



COMMISSION'S ORDER

ON

TRUE UP FOR FY 2023-24, BUSINESS PLAN FOR FY 2025-29, CAPEX PLAN FOR FY 2025-29, ANNUAL (MID YEAR) PERFORMANCE REVIEW OF FY 2024-25 AND DETERMINATION OF AGGREGATE REVENUE REQUIREMENT AND SLDC CHARGES FOR HARYANA VIDYUT PRASARAN NIGAM LIMITED (HVPNL) FOR THE MULTI YEAR TARIFF FOR THE FY 2025-26 TO FY 2029-30.

HERC/PETITION NO. 65 OF 2024

13.03.2025

**HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS 33-36, SECTOR-4, PANCHKULA-134112, HARYANA**

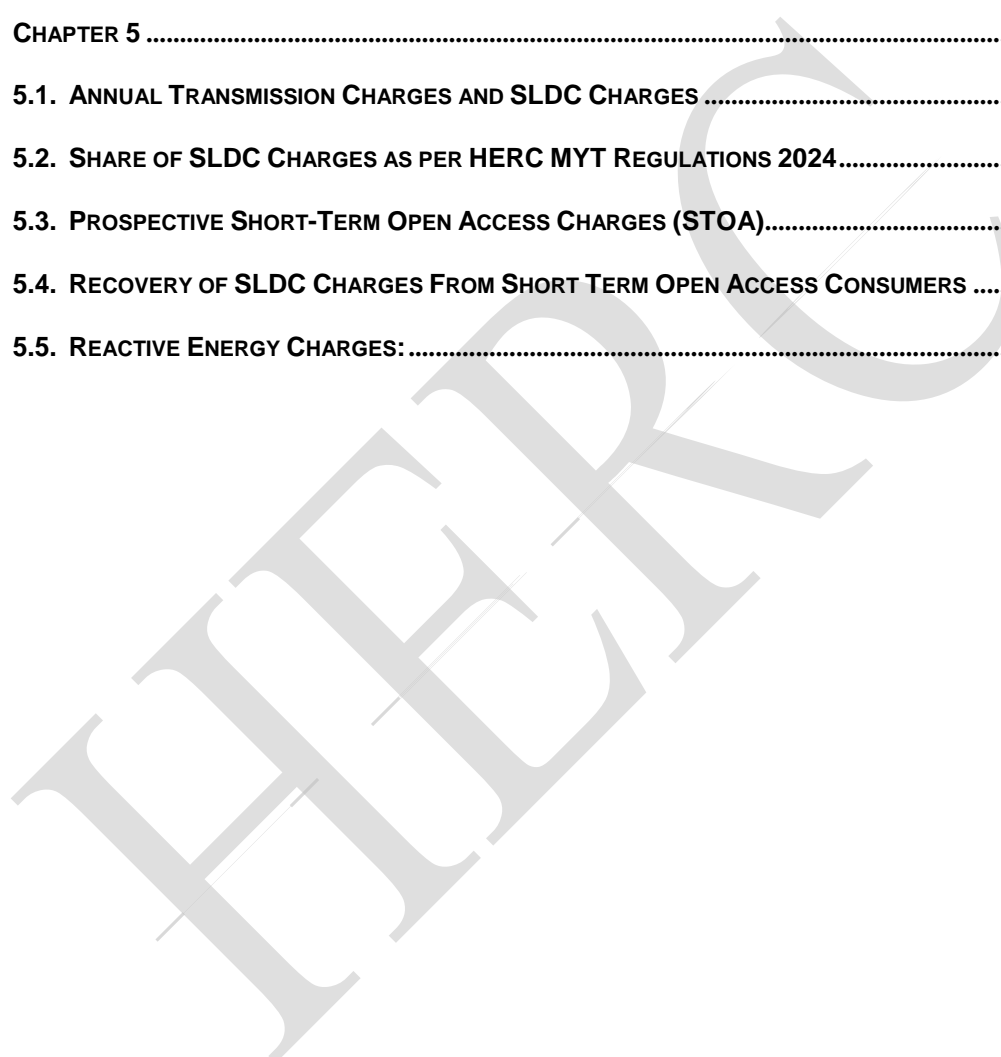
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**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS NO. 33-36, SECTOR-4, PANCHKULA-134112
HERC / PETITION NO - 65 OF 2024**

IN THE MATTER OF

Petition filed by Haryana Vidyut Prasaran Nigam Limited (herein after referred to as HVPNL or the Petitioner or the Licensee) for approval of True up for FY 2023-24, Business Plan for FY 2025-2029, Capex Plan for FY 2025-2029, Annual Performance Review of FY 2024-25 and Aggregate Revenue Requirement and Multi Year Tariff Petition for FY 2025-26 to FY 2029-30.

QUORUM

**Shri Nand Lal Sharma
Shri Mukesh Garg**

**Chairman
Member**

ORDER

The present petition has been filed by HVPNL i.e. the Transmission Licensee also notified by the Haryana Government as the State Transmission Utility (STU) and State Load Dispatch Centre (SLDC), under section 26 (7) of the Haryana Electricity Reform Act, 1997 read with applicable provisions of the license, the MYT Regulations along with section 32 (3) section 62 and section 64 of the Electricity Act, 2003, for consideration and approval of the Commission.

The Commission, in exercise of powers vested in it under section 62 of the Electricity Act, 2003 and section 26 of the Haryana Electricity Reforms Act, 1997 and all other powers enabling it in this behalf, has admitted the petition filed by HVPNL for True up for FY 2023-24, Business Plan for FY 2025-2029, Capex Plan for FY 2025-2029, Annual Performance Review of FY 2024-25 and Aggregate Revenue Requirement and Multi Year Tariff Petition for FY 2025-26 to FY 2029-30, in line with 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, in vogue.

The petition filed by HVPNL for its Transmission Business and SLDC charges as well as public proceedings, consultation with State Advisory Committee and the Commission analysis and order thereto are enumerated in the paragraphs that follow: -

CHAPTER 1

1.1 PETITION FILED BY HVPNL (TRANSMISSION AND SLDC)

At the onset, the Commission observes that the order for the FY 2023-24 (now being taken up for 'true-up') was passed in accordance with the applicable provisions of the HERC MYT Regulations, 2019 including its subsequent amendments. Accordingly, the 'true-up', for the FY 2023-24 shall be carried out as per the provisions and principles specified therein.

The Transmission ARR / SLDC charges for the FY 2025-26 shall also be considered and determined in accordance with the provisions of the MYT Regulations, 2024.

The ARR approved by the Commission and revised ARR submitted for True up for its transmission business for the FY 2023-24, are as under: -

Proposed True Up of Transmission Business ARR for FY 2023-24 (Rs. Millions)

Particulars	FY 2023-24		
	Approved by HERC 30.01.2023	True Up FY 2023-24	Gap Surplus/ (Deficit)
Expenditure			
O&M expenses	8838.07	10786.01	(1947.94)
<i>Employee Expenses</i>	5003.32	5473.97	(470.65)
<i>Terminal Benefits</i>	2814.80	4381.16	(1566.36)
<i>A&G Expenses</i>	428.21	400.09	28.12
<i>R&M Expenses</i>	591.74	530.79	60.95
Depreciation	4761.80	4613.86	147.94
Interest on term Loans	2983.42	3036.82	(53.40)
Impact of Foreign Exchange Risk Variation	0.00	251.79	(251.79)
Interest on working Capital	314.65	0.60	314.05
Total Expenditure	16897.94	18689.09	(1791.15)
Return on Equity	2998.97	3063.49	(64.52)
Less: Non-Tariff Income	-222.80	-514.97	292.17
Annual Transmission Charges	19674.10	21237.60	(1563.50)
Add: Incentive for TSA	0.00	97.70	(97.70)
Add: Sharing of Benefits @ 60% - IoWC	0.00	279.56	(279.56)
Net ARR	19674.10	21614.87	(1940.75)
Add: Revenue Gap 2021-22	2457.59	2457.59	0.00
Revenue allowed in RA-2 of 2024	0.00	228.39	(228.39)
Aggregate Revenue Requirement	22131.69	24300.85	
ULDC Charges (State Sector and BBMB)	0.00	15.45	(15.45)
PGCIL payment for non-completion of Downstream system	0.00	1183.06	(1183.06)
Transmission Share of SLDC Charges	18.66	10.28	8.38
Unitary Charges for JKTPPL	506.32	501.74	4.58
Less YTC for Lines Operating as ISTS Lines FY 23-24	3.47	0.09	3.38
Total Transmission Charges	22653.20	26011.28	(3358.08)

It is evident from the table above that the claim for true-up amounting to Rs. 3358.08 Million, based on the Audited Accounts of the FY 2023-24, has been filed by the petitioner. The major portion of the true-up sought comprises of employee cost including terminal liabilities, Impact of Foreign Exchange rate variation and PGCIL payment for non-completion of downstream system.

1.2 TRUE-UP OF SLDC BUSINESS ARR FOR FY 2023-24

The SLDC ARR approved by the Commission and the actual expenditure incurred during the FY 2023-24, as per the Audited Accounts, of the SLDC business and filed for true-up by the petitioner, is as under:

Proposed True Up Requirement of SLDC Business for FY 2023-24 (Rs. Millions)

Sr. No	SLDC Business	Approved by HERC Dated. 30.01.2023	True up	Gap/Surplus
1	Employee Expense	60.94	50.77	10.17
2	Terminal Benefits	0.00	0.00	0.00
3	A&G Expense	9.62	12.61	(2.99)
4	R&M Expense	10.73	21.82	(11.087)
5	Depreciation	94.24	49.70	44.54
6	Interest on Loan	55.92	0.00	55.92
7	Interest on Working Capital	3.26	0.00	3.26
8	Return on Equity	0.00	0.00	0.00
9	Less: Non-Tariff Income	(1.45)	(6.34)	4.88
10	Add: Revenue Gap/ Surplus Refund	0.00	0.00	0.00
11	Carrying Cost	0.00	0.00	0.00
12	TOTAL	233.26	128.55	104.71

As evident from the table above, the actual expenditure for operating the State Load Dispatch Centre in the FY 2023-24 was Rs. 128.55 Million as against Rs. 233.26 Million approved by the Commission. The difference between the amount approved by the Commission and that reflected in the Audited Accounts of the licensee, is primarily on account of interest on term loan and depreciation.

1.3 ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2024-25

The table below summarizes the revised estimates of transmission ARR submitted by the transmission licensee vis-e-vis that approved by the Commission.

Transmission ARR for FY 2024-25 (Rs. Million)

Particulars	Approved by HERC order dated 16.02.2024	Proposed for APR FY-2024-25	Gap Surplus/ (Deficit)
O&M expenses	8546.65	12382.82	(3836.16)
Employee Expenses	5542.00	5652.11	(110.11)
Terminal Benefits	1957.80	5667.53	(3709.73)
A&G Expenses	421.88	411.81	10.07
R&M Expenses	624.98	651.37	(26.39)
Depreciation	5062.86	5187.11	(124.25)
Interest on term Loans	4050.75	3838.01	212.74
Impact of Foreign Exchange Risk Variation	0.00	0.00	0.00
Interest on working Capital	371.19	506.35	(135.16)
Total Expenditure	18031.46	21914.29	(3882.83)
Return on Equity	2802.97	3277.90	(474.93)
Less: Non-Tariff Income	-222.80	-222.80	0.00
Annual Transmission Charges	20611.63	24969.39	(4357.76)
Add: Revenue Gap 2022-23	-903.55	-903.55	0.00
Add: Carrying cost on above	0.00	0.00	0.00
Aggregate Revenue Requirement	19708.06	24065.84	(4357.76)
ULDC Charges for FY 2023-24	0.00	0.00	0.00
Transmission Share of SLDC Charges	7.39	9.68	(2.29)
Unitary Charges for JKTP	480.95	480.95	0.00
Less YTC for Lines Operating as ISTS Lines FY 2024-25	0.00	0.00	0.00
Total Transmission Charges	20196.42	24556.48	(4360.06)

HVPNL has submitted that in line with the methodology adopted by the Hon'ble Commission in the earlier tariff orders, the Petitioner in this instant tariff petition is submitting the Annual Performance Review of the FY 2024-25. However, the impact of revenue gap as estimated in the Annual Performance Review and carrying cost thereto is not being considered in the projection of ARR for the FY 2024-25. The revised financial impact of FY 2024-25 will be taken by the petitioner in next tariff petition as 'true-up' once the audited annual accounts for FY 2024-25 are available. HVPNL has further submitted that Hon'ble commission in its order dated 30.01.2023, taking into consideration the comfortable position of the reactive energy pool account, had directed that limited to the FY 2023-24, no reactive energy charges shall be recovered from the DISCOMs. However, HVPNL may approach the Commission for true up based on the actual audited data. In this regard, it is submitted that during the FY 2023-24, the net receivable from UHBVN and DHBVN is Rs. 32.31 Million and Rs. 17.58 Million.

A snapshot of the true-up sought by HVPNL for the FY 2023-24, revised estimates for the FY 2024-25 and projected ARR for the FY 2025-26 for their transmission and SLDC business is presented in the table that follows: -

**Proposed Revenue Gap with Carrying Cost for FY 2023-24, 2024-25 and FY 2025-26
(in Rs. Million)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Approved ARR	22653.21	20196.40	-
Proposed Revised ARR	26011.28	24556.48	-
Opening Revenue Gap	-	3525.98	3883.86
Addition in Revenue Gap	3358.07	-	-
Closing revenue gap	3358.07	3525.98	3883.86
Interest rate	10.00 %	10.15 %	10.15 %
Carrying cost	167.90	357.89	197.11
Closing revenue gap	3525.98	3883.86	4080.97

Proposed Aggregate Revenue Requirement of SLDC for FY 2024-25(in Rs. Million)

SLDC Business		FY 2024-25
S. No	Particulars	APR
1	Employee Expense	52.25
2	Terminal Benefits	0.00
3	A&G Expense	12.98
4	R&M Expense	4.90
5	Depreciation	49.71
6	Interest on Loan	0.00
7	Interest on Working Capital	2.66
8	Return on Equity	0.00
9	Less: Non-Tariff Income	(1.45)
10	Add: Revenue Gap/ Surplus Refund	0.00
11	Carrying Cost	0.00
	TOTAL	121.05

1.4 PROPOSED ANNUAL REVENUE REQUIREMENT FOR FY 2025-26

HVPNL has submitted that Aggregate Revenue Requirement for the control period for FY 2025-26 to FY 2029-30 is as under: -

(in Rs. Million)					
Particulars	FY2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses	10473.96	11228.75	11963.04	12704.8	13482.12
Employee Expenses	5976.87	6172.86	6319.09	6462	6626.35
Terminal Benefits	3002.88	3542.61	3934.52	4449.98	4999.39
A&G Expenses	434.34	450.48	467.22	484.59	502.59
R&M Expenses	1059.87	1152.79	1242.2	1308.23	1353.78
Depreciation	5642.84	6154.19	6646.23	7009.59	7260.23
Interest on term Loans	4332.02	4774.74	4852.93	4619.71	4215.27
Impact of Foreign Exchange Risk Variation	0	0	0	0	0
Interest on working Capital	455.09	491.05	522.96	550.5	576.04
Total Expenditure	20903.9	22648.73	23985.15	24884.61	25533.66
Return on Equity	3572.19	3966.4	4345.72	4625.85	4897.52
Less: Non-Tariff Income	-514.97	-514.97	-514.97	-514.97	-514.97
Annual Transmission Charges	23961.13	26100.16	27815.91	28995.5	29837.76
Unitary charges	471.52	471.52	471.52	471.52	471.52
Transmission share of SLDC	10.18	10.39	10.61	10.84	11.07
Total Transmission Charges	28523.84	26582.08	28298.05	29477.86	30320.36

The licensee, as per the details presented in the table above, has proposed ARR for its transmission business, including the revenue gap (on proposed true-up) carried forward, of Rs. 28523.81 Million to be recovered through transmission tariff in the FY 2025-26 from the beneficiaries of transmission services of HVPNL. The proposed ARR for subsequent years has been calculated by considering the escalation factor of 5.47%.

As HVPNL also manages and operates the State Load Dispatch Centre (SLDC) at Sewah / Panipat, they have proposed the SLDC ARR as follows: -

Proposed Aggregate Revenue Requirement for SLDC for FY 2025-26 to FY 2029-30

(in Rs. Million)					
SLDC Business	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Employee Cost	55.11	57.16	59.29	61.49	63.77
A&G	13.69	14.20	14.73	15.27	15.84
R&M	7.36	7.36	7.36	7.36	7.36
Interest on Loans (Capex)	0.00	0.00	0.00	0.00	0.00
Depreciation	49.71	49.71	49.71	49.71	49.71
IoWC	2.85	2.93	3.02	3.10	3.19
Return on Equity	0.00	0.00	0.00	0.00	0.00
Less: Non-tariff Income	-1.45	-1.45	-1.45	-1.45	-1.45
Add: Revenue Gap/Surplus	0.00	0.00	0.00	0.00	0.00
Total	127.26	129.90	132.64	135.48	138.42

1.5 ANNUAL TRANSMISSION TARIFF AND SLDC CHARGES

In accordance with the projected ARR for the FY 2025-26 for the Transmission business, the licensee has proposed Annual Transmission Tariff / Charges recoverable from the beneficiaries of the Transmission System as under: -

Proposed Annual Transmission Charges for FY 2025-26

(In Rs. Million)

Aggregate Revenue Requirement 2025-26	Rs. Million	28042.10
Transmission share of SLDC charges @ 8%	Rs. Million	10.18
Unitary charges for JKTPCL	Rs. Million	471.52
Less YTC of ISTS lines FY 2025-26	Rs. Million	0.00
Total Transmission Charges	Rs. Million	28523.81
Monthly transmission Tariff		2376.98
Monthly Transmission charges of UHBVN	45.1114%	1072.288
Monthly Transmission charges of DHBVN	53.2538%	1265.832
Monthly Transmission charges of TPTCL	0.3923%	9.324
Monthly Transmission charges of NTPC	0.0158%	0.375
Monthly Transmission charges of CRPCPL	0.0023%	0.054
Monthly Transmission charges of Northern Railways	1.2173%	28.934
Monthly Transmission charges of Jindal Rolling Mills P. Ltd.	0.007%	0.166

It has been submitted that in case of any addition of new beneficiary during the financial year, the transmission charges shall be levied in proportion to their respective allotted transformation capacity / installed capacity.

Proposed SLDC Charges for FY 2025-26 (in Rs. Million)

Beneficiaries	Transformation ratio in %	Total (Rs. Millions) FY 2025-26 SLDC charges to be recovered Rs. 127.26 million
HVPNL @ 8 %		10.180
Generating companies & Sellers @ 46 %		58.539
HPGCL	55.9124 %	32.730
FGPP	9.3534 %	5.475
MGSTPS	28.5798 %	16.730
Gemco Biomass	0.1732 %	0.101
Starwire India Ltd.	0.2143 %	0.125
Sri Jyoti	0.2057 %	0.120
Shahabad Cooperative Sugar Mill	0.5196 %	0.304
Naraingarh Sugar Mills	0.4850 %	0.284
Amplus Sun Solutions Pvt. Ltd.	1.0826 %	0.634
JBM Environment Pvt. Ltd.	0.1732 %	0.101
M/s Mor Bio Energy Ltd.	0.0260 %	0.015
LR Energy Pvt. Ltd.	0.4330 %	0.253
Avaada Green HN Projects	1.0826 %	0.634
SAEL Limited	0.3248 %	0.190
Raj Waste Trete Pvt. Ltd.	0.0433 %	0.025
Deepan Godara	0.0054 %	0.003
Giotech Power	0.0217 %	0.013
K2 Power Renewal Pvt. Ltd.	0.0433 %	0.025
Panipat Cooperative Sugar Mill	0.3248 %	0.190
Karnal Cooperative Sugar Mill	0.6062 %	0.355
Hind Samachar	0.3897 %	0.228
Distribution SLDC Charges @ 46 %	58.539	
UHBVN	45.0597 %	26.377
DHBVN	53.1928 %	31.139
TPTCL	0.3919 %	0.229
NTPC	0.0158 %	0.009
CRPCPL	0.0023 %	0.001
Northern Railway	1.2159 %	0.712
Jindal Rolling Mill	0.0070 %	0.004
Merino	0.0158 %	0.009
Orbit Resorts	0.0237 %	0.014
Sky City	0.0016 %	0.001

Asian Paints	0.0158 %	0.009
Goodrich Carbohydrates Ltd.	0.0076 %	0.004
Dorset Industries Pvt. Ltd.	0.0028 %	0.002
KRBL Ltd.	0.0043 %	0.003
GS Spinning Mills	0.0032 %	0.002
Garg Spinning Mills	0.0032 %	0.002
Bhartiya Spinner Ltd.	0.0032 %	0.002
Blow Packaging Ltd.	0.0019 %	0.001
Rico Auto Industries	0.0316 %	0.018
Generating companies (Sellers) + Distribution companies		117.078

HVPNL has submitted that in case of any addition of new beneficiary, the SLDC charges would be charged in proportion to the respective transformation capacity.

