Order

on

True up for FY 2021-22,

Annual Performance Review for FY 2022-23

&

ARR for FY 2023-24

For

Power Transmission Corporation of Uttarakhand Ltd.

March 30, 2023

Uttarakhand Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 48 of 2022

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Revised Aggregate Revenue Requirement for FY 2023-24.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.
Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT,
Dehradun-248001, Uttarakhand.

...Petitioner

Coram

Shri D.P. Gairola	**Member (Law)-Chairman (I/c)**
Shri M.K. Jain	**Member (Technical)**

Date of Order: March 30, 2023

Section 64(1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as "the Act") requires the Generating Companies and the Licensees to file an application for determination of tariff before the Appropriate Commission in such manner and along with such fee as may be specified by the Appropriate Commission through Regulations.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011") for the first Control Period from FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Multi Year Tariff

(MYT) Order dated May 6, 2013 for the first Control Period from FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Tariff Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan and Multi Year Tariff dated April 5, 2016 for the second Control Period from FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Tariff Orders dated March 29, 2017, March 21, 2018 and February 27, 2019.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order dated February 27, 2019 on approval of Business Plan of PTCUL for the third Control period from FY 2019-20 to FY 2021-22. In the same Order the Commission had also approved the Multi Year Tariff for the third Control Period from FY 2019-20 to FY 2021-22. In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out the Annual Performance Review for FY 2019-20 vide its Tariff Orders dated April 18, 2020.

Further, in accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out True-up for FY 2019-20, Annual Performance Review (APR) for FY 2020-21 and Revised Aggregate Requirement (ARR)/Tariff for FY 2021-22 vide its Tariff Order dated April 24, 2021.

In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out True-up for FY 2020-21 and Annual Performance Review (APR) for FY 2021-22 vide its Tariff Order dated March 31, 2022.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2021 (hereinafter referred to as "UERC Tariff Regulations, 2021") for the Fourth Control Period from FY 2022-23 to FY 2024-25 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order dated March 31, 2022 on approval of Business Plan of PTCUL for the Fourth Control Period from FY 2022-23 to FY 2024-25. In the same Order the Commission had also approved the Multi Year Tariff for the Fourth Control Period from FY 2022-23 to FY 2024-25.

In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2018, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or "Licensee" or "Petitioner") filed Application (Petition No. 48 of 2022 and hereinafter referred to as "Petition") on November 11, 2022 for approval of True-up for FY 2021-22. Further, under the same Petition, PTCUL had filed the Petition for approval of Annual Performance Review (APR) for FY 2022-23 and Revised Aggregate Requirement (ARR)/Tariff for FY 2023-24 in compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2021.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/7/CL/592/2022-23/1100 dated December 07, 2022 and PTCUL was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Petition. PTCUL vide its Letter No. 3960/MD/PTCUL/UERC dated December 14, 2022 and Letter No. 45/Dir. (Projects)/PTCUL/UERC dated January 10, 2023 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 28, 2022 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the

Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the APR Petition filed by PTCUL for True Up for FY 2021-22, APR for FY 2022-23 and revised ARR for FY 2023-24 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the APR and MYT Order dated March 31, 2022.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiary(ies). It has been the endeavour of the Commission in past also, to issue Tariff Orders for PTCUL concurrently with the issue of Order on retail tariffs for Uttarakhand Power Corporation Limited (UPCL), so that UPCL is able to honour the payment liability towards transmission charges of PTCUL. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 – Background and Procedural History.

Chapter 2 – Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3 – Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2021-22.

Chapter 4 – Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2022-23 and Revised ARR for FY 2023-24.

Chapter 5 – Commission's Directives.

