



**COMMISSION'S ORDER**

**ON**

**TRUE UP FOR FY 2024-25, ANNUAL (MID-YEAR) PERFORMANCE REVIEW OF  
FY 2025-26 AND DETERMINATION OF AGGREGATE REVENUE  
REQUIREMENT AND SLDC CHARGES FOR HARYANA VIDYUT PRASARAN  
NIGAM LIMITED (HVPNL) FOR THE MULTI YEAR TARIFF FOR THE FY 2026-27.**

**HERC/PETITION NO. 92 OF 2025**

**Order date 17.03.2026**

**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 - 92 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 2024-25, Annual Performance Review of FY 2025-26 and Aggregate Revenue Requirement and Multi Year Tariff Petition for FY 2026-27.

**QUORUM**

**Shri Nand Lal Sharma**  
**Shri Mukesh Garg**  
**Shri Shiv Kumar**

**Chairman**  
**Member**  
**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 2024-25, Annual Performance Review of FY 2025-26 and Aggregate Revenue Requirement Tariff Petition for FY 2026-27, 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 2024-25 (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 2024-25 shall be carried out as per the provisions and principles specified therein.

The Transmission ARR / SLDC charges for the FY 2026-27 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 2024-25, are as under: -

#### Proposed True Up of Transmission Business ARR for FY 2024-25 (Rs. Millions)

S. No.	Particulars	FY 2024-25		
		Approved by HERC 16.02.2024	True up	GAP Surplus/ (Deficit)
<b>a</b>	<b>O&amp;M Cost</b>	<b>8546.65</b>	<b>8713.33</b>	<b>(166.67)</b>
	<i>Employee Expense</i>	5542.00	5942.70	(400.70)
	<i>Terminal Benefits</i>	1957.80	1816.11	141.69
	<i>A&amp;G Expense</i>	421.88	374.58	47.30
	<i>R&amp;M Expense</i>	624.98	579.95	45.03
<b>b</b>	Interest on Loan	4050.75	3371.07	679.69
<b>c</b>	Impact of Foreign Exchange Risk Variation	0.00	255.97	(255.97)
<b>d</b>	Depreciation	5062.86	4967.83	95.03
<b>e</b>	<b>Interest on Working Capital</b>	371.19	0.31	370.88
	<b>Total Expenditure</b>	<b>18031.44</b>	<b>17308.52</b>	<b>722.92</b>
<b>f</b>	Return on Equity	2802.97	3356.07	(553.10)
<b>g</b>	Less: Non-Tariff Income	(222.80)	(1141.51)	918.71
	<b>Annual Transmission Charges</b>	<b>20611.61</b>	<b>19523.08</b>	<b>1088.53</b>
<b>h</b>	Add: TSA Incentive	0.00	78.03	(78.03)
<b>i</b>	Add: Sharing of Benefits @ 60% - IWC	0.00	221.62	(221.62)
<b>j</b>	<b>Annual Revenue Requirement</b>	<b>20611.61</b>	<b>19822.74</b>	<b>788.87</b>
<b>k</b>	Revenue Gap	(903.55)	(903.55)	0.00
<b>l</b>	Carrying cost	0.00	0.00	0.00
<b>m</b>	ULDC charges	0.00	19.37	(19.37)
<b>n</b>	Transmission Share of SLDC	7.39	5.11	2.28
<b>o</b>	Unitary Charges	480.95	365.65	115.30
<b>p</b>	Less YTC for Lines Operating as ISTS Lines		(0.09)	(0.09)
	<b>Aggregate Revenue Requirement (Transmission Charges)</b>	<b>20196.40</b>	<b>19309.24</b>	<b>887.16</b>

It is evident from the table above that the claim for true-up amounting to Rs. 887.16 million, based on the Audited Accounts of the FY 2024-25, has been filed by the petitioner. The major portion of the true-up sought comprises of employee cost, Impact of Foreign Exchange rate variation and Return on Equity.

## 1.2 TRUE-UP OF SLDC BUSINESS ARR FOR FY 2024-25

The SLDC ARR approved by the Commission and the actual expenditure incurred during the FY 2024-25, 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 2024-25 (Rs. Millions)**

Sr. No	SLDC Business	Approved by HERC 16.02.2024	True up	Gap /Surplus or (deficit)
1	Employee Expense	66.43	49.216	17.214
2	Terminal Benefits	0.00	0.000	0.000
3	A&G Expense	10.52	15.122	(4.602)
4	R&M Expense	5.05	13.566	(8.516)
5	Depreciation	49.69	59.459	(9.769)
6	Interest on Loan	0.00	0.000	0.000
7	Interest on Working Capital	2.28	0.000	2.280
8	Return on Equity	0.00	0.000	0.000
9	Less: Non-Tariff Income	(1.45)	(33.357)	31.907
10	Add: Revenue Gap/ Surplus Refund	(40.10)	(40.100)	0.000
11	Carrying Cost	0.00	0.00	0.00
	<b>TOTAL</b>	<b>92.42</b>	<b>63.91</b>	<b>28.51</b>

As evident from the table above, the actual expenditure for operating the State Load Dispatch Centre in the FY 2024-25 was Rs. 63.91 Million as against Rs. 92.42 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 non-tariff income and O&M Expenses.

## 1.3 ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2025-26

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

**Transmission APR for FY 2025-26 (Rs. Million)**

Particulars	FY 2025-26		
	Approved by HERC 13 <sup>th</sup> March 25	Proposed for APR FY-2025-26	Gap Surplus/ (Deficit)
<b>O&amp;M expenses</b>	<b>10449.68</b>	<b>9674.10</b>	<b>775.58</b>
Employee Expenses	5950.89	6231.12	(280.23)
Terminal Benefits	3002.88	1991.96	1010.92
A&G Expenses	459.71	386.26	73.45
R&M Expenses	1036.20	1064.76	(28.56)
<b>Depreciation</b>	<b>5199.39</b>	<b>6889.80</b>	<b>(1690.41)</b>
<b>Interest on term Loans</b>	<b>3691.68</b>	<b>4667.70</b>	<b>(976.02)</b>
<b>Impact of Foreign Exchange Risk Variation</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest on working Capital</b>	<b>433.32</b>	<b>472.51</b>	<b>(39.19)</b>
<b>Total Expenditure</b>	<b>19774.07</b>	<b>21704.11</b>	<b>(1930.04)</b>
<b>Return on Equity</b>	<b>3480.53</b>	<b>3800.72</b>	<b>(320.19)</b>
<b>Less: Non-Tariff Income</b>	<b>(514.97)</b>	<b>(514.97)</b>	<b>(514.97)</b>
<b>Annual Transmission Charges</b>	<b>22739.63</b>	<b>24989.87</b>	<b>(2250.24)</b>
Add: Revenue Gap 2022-23	1744.52	1744.52	0.00

Add: Carrying cost on above	0.00	0.00	0.00
<b>Aggregate Revenue Requirement</b>	<b>24484.15</b>	26734.39	(2250.24)
<b>ULDC Charges</b>	<b>0.00</b>	14.89	(14.89)
Transmission Share of SLDC Charges	10.15	16.69	(6.54)
Unitary Charges for JKTPPL	471.52	406.34	65.18
Less YTC for Lines Operating as ISTS Lines	0.00	0.00	0.00
<b>Total Transmission Charges</b>	<b>24965.82</b>	<b>27172.30</b>	(2206.48)

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 2025-26. 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 2025-26. The revised financial impact of FY 2025-26 will be taken by the petitioner in next tariff petition as 'true-up' once the audited annual accounts for FY 2025-26 are available.

**Proposed Aggregate Revenue Requirement of SLDC for FY 2025-26 (in Rs. Million)**

SLDC Business		FY 2025-26
S. No	Particulars	APR
1	Employee Expense	50.75
2	Terminal Benefits	0.00
3	A&G Expense	15.59
4	R&M Expense	17.87
5	Depreciation	121.99
6	Interest on Loan	0.00
7	Interest on Working Capital	3.88
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
	<b>TOTAL</b>	<b>208.64</b>

**1.4 PROPOSED ANNUAL REVENUE REQUIREMENT FOR FY 2026-27**

HVPNL has submitted that Aggregate Revenue Requirement for the FY 2026-27 is as under: -

Particulars	(in Rs. Million)
	<b>FY 2026-27</b>
<b>O&amp;M expenses</b>	<b>10191.58</b>
Employee Expenses	6358.43
Terminal Benefits	2251.73
A&G Expenses	398.31
R&M Expenses	1183.11
<b>Depreciation</b>	<b>7697.75</b>
<b>Interest on term Loans</b>	<b>5461.51</b>
<b>Interest on working Capital</b>	<b>489.44</b>
<b>Total Expenditure</b>	<b>23840.27</b>
<b>Return on Equity</b>	<b>4305.69</b>
<b>Less: Non-Tariff Income</b>	<b>(514.97)</b>
<b>Annual Transmission Charges</b>	<b>27631.00</b>

Revenue Gap for FY 2024-25	(887.17)
Unitary charges	457.38
ULDC Charges	181.50
Transmission share of SLDC	16.86
<b>Total Transmission Charges</b>	<b>27399.57</b>

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. 27399.57 Million to be recovered through transmission tariff in the FY 2026-27 from the beneficiaries of transmission services of HVPNL. The proposed ARR for subsequent years has been calculated by considering the escalation factor of 3.12%.

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 2026-27 (in Rs. Million)**

SLDC Business	FY 2026-27
Employee Cost	52.33
A&G	16.08
R&M	17.87
Depreciation	121.99
IoWC	3.97
Less: Non-tariff Income	(1.45)
<b>Total</b>	<b>210.80</b>

## 1.5 ANNUAL TRANSMISSION TARIFF AND SLDC CHARGES

In accordance with the projected ARR for the FY 2026-27 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 2026-27**

(In Rs. Million)

Aggregate Revenue Requirement	Rs. Million	26743.82
Transmission Share of SLDC Charges	Rs. Million	16.86
Unitary Charges for JKTPCL	Rs. Million	457.38
ULDC Charges	Rs. Million	181.50
<b>Total Transmission Charges</b>	<b>Rs. Million</b>	<b>27399.56</b>
<b>Monthly Transmission Tariff</b>	<b>Rs. Million</b>	<b>2283.30</b>
UHBVN	44.5740%	1017.76
DHBVN	53.4897%	1221.33
M/s TPTCL	0.3776%	8.62
M/s NTPC Ltd	0.0152%	0.35
CRPCPL's Share (MVA)	0.0023%	0.05
M/s Jindal Rolling Mills Pvt. Ltd.	0.0067%	0.15
Northern Railway	1.4018%	32.01
M/s ASK Automative LTD. (MVA)	0.0201%	0.46
M/s Exide industries Ltd.	0.0274%	0.63
M/s Grasim industries Ltd.	0.0048%	0.11
M/s Ultra Tech Cement	0.0402%	0.92
M/s Yokohama India Pvt. Ltd.	0.0134%	0.31

M/s Ramco Steels Pvt. Ltd.	0.0167%	0.38
M/S Lumax Industries Limited	0.0100%	0.23

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 2026-27 (in Rs. Million)**

Beneficiaries	Transformation ratio in %	Charges in Rs. Millions
<b>HVPNL @ 8 %</b>		<b>16.8638</b>
<b>Generating companies &amp; Sellers @ 46 %</b>		<b>96.9670</b>
HPGCL	55.70079%	54.0114
Faridabad Gas power Plant	9.317976%	9.0354
Mahatma Gandhi Super Thermal Power Station	28.47159%	27.6080
M/s Gemco Biomas	0.172555%	0.1673
M/s Star Wire India Ltd.	0.213537%	0.2071
M/s Sri Jyoti	0.204909%	0.1987
M/s Shahbad Co-operative Suger Mills	0.517665%	0.5020
M/s Naraingarh Sugar Mills	0.483154%	0.4685
M/s Amplus Sun Solutions Pvt. Ltd.	1.078469%	1.0458
M/s JBM Environment Pvt.Ltd.	0.172555%	0.1673
M/s Mor Bio Energy Pvt. Ltd.	0.025883%	0.0251
M/s LR Energy Pvt. Ltd.	0.431388%	0.4183
M/s Avaada Green HN Project Pvt. Ltd.	1.078469%	1.0458
M/s SAEL Ltd.	0.323541%	0.3137
M/s Giotech Power Private	0.021569%	0.0209
M/s K2 Power Renewal Pvt. Ltd.	0.043139%	0.0418
M/s Hind Samachar Ltd.	0.323541%	0.3137
M/s Panipat Co-operative Sugar mills Ltd.	0.603943%	0.5856
M/s Karnal Co-operative Sugar mills Ltd.	0.388249%	0.3765
M/S Fatehbad Bio Energy	0.213537%	0.2071
M/S Jind Bio Energy	0.213537%	0.2071
<b>Distribution SLDC Charges @ 46 %</b>		<b>96.9670</b>
UHBVN	44.5249	43.1744
DHBVN	53.4307	51.8101
M/S TPTCL	0.3772	0.3658
M/S NTPC	0.0152	0.0147
M/S CRPCPL	0.0023	0.0022
Northern Railway	1.4003	1.3578
M/S Jindal Rolling Mills Pvt.Ltd.	0.0067	0.0065
M/S Merino	0.0152	0.0147
M/S Orbit Resorts	0.0228	0.0221
M/S Sky City Hotels Pvt.Ltd.	0.0015	0.0015
M/S Asian Paints Ltd.	0.0152	0.0147
M/S Goodrich Carbohydrates Ltd.	0.0073	0.0071
M/S Dorset Industries Pvt Ltd.	0.0027	0.0027
M/S KRBL Ltd.	0.0041	0.0040
M/S G.S. Spinning Mills	0.0030	0.0029
M/S Garg Spinning Mills	0.0030	0.0029
M/S Bhartiya Spinners Ltd.	0.0030	0.0029
M/S Blow Packaging	0.0018	0.0018
M/s Rico Auto Industries Ltd.	0.0304	0.0295
M/s ASK Automative LTD.	0.0201	0.0195
M/s Exide industries Ltd.	0.0274	0.0265
M/s Grasim industries Ltd.	0.0048	0.0046
M/s Ultra Tech Cement	0.0402	0.0389

M/s Yokohama India Pvt. Ltd.	0.0134	0.0130
M/s Ramco Steels Pvt. Ltd.	0.0167	0.0162
M/S Lumax Industries Ltd.	0.0100	0.0097
<b>Generating companies (Sellers) + Distribution companies</b>		<b>210.80</b>

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**

<b>Particulars</b>	<b>Amount</b>
Proposed Transmission Cost for FY 2026-27 (Rs.)	27399.57 Million
Total Power transmitted by HVPNL during FY 2024-25 (Previous year)	69893.034 MU
<b>Proposed Short Term Open Charges (Rs. Per KWh)</b>	<b>0.392</b>

## 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 published by the HVPNL in 'Indian Express' (English) dated 28.11.2025 & 'Dainik Bhaskar' (Hindi) dated 28.11.2025 and corrigendum in 'Indian Express' (English) dated 29.11.2025.

