital Investment Plan (CIP)

The Commission in its tariff order dated 25.01.2023, (Case no. HERC/PRO-64 of 2022) had approved Rs. 18.77 Cr for FY 2022-23, Rs. 69.552 Cr for the FY 2023-24 and Rs. 37.58 Cr for the FY 2024-25. The Commission observes that out of the approved CAPEX expenditure of Rs. 18.77 Cr for FY 2022-23, works to the tune of Rs. 13.03 Cr only has been completed. In the revised CIP, HPGCL has also sought in principle approval of CAPEX amounting to Rs. 39.00 crore and Rs. 80.132 crore for the FY 2023-24 and FY 2024-25, respectively, as detailed hereunder: -

Proposed/Revised CIP			
SNo	**Capital Expenditure Work**		**(Rs. Cr.)**
	Year	**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
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, totaling to Rs 3.2 Crore (approximately)		3.2**
	Total	39.0	80.132
	Grand Total		119.132

** HPGCL is exploring the options to have EV charger under PPP mode, so the impact under CAPEX, be avoided.

The Commission from the revised capex plan for the FY 2023-24, observes that against the approval of Rs. 69.552 crore, the petitioner has now pared down the capex to 39 crore. Further, the works completed during the previous financial year amounted to Rs. 13.03 crore as against Rs. 18.77 crore approved by this Commission. Dropping/deferring works of capital nature reflects poor planning, execution and project management capability of HPGCL. **The petitioner is advised to strengthen its project management team for new projects and upgradation/refurbishment of the existing assets, who should be answerable for any significant slippages in planning and execution**.

HPGCL has submitted that earlier HMI of Pro-control based DCS was proposed for Upgradation. But now Complete Pro-control based DCS System (Steam Turbine & Steam Generator Package) will be Upgraded with MaxDNA based DCS as OEM i.e. M/s BHEL is not able to provide any spare and service support due to obsolescence of Pro-control based DCS. The tentative expenditure involved for the said MaxDNA is Rs. 18.283 Crores plus GST (i.e. Rs. 21.574 Crores inclusive of GST) and work will be carried out during Capital Overhauling of 210 MW, Unit-6 proposed in FY 2024-25. The necessary purchase order and work order for the Upgradation work has already been awarded to M/s BHEL with the approval of HPPC of HPGCL. As per BHEL, the supply period of the material is 10 months from the date of issue of Order, so Up-gradation work will be carried out during FY 2024-25.

The Commission has examined the submissions of the petitioner i.e. HPGCL. The Commission observes that about 27% of the capex proposed for the FY 2024-25 is for installation (or on upgradation) of Maximum Dynamic Network Architecture (MaxDNA) at its 210 MW PTPS unit-6. As its nomenclature itself suggests it is a network of application where diverse hardware and software solutions co-operate to allow the power plant to reach its greatest potential. The Commission observes that the cost proposed is 'tentative'. It is also noted that PTPS (Unit-6) is of the same vintage as the already de-commissioned (PTPS-5) despite the fact that there is a difference of about a decade their CoD. The viability/dispatchability of PTPS-6 would depend on the proposed RLA and RE report. Hence, at this stage, it may not be prudent to incur the proposed tentative cost of Rs. 21.60 crore that too without establishing the benefit stream. The Commission is constrained to observe that the submission of HPGCL (Memo no. 168/HPGCL/Reg-522 (2023) dated 26.12.2023) that "The necessary purchase order and work order for the upgradation work has already been awarded to M/s. BHEL with the approval of HPPC of HPGCL", may not be sufficient. However, as the system is normally designed on a modular basis and allows scalability, HPGCL may undertake such capex limited to ensuring safe operation of PTPS Unit-6 and for meeting the objectives of CEA (Flexible Operation of coal based thermal generation units) Regulations, 2023 as amended from

time to time. The details may be separately submitted to the Commission for approval along with RLA and LE reports. HPGCL is directed to submit the details of the scheme, bidding process followed, EOI, request for proposal, negotiation if any with the bidder & purchase order to the Commission for considering the same for true up of FY 2023-24 and ARR for FY 2024-25. Accordingly, at this this stage the Commission considers and approves the revised capital expenditure for FY 2023-24 to FY 2024-25, at Rs. 39 crore and Rs. 58.532 crore, respectively. It is added that the Commission is not, at this stage, adjusting the marginal impact on depreciation, interest on loan, RoE etc. for the proposed Capex on MaxDNA.