Chapter 6 – Annexures

1 Background and Procedural History

In accordance with the provisions of the Uttar Pradesh Reorganization Act 2000 (Act 29 of 2000), enacted by the Parliament of India on August 25, 2000, the State of Uttaranchal came into existence on November 9, 2000. Section 63(4) of the above Reorganization Act allowed the Government of Uttaranchal (hereinafter referred to as "GoU" or "State Government") to constitute a State Power Corporation at any time after the creation of the State. GoU, accordingly, established the Uttaranchal Power Corporation Limited (UPCL) under the Companies Act, 1956, on February 12, 2001 and entrusted it with the business of transmission and distribution in the State. Subsequently, from April 1, 2001, all works pertaining to the transmission, distribution and retail supply of electricity in the area of Uttaranchal were transferred from Uttar Pradesh Power Corporation Limited (UPPCL) to UPCL, in accordance with the Memorandum of Understanding dated March 13, 2001, signed between the Governments of Uttaranchal and Uttar Pradesh.

Meanwhile, the Electricity Act, 2003 was enacted by the Parliament of India on June 10, 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Act, the GoU, therefore, through transfer scheme dated May 31, 2004, first vested all the interests, rights and liabilities related to Power Transmission and Load Despatch of "Uttaranchal Power Corporation Limited" into itself and, thereafter, re-vested them into a new company, i.e. "Power Transmission Corporation of Uttaranchal Limited", now renamed as "Power Transmission Corporation of Uttarakhand Limited" after change of name of the State. The State Government, further vide another notification dated May 31, 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

a) To undertake transmission of electricity through intra-State transmission system.

b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.

c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.

d) To provide open access.

A new company in the State was, thus, created to look after the functions of intra-State

Transmission and Load Despatch, on May 31, 2004. In view of re-structuring of functions of UPCL and creation of a separate company for looking after the transmission related works, the Commission amended the earlier 'Transmission and Bulk Supply License' granted to 'Uttarakhand Power Corporation Limited' and transmission license was given to PTCUL for carrying out transmission related works in the State vide Commission's Order dated June 9, 2004.

The Commission vide its Order dated May 6, 2013 approved the Business Plan and Multi Year Tariff for PTCUL for the first Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2015 on September 10, 2015. These Regulations superseded the UERC Tariff Regulations, 2011.

The Commission vide its Order dated April 5, 2016 approved the Business Plan and Multi Year Tariff for PTCUL for the second Control Period from FY 2016-17 to FY 2018-19. Further, the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Orders dated March 29, 2017, March 21, 2018 and February 27, 2019 respectively.

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2018 on September 14, 2018. These Regulations superseded the UERC Tariff Regulations, 2015.

The Commission vide its Order dated February 27, 2019 approved the Business Plan and Multi Year Tariff for PTCUL for the third Control Period from FY 2019-20 to FY 2021-22. In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out the Annual Performance Review for FY 2019-20 vide its Tariff Orders dated April 18, 2020. Further, the Commission vide its Tariff Orders dated April 24, 2021 and March 31, 2022 had carried out the Annual Performance Review for FY 2019-20 and FY 2020-21.

In compliance with the Regulations, PTCUL filed its Petition on November 29, 2022 seeking True Up for FY 2021-22, Review of ARR for FY 2022-24 and Revised Aggregate Revenue Requirement for FY 2023-24 based on the audited accounts for FY 2021-22. The above Petition was provisionally admitted by the Commission vide its Order dated December 28, 2022. The Commission, through its above Admittance Order dated December 28, 2022, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/ comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient points of its proposals in the leading newspapers. The salient features of the proposals were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1.	Times of India	January 01, 2023
2.	Hindustan Times	January 01, 2023
3.	Amar Ujala	December 31, 2022
4.	Dainik Jagran	December 31, 2022

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by March 31, 2023 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all 02 objections/suggestions/comments in writing on the Petition filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-2**.

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the proposals filed by the Petitioner at the following places in the State of Uttarakhand.

Table 1.2: Schedule of Hearing

S. No	Place	Date
1.	Rudrapur	February 22, 2023
2.	Pithoragarh	February 24, 2023
3.	Srinagar-Garhwal	February 27, 2023
4.	Dehradun	March 01, 2023

The list of participants who attended the Public Hearing is enclosed at **Annexure-3.**

The Commission also sent the copies of salient features of tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the Petition submitted by PTCUL were also made available on the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the Members of the Advisory Committee on March 03, 2023, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition filed by PTCUL.