Subsequently, the Commission issued public notice in The Tribune (English) and Dainik Bhaskar (Hindi) dated 17.12.2025 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 07.01.2026 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) HVPNL has neither withdraw its demand towards Normative cost nor removed it from the Electricity bill of the Consumer No 22026900000 and still continue with it from last 5-6 years despite knowing that the same is neither applicable nor payable.

**Reply filed by HVPNL:**

HVPNL filed its reply, vide memo no. Ch-62/XEN/RAU/F-182 dated 19.01.2026, submitting as under:-

*"In this regard, it is submitted that the same comments was filed by the consumer i.e. Sh. Pankaj Bhalotia resident of Faridabad on petition PRO-63 of 2022. Vide order dated 30.01.2023 on the said petition, Hon'ble Commission has already been taken a view on the grievance submitted by the consumer i.e. Pankaj Bhalotia on petition PRO-63 of 2022 which is reproduced as under: -*

*"The Commission has considered the issues raised by the intervener herein as well as the reply filed by the transmission licensee. The issue is not relevant for the determination of transmission ARR/tariff and SLDC charges under consideration of the Commission. However, if certain Regulations/orders of this Commissions is not being followed or violated the aggrieved person/party can always approach this Commission as per the procedure prescribed in the HERC (Conduct of Business), Regulation, 2004 including its subsequent amendment(s)."*

*Further, it is pertinent to mention that the aforesaid mentioned direction of Hon'ble Commission dated 30.01.2023 on the grievance submitted has already been conveyed to Sh. Pankaj Bhalotia vide this office email dated 09.02.2023 (Annexure-B)."*

**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 and 13.03.2025 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)**

In order to take forward the consultation process and to have the benefits of the views /suggestions of the Members of the SAC, a meeting of the State Advisory Committee, constituted under Section 87 of the Act, was convened on 22.01.2026 to discuss the petition filed by the Haryana Vidyut Prasaran Nigam Limited (HVPNL).

HVPNL is directed to take appropriate action on the views / suggestions of the SAC Members.

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## CHAPTER 3

### COMMISSION'S ANALYSIS AND ORDER

#### 3.1 TRUE-UP OF ARR FOR THE FY 2024-25

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 2024-25 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 2024-25 is as follows: -

**Proposed True Up of O&M Expenses for FY 2024-25 (Rs. Million)**

Sr. No.	Particulars	Approved by HERC	Actual	Difference Surplus/ (Deficit)
1	<b>O&amp;M expenses</b>	<b>8546.65</b>	<b>8713.33</b>	<b>(166.68)</b>
1a.	R&M Expenses	624.98	579.95	45.03
1b.	Employee Expenses	5542.00	5942.70	(400.70)
1c.	Terminal Benefits	1957.80	1816.11	141.69
1d.	A&G Expenses	421.88	374.58	47.30

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 2024-25**

A comparison of the approved and actual employee expenses incurred during the FY 2024-25, 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 2024-25.

**Proposed True Up of Employee Expenses for FY 2024-25 (Rs. Millions)**

Particulars	Approved by HERC	Actual	Difference Surplus/(Deficit)
Salaries and Wages	4093.58	4407.61	(314.02)
Other Staff Cost	1362.38	1431.94	(69.64)
Staff Welfare Expenses	152.54	152.37	0.18
Benefit from Staff Loans	0.00	0.00	0.00
Less: Employee Benefit for SLDC	(66.43)	(49.22)	(17.21)
<b>Total Employee Cost</b>	<b>5542.00</b>	<b>5942.70</b>	<b>(400.70)</b>

It is evident from the table above that as against the Commission's approved employees cost amounting to Rs.5542.00 Million, the actual amount incurred by the licensee was higher by Rs.400.70 million.

HVPNL has prayed that the Hon'ble Commission may consider the actual employee expenses of FY 2024-25, 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 2026-27. While approving employee cost for the FY 2024-25 by the Hon'ble Commission (in its order Dated 16.02.2024) the Commission has relied on projections based on the relevant Regulations. However, the actual audited employee cost (Rs.5942.70 million) which is higher than the approved Employee cost (Rs.5542.00 million) in Tariff order dated 16.02.2024. 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 and increment (DA enhance from 38% to 53% during the period 1<sup>st</sup> January, 2023 to 31<sup>st</sup> March, 2025 and increment at the rate of 3% per annum).

The Commission has considered the submissions of the petitioner as 'un-controllable' in terms of the MYT Regulations. Hence, the Commission approves Rs.5942.70 million i.e. the actual employees cost of the FY 2024-25. The differences shall be trued-up in line with the HERC MYT Regulations in vogue.

## B. Terminal Benefits for the FY 2024-25

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 30<sup>th</sup> 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 2024-25 (Rs. Million)

Particulars	Approved by HERC	Actual	Gap Surplus/ (Deficit)
Terminal Benefits	1957.80	1816.11	141.69

It is evident from the table above that as against the Commission's approved Terminal benefits amounting to Rs.1957.80 Million, the actual amount incurred by the licensee was Rs.1816.11 Million.

Accordingly, the Commission observes that though the terminal benefits cost actually incurred by the licensee is approved for true-up. It is further apposite to note that in the control period from FY 2025-26 to FY 2029-30, terminal liabilities shall be allowed to the extent of actual paid to the retirees without considering amount booked under 'Other comprehensive income, Item that will not be reclassified to Profit & Loss Account', at par with the regulation clause 47.3 (note 3) of HERC MYT Regulations, 2024.

## C. Administrative and General Expenses (A&G) for the FY 2024-25

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 2024-25 (Rs. Million)

Particulars	Approved by HERC	Actual	Gap Surplus/ (Deficit)
<b>Administration Expenses</b>			
Rent (Including Lease Rent)		1.88	
Insurance		2.30	
Rates and taxes		21.64	
Telephone charges, Postage, Telegram and Telex Charges		5.06	
Mobile sets Charges		15.83	
Legal and professional		38.94	
Payments to auditors (Including out of pocket expenses)		0.83	
Consultancy charges		7.21	
Professional charges		16.63	
Service charges for computerisation		7.16	
Conference Expenses		0.00	
Training Expenses		14.70	
Travelling and conveyance		155.08	
Other Expenses		69.07	
	<b>421.88</b>		<b>47.30</b>

<b>Sub-Total of Administrative Expenses</b>		<b>356.32</b>
Material Related Expenses		32.05
Expenses on Photostat on Contract Basis		1.33
Impairment loss		-
<b>Sub-Total of other charges</b>		<b>33.38</b>
<b>Less: A&amp;G Expenses against SLDC</b>		<b>(15.12)</b>
<b>Total Charges</b>		<b>374.58</b>

The Commission has examined the A&G expenses actually incurred by the licensee as per their Audited Accounts for the FY 2024-25 and approves the same at Rs.374.58 Million as proposed by them.

#### D. Repairs and Maintenance Expenses (R&M) for the FY 2024-25

The following table provides a comparison of approved and actual R&M Expenses filed by HVPNL based on the audited account for the FY 2024-25.

##### Proposed True Up of R&M Expenses for FY 2024-25 (Rs. Millions)

Particulars	Approved by HERC	Actual	Difference Surplus/(Deficit)
Plant and Machinery	624.98	286.27	45.03
Building		168.19	
Civil Works		69.10	
Lines, Cables Net Works etc.		52.55	
Vehicles		5.53	
Furniture and Fixtures		0.33	
Other Office Equipment's		11.56	
<b>Total</b>		<b>593.52</b>	
Less: SLDC		(13.57)	
<b>Total R &amp; M Cost</b>		<b>579.94</b>	

The petitioner has submitted that R&M expenses during 2024-25 have been lower than the normative R&M expenses. Further, after considering the actual GFA for FY 2024-25 as per the audited accounts and the inflation factor for FY 2024-25 worked out as per the prescribed formula specified in the MYT Regulations, 2019, the actual R&M expenses are within the prescribed limits. Accordingly, the Commission approves the same at Rs.579.94 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 2024-25

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 2024-25 Rs.11650.39 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 2024-25 (Rs. Million)**

Particulars	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End of Year
Land & Land rights	4,213.70	122.04	-	4,335.74
Building and Civil Works	8,272.81	1,146.60	3.86	9,415.55
Plant & Machinery	1,08,429.22	10,277.16	661.67	1,18,044.71
Furniture & Fixtures	104.71	47.75	4.09	148.37
IT Equipments	221.66	39.72	2.58	258.80
Vehicles	125.40	19.74	13.98	131.17
<b>Total HVPNL as per Balance sheet</b>	<b>1,21,367.51</b>	<b>11,653.01</b>	<b>686.19</b>	<b>1,32,334.33</b>
Less: SLDC assets	945.60	2.62	(1,362.26)	2,310.47
<b>Total Transmission</b>	<b>1,20,421.92</b>	<b>11,650.39</b>	<b>2,048.44</b>	<b>1,30,023.87</b>

The commission has perused the submissions of the petitioner and observes that HVPNL has incurred additional capitalization amounting to Rs.1165.03 crore in the FY 2024-25, as against the approval of Rs.750 crore. Accordingly, excessive capitalization amounting to Rs.415 crores is liable for disallowance. Nevertheless, taking cognizance of the financial difficulty faced by petitioner, as the financial statements of the petitioner have already been finalized, the Commission considers it appropriate to allow the same, as a onetime measure which should not be treated as a precedence, subject to the justification of each item of such expenditure to be provided by HVPNL in their ensuring ARR filing incorporating details of approved CAPEX, unapproved CAPEX, exigencies leading to the incurrence of unapproved CAPEX, nature of such CAPEX, whether the expenditure is incurred on replacement of existing asset or in the nature of repair, cost and residual value of asset replaced, etc. Further, the Commission is not considering the Revised Capital Investment Plan submitted by HVPNL for the FYs 2025-26, 2026-27 and 2027-28, incorporating the small value items, which is against the principles of Additional Capitalization enshrined under Regulation clause 18.2 of the HERC MYT Regulations, 2024.

### 3.1.3 Depreciation for the FY 2024-25

The following table provide the details of depreciation amount for the FY 2024-25 as per the audited accounts.

**Proposed True Up of Depreciation for Transmission Business for FY 2024-25 (Rs. Millions)**

Depreciation for FY 2024-25 (Rs. Million)				
Particulars	Provision for Depreciation			
	At Beginning of Year	Addition During Year	Adjustments & Deduction	At End of Year
Land	-	-	-	-
Building	2,890.83	284.31	2.19	3,172.95
Plant & Machinery	49,324.42	5,123.98	456.01	53,992.39
Furniture & Fixtures	69.22	4.91	2.96	71.17
IT Equipment	135.57	21.14	1.71	155.00
Vehicles	84.30	6.19	12.58	77.90
Less: SLDC assets	(364.18)	(59.46)	0.00	(423.64)
Less: Depreciation on account of consumer contribution		(413.23)		
<b>Total</b>	<b>52,140.16</b>	<b>4967.83</b>	<b>475.45</b>	<b>57045.77</b>

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 as a 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 2024-25 is slightly lower than that approved. In the order dated 02.03.2022, while projecting depreciation for FY2024-25 on the audited figures of FY 2022-23, the average rate of depreciation was considered by the Hon'ble Commission @ 4.47%, whereas the actual average rate of depreciation for the FY 2024-25, as per the Audited Accounts of the licensee, works out to 4.30%.

**Computation of Average Depreciation Rate (%)**

Description	(In millions)
Depreciation for the FY 2024-25 as per audited accounts (i)	5381.07
Average Gross Fixed Asset Value for FY 2024-25 (ii)	125222.89
Depreciation rate (i/ii %)	4.30 %

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 2024-25 on actual basis, as detailed in the table above.

The Commission after due deliberations approves Rs.4967.83 million i.e. the actual depreciation of the FY 2024-25 as per the audited accounts for the said year.

**3.1.4 INTEREST AND FINANCE CHARGES FY 2024-25**

The following table provides a comparison of approved and actual interest and finance charges incurred in the FY 2024-25, as submitted by the petitioner.