1.6 SHORT-TERM OPEN ACCESS CHARGES (STOAC)

HVPNL, for the consumers bringing in power under short-term open access mechanism as per the enabling provisions of the HERC Open Access Regulations in vogue, has proposed recovery of following charges:

Proposed Transmission Charges to be recovered from STOAC

STOA Charges (Rs/ kWh)	Amount
Proposed Transmission Cost for FY 2025-26	28523.81
Total Power transmitted by HVPNL during FY 2023-24 (Previous year)	63257.46
Proposed Short Term Open Charges (Rs. /kWh)	0.45

CHAPTER 2

PROCEDURAL ASPECTS OF THE ARR FILING

2.1 PUBLIC PROCEEDINGS

In compliance of section 64 (2) of the Electricity Act, 2003, the petitioner i.e. HVPNL, published its petition in an abridged form for inviting comments / objections from the stakeholders / general public. The public notice was issued by the HVPNL in 'The Tribune' (English) dated 30.11.2024 and 'Dainik Jagran' (Hindi) dated 30.11.2024.

Subsequently, the Commission issued public notice in The Tribune (English) dated 18.12.2024 and Dainik Bhaskar (Hindi) dated 18.12.2024 inviting comments / objections from the stakeholders / general public. The date of public hearing in the matter was also specified therein.

2.2 PUBLIC HEARING

The Commission, in order to afford an opportunity to the stakeholders / interested persons to present their case in person, held a public hearing on the petition filed by HVPNL after publishing the date of public hearing in the newspapers. The date of the public hearing was also posted on the website of the Commission under the heading 'Schedule of Hearing'.

The public hearing was held on 15.01.2025 at 11:30 AM, as scheduled. The petitioner made a detailed presentation in the hearing and also responded to various queries / clarifications sought by the Hon'ble Commission. Further, in response to the public notice, the Commission received objections from the only intervener i.e. Sh. Pankaj Bhalotia. The issues raised by the intervener and the Commission's view thereon are as follows:

- 1) Despite HERC rescinding the HVPNL Memo No. Ch-40/DSO-434/Vol.III/RAU/F-136 dated 04.09.2014 and declaring it Null and Void from the date of its issue vide its decision in Appeal No. HERC/PRO 8, 10 & 11 of 2015 on 21.09.2015, the officials of HVPNL are still demanding the share cost under the said Memo No. Ch-40/DSO-434/Vol.III/RAU/F-136 dated 04.09.2014. Isn't it reflect the apathetic approach of the HVPNL towards the electricity consumer and tantamount to lack of knowledge and overlooking the decision of HERC and various Rules and Regulations in place by the officials of HVPNL and causing unnecessary harassment, poor service, mental agony etc that despite the said Memo was rescinded and declared as Null and Void by HERC on 21.09.2015, HVPNL is still continuing and demanding the share cost in terms of said Memo No. Ch-40/DSO-434/Vol. III/RAU/F-136 dated 04.09.2014. The HERC clearly directed in the said Appeal No. HERC/PRO 8, 10 & 11 of 2015 on 21.09.2015 that the Share Cost shall

only and only be payable in terms of provisions of HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2005 along with its amendments and not in terms of any other notification/circular/guideline whatsoever of HVPNL or DHBVN.

- 2) Despite an order/direction in this regard by the Commission that Normative cost is not applicable, and no recovery should be made against it, both HVPNL and DHBVNL are still fighting for it and keep filing legal case in the Court and keep incurring expenses towards it and claiming it while determining the tariff. Who is approving all these in HVPNL and DHBVNL to keep fighting for the case and keep incurring the expenses when the matter is already decided by the Commission. Managing Director of both entities should be held responsible for it.

Commission's view:

The Commission has perused the objections filed by Shri Bhalotia. It is observed that similar objections were filed by the same intervenor in the previous year's ARR also.

The Commission, in its order dated 16.02.2024, has held as under: -

"The intervenor herein needs to note that the scope of present proceedings is for determination of transmission tariff and SLDC charges in accordance with the provisions of the HERC MYT Regulations and its subsequent amendments occupying the filed. The issue raised herein clearly falls outside the scope of the present proceedings. Hence, the commission is not expressing any views on the same."

Therefore, no further deliberations on the same is required.

2.3 STATE ADVISORY COMMITTEE (SAC)

The meeting of the State Advisory Committee, constituted under the provisions of section 87 of the Electricity Act, 2003, was held on 19.02.2025 to seek suggestions / comments from the State Advisory Committee Members on the ARR / Tariff proposal of the Haryana Power Utilities including the petitioner herein i.e. HVPNL.

The suggestions of all the members were noted. The Commission will keep the views of SAC Members in mind while issuing the ARR / Tariff orders.

CHAPTER 3

COMMISSION'S ANALYSIS AND ORDER

3.1 TRUE-UP OF ARR FOR THE FY 2023-24

Regulation 13 of the HERC Multi Year Tariff Regulations, 2019 provides for 'True Up' of the previous year ARR based on the audited accounts. Further, Regulation 8 of the said Tariff Regulations, 2019 provides that the baseline values for various financial and operational parameters of the ARR, for the control period, shall be determined after considering the figures approved by the Commission in the past, actual average figures of last three years, audited accounts and estimated figures for the relevant year.

The Commission has dealt with various components of the ARR for ascertaining the amount eligible for 'true- up' for the FY 2023-24 based on the statute occupying the field and the audited accounts for the year placed on record by the petitioner in the ensuing paragraphs.

3.1.1 OPERATIONS AND MAINTENANCE EXPENSES

Operations and Maintenance (O&M) Expenses of the petitioner consist of the following elements: -

- A. Employee Expenses
- B. Repairs and Maintenance Costs (R&M)
- C. Administrative and General Expenses (A&G)
- D. Terminal Liability

The employee expenses include salary, dearness allowance, House rent allowances, leave salary contribution, Employer contribution towards NPS tier-1, leave travel concessions, Medical reimbursement, and staff welfare expenses etc. Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, other debits etc. Repairs and Maintenance Expenses include day to day upkeep of the transmission network and form an integral part of the petitioner's efforts towards reliable and quality power supply along with reduction of losses in the system. This includes repair and maintenance of plant and machinery, vehicles, line cable networks, furniture and fixtures etc. Terminal Liability/retiral benefits consist of pensions and other post retirement compensation to the staff. The dispensation on O & M is governed by the Regulation 45.3 of the HERC MYT Regulations 2019 occupying the field. A comparison of approved and actual (O&M) expenses, as per the audited accounts, for the financial year 2023-24 is as follows: -

Proposed True Up of O&M Expenses for FY 2023-24 (Rs. Million)

Sr. No.	Particulars	Approved by HERC	Actual	Difference Surplus/(Deficit)
1	O&M expenses	8838.07	10786.02	(1947.95)
1a.	R&M Expenses	591.74	530.79	60.95
1b.	Employee Expenses	5003.32	5473.97	(470.65)
1c.	Terminal Benefits	2814.80	4381.16	(1566.36)
1d.	A&G Expenses	428.21	400.10	28.11

The Commission has dealt with the submissions of the petitioner under each head of O&M expenses in the following paragraphs: -

A. Employee Expenses for the FY 2023-24

A comparison of the approved and actual employee expenses incurred during the FY 2023-24, as filed by HVPNL, is summarized in the table below. The actual figures have been derived and prepared by the petitioner from the Audited Accounts of the FY 2023-24.

Proposed True Up of Employee Expenses for FY 2023-24 (Rs. Millions)

Particulars	Approved by HERC	Actual	Difference Surplus/(Deficit)
Salaries and Wages	5064.26	4108.14	
Other Staff Cost		1269.07	
Staff Welfare Expenses		147.53	
Benefit from Staff Loans		-	
Less: Employee Benefit for SLDC	60.94	50.77	
Total Employee Cost	5003.32	5473.97	(470.65)

It is evident from the table above that as against the Commission's approved employees cost amounting to Rs.5003.32 Million, the actual amount incurred by the licensee was higher by Rs.470.65 million.

HVPNL has prayed that the Hon'ble Commission may consider the actual employee expenses of FY 2023-24, as per in the annual audited accounts, which may be approved and set as a base for the projection of employee expenses for the FY 2025-26. While approving employee cost for the FY 2023-24 by the Hon'ble Commission (in its order Dated 30.01.2023) the Commission has relied on projections based on the relevant Regulations. However, the actual audited employee cost (Rs.5473.97 million) which is higher than the approved Employee cost (Rs.5003.32 million) in Tariff order dated 30.01.2023. The increase in employee cost is because of the increase in number of retirees and the new incumbents. Further, there is an increase of the Dearness allowance of 8% during the year 2023-24 as against the projected 2.93% over projected employee cost for FY 2022-23. It has been prayed that amount now proposed may be approved and also be set as a base for projecting employee cost for the ensuing control period.

The Commission has considered the submissions of the petitioner as 'un-controllable' in terms of the MYT Regulations. Hence, the Commission approves Rs.5473.97 million i.e.

the actual employees cost of the FY 2023-24. The differences shall be trued-up in line with the HERC MYT Regulations in vogue.

Having approved the “True up” proposed, the Commission observes that HVPNL has transmission lines aggregating to 16940 Ckt. KM. Accordingly, employee cost (including terminal benefits) for the FY 2023-24 per Ckt. KM comes to Rs.5,81,766/-, whereas employees cost including terminal benefits in the FY 2015-16 was Rs.3,31,812/- per Ckt. Km (total employees cost Rs.4577.35 millions with 13795 CKT KM lines) as against relative figures of the FY 2015-16 for the States of Uttarakhand, Bihar, Madhya Pradesh, Maharashtra, Gujarat and Uttar Pradesh at Rs.1,90,562/-, Rs.1,03,395/-, Rs.1,04,027/-, Rs.2,00,306/-, Rs.1,33,155/- and Rs.1,32,327/-, respectively. Employee cost inclusive of terminal benefits of Odisha Power Transmission Corporation Limited (OPTCL) for the FY 2023-24 remained at Rs.2,80,150/- (employee cost inclusive of terminal benefits Rs.448.09 crore, transmission lines 16030 Ckt. km).

In view of the above, it is apparent that employee cost per Ckt. Km, in case of HVPNL, is very high at Rs.5,81,766/-.

In order to rationalize the high employee cost per CKT KM, the Commission had issued the following directive, in its order dated 09.03.2021: -

“Employees Rationalization: As pointed out earlier also, the sub-station automation system has been embarked upon in all the new / upcoming sub-stations of HVPNL. Resultantly, the manpower required for manning such sub-stations would reduce to a certain extent. Hence, keeping in view modernization and automation, HVPNL was directed to undertake manpower planning & rationalizations to rein in employees’ cost. In this regard, HVPNL submitted that a proposal has been prepared by Technical Committee and considered by the Whole Time Directors, HVPNL in its meeting held on 21.12.2017. Now, the agenda is being put-up for consideration of the BODs, HVPNL. **In this regard, HVPNL is directed to submit the final report to the Commission within one month.”**

The aforesaid direction was reiterated in order dated 21.05.2020 as under:

“The Commission observes that with advancements in technology, a proper long-term manpower planning / budgeting, re-skilling / re-deployment including those from other Power Utilities ought to be undertaken in order to ensure that human resources are gainfully utilized and the overall employees cost in the power sector in Haryana is reined in.”

In this regard HVPNL i.e. the petitioner, vide its office memo no. Ch-10/XEN/RAU/F-175/Vol-II dated 04.04.2024 has made the following submissions: -

- i. A detailed proposal of restructuring of manpower of HVPNL was submitted for consideration of Haryana Bureau of Public Enterprises [HBPE], Finance Department through ACS/Power to GoH, Power Department. The said proposal contains 8027 posts proposed for approval of the HBPE, which shows reduction in the existing sanctioned strength as per abstract given below:-

As on 01.03.2024, 2550 employees are working through outsourced (HKRNL) & indent for 51 sent for recruitment.

- ii. A detailed presentation on restructuring and its necessities was given on 26.10.2021 by the then Chief Engineer/Admn., HVPNL to Haryana Bureau of Public Enterprises [HBPE] in Civil Secretariat, Haryana.
- iii. During presentation, the officers of HBPE were of the opinion that consolidated proposal may be submitted instead of splitting of proposal in two parts; (i) wherein merger/renaming of posts proposed (ii) wherein no merger/renaming of posts. It was desired that the proposal requires prior approval of General Administration Department [GAD] before the same is considered by HBPE.
- iv. Draft Recruitment & Promotion Policies in respect of various categories of employees involving merger/re-designation in the restricting proposal and Uniform Sports Policy were submitted on 17.06.2022 to the General Administrative Department (GAD), Haryana. In return, the General Administration Department raised observations on dated 27.09.2022 on the proposal submitted by HVPNL.
- v. HVPNL had prepared the point wise status as desired by the Human Resource Department to GoH as well as in light of Government instructions dated 29.07.2019 and submitted the following for kind consideration and approval of the Hon'ble Chief Minister, Haryana through administrative department:-
 - a) Restructuring proposal of manpower of HVPNL as per agenda note containing justification of proposed posts, norms & proposed Manpower for deployment of staff, list of substations, Transmission lines and proposed Sub Divisions and Roles & responsibilities of each post and draft Recruitment & Promotion Policies involving merger/re-designation of posts as given below: -

No.	Draft Recruitment & Promotion Policies
i.	Recruitment & Promotion policy in respect of Ministerial Services (Head Office)
ii.	Recruitment & Promotion policy in respect of Ministerial Services (Field Office)
iii.	Recruitment & Promotion policy in respect of Accounts & Audit Wing
iv.	Recruitment & Promotion policy in respect of Personal Staff.
v.	Recruitment & Promotion policy in respect Non-Gazetted Technical Staff of Substation Wing, Transmission Line/Construction Organisation, Protection and Communication Wing

- b) Thereafter, proposal duly approved would be sent to Haryana Bureau of Public Enterprises [HBPE], Finance Department, Haryana for its information and further necessary action, as deemed fit.
- vi. However, it was desired that the entire proposal of restructuring of manpower of HVPNL may first be submitted for consideration of the Rationalization Commission, Haryana (RCH) constituted vide Gazette notification dated 28.03.2023 for

rationalization of structure and functioning of various departments, Boards and Corporations of Government of Haryana.

- vii. Accordingly, the restructuring proposal of manpower of HVPNL duly recommended by the Board of Directors, HVPNL as indicated above has been submitted on 06.03.2024 for consideration of the Rationalization Commission, Haryana (RCH) before submitting to the GAD/HBPE for further consideration.

The licensee may note that the directives issued by the Commission are well thought out and are intended to provide appropriate direction to the operations of the licensee. Tardy implementation of these directives issued by the Commission from time to time is detrimental not only to the interest of HVPNL but to the power sector as a whole. This has also led to a gap in the projected costs and revenue thereby leading to an additional cost on the approved ARR that may be allowed by the Commission in the true up. The entire effort ought to have been directed towards reigning in the cost of employee with proper manpower planning and budgeting. HVPNL should keep the basic objective of restructuring of manpower in mind. **Accordingly, the licensee is directed to submit the final report, action(s) taken as well as the benefits flowing from the same, within one month from the date of issue of this order. Further, the licensee is advised to improve upon its Human Resource Management practices besides imparting regular training at all levels.**

B. Terminal Benefits (FY 2023-24)

Regulation 8.3.8 (b) of the HERC MYT Regulations 2019 provides that the terminal liability is an 'uncontrollable' element of the ARR. The petitioner has submitted that the Hon'ble Appellate Tribunal in its order dated 30th April 2013 in the matter of Appeal No. 100 of 2012, has held that the 'terminal benefits' may be true up based on the actual as per the annual audited accounts. Accordingly, the petitioner has sought 'true up' of the terminal liability based on the actual terminal benefits expenses incurred as under:

Proposed True Up of Terminal Liabilities for FY 2023-24 (Rs. Million)

Particulars	Approved by HERC	Actual	Gap Surplus/ (Deficit)
Terminal Benefits	2814.80	4381.16	(1566.36)

HVPNL has additionally submitted that out of the provisions of terminal liabilities amounting to Rs.438.11 crore for the FY 2023-24, an amount of Rs.378.74 crore was funded with the pension trust in the FY 2023-24 itself and further an amount of Rs.201 crore has been transferred to pension trust in the FY 2024-25.

HVPNL has submitted additional submission regarding terminal liability. The main reason for increase in terminal liability for the FY 2023-24 was the pay revision which was not factored into the 2020 projections, has likely resulted in a higher salary base, directly impacting the terminal benefits that are linked to those salaries. Given that terminal benefits such as

pensions, gratuity, or other long-term liabilities are typically tied to salary levels, the adjustment for the increased salary base would lead to a higher liability. As a result, the impact of this pay revision on the liability was not captured in the earlier projections, contributing to the discrepancy in the projected versus actual P&L (Profit and Loss) figures. Further, the main reason for increase in terminal benefits liability for the FY 2023-24 was due to adoption of state Govt notification no. letter No. 2/23/2016-1 Pension dated 10.01.2018 by HVPNL vide no, 2553/NGE-153/2020 dated 23.06.2020 revising notional pay as on 1.1.2016 thereafter revision of pension/family pension w.e.f.1.1.2016 onwards. In Actuarial valuation the liability may differ between two valuation period. These fluctuations are defined as actuarial gains or losses. These fluctuations can make it difficult for companies to undertake meaningful business planning, as the figures are often subject to changes depending on the actuarial assumptions, salary adjustments, and other factors. Under Ind AS 19 (Employee Benefits), the treatment of these fluctuations (actuarial gains and losses) is addressed by "ring-fencing" them. This means that the actuarial gains and losses are not immediately recognized in the P&L statement but instead are transferred to a separate account under Other Comprehensive Income (OCI). OCI is a part of retained earnings within the equity section of the balance sheet. So, the immediate impact of actuarial gains and losses is eliminated from the P&L, reducing volatility. This treatment under Ind AS 19 serves as a tool to avoid undue volatility in profit and loss accounts due to fluctuations in the actuarial assumptions, salary changes, or other factors impacting long-term liabilities. At the same time, it ensures that such fluctuations are appropriately captured in the balance sheet rather than distorting the company's reported profitability in the P&L. Total actuarial liability for the FY 2023-24 is Rs.4381.16 million out of which 1285.13 million are shown under Employee benefit expense and remaining 3096.25 million are shown under Other Comprehensive Income in the Financial Statement.

The Commission observes that valuation of actuarial liability for the FY 2023-24 is abnormally high at Rs. 4381.16 million, as against the approved figure of Rs. 2814.80 millions. The Commission is not convinced with the same as the spike in valuation defies logical reasoning. Hence, the Commission directs HVPNL to get the valuation examined by an expert third party agency in concurrence with DISCOMs, with proper mapping of all the issues / assumptions considered by the present Actuary and the expert agency appointed for the purpose and submit the report to the Commission.

Having held as above, the Commission approves Rs.4381.16 million towards terminal benefits for the FY 2023-24, in line with the audited accounts. The Commission observes that there ought not to be any significant difference between what is proposed and the actual as per the audited accounts, as most of the parameters are known in advance with a fair degree of accuracy.

In this regard, the Commission reiterates the directive on payment to pension trust issued vide order dated 07.03.2019 as under: -

“The Commission directs the licensee to seek prior approval of the Commission for contribution to the pension trust in excess of that proposed by it in the ARR in future in view of the fact that there is no legal hitch in deferring the payment to the trust funds as demonstrated by the proposal of the licensee for the FY 2016-17. The Commission further directs the Licensee to ensure that any payment approved by the Commission in its order towards terminal benefits is duly paid within time and before the close of the relevant financial year.”