The objections/suggestions/comments, as received from the stakeholders through mail/ post as well as during the course of public hearing were sent to the Petitioner for its response. All the issues raised by the stakeholders and the Petitioner's response thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petition filed by PTCUL, the Commission vide its Letter No. UERC/7/CL/592/2022-23/1100 dated December 07, 2022 pointed out certain data gaps in the Petition and sought following additional information/ clarifications from the Petitioner:

- Details of Tariff Formats which are not duly filled or partially filled.
- Copy of Work Order, Electrical Inspector Certificates for certain schemes.
- Reconciliation of figures in case of discrepancies.
- Reasons for variation in Employee, A&G and R&M Expenses from the approved expenses.
- Details regarding expected date of completion of proposed capitalization in second half of FY 2022-23 and details of Physical Progress till date against the expected date of completion.
- Basis of allocation of actual Employee, A&G and R&M Expenses amongst UITP and Non-UITP Schemes. computing capitalization rate for Employee expenses and Administrative & General Expenses.
- Details of Physical and Financial Progress of schemes proposed to be capitalized during FY 2023-24.
- Progress of recruitment process for FY 2022-23 and FY 2023-24.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on January 24, 2023, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023, for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 394/MD/PTCUL/UERC dated February 03, 2023. The submissions made by PTCUL in the Petition as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order along with the Commission's views on the same.

2 Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views

The Commission has received suggestions and objections on PTCUL's Petition for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Determination of Aggregate Revenue Requirement for FY 2023-24. List of stakeholders who submitted their suggestions and objections in writing is given at **Annexure-2** and the list of Respondents who participated in the Public Hearings is enclosed at **Annexure-3**. The Commission also obtained responses from PTCUL on the comments received from the stakeholders.

For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarised issue-wise. In the subsequent Chapters of this Order, the Commission has kept in view the suggestions/objections/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 System Strengthening

2.1.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that the Transmission Licensee is not taking enough endeavours to develop its network as per load growth. He further submitted that maximum sub-stations are still overloaded at 220 kV/132 kV level at Raipur, Laskar, Landhora and Roorkee etc.

2.1.2 Petitioner's Response

The Petitioner submitted that the system expansion plan has been prepared on the basis of the system existing capacity, loading and future demand projections and most of the system is already in place and augmentation is required for capacity enhancement. Further, the Petitioner submitted that the scheme for new system, which has to be designed and developed in phased manner was envisaged considering the coordinated planning.

In response to the Stakeholder's comment with regard to overloading of Laksar Sub-station, the Petitioner submitted that the capacity of 132 kV S/s Laksar has been increased from 2X40 MVA to 3X40 MVA on December 28, 2021.

With regard to overloading of Landhora Sub-station, the Petitioner submitted that 400/220 kV Substation at Landhora is being implemented.

With regard to overloading of Laksar and Roorkee Sub-station, the Petitioner submitted that 220 kV Substation Manglore is being implemented. The commission of Manglore sub-station will give relief to 132 kV Sub-stations at Laksar and Manglore and 220 kV Sub-station at Roorkee.

With regard to overloading of Raipur Sub-station, the Petitioner submitted that nearby Raipur area, 132 kV Substation Chudiyala and 220 kV Substation Pirankaliyar (Imlikhera) Sub-stations are under-loaded currently and that the Load can be fed to beneficiaries via these Sub-stations. The Petitioner further submitted that the additional sub-station near Raipur is under consideration to meet the growing domestic and industrial load demand.

2.1.3 Commission's Views

The Commission has taken note of the stakeholders' suggestions and the Petitioner's response. The Commission is of the view that PTCUL as a State Transmission Utility should carry out proper transmission planning and execute the schemes as per Transmission Plan without any delay.

2.2 Tariff Determination for 220 kV D/C Bhilangana III - Ghansali Line

2.2.1 Stakeholder's Comments

Bhilangana Hydro Power Limited (BHPL) has submitted that BHPL has challenged the Order dated April 21, 2022 passed by Hon'ble CERC in Petition No. 246/MP/2018 before Hon'ble APTEL vide DFR No. 287 of 2022 and has requested the Commission to consider the fact in light of the pending proceedings.