**Proposed True Up of Interest and finance charges for FY 2024-25 (Rs. Million)**

		Particulars	FY 2024-25		
			Approved by HERC	Actuals	Gap / Surplus (Deficit)
		<b>Interest and Finance Charges on Long Term Loans/Credits from the FIs/banks/ organisations approved by the State Government</b>			
A	i	Rural Electrification Corp.	4050.75	1598.63	679.68
	ii	Guarantee charges		0	
	iii	Power Finance Corp.		518.53	
	iv	Interest on loan from National Capital Region Plg Board		0.00	
	v	Interest on loan from NABARD		393.48	
	vi	Other finance charges		128.25	
	vii	Interest on World Bank Loan through State Govt. (WB)		691.37	
	viii	Interest on loan from PNB		431.14	
	ix	Loan Processing Fee-World Bank Loan		1.44	
		<b>Total of A</b>		<b>3762.84</b>	
B		Interest on Loan on New Capex (Net of Repayments)		0.00	
		<b>Total of B</b>		<b>0.00</b>	
C		<b>Grand Total of Interest &amp; Finance Charges: A + B</b>		<b>3762.83</b>	
D		<b>Less: Interest &amp; Finance Charges Chargeable to Capital Account</b>		<b>(391.77)</b>	
		<b>Net Total of Interest &amp; Finance Charges: For Revenue Account: C-D</b>		<b>3371.07</b>	
		<b>Net Interest on Loan</b>	<b>4050.75</b>	<b>3371.07</b>	<b>679.68</b>

The Commission observes that actual interest on term loan for the FY 2024-25 as per audited accounts, is Rs.3371.07 millions which is within the normative interest.

Accordingly, the Commission, after due deliberations, approves Rs.3371.07 million as Interest and finance charges for the FY 2024-25 as the trued-up amount.

### 3.1.5 Interest on Working Capital for the FY 2024-25

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 2024-25 i.e. on normative basis and the actual interest cost incurred by the licensee.

**Proposed Interest on Working Capital for FY 2024-25 (Rs. Millions)**

Particulars	Approved by HERC	Actual	Gap /Surplus (Deficit)
Interest on Working Capital	371.19	0.31	370.87

The petitioner has submitted that the interest on Working Capital approved by the Hon'ble Commission in the ARR is 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. 0.31 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 10.15 % (8.65 % as on 01st April 2024 Plus 1.50%) and the same has been considered by the Petitioner.

The Interest on Working Capital for FY 2024-25, on normative basis as proposed by HVPNL is tabulated below:

Particulars	Normative
O&M for 1 Month	726.11
Maintenance spares @ 15% of Normative O&M	1,307.00
Receivables equivalent to 1 month of Fixed Costs	1609.10
Total	3642.21
Interest Rate (8.65 + 1.50)	10.15%
<b>Interest on Working Capital</b>	<b>369.68</b>

The sharing of 60% of the gains amounting to Rs.369.68 Million for FY 2024-25 on account of Interest on Working Capital proposed by HVPNL is tabulated below:

Particulars	Normative	Actual	Gap/ Surplus (Deficit)
Gain on interest on Working Capital	369.68	0.31	369.37

The Commission has considered the above submissions and observes that SBI one-year MCLR rate as on 01.04.2024 was 8.65%. 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 trueing 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)*

True-up of interest on working capital is allowed to the extent of actual, as per Regulation 22 of the HERC (MYT) Regulations, 2019, 2<sup>nd</sup> 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 more than Rs.8000 crore as on 31.03.2025 and have proposed further revenue gap in the FY 2026-27. 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. 0.31 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 2024-25

The petitioner has proposed RoE for the FY 2024-25 considering the closing equity for the FY 2023-24 as mentioned in the HERC order dated 13.03.2025. 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%, with Debt: Equity ratio of 70:30, for true up purposes, in line with the MYT Regulations, 2019 and subsequent amendments thereof. The computational details are as under: -

**Proposed RoE for FY 2024-25 (Rs. Million)**

Particulars	Approved by HERC	Actual	Gap / Surplus (Deficit)
Internal Accrual's to be considered for Transmission business (Opening)	2802.97	28,762.16	(553.10)
Add: Internal Accrual's portion of GFA added		3495.12	
Closing Internal Accrual's for RoE		32,257.28	
Average Equity		30,509.72	
Rate of Return		11.00%	
<b>RoE - Proposed</b>		<b>3356.07</b>	

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The petitioner has prayed that the Commission may allow the normative equity addition as well as return on equity for the FY 2024-25 as a part of the true up.

The Commission observes that HVPNL has disposed of various capital assets 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...”*

Accordingly, the Commission, vide its letter dated 23.12.2025, has sought details of equity eligible for RoE after reducing equity portion of assets disposed of, as per the directions given in the order dated 13.03.2025.

**However, HVPNL has submitted the equity portion (Rs. 20.58 crore) pertaining to the amount of Rs. 68.61 crore, disposed of during the FY 2024-25 only. Whereas, HVPNL is required to review the equity portion of assets disposed of during the earlier years also.**

The Commission further observes that the petitioner is treating 30% of additions to ‘Gross Fixed Assets during the year’ as addition to equity. However, certain assets have been capitalized by HVPNL by taking contribution from consumers (Rs.10625.20 millions as on 31.03.2025). Additionally, HVPNL has obtained deposits for electrification / service connection (Rs. 4168.30 millions as on 31.03.2025). Therefore, the additions to capitalization are funded from additions to loan and consumer contribution in addition to the equity contribution. However, HVPNL while calculating the equity eligible for RoE has not reduced such contributions received from consumers.

The Commission is of the considered view that capitalization funded by internal accruals may be treated as deemed equity representing investment of internal accruals provided the same is within the debt equity ratio of 70:30 and is supported by the resolution of the Board of the company regarding the infusion of funds from internal

resources in support of the utilization made to meet the capital expenditure, in line with regulation 19.2 (d) of HERC MYT Regulations, 2024.

Further, regulatory prudence warrants that in case internal accruals is treated as part of equity, the equivalent amount needs to be transferred to 'capital reserve', so that the same are no longer treated as 'free reserves'.

However, taking cognizance of the financial difficulty which may be faced by petitioner, due to such disallowance, the Commission, in consonance with the past practice, considers it appropriate to allow the amount of capitalization during the year over and above the additions to loan, as 'deemed equity being met from internal accruals', as a onetime measure which should not be treated as a precedence.

HVPNL is directed to set the things right in the FY 2025-26 onwards. The deemed RoE shall be allowed only when the equivalent amount is transferred from 'Free Reserves' to 'Capital Reserve', duly supported by the resolution passed by Board of Directors, in line with the HERC MYT Regulations, in vogue. Further, the amount of equity is also required to be appropriately adjusted for the capitalization met out of contribution from consumers and assets disposed of.

In view of the above, discussions, the Commission allows the Return on Equity 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		28762.16	28762.16
Additions:		3495.12	1056.37
Less:- Equity Portion of Assets decapitalized			205.86
Paid up Equity Share Capital at the end of the year, considered for transmission business (31.03.2025)		32257.28	29612.67
Average Equity		30509.72	29187.415
Rate of return as per order dated 16.02.2024		11%	11.00%
RoE allowed for the FY 2024-25	2,802.97	3,356.07	3,210.62

### 3.1.7 INCENTIVES AND PENALTY: SYSTEM AVAILABILITY FOR FY 2024-25

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 2024-25

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.24	720	1065	1324	0.9925	0.9982	2378.6700	2389	99.5674	99.5674
2	May.24	744	1071	1327	0.9871	0.9959	2379.4200	2398	99.1997	99.3937
3	Jun.24	720	1074	1329	0.9864	0.9985	2386.3800	2403	99.3082	99.3771
4	Jul.24	744	1074	1331	0.9950	0.9977	2396.5400	2405	99.6481	99.4382
5	Aug.24	744	1075	1334	0.9930	0.9985	2399.4800	2409	99.6050	99.4681
6	Sep.24	720	1082	1336	0.9939	0.9989	2409.9600	2418	99.6674	99.4990
7	Oct.24	744	1084	1336	0.9956	0.9986	2413.3500	2420	99.7254	99.5271
8	Nov.24	720	1085	1338	0.9928	0.9979	2412.3800	2423	99.5618	99.5443
9	Dec.24	744	1086	1340	0.9935	0.9972	2415.2000	2426	99.5550	99.5171
10	Jan.25	744	1091	1345	0.9941	0.9969	2425.3800	2436	99.5642	99.5163
11	Feb.25	672	1091	1345	0.9942	0.9969	2425.4600	2436	99.5673	99.5466
12	Mar.25	744	1101	1350	0.9949	0.9962	2440.2500	2451	99.5614	99.5965

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

#### Incentive/ (Penalty) calculation for System Availability for FY 2024-25

(Rs. Million)

Particulars	Formula	Figures
Annual Transmission Charges	ATC	19,523.084
Actual Transmission Availability	AA	99.5965%
Normative Transmission Availability	TA	99.20%
	$(AA-TA)/TA$	0.3965%
<b>Incentives/(Penalties) (Rs. Mn)</b>	<b>ATC*(AA-TA)/TA</b>	<b>78.033</b>

The petitioner has submitted that the transmission system availability of 99.5965% was higher than the normative availability during the FY 2024-25, for which the incentive of Rs.78.033 million for the FY 2024-25 has been claimed. The Commission has examined the calculations of incentive, based on the revised ARR for the FY 2024-25 approved by the Commission on true up. **Accordingly, the incentive amount for actual availability, reported by the petitioner, is approved at Rs.75.13 million for the FY 2024-25 i.e. true up Annual Transmission Charges (ATC) Rs 18796.51 million X 0.003997 (AA-TA)/TA = Rs.75.13 million.**

### 3.1.8 FOREIGN EXCHANGE RATE VARIATION (FERV) FOR THE FY 2024-25

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 2024-25 (Rs. Millions)

Statement of Foreign exchange rate variation during FY 2024-25 (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	77.68
2023-24		23.30	23.30
2024-25		41.60	41.60
<b>Total</b>	<b>192.22</b>	<b>420.62</b>	<b>612.84</b>
Less recovered of Capitalized FERV from ARR up to 31.03.2024	125.80		
Balance amount of Capitalized FERV to be recovered from ARR	<b>66.42</b>		
Total FERV to be recovered in 29 instalments	<u>2.29</u>		
<b>Calculation of FERV:</b>			
			<b>Figures (in Million)</b>
<b>FERV on instalment paid in 2024-25</b>			
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	21.43
Repayment-up to 31.03.2019		USD	8.23
Balance of 2nd instalment		USD	13.20
Repayment upto 31.03.2020		USD	9.12
Balance of 2nd instalment as on 31.03.2020		USD	4.08
Repayment 12th Instalment 2020-21		USD	4.08
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 3rd instalment		INR	45.61
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
Exchange Rate at the time of receipt of 7th instalment		INR	53.33
Exchange Rate at the time of receipt of 8th instalment		INR	51.04
Exchange Rate at the time of receipt of 9th instalment		INR	50.56
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		INR	0.39

Repayment 18th instalment 2023-24		USD	4.56
Repayment 18th instalment 2023-24 (Balance from 4th instalment)		USD	0.39
Balance of 4th instalment			-
Amount received (5th instalment of Loan drawl)		USD	4.07
Amount received (6th instalment of Loan drawl)		USD	5.93
Repayment 18th instalment 2023-24 (Balance from 5th instalment 4.07)		USD	4.07
Repayment 18th instalment 2023-24 (Balance from 6th instalment 4.56-0.39-4.07= 0.10)		USD	0.10
Balance from 6th instalment (5.93-0.10)		USD	5.83
Amount paid of 19th instalment) 2023-24 (From 6th instalment)		USD	4.56
Balance from 6th instalment (5.93-0.10-4.56)		USD	1.27
Exchange Rate at the time of payment of 16th instalment - in FY 2022-23		INR	79.84
Exchange Rate at the time of payment of 17th instalment - in FY 2022-23		INR	81.71
FERV on 16th instalment		INR	159.13
FERV on 17th instalment		INR	167.69
Repayment 20th instalment 2024-25		USD	4.56
Amount received (7th instalment of Loan drawl)		USD	3.75
Amount received (8th instalment of Loan drawl)		USD	0.90
Amount received (9th instalment of Loan drawl)		USD	4.51
Amount paid of 20th instalment) 2024-25 (From 6th instalment)		USD	1.27
Amount paid of 20th instalment) 2024-25 (From 7th instalment) (4.56-1.27=3.29)		USD	3.29
Balance from 7th instalment (3.75-3.29=0.46)		USD	0.46
Repayment 21st instalment 2024-25		USD	4.56
Amount paid of 21st instalment from 7th and 8th instalment (0.46+0.90=1.36)		USD	1.36
Amount paid of 21st instalment from 9th instalment (4.56-1.36=3.20)		USD	3.20
Balance from 9th instalment (4.51-3.20=1.31)		USD	1.31
Exchange Rate at the time of payment of 18th instalment - in FY 2023-24		INR	82.33
Exchange Rate at the time of payment of 19th instalment - in FY 2023-24		INR	83.15
Exchange Rate at the time of payment of 20th instalment - in FY 2024-25		INR	83.74
Exchange Rate at the time of payment of 21st instalment - in FY 2024-25		INR	86.60
FERV on 18th instalment (Balance from 4th instalment of loan drawl)		INR	14.58
FERV on 18th instalment (Balance from 5th instalment of loan drawl)		INR	155.70
FERV on 18th instalment (Balance from 6th instalment of loan drawl)		INR	2.94
FERV on 19th instalment (Balance from 6th instalment of loan drawl)		INR	137.67
FERV on 20th instalment (Balance from 6th instalment of loan drawl)		INR	39.09
FERV on 20th instalment (Balance from 7th instalment of loan drawl)		INR	100.05
FERV on 21st instalment (Balance from 7th instalment of loan drawl)		INR	15.30
FERV on 21st instalment (Balance from 8th instalment of loan drawl)		INR	32.00
FERV on 21st instalment (Balance from 9th instalment of loan drawl)		INR	115.33
Less: Recovery of capitalized FERV		INR	45.80
<b>Net FERV on 20th and 21st instalment</b>		INR	<b>255.97</b>