Accordingly, the Commission observes that though the terminal benefits cost actually incurred by the licensee is approved for true-up, pending thorough examination of the same, no carrying cost shall be allowed on the difference between the approved cost and the pass-through cost in the light of the ibid directive issued by the Commission to pay only the approved cost during the year. Needless to add that any contribution to the pension trust in excess of the amount approved, has to be with prior approval of the Commission.

C. Administrative and General Expenses (A&G) for the FY 2023-24

The detailed submission of the petitioner for claiming true-up of A&G expenses based on the audited accounts is as under: -

Proposed True Up of A&G Expenses for FY 2023-24 (Rs. Million)

Particulars	Approved by HERC	Actual	Gap Surplus/ (Deficit)
Administration Expenses			
Rent (Including Lease Rent)	428.21	1.81	28.11
Insurance		2.40	
Rates and taxes		32.62	
Telephone charges, Postage, Telegram and Telex Charges		5.47	
Mobile sets Charges		11.57	
Legal and professional		49.02	
Payments to auditors (Including out of pocket expenses)		0.82	
Consultancy charges		9.47	
Professional charges		13.88	
Service charges for computerisation		1.73	
Conference Expenses		0.00	
Training Expenses		15.58	
Travelling and conveyance		161.47	
Other Expenses		61.222	
Sub-Total of Administrative Expenses		367.60	
Material Related Expenses		25.13	
Expenses on Photostat on Contract Basis		1.71	
Impairment loss		18.271	
Sub-Total of other charges		45.10	
Less: A&G Expenses against SLDC		(12.60)	
Total Charges		400.10	

The Commission has examined the true-up of A&G expenses proposed by the licensee as per their Audited Accounts for the FY 2023-24. It includes impairment loss of Rs.18.271

millions. The Commission has sought the details of the same from the licensee. However, the licensee simply provided the following details: -

Account code	Account Name	Division Name	Amount (Rs.)
76.301	Impairment loss on Assets held for Sale Expenditure	Accounts & Reconciliation Panchkula	-5,34,443.00
76.302	Impairment loss on Scrap held for Sale Expenditure	Accounts & Reconciliation Panchkula	1,88,05,183.00

The details provided by HVPNL does not carry any description and purpose of booking the said expenditure in books of accounts. Further, it is not out of the place to mention that the expenditures actually incurred are eligible for consideration in the true-up exercise, subject to the prudence checks to be conducted by the Commission and the provisions of any sort, does not form of the same.

In view of the same, the Commission approves balance amount of A&G expenses i.e. Rs. 381.85 million (Rs. 400.12 Millions minus Rs.18.27 millions) towards A&G expenses for the FY 2023-24.

D. Repairs and Maintenance Expenses (R&M) for the FY 2023-24

The following table provides a comparison of approved and actual R&M Expenses filed by HVPNL based on the audited account for the FY 2023-24.

Proposed True Up of R&M Expenses for FY 2023-24 (Rs. Millions)

Particulars	Approved by HERC	Actual	Difference Surplus/(Deficit)
Plant and Machinery	591.74	274.80	60.95
Building		172.16	
Civil Works		49.65	
Lines, Cables Net Works etc.		40.40	
Vehicles		5.45	
Furniture and Fixtures		0.53	
Other Office Equipment's		9.61	
Total		552.60	
Less: SLDC		21.82	
Total R & M Cost		530.79	

The petitioner has submitted that R&M expenses during 2023-24 have been lower than the normative R&M expenses. Further, after considering the actual GFA for FY 2023-24 as per the audited accounts and the inflation factor for FY 2023-24 worked out as per the prescribed formula specified in the MYT Regulations, 2019, the actual R&M expenses are within the prescribed limits.

The Commission has examined the R&M expenses actually incurred by the licensee as per their Audited Accounts for the FY 2023-24 and approves the same at Rs. 530.79 million as proposed by them.

The licensee is advised to take up preventive and predictive R&M works so as to ensure that the transmission assets are maintained in perfect condition for providing

seamless transmission services to the beneficiaries. HVPNL is advised to undertake a third-party technical audit of its transmission system to identify the weak links and under-utilized assets.

3.1.2 Capitalization of Assets for the FY 2023-24

The Commission observes that 'capitalization of Assets' i.e. transfers of assets from Capital Works in Progress (CWIP) to Fixed Assets, as the assets enter into revenue earning stream, has a direct bearing on the ARR since the amount capitalized goes into the base capital / GFA on which RoE, Depreciation, R&M etc. are computed. It is noted that during the FY 2023-24 Rs. 9122.92 million has been capitalized and added to the Gross Fixed Asset / Capital Base of the Transmission Business. The details, as provided by the petitioner, are as under: -

Additions to GFA for FY 2023-24 (Rs. Million)

Particulars	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End of Year
Land	4,118.68	95.02	0.00	4,213.70
Building	7,158.93	1,113.94	0.06	8,272.81
Plant & Machinery	1,01,553.12	7,888.60	1012.50	1,08,429.22
Furniture & Fixtures	101.87	4.13	1.29	104.71
IT Equipment's	210.04	18.54	6.92	221.66
Vehicles	139.83	3.10	17.53	125.40
Less: SLDC assets	(945.18)	(0.41)	0.00	(945.59)
Total excluding SLDC and BBMB assets	1,12,337.29	9,122.92	1038.30	1,20,421.91

3.1.3 Depreciation for the FY 2023-24

The following table provide the details of depreciation amount for the FY 2023-24 as per the audited accounts.

Proposed True Up of Depreciation for Transmission Business for FY 2023-24 (Rs. Millions)

Particulars	Depreciation for FY 2023-24 (Rs. Million)			
	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End of Year
Land	0.00	0.00	0.00	0.00
Building	2,649.56	241.31	0.03	2,890.84
Plant & Machinery	45,235.04	4763.02	673.65	49,324.41
Furniture & Fixtures	65.57	4.75	1.09	69.23
IT Equipment	121.68	17.49	3.61	135.56
Vehicles	95.21	4.87	15.77	84.31
Total		5031.44		
Less: SLDC assets	(314.52)	(49.70)	(0.04)	(364.18)
Net depreciation, excluding SLDC and BBMB assets		4981.71		
Less: Depreciation on consumer contribution		(367.88)		
Total	47,852.54	4613.86	694.11	52140.17

The petitioner has submitted that the actual average rate of depreciation is different from average depreciation rate considered by the Hon'ble Commission, mainly due to the change in composition of assets with varying life and depreciation rates i.e. substantial share of assets added during the year are depreciable at rate of 5.28% as provided in MYT Regulations 2019.

Further, the impact of actual asset addition being different from the approved asset addition on a projected basis, is evident as the actual depreciation rate during the FY 2023-24 is marginally higher than that approved. In the order dated 30.01.2023, while projecting depreciation for FY 2023-24 on the audited figures of FY 2022-23, the average rate of depreciation was considered by the Hon'ble Commission @ 4.39%, whereas the actual average rate of depreciation for the FY 2023-24, as per the Audited Accounts of the licensee, works out to 4.51%.

Computation of Average Depreciation Rate (%)

Description	(In millions)
Depreciation for the FY 2023-24 as per audited accounts (i)	4981.74
Average Gross Fixed Asset Value for FY 2023-24 (ii)	1,10,338.37
Depreciation rate (i/ii %)	4.51 %

The Commission has considered the submissions and observes that the petitioner has followed the methodology adopted by the Commission in its True up order and deducted the depreciation chargeable to SLDC assets, generation assets and towards assets financed through consumer contribution and has prayed that this Commission may approve the depreciation for the FY 2023-24 on actual basis, as detailed in the table above.

The Commission after due deliberations approves Rs. 4613.86 million i.e. the actual depreciation of the FY 2023-24 as per the audited accounts for the said year.

3.1.4 INTEREST AND FINANCE CHARGES FY 2023-24

The following table provides a comparison of approved and actual interest and finance charges incurred in the FY 2023-24, as submitted by the petitioner.

Proposed True Up of Interest and finance charges for FY 2023-24 (Rs. Million)

		Particulars	FY 2023-24		
			Approved by HERC	Actuals	Gap / Surplus (Deficit)
		Interest and Finance Charges on Long Term Loans / Credits from the FIs/banks/organisations approved by the State Government			
A	i	Rural Electrification Corp.	2983.42	1557.41	(53.4)
	ii	Guarantee charges		103.50	
	iii	Power Finance Corp.		373.21	
	iv	Interest on loan from National Capital Region Plg Board		0.00	
	v	Interest on loan from NABARD		343.85	
	vi	Other finance charges		1.32	

	vii	Interest on World Bank Loan through State Govt. (WB)		728.44	
	viii	Interest on loan from PNB		226.80	
	ix	Loan Processing Fee-World Bank Loan		1.52	
		Total of A		3336.05	
B		Interest on Loan on New Capex (Net of Repayments)		0.00	
		Total of B		0.00	
C		Grand Total of Interest & Finance Charges: A + B		3336.05	
D		Less: Interest & Finance Charges Chargeable to Capital Account		(299.22)	
		Net Total of Interest & Finance Charges: For Revenue Account: C-D		3036.82	
		Net Interest on Loan	2983.42	3036.82	

The Commission observes that actual interest on term loan for the FY 2023-24 as per audited accounts, is Rs. 3036.82 millions and after excluding guarantee charges, the same is Rs. 2933.33 millions which is within the normative interest.

Accordingly, the Commission, after due deliberations, approves Rs. 3036.82 million as Interest and finance charges for the FY 2023-24 as the trued-up amount.

3.1.5 Interest on Working Capital for the FY 2023-24

The following table provides a comparison of interest allowed by the Commission on Working Capital loan and interest thereto as per the HERC MYT Regulations 2019 in vogue for the FY 2023-24 i.e. on normative basis and the actual interest cost incurred by the licensee.

Proposed Interest on Working Capital for FY 2023-24 (Rs. Millions)

Particulars	Approved by HERC	Actual	Gap /Surplus (Deficit)
Interest on Working Capital	314.65	0.603	314.047

The petitioner has submitted that the interest on Working Capital approved by the Hon'ble Commission in the ARR was in line with the MYT Regulations 2019 as amended from time to time. It is observed that the normative Interest on working capital, as approved by the Commission, is significantly higher than the amount actually incurred toward interest on working capital.

The petitioner has prayed that this Hon'ble Commission may approve the interest on Working Capital of Rs. 0.603 million actually incurred as per the audited accounts of the relevant year as well as the sharing of gains on account of efficiency in managing cash flows which has resulted in savings in Interest on Working Capital in 60:40 ratio between HVPNL and the beneficiaries of the transmission system.

The Petitioner has submitted that as per the Regulations 22.2 of HERC MYT Regulations 2019, the Interest Rate shall be considered at MCLR of relevant financial year plus 150 basis points, which comes out to be 10.00 % (8.50 % as on 01st April 2023 Plus 1.50%) and the same has been considered by the Petitioner.

The Interest on Working Capital for FY 2023-24, on normative basis as proposed by HVPNL is tabulated below:

Normative Interest on Working Capital for FY 2023-24 (Rs. Million)

Particulars	Normative
O&M for 1 Month	898.83
Maintenance spares @ 15% of Normative O&M	1617.90
Receivables equivalent to 1 month of Fixed Costs	2148.58
Total	4665.32
Interest Rate (8.50 + 1.50)	10.00%
Interest on Working Capital	466.53

The sharing of 60% of the gains amounting to Rs. 466.53 Million for FY 2023-24 on account of Interest on Working Capital proposed by HVPNL is tabulated below:

Sharing of Gains of Interest on Working Capital (Rs. Million)

Particulars	Normative	Actual	Gap/ Surplus (Deficit)
Gain on interest on Working Capital	466.53	0.60	279.56

The Commission has considered the above submissions and observes that SBI one-year MCLR rate as on 01.04.2023 was 8.50%. Further, Regulation 22.2 of HERC MYT Regulations, 2019 provides as under: -

“22.2 Rate of Interest

Rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of 150 basis points. However, while claiming any spread, the generator and the licensees shall submit loan sanction letter from the banks/ lending institutions, indicating the applicable rate of interest.

For the purpose of truing up, the actual weighted average Rate of Interest will be considered on the normative working capital by the Commission, subject to the ceiling margin as indicated above.” (Emphasis supplied)

The Commission observes that HVPNL has not submitted loan sanction letters as provided in the regulations, indicating the applicable rate of interest. However, as per the financial statements submitted by HVPNL, the working capital loans as on 31.03.2024 and 31.03.2023, are Rs. 100.25 Millions and Rs. 100.03 Millions, respectively. The average of the same comes to Rs. 100.14 Millions. The actual interest on working capital incurred by HVPNL, for the FY 2023-24 was Rs. 0.6 Millions. Accordingly, the average rate of interest comes out to 0.6%, which is highly unrealistic. The Commission has already approved higher rate of interest at 8.50%. Therefore, the claim of HVPNL for a higher rate of interest on notional basis is not tenable.

Additionally, the true-up of interest on working capital is allowed to the extent of actual, as per Regulation 22 of the HERC (MYT) Regulations, 2019, 2nd Amendment Regulations, 2022. The relevant extract of regulation 22 is reproduced below: -

“22. Interest on Working Capital:

Provided further that True up of the interest on working capital shall be limited to the actual interest on working capital”

Interest on working capital can be low due to prompt payment by the beneficiaries of the transmission system and utilization of equity capital. On the equity portion, RoE is allowed, as discussed in the subsequent para of this order. Therefore, by no stretch of means, it can be assumed that HVPNL has achieved efficiency gains by reducing its interest cost on working capital, which is eligible for sharing with the beneficiaries. It is further observed that Haryana Discoms are struggling with accumulated FSA of Rs. 8245 crore as on 31.03.2024 and have proposed further revenue gap in the FY 2025-26. In this critical position, all the Haryana State power utilities (State Government owned entities) are duty bound to exercise utmost discipline in the ARR on claims of notional gains.

Accordingly, the Commission, after due deliberations, approves the interest on working capital as per actual i.e. as reflected in the Audited Accounts. Hence, for the purpose of ‘True-up’ the same shall be pegged at Rs. 0.603 million.

The Commission observes that there is a large gap between working capital computed on normative basis and the actual working capital requirement of HVPNL. The licensee seems to have managed its working capital requirements (current assets current liabilities) well.

3.1.6 Return on Equity (ROE) for the FY 2023-24

The petitioner has proposed RoE for the FY 2023-24 considering the closing equity for the FY 2022-23 as mentioned in the HERC order dated 26.07.2024. The petitioner has estimated RoE in line with the HERC MYT Regulations 2019 and subsequent amendments and as per the methodology proposed in the tariff order. The equity portion of assets capitalized is considered for estimating the amount of equity eligible for a return. The petitioner has proposed a return on equity @ 11% for true up purposes, justifying the same as being in line with the MYT Regulations, 2019 and subsequent amendments thereof. The computational details are as under: -

Proposed RoE for FY 2023-24 (Rs. Million)

Particulars	Approved by HERC	Actual	Gap / Surplus (Deficit)
Internal Accrual's to be considered for Transmission business (Opening)	2,998.97	26,937.58	(64.52)
Add: Internal Accrual's portion of GFA added		1824.58	
Closing Internal Accrual's for RoE		28,762.16	
Average Equity		27,849.87	
Rate of Return		11.00%	
RoE - Proposed		3,063.49	

The petitioner has prayed that the Commission may allow the normative equity addition as well as return on equity for the FY 2023-24 as a part of the true up.

The Commission has examined the Return on Equity and approves as under: -

Rs. In Millions			
Particulars	Approved by HERC	Claimed by HVPN	Revised approved by HERC
Paid up Equity Share Capital at the beginning of the year, considered for transmission business	27099.66	26937.58	26937.58
Additions: On normative basis @20% of additions to capital assets	2013.75	1824.58	1824.58
Paid up Equity Share Capital at the end of the year, considered for transmission business (31.03.2023)	29113.41	28762.16	28762.16
Average Equity	28106.54	27849.87	27849.87
Rate of return as per order dated 30.01.2023	10.67%	11%	10.67%
RoE allowed for the FY 2023-24	2,998.97	3,063.49	2,784.99

The Commission observes that HVPNL has disposed of certain capital assets (Rs.103.82 crore), as well, during the FY 2023-24 and the equity portion relating thereto, is also required to be reversed, in line with the proviso to regulation 19.3 of HERC MYT Regulations, 2019, reproduced hereunder: -

“In case of de-capitalization or retirement or replacement of assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of the de-capitalized or retired or replaced asset, and the debt capital approved as mentioned above, shall be reduced to the extent of actual debt component, based on documentary evidence, of the original cost of the decapitalized or retired or replaced asset...”

The Commission has also considered the reply of HVPNL that it is not bifurcating disposal of capital assets in Debt: Equity portion in previous years, therefore provides details of disposal only. The Debts on these assets have already been repaid. However, HVPNL is claiming equity in the Debt: Equity ratio of 80:20 in previous years. Therefore, the Debt: Equity may be considered accordingly as taken in previous years please.

The Commission while approving Rs. 2784.99 million as Return on Equity for the FY 2023-24, directs HVPNL to work out equity portion of assets disposed of and not to claim RoE on the said portion of equity. The rate of returns has to be same i.e. as allowed in the original order.

3.1.7 INCENTIVES AND PENALTY: SYSTEM AVAILABILITY FOR FY 2023-24

The Commission observes that Regulation 12.2 (c) (i) of the HERC MYT Regulations 2019 provides for the incentives and penalty mechanism linked to the transmission system availability.