2.2.2 Petitioner's Response

The Petitioner submitted that since no stay has been granted by Hon'ble APTEL in the matter and requested the Hon'ble Commission to approve the ARR for FY 2022-23 and FY 2023-24.

2.2.3 Commission's Views

The Commission has noted the submission made by BHPL vide letter dated 17.02.2023 and reply dated 04.03.2023 of the Petitioner. Further, the Commission has also taken into cognizance the submission made by BHPL vide letter dated 17.03.2023. The Commission in this regard observes that during the proceedings of the case at various forums it has been very clearly held that:

a. The said asset is deeply embedded in the Intra-State Transmission System and can in no way be declared as ISTS asset.

b. Further, it has been validated that the said asset has never been utilized for Inter-State flow of power which doesn't strengthens the case of declaring the said asset as ISTS asset.

c. Further it is observed that although BHPL has challenged Hon'ble CERC Order dated April 21, 2022 passed in Petition No. 246/MP/2018 before Hon'ble APTEL vide DFR No. 287 of 2022. However, Hon'ble APTEL has not granted a stay on the impugned order.

In view of the observations made above and pending the directions of stay on Tariff Proceedings from Hon'ble APTEL, the Commission has decided to proceed with the Tariff Determination proceedings for the said asset for FY 2022-23 and FY 2023-24.

2.3 Capitalization and GFA for 220 kV D/C Bhilangana III - Ghansali Line

2.3.1 Stakeholder's Comments

BHPL has submitted that the second circuit of the said line has not yet been charged and BHPL is the only beneficiary of the said asset which has been evacuating 24 MW of power from single circuit till date. In view of the same BHPL submitted that PTCUL may not be allowed to file a fresh Petition for revision of Tariff on charging of Second Circuit.

2.3.2 Petitioner's Response

The Petitioner has submitted that Hon'ble UERC vide order dated 06.03.2013 has determined the Transmission Tariff for 220 kV D/C Bhilangana III - Ghansali Transmission Line considering the fact that only one circuit has been put to use. The Petitioner further submitted that Hon'ble APTEL vide Order dated 29.11.2014 has held that the charges for other circuit of 220 kV D/C Bhilangana III -Ghansali transmission line would be payable only when it was strung and put to use. In view of the same, the Petitioner requested the Hon'ble Commission that PTCUL may be allowed to file a fresh Petition for revision of Tariff on charging of Second Circuit.

2.3.3 *Commission's Views*

The Commission has noted the submission made by BHPL vide letter dated 17.02.2023 and reply dated 04.03.2023 of the Petitioner. Further, the Commission has also taken into cognizance the submission made by BHPL vide letter dated 17.03.2023. The Commission has noted the submissions of BHPL and PTCUL. The Commission would take a fresh view in the matter once the Second circuit of 220 kV D/C Bhilangana III - Ghansali Transmission Line is energized and put to use.

2.4 Annual Transmission Charges for 220 kV D/C Bhilangana III Ghansali Transmission Line

2.4.1 *Stakeholder's Comments*

BHPL has requested the Commission to not to consider the Impact of Truing Up of Previous Year including Carrying Cost while deciding the ARR for FY 2022-23 and FY 2023-24 in line with the considerations made by the Commission in its order dated 21.03.2018. Further, BHPL has submitted that Commission may give due consideration to the fact that proceedings under DFR No. 287 of 2022 are underway at Hon'ble APTEL.

2.4.2 *Petitioner's Response*

The Petitioner submitted that the Hon'ble CERC vide its order dated 21.04.2022 has held that the 220 kV D/C Bhilangana III - Ghansali Line is an intra-State transmission line and its nature cannot be altered as deemed ISTS. The Petitioner further submitted that the appeal filed by BHPL with the Hon'ble APTEL against the Hon'ble CERC order dated 21.04.2022 has no basis in law. The Petitioner further submitted that no stay has been granted by the Hon'ble APTEL in the matter. In view of the same, the Petitioner requested the Hon'ble Commission to determine the tariff for 220 kV D/C Bhilangana-III - Ghansali Line for FY 2022-23 and FY 2023-24.