The Net FERV impact which is being claimed for True-up for the FY 2024-25 is Rs.255.97 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 2024-25

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.1141.51 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.1141.51 million for the FY 2024-25. The details of true up proposed and approved by the Commission are as under:

**Non-Tariff Income Proposed for FY 2024-25 (Rs. Million)**

	Particulars	FY-2024-25		
		Allowed by HERC 16.02.2024	True up	Gap/Surplus (Deficit)
<b>A</b>	<b>Income from Investment, Fixed &amp; Call Deposits</b>			
1	Interest on fixed deposits		322.49	
2	Interest from Banks other than Fixed Deposits		35.15	
3	Interest on Other Investment			
4	Interest on Reactive Energy Charges		-	
5	Interest on Delayed Payment JKTPPL		-	
6	Interest on IT Refund		461.75	
<b>I</b>	<b>Sub-Total</b>		<b>819.39</b>	
<b>B</b>	<b>Non Tariff Income</b>			
1	Income from Trading (other than Electricity)		15.34	
2	Gain on Sale of Fixed Assets		-	
3	Income/Fee/Collection against staff welfare activities		0.84	
4	Miscellaneous receipts		282.23	
5	Delayed payment surcharge/Interest from Discoms			
6	Delayed payment surcharge/Interest from others			
7	Penalty Charges recovered from Suppliers		1.86	
8	Fine recovered from employees		0.04	
9	Unclaimed Liabilities/ deposits more than three years old transferred to Income		55.17	
<b>II</b>	<b>Sub-Total</b>		<b>355.47</b>	
	Less: NTI from SLDC		(33.36)	
	<b>Non-Tariff Income</b>	<b>(222.80)</b>	<b>(1,141.51)</b>	<b>918.71</b>

### 3.2 REVENUE FROM TRANSMISSION TARIFF

As per the audited accounts for the FY 2024-25, by implementing the Transmission Tariff approved by the Commission, the licensee has recovered transmission charges amounting to Rs. 903.55 million from the beneficiaries of transmission system, as allowed in the order dated 16.02.2024.

### 3.3 UNITARY CHARGES FOR JKTPPL

The Petitioner has submitted that HERC has granted transmission license to M/s Jhajjar KT Transco Private Ltd on 26<sup>th</sup> October 2010. The above transmission works stands completed and concessionaire has achieved the Commercial Operation Date on 12<sup>th</sup> 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 2024-25 as per the audited annual accounts comes out to be Rs.365.65 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 2024-25. HVPNL has further submitted that the ULDC charges (actual as per audited accounts) for the FY 2024-25 is Rs.19.37 Million (ULDC State portion and BBMB portion) which may be considered in the true up for the FY 2024-25.

**In view of the above discussions, the Commission approves Rs.19.37 million towards ULDC charges for the FY 2024-25.**

### 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 16.02.2024	Proposed for True-Up FY 2024-25	Revised ARR approved by the Commission
O&M expenses	8,546.66	8,713.34	8,713.34
R&M Expenses	624.98	579.94	579.94
Employee Expenses	5,542.00	5,942.70	5,942.70
Terminal Benefits	1957.80	1,816.11	1,816.11
A&G Expenses	421.88	374.59	374.59
Depreciation	5,062.86	4,967.84	4967.84
Interest on Term Loans	4,050.75	3,371.06	3,371.06
Impact of Foreign Exchange rate variation	0	255.97	255.97
Interest on working Capital	371.19	0.31	0.31
<b>Total Expenditure</b>	<b>18,031.46</b>	<b>17,308.52</b>	<b>17,308.52</b>
Return on Equity	2,802.97	3,356.07	3,210.62
Less Non-Tariff Income	222.80	1141.51	1141.51
<b>Annual Transmission Charges</b>	<b>20,611.63</b>	<b>19,523.08</b>	<b>19,377.63</b>
Add: Incentive for TSA	-	78.03	75.13
Add: Sharing of Benefits @ 60% - IWC	-	221.62	0
<b>Net ARR</b>	<b>20,611.63</b>	<b>19,822.73</b>	<b>19,452.75</b>
Add: Revenue Gap	-903.55	-903.55	-903.55
ULDC Charges	0	19.37	19.37

<b>Aggregate Revenue Requirement</b>	<b>19,708.08</b>	<b>18,938.55</b>	<b>18,568.57</b>
Transmission Share of SLDC	7.39	5.11	2.69
Unitary Charges for JKTPL	480.95	365.65	365.65
<b>Transmission ARR</b>	<b>20,196.42</b>	<b>19,309.31</b>	<b>18,936.91</b>
Less: YTC for Lines Operating As ISTS Lines	0	0.09	0.09
<b>Aggregate Revenue Requirement (Transmission Charges)</b>	<b>20,196.42</b>	<b>19,309.22</b>	<b>18,936.82</b>
<b>Less: revenue contributing to reduction in transmission charges</b>			
Unitary charges received			6.18
Connectivity fee for Transmission system			11.8
Income from SLDC & STS charges for open access			47.20
<b>Aggregate Revenue Requirement (Transmission Charges)</b>	<b>20,196.42</b>	<b>19,309.22</b>	<b>18,871.64</b>

#### True Up of Transmission Business for FY 2024-25 (Rs. Million)

Transmission ARR approved by the Commission for True up	<b>18,871.64</b>
Transmission ARR approved by the Commission as on 16.02.2024	20,196.42
ARR Surplus/(Gap)	1324.78

The Commission observes that the revenue recovered by the licensee during the FY 2024-25 is higher by Rs.1324.78 millions. The difference between the ARR approved by the Commission in its tariff order for the FY 2024-25 i.e. Rs.20196.42 million and now approved on 'truing up' of the un-controllable expenses i.e. Rs.18871.64 million shall be carried over to the ARR of the FY 2026-27 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 2024-25, based on actual audited figures, may be approved for the true up as Rs.63.91 Million.

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

Sr. No	SLDC Business	Approved by HERC Dated 16.02.2024	True up	Gap /Surplus or (deficit)
1	Employee Expense	66.43	49.216	17.214
2	Terminal Benefits	0.00	0.000	0.000
3	A&G Expense	10.52	15.122	(4.602)
4	R&M Expense	5.05	13.566	(8.516)
5	Depreciation	49.69	59.459	(9.769)
6	Interest on Loan	0.00	0.000	0.000
7	Interest on Working Capital	2.28	0.000	2.280
8	Return on Equity	0.00	0.000	0.000
9	Less: Non-Tariff Income	(1.45)	(33.357)	31.907
10	Add: Revenue Gap/ Surplus Refund	(40.10)	(40.100)	0.000
11	Carrying Cost	0.00	0.00	0.00
12	<b>TOTAL</b>	<b>92.42</b>	<b>63.91</b>	<b>28.51</b>

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 2024-25) and the principles adopted while determining the ARR for SLDC business vide its order dated 16.02.2024. The revised ARR for SLDC business for the FY 2024-25 is

approved at Rs.33.58 million as against Rs.92.42 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 2024-25 (Rs. Million)**

Particulars	Approved by HERC as per order dated 16.02.2024	Actual	Revised ARR approved by the Commission
Employees Expenses	66.43	49.22	49.22
Terminal Benefits	0.00	0	0
A&G expenses	10.52	15.12	15.12
R&M Expenses	5.05	13.57	8.14
Depreciation	49.69	59.46	34.56
Interest on loan	0	0	0
Interest on working Capital	2.28	0.00	0.00
Return on Equity	0	0	0
Less: Non-Tariff Income	-1.45	-33.357	-33.357
Add: Revenue Gap/Surplus Refund	-40.1	-40.1	-40.1
Carrying Cost	0	0	0
<b>TOTAL ARR</b>	<b>92.42</b>	<b>63.91</b>	<b>33.58</b>

Note: FY 2024-25 average GFA as per Audited Accounts = Rs. 1628.03 million 0.5% average GFA = Rs. 8.14 million for working out eligible R&M expenses.

### 3.7 ANNUAL (MID YEAR) REVIEW PERFORMANCE OF ARR FY 2025-26

HVPLN has submitted that the Hon'ble Commission, vide notification dated 22.10.2024 had issued the MYT order for HVPLN for the control period FY 2025-26 to FY 2029-30. The STU/HVPLN 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 2025-26 including revised capital expenditure for the FY 2025-26.

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### **3.8 REVISED CAPITAL EXPENDITURE AND CAPITALIZATION FOR FY 2025-26**

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 2025-26.

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 2025-26 and proposed Capital Expenditure Plan for the FY 2026-27, 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 to FY 2026-27 as under:-

**Work-wise expenditure for period FY 2025-26 (Rs. Million)**

Particulars	Actual Investment		Projected		
	FY 2024-25	FY 2025-26 (Q1& Q2)	FY 2025-26 (Q3& Q4)	FY 2025-26	FY 2026-27
Sub stations	84894.382	28175.40	50589.90	78765.30	70433.95
Lines	65929.097	36502.60	32663.30	69165.90	72773.82
Land	1009.296	2060.50	68.40	2128.90	101.44
IT	193.471	4.40	1284.50	1288.90	686.96
Miscellaneous	1625.558	131.50	0.00	131.5	0.00
SLDC	26.157	83.40	956.50	1039.90	9421.49
Total (lac)	153677.959	66957.80	85562.60	152520.40	153417.66
<b>Total (Rs. Millions)</b>	<b>15367.795</b>	<b>6695.78</b>	<b>8556.26</b>	<b>15252.04</b>	<b>15341.77</b>

The proposed capex for FY 2025-26 has been projected at Rs.1525.204 Cr. out of which Rs.669.578 have been expended in H1 and Rs.855.626 Cr. have been projected for H2 out of which 12.845 Cr. and 9.565 Cr. have been earmarked for IT and SLDC projects. Proportionately 1534.177 Cr. have been projected for FY 2026-27 out of which 94.214 Cr. have been kept for SLDC resulting in Approx. 116.5 Cr. for IT and SLDC.

Regulation 9.7 of the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024, specifies that in the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the mid-year performance review and True-up, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure vis-a-vis the approved expenditure, the Commission may True-up the capital expenditure, subject to prudence check, as a part of annual True-up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and True-up filing. **The Commission has already approved the Capital investment plan submitted by the HVPNL for FY 2025-26 amounting Rs.11804.04 million and for FY 2026-27 amounting Rs.13743.62 million vide Order 13.03.2025. The Commission is of considered view that it will not be appropriate to replace one set of estimated figures for the FY 2025-26 with another set of estimates in the absence of Audited figures for the FY2025-26. 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. Accordingly, the Commission is not considering the Revised Capital Investment Plan submitted by HVPNL for the Financial Years 2025-26 and 2026-27.**

A perusal of the capital expenditure by the licensee during the FY 2024-25, reveals that the actual expenditure incurred has been more than the amount approved by the Commission. The licensee needs to monitor each scheme prudently so that the schemes are executed within the Capex approved for each item by the Commission as per Regulation 8.3.3 (b) of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019, as amended from time to time. HVPNL is directed to put more emphasis on the estimation and execution of the works to avoid deviations in the approved expenditure and timelines.

Regulation 9.10 of the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 further specifies as under: -

“In case the capital expenditure incurred for approved schemes exceeds the amount as approved in the capital expenditure plan, the generating company or the transmission or the distribution licensee, as the case may be, shall file an application with the Commission at the end of control period for trueing up the expenditure incurred over and above the approved amount. After prudence check, the Commission shall pass an appropriate order on case to case basis. The True-up application shall contain all the requisite information and supporting documents”.

**In view of foregoing discussion, the Commission had already approved the Capex plan for control period FY 2025-26 to FY 2029-30.**

## **B. INTRA-STATE TRANSMISSION LOSSES**

HVPNL has submitted that the transmission losses achieved by HVPNL from FY 2014-15 to FY 2025-26 (up to September, 2025) along with the benchmark fixed by Hon'ble Commission are 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.	2024-25	2.0	1.99
12.	2025-26 (up to Sep.,2025 Tentative)	1.95	1.874

Transmission losses achieved by HVPNL are in line with the benchmark fixed by Hon'ble Commission. However, the Commission observe that further reductions are feasible by adopting advanced practices from other Indian utilities and international benchmarks, warranting necessary action by HVPNL.

### C. Trends in 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	2.00	1.99	698930
25-26 (up to September, 2025)	1.95	1.874	405346.935

HVPNL has managed substantial energy volumes recently while keeping transmission losses low up to September 2025, in line with the benchmark provided in the HERC MYT Regulations. However, winter periods often see reduced energy throughput, elevating percentage losses due to fixed no-load components in transformers and lines, potentially pushing annual figures above targets. The commission recommends learning from leading Indian states and global practices to implement effective loss-reduction measures.

## TRANSMISSION SYSTEM AVAILABILITY

### Normative annual transmission system availability Factor (NATAF)

Norms	2 <sup>nd</sup> MYT Control period				
	2025-26	2026-27	2027-28	2028-29	2029-30
system availability in %	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	99.5965
Tentative cumulative for the year 2025-26 (up to Sep, 2025)	99.4201

The Commission observes that the licensee has achieved commendable Transmission System Availability (TSA) of 99.5965% for FY 2024-25 and 99.4201% for FY 2025-26 (up to September 2025). Notwithstanding the aforesaid performance, which surpasses the normative benchmark of 99.2% prescribed by the Commission, it is deemed imperative to direct the licensee to maintain unwavering focus on preventive maintenance of transmission lines and power transformers. Such proactive measures shall preclude outages and breakdowns, thereby ensuring sustenance of TSA well above the benchmark stipulated under HERC regulations.