Accordingly, ‘availability’ has been calculated by the petitioner, circle wise and month wise for all circles and then the average has been taken to arrive at the system availability for

the year. The month wise availability of each circle is calculated in line with the MYT Regulations in vogue as under: -

Calculation of System Availability for FY 2023-24 and FY 2024-25 (H1)

Sr N	Month	Hours in the month	No. of Transmission Lines (O)	No. of Power T/Fs (Q)	Availability of (O) number of AC lines (AVo)	Availability of (Q) number of Power Transformers (AVq)	Total Numerator (AVo*O+AVq*Q)	Total Denominator (O+Q)	Availability during month in percentage $\{(AVo*O+AVq*Q) / (O+Q)\} * 100$	Cumulative TSA (in %age)
1	Apr-23	720	1021	1280	0.9956	0.9961	2291.5156	2301	99.5870	99.5870
2	May-23	744	1033	1281	0.9768	0.9979	2287.3443	2314	98.8481	99.2159
3	Jun-23	720	1037	1289	0.9952	0.9973	2317.5421	2326	99.6386	99.3456
4	Jul-23	744	1037	1290	0.9974	0.9988	2322.7558	2327	99.8174	99.4199
5	Aug-23	744	1040	1294	0.9972	0.9986	2329.2764	2334	99.7961	99.4746
6	Sep-23	720	1043	1295	0.9968	0.9989	2333.2379	2338	99.7931	99.5137
7	Oct-23	744	1045	1301	0.9952	0.9981	2338.5121	2346	99.6831	99.5299
8	Nov-23	720	1046	1303	0.9953	0.9976	2340.9439	2349	99.6570	99.5444
9	Dec-23	744	1051	1308	0.9950	0.9978	2350.8594	2359	99.6549	99.5523
10	Jan-24	744	1053	1316	0.9958	0.9988	2363.1017	2369	99.7510	99.5663
11	Feb-24	672	1058	1318	0.9898	0.9982	2362.7645	2376	99.4430	99.5477
12	Mar-24	744	1064	1322	0.9943	0.9976	2376.7851	2386	99.6138	99.5726
Total FY 24					11.9244	11.9757	28014.6388	28125		99.5726
1	Apr-24	720	1065	1324	0.9925	0.9982	2378.6654	2389	99.5674	99.5674
2	May-24	744	1071	1327	0.9877	0.9959	2379.4218	2398	99.2223	99.4051
3	Jun-24	720	1074	1329	0.9863	0.9985	2386.2927	2403	99.3082	99.3771
4	Jul-24	744	1074	1331	0.9937	0.9987	2396.5035	2305	99.6481	99.4382
5	Aug-24	744								
Total FY 24										

The amount of incentive claimed by the petitioner is reproduced in the table below: -

Incentive/ (Penalty) calculation for System Availability for FY 2023-24

(Rs. Million)

Particulars	Formula	Figures
Annual Transmission Charges	ATC	26011.28
Actual Transmission Availability	AA	99.5726%
Normative Transmission Availability	TA	99.20%
	$(AA-TA)/TA$	0.003756
Incentives/(Penalties) (Rs. Mn)	ATC*(AA-TA)/TA	97.70

The petitioner has submitted that the transmission system availability of 99.5726% was higher than the normative availability during the FY 2023-24, for which the incentive of Rs. 97.70 million for the FY 2023-24 has been claimed. The Commission has examined the calculations of incentive, based on the revised ARR for the FY 2023-24 approved by the Commission on true up. **Accordingly, the incentive amount for actual availability, reported by the petitioner, is approved at Rs. 90.60 million for the FY 2023-24 i.e. true up Annual Transmission Charges (ATC) Rs 24120.54 million X 0.003756 (AA-TA)/TA = Rs. 90.60 million.**

3.1.8 FOREIGN EXCHANGE RATE VARIATION (FERV)

The petitioner has proposed recovery of FERV, in line with the Commission's order dated 31.03.2016, para 3.4.11, whereby the principle of recovery based on cash loss due to

FERV has been considered. The calculation of FERV, proposed for 'true up' by the licensee is as under: -

Proposed Calculation of FERV for FY 2023-24 (Rs. Millions)

Statement of Foreign exchange rate variation during FY 2022-23 (Rs. in crore)			
Year	FERV Capitalized	FERV Charged to P&L	Total FERV
2011-12	42.42	15.90	58.32
2012-13	27.77	6.60	34.37
2013-14	79.16	15.80	94.96
2014-15	30.72	13.43	44.15
2015-16	17.38	43.77	61.15
2016-17	(8.52)	(18.22)	-26.74
2017-18	3.29	9.93	13.22
2018-19	-	80.18	80.18
2019-20	-	112.57	112.57
2020-21	-	(39.46)	-39.46
2021-22	-	37.54	37.54
2022-23		77.68	77.78
2023-24		23.30	23.30
Total	192.22	379.02	571.24
Less recovered of Capitalized FERV from ARR up to 31.03.2023	100.63		
Balance amount of Capitalized FERV to be recovered from ARR	91.60		
Total FERV to be recovered in Current Year (for 31 instalments)	2.95		
Calculation of FERV:			
FERV on instalment paid in 2023-24			Figures (in Million)
Amount received (1st instalment of loan drawl)		USD	27.61
Repayment-up to 31.03.2019		USD	27.61
Balance of 1st instalment		USD	-
Amount received (2nd Instalment of Loan drawl)		USD	21.40
Repayment-up to 31.03.2019		USD	8.23
Balance of 2nd instalment		USD	13.17
Repayment upto 31.03.2020		USD	9.12
Balance of 2nd instalment as on 31.03.2020		USD	4.05
Repayment 12th Instalment 2020-21		USD	4.05
Balance of 2nd instalment		USD	-
Amount received (3rd Instalment of Loan drawl)		USD	14.29
Balance Repayment of 12th Instalment 2020-21		USD	0.51
Repayment 13th Instalment 2020-21		USD	4.56
Balance repayment of 12th and 13th Instalment of 2020-21 after adjustment of 2nd Instalment		USD	5.07
Balance of 3rd instalment as on 31.03.2021		USD	9.22
Repayment during FY2020-21		USD	9.12
Balance of 3rd instalment		USD	0.10
Amount received (4th Instalment of Loan drawl)		USD	18.53
Repayment 14th Instalment 2021-22		USD	4.56
Balance amount of 14th Instalment) 2021-22		USD	4.46
Repayment 15th Instalment 2021-22		USD	4.56
Balance of 3rd instalment		USD	-
Balance of 4th Instalment after adjustment of 2021-22		USD	9.51
Exchange Rate at the time of receipt of 4th instalment		INR	44.94
Exchange Rate at the time of receipt of 5th instalment		INR	44.08
Exchange Rate at the time of receipt of 6th instalment		INR	52.96
Repayment 16th Instalment 2022-23		USD	4.56
Repayment 17th Instalment 2022-23		USD	4.56
Balance of 4th instalment after adjustment of 2022-23		USD	0.39
Repayment 18 th instalment 2023-24		USD	4.56
Repayment 18 th instalment 2023-24 (balance from 4 th instalment)		INR	0.39

Amount received (5 th installment of loan drawl)	USD	4.07
Amount received (6 th installment of loan drawl)	USD	5.93
Repayment 18 th installment 2023-24 (balance from 5 th installment 4.07)	USD	4.07
Repayment 18 th installment 2023-24 (balance from 6 th installment 4.56-0.39-4.07=-.10)	USD	0.10
Balance from 6 th installment (5.93-0.10)	USD	5.83
Amount paid of 19 th installment 2023-24 (from 6 th installment)	INR	4.56
Balance from 6 th installment (5.93-0.10-4.56)	INR	1.27
Exchange rate at the time of payment of 18 th installment in FY 2023-24	INR	82.33
Exchange rate at the time of payment of 19 th installment in FY 2023-24	INR	83.15
FERV on 18 th installment (Balance from 4 th installment of loan drawl)	INR	14.58
FERV on 18 th installment (Balance from 5 th installment of loan drawl)	INR	155.70
FERV on 18 th installment (Balance from 6 th installment of loan drawl)	INR	2.94
FERV on 19 th installment (Balance from 6 th installment of loan drawl)	INR	137.67
Less: Recovery of capitalized FERV	INR	59.09
FERV on 18th and 19th instalment of loan	INR	251.79

The Net FERV impact which is being claimed for True-up for the FY 2023-24 is Rs. 251.79 million. **The calculation of FERV, as submitted by the licensee, has been examined by the Commission and found in order. Hence, the same is being allowed as the true up amount.**

3.1.9 NON-TARIFF INCOME FOR FY 2023-24

The details of Non-tariff income submitted by the petitioner has been considered. The Commission observes that the proposed true up of non-tariff income is Rs.514.98 million. The calculation of Non-Tariff Income, as submitted by the licensee, has been **examined by the Commission and found in order. Hence, the same is being allowed as the true up amount.**

Accordingly, the Non- tariff income is approved at Rs. 514.98 million for the FY 2023-24. The details of true up proposed and approved by the Commission are as under:

Non-Tariff Income Proposed for FY 2023-24 (Rs. Million)

Particulars	Approved by HERC	Actual	Revised approved by HERC
Income from Investment, Fixed & Call Deposits			
Interest on fixed Deposits		209.95	209.95
Interest on staff loans and Advance and advance to supplier/contractor		20.605	20.61
Interest received on Corporate Social Responsibility (CSR) Bank		0.00	0.00
Interest to supplier and contractors		39.78	39.78
Interest on Income Tax refund		2.45	2.45
Sub Total		272.79	272.79
Non -Tariff Income			
Income/Fees/collection against staff welfare activities			0
Miscellaneous Receipts		220.20	220.2
Income from staff Welfare Activities		0.95	0.95
Income from sale of scrap		24.51	24.51
Penalty Charges received from contractors		2.87	2.87
Sub Total		248.53	248.53
Less: - NTI from SLDC		6.34	6.34
Total	222.80	514.98	514.98

3.2 REVENUE FROM TRANSMISSION TARIFF

As per the audited accounts for the FY 2023-24, by implementing the Transmission Tariff approved by the Commission, the licensee has recovered transmission charges amounting to Rs.22653.21 Millions from the beneficiaries of transmission system, as allowed in the order dated 30.01.2023.

3.3 UNITARY CHARGES FOR JKTPL

The Petitioner has submitted that HERC has granted transmission license to M/s Jhajjar KT Transco Private Ltd on 26th October 2010. The above transmission works stands completed and concessionaire has achieved the Commercial Operation Date on 12th March 2012. As per Transmission Agreement (clause 26.8.2); the applicable monthly Unitary Charges is being paid by HVPNL to the Concessionaire. The base Unitary Charge for the Accounting Year, in which COD occurs (i.e., 2011-12), was Rs.4,50,00,000/-, and the same is being revised annually by decreasing the Base Unitary Charge for the immediately preceding Accounting Year by 3% thereof and to reflect 40% of the variation in WPI in accordance with the provisions of Transmission Agreement.

Accordingly, the Unitary Charges for FY 2023-24 as per the audited annual accounts comes out to be Rs.501.739 million and the same may be approved by the Hon'ble Commission.

The calculation of Unitary Charges, as submitted by the licensee, has been examined by the Commission and found in order. Hence, the same is being allowed as the true up amount.

3.4 ULDC CHARGES

The Petitioner has submitted that ULDC charges pertaining to the State sector and BBMB portion as per the share contribution have been actually paid during the year 2023-24. HVPNL has further submitted that the ULDC charges (actual as per audited accounts) for the FY 2023-24 is Rs. 15.45 Million (ULDC State portion and BBMB portion) which may be considered in the true up for the FY 2023-24.

Furthermore, HVPNL has claimed an amount of Rs.1183.06 Millions, on account of the demand raised by PGCIL for non-completion of the downstream transmission system emanating from ISTS S/Stns. In this regard, HVPNL has submitted as under: -

- a) That PGCIL raised a claim of approx. Rs. 8 Cr. upon HVPNL as per CERC order dated 31.08.2021 in petition No. 105/TT/2020. The said charges raised by PGCIL was regarding the transmission charges for 2 no. 220kV line bays at 400kV Kaithal (PGCIL) for the mismatch period i.e. from 24.11.2017 (COD of 2 no. 220kV Bays) till COD of

the downstream transmission network of HVPNL (220kV Kaithal-Neemwala D/C line). After commissioning of downstream transmission network of HVPNL, the said transmission charges are being recovered through PoC pool.

The matter was discussed in meeting held under the Chairmanship of Worthy Chairman/Power Utilities at Shakti Bhawan on 28.04.2023 in respect of Inter Utility issues wherein it was directed by Chairman/HPUs that associated downstream transmission line is under the scope of HVPNL which was not ready at that time. And as such the transmission charges shall be borne by HVPNL as per direction of CERC order dated 31.08.2021.

HVPNL has not filed any appeal against the said order on the advise of LR/HPUs, Panchkula who had remarked as under: -

“a perusal of the noting shows that decision with respect to compliance of order dated 31.08.2021 has already been taken by the competent authority, as such no further legal opinion is required in the matter.”

- b) PGCIL raised a claim of approx. Rs. 108 Cr. upon HVPNL as per CERC order dated 12.04.2023 in petition No. 33/TT/2021. The said charges raised by PGCIL was regarding the transmission charges for 2 no. 500MVA, 400/220kV transformers and 8 no. 220kV line bays at 400kV PGCIL Bhadson, Kurukshetra for the mismatch period as the downstream transmission network of HVPNL was not ready.

After commissioning of downstream transmission network of HVPNL, the said transmission charges are being recovered through PoC pool. The detail of transmission charges for the mismatch period is as under: -

a. Regarding 2 no. 500MVA 400/220kV transformers:

- i. The 2 nos. 500 MVA transformer are utilised by HVPNL after commissioning of the 2 nos. associated downstream 220 kV transmission lines of Kurukshetra-Kaul-1 and Kurukshetra-Pehowa. The ICTs were partially being utilised by the PGCIL for supplying power to HVDC pole through tertiary winding of ICTs. Therefore, the transmission charges of 2 no. 500MVA 400/220kV transformers proportionate to drawl of auxiliary power is included in the PoC pool from the date of COD and balance transmission charges from 25.3.2017 to 8.3.2019 shall be borne by HVPNL.

ii. Regarding 8 no. 220kV line bays:

COD approved	220kV downstream lines of HVPNL	Status of 220 kV downstream lines of HVPNL	Liability of transmission charges payable by HVPNL
25.3.2017	220 kV line bay (Kaul-1)	Charged on 9.3.2019	The transmission charges from 25.3.2017 to 8.3.2019 shall be payable by HVPNL and from 9.3.2019, the transmission charges of the bay shall be included in PoC Pool
	220 kV line bay (Pehowa)	Charged on 9.3.2019	The transmission charges from 25.3.2017 to 8.3.2019 shall be payable by HVPNL and from 9.3.2019, the transmission charges of 220 kV bay shall be included in PoC Pool
	220 kV line bay (Kaul-2)	Charged 19.9.2019 on	The transmission charges from 25.3.2017 to 18.9.2019 shall be payable by HVPNL and from 19.9.2019, the transmission charges of 220 kV bay shall be included in PoC Pool
	220 kV line bay (Bastara)	Charged 20.9.2019 on	The transmission charges from 25.3.2017 to 19.9.2019 shall be payable by HVPNL and from 20.9.2019, the transmission charges of 220 kV bay shall be included in PoC Pool
	220 kV line bay (Salempur-1)	Charged 20.7.2020 on	The transmission charges from 25.3.2017 to 19.7.2020 shall be payable by HVPNL and from 20.7.2020, the transmission charges of 220 kV bay shall be included in PoC Pool
	220 kV line bay (Salempur-2)	Charged 15.8.2020 on	The transmission charges from 25.3.2017 to 14.8.2020 shall be payable by HVPNL and from 15.8.2020, the transmission charges of 220 kV bay shall be included in PoC
	220 kV line bay (Ramana Ramani-1)	Not yet Commissioned	The transmission charges 25.3.2017 to till COD of downstream system shall be borne by HVPNL.
	220 kV line bay (Ramana Ramani-2)	Not yet Commissioned	

The case was submitted for kind consideration and approval of Managing Director, HVPNL wherein the following was approved regarding the case:

“To pursue the case of CERC order dated 12.04.2023 in Petition No. 33/TT/2021 in line with the action taken in CERC order dated 31.08.2021 in Petition no. 105/TT/2020 (as directed by Worthy Chairman/HPU and legal advice of LR/HPUs). Tariff Section, HVPNL to take further necessary action regarding PGCIL invoices in the instant matter keeping in view the CERC order 12.04.2023 in Petition No. 33/TT/2021 as per prevailing financial rules/regulations in HVPNL.....”

Further, the review against CERC orders shall be filed with Hon'ble CERC latest by mid-March, 2025 please.

The Commission has examined the above submissions of HVPNL and observes that it has incurred amounts aggregating to Rs.1183.06 Millions on account of non-completion of 220 KV Bays in time, which is in the nature of penalty. The penalty of any sort should not be allowed to be passed on to the electricity consumers of the

State in the ARR. Accordingly, the Commission is not inclined to approve the same in the ARR as pass-through.

In view of the above discussions, the Commission approves Rs.15.45 million towards ULDC charges for the FY 2023-24.

3.5 PROPOSED AND APPROVED ARR FOR TRUE-UP

In accordance with the above analysis and decision of the Commission on various components of the of the ARR, the true-up proposed by the licensee and revised calculations based on the provisions of the MYT Regulations and previous orders of the Commission, the amount to be 'trued-up' is presented in the table below: -

Particulars	Approved by HERC vide Order dated 30.01.2023	Proposed for True-Up FY 2023-24	Revised ARR approved by the Commission
O&M expenses	8,838.07	10,786.01	10,767.76
R&M Expenses	591.74	530.78	530.78
Employee Expenses	5,003.32	5,473.97	5,473.97
Terminal Benefits	2814.80	4,381.16	4,381.16
A&G Expenses	428.21	400.10	381.85
Depreciation	4,761.80	4,613.86	4613.86
Interest on Term Loans	2,983.42	3,036.83	3,036.83
Impact of Foreign Exchange rate variation	0	251.80	251.80
Interest on working Capital	314.65	0.60	0.60
Total Expenditure	16,897.94	18,689.10	18,670.86
Return on Equity	2,998.97	3,063.49	2,784.99
Less Non-Tariff Income	222.80	514.98	514.98
Annual Transmission Charges	19,674.11	21,237.61	20,940.87
Add: Incentive for TSA	-	97.70	90.60
Add: Sharing of Benefits @ 60% - IWC	-	279.56	0
Net ARR	19,674.11	21,614.87	21,031.47
Add: Revenue Gap for FY 2021-22	2457.59	2457.29	2457.59
Revenue allowed in RA-2 of 2024		228.39	228.39
CSR (NTI) as per review order		0	0
ULDC Charges	0	15.45	15.45
Aggregate Revenue Requirement	22,131.70	24,316.00	23,732.90
Transmission Share of SLDC	18.66	10.28	8.92
PGCIL payment for non-completion of downstream system		1183.06	0.00
Unitary Charges for JKTP	506.32	501.74	501.74
Transmission ARR	22,656.68	26,011.08	24,243.56
Less: YTC for Lines Operating As ISTS Lines	3.47	0.09	0.09
Aggregate Revenue Requirement (Transmission Charges)	22,653.21	26,011.17	24,243.46
Unitary charges received			11.66
Connectivity fee for Transmission system			3.54
Income from SLDC & STS charges for open access			17.12
Aggregate Revenue Requirement (Transmission Charges)	22,653.21	26,011.17	24,211.14

True Up of Transmission Business for FY 2023-24 (Rs. Million)

Transmission ARR approved by the Commission for True up	24211.14
Total Revenue Recovered as per Audited Accounts	22653.21
ARR Surplus/(Gap)	-1557.93

Note: As the terminal benefits on which carrying cost has not been allowed by the Commission exceeds the ARR gap, on true-up for the FY 2023-24, no carrying cost has been considered by the Commission.

The Commission observes that the revenue recovered by the licensee during the FY 2023-24 is lower by Rs -1557.93 Millions. However, the said amount is less than the additional terminal benefits claimed in the true-up amounting to Rs 1566.36 Millions; hence, no carrying cost is allowed to the petitioner as there has not been any additional liability that may require funding by way of additional borrowings.

The difference between the ARR approved by the Commission in its tariff order for the FY 2023-24 i.e. Rs. 22653.21 Million and now approved on 'trueing up' of the un-controllable expenses i.e. Rs. 24211.14 million shall be carried over to the ARR of the FY 2024-25 without any holding / carrying cost.

3.6 TRUE-UP OF SLDC BUSINESS

The licensee has prayed to the Commission that the ARR for SLDC Business for the FY 2023-24, based on actual audited figures, may be approved for the true up as Rs. 128.55 Million.

True Up Requirement of SLDC Business for FY 2023-24 (Rs. Millions)

Sr. No	SLDC Business	Approved by HERC Dated. 30.01.2023	True up	Gap/Surplus
1	Employee Expense	60.94	50.77	10.17
2	Terminal Benefits	0.00	0.00	0.00
3	A&G Expense	9.62	12.61	(2.99)
4	R&M Expense	10.73	21.82	(11.087)
5	Depreciation	94.24	49.70	44.54
6	Interest on Loan	55.92	0.00	55.92
7	Interest on Working Capital	3.26	0.00	3.26
8	Return on Equity	0.00	0.00	0.00
9	Less: Non-Tariff Income	(1.45)	(6.34)	4.88
10	Add: Revenue Gap/ Surplus Refund	0.00	0.00	0.00
11	Carrying Cost	0.00	0.00	0.00
12	TOTAL	233.26	128.56	104.70

The Commission has examined the true up proposal submitted by the licensee for its SLDC business in line with the segregated accounts (forming part of the audited accounts for the FY 2023-24) and the principles adopted while determining the ARR for SLDC business vide its order dated 30.01.2023. The revised ARR for SLDC business for the FY 2023-24 is approved at Rs. 111.47 million as against Rs. 233.26 million originally approved by the Commission.

The ARR approved by the Commission, true up proposed by the licensee and the amount approved by the Commission for true-up, is presented below: -

True Up of SLDC Business for FY 2023-24 (Rs. Million)

Particulars	Approved by HERC as per order dated 30.01.2023	Actual (Proposed by HVPNL)	Revised ARR approved by the Commission
Employees Expenses	60.94	50.77	50.77
Terminal Benefits	0.00	0	0
A&G expenses	9.62	12.61	12.61
R&M Expenses	10.73	21.82	4.73
Depreciation	94.24	49.70	49.70
Interest on loan	55.92	0	0
Interest on working Capital	3.26	0.00	0.00
Return on Equity	0	0	0
Less: Non-Tariff Income	-1.45	-6.34	-6.34
Add: Revenue Gap/Surplus Refund	0	0	0
Carrying Cost	0	0	0
TOTAL ARR	233.26	128.56	111.47

Note: FY 2023-24 average GFA as per Audited Accounts = Rs. 945.39 million 0.5% average GFA = Rs. 4.73 million for working out eligible R&M expenses.