2.4.3 *Commission's Views*

The Commission has noted the submission made by BHPL vide letter dated 17.02.2023 and reply dated 04.03.2023 of the Petitioner. Further, the Commission has also taken into cognizance the submission made by BHPL vide letter dated 17.03.2023. The Commission has dealt with the issue of allowing the impact of Truing up Previous Years including carrying cost in detail under Chapter 4 of this Order.

2.5 Issues Raised During Meeting of State Advisory Committee

2.5.1 Stakeholder's Comments

During the State Advisory Committee meeting held on March 03, 2023, the Members made the following suggestions on the Petitions filed by PTCUL

- The actual capital expenditure incurred by PTCUL is substantially lower than the capital expenditure approved in Business Plan and the same may affect quality of service.
- The transmission and distribution infrastructure is not well connected in hills which is causing inconvenience. Further submitted that a well-connected infrastructure will enable economic development of hills.
- In order to avoid cluttering of transmission lines, an integrated system should be developed to cater to load as well as anticipated power generation.

2.5.2 Petitioner's Response

The Petitioner submitted the following replies on the queries raised:

- Capital expenditure was lower than that approved by the Commission as works towards the building of SLDC is still under progress. Further submitted that there has been no impact on services including losses on account of lower capital expenditure.
- The system availability has increased from 99.23% in FY 2019-20 to 99.75% (expected) in FY 2023-24. Similarly, losses have reduced from 1.55% in FY 2019-20 to 1.10% (expected) in FY 2023-24.
- With the help of ADB funding, PTCUL is expected to come up with 8 new sub stations/electric houses in near future which will help in more reliable, efficient, and stable supply to consumers.

2.5.3 Commission's Views

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding on the Petitioner's claims in the Petition filed for approval of true-up of FY 2021-22, APR for FY 2022-23 and Annual Transmission Charges for FY 2023-24 as detailed in subsequent Chapters of this Order.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2021-22

3.1 Annual Performance Review

The Commission vide its MYT Order dated February 27, 2019 on approval of Business Plan and MYT for the third Control Period from FY 2019-20 to FY 2021-22, approved the ARR for the Control Period based on the audited accounts available till FY 2017-18. Regulation 12(1) of the UERC Tariff Regulations, 2018, stipulates that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review. The Commission vide its Tariff Order dated April 24, 2021 on approval of APR Petition for FY 2020-21 approved the ARR for FY 2021-22 considering the capitalization approved by it till FY 2019-20 based on the audited accounts for FY 2019-20. The Commission vide its Order dated March 31, 2022 approved the truing up for FY 2020-21, APR for FY 2021-22 and determined ARR for 4th Control Period from FY 2022-23 to FY 2024-25.

The Petitioner, in this Petition, has claimed true up for FY 2021-22 based on the audited accounts. The Petitioner, based on the true up for FY 2021-22, has also proposed a revenue gap on account of truing up to be adjusted in FY 2023-24. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, the Commission has carried out the true up for FY 2021-22 based on the audited accounts for FY 2021-22. The approach adopted by the Commission in the approval of true up for FY 2021-22 is elaborated in the subsequent paragraphs.

3.2 Value of opening assets

The Commission had discussed in detail its approach towards fixing of opening capital cost of PTCUL as on June 1, 2004, in its Tariff Order dated October 21, 2009. In the said Order, with respect to delay in finalization of the Transfer Scheme, it had been observed by the Commission that:

> *"The reason for this disinterest seems to be the caveat being put every year in the ARR and Tariff Petitions of UPCL and PTCUL that financial impact of finalization of transfer scheme should be allowed by the Commission as and when it takes place."*

It had been further elaborated by the Commission in the above Order that it would be very difficult to capture and pass on the entire financial impact due to change in the values of opening assets and liabilities on finalization of transfer scheme in a single tariff year. After highlighting the consequence of non-finalization of the Transfer Scheme, the Commission had also directed PTCUL as follows:

> *"The Petitioner is, therefore, directed to approach the State Government for early finalization of the transfer scheme and to provide them all necessary details/assistance in this regard. The Petitioner is directed to submit a report on steps taken by it and the status of transfer scheme within 3 months of the issuance of this tariff order."*