### Compliance to the directives in the tariff order dated 13.03.2025: -

Sr. No	Directives	Updated status
3	<b>Repairs and Maintenance Expenses (R&amp;M) for the FY 2023-24</b> HVPNL is advised to undertake a third-party technical audit of its transmission system to identify the weak links and under-utilized assets.	The weak links and the underutilized assets are being identified and action wherever required is being taken.

4	<b>Transmission System Availability</b> 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.	The feasibility of providing suitable reactors at 400kV S/stn Kirori has been explored and a reply in this regard has already been submitted in the Hon'ble Commission vide memo no. Ch-12/XEN/RAU/F-182/Vol-II 11.09.2025.
5	<b>M&amp;P observations-</b> 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.	The details of pending M&P observations as on 30.09.2025 is annexed herewith as Annexure-B of the petition.
6	<b>Fatal and non-fatal accidents</b> 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.	In order to minimize the accidents in carrying out the operations, the staff is being adequately trained and regular workshops on safety are being conducted.
7	<b>SLDC Charges</b> The surplus amount of Rs.121.79 shall be returned back to the long-term beneficiaries of SLDC in the same ratio as billed during the FY 2023-24.	Directives of the Hon'ble Commission have been complied with.

HVPNL vide letter dated 11.09.2025 has intimated that "As per load flow study and actual site conditions intimated by TS wing and system study operation that "No instances of having encountered high voltage scenario during off load/winter season at 400kV/S/tn., Kirori have been observed." As such the installation of the 125 MVAR Bus Reactor at 400 kV Kirori is not considered necessary at this stage. However, the requirement may be revisited in the future based on system conditions and operational needs".

The Commission routinely reviews such submissions from HVPNL to assess compliance with Grid Code limits (e.g., 400 kV bus voltage within 380-420 kV). HVPNL submitted the 400 kV voltage profile for winter months at different Sub Stations of HVPNL vide HVPNL Memo No. 73/XEN/RAU/F-182 dated 06.02.2026 as under: -

#### **Voltage Management (voltage Profile) 400 KV S/Stn., Kirori**

	November 2025		December 2025		January 2026	
	No. of days	%age	No. of days	%age	No. of days	%age
<b>400 KV S/Stn., Kirori</b>						
i) Days during which voltage was above 420 kV	30	100%	28	99.32%	26	83.87%
ii) Days during which voltage was normal	0	0%	3	9.68%	5	16.13%
iii) Days during which voltage was below 380 kV	0	0%	0	0%	0	0%

#### **Voltage Management (voltage Profile) 400 KV S/Stn., Nuhyanwali**

	November 2025		December 2025		January 2026	
	No. of days	%age	No. of days	%age	No. of days	%age
<b>400 KV S/Stn., Nuhyanwali</b>						
i) Days during which voltage was above 420 kV	30	100%	29	96.67%	30	100%
ii) Days during which voltage was normal	0	0%	1	3.33%	0	0%
iii) Days during which voltage was below 380 kV	0	0%	0	0%	0	0%

The Commission observes, upon perusal of voltage profile during the winter/low load period, that there are several instances wherein the voltage at 400 KV S/Stn., Kirori and 400 KV S/Stn., Nuhiyanwali has exceeded the permissible limits. Continuous over voltages during winter period at these Substations strain transformers, circuit breakers, and insulators at 400 kV levels. This heightens failure risks during low-load periods when reactive power absorption is insufficient, potentially triggering protective tripping. Accordingly, Commission directs HVPNL to take corrective action to avoid such situation in the next winter period and action taken report be submitted within three months.

#### D. PLANS FOR IMPROVING THE SYSTEM POWER FACTOR

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 HVPNL 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

HVPNL provided the clarification sought by the Commission, with respect to Capacitor Bank as under: -

Sr. No.	Information sought	HVPNL Reply
i)	Total requirement of Capacitor Banks in MVAR as per norms	7674.286 MVAR
ii)	Total installed Capacity of Capacitor Banks in MVAR.	7095.08 MVAR
iii)	Total defective Capacitor Banks in MVAR (Substation wise details be provided)	62.381 MVAR
iv)	Substation wise list of Transformers where the capacitor banks have not been provided as per norms	Total 116 transformers at 76 sub stations are without capacitor bank.

The Commission observed that 641.587 MVAR capacity of the capacitor Banks needs to be added to meet the requirement as per norms (including defective Capacitor Banks) but no action plan has been intimated to make available the same. Accordingly, **HVPNL is directed that appropriate capacity of Capacitor Bank be ensured for smooth running of the Grid and action taken report be submitted within three months.**

#### E. FAILURE OF POWER TRANSFORMERS

There are 1475 Nos. Power Transformers installed in Haryana as on 30.09.2025. During the period 01.04.2025 to 30.09.2025, 8 Power Transformers had failed detailed as under:-

01.04.2022 to 31.03.2023	01.04.2023 to 31.03.2024	01.04.2024 to 31.03.2025	01.04.2025 to 30.09.2025
11	12	18	8

The rating wise detail of Transformer damage from 01.04.2025 to 30.09.2025 is as under:

Sr. No.	Voltage rating	Total no. of transformer	Damaged transformer	% of damage
1	400 kV	15	0	0
2	220 kV	265	5	1.89
3	132 kV	632	3	0.47
4	66 kV	438	0	0.00
Total		1350	8	0.59

The commission observes that the damage rate of 220 kV transformers is significantly higher than other voltage rating transformers. Licensee may look into this aspect to reduce the damage rate of 220 kV Transformers.

**Status of Circle-wise M&P observation pending as on 30.09.2025: -**

Sr. No	Name of TS Circle	Old pending Observations as on 31.03.2025	No. of New Observations from 01.04.2025 to 30.09.2025	Total Observations	Attended	Pending as on 30.09.2025	Attended in %age
(1)	(2)	(3)	(4)	(5=3+4)	(6)	(7=5-6)	(8 = 6/5*100)
1	Panchkula	47	213	260	150	110	57.7%
2	Karnal	374	297	671	552	119	82.27%
3	Rohtak	233	305	538	386	152	71.75%
4	Hisar	608	722	1330	848	482	63.76%
5	Guru ram	422	223	645	434	211	67.3%
6	Faridabad	371	188	559	250	309	44.72%
<b>Total</b>		<b>2055</b>	<b>1948</b>	<b>4003</b>	<b>2620</b>	<b>1383</b>	<b>65.45%</b>

The Commission observes that M&P observations have reduced as on 15.05.2025. 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. As continuously improving the system based on these observations is crucial for ensuring the reliability and efficiency of the transmission infrastructure. Accordingly, HVPNL is directed to ensure M&P Observation are attended on priority.

**Status with respect to the 3<sup>rd</sup> party technical audit of the transmission system was sought from the petitioner.**

HVPNL submitted as under: -

The matter regarding Third Party Technical Audit of 220kV & above voltage level substations was also deliberated in the meetings of the Northern Regional Power Committee

(NRPC). In the 58th PSC meeting held on 26.03.2025 at NRPC, it was discussed that HVPN & RVPN can conduct 3<sup>rd</sup> party protection audit mutually.

The Third-party technical audit is being conducted with RVPNL where RVPNL has conducted audit of 400 KV Dhanonda during august 2025 and all the 400KV substations of HVPNL shall be audited by RVPNL in FY 2025-26.

**The Commission observes that progress of Technical Audit is not satisfactory. Accordingly, HVPNL is directed to get the work complete by 31.03.2026 as proposed for 400 kV Sub Stations and submit the compliance report. Further the action plan for third party protection audit of 220 kV Substations be also submitted within three months.**

#### **F. REPLACEMENT DEFECTIVE LAS, GO SWITCHES AND EARTHINGS:**

The status of replacement of LAs, GO switch and providing earthing on 1<sup>st</sup> H-pole of 11 kV feeders emanating from HVPNL substations is as under: -

Sr. No	Name of TS Division	Total no. of 11 KV feeders as on 31.12.2025	Balance as on 31.12.2025		
			GO Switch	LA	Earthing
1	Faridabad	1036	400	2117	279
2	Gurugram	1236	232	1637	181
3	Hisar	680	110	1010	147
4	Panchkula	1288	130	888	165
5	Kamal	489	10	70	21
6	Rohtak	539	113	626	42
<b>HVPNL as a Whole</b>		<b>5268</b>	<b>995</b>	<b>6348</b>	<b>835</b>

HVPN 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.

**HVPNL is directed to take up matter with DISCOMs for taking further necessary action at their end on priority to avoid any tripping on the feeders/transformers.**

#### **REPLACEMENT OF CTs HAVING HIGH TAN DELTA**

As per Directives of the Hon'ble Commission, HVPNL is keeping the keen watch on the performance of the current transformers (CT). As per directions of WTDs of HVPNL, with respect to replacement of CTs having higher Tan Delta value, following has been done by HVPNL:

- i) CTs having Tan Delta values more than 10% were replaced prior to the order date of 30.09.2021.
- ii) CTs having Tan Delta values of more than 5 to 10% have also been replaced.
- iii) CTs having value below 5% are being continuously monitored, and CTs exhibiting an increasing trend are being replaced on priority.

The commission observes that the licensee should keep a keen watch on the performance of High Tan Delta CTs to avoid any system disturbance and fatal/non-fatal accident etc. The Commission directs HVPNL to take corrective actions for replacement of defective CTs on priority.

### FATAL & NON-FATAL ACCIDENTS

HVPNL has submitted data of Fatal and Non-Fatal accidents to human beings in respect of HVPN for the year 2023-24, 2024-25 & 2025-26 (up to 30.09.2025) as tabulated below:

Category	2023-24	2024-25	2025-26 (till 30.09.2025)
<b>(A) Fatal</b>			
Human Beings	1	4	1
Non-Human Beings	0	0	0
<b>(B) Non-Fatal</b>			
Human Beings	3	7	2
Non-Human Beings	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:

1. 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.
2. 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.
3. Proper Tools and Plants (T&P) have been provided to the field technical staff;
4. Fencing/ guarding is being provided wherever necessary;
5. All electrical equipment and structures are properly earthed;
6. All safety instructions of Grid Code are being implemented.
7. 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.
8. Polymer CTs is being procured by HVPNL to curb the accidents caused due to the blast of Porcelain CTs.

The commission observes that the fatal and non-fatal accidents of human beings have increased in the FY 2024-25 which is quite alarming and directs the licensee to implement the above plan in true letter and spirit.

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## 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 submits that there are 1663 interface metering points between HVPNL and distribution licensees i.e. UHBVNL, DHBVNL & railways including 44 nos. intra state points with state generator 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 as per the list given is accounted for in the monthly energy accounts.

It is further added that 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 94 interface locations of HVPNL feeding consumers through independent feeder as on 30.09.2025.
- ii) There are 1663 interface metering points between HVPNL & DISCOMs/Railway including 44 nos. inter-state points with state generators. Status of Special Energy Meters (SEMs) and Conventional meters installed at various interface points with DISCOMs/Railway, as on 30.09.2025 is as under: -

Description	DHBVNL	UHBVNL	Railways	Total
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Total no. of interface points between licensees i.e. DHBVNL, UHBVNL & Railways	825	768	26	1619
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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
No. of metering points where SEMs have not been installed and ECMs are installed	0	0	0	0	0	0

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	CMES
Total No. of Interface Points	1	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	1
No. of metering points where SEMs have not been installed and ECMs are installed	0	0	0	0	0	0	0	0	0	0

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)**

The 'SAMAST' (Scheduling, Accounting, Metering and Settlement of Transactions) in power is a very significant project and meant to implement an integrated IT solution to streamline and automate various processes related to Scheduling, Accounting, Metering and settlement of transaction in electricity. The project was awarded on 08.09.2022. The project has been implemented in November, 2025.

## **SCADA UP-GRADATION PROJECT UNDER ULDC PHASE-III**

- i) The SCADA Up-gradation Project under ULDC Phase-III is being implemented by PGCIL on CERC determined tariff.
- ii) Notification of Award (NoA) has been issued to M/s GE T&D India Ltd. on 12.07.2024 amounting to Rs.63.48 Crores (including GST @18%).

- iii) As per the current project status, commissioning of the Phase-III system is now expected in June/July-2026 (including the required period of parallel operation). The originally planned schedules have been delayed, and the parallel run with the Phase-II system has not commenced yet.

**Project for Reliable Communication and Data Acquisition System for 66kV Network:**

- i) The Tender shall be awarded in the 2 packages i.e. Fiber Optic Cabling Package and Communication and RTU Package.
- ii) After the negotiation meeting and signing of proceedings of High-Powered Works Purchase Committee (HPWPC) held on 05.01.2026 under the Chairmanship of Hon'ble Chief Minister, Haryana; P.O. No. 01/EPC/4/Reliable Comm./P&M/XEN/SLDC/Design-246 dated 22.01.2026 amounting to Rs.108 Cr. for the project work of Reliable Communication and Data Acquisition System for 66kV network in Haryana (Fiber Optic Cabling Package) on turnkey basis was issued to M/s Sterlite Electric Limited (formerly known as Sterlite Power Transmission Limited). The completion period of the project is 24 months.
- iii) The tender for the project work of Reliable Communication and Data Acquisition System for 66kV network in Haryana (Communication Equipment Package) is yet to be floated.

**The project has not yet been completed. No expected date of completion has been intimated by HVPN. 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 AGGREGATE REVENUE REQUIREMENT**

In accordance with the revised estimates of individual items, the licensee has proposed the revised APR for the FY 2025-26 vis-à-vis those approved by the Commission for the FY 2025-26.