18 Operating Parameters:

Annual Generation and PLF: -

The Commission has reviewed the trends in annual generation of power from the power plants at Panipat, Yamuna Nagar, Hisar and WYC Hydro. It is observed that post FY 20, which has an aberration due to the pandemic, the demand particularly from the C&I consumers have not only recovered but also witnessed fresh and sustained peak. Consequently, due to rising demand and un-availability of a few big generators including Faridabad CCGT due to unavailability of APM gas, HPGCL power stations became of great value to schedule power for the Discoms, especially in view of expensive and limited quantum of power available in short term market. Consequently, HPGCL's power plants reported sustained improvement in PLF and annual generation thereto. Going forward the PLF is expected to reach the normative levels for all the Units of HPGCL. Hence, the Commission has considered it appropriate to peg PLF of all the Units as per the norms specified in the HERC MYT Regulations, 2019 including its subsequent amendment.

Secondary Fuel Consumption (SFC)

The table below presents the trend in specific oil consumption (in ml/kwh) as filed by the petitioner: -

Historical Unit wise Specific Oil Consumption (in ml/kwh)

Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
PTPS-6	5.17	2.42	1.01	0.98
PTPS 7	0.96	0.37	0.48	0.36
PTPS-8	0.92	0.39	0.42	0.84
DCRTPP-1	0.28	0.24	0.20	0.38

Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
DCRTPP-2	0.37	0.2	0.22	0.90
RGTPP-1	0.65	0.32	0.47	2.43
RGTPP-2	1.7	0	0.60	1.13

It is observed that HPGCL has proposed SFC for the FY 2024-25 as per HERC MYT Regulations, 2019 as under: -

S.N	Unit	HPGCL Proposed	HERC MYT Regulations
		FY 24-25	FY 24-25
1	PTPS 6	1.00	1.00
2	PTPS 7	0.50	0.50
3	PTPS 8	0.50	0.50
4	DCRTPS 1	0.50	0.50
5	DCRTPS 2	0.50	0.50
6	RGTPS 1	0.50	0.50
7	RGTPS 2	0.50	0.50

It is evident from the table on the SFC trend that in the FY 2023-24 (till Sept. 2023), the specific oil consumption in the case of DCRTPS-2, RGTPS-1 and RGTPS-2, is 0.90%, 2.43%, 1.13% which is on higher side, as against the regulatory norms. HPGCL has achieved secondary fuel consumption norms in FY 2022-23 except for PTPS-6 and the Commission expects that HPGCL shall achieve the norms in future. **Since HPGCL has proposed the SFC for its power plants as per the provisions of MYT Regulations 2019, the Commission approves the same.**

Auxiliary Energy Consumption

The table below shows the historical unit wise Auxiliary Energy Consumption, as submitted by the petitioner:

Historical Unit wise Auxiliary Consumption (%)

Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
PTPS-6	9.69	9.33	9.36	9.57
PTPS 7	8.72	8.95	9.01	9.12
PTPS-8	8.54	8.81	9.14	9.00
DCRTPP-1	7.85	8.35	8.48	9.05
DCRTPP-2	8.08	8.52	8.40	8.98
RGTPP-1	5.48	5.40	5.70	6.31
RGTPP-2	5.64	-	5.46	6.12

HPGCL has proposed Auxiliary Energy Consumption for the FY 2024-25, as tabulated below: -

S. No.	Unit #	HPGCL Proposed	HERC MYT Regulations

		FY 24-25	FY 24-25
1	PTPS 6	9.00%	9.00%
2	PTPS 7	8.50%	8.50%
3	PTPS 8	8.50%	8.50%
4	DCRTPP 1	8.50%	8.50%
5	DCRTPP 2	8.50%	8.50%
6	RGTPP 1	6.00%	6.00%
7	RGTPP 2	6.00%	6.00%
8	WYC Hydel	1.00%	1.00%

The Commission observes that HPGCL has proposed Auxiliary Energy Consumption as per the norms specified in the MYT Regulations, 2019 and approves the same.