3.7 ANNUAL (MID YEAR) REVIEW PERFORMANCE OF ARR FY 2024-25

HVPNL has submitted that the Hon'ble Commission, vide notification dated 21.05.2020 had issued the MYT order for HVPNL for the control period FY 2020-21 to FY 2024-25. The STU/HVPNL is required to file Annual Performance Review (APR) in line with Regulation 11(5) of the MYT Regulations, 2019. The relevant extract of the regulation is as under:

"11.5 The scope of the mid-year performance review shall be a comparison of the performance of the generation company and the licensees for the relevant financial year with the approved forecast of ARR for their respective businesses and the performance targets specified by the Commission. Upon completion of the mid-year performance review and truing up as per regulation 13, the Commission shall pass an order recording:

- a) The revised approved ARR for such financial year including approved modifications, if any;*
- b) The approved aggregate gain or loss on account of controllable items and sharing of such gains or losses;*
- c) Truing-up or pass through of uncontrollable items of ARR of previous year(s);*
- d) Pass through of variations in controllable items due to force majeure events, if any.*
- e) Pass through of variations in controllable items attributable to uncontrollable factors.*
- f) Tariff applicable for the ensuing year."*

In view of the above, the petitioner has prayed that the Hon'ble Commission may consider the revised estimates as per the Annual Performance Review for the FY 2024-25 including revised capital expenditure for the FY 2024-25 and proposed Capital Expenditure Plan for the control period FY 2025-26.

3.8 REVISED CAPITAL EXPENDITURE AND CAPITALIZATION FOR FY 2024-25 AND PROPOSED CAPITAL EXPENDITURE PLAN FOR CONTROL PERIOD FY 2025-26 TO FY 2029-30.

HVPNL has prepared the capex plan considering all the factors which would affect the operations of the company. The capex plan includes details of various capital expenditure schemes and their respective estimates for the FY 2024-25 to 2029-30.

HVPNL has submitted that HVPNL, being the State transmission utility of Haryana, has to manage a large transmission system which is expected to increase rapidly in the years that follow. To ease the monitoring of the system, the administration and management of the transmission system of HVPNL has been divided into two zones, namely, Hisar and Panchkula, with each zone comprising of three circles. The Hisar Zone comprises of Hisar, Gurugram and Faridabad Circles, while the Panchkula Zone is divided in Panchkula, Karnal and Rohtak Circles.

The capital investments of HVPNL can largely be categorized in the following areas:

1. Investments in new transmission infrastructure to support the demand requirements or power evacuation from generation projects.
2. System augmentation and strengthening, including renovation and modernization to maintain the performance of the existing system and to deter investments.

HVPNL has further submitted that its planning department receives inputs from field offices and the Distribution Companies on investment requirement for organic growth on annual basis which formulate core of the capital expenditure plan. The capacity addition requirements for in-organic growth are incorporated by planning wing of HVPNL in the capital investment plan. The transmission planning wing of HVPNL consistently monitors loading of transformers and transmission lines so as to promptly address any constraints. Further, load flow analysis is also being carried out to derive scientific evidence to strengthen capital investment plan proposals.

The petitioner has prayed that the Hon'ble Commission may approve the revised capital expenditure for the FY 2024-25 and proposed Capital Expenditure Plan for period of FY 2024-25 to FY 2029-30 as per the following details: -

A. Transmission System Business

The capital investment plan for the transmission business has been divided in the following key areas, based on the nature of capital works:

- i. Transmission lines
- ii. Sub station

- iii. Information technology initiatives
- iv. Land & Right of Way expenses
- v. Miscellaneous works including civil works, procurement of thermo-vision cameras, testing equipment, contingency capital works.

The following table provides the work-wise expenditure for period of FY 2024-25. The details of the works are provided as part of the Annexure to this Petition.

Work-wise expenditure for period FY 2024-25 (Rs. Million)		
Works	FY 2024-25 (H1) Actual	FY 2024-25 (H2) Projected
Substations	2733.90	2594.39
Lines	2316.22	730.78
Information Technology	2.48	88.74
Land	23.32	5.63
Miscellaneous	2.78	43.14
SAMAST & OPGW Projects	678.63	382.74
Total Transmission	5757.35	3845.44
SLDC	0.00	0.00
Total (Transmission +SLDC)	5757.35	3845.44

B. Substations

New substations have been planned to augment the existing system and make it robust. HVPNL has submitted that adequate infrastructure is required to ensure that unforeseen breakdowns in system do not have any adverse impact on the availability of overall transmission system. Therefore, the capacity addition and the necessary expenditure are planned in a manner to create enough redundancies in the system considering the state of existing infrastructure and growth in power demand. The expenditure related to proposed substations is summarized in the table below:

Expenditure planned for new substations (in Rs. Million)	
Particulars	FY 2024-25
Total-Substations	5328.29

C. Transmission Lines

HVPNL has submitted that a number of new transmission lines have been proposed together with repair and maintenance activities for the existing lines. The year-wise expenditure planned on the transmission lines in the two zones has been presented in the table below:

Expenditure planned for Transmission lines (in Rs. Million)	
Particulars	FY 2024-25
Total-Transmission Lines	3047.00

The main purposes for the expenditures on transmission line is to port bulk quantum of power near to the load center with focus on creating redundancy by means of improvement/strengthening, supporting the load growth and facilitating the evacuation of power from the newly commissioned generating plants.

D. Information Technology

The expenditure on information technology is planned with the intention of equipping the personnel with tools to monitor and handle the transmission system efficiently and to access real time data for online system monitoring.

Expenditure planned for Information Technology (in Rs. Million)

Particulars	FY 2024-25
Total-Information Technology	912.22

E. Land

The land acquisition and RoW settlements occupy major proportion of the total capital investment plan. The yearly expenditure is presented in the table below: -

Land Acquisition (in Rs. Millions)

Particulars	FY 2024-25
Total-Land	28.95

F. SMAST & OPGW Projects

The Capital Expenditure planned to be incurred for SMAST and OPGW Projects is provided below as:

SMAST and OPGW Projects (in Rs. million)

Particulars	FY 2024-25
Total-SMAST and OPGW Projects	1061.37

G. SLDC

The Capital Expenditure planned to be incurred for SLDC is provided below as:

Expenditure planned for SLDC (in Rs. million)

Particulars	FY 2024-25
Total-SLDC	0.00

H. Miscellaneous Items

The miscellaneous works include civil works, one-time procurement of testing and T&P equipment, replacement of conventional insulator with polymer / Anti Fog insulator, damage of tower etc. due to windstorm and any unseen expenditure / Augmentations etc.

Expenditure planned for miscellaneous items (in Rs. Million)

Particulars	FY 2024-25
Total-Miscellaneous	45.93

I. Funding Pattern

The licensee has proposed to utilize debt that is available at a low cost to ensure that the burden on the beneficiaries can be minimized. HVPNL has negotiated with the financial institutions and has ensured that the cost of capital is low and the terms of debt are favorable to the Company.

The proposed funding arrangement is as under: -

Funding Pattern (in Rs. Million)

Particulars	FY 2024-25
NABARD	780.49
Power finance corporation (PFC)	2837.21
PNB	1174.34
REC	2852.98
Yet to pose	37.22
Total	7682.24
Internal Accruals	1920.55
Total	9602.79

HVPNL has submitted the revised Capex proposal for FY 2024-25 to FY 2029-30 as under: -

Capital Investment Plan (CIP) (Rs. Million)

Particulars	FY 2024-25 (Q1& Q2)	FY 2024-25 (Q3& Q4)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Sub stations	27339.04	25943.94	53282.98	71833.51	58914.83	26452.00	8380.00	10015.00
Lines	23162.22	7307.84	30470.06	37422.19	70501.84	48726.80	57050.00	25208.00
Land	233.19	56.39	289.57	161.43	164.52	168.55	172.98	175.97
IT	24.83	887.43	912.26	562.00	50.00	55.00	60.00	65.00
Miscellaneous	27.87	431.45	459.32	1595.28	105.00	0.00	0.00	0.00
SAMAST & OPGW Projects	6786.37	3827.40	10613.77	6466.00	7700.00	0.00	0.00	0.00
SLDC	0.00	0.00	0.00	0.00	105.00	0.00	0.00	0.00
Total (Iac)	57573.51	38454.44	96027.96	118040.41	137436.19	75402.35	65662.98	35463.97
Total (Rs. Millions)	5757.35	3845.44	9602.80	11804.04	13743.62	7540.24	6566.30	3546.40

The table below shows the Capital expenditure projected by HVPNL, approved by HERC & the actual expenditure on capital works:

Capex projected by HVPNL, Approved by HERC & Actual Capex.

FY	Expenditure Projected by HVPNL (Rs. million)	Expenditure approved by HERC (Rs. million)	Actual Expenditure (Rs. million)	% of actual w.r.t. approved expenditure (Rs. million)
2021-22	9269.21 9304.04 (Revised)	7200	4862	67.53%
2022-23	11757.50 10018.60 (Revised)	9524	5934.72	62.31%
2023-24	11944.49 9807.93 (Revised)	9500	11518.97	121.25%
2024-25 (up to Sept.2024)	9500.03	7500	5757.35	

The Commission observes that HVPNL used to incur capital expenditure, far less than the Capex approved by Commission in FY 2020-21 & FY 2022-23. In FY 2023-24, as against the projected CAPEX of Rs.11944 million, the Commission had approved an amount of Rs.9500 million only. Whereas, actual expenditure incurred during the FY 2023-24 is Rs.11518.97 million, which is approximate to the proposal of HVPNL. The Commission further observes that the licensee has already incurred capex of Rs.5757.35 Millions in 1st half of the FY 2024-25 and expects to incur Rs.3845.44 Millions more in the 2nd half of the FY 2024-25.

Accordingly, HVPNL has proposed revised Capex of Rs.9602.80 million for FY 2024-25 and proposed Rs.11804.04 Millions during the FY 2025-26.

In view of foregoing discussion, the Commission considers and approves the proposed Capex plan for control period FY 2025-26 to FY 2029-30. It is added that the Commission is not, at this stage, adjusting the marginal impact on depreciation, interest on loan, RoE etc. for the unapproved Capex for the FY 2024-25. HVPNL is directed to keep the Commission informed regarding the scheme wise / year wise physical and financial progress of the Capex approved by the Commission including any work wise deviations from the same. HVPNL is further directed to submit the details of the schemes, bidding process followed, EOI, request for proposal, negotiation if any, with the bidder & purchase order to the Commission for considering the same at the time of true up of FY 2024-25, review of the FY 2025-26 and ARR for FY 2026-27.

J. Intra-State Transmission Losses

HVPN has submitted that the transmission losses achieved by HVPNL from FY 2014-15 to FY 2023-24 (up to September, 2024) along with the benchmark fixed by Hon'ble Commission as hereunder:

Sr. No.	Year	Target Transmission Losses (%)	Actual Transmission Losses (%)
1.	2014-15	2.50	2.615
2.	2015-16	2.48	2.698
3.	2016-17	2.46	2.311
4.	2017-18	2.44	2.259
5.	2018-19	2.42	2.055
6.	2019-20	2.40	2.065
7.	2020-21	2.15	2.115
8.	2021-22	2.10	1.857
9.	2022-23	2.05	1.930
10.	2023-24	2.02	2.007
11	24-25(up to September, 2024)	2.0	1.87

K. Trends in Transmission Losses

Reductions in transmission losses are of prime importance as the higher transmission losses affect the financial health of the licensee. Tariff determinations will need to take account of such reductions. The plans for reducing losses, together with relevant load flow studies and details of the investment required to achieve the planned reductions should be presented & shall be substantiated by relevant analysis for achievability and cost. With the system strengthening, average transmission losses are on decrease as indicated in the table below:

Transmission losses			
Period	Target fixed by Hon'ble HERC (in %)	Intra-state Transmission Losses (%)	Energy Handled (in LU)
2005-06	-	2.77	212490
2006-07	-	2.35	238630

2007-08	2.6	2.44	
2008-09	2.1	2.57	284310
2009-10	2.1	2.68	312740
2010-11	2.1	2.63	344020
2011-12	2.1	2.76	363631
2012-13	2.5	2.494	380431
2013-14	2.5	2.737	428485
2014-15	2.5	2.615	464758
2015-16	2.48	2.698	478718
2016-17	2.46	2.311	492195
2017-18	2.44	2.259	508710
2018-19	2.42	2.055	515146
2019-20	2.40	2.065	539731
2020-21	2.15	2.115	529874
2021-22	2.10	1.857	549495
2022-23	2.05	1.930	607196
2023-24	2.02	2.007	632575
2024-25 (up to Sept,2024)	2.00	1.87	347210

* based on provisional energy account of September, 2024

The Commission observes that HVPNL has been able to handle energy to the tune of 632574.6 MU during the year 2023-24 and 347209.8 MU in year 2024-25 up to September, 2024. Further, HVPN has achieved the target for intra state transmission losses fixed for FY 2023-24 i.e., 2.007% against target of 2.02%.

The commission has fixed Transmission Loss trajectory for control period 2025-26 to 2029-30 in MYT Regulation, 2024 as under:

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1.95%	1.94%	1.93%	1.92%	1.91%

The commission directs that the licensee should strive to achieve transmission loss of 1.95% during FY 2025-26 in line with MYT Regulation, 2024.

L. Transmission System Availability

The normative annual transmission system availability factor as per the regulations is given here under: -

Normative Annual Transmission System Availability Factor (NATAF) (%)

Norms	2 nd MYT	3 rd MYT Control period				
	2024-25 (%age)	2025-26 (%age)	2026-27 (%age)	2027-28 (%age)	2028-29 (%age)	2029-30 (%age)
AC System	99.20	99.20	99.20	99.20	99.20	99.20

Year wise availability of Transmission system as provided by the HVPNL is tabulated as under: -

Availability in %	
Cumulative for the year 2006-07	99.62
Cumulative for the year 2007-08	99.57
Cumulative for the year 2008-09	99.57
Cumulative for the year 2009-10 (April to September)	99.56
Cumulative for the year 2009-10 (October 2009 to March 2010)	99.3935
Cumulative for the year 2010-11	99.5948
Cumulative for the year 2011-12	99.5569
Cumulative for the year 2012-13	99.6724

Cumulative for the year 2013-14	99.690
Cumulative for the year 2014-15	99.1309
Cumulative for the year 2015-16	98.2985
Cumulative for the year 2016-17	99.0425
Cumulative for the year 2017-18	98.9518
Cumulative for the year 2018-19	99.5401
Cumulative for the year 2019-20	99.8531
Cumulative for the year 2020-21	99.3614
Cumulative for the year 2021-22	99.5770
Cumulative for the year 2022-23	99.56065
Cumulative for the year 2023-24	99.5726
Cumulative for the year 2024-25 (up to September, 2024)	99.4250

The Commission observes that the licensee has been able to achieve transmission system availability of 99.5726% in the FY 2023-24 and 99.4250% for the year 2024-25 (up to September, 2024). However, it would like to emphasize the need to keep focused attention on the preventive maintenance of the transmission lines and the power transformers to avoid outages/ break downs in the transmission system to maintain the TSA well above 99.20%.

In response to the directions of the Commission HVPN has replied direction wise as under: -

	Direction of the Commission	HVPN reply
1	At 132kV S/Stn. Sirsa, time during which 132 KV voltage has been found outside the limit i.e. below 122kv during 12/05/2023 to 19/05/2023 (77 hrs.) & 12/09/2023 to 19/09/2023 (5hrs.). Commission directs the licensee to look into the reasons of low voltage and take appropriate action.	Necessary action from time to time has been taken for maintaining the voltage level within the prescribed limits. This year during FY 2024-25, no such voltage drops are seen in the transmission system of HVPNL.
2	Voltage at 400 KV S/Stns. at Kirori was found to be high at different times of the year. Licensee to take appropriate action to control high voltages.	Necessary action as deemed fit is being taken to control the voltage level at 400kv S/Stn., Kirori from time to time as per the directions of control room of SLDC Panipat as well as NRLDC.
3	The frequency profile in the year 2022-23 remained 69.70% of the time in the IEGC band i.e. 49.90-50.05 Hz with comparison to 75.08 % of the time in the year 2021-22. The licensee to control under drawl/ over drawl during the period in which the frequency is out of IEGC band.	The Grid frequency is a parameter for the entire NEWS (North East West South) Grid. The Grid System State of Haryana is being monitored and controlled by SLDC (Panipat) Haryana on real time basis as per the directions of NRLDC /NLDC from time to time please.
4	To continue maintaining the target availability as per norms specified in MYT Regulations, 2019.	HVPNL has been maintaining the target available as per the norms specified in MYT Regulations, 2019 i.e. 99.20%. During the last few year (4-5 years) the actual transmission system availability has been much above 99.20% i.e. benchmark specified in the MYT Regulations.

The commission observes that the licensee should monitor the parameters on regular basis and take timely action. Further, feasibility of providing suitable reactors at 400 KV S/Stns. Kirori be explored to control the high voltage during winter/low load period and report of the same be submitted within 3 months.

FAILURES OF POWER TRANSFORMERS

HVPNL has submitted that there are 1312 Nos. Power Transformers installed in HVPNL as on 30.09.2024. During the period 1.04.2024 to 30.09.2024, 12 Power Transformers had failed detailed as under: -

01.04.2021 31.03.2022	to	01.04.2022 to 31.03.2023	01.04.2023 31.03.2024	to	01.04.2024 30.09.2024
21		11	12		12

The rating wise detail of Transformer damage from 01.04.2024 to 30.09.2024 is as under:-

Sr. No.	Voltage rating	Total no. of transformer	Damaged transformer	% of damage
1	400 kV	15	0	0
2	220 kV	249	1	0.40
3	132 kV	626	7	1.12
4	66 kV	422	4	0.95
	Total	1312	12	0.91

The commission observes that the damage rate of 132kV transformers is significantly higher than other voltage rating transformers, also the same has increased substantially during first six months (01.04.2024 to 30.09.2024). Licensee may look into this aspect.

Status of Circle-wise M&P observations pending as on 15.05.2024

In response to the direction of the Commission to attend the M&P observations relating to system protection, the Licensee vide Memo no. Ch- 25 /XEN/RAU/F-175 dated 01/07/2024 has submitted the circle-wise abstract of pending and attended M&P observations during 31.10.2023 and 15.05.2024 tabulated as under: -

Status of Circle-wise M&P observation pending as on 15.05.2024: -

Sr. No	Name of TS Circle	Old pending Observations as on 31.10.2023	No. of New Observations from 01.11.2023 to 15.05.2024	Total Observations	Attended	Pending as on 15.05.2024	Attended in %age
(1)	(2)	(3)	(4)	(5=3+4)	(6)	(7=5-6)	{8 = (6/5) * 100
1.	Panchkula	1184	343	1527	1086	441	71.11%
2	Karnal	465	469	934	567	367	60.70%
3	Rohtak	248	275	523	264	259	50.478
4	Hisar	419	1094	1513	1012	501	66.88%
5	Guru ram	329	230	559	373	186	66.72%
6	Faridabad	419	211	630	277	353	43.96%
Total		3064	2622	5686	3579	2107	62.94%

HVPNL has further submitted that Maintenance and Protection (M&P) teams of Haryana Vidyut Prasaran Nigam Limited (HVPNL) are diligently conducting technical audits of the substations on a periodic basis. These audits help identify observations or issues that need

attention for improving the transmission system. Considerable observations have already been addressed by field officers, either through immediate action or scheduling for shutdowns or material replacement. For the observations that are yet to be addressed, it is understandable that some may require shutdowns or material replacement, which might not always be immediately feasible due to operational constraints or material availability. However, it is encouraging to know that HVPNL is prioritizing these actions based on the availability of shutdowns and materials. Continuously improving the system based on these observations is crucial for ensuring the reliability and efficiency of the transmission infrastructure. This ongoing process reflects a proactive approach for maintaining and enhancing the transmission system's performance.