The same is reproduced below: -

Particulars	FY 2025-26		
	Approved by HERC 13 <sup>th</sup> March 25	Proposed for APR FY-2025-26	Gap Surplus/ (Deficit)
<b>O&amp;M expenses</b>	<b>10449.68</b>	<b>9674.10</b>	<b>775.58</b>
<i>Employee Expenses</i>	5950.89	6231.12	<b>(280.23)</b>
<i>Terminal Benefits</i>	3002.88	1991.96	<b>1010.92</b>
<i>A&amp;G Expenses</i>	459.71	386.26	<b>73.45</b>
<i>R&amp;M Expenses</i>	1036.20	1064.76	<b>(28.56)</b>
<b>Depreciation</b>	<b>5199.39</b>	6889.80	<b>(1690.41)</b>
<b>Interest on term Loans</b>	<b>3691.68</b>	4667.70	<b>(976.02)</b>

<b>Impact of Foreign Exchange Risk Variation</b>	<b>0.00</b>	0.00	<b>0.00</b>
<b>Interest on working Capital</b>	<b>433.32</b>	472.51	(39.19)
<b>Total Expenditure</b>	<b>19774.07</b>	21704.11	(1930.04)
<b>Return on Equity</b>	<b>3480.53</b>	3800.72	(320.19)
<b>Less: Non-Tariff Income</b>	<b>(514.97)</b>	<b>(514.97)</b>	<b>(514.97)</b>
<b>Annual Transmission Charges</b>	<b>22739.63</b>	24989.87	(2250.24)
Add: Revenue Gap 2022-23	<b>1744.52</b>	<b>1744.52</b>	<b>0.00</b>
Add: Carrying cost on above	<b>0.00</b>	0.00	<b>0.00</b>
<b>Aggregate Revenue Requirement</b>	<b>24484.15</b>	26734.39	(2250.24)
<b>ULDC Charges</b>	<b>0.00</b>	14.89	(14.89)
Transmission Share of SLDC Charges	<b>10.15</b>	16.69	(6.54)
Unitary Charges for JKTP	<b>471.52</b>	406.34	65.18
Less YTC for Lines Operating as ISTS Lines	<b>0.00</b>	0.00	0.00
<b>Total Transmission Charges</b>	<b>24965.82</b>	<b>27172.30</b>	(2206.48)

The Commission is of considered view that it will not be appropriate to replace one set of estimated figures for the FY 2025-26 with another set of estimates in the absence of Audited figures for the FY 2025-26. 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.

### 3.10 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 2025-26 (Rs. Million)

SLDC Business		FY 2025-26
S. No	Particulars	APR
1	Employee Expense	50.75
2	Terminal Benefits	0.00
3	A&G Expense	15.59
4	R&M Expense	17.87
5	Depreciation	121.99
6	Interest on Loan	0.00
7	Interest on Working Capital	3.88
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
	<b>TOTAL</b>	<b>208.64</b>

In conclusion, on the issue of performance review for the FY 2025-26, the Commission does not consider it appropriate to revise the ARR for the SLDC for the FY 2025-26 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 2026-27

#### 4.1. BRIEF BACKGROUND

In line with the HERC MYT Regulations 2024, the petitioner has submitted the Annual Revenue Requirement for the FY 2026-27 and proposed Annual Transmission & SLDC charges for the FY 2026-27 as under: -

#### 4.2. OPERATION & MAINTENANCE EXPENSES (O&M)

##### A. EMPLOYEE COST

The petitioner has submitted that the employee cost for the FY 2024-25 has been considered as per the audited accounts, which has been escalated by the inflation factor of 3.12% to arrive at the proposal for the FY 2026-27. 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 3.12% as provided in the MYT Regulations 2024. The values for the period from the FY 2025-26 to FY 2026-27, 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. 3.12% per annum. Further, the terminal benefits estimate for the MYT control period is approved as proposed by HVPNL.

#### Proposed Employee Cost for the FY 2026-27 (in Rs. Million)

Particulars	FY 2026-27
Salary and wages	4686.90
Other Staff cost	1522.67
Staff welfare Expenses	162.02
Employee Cost for Employees to be Engaged in New S/Stn.	0
Add: Employee Cost for Additional Employees	39.17
Less: Employee Benefit for SLDC	(52.33)
<b>Total Employee Cost</b>	<b>6358.43</b>
<b>Terminal Benefits</b>	<b>2251.73</b>
<b>Total Employee cost including terminal benefits</b>	<b>8610.16</b>

**HERC approved Employee Cost for the FY 2026-27 (in Rs. Million)**

Particulars	HVPNL Proposal for FY 2026-27	HERC approval for FY 2026-27 considering Inflation factor 3.12% as proposed
Salaries and Wages	4,686.90	4686.90
Other Staff Cost	1,522.67	1522.67
Staff Welfare Expenses	162.02	162.02
Benefit from Staff Loans	0	0.00
Add: Employee Cost for Additional Employees (Net of Retires and New Joinees)	39.17	0.00
Less: Employee Benefit for SLDC	-52.33	-52.34
Total Employee Cost	6,358.43	6,319.25
Terminal Benefits	2,251.73	1931.20
Total Employee Cost Incl Terminal Benefits	8610.16	8250.45

The Commission has allowed the terminal benefits for the FY 2026-27 applying the escalation factor of 3.12% on the true-up amount for the FY 2024-25, which is subject to true-up to the extent of actual paid to the retirees without considering amount booked under 'Other comprehensive income, Item that will not be reclassified to Profit & Loss Account', at par with the regulation clause 47.3 (note 3) of HERC MYT Regulations, 2024.

**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 2026-27 have been proposed as under: -

**Proposed R&M expenses for FY 2026-27 (In Millions)**

Particulars	FY 2026-27
Opening GFA	145322.22
Closing GFA	160628.09
Average GFA	152975.15
% of GFA for R&M Expenses	0.75%
Inflation Factor	1.031
<b>R&amp;M Expenses</b>	<b>1183.11</b>

**HERC approved R&M expenses for FY 2026-27 (In Millions)**

Particulars	FY 2026-27
Opening GFA	1,43,575.84
Closing GFA	1,55,773.62
Average GFA	149674.73
% of GFA for R&M Expenses	0.75%
Inflation Factor	1.0312
<b>R&amp;M Expenses</b>	<b>1,157.58</b>

**C. ADMINISTRATIVE & GENERAL EXPENSES (A&G)**

The petitioner has projected the A&G expenses for the FY 2026-27 considering an inflation factor of 3.12% 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 2026-27 (In Millions)**

Particulars	FY 2026-27
<b>Administration Expenses</b>	
Rent (Including Lease Rent)	2.00
Insurance	2.45
Rates and taxes	23.01
Telephone charges, Postage, Telegram and Telex Charges	5.38
Mobile sets Charges	16.83
Legal and professional	41.41
Payments to auditors (Including out of pocket expenses)	0.88
Consultancy charges	7.66
Professional charges	17.68
Service charges for computerization	7.62
Conference Expenses	-
Training Expenses	15.63
Travelling and conveyance	164.91
Other Expenses	73.45
<b>Sub-Total of Administrative Expenses</b>	<b>378.90</b>
Material Related Expenses	34.08
Expenses on Photostat on Contract Basis	1.41
Impairment Loss	0
<b>Sub-Total of other charges</b>	<b>35.49</b>
<b>Less: A&amp;G Expenses against SLDC</b>	<b>(16.08)</b>
<b>Total Charges</b>	<b>398.31</b>

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 3.12% as provided in the MYT Regulations 2024. The values for the FY 2026-27, 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. 3.12% per annum.

The Commission has examined the projected A&G expenses filed by the licensee, for the period under consideration and considering the expenses amounting to Rs.374.59 million approved for the FY 2024-25 as part of true up and adjusting for the inflation factor of 3.12% p.a. the A&G expenses for the FY 2026-27 is approved at Rs 398.31 millions.

#### **4.3. DEPRECIATION**

HVPNL has proposed depreciation for the FY 2026-27 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 2026-27 is as under: -

**Depreciation for FY 2026-27 (In Rs. Million)**

Particulars	FY 2026-27
Depreciation	7697.75

**The Commission has examined the projected depreciation filed by the licensee for the MYT Control Period. The Commission has already approved the Capital investment**

plan submitted by the HVPNL for FY 2025-26 amounting Rs.11804.04 million and for FY 2026-27 amounting Rs.13743.62 million vide Order 13.03.2025.

In this regard, the Commission is constrained to note the Regulation 9 of HERC MYT Regulations, 2024, which provides as under: -

**“CAPITAL INVESTMENT PLAN**

9.1 The generating company and the licensees, in respect of their respective businesses, shall file, for approval of the Commission, a capital investment plan along with the MYT petition for a period covering at least the entire control period. The capital investment plan shall be project/scheme wise and for each scheme/project shall include:

- (a) Purpose of investment
- (b) Capital Structure;
- (c) Capitalization Schedule;
- (d) Financing Plan including identified sources of investment;
- (e) Details of physical parameters / targets;
- (f) Cost-benefit analysis and payback period;
- (g) Envisaged reduction in O&M cost/losses;
- (h) Ongoing projects that will spill into the year under review and new projects (along with justification) that will commence but may be completed within or beyond the control period.

9.2 Purpose of investment shall include:

1	for a generation company-	<b><u>generation capacity growth, replacement of assets, renovation and modernization, reduction in average per unit cost of generation etc;</u></b>
2	for a transmission licensee-	power evacuation, system augmentation, network expansion, replacement of assets, reduction in transmission losses, improvement in transmission service and reliability of supply, reduction in per MW transmission cost, integration of renewable energy sources, congestion management, frequency and voltage regulation, IT related projects etc.
3	for a distribution licensee-	meeting load growth/ sales forecast (MUs), distribution loss reduction, non-technical loss reduction, replacement of assets, meeting reactive energy requirements, managing peak shifting requirements, congestion management, frequency and voltage regulation, improvement in metering, consumer services, collection efficiency, quality and reliability of supply etc.

Note: The Capital Investment by transmission licensee(s) in network expansion shall be based on load flow studies and in accordance with the requirements of Haryana Grid Code.

9.3 The capital investment plan, in case of a generation company, will be commensurate with generation capacity growth, renovation & modernization requirements etc.

In case of a transmission licensee, the capital investment plan will be

commensurate with load/generation capacity growth and will be linked to improvement in quality of transmission service, reliability, metering and reduction in transmission losses.

The capital investment plan in case of a distribution licensee shall be commensurate with sales forecast (MUs)/load growth of the state, distribution/non-technical loss reduction targets, improvements envisaged in metering, collection efficiency, reliability and quality of supply etc.

- 9.4 **Capital Investment for renovation and modernization in case of a transmission licensee and a generation company shall be made through an application with a detailed project report (DPR) elaborating the following elements: (i) Complete scope and justification; (ii) Estimated life extension of the generation/transmission asset; (iii) Improvement in performance parameters; (iv) Cost-benefit analysis; (v) Phasing of expenditure; (vi) Milestones/Time lines (vii) Schedule of completion; (viii) Estimated completion cost; (ix) Other aspects.**
- 9.5 Capital investment plan shall incorporate list of schemes in order of priority so as to enable the Commission to approve the schemes in that order and in case lesser amount of capital expenditure is to be approved then the schemes of lower priority could be disapproved
- 9.6 The generation company and licensee shall submit all information / data required by the Commission for approval of the capital investment plan.
- 9.7 **In the normal course, the Commission shall not revisit the approved capital investment plan during the control period.** However, during the mid-year performance review and true-up, the **Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company** or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure viz-a-viz the approved expenditure, the Commission may true up the capital expenditure, subject to prudence check, as a part of annual true up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and true-up filing.
- 9.8 In case during the mid-year performance review, the actual cumulative capital expenditure incurred up to the current year starting from first year of the control period, is less by more than 10% of the approved cumulative capital

expenditure, the Commission shall true-up the costs incidental to the actual capital expenditure in the current year and remaining years of the control period.

**Provided that the actual capital expenditure incurred shall be only for the schemes as per the approved capital investment plan.**

**Provided that if the actual capital expenditure incurred is more than the approved capital expenditure, the Commission shall not allow any true-up of the cost incidental to such variations.**

9.9 In case the capital expenditure is required due to Force Majeure events for works which have not been approved in the capital investment plan or for works that may have to be taken up to implement new schemes approved by the State/Central Govt., the generating company or the licensee shall submit an application containing all relevant information along with reasons justifying emergency nature of the proposed work seeking approval by the Commission. In the case of works or schemes, other than those required on account of Force Majeure events, the Commission shall consider to give approval only in those cases where the works/schemes are wholly/substantially financed by the State/Central Government or, in view of the Commission, shall benefit a large mass of consumers of the State. The generating company or the licensee may take up the work prior to the approval of the Commission only in case the delay in approval will cause undue loss and such emergency nature of the scheme has been certified by the Board of the Directors and intimated to the Commission:

Provided that the generating company or the licensee shall submit the requisite details, as required as per Regulation 9.1 above, within 10 days of the submission of the application for approval of emergency work;

Provided further that for the purpose of Regulation 9.7 and 9.8, such approved capital expenditure shall be treated as a part of actual capital expenditure incurred by the licensee as well as the capital expenditure approved by the Commission.

9.10 In case the capital expenditure incurred for approved schemes exceeds the amount as approved in the capital expenditure plan, the generating company or the transmission or the distribution licensee, as the case may be, shall file an application with the Commission at the end of control period for trueing up the expenditure incurred over and above the approved amount. After prudence check, the Commission shall pass an appropriate order on case to case basis. The true-up application shall contain all the requisite information and supporting

documents.