Station Heat Rate (SHR)

HPGCL has provided the unit- wise trend in Station Heat Rate (SHR) as under: -

Historical Unit wise Station Heat Rate (in Kcal/kwh)

Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
PTPS-6	2537	2537	2531	2527
PTPS 7	2476	2476	2484	2495
PTPS-8	2480	2480	2487	2499
DCRTPP-1	2341	2341	2336	2319
DCRTPP-2	2342	2342	2330	2324
RGTPP-1	2431	2431	2395	2412
RGTPP-2	2461	2461	2390	2396

* *RGTPP Unit2 not available due to rotor issue

The Station Heat Rate for FY 2024-25 has been proposed as per norms specified in HERC MYT Regulations, 2019 as under:

SHR (kCal/kWh) FY 2023-24 and FY 2024-25

S. No	SHR (kcal/kWh)	HPGCL proposed	HERC MYT Regulations
		FY 2024-25	FY 24-25
1	PTPS 6	2550	2550
2	PTPS 7	2500	2500
3	PTPS 8	2500	2500
4	DCRTPS 1	2344	2344
5	DCRTPS 2	2344	2344
6	RGTPS 1	2387	2387
7	RGTPS 2	2387	2387

The Commission observes that HPGCL has been able to maintain SHR for the FY 2022-23 as per norms except for RGTPS units 1 and 2, wherein the SHR is marginally on the higher side. The Commission observes that

HPGCL has proposed SHR for its units at PTPS, DCRTPS and RGTPS as provided in the MYT Regulations 2019. The same is approved.

Gross Calorific Value (GCV) and Fuel (Coal & Oil)

The GCV and cost of coal and secondary fuel (oil) has been proposed for the FY 2024-25 as per the actual weighted average calorific value of coal for PTPS, DCRTPS and RGTPS in April to Sept. of FY 2023-24, as under: -

Proposed Gross Calorific Value and landed Coal Cost

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	5201.13	5362.79

Proposed Gross Calorific Value & cost of Oil

Particulars	**PTPS**	**DCRTPP**	**RGTPP**
Gross Calorific Value of oil (kcal/KL)	9648	9347	9398.35
Average landed cost of oil (Rs/kL)	74391.37	74756.37	72389

As the above values are based on the weighted average of six months, the same are approved for the purpose of generation tariff determination.

In line with the above discussions, the Energy Charges / Variable Charges for the FY 2024-25, calculated on the basis of the approved parameters / cost (Unit Wise), is presented in the table that follows: -

Approved Energy Charges / Variable Charges for the FY 2024-25

Parameters	**Unit**	**Derivation**	**PTPS**			**RG TPS**		**DCR TPS**	
			Unit 6	**Unit 7**	**Unit 8**	**Unit 1**	**Unit 2**	**Unit 1**	**Unit 2**
Installed Capacity (MW)			210	250	250	600	600	300	300
Gross Generation	MU	A	1,563.66	1,861.50	1,861.50	4,467.60	4,467.60	2,233.80	2,233.80
PLF (%)			85.00	85.00	85.00	85.00	85.00	85.00	85.00
Auxiliary Energy Consumption	%		9.00%	8.50%	8.50%	6.00%	6.00%	8.50%	8.50%
Generation (Ex-bus)	MU	A1	1422.93	1703.27	1703.27	4199.54	4199.54	2043.93	2043.93
Station Heat Rate (SHR)	Kcal/kwh	B	2550	2500	2500	2387	2387	2344	2344
Specific Oil Consumption	ml/kwh	C	1	0.5	0.5	0.5	0.5	0.5	0.5
Gross Calorific Value of Oil	Kcal/litre	D	9648	9648	9648	9398	9398	9347	9347
Gross Calorific Value of Coal	K.cal/Kg	E	3441	3486	3486	3269	3269	3186	3186