The Commission observes that M&P observations have reduced as on 15.05.2024 but in Hisar circle M&P observations have increased rather than decreasing. Therefore, Commission directs HVPNL to look into the issue in Hisar circle.

Replacement Defective LAs, Go Switches and Earthing's:

In response to the direction of the commission to the licensee, to monitor the progress of replacement of defective LAs/GO switches/defective earthings continuously to minimize outage of system and give reliable supply and submit report after first quarter of FY 2024-25, HVPNL has submitted the Status of replacement of defective LAs, GO switches, Earthings (as on 15.05.2024): -

Sr. no.	Name of TS Division	Total no. of 11 KV feeders as on 15.05.2024	Balance as on 15.05.2024		
			GO Switch	LA	Earthing
1	Faridabad	966	376	1884	255
2	Gurugram	1216	262	1844	274
3	Hisar	688	146	984	188
4	Panchkula	1209	180	969	186
5	Kamal	511	55	254	76
6	Rohtak	510	111	686	45
HVPNL as a Whole		5100	1130	6621	1024

Further HVPNL has submitted that the replacement of defective GO switches, LAs and providing of earthing on H-pole of 11 KV feeders falls in the domain of DISCOMs. The matter has been taken up with DISCOMs vide letters dated 14.05.2024 and 27.06.2024, and are being pursued on regular basis to do the needful.

REPLACEMENT OF CTs HAVING HIGH TAN DELTA

In response to Commission's observation that no concrete action has been taken in the matter till now and the licensee to submit the action plan for replacement of CTs viz-a-viz total CTs having tan delta more than 1 in the FY 2023-24 within 3 months of issue of this order.

HVPN has submitted is as under: -

The following has been deliberated in the technical committee of HVPNL meeting held on 18.05.2023 regarding replacement of CTs having high Tan Delta values: -

"The replacement of CTs being carried out by TS wing solely on the basis of higher Tan Delta be reviewed as the test results of capacitance in respect of all CTs (voltage wise) having higher Tan Delta values needs to be considered. A detailed note on abstract of CTs (make-wise) having high tan delta (more than 0.7% V/S Age) was discussed and during meeting it was observed that more comprehensive study in this regard is required. Therefore, M&P wing has been instructed to carry out the exercise to check the Capacitance of CTs having higher Tan Delta and submit a detailed report within 3 months, for further analysis of the issues."

Further, to curtail the damage of CTs in Nigam and to reduce the trends of increasing High Tan Delta Value of CTs, HVPNL has revised the technical specification of instruments Transformers. The management has approved the revised technical specification of instruments transformers in Oct, 2023.

After the new technical specifications, the purchase order of around 516 nos. CTs of various ratings of all voltage levels (66 kV/132 kV/220 KVs) have been awarded out of which 212 no. CTS have already been received in the store. Furthermore, the tender of around 407 nos. CTs of various ratings of all voltage levels (66 kV/132 kV/220 KVs) have been floated which are likely to be awarded by Feb 2025. Accordingly, there are sufficient no. of CTs available for replacement if required at any stage.

The commission observes that the licensee should keep a keen watch on the performance of High Tan Delta CTs to avoid unplanned disruptions.

M. Fatal and Non-Fatal Accidents

HVPNL has submitted data of Fatal and Non-Fatal accidents to human beings in respect of HVPN for the year 2021-22, 2022-23 & 2023-24 (up to 30.09.2024) as tabulated below: -

Fatal and Non-Fatal Accidents

Category	2021-22	2022-23	2023-24	2024-25 (till 30.09.2024)
	(A) Fatal			
Human beings	1	2	7	3
Non-human beings	0	1	0	0
	(B) Non-Fatal			
Human beings	1	0	10	3
Non-human beings	0	0	0	0

The Commission had directed in its previous tariff order to adhere safety rules, so that the accident(s) could be avoided in future. HVPN had submitted that it has a set of well-framed safety rules, which are intended to avoid accidents in the system, which are as under: -

All possible safety measures are presently being taken to avoid occurrence of accidents. The supervisory staffs, subordinate staff and the workers are regularly advised to take safety measures while performing their duties. The following measures have been taken to avoid accident.

1. Workshops on safety are being organized in the field to increase awareness about safety regulation & safety measures to be adhered to while working on electrical equipment & electric lines.
2. Proper Tools and Plants (T&P) have been provided to the field technical staff;
3. Fencing/ guarding is being provided wherever necessary;
4. All electrical equipment and structures are properly earthed;
5. All safety instructions of Grid Code are being implemented.
6. Literature on safety regulations, safety measures has been prepared and circulated amongst the officers / staff posted in the field to increase the level of awareness.

The commission observes that the Fatal and non-fatal accidents of human beings have increased in the FY 2023-24 which is quite alarming and directs the licensee to implement the above plan in true letter and spirit.

N. Plans for Improving the System Power Factor

The Commission had imparted the following directions to the licensee:

The Commission directs the licensee to repair/replace defective capacitor banks and provide new capacitor banks, where Capacitor Banks are not provided. To the above directions the licensee has submitted the following information:

As per requirement of the Haryana Grid code the transmission, the obligation of licensee is as under: -

The reactive power planning exercise would be carried out by STU in consultation with NRLDC/NRPC and DISCOMs, as per the Commission's directives and programme for installation of active compensation equipment by STU and distribution licensee;

STU shall carry out planning studies for reactive power compensation of State transmission system including reactive power compensation at the intra-state generating station's switchyard

The agency engaged in sub-transmission and distribution shall not depend upon the state transmission system for reactive support when connected. The agency shall estimate and provide the required reactive compensation in its transmission and distribution network to meet

its full reactive power requirement, unless specifically agreed to with STU/transmission licensee.

Reactive power compensation and/or other facilities should be provided by transmission licensee and distribution licensees as far as possible in the low voltage Systems close to the load points thereby avoiding the need for exchange of reactive power to/from state transmission system and to maintain transmission system voltage within the specified range.

SLDC shall continuously monitor voltage at strategic substation & in coordination with NRLDC regulate voltage levels so that there is minimal reactive power from regional transmission system.

*Reactive power compensation should ideally be provided locally, by generating reactive power as close to the reactive power consumption as possible. The beneficiaries are therefore expected to provide local VAr compensation/ generation such that they do not draw VARs from the grid, particularly under low-voltage condition.

Progress of installation of HT Shunt Capacitor (rated 11kV and above) in Haryana up to September, 2024: -

Total capacitors installed in the state up to September-24 (MVAR)	Total defective capacitors in state up to September-24	HT Shunt Capacitors working capacity up to September-24 (MVar)
12445.72	1731.04	10714.69

The Commission observes that data provided by the licensee does not depict the adequacy of installed capacitor banks.

The Commission directs the licensee to provide the following data in respect of HVPN within three months.

- i. Total requirement of Capacitor Banks in MVar as per norms
- ii. Total installed Capacity of Capacitor Banks in MVar.
- iii. Total defective Capacitor Banks in MVar (Substation wise details be provided)
- iv. Substation wise list of Transformers where the capacitor banks have not been provided as per norms

O. Energy Accounting

HVPNL has submitted that the information on energy received at interface points of HVPNL with CTU and energy supplied to distribution licensees and Railways at LV side of the transformers in the HVPNL Sub Stations is being accounted. Regarding metering of interface points with DISCOMs/Railways, HVPNL has submitted that there are 1576 interface metering points between HVPNL and distribution licensees i.e. UHBVNL, DHBVNL & railways and at all the locations Special Energy Meters (SEMs) of 0.2s class accuracy have been installed. The

Monthly Energy Account is prepared by HVPNL after considering the energy measured and recorded by energy meters installed at these interface points of the DISCOMs at 11kV or 33 kV side of each Power Transformer feeding the distribution area. In addition, the energy fed directly from the Sub Stations of HVPNL at 66kV and above voltage to the consumers of DISCOMs & Railway is accounted for in the monthly energy accounts.

HVPNL has decided to install SEMs, in accordance with CEA Metering Regulations, 2006 with its enactments issued from time to time, at new interface points as under:

a) Interface between HVPNL and Discoms: -

Only one SEM be installed to serve as main meter on 11 KV & 33 KV feeders emanating from sub-station under the control of HVPNL. The check/standby SEM be installed by DISCOM. As of now, SEMs are being installed at 11kV incomer panels with provisions of 0.2S accuracy class metering CT/PT instead of separate 11kV combined CT/PT unit.

b) Interface points with HPGCL: -

The standby meter will be installed on HV side of generator transformer and station auxiliary transformer by HPGCL. Main and check SEMs on all outgoing feeders are installed by HVPNL.

Further, HVPNL has submitted that:

- i) There are 91 interface locations of HVPNL feeding consumers through independent feeder as on 30.09.2024.
- ii) There are **1576** interface metering points between HVPNL & DISCOMs/Railway. Status of Special Energy Meters (SEMs) and Conventional meters installed at various interface points with DISCOMs/Railway, as on 30.09.2024 is as under: -

Description	DHBVNL	UHBVNL	Railways	Total
Total no. of interface points between licensees i.e. DHBVNL, UHBVNL & Railways	797	753	26	1576

- iii) The interface points w.r.t. State Generators and HVPNL are as under: -

Name of Generating Plant	PTPS	WYC	DCRTPP	RGTPP	FGPS	MGSTPP
Total No. of Interface Points	11	3	8	4	4	4
No. of interface points where SEMs are commissioned	11	3	8	4	4	4

- iv) The interface points w.r.t. HVPNL and Renewable Energy Generating Plants connected at voltage 66 kV & above are as under: -

Name of Renewable Energy Generating Plants connected at voltage 66 kV & above	Shahabad Sugar Mill	Star wire	Gemco	Sri Jyoti	Naraingarh Sugar Mill	Amplus Sun Solution	Avaada	Panipat Sugar Mill	Karnal Sugar Mill
Total No. of Interface Points	1	1	1	1	1	1	1	1	1
No of interface points where SEMs are commissioned	1	1	1	1	1	1	1	1	1

-
- v) As far as the inter-State metering is concerned, these meters are installed and maintained by the Central Transmission Utility. Adequate back-up systems also exist to avoid metering inadequacies in the system.

SCHEDULING, ACCOUNTING, METERING AND SETTLEMENT OF TRANSACTIONS IN ELECTRICITY (SAMAST)

In the ARR petition for 2024-25 HVPN had submitted that Scheduling, Accounting, Metering and Settlement of Transactions in Electricity (SAMAST) project was likely to be completed by 06.04.2024.

The Commission had directed the licensee to submit the compliance as soon as the project is completed in April-2024.

In response to the direction of the Commission HVPN has submitted as under in the business plan: -

- During 2016, Forum of Regulators, in its report on “Scheduling, Accounting, Metering and Settlement of Transactions in Electricity (SAMAST)”, recommended deployment of Information Technology applications to automate, streamline and integrate the entire gamut of activities of power sector. It was recommended to implement Web-based interface for carrying out activities such as open access request processing, scheduling, metering, reporting, billing & settlement.
- Therefore, HVPNL intends to implement an integrated IT solution to streamline and automate various processes viz Scheduling, Open Access application processing and approvals, outage management, Automated Meter Reading (AMR), Energy Accounting & Settlement, DSM Accounting, MIS for generating customized reports for internal and external stakeholders etc.
- The project broadly involves installation of 3045 nos. Special Energy Meters with feature of AMR at 436 sites having interface with DISCOMs, Generators and Buyers, communication network and correspondingly establishment of Centralized Data Center. The cost of project is approx. Rs. 35.47 Crores wherein Rs. 16.12 crores is available as a grant from Ministry of Power. The Project has been awarded on Sept-2022.
- The supply of all equipment has been completed. Under this project, 2559 nos. IEMs out of 3045 IEMs have been commissioned. Centralized Data Center at SLDC Panipat has been installed & under commissioning. It is expected that project work will be completed by 31.12.2024.

The commission observes that expected date of completion of the project as intimated by HVPNL has already expired but the project has not been completed as yet. The pace of implementation of project is very slow and directs HVPNL to ensure its completion in time bound manner further directs the licensee to submit the completion report as soon as the project is completed in all respects.

Further, In the business plan HVPNL has submitted the **Status of Reliable Communication and Data Acquisition System for 132 kV & above Network in Haryana** as under: -

- To enhance the visualization and ensure efficient & effective power system operation in the State, HVPNL floated a tender during Feb-2021 for laying OPGW over 132 kV & above transmission lines, provision of RTUs, wideband communication equipment & auxiliary power supply system at 132 kV & above level remaining substations. Estimated cost of the project work is Rs.181.54 crores wherein Rs. 87.75 crores are available as a grant from Ministry of Power. The bids were opened on 19.08.2021 and the Price Bids of the responsive bidders were opened on 27.01.2022. The Project has been awarded on May-2022. The contractual completion date of the project is 16.10.2024.
- Under this project work, the supply of all major items has been received. The Installation of 3786.6 km of OPGW, 271 nos. Communication Equipment, 198 nos. DCPS, 248 nos. Battery Bank and 61 nos. RTUs has been done. Further, the Site Acceptance Testing of 3648 km of OPGW, 235 nos. Communication Equipment, 164 nos. DCPS, 205 nos. Battery Bank and 33 nos. RTUs has been done.

The project has not been completed as yet. No expected date of completion has been intimated by HVPNL. The Commission directs the licensee to intimate the expected completion date of the project and submit a report as soon as the project is completed.

3.9 EMPLOYEE RECRUITMENT AND RETIREMENT

The total number of retiring employees and recruitment envisaged for the FY 2024-25 has been provided by the licensee as under: -

Retirements and Recruitments (Nos)				
Financial Years	Retirement	Proposed addition of Employees	Effective	Cumulative
FY 2024-25	295	340	45	45

3.10 AGGREGATE REVENUE REQUIREMENT

In accordance with the revised estimates of individual items, the licensee has proposed the revised APR for the FY 2024-25 vis-à-vis those approved by the Commission for the FY 2024-25.

The same is reproduced below: -

Particulars	Approved by HERC order dated 16.02.2024	Proposed for APR FY-2024-25	Gap Surplus/ (Deficit)
O&M expenses	8546.65	12382.82	(3836.16)
Employee Expenses	5542.00	5652.11	(110.11)
Terminal Benefits	1957.80	5667.53	(3709.73)
A&G Expenses	421.88	411.81	10.07
R&M Expenses	624.98	651.37	(26.39)
Depreciation	5062.86	5187.11	(124.25)
Interest on term Loans	4050.75	3838.01	212.74
Impact of Foreign Exchange Risk Variation	0.00	0.00	0.00
Interest on working Capital	371.19	506.35	(135.16)
Total Expenditure	18031.46	21914.29	(3882.83)
Return on Equity	2802.97	3277.90	(474.93)
Less: Non-Tariff Income	-222.80	-222.80	0.00
Annual Transmission Charges	20611.63	24969.39	(4357.76)
Add: Revenue Gap 2022-23	-903.55	-903.55	0.00
Add: Carrying cost on above	0.00	0.00	0.00
Aggregate Revenue Requirement	19708.06	24065.84	(4357.76)
ULDC Charges For FY 2023-24	0.00	0.00	0.00
Transmission Share of SLDC Charges	7.39	9.68	(2.29)
Unitary Charges for JKTPPL	480.95	480.95	0.00
Less YTC for Lines Operating as ISTS Lines FY 2024-25	0.00	0.00	0.00
Total Transmission Charges	20196.42	24556.48	(4360.06)

The Petitioner has submitted that the Hon'ble commission in its order dated 30.01.2023, taking into consideration the comfortable position of the reactive energy pool account, had directed that limited to the FY 2023-24, no reactive energy charges shall be recovered from the DISCOMs. However, HVPNL may approach the Commission for true up based on the actual audited data.

In this regard, HVPNL has submitted that during the FY 2023-24, the net receivable from UHBVN and DHBVN is Rs. 32.31 Million and Rs. 17.58 Million

The Commission is of considered view that it will not be appropriate to replace one set of estimated figures for the FY 2024-25 with another set of estimates in the absence of Audited figures for the FY 2024-25. Further, in view of the facts that the year is almost over now, it would be appropriate to examine the financial impact at the time of 'true up' only when the audited figures would be available.

3.11 REVIEW OF SLDC CHARGES

The petitioner has submitted that the computation of expenses for SLDC business is done in accordance with the HERC MYT Regulations 2019.

The petitioner has prayed that the Commission may approve the revised ARR as submitted below: -

Proposed ARR for FY 2024-25 (Rs. Million)

	SLDC Business	FY 2024-25
S. No	Particulars	APR
1	Employee Expense	52.25
2	Terminal Benefits	0.00
3	A&G Expense	12.98
4	R&M Expense	4.90
5	Depreciation	49.71
6	Interest on Loan	0.00
7	Interest on Working Capital	2.66
8	Return on Equity	0.00
9	Less: Non-Tariff Income	-1.45
10	Add: Revenue Gap/ Surplus Refund	0.00
11	Carrying Cost	0.00
	TOTAL	121.05

In conclusion, on the issue of performance review for the FY 2024-25, the Commission does not consider it appropriate to revise the ARR for the SLDC for the FY 2024-25 on the basis of another estimated figure. Hence, the same shall be taken up for true up on the closure of the financial year as per the enabling provisions and terms of the MYT Regulations, 2019.

CHAPTER 4

ANNUAL REVENUE REQUIREMENT, ANNUAL TRANSMISSION TARIFF & SLDC CHARGES FOR THE FY 2025-26 to FY 2029-30

4.1. BRIEF BACKGROUND

In line with the HERC MYT Regulations 2024, the petitioner has submitted the Annual Revenue Requirement for the FY 2025-26 to FY 2029-30 and proposed Annual Transmission & SLDC charges for the FY 2025-26 as under: -

4.2. OPERATION & MAINTENANCE EXPENSES (O&M)

A. EMPLOYEE COST

The petitioner has submitted that the employee cost for the FY 2023-24 has been considered as per the audited accounts, which has been escalated by the inflation factor of 5.47% to arrive at the proposal for the FY 2025-26 to FY 2029-30. In addition to the employee cost, arrived after considering the inflation factor, the terminal benefits estimate for the MYT control period is based on the actuarial valuation as per the report of the actuary.

The Commission has examined the submissions of the petitioner. The Commission observes that MYT Regulations 2024 provides that values for the base year i.e. FY 2024-25 needs to be arrived at by applying for escalation factor of 5.47% as provided in the MYT Regulations 2024. The values for the control period from the FY 2025-26 to FY 2029-30, have to be arrived at by applying the inflation factor as per the formula provided in the MYT Regulations, 2024 in vogue. Accordingly, as per the formula provided in the MYT Regulations, 2024, the inflation factor has been arrived at i.e. 2.48% per annum. Further, the terminal benefits estimate for the MYT control period is approved as proposed by HVPNL.