The Commission in its Tariff Order dated April 6, 2010, had observed that no concrete steps were taken by PTCUL and had directed the Petitioner as under:

> *"The Commission accordingly directs PTCUL, one more time, to get the Transfer Scheme finalized within the ensuing financial year. The Commission would further like to warn PTCUL that sufficient time has already elapsed and if they do not make sincere efforts now they may eventually lose any past claims due to redetermination of GFA in future."*

The Commission in its Tariff Order dated April 4, 2012, had further directed the Petitioner as under:

> *"As the Transfer Scheme has not been finalized so far, the Commission is constrained to adopt the same value for opening Gross Fixed Assets as already approved by it in the previous Tariff Orders.* ***The Commission further, directs PTCUL to make sincere and all out efforts for getting the Transfer Scheme finalized within the ensuing financial year****."*

The Petitioner in its Petition for approval of Business Plan and MYT for the first Control Period from FY 2013-14 to FY 2015-16, submitted that Govt. of Uttarakhand vide its Order No. 117/(I)(2)/2011-05/19/2002 dated April 27, 2012, had approved the value of GFA of Rs. 1058.18 Crore taken by UPCL in its accounts as on November 9, 2001. PTCUL submitted that it had, accordingly, considered the opening value of assets of Rs. 263.39 Crore as assigned to it in the Transfer Scheme. The Commission held that the said communication could not be accepted as finalization of the Transfer Scheme as it was only a letter to UPCL from Government of Uttarakhand and not a proper notification on finalization of Transfer Scheme. Subsequently, the Commission vide its Tariff Orders dated May 6, 2013, April 10, 2014, April 11, 2015, April 5, 2016, March 29, 2017, March 21, 2018, and February 27, 2019, directed the Petitioner to expedite the finalization of Transfer Scheme, to which the Petitioner did not comply.

The Commission vide its Tariff Order for FY 2020-21 dated April 18, 2020, directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission along with its Petition for Annual Performance Review for FY 2020-21.

The Commission vide its Tariff Order for FY 2021-22 dated April 26, 2021, directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission along with its Petition for Annual Performance Review for FY 2021-22. The Petitioner in the instant Petition submitted that various meetings and correspondence have been made between UPCL and PTCUL regarding finalization of Transfer Scheme. A Draft policy of the same after reconciliation between UPCL & PTCUL has been submitted to the Govt. of Uttarakhand for finalization and issuing of Notification.

The Commission received the Government of Uttarakhand Notification No 263/I(2)/2022-05-20/2007-TC dated March 8, 2022 vide GoU letter dated March 9, 2022. As per the said notification, the GoU has approved the opening Gross Fixed Assets amounting to Rs 1058.15 Crore transferred from Uttar Pradesh Power Corporation Limited (UPPCL) to Uttarakhand Power Corporation Limited (UPCL).

As the opening GFA of UPCL has been finalized by GoU, the opening GFA of PTCUL will also get finalized based on this. **The Commission in its Order dated March 31, 2022 directed the Petitioner to submit the impact of this notification and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2023-24. The Commission further remarked that the Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2023-24. However, the same has not been submitted by PTCUL in the Tariff Petition for FY 2023-24. The Commission directs PTCUL to submit the impact of Government of Uttarakhand Notification No 263/I(2)/2022-05-20/2007-TC dated March 8, 2022 and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2024-25.**

The Commission, therefore, at this stage has considered the scheme wise closing GFA for FY 2020-21 as approved in its Tariff Order dated March 31, 2022, for the final truing up by the Commission as the opening GFA for FY 2021-22.

3.3 Additional capitalisation for FY 2021-22

The GFA addition in FY 2021-22 as per the audited accounts which is pertaining to the transmission business regulated by the Commission is Rs. 88.21 Crore which has been claimed by PTCUL for truing up of FY 2021-22. In addition, PTCUL has claimed GFA addition of Rs. 66.09 Crore which was disallowed by the Commission in the truing up of FY 2016-17. Further, PTCUL has claimed GFA addition of Rs. 2.84 Crore which was disallowed/partially allowed by the Commission in the truing up of FY 2020-21 vide Order dated March 31, 2022.