Overall Heat	G.cal	F=(A*B)	3987333	4653750	4653750	10664161	10664161	5236027	5236027
Heat from Oil	G.cal	G=(A*C*D)/1000	15086	8980	8980	20993	20993	10440	10440
Heat from Coal	G.cal	H= (F-G)	3972247	4644770	4644770	10643168	10643168	5225588	5225588
Oil Consumption	KL	I=G*1000/D =A*C	1564	931	931	2234	2234	1117	1117
Coal Consumption	MT	J=(H*1000/E)	1154387	1332407	1332407	3255787	3255787	1640172	1640172
Cost of Oil per KL	Rs/KL	K	74391	74391	74391	72389	72389	74756	74756
Cost of Coal	Rs/MT	L	5501	5771	5771	5363	5363	5201	5201
Total Cost of Oil	Rs .Mln	M=(K*I)/10^6	116.32	69.24	69.24	161.70	161.70	83.49	83.49
Total Cost of Coal	Rs.Mln	N=(J*L)/10^6	6350.28	7689.32	7689.32	17460.79	17460.79	8530.53	8530.53
Total Fuel Cost	Rs.Mln	O=M+N	6466.61	7758.56	7758.56	17622.49	17622.49	8614.03	8614.03
Fuel Cost/Kwh	Rs.	P=O/A1	4.54	4.56	4.56	4.20	4.20	4.21	4.21

Approved Fixed Cost Computation FY 2024-25 (Rs. Million)

EXPENSES	PTPS -6	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Operation & Maintenance (O&M)									
a) R&M Expenses	871.15	798.34	798.34	1143.87	1143.87	844.37	844.37	260.34	6704.63
b) A&G Expenses	193.02	296.22	296.22	280.79	280.79	339.85	339.85	33.30	2060.05
c) Employees Cost	35.34	45.42	45.42	48.86	48.86	32.40	32.40	6.63	295.33
Total O&M (a+b+c):	1099.50	1139.98	1139.98	1473.52	1473.52	1216.63	1216.63	300.27	9060.02
Depreciation	146.80	286.20	303.60	484.80	509.30	278.90	285.10	61.40	2356.10
Interest & Finance	19.50	6.50	6.50	131.30	131.30	10.30	10.30	5.50	321.20
W/C Interest	141.99	166.56	166.71	347.88	347.88	183.42	183.42	10.42	1548.28
ROE @ 11.67%/12.67%	193.69	263.84	264.11	602.95	600.70	303.43	303.37	25.40	2557.49
Fixed Cost	**1601.48**	**1863.09**	**1880.90**	**3040.45**	**3062.70**	**1992.68**	**1998.82**	**402.98**	**15843.09**
Generation (ex-bus) MU	1422.93	1703.27	1703.27	4199.54	4199.54	2043.93	2043.93	232.70	17549.12

HERC COMPUTATION OF WORKING CAPITAL AND INTEREST								
	RS. MILLION FY 2024-25							
ITEMS	DERIVATION	**PTPS**	**PTPS**		**RGTPS**	**DCR TPS**		
		Unit 6	**Unit 7**	**Unit 8**	**Unit 1 & 2**	**(Unit 1 & 2)**	**WYC**	**TOTAL**
Coal Stock	1 months	529.19	640.78	640.78	2910.13	1421.76	0	6142.63
Oil Stock	1 months	9.69	5.77	5.77	26.950	13.92	0	62.10
O&M Expenses	1 months	91.625	95.00	95.00	245.59	202.77	25.02	755.00
Maint. Spares	10%/15% of O&M	109.95	114.00	114.00	294.70	243.33	45.04	921.02
Receivables	1 month	672.34	801.80	803.29	3445.68	1768.30	33.58	7524.99
W/C Requirement		1412.80	1657.35	1658.83	6923.05	3650.06	103.64	15405.73
Int (@ 10.05% (8.55+1.5)%		141.99	166.56	166.71	695.77	366.83	10.42	1548.28

Notes:

1. The fixed cost including O&M expenses for the PTPS Units 6, 7 & 8 has been allowed, as per norms specified in the HERC (MYT) Regulations, 2019, (2nd

Amendment), 2022.