Proposed Employee Cost for the FY 2025-26 to FY 2029-30 (in Rs. Million)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Salary and wages	4459.81	4625.54	4797.43	4975.71	5160.62
Other Staff cost	1377.71	1428.91	1482.01	1537.08	1594.20
Staff welfare Expenses	160.16	166.11	172.28	178.68	185.32
Employee Cost for Employees to be Engaged in New S/Stn.	-	-	-	-	-
Add: Employee Cost for Additional Employees	34.31	9.46	(73.35)	(167.99)	(250.02)
Less: Employee Benefit for SLDC	(55.11)	(57.16)	(59.29)	(61.49)	(63.77)
Total Employee Cost	5976.87	6172.86	6319.09	6462.00	6626.35
Terminal Benefits	3002.88	3452.61	3934.52	4449.98	4999.39

Particulars	HERC approval for FY 2025-26 considering Inflation factor 2.48%	HERC approval for FY 2026-27 considering Inflation factor 2.48%	HERC approval for FY 2027-28 considering Inflation factor 2.48%	HERC approval for FY 2028-29 considering Inflation factor 2.48%	HERC approval for FY 2029-30 considering Inflation factor 2.48%
Salaries and Wages	4440.31	4550.43	4663.28	4778.93	4897.45
Other Staff Cost	1371.68	1405.70	1440.56	1476.29	1512.90
Staff Welfare Expenses	159.46	163.41	167.47	171.62	175.88
Benefit from Staff Loans	0.00	0.00	0.00	0.00	0.00
Add: Employee Cost for Additional Employees (Net of Retires and New Joinees)	34.31	9.46	-73.35	-167.99	-250.02
Less: Employee Benefit for SLDC	54.88	56.24	57.63	59.06	60.52
Total Employee Cost	5,950.89	6,072.77	6,140.33	6,199.79	6,275.68
Terminal Benefits	3002.88	3542.61	3934.52	4449.98	4999.39
Total Employee Cost Incl Terminal Benefits	8953.77	9615.38	10074.85	10649.77	11275.07

B. REPAIR AND MAINTENANCE EXPENSES (R&M)

The petitioner has submitted that as per the MYT Regulations 2024, the R&M expenses have been approved as percentage of GFA with K factor (being 0.75% for the entire control period). The R&M expenses for FY 2025-26 to 2029-30 have been proposed as under: -

Proposed R&M expenses for FY 2025-26 to FY 2029-30 (In Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	130791.19	141714.73	154682.52	164704.11	171659.98
Closing GFA	141714.73	154682.52	164704.11	171659.98	176414.34
Average GFA	136252.96	148198.62	159693.31	168182.04	174037.16
% of GFA (as per regulation) allowed for R&M	0.75%	0.75%	0.75%	0.75%	0.75%
Inflation factor	1.0371	1.0371	1.0371	1.0371	1.0371
R&M Expenses	1059.87	1152.79	1242.20	1308.23	1353.78

HERC approved R&M expenses for FY 2024-25 to FY 2029-30 (In Millions)

Particulars	FY 25-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	1,29,729.46	1,39,904.37	1,52,102.16	1,62,123.75	169079.62
Closing GFA	1,39,904.37	1,52,102.16	1,62,123.75	169079.62	173833.9794
Average GFA	134816.91	146003.27	157112.95	165601.69	171456.80
% of GFA for R&M Expenses	0.75%	0.75%	0.75%	0.75%	0.75%
Inflation Factor	1.0248	1.0248	1.0248	1.0248	1.0248
R&M Expenses	1,036.20	1,122.18	1,207.57	1,272.81	1,317.82

C. ADMINISTRATIVE & GENERAL EXPENSES (A&G)

The petitioner has projected the A&G expenses for the FY 2025-26 to FY 2029-30 considering an inflation factor of 5.47% and has submitted that the proposed A&G expenses may be allowed by the Commission, as these are reflective of true A&G expenses likely to be incurred.

Proposed A&G Expenses for FY 2025-26 to FY 2029-30 (In Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Administration Expenses					
Rent (Including Lease Rent)	1.96	2.04	2.11	2.19	2.27
Insurance	2.61	2.70	2.81	2.91	3.02
Rates and taxes	35.41	36.72	38.02	39.50	40.97
Telephone charges, Postage, Telegram and Telex Charges	5.94	6.16	6.39	6.63	6.87
Mobile sets Charges	12.56	13.02	13.51	14.01	14.53
Legal and professional	53.22	55.19	57.25	59.37	61.58
Payments to auditors (Including out of pocket expenses)	0.89	0.92	0.96	0.99	1.03
Consultancy charges	10.28	10.67	11.06	11.47	11.90
Professional charges	15.07	15.63	16.21	16.81	17.44
Service charges for computerization	1.87	1.94	2.02	2.09	2.17
Conference Expenses	0.00	0.00	0.00	0.00	0.00
Training Expenses	16.91	17.54	18.19	18.86	19.57
Travelling and conveyance	175.29	181.80	188.56	195.57	202.83
Other Expenses	67.06	69.56	72.14	74.82	77.60
Sub-Total of Administrative Expenses	399.07	413.90	429.28	445.23	461.78
Other Charges					
Material Related Expenses	27.28	28.29	29.34	30.43	31.56
Expenses on Photostat on Contract Basis	1.85	1.92	1.99	2.07	2.14
Impairment Loss	19.84	20.57	21.34	22.13	22.95
Sub-Total of other charges	48.96	50.78	52.67	54.63	56.66
Less: A&G Expenses against SLDC	13.69	14.20	14.73	15.27	15.84
Total Charges	434.34	450.48	467.22	484.59	502.59

The Commission has examined the submissions of the petitioner. The Commission observes that MYT Regulations 2024 provides that values for the base year i.e. FY 2024-25 needs to be arrived at by applying for escalation factor of 5.47% as provided in the MYT Regulations 2024. The values for the control period from the FY 2025-26 to FY 2029-30, have to be arrived at by applying the inflation factor as per the formula provided in the MYT Regulations, 2024 in vogue. As per the formula provided in the MYT Regulations, 2024, the inflation factor has been arrived at i.e. 2.48% per annum.

Accordingly, the approved A&G expenses for the control period is as under:

HERC approved A&G Expenses for FY 2024-25 to FY 2029-30 (In Millions)

Particulars	Revised Approval for FY 2025-26 considering Inflation factor 2.48%	Revised Approval for FY 2026-27 considering Inflation factor 2.48%	Revised Approval for FY 2027-28 considering Inflation factor 2.48%	Revised Approval for FY 2028-29 considering Inflation factor 2.48%	Revised Approval for FY 2029-30 considering Inflation factor 2.48%
Rent (Including Lease Rent)	1.96	2.00	2.05	2.11	2.16
Insurance	2.59	2.66	2.72	2.79	2.86
Rates and taxes	35.26	36.13	37.03	37.95	38.89
Telephone charges, Postage, Telegram and Telex Charges	5.91	6.06	6.21	6.36	6.52
Mobile sets Charges	12.51	12.82	13.13	13.46	13.79
Legal and professional	52.98	54.30	55.64	57.02	58.44
Payments to auditors (Including out of pocket expenses)	0.89	0.91	0.93	0.95	0.98
Consultancy charges	10.24	10.49	10.75	11.02	11.29

Professional charges	15.00	15.37	15.76	16.15	16.55
Service charges for computerization	1.87	1.92	1.96	2.01	2.06
Conference Expenses	0.00	0.00	0.00	0.00	0.00
GPS Expenditure on Vehicles	0.59	0.00	0.00	0.00	0.00
Training Expenses	16.84	17.26	17.69	18.12	18.57
Travelling and conveyance	174.53	178.85	183.29	187.84	192.49
Other Expenses	66.17	67.81	69.50	71.22	72.98
Sub-Total of Administrative Expenses	397.34	406.58	416.66	427.00	437.59
Other Charges					
Material Related Expenses	27.16	27.84	28.53	29.23	29.96
Impairment losses	19.75	20.24	20.74	21.25	21.78
Expenses on Photostat on Contract Basis	1.85	1.89	1.94	1.99	2.04
Sub-Total of other charges	48.76	49.97	51.21	52.48	53.78
Less: A&G Expenses against SLDC	13.62	13.96	14.30	14.66	15.02
Total Charges	459.71	442.59	453.57	464.82	476.34

4.3. DEPRECIATION

HVPNL has proposed depreciation for the FY 2025-26 to FY 2029-30 considering the opening GFA and GFA likely to be added in the year, in view of the revised capitalization schedule. The petitioner has proposed computation of depreciation for the FY 2025-26 to FY 2029-30 is as under: -

Depreciation for FY 2025-26 to FY 2029-30 (In Rs. Million)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Depreciation	5642.84	6154.19	6646.23	7009.59	7260.23

The Commission has examined the projected depreciation filed by the licensee for the MYT Control Period and approves Rs. 5199.39 million towards depreciation, net of consumers contribution for the FY 2025-26.

HERC approved Depreciation for FY 2025-26 (In Rs. Million)

Gross Fixed Assets (Rs. in Million)					Provision for Depreciation (Rs. in Million)				
Particulars	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End of Year	Rate of Depreciation	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End Of Year
Land & Land rights	4,213.70	-	-	4,213.70		-	-	-	-
Building and Civil Works	18,642.08	10,923.54	-	29,565.62	4.28%	3,466.89	797.99	-	4,264.88
Plant & Machinery	1,08,429.22	-	-	1,08,429.22	4.28%	53,965.83	4,875.21	-	58,841.04
Furniture & Fixtures	104.71	-	-	104.71	4.28%	73.71	4.48	-	78.19
IT Equipments	221.66	-	-	221.66	4.28%	145.05	9.49	-	154.54
Vehicles	125.40	-	-	125.40	4.28%	89.67	5.37	-	95.04
Total	1,31,736.78	10,923.54	-	1,42,660.32		57,741.15	5,692.54	-	63,433.69
Less: SLDC assets	2,007.32	748.63	-	2,755.95	5.26%	441.84	125.27	-	567.12
Total	1,29,729.46	10,174.92	-	1,39,904.37	-	57,299.31	5,567.27	-	62,866.58
Less:- Consumer Contribution (Assumed to be equal to FY 2023-24)							367.88		
Net Depreciation							5199.39		

Note: BBMB assets have not been considered while calculating the GFA and depreciation for the FY 2024-25

Accordingly, depreciation for the control period from FY 2025-26 to FY 2029-30, is approved as under: -

HERC Approved Depreciation for FY 2025-26 to FY 2029-30 (In Rs. Million)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Depreciation	5199.39	6038.67	6510.46	6873.83	7124.47

4.4. INTEREST & FINANCE CHARGES

The interest and finance charges has been proposed by the licensee as per the methodology specified in the MYT Regulations 2024, the Rate of interest on new loans i.e. on or after 01.04.2025 shall be equal to the marginal cost of funds- based lending rate (MCLR) of the SBI plus a maximum of 150 basis points w.r.t. 1st April of the relevant financial year.

Interest and Finance Charges Proposed for FY 2025-26 to FY 2029-30 (In Rs. Million)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Interest and Finance Charges on Long term /credits from the Fis /Banks approved by the Govt. Of Haryana					
REC					
PFC					
National Capital Region Plg. Board					
World Bank through State Govt. (WB)					
NABARD					
Market Committee					
Loan Processing fees- World Bank Loan	3943.96	4314.06	4496.91	4372.60	4046.37
Interest on loan on New Capex	388.06	460.68	356.02	247.11	168.90
Total Net Interest on Loans	4332.02	4774.74	4852.93	4619.71	4215.27

The Commission approves Interest and Finance Charges for the FY 2025-26 to FY 2029-30, considering debt: equity: consumer contribution ratio as 70:20:10, in line with the proposal of the petitioner in their true-up petition for the FY 2023-24, as under: -

Interest and Finance Charges approved for FY 2025-26 to FY 2029-30 (In Rs. Million)

Particulars	HERC approved for FY 25-26	HERC approved for FY 26-27	HERC approved for FY 27-28	HERC approved for FY 28-29	HERC approved for FY 29-30
Interest on Loan	3691.68	4104.95	4340.17	4255.77	3943.91

4.5. INTEREST ON WORKING CAPITAL

The interest on working capital has been calculated by the licensee, based on the principles set out in the MYT Regulations 2024, for the FY 2025-26 to FY 2029-30, as under: -

Interest on Working Capital for FY 2025-26 to FY 2029-30 (in Rs. Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Normative O&M for 1 month	872.83	935.73	996.92	1058.73	1123.51
Maintenance Spares @ 15% of the O&M	1571.09	1684.31	1794.46	1905.72	2022.32
Receivables equivalent to 1 month at fixed cost calculated on normative / target availability	2039.68	2217.93	2360.91	2459.21	2529.39
Total	4483.60	4837.97	5152.28	5423.66	5675.22
Interest Rates	10.15 %	10.15 %	10.15 %	10.15 %	10.15 %
Interest rates on Working capital	455.09	491.05	522.96	550.50	576.04

The commission has examined the projected interest on working capital filed by licensee for the MYT control period for 2025-26 to FY 2029-30. The interest rate shall be considered at MCLR of relevant financial year plus 150 basis points, which comes out to be 10.00%. The Commission has examined the methodology adopted by the licensee for calculating interest on working capital. However, since the individual items as proposed by the licensee have been approved by the Commission with certain changes, the amount of approved interest cost on working capital, based on the interest rates as proposed by the licensee, works out as under: -

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	ARR	ARR	ARR	ARR	ARR
O&M for 1 month	870.81	931.68	978.00	1,032.28	1,089.10
Maintenance spares	1,567.45	1,677.02	1,760.40	1,858.11	1,960.38
Receivables	1,894.97	2,083.72	2,211.47	2,306.63	2,370.94
Total	4,333.23	4,692.42	4,949.87	5,197.02	5,420.43
Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%
Interest on Working Capital	433.32	469.24	494.99	519.70	542.04

4.6. RETURN ON EQUITY (TRANSMISSION BUSINESS)

The return on equity has been estimated by the licensee based on the expected equity contribution on the new capex proposed to be incurred by the Petitioner. The rate of return considered for the return on equity has been considered as per the formulae mentioned below as per the MYT Regulations, 2024. RoE for generation transmission and distribution, shall be allowed, after adding a premium over the 'Base Rate (BR)' based on the performance (both financial as well as operational parameters) of the power utilities, subject to a cap as under:

Transmission Business: $BR + 4.5\% = \text{up to } 11\%$.

Provided that the Base Rate (BR) in these Regulations shall be construed as last 2 years average rate (as on 1st April of the relevant financial year) of 10 years Government of India bond. The details provided by the petitioner is as under: -

Return on Equity Proposed for FY 2025-26 to FY 2029-30 (in Rs. Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Equity to be considered for Transmission business (Opening)	30836.02	34113.08	38003.42	41009.89	43096.66
Add: Equity portion of the GFA added	3277.06	3890.34	3006.48	2086.76	1426.31
Closing equity for ROE	34113.08	38003.42	41009.89	43096.66	44522.96
Rate of Return	11 %	11%	11%	11%	11%
Average Equity	32474.55	36058.25	39506.66	42053.28	43809.88
RoE Proposed	3572.20	3966.41	4345.73	4625.86	4819.08

The Commission has examined the submissions made by the licensee and approves the same considering equity portion of additions to fixed as 20%, in line with the discussions in the preceding para of this order, as under: -

HERC approved Return on Equity for FY 2025-26 to FY 2029-30 (in Rs. Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	ARR	ARR	ARR	ARR	ARR
Equity to be considered for Transmission business (Opening)	30,623.67	32,658.65	35,098.21	37,102.53	38,493.70

Add: Equity portion of GFA added	2,034.98	2,439.56	2,004.32	1,391.17	950.87
Closing equity for RoE	32,658.65	35,098.21	37,102.53	38,493.70	39,444.57
Rate of Return	11.00%	11.00%	11.00%	11.00%	11.00%
Average Equity	31,641.16	33,878.43	36,100.37	37,798.11	38,969.14
RoE	3,480.53	3,726.63	3,971.04	4,157.79	4,286.60

However, the Commission shall re-visit the same at the time of true-up exercise, by removing the equity portion of assets disposed of, as directed earlier in this order.

4.7. NON-TARIFF INCOME

The Commission has considered the non-tariff income as proposed by the licensee largely comprising of interest earned from investments, Fixed and Call deposits and income from sale of scrap etc. and approves the same at Rs (514.97) million.

Non-Tariff Income for FY 2025-26 to 2029-30 (In Rs. Millions)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income	(514.97)	(514.97)	(514.97)	(514.97)	(514.97)

4.8. UNITARY CHARGES

The Commission has granted project specific transmission license, set up under Public Private Partnership (PPP) mode, to M/s Jhajjar KT Transco Private Ltd on 26th October, 2010. The above transmission works stands completed and the concessionaire has achieved Commercial Operation on 12th March 2012.

As per Transmission Service Agreement (TSA Clause 26.8.2); the applicable monthly unitary charges are being paid by HVPNL to concessionaire. The base Unitary charge for the accounting year, in which COD occurs (i.e. 2011-12), was Rs. 4,50,00,000/-, and the same is being revised annually by decreasing the base unitary charge for the immediately preceding accounting year by 3% thereof and the escalation to reflect 40% of the variation in WPI in accordance with the provisions of the TSA approved by the Commission.

The computation of monthly unitary charges for the FY 2025-26, as submitted by HVPNL, is presented below: -

Unitary Charges (FY 2025-26)

S. No.	Particulars	Amount
1.	Monthly base Unitary charges as per clause 26.2.1 of the TA for 2011-12	4,50,00,000.00
2.	Yearly reduction (%)	3%
3.	Monthly base Unitary charges for FY 2025-26	2,93,77,632.00
4.	WPI for Jan 2010 (Base Accounting Year)	135.20 (Published by Office of Economic Advisor), GoI
5.	Linking Factor of all commodities WPI (bases 2004-05) for 2011-12	1.598
6.	WPI for Jan 2025 preceding the accounting year (WPI base year 2011-12) PROVISIONAL (based on WPI for AUG 2024 as 154.5)	156
7.	WPI for Jan Preceding the accounting year	249.288
8.	Increase in WPI (%)	84.3846%
9.	WPI Index (40 % of the WPI increase) %	33.7538%
10.	Increase in base unitary charges linked with WPI	99,16,081.00

11.	Indexed Unitary charges (Rs.) (S. No. 3+8)	3,92,93,713.00
12.	System Availability (%) (Average of FY 2023-24 taken for reference)	99.36%
13.	Normative availability (%)	98.00%
14.	Incentive due to system availability	5,45,300.00
15.	Incentive due to less Transmission losses (average of FY 2023-24 taken for reference)	2,36,472.00
16.	Monthly Unitary charges (Rs. Million)	39.29
17.	Projected Unitary charges for FY 2025-26 (Rs. Millions)	471.52

As estimated by the licensee, the expected 'Unitary Charges' for the FY 2025-26 is likely to be about Rs 39.293 Million per month. Keeping in view the expected increase in WPI and yearly reduction of base unitary charge by 3%, HVPNL has prayed that the Commission may approve the same as part of annual transmission charges for the FY 2025-26.

Accordingly, unitary charges Rs. 39.293 million per month is approved for the FY 2025-26. However, the incentive component may be checked and verified by HVPNL w.r.t the actual system availability and transmission loss including the methodology adopted for calculating and claiming the same. The Commission approves the Unitary charges for the control period is as under: -

HERC approved Unitary Charges for FY 2025-26 to FY 2029-30

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Unitary Charges	471.52	457.38	443.66	430.35	417.44

4.9. YEARLY TRANSMISSION CHARGES (YTC) FOR TRANSMISSION LINES INCIDENTAL TO INTER-STATE TRANSMISSION (ISTS) OF ELECTRICITY

The petitioner has submitted that a petition for determination of tariff of the intrastate lines being considered as ISTS lines for the period FY 2019-24 was filed (159/TT/2022) before the Hon'ble CERC for the following lines

1. 220 kV S/C Bhiwadi- Rewari (Ckt. 1)
2. 220 kV S/C Bhiwadi -Mau line
3. 220 kV Bhiwadi -Rewari Ckt. 2
4. 220 kV HSIIDC-Bawal-Bhiwadi line
5. 220 kV S/C Pinjore -Kunihar Ckt. 1
6. 220 kV S/C Pinjore-Kunihar Ckt 2
7. 132 kV D/C Pinjore- Ropar

However, Hon'ble CERC, vide its order dated 25.06.2022, has allowed the transmission tariff for Asset-I i.e. 220 KV S/C Bhiwadi-Rewari (Ckt-I) only for the Tariff period 2019-24. The total amount recovered during the FY 2023-24 from PGCIL for the lines operating as ISTS lines was Rs. 0.090 Millions only.

The Petitioner has further submitted that a review petition (41 /RP/2022) was filed before the Hon'ble CERC to review its order dated 25.06.2022. The petition 41/RP/2022 was heard on dated 30.08.2023 before the Hon'ble commission and the Commission ordered that the tariff for

all the assets (7 no. Lines) for the FY 2019-24 shall be allowed through a separate order. However, the order has not yet passed by the Hon'ble CERC till date. As such the exact amount actually to be disbursed by PGCIL to HVPNL in lieu of intrastate lines being considered as ISTS lines has not been discovered till date please. Further, HVPNL has also filed the petition before the Hon'ble CERC for transmission tariff for the period FY 2024-29 for the above mentioned lines. The matter is yet to be heard by the Commission. As such the exact amount which shall be disbursed by PGCIL in lieu of remaining ISTS lines owned by the petitioner for the period 2019-24 shall be discovered after CERC decides the aforesaid petition.