The Commission has approved the scheme wise capitalization for FY 2021-22. The Commission during the TVS held on January 24, 2023 asked PTCUL to clarify the mismatch of Capitalization being sought by PTCUL for FY 2021-22 under Form 9A and Form 9.5. In response, PTCUL clarified that the Capitalization amount being sought under Form 9A pertains to capitalization claimed during FY 2021-22 and the same is recorded under Annual Accounts for FY 2021-22. PTCUL further clarified that capitalization recorded under Form 9.5 consists of actual expenditure for the Financial Year which consists of certain additional expenses in addition to expenses claimed under Form 9A. Based on the interaction with PTCUL and submissions made by the PTCUL vide Letter dated February 03, 2023, the Commission has adopted the following Methodology for approving the capitalization for FY 2021-22:

i. Lower of the Capital Expenditure claimed in Form 9A and Form 9.5 has been considered.

ii. Schemes exceeding the Investment Approval Limit have been restricted to Investment Approval.

Further, vide Letter dated February 03, 2023, the Petitioner has submitted that Time Extension Cases submitted by Contractors for the Schemes is under consideration at PTCUL Headquarters due to which Time overrun Case and Price Variation has not been finalized for Schemes. Accordingly, the Commission in the present order has not worked out the Time Overrun and has not considered the impact of Price Variation. The Commission shall finalize the same once the final decision on time extension case and price variation for various schemes is submitted by PTCUL.

For additional capitalization towards schemes capitalized in the previous years, the Commission has approved the additional capitalization in accordance with Regulation 22 of the UERC Tariff Regulations, 2018 which is reproduced below:

"22. Additional capitalization and De-capitalization:

(1) The following capital expenditure within the original scope of work actually incurred or projected to be incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

a) Undischarged liabilities;

b) Works deferred for execution;

c) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 21(11);

d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

e) On account of change in law.

Provided that the details included in the original scope of work along with estimates of expenditure, deferred liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.

(2) The capital expenditure of the following nature actually incurred after the cut-off date may be admitted by the Commission, subject to prudence check:

a) Liabilities to meet award of arbitration or for compliance of the order or decree of acourt;

b) Change in Law;

c) Works deferred for execution within the original scope of work;

d) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

e) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out *by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;*

..."

Further, Regulation 3(19) of the UERC Tariff Regulations, 2018 defines cut-off date as under:

"(19) "Cut-off Date" means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation."

In the subsequent paras, the Commission has discussed the scheme wise capitalization for FY 2021-22 claimed by the Petitioner and approved by the Commission.

3.3.1 REC VI Scheme

The Petitioner has claimed the additional capitalization of Rs. 0.32 Crore in REC VI Scheme for the projects as shown in the Table below:

Table 3.1: Capitalization claimed for REC VI Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar	FY 2018-19	0.32
Total		**0.32**

3.3.1.1 LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar

The Commission vide its Investment Approval Order dated April 28, 2015 had provided in principle approval for the project and directed the Petitioner to submit complete executed cost on the completion of the project. The Commission during the True-up of FY 2018-19 had allowed Rs. 10.56 Crore against the Petitioner's claim of Rs. 11.00 Crore. Further, during True Up of FY 2020-21, the Commission on account of uncontrollable parameters further approved the additional capitalization of Rs. 0.06 Crore claimed by the Petitioner on account of settlement towards Land and Crop compensation and approved the capital cost of the project as 10.63 Crore during true up of FY 2020-21.

PTCUL in the present Petition has again claimed the Additional Capitalization of Rs 0.32 Crore wherein PTCUL has submitted that the additional capitalization was on account of Land and

Crop compensation. In this regard, the Commission vide letter no. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide detailed justifications for reclaiming land and crop compensation as the Commission had already approved the Rs. 2.16 Crore during the capitalization of aforesaid works in FY 2018-19 and Rs. 0.06 Crore as Additional Capitalization for similar compensation during FY 2020-21 True Up. Further, PTCUL was asked to provide justifications along with supporting documents for claiming additional capitalization exceeding the Investment Approval of Rs. 10.63 Crore for the said scheme.