2. RoE has been pegged at 12% and 13% for thermal and hydro units (WYC), respectively, as per the provisions of HERC (MYT) Regulations, 2019, (2nd Amendment), 2022.

3. The additional expenses sought by HPGCL, over and above the norms specified in the MYT Regulations, 2019 (2nd Amendment) Regulations, 2022, on account of coal handling expenses has not been allowed on account of discussions in the earlier paras in this order. Further, impact of additional water charges on account of HWRA notification shall be considered by the Commission, during true-up of the FY 2024-25.

4. O&M has been escalated in @ 2.93% in line with the Regulations in vogue.

The Working Capital and interest thereto, have been computed as per the provisions of the MYT Regulations, 2019. The rate of interest on the working capital requirement, as computed in the table above, has been considered @ of MCLR as on 15.09.2023 (8.55%) and a margin of 150 basis point, as claimed by HPGCL. Resultantly, the allowed rate of interest for the purpose of working out interest amount has been considered @ 10.05%. It is reiterated that the interest on working capital approved in the order for the FY 2024-25, is the ceiling limit, which shall be subject to true-up to the extent of actual interest incurred by the petitioner.

The ECR / Fuel Charge approved by the Commission is summarized in the table below:

TARIFF	PTPS 6	PTPS 7	PTPS – 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC
ECR / Fuel Cost Rs/kWh	4.54	4.56	4.56	4.20	4.20	4.21	4.21	-

The recovery of fixed charges to the extent determined above, by the Commission, for the FY 2024-25 shall be as per the provisions of the MYT Regulations, 2019. HPGCL shall recover full capacity charge at the Unit Wise normative annual plant availability factor specified by the Commission in the said regulations and the recovery of capacity charge below the level of target availability i.e. normative PLF shall be on pro-rata basis and further that no capacity charge shall be payable at zero availability.

Accordingly, HPGCL shall ensure that fixed charges recovered for any of its power plants including WYC (HEP) for which fixed charges have been determined by the Commission in the present Order, during the year, do not exceed the fixed charges as determined herein.

Further, in case of annual PLF of any unit, including deemed generation, is lower than the normative PLF approved in the order, the recoverable annual fixed charges shall get reduced on pro-rata basis. In view of above, it is ordered that HPGCL shall recover monthly fixed charges in line with the provision of MYT Regulations, 2019, subject to the condition that total recovered fixed charges for a Unit up to the end of a month shall not be more than the admissible approved fixed charges for that Unit as worked out corresponding to the cumulative PLF (after including deemed generation) up to the end of that month. For example, at the end of 3rd month, if the deemed PLF is 80% and the normative PLF is 85%, the admissible approved fixed charges would be AFC/4 (0.80/ 0.85) where AFC are the approved annual fixed charges. In case cumulative PLF at the end of 3rd month is more than the normative PLF, the admissible approved fixed charges will be AFC/4.

Technical Minimum schedule for HPGCL's Power Plants other than PTPS shall be implemented in line with Central Generating Stations (CGS) for larger integration of renewable energy.

All other terms and conditions, not explicitly dealt with in this order, shall be as per the relevant provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.

The Generation Tariff approved for the FY 2024-25 shall be implemented w.e.f. 01.04.2024.

The present petition is accordingly disposed of. The petitioner is directed to take necessary actions for implementing the instant order.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 20.02,2024.

Date: 20.02.2024	(Mukesh Garg))	(Naresh Sardana)	(Nand Lal Sharma)
Place: Panchkula	Member	Member	Chairman