*Provided that any additional capital expenditure incurred on account of time over run and/or on unapproved schemes not covered under Regulation 9.9 or unapproved changes in scope of approved schemes shall not be allowed by the Commission unless the generating company or the licensee, as the case may be, is able to give adequate justification for the same.*

9.11 *The generating company, transmission and the distribution licensees shall also provide a copy of their respective capital investment plans to each other at the time of filing of the same with the Commission so as to enable them to carry out planning and network augmentation/strengthening activities in a coordinated manner. The generating company, transmission and the distribution licensees shall, immediately after approval of their respective capital investment plans by the Commission, send copies of the same to each other. In addition to above the distribution licensee shall also provide a copy of its approved power procurement plan to the transmission licensee.*

9.12 *The generating company and transmission and distribution licensees shall, in general, extend all co-operation to each other by providing data /information required for carrying out planning and network augmentation/strengthening activities in a coordinated manner.*

9.13 *The Commission shall approve the capital investment plan within a period of 120 days from the date of its filing or submission of complete information, whichever is later.*

9.14 *For the purpose of Third (3rd) control period, the timeline for submission of business plan by the generating company and the licensees shall be as specified in Regulation 77 of these Regulations.*

**Provided that any capitalization done by mere book entries/ presentation in the financial statements in order to comply with any statute/rules etc. and not in accordance with the Capital Expenditure approved under these Regulations, shall not be allowed by the Commission. In such cases, the licensees/generating company shall be required to prepare memorandum account of any such capitalization done and submit the same along with ARR/Tariff petition. No RoE, depreciation interest cost etc. shall be allowable on the same.**

9.15 *To enable faster adoption of Electric vehicles in the State, the Utilities i.e., HPGCL, HVPNL, DHBVN and UHBVNL shall endeavor to set up Public Charging Station (PCS) for charging Electric Vehicles near to their Sub-Stations*

or any other appropriate place.”

**(Emphasis supplied)**

Further, regulation 18.6 of HERC MYT Regulations, 2024, provides as under:

**“Capital cost to be allowed by the Commission for the purpose of determination of tariff for respective businesses will be based on the capital investment plan prepared by the generating company or the licensee, as the case may be, and approved by the Commission prior to the filing of application for multiyear tariff by the generating company/licensees.”**

**(Emphasis supplied)**

Regarding additional capitalization, Regulation 18.2 of HERC MYT Regulations, 2024, provides as under:

“

**18.2.1** *The Commission may consider allowing, subject to prudence check, any additional capital expenditure incurred or projected to be incurred, after the commercial operation date of a project and up to the cut-off date, on the following provided the same was part of the original scope of work of the project:*

- a) *Deferred liabilities without any carrying cost;*
  - b) *Works deferred for execution without any escalation;*
  - c) *Procurement of initial capital spares in the original scope of work without any escalation, subject to ceiling specified above;*
  - d) *Foreign exchange rate variation*
  - e) *Liabilities to meet award of arbitration provided that it is not on account of any fault of the generation company or the licensee, as the case may be;*
  - f) *Liabilities on account of compliance of the order or decree of a court;*
  - g) *Liabilities on account of change in law:*
- ***Provided that details of the works included in the original scope of work along with estimates of expenditure, un-discharged liabilities and works deferred for execution shall be submitted along with the application for determination of tariff after the date of commercial operation of the project;***

**18.2.2** *The Commission may consider admitting, after prudence check, the capital expenditure of the following nature actually incurred after the cut-off date:*

- a) *Deferred liabilities relating to works/services within the original scope of work without any escalation;*
- b) *Liabilities to meet award of arbitration provided that it is not on account of any fault of the generation company or the licensee, as the case may be;*
- c) *Liabilities on account of compliance of the order or decree of a court;*
- d) *Liabilities on account of change in law;*
- e) *Any additional works/services which have become necessary for*

*efficient and successful operation of the project, but not included in the original project cost;*

**18.2.3** *Impact of additional capitalization in tariff revision within the approved project cost shall be considered by the Commission once during a particular financial year of the control period.*

**18.2.4** *In case of a transmission licensee, any additional expenditure on items such as relays, control & instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system may be admitted by the commission subject to prudence check provided that such replacement has not been necessitated due to any fault attributable to the transmission licensee :*

**Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air conditioners, voltage stabilizers, refrigerators, coolers, fans washing machines, heat convectors, mattresses, carpets etc. bought after the cut-off date shall not be considered for additional capitalization for determination of tariff.**

**Note1: Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity specified in these Regulations;**

**Note2: Any expenditure on replacement of old assets or renovation and modernization or life extension shall be considered after excluding the entire depreciated value or value of the scrap, whichever is higher, of the original assets from the original capital cost of the assets replaced;**

**Note3: Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity specified in these Regulations.**

**18.2.5** *Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M), repairs and maintenance under O&M expenses and Compensation Allowance, same expenditure cannot be claimed under this*

Regulation.

**18.2.6 In case of de-capitalization of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of decapitalization shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalization takes place, duly taking into consideration the year in which it was capitalized.**

**18.2.7** *The scrutiny of the project cost estimates by the Commission shall include the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology and such other matters for the purposes of determination of tariff.”*

**(Emphasis supplied)**

Proviso to Regulation 3.42 of HERC MYT Regulations, 2024, provides as under:-

**“Provided further that the expenditure on spares of capital nature valuing up to Rs.10 lacs and additional capital expenditure on an individual capital assets costing up to Rs.20 lacs, shall also form part of O&M expenses.”**

**(Emphasis supplied)**

From the examination of the above, the following rules of additional capitalization are summarized:-

1. Expenditure of repairs and maintenance cannot form part of CAPEX.
2. Even the expenditure of capital nature costing up to Rs.20 lacs, on each individual asset shall form part of O&M expenses, in order to discourage the practice of capitalizing small repair & maintenance activities.
3. Even the spares of capital nature valuing up to Rs.10 lacs, shall form part of O&M expenses.
4. Capital cost to be allowed by the Commission for the purpose of determination of tariff for respective businesses will be based on the capital investment plan prepared by the generating company prior to the filing of application for multiyear tariff.
5. The Commission shall not revisit the approved capital investment plan during the control period and shall monitor the year wise progress of the actual capital expenditure incurred by the transmission company. Annual revisit of capital investment plant shall render the mechanism of determination of capital investment plan for a control period, completely otiose.

6. If the actual capital expenditure incurred is more than the approved capital expenditure, the Commission shall not allow any true-up of the cost incidental to such variations.
7. Capitalization done by mere book entries/presentation in the financial statements in order to comply with any statute/rules etc. and not in accordance with the Capital Expenditure approved under these Regulations, shall not be allowed by the Commission. In such cases, the licensees shall be required to prepare memorandum account of any such capitalization done and submit the same along with ARR/Tariff petition. No RoE, depreciation interest cost etc. shall be allowable on the same.
8. After prudence check, the capital expenditure of the following nature actually incurred after the cut-off date, may be allowed:
  - a) Deferred liabilities relating to works/services within the original scope of work without any escalation;
  - b) Liabilities to meet award of arbitration provided that it is not on account of any fault of the licensee;
  - c) Liabilities on account of compliance of the order or decree of a court;
  - d) Liabilities on account of change in law;
  - e) Any additional works/services which have become necessary for efficient and successful operation of the project, but not included in the original project cost;
9. Any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air conditioners, voltage stabilizers, refrigerators, coolers, fans washing machines, heat convectors, mattresses, carpets etc. bought after the cut-off date shall not be considered for additional capitalization for determination of tariff.

**The Commission has already approved the Capital investment plan submitted by the HVPNL for FY 2025-26 amounting Rs.11804.04 million and for FY 2026-27 amounting Rs.13743.62 million vide Order 13.03.2025. Accordingly, the Commission is not considering the Revised Capital Investment Plan submitted by HVPNL for the Financial Years 2025-26 and 2026-27. The depreciation, interest on loan, RoE etc. have been allowed accordingly.**

**HERC approved Depreciation for FY 2026-27 (In Rs. Million)**

S. No	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	Closing
1	Land & Land rights	4,335.74	-	-	4,335.74		-	-	-	-
2	Building and Civil Works	9,415.55		-	9,415.55	3.21%	3,475.62	302.67	-	3,778.28
3	Plant & Machinery	1,31,274.28	12,967.79	-	1,44,242.06	4.53%	59,633.24	6,233.57	-	65,866.81

4	Furniture & Fixtures	148.37		-	148.37	3.88%	76.93	5.76	-	82.68
5	IT Equipment's	258.80			258.80	8.80%	177.76	22.77	-	200.54
6	Vehicles	131.16		-	131.16	4.82%	84.22	6.32	-	90.54
7	<b>Total HVPNL as per Balance sheet</b>	<b>1,45,563.90</b>	12,967.79	-	1,58,531.68	-	63,447.77	6,571.08	-	70,018.85
8	<b>Less generation Assets-BBMB</b>			-		-			-	
9	<b>Less: SLDC assets</b>	1988.06	770.00		2758.06	3.65%	122.71	86.62	-	209.33
10	<b>Less: Depreciation on account of Consumer Contribution</b>	-	-	-		-		413.23	-	
11	<b>Total Transmission</b>	<b>1,43,574.84</b>	<b>12797.79</b>	-	155763.62		63,325.06	6071.24	-	69,809.52

#### 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. 1<sup>st</sup> April of the relevant financial year.

##### Interest and Finance Charges Proposed for FY 2026-27 (In Rs. Million)

Particulars	FY 2026-27
<b>Interest and Finance Charges on Long term /credits from the Fis /Banks approved by the Govt. Of Haryana</b>	
REC	
PFC	
National Capital Region Plg. Board	4917.77
World Bank through State Govt. (WB)	
NABARD	
Market Committee	
Loan Processing fees- World Bank Loan	
<b>Interest on loan on New Capex</b>	543.74
<b>Total Net Interest on Loans</b>	<b>5461.51</b>

The licensee has submitted that interest computed on 'New Loans' is net of repayments made i.e. the loan component of newly capitalized assets are net-off with the repayments expected for the year. As discussed earlier in this order, for the purpose of allowing the transmission tariff for the FY 2026-27, the Commission has considered the Capital investment plan submitted by the HVPNL for FY 2025-26 amounting Rs.11804.04 million and for FY 2026-27 amounting Rs.13743.62 million. Accordingly, addition to loans and equity are approved in the Debt: Equity ratio of 70:30.

In view of the above, Interest and Finance Charges for the FY 2026-27, is allowed at Rs.4244.29 millions.

#### 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 2026-27, as under: -

##### Interest on Working Capital for FY 2026-27 (in Rs. Millions)

Particulars	FY 2026-27
Normative O&M for 1 month	849.30
Maintenance Spares @ 15% of the O&M	1528.74
Receivables equivalent to 1 month	2283.30
Total	4661.33
Interest Rates	10.50%
<b>Interest rates on Working capital</b>	<b>489.44</b>

The Commission has examined the projected interest on working capital filed by licensee for the FY 2026-27.

In this regard, Regulation clause 22.2 of HERC MYT Regulations, 2024, provides as under:-

*“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.”*

The Commission observes that HVPNL has not taken any working capital loan. Accordingly, the Commission approves, rate of interest on working capital at SBI MCLR (one year tenor) as on 15.12.2025 (8.70%) without additional spread of basis points. It is reiterated that the interest on working capital approved in the order for the FY 2026-27, is the ceiling limit, which shall be subject to true-up to the extent of actual interest incurred by the petitioner.

The amount of approved interest cost on working capital, based on the interest rates works out as under: -

##### Approved Interest on Working Capital for FY 2026-27 (in Rs. Millions)

S. No	Particulars	FY 2026-27
1	O&M for 1 month	817.20
2	Maintenance spares	1,470.96
3	Receivables	2,073.10
4	<b>Total</b>	<b>4,361.25</b>
5	Interest Rate	8.70%
6	<b>Interest on Working Capital</b>	<b>379.43</b>

#### 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% = 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 2026-27 (in Rs. Millions)**

Particulars	FY 2026-27
Equity to be considered for Transmission business (Opening)	36846.78
Add: Equity portion of the GFA added	4591.76
Closing equity for ROE	41438.54
Average Equity	39142.66
Rate of Return	11%
<b>RoE Proposed</b>	<b>4305.69</b>

The Commission has examined the submissions made by the licensee and approves the same considering equity portion of additions to fixed as 30%, in line with the discussions in the preceding para of this order, as under: -

**HERC approved Return on Equity for FY 2026-27 (in Rs. Millions)**

Particulars	FY 2026-27
Equity to be considered for Transmission business (Opening)	33269.58
Add: Equity portion of GFA added	3,659.34
Less:- Equity Portion of Assets decapitalized	
Closing equity for RoE	36,928.92
Rate of Return	11.00%
Average Equity	35,099.25
RoE	3860.92

**However, the Commission shall re-visit the same at the time of true-up exercise, 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 2026-27 (In Rs. Millions)**

Particulars	FY 2026-27
Non-Tariff Income	(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 12<sup>th</sup> 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 2026-27, as submitted by HVPNL, is presented below: -

**Unitary Charges for the FY 2026-27**

S. No.	Description	Amount
1	Base Unitary Charge as per Clause 26.2.1 of TA (Rs)	45000000
2	Yearly Reduction (%)	3%
3	Monthly Base Unitary Charge for 2026-27	28496303
4	WPI for Jan 2010 (Base Accounting Year) as per Clause 26.3 ((Published by the Ministry of Industry Office of Economic Advisor), GOI)	135.20
5	WPI for Jan-2025 preceding the accounting year (WPI base year 2011-12) <b>(PROVISIONAL)</b>	156.00
6	Linking factor of all commodities WPI (based 2004-05) for 2011-12	1.598
	WPI for Jan'25 preceding the Accounting Year	249.288
7	Increase in WPI (%)	84.3846%
8	WPI Index (40 % of WPI increase) (%) as per Cl 26.3	33.7538400%
9	Increase in Base Unitary Charge linked with WPI (Rs.)	9618597
10	Indexed Unitary Charge (Rs) (Sl.No.3+9)	38114900
11	System Availability (%) (Cumulative System availability)	99.3600
12	Normative Availability (%)	98
13	Incentive due to System Availability* <b>(Provisional)</b>	528941
14	Incentive due to less Transmission Losses	236472
15	Monthly Unitary Charges	38114900
16	Monthly Unitary Charges (Rs. Million)	38.11
17	<b>Projected Unitary Charges for FY 2026-27(Rs. Million)</b>	<b>457.38</b>
*Note-	Incentive due to System Availability and less Transmission Losses shall recovered from respective Stake holders separately	

As estimated by the licensee, the expected 'Unitary Charges' for the FY 2026-27 is likely to be about Rs.38.115 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 2026-27.