In view of the above, the petitioner has requested not to consider YTC for intra-state lines operating as ISTS in the MYT petition and the same may be trued up as and when the same is determined by the Hon'ble CERC and realized by HVPNL.

The Commission has considered the submissions of HVPNL and acceding to the prayers made by them, has not considered YTC from ISTS lines, while determining transmission tariff for the FY 2025-26 to FY 2029-30. However, HVPNL is directed to rigorously follow up with CERC for getting its due share of charges on account of ISTS lines, which shall be considered at the time of true-up of the FY 2025-26.

4.10. AGGREGATE REVENUE REQUIREMENT

As per the foregoing discussions, the ARR of HVPNL for the FY 2025-26 to FY 2029-30 approved by the Commission, in the preceding paragraphs, is tabulated below:

Rs. Millions					
Particulars	HERC Approved for FY 2025-26	HERC Approved for FY 2026-27	HERC Approved for FY 2027-28	HERC Approved for FY 2028-29	HERC Approved for FY 2029-30
O&M Cost	10449.68	11180.15	11735.99	12387.40	13069.23
<i>Employee Expense</i>	5950.89	6072.77	6,140.33	6199.79	6,275.68
<i>Terminal Benefits</i>	3002.88	3542.61	3934.52	4449.98	4999.39
<i>A&G Expense</i>	459.71	442.59	453.57	464.82	476.34
<i>R&M Expense</i>	1036.20	1122.18	1207.57	1272.81	1317.82
Interest on Loan	3691.68	4104.95	4340.17	4255.77	3943.91
Depreciation	5199.39	6038.67	6510.46	6873.83	7124.47
Interest on Working Capital	433.32	469.24	494.99	519.70	542.04
Total Expenditure	19774.08	21793.02	23081.61	24036.70	24679.65
Return on Equity	3480.53	3726.63	3971.04	4157.79	4286.60
Less: Non-Tariff Income	514.97	514.97	514.97	514.97	514.97
Net Annual Transmission charges (ARR)	22739.63	25004.67	26537.68	27679.52	28451.28
Add:- Revenue Gap FY 2022-23 & 2023-24	1557.94	0	0	0	0
Aggregate Revenue Requirement	24297.57	25004.67	26537.68	27679.52	28451.28
ULDC Charges					
Transmission Share of SLDC Charges	10.15	10.29	10.44	10.59	10.74
Unitary Charges for JKTPPL	471.52	457.38	443.66	430.35	417.44
Annual Revenue Requirement	24779.25	25472.35	26991.77	28120.46	28879.46

4.11. REVENUE GAP AND CARRYING COST

The Petitioner has submitted that based on the true-up of FY 2023-24 and APR for FY 2024-25, the Revenue gap computed is provided in table below:-

Revenue Gap with carrying cost for the FY 2023-24 and FY 2024-25 (Rs. in Millions)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Approved ARR	22,653.21	20,196.42	24,556.47
Proposed Revised ARR	26,011.17	24,556.47	24,556.47
Opening Revenue Gap	-	3,525.86	3,883.74
Addition in Revenue Gap	3,357.97	-	-
Closing Revenue Gap	3,357.97	3,525.86	3,883.74
Interest Rate	10.00%	10.15%	10.150%
Carrying Cost	167.90	357.88	197.10
Closing Revenue Gap with Carrying Cost	3,525.86	3,883.74	4,080.84

The Petitioner requests the Hon'ble Commission to allow recovery of the revenue gap of FY 2023-24 and gap on account of proposed revision in APR of FY 2024-25 in the transmission charges to be approved by the Hon'ble Commission for FY 2025-26 and also allow for carrying cost (Rs. 722.90 Million) on the under-recovered amount, in line with HERC MYT Regulations, 2019.

The Commission has considered the submissions of the petitioner and observes that the same has already been addressed in the preceding para of this order, while dealing with the true-up of transmission charges for the FY 2023-24 and the issue of performance review for the FY 2024-25. Hence, further discussions on the same is not required.

4.12. SLDC ARR (FY 2025-26)

The licensee has submitted that the computation of expenses for SLDC business has been done in accordance with the MYT Regulations, 2024. The Aggregate Revenue Requirement of SLDC for the FY 2025-26 to FY 2029-30 has been projected by HVPNL as under: -

Aggregate Revenue Requirement for SLDC for FY 2025-26 to FY 2029-30 (in Rs. Million)

SLDC Business	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Employee Cost	55.11	57.16	59.29	61.49	63.77
A&G	13.69	14.20	14.73	15.27	15.84
R&M	7.36	7.36	7.36	7.36	7.36
Interest on Loans (Capex)	0.00	0.00	0.00	0.00	0.00
Depreciation	49.71	49.71	49.71	49.71	49.71
IoWC	2.85	2.93	3.02	3.10	3.19
Return on Equity	0.00	0.00	0.00	0.00	0.00
Less: Non-tariff Income	-1.45	-1.45	-1.45	-1.45	-1.45
Add: Revenue Gap/Surplus	0.00	0.00	0.00	0.00	0.00
Total	127.26	129.90	132.64	135.48	138.42

The Commission observes that, as per the existing arrangement, SLDC functions have been entrusted to the State Transmission Utility i.e. HVPNL. The Commission, from time to time

has expressed views regarding the necessity of functional autonomy to the SLDC i.e. not only in financial terms but also in decision making.

Accordingly, the Commission has examined the proposed ARR for the FY 2025-26 to FY 2029-30 for the SLDC business and approves the same is as under: -

HERC Approved ARR of SLDC for the FY 2025-26 to FY 2029-30 (Rs. Million)

Particulars	HERC Approved for FY 25-26	HERC Approved for FY 26-27	HERC Approved for FY 27-28	HERC Approved for FY 28-29	HERC Approved for FY 29-30
Employee Expense	54.88	56.24	57.63	59.06	60.52
Terminal Benefits	0.00	0.00	0.00	0.00	0.00
A&G Expense	13.63	13.97	14.31	14.67	15.03
R&M Expense	7.36	7.36	7.36	7.36	7.36
Depreciation	49.69	49.69	49.69	49.69	49.69
Interest on Working Capital	2.83	2.88	2.94	2.99	3.05
Less: Non-Tariff Income	-1.45	-1.45	-1.45	-1.45	-1.45
Add: Revenue Gap/ Surplus	0.00	0.00	0.00	0.00	0.00
Carrying Cost	0.00	0.00	0.00	0.00	0.00
TOTAL	126.93	128.69	130.48	132.32	134.21

As discussed in the preceding paras of this order, true-up of SLDC charges for the FY 2023-24 is admitted at Rs. 111.47 million as against the earlier approval of Rs. 233.26 million i.e. true-up Rs. -121.79 million. The reduction in SLDC charges, under true-up has occurred due to less claim of the petitioner under the heads interest on loan and deprecation. The Commission observes that it may not be possible to adjust the surplus amount of Rs. 121.79 million from the ARR of the FY 2025-26. The Commission, therefore, orders that the surplus amount shall be returned back to the long-term beneficiaries of SLDC in the same ratio as billed during the FY 2023-24.

CHAPTER 5

5.1. ANNUAL TRANSMISSION CHARGES AND SLDC CHARGES

The annual transmission charges are determined as per the provisions of Regulation 52 of the MYT Regulations 2024 i.e. *“Transmission licensee shall recover the transmission charges at the normative annual transmission system availability factor specified for it by the Commission.”* The details of the annual transmission charges proposed by the licensee are summarized in table below: -

Annual Transmission Charges Proposed for FY 2025-26 (In Rs. Millions)		
Aggregate Revenue Requirement 2025-26	Rs. Million	28042.10
Transmission share of SLDC charges @ 8%	Rs. Million	10.18
Unitary charges for JKTPL	Rs. Million	471.52
Less YTC of ISTS lines FY 2025-26	Rs. Million	0.00
Total Transmission Charges	Rs. Million	28523.81
Monthly transmission Tariff		2376.98
Monthly Transmission charges of UHBVN	45.1114%	1072.288
Monthly Transmission charges of DHBVN	53.2538%	1265.832
Monthly Transmission charges of TPTCL	0.3923%	9.324
Monthly Transmission charges of NTPC	0.0158%	0.375
Monthly Transmission charges of CRPCPL	0.0023%	0.054
Monthly Transmission charges of Northern Railways	1.2173%	28.934
Monthly Transmission charges of Jindal Rolling Mills P. Ltd.	0.007%	0.166

The petitioner has submitted that in case of any addition of new beneficiary, the transmission charges would be charged in proportion of the allotted capacity.

Based on the Commission's approved true up for the FY 2023-24 and the approved ARR for the FY 2025-26, the approved transmission tariff, for the FY 2025-26, to be recovered in the ratio of transformation capacity provided by the licensee is given in table below. The Commission observes that the transmission charges so apportioned are only indicative and are based on historical data provided by the licensee. The actual transmission tariff to be charged from existing and prospective beneficiaries shall, strictly, be in accordance with the relevant provisions of the MYT Regulations, 2024.

Approved Transmission Charges for the FY 2025-26 (Rs. in Millions)		
Annual Revenue Requirement for FY 2025-26	Rs. Million	22739.63
Rev Gap of FY 2023-24	Rs. Million	1557.93
Carrying cost for FY 2023-24 and FY 2024-25	Rs. Million	0
Aggregate Revenue Requirement	Rs. Million	24297.56
Transmission Share of SLDC Charges	Rs. Million	10.15
Unitary Charges for JKTPL	Rs. Million	471.52
Less YTC for Lines Operating as ISTS Lines FY 2025-26	Rs. Million	0
Total Transmission Charges	Rs. Million	24779.24
Monthly Transmission Tariff	Rs. Million	2064.94
Monthly Transmission Charges UHBVNL	45.1114%	931.52
Monthly Transmission Charges DHBVNL	53.2538%	1099.66
Monthly Transmission Charges TPTCL	0.3923%	8.10

Monthly Transmission Charges NTPC	0.0158%	0.33
Monthly Transmission Charges CRPCPL	0.0023%	0.05
Monthly Transmission Charges Northern Railways	1.2173%	25.14
Monthly Transmission Charges of Jindal Rolling Mills P.Ltd.	0.007%	0.065

5.2. SHARE OF SLDC CHARGES AS PER HERC MYT REGULATIONS 2024

As per the HERC MYT Regulations 2024. "The annual charges of SLDC is determined as a single composite charge from the beneficiaries as under: -

Intra – State Transmission Licensee	8% of the Annual SLDC Charges
Generating Stations and Sellers	46% of the Annual SLDC Charges
Distribution Licensees and Buyers	46% of the Annual SLDC Charges

In line with the above and HERC MYT Regulation 2019, the petitioner has apportioned the SLDC Charges for the FY 2025-26 among the different beneficiaries as per the table below:

Proposed SLDC Charges for FY 2025-26 (in Rs. Million)

Beneficiaries	Transformation ratio in %	Charges in Rs. Millions
HVPNL @ 8 %		10.180
Generating companies & Sellers @ 46 %		58.539
HPGCL	55.9124 %	32.730
FGPP	9.3534 %	5.475
MGSTPS	28.5798 %	16.730
Gemco Biomass	0.1732 %	0.101
Starwire India Ltd.	0.2143 %	0.125
Sri Jyoti	0.2057 %	0.120
Shahbad Cooperative Sugar Mill	0.5196 %	0.304
Naraingarh Sugar Mills	0.4850 %	0.284
Amplus Sun Solutions Pvt. Ltd.	1.0826 %	0.634
JBM Environment Pvt. Ltd.	0.1732 %	0.101
M/s Mor Bio Energy Ltd.	0.0260 %	0.015
LR Energy Pvt. Ltd.	0.4330 %	0.253
Avaada Green HN Projects	1.0826 %	0.634
SAEL Limited	0.3248 %	0.190
Raj Waste Treet Pvt. Ltd.	0.0433 %	0.025
Deepan Godara	0.0054 %	0.003
Giotech Power	0.0217 %	0.013
K2 Power Renewal Pvt. Ltd.	0.0433 %	0.025
Panipat Cooperative Sugar Mill	0.3248 %	0.190
Karnal Cooperative Sugar Mill	0.6062 %	0.355
Hind Samachar	0.3897 %	0.228
Distribution SLDC Charges @ 46 %		58.539
UHBVN	45.0597 %	26.377
DHBVN	53.1928 %	31.139
TPTCL	0.3919 %	0.229
NTPC	0.0158 %	0.009
CRPCPL	0.0023 %	0.001
Northern Railway	1.2159 %	0.712
Jindal Rolling Mill	0.0070 %	0.004
Merino	0.0158 %	0.009
Orbit Resorts	0.0237 %	0.014
Sky City	0.0016 %	0.001
Asian Paints	0.0158 %	0.009
Goodrich Carbohydrates Ltd.	0.0076 %	0.004
Dorset Industries Pvt. Ltd.	0.0028 %	0.002
KRBL Ltd.	0.0043 %	0.003

GS Spinning Mills	0.0032 %	0.002
Garg Spinning Mills	0.0032 %	0.002
Bhartiya Spinnner Ltd.	0.0032 %	0.002
Blow Packaging Ltd.	0.0019 %	0.001
Rico Auto Industries	0.0316 %	0.018
Generating companies (Sellers) + Distribution companies		117.078

The petitioner has submitted that in case of any addition of new beneficiary, the transmission charges would be charged in proportion of the allotted capacity.

Based on the details of transformation capacity and the generation capacity, the Commission has approved SLDC charges in the preceding paras of this order. The petitioner may note that the SLDC charges, so apportioned by it, are only indicative and the actual recovery of the charges from existing and prospective beneficiaries shall be strictly in accordance with the relevant provisions of the MYT Regulations, 2024 and the SLDC charges approved by the Commission for the FY 2025-26 in the present order i.e. Rs. 126.93 million.

5.3. PROSPECTIVE SHORT-TERM OPEN ACCESS CHARGES (STOA)

Transmission charges from short term open access consumers shall be recovered as per Regulation 52 of the HERC MYT Regulations, 2024 as may be amended from time to time i.e. “the transmission charges shall be payable by the short-term open access consumers for the scheduled energy drawl at per kwh rate as worked out by dividing the annual transmission charges by the total volume of energy transmitted by the transmission licensee during the previous year.”

The petitioner has submitted the details of transmission charges payable by the short-term open access consumers, based on the proposed transmission charges for the FY 2025-26, in the table that follows: -

Particulars	Amount
Proposed Transmission Cost for FY 2025-26	Rs. 28523.81 Millions
Total Power transmitted by HVPNL during FY 2023-24 (Previous year)	63257.46 Million Units
Proposed Short Term Open Charges (Rs. Per KWh)	0.45

The Commission has approved the transmission charges payable by the short-term open access consumers, based on the approved transmission charges for the FY 2025-26, in the preceding paras of this order, as follows: -

STOA Charges	HVPNL Proposal	HERC approved
Transmission Cost for FY 2025-26 (Rs. million)	28052.29	24307.72
Unitary Charges	471.52	471.52
Total	28523.81	24779.24
Total Energy expected to be transmitted by HVPNL for the FY 2025-26 (at the actual level of FY 23-24)	63257.46	63257.46
STOA Charges (Rs. / Unit)	0.45	0.39

5.4. RECOVERY OF SLDC CHARGES FROM SHORT TERM OPEN ACCESS CONSUMERS

The short-term open access consumers shall pay composite SLDC charges as provided in the HERC (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system), Regulations, 2024 as may be amended from time to time.

5.5. REACTIVE ENERGY CHARGES:

The reactive energy charges are payable by the Discoms as per Regulation 48 of the HERC MYT Regulations which provides that '*the reactive energy charges shall be as provided in the Haryana Grid Code as amended from time to time*'. Clause 5.5.1 of the HERC Haryana Grid Code (HGC) Regulations, 2009 govern the charges for the reactive energy drawl/injection from/to state transmission system i.e. for VAR exchanges with the State Transmission System.

The Commission, vide order dated 03.09.2020, in Suo Motu proceedings, had directed HVPNL as below:

"In view of the above discussions, the Commission adopts the following procedure for management of Reactive Energy Charges receivable from/ payable to the NRPC as also on account of recovery/ payment of Reactive energy charges for VAR exchanges with Intra State Transmission System from the regional entities within the state of Haryana, depending upon the Reactive Energy consumption by them, as worked out by SLDC in accordance with the Haryana Grid Code, 2009 as amended from time to time, on monthly basis:

- (a) *SLDC shall maintain a fund in its books of accounts in the name and style of Reactive Energy Pool Fund Account.*
- (b) *The amounts received from NRPC shall be credited to above fund and the amounts paid to NRPC shall be debited to above fund. The recovery of Reactive energy charges for VAR exchanges within the Intra State Transmission System of Haryana (primarily UHBVNL, DHBVNL and Northern Railways, OA consumers, etc.) shall be credited to above fund and the amounts to be paid to such entities shall be debited to the above fund.*
- (c) *The amounts shall be deposited in the bank account specially opened for this purpose. Considering the volume of funds in the bank account and the position of receivable/payables, SLDC may invest the funds in fixed deposit of banks till such time they are utilised.*
- (d) *SLDC shall raise invoices of recovery/ payment of Reactive energy charges for VAR exchanges with STS, in accordance with the State Grid Code, within a period of 15 days of the close of each month. However, for the Distribution licensees, where the variation is very high, the accounts shall be balanced every six months and only the net amount shall be recovered or paid. In case the payables are higher than the receivables, the funds received from NRPC, if available, shall be utilised to bridge the gap.*

- (e) *The SLDC shall always maintain sufficient balance in the Reactive energy pool account equal to last three years annual average deficit/ penalty amount levied by NRPC/ NRLDS on this account.*
- (f) *SLDC shall file a periodic (quarterly) status of the fund including utilisation with the Commission and also put it on its website.*
- (g) *After the close of each financial year, considering the position of receivables and payables on account of Inter-State Reactive Energy Pool Account, in case the position permits, the surplus amount, including interest earned, shall be utilized by SLDC in accordance with the directions issued by the Commission from time to time. SLDC shall submit a complete proposal in this regard along with relevant detail/ data in support of the proposed investment along with the true up petition.*

The Petitioner has submitted that the beneficiaries are expected to provide local VAR compensation such that they do not draw VAR from EHV grid, particularly under low voltage conditions. Accordingly, the Grid Code provides VAR exchanges as under:

- a) The beneficiary pays for VAR drawl when voltage at metering point is below 97%.
- b) The beneficiary gets paid for VAR return when voltage is below 97%.
- c) The beneficiary gets paid for VAR drawn when voltage is above 103%.
- d) The beneficiary pays for VAR return when voltage is above 103%.

According to Clause-6.6(2) of Indian Electricity Grid Code the VARh shall be @ 10 paise per KVARh w.e.f. 01.04.2010. The above charges are to be escalated at the rate of 0.5 paise per KVARh per year thereafter. However, the Commission in its order dated 30.01.2023, taking into consideration the comfortable position of the reactive energy pool account, had directed that limited to the FY 2023-24 and FY 2024-25, no reactive energy charges shall be recovered from the Discoms. However, HVPNL was directed to approach the Commission for true-up based on actual audited data.

In view of the above, the SLDC is preparing the reactive account of the Discoms at the subject to the realization of the amount, as per the directions of the Hon'ble commission in the order dated 30.01.2023. HVPNL has submitted that during the FY 2023-24, the net receivable from UHBVN and DHBVN was Rs. 32.31 Million and Rs.17.58 Million.

After due deliberations, the Commission approves VARh @ 5 paise/KVARh w.e.f. the date of this order. However, the Commission has taken note of the fact that balance in the "Reactive Energy charges pool fund account", maintained by HVPNL, as on 30.09.2024 is Rs.6066.05 lacs. Therefore, considering the comfortable position of the reactive energy pool account, the Commission directs that limited to the FY 2025-26, no reactive energy charges shall be recovered from the Discoms. However, HVPNL may approach this Commission for 'true-up' based on actual audited data.

The directives issued by the Commission in the present order shall be complied with in a time bound manner. The licensee shall implement the tariff and charges determined / approved by the Commission w.e.f. 01.04.2025. Necessary steps may be taken for implementation of the order including the directives.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 13.03.2025.

Date: 13.03.2025
Place: Panchkula

(Mukesh Garg)
Member

(Nand Lal Sharma)
Chairman