Accordingly, unitary charges Rs.38.115 million per month is approved for the FY 2026-27. 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 FY 2026-27 is Rs.457.38 millions.

#### 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 2024-25 to FY 2028-29 was filed (900/TT/2025) 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

The above petition has been admitted by HVPNL in Hon'ble CERC and accordingly the tariff for the aforesaid mentioned assets yet to be determined by the Hon'ble CERC.

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 2026-27. 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 2026-27.

#### 4.10. AGGREGATE REVENUE REQUIREMENT

As per the foregoing discussions, the ARR of HVPNL for the FY 2026-27 approved by the Commission, in the preceding paragraphs, is tabulated below:

Rs. Millions

Particulars	Proposal by HVPNL for FY 2026-27	HERC Approved for the FY 2026-27
<b>O&amp;M Cost</b>	<b>10191.58</b>	<b>9806.37</b>
<i>Employee Expense</i>	6358.43	6319.25
<i>Terminal Benefits</i>	2251.73	1931.20
<i>A&amp;G Expense</i>	398.31	398.33
<i>R&amp;M Expense</i>	1183.11	1157.58
Interest on Loan	5461.51	4244.29
Impact of Foreign Exchange Risk Variation	0.00	0.00
Depreciation	7697.75	6071.24
Interest on Working Capital	489.44	379.43
<b>Total Expenditure</b>	<b>23840.28</b>	<b>20501.32</b>
Return on Equity	4305.69	3860.92
Less: Non-Tariff Income	-514.97	-514.97
<b>Annual Transmission Charges</b>	<b>27631.00</b>	<b>24877.21</b>
Add: Incentive for TSA	<b>0.00</b>	<b>0.00</b>
Add: Carrying Cost FY 2023-24	<b>0.00</b>	<b>0.00</b>
<b>Net ARR</b>	<b>27631.00</b>	<b>24877.21</b>

Add:- Revenue Gap FY 2024-25	-887.17	-1324.78
<b>Aggregate Revenue Requirement</b>	<b>26743.83</b>	<b>23552.43</b>
<b>ULDC Charges</b>	<b>181.50</b>	<b>19.37</b>
Transmission Share of SLDC Charges	16.86	8.27
Unitary Charges for JKTPPL	457.38	457.38
Less:- YTC for lines Operating as ISTS Lines FY 20-21	0.00	0.00
<b>Annual Revenue Requirement</b>	<b>27399.57</b>	<b>24018.08</b>

#### 4.11. SLDC ARR (FY 2026-27)

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 2026-27 has been projected by HVPNL as under: -

##### Aggregate Revenue Requirement for SLDC for FY 2026-27 (in Rs. Million)

SLDC Business	FY 2026-27
Employee Cost	52.33
A&G	16.08
R&M	17.87
Interest on Loans (Capex)	0
Depreciation	121.99
IoWC	3.97
Return on Equity	0
Less: Non-tariff Income	(1.45)
Add: Revenue Gap/Surplus	0
<b>Total</b>	<b>210.80</b>

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 2026-27 for the SLDC business and approves the same is as under: -

##### HERC Approved ARR of SLDC for the FY 2026-27 (Rs. Million)

S.No	Particulars	HERC Approved for the FY 26-27
1	Employee Expense	52.33
2	Terminal Benefits	0.00
3	A&G Expense	16.08
4	R&M Expense	17.87
5	Depreciation	86.62
6	Interest on Loan	0.00
7	Interest on Working Capital	3.97
8	Return on Equity	0.00
9	Less: Non-Tariff Income	-33.36
10	Add: Revenue Gap/ Surplus Refund	-40.10
11	Carrying Cost	0.00
12	TOTAL	103.41

## 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: -

<b>Annual Transmission Charges Proposed for FY 2026-27 (In Rs. Millions)</b>		
<b>Aggregate Revenue Requirement</b>	<b>Rs. Million</b>	<b>26743.82</b>
Transmission Share of SLDC Charges	Rs. Million	16.86
Unitary Charges for JKTPL	Rs. Million	457.38
ULDC Charges	Rs. Million	181.50
<b>Total Transmission Charges</b>	<b>Rs. Million</b>	<b>27399.56</b>
<b>Monthly Transmission Tariff</b>	<b>Rs. Million</b>	<b>2283.30</b>
UHBVN	44.5740%	1017.76
DHBVN	53.4897%	1221.33
M/s TPTCL	0.3776%	8.62
M/s NTPC Ltd	0.0152%	0.35
CRPCPL's Share (MVA)	0.0023%	0.05
M/s Jindal Rolling Mills Pvt. Ltd.	0.0067%	0.15
Northern Railway	1.4018%	32.01
M/s ASK Automative LTD. (MVA)	0.0201%	0.46
M/s Exide industries Ltd.	0.0274%	0.63
M/s Grasim industries Ltd.	0.0048%	0.11
M/s Ultra Tech Cement	0.0402%	0.92
M/s Yokohama India Pvt. Ltd.	0.0134%	0.31
M/s Ramco Steels Pvt. Ltd.	0.0167%	0.38
M/S Lumax Industries Limited	0.0100%	0.23

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 2024-25 and the approved ARR for the FY 2026-27, the approved transmission tariff, for the FY 2026-27, 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.

<b>Approved Transmission Charges for the FY 2026-27 (Rs. in Millions)</b>		
Annual Revenue Requirement for FY 2026-27	Rs. Million	24877.21
Rev Gap of FY 2024-25	Rs. Million	-1324.78
Carrying cost for , FY 2024-25 and FY 2025-26	Rs. Million	0
Aggregate Revenue Requirement	Rs. Million	23552.43
Transmission Share of SLDC Charges	Rs. Million	8.27

Unitary Charges for JKTP	Rs. Million	457.38
Less YTC for Lines Operating as ISTS Lines FY 2026-27	Rs. Million	0
<b>Total Transmission Charges</b>	<b>Rs. Million</b>	<b>24018.08</b>
Monthly Transmission Tariff	Rs. Million	2001.51
Monthly Transmission Charges UHBVNL	44.5740%	892.15
Monthly Transmission Charges DHBVNL	53.4897%	1070.60
Monthly Transmission Charges TPTCL	0.3776%	7.56
Monthly Transmission Charges NTPC	0.0152%	0.30
Monthly Transmission Charges CRPCPL	0.0023%	0.05
Monthly Transmission Charges Northern Railways	1.4018%	28.06
Monthly Transmission Charges of Jindal Rolling Mills P.Ltd.	0.0067%	0.134
M/s ASK Automative LTD. (MVA)	0.0201%	0.402
M/s Exide industries Ltd.	0.0274%	0.548
M/s Grasim industries Ltd.	0.0048%	0.096
M/s Ultra Tech Cement	0.0402%	0.805
M/s Yokohama India Pvt. Ltd.	0.0134%	0.268
M/s Ramco Steels Pvt. Ltd.	0.0167%	0.334
M/S Lumax Industries Limited	0.0100%	0.200

## 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 2026-27 among the different beneficiaries as per the table below:

### Proposed SLDC Charges for FY 2026-27 (in Rs. Million)

Beneficiaries	Transformation ratio in %	Charges in Rs. Millions
<b>HVPNL @ 8 %</b>		<b>16.8638</b>
<b>Generating companies &amp; Sellers @ 46 %</b>		<b>96.9670</b>
HPGCL	55.70079%	54.0114
Faridabad Gas power Plant	9.317976%	9.0354
Mahatma Gandhi Super Thermal Power Station	28.47159%	27.6080
M/s Gemco Biomas	0.172555%	0.1673
M/s Star Wire India Ltd.	0.213537%	0.2071
M/s Sri Jyoti	0.204909%	0.1987
M/s Shahbad Co-operative Suger Mills	0.517665%	0.5020
M/s Naraingarh Sugar Mills	0.483154%	0.4685
M/s Amplus Sun Solutions Pvt. Ltd.	1.078469%	1.0458
M/s JBM Environment Pvt.Ltd.	0.172555%	0.1673
M/s Mor Bio Energy Pvt. Ltd.	0.025883%	0.0251
M/s LR Energy Pvt. Ltd.	0.431388%	0.4183
M/s Avaada Green HN Project Pvt. Ltd.	1.078469%	1.0458
M/s SAEL Ltd.	0.323541%	0.3137
M/s Giotech Power Private	0.021569%	0.0209
M/s K2 Power Renewal Pvt. Ltd.	0.043139%	0.0418
M/s Hind Samachar Ltd.	0.323541%	0.3137
M/s Panipat Co-operative Sugar mills Ltd.	0.603943%	0.5856
M/s Karnal Co-operative Sugar mills Ltd.	0.388249%	0.3765
M/S Fatehbad Bio Energy	0.213537%	0.2071
M/S Jind Bio Energy	0.213537%	0.2071

<b>Distribution SLDC Charges @ 46 %</b>		<b>96.9670</b>
UHBVN	44.5249	43.1744
DHBVN	53.4307	51.8101
M/S TPTCL	0.3772	0.3658
M/S NTPC	0.0152	0.0147
M/S CRPCPL	0.0023	0.0022
Northern Railway	1.4003	1.3578
M/S Jindal Rolling Mills Pvt.Ltd.	0.0067	0.0065
M/S Merino	0.0152	0.0147
M/S Orbit Resorts	0.0228	0.0221
M/S Sky City Hotels Pvt.Ltd.	0.0015	0.0015
M/S Asian Paints Ltd.	0.0152	0.0147
M/S Goodrich Carbohydrates Ltd.	0.0073	0.0071
M/S Dorset Industries Pvt Ltd.	0.0027	0.0027
M/S KRBL Ltd.	0.0041	0.0040
M/S G.S. Spinning Mills	0.0030	0.0029
M/S Garg Spinning Mills	0.0030	0.0029
M/S Bhartiya Spinners Ltd.	0.0030	0.0029
M/S Blow Packaging	0.0018	0.0018
M/s Rico Auto Industries Ltd.	0.0304	0.0295
M/s ASK Automative LTD.	0.0201	0.0195
M/s Exide industries Ltd.	0.0274	0.0265
M/s Grasim industries Ltd.	0.0048	0.0046
M/s Ultra Tech Cement	0.0402	0.0389
M/s Yokohama India Pvt. Ltd.	0.0134	0.0130
M/s Ramco Steels Pvt. Ltd.	0.0167	0.0162
M/S Lumax Industries Ltd.	0.0100	0.0097
<b>Generating companies (Sellers) + Distribution companies</b>		<b>210.80</b>

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 2026-27 in the present order i.e. Rs. 103.41 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 2026-27, in the table that follows: -

Particulars	Amount
Proposed Transmission Cost for FY 2026-27 (Rs.)	27399.57 Million
Total Power transmitted by HVPNL during FY 2024-25 (Previous year)	69893.034 MU
<b>Proposed Short Term Open Charges (Rs. Per KWh)</b>	<b>0.392</b>

The Commission has approved the transmission charges payable by the short-term open access consumers, based on the approved transmission charges for the FY 2026-27, in the preceding paras of this order, as follows: -

STOA Charges	HVPNL Proposal	HERC approved
Transmission Cost for FY 2026-27 (Rs. million)	26942.19	23560.70
Unitary Charges	457.38	457.38
Total	27399.57	24018.08
Total Energy expected to be transmitted by HVPNL for the FY 2025-26 (at the actual level of FY 24-25)	69893	69893
<b>STOA Charges (Rs./Unit)</b>	<b>0.39</b>	<b>0.34</b>

#### 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 50 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%.

The Hon'ble Commission in its tariff order dated 13.03.2025 (ARR for the FY 2025-26), taking into consideration the comfortable position of the reactive energy pool account, had directed that limited to the FY 2025-26, no reactive energy charges shall be recovered from the DISCOMs. However, HVPNL may approach this Hon'ble Commission for true-up based on actual audited data.

After due deliberations, the Commission approves VARh @ 5.5 paise/KVARh w.e.f. 01.04.2026. However, the Commission has taken note of the fact that balance in the "Reactive Energy charges pool fund account", maintained by HVPNL, as on 30.09.2025 is Rs.5056.04 lacs. Therefore, considering the comfortable position of the reactive energy pool account, the Commission directs that limited to the FY 2026-27, 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. 01.04.2026. 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 17.03.2026.

Date:17.03.2026  
Place: Panchkula

Sd/-  
(Shiv Kumar)  
Member

Sd/-  
(Mukesh Garg)  
Member

Sd/-  
(Nand Lal Sharma)  
Chairman