The Commission observed that PTCUL in its reply dated February 03, 2023 could not provide a substantial justification to support its claim. It was further observed that the Petitioner has simply provided the Break-Up of Rs. 0.32 Crore without providing the suitable justifications and supporting documents for claiming the said additional capitalization exceeding the Investment Approval of Rs. 10.63 Crore. In view of the inability of the Petitioner to substantiate its claim of Additional Capitalization of Rs. 0.32 Crore with proper justifications and supporting documents, the Commission is not inclined to approve the Additional Capitalization beyond the Approved Cost of Rs. 10.63 Crore and restricts the same to Rs. 10.63 Crore.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalization approved by the Commission for truing up purpose is shown in the Table given below:

Table 3.2: Capitalization approved for REC VI Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total capitalization approved till FY 2021-22
LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar	10.63	FY 2018-19	10.63	0.32	0.00	10.63
Total	**10.63**		**10.63**	**0.32**	**0.00**	**10.63**

3.3.2 REC VIII Scheme

The Petitioner has claimed the capitalization of Rs. 6.96 Crore in REC VIII Scheme for the project as shown in the Table below:

Table 3.3: Capitalization claimed for REC VIII Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Construction of Pile foundations and wire mesh crate protection work at different tower locations of 220 kV Twin Zebra Lakhwar-Vyasi Transmission Line Dehradun	FY 2021-22	6.96

3.3.2.1 Construction of Pile foundations and wire mesh crate protection work at different tower locations of 220 kV Twin Zebra Lakhwar-Vyasi Transmission Line Dehradun

The Commission vide its Investment Approval Order dated April 28, 2015 had provided in principle approval for the project and directed the Petitioner to submit complete executed cost on the completion of the project. The Petitioner has claimed the part capitalization of Rs. 6.96 Crore towards the said project.

With regard to the said work, the Petitioner was directed to submit the justification of capitalizing the part work in FY 2021-22 while the work "220 kV DC line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi" is envisaged to be fully capitalised/put to use in the FY 2022-23. In response, the Petitioner submitted that the works for "Construction of Pile foundations and wire mesh crate protection work at different tower location of 220 kV Twin Zebra Lakhwar-Vyasi Transmission Line Dehradun" were completed on April 30, 2021 and same was capitalized during FY 2021-22. The Petitioner further submitted that works for construction of "220 kV DC line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi" got completed on May 07, 2022 and the same has been capitalized during FY 2022-23.

The Commission observes that the Petitioner has claimed the capitalization of part works of the scheme "220 kV DC line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi" during FY 2021-22, however, the construction for the said scheme was completed during FY 2022-23. The Commission is of the view that the cost of miscellaneous works such as pile foundations etc cannot be considered for capitalisation until the scheme has been put to use. Hence, the Commission decides to shift the claimed capitalization of Rs. 6.96 Crore towards "Construction of Pile foundations and wire mesh crate protection work at different tower location of 220 kV Twin Zebra Lakhwar-Vyasi Transmission Line Dehradun" to FY 2022-23 when the scheme has been put to use.

The project-wise approved cost and the capitalization claimed by the Petitioner and the capitalization approved by the Commission for truing up purpose is as shown in the Table given below:

Table 3.4: Capitalization approved for REC VIII for FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2020-21	Capitalisation claimed by PTCUL in FY 2021-22	Capitalisation approved for FY 2021-22	Total capitalisation approved till FY 2021-22
Construction of Pile foundations and wire mesh crate protection work at different tower locations of 220 kV Twin Zebra Lakhwar - Vyasi Transmission Line Dehradun	98.45 (As per DPR)	FY 2021-22	0.00	6.96	0.00	0.00
Total	**98.45**		**0.00**	**6.96**	**0.00**	**0.00**

3.3.3 REC XIV Scheme

The Petitioner has claimed the additional capitalization of Rs. 0.0018 Crore in REC XIV Scheme for the project as shown in the Table below:

Table 3.5: Capitalization claimed for REC XIV Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
132 kV S/C Ranikhet - Bageshwar Line	FY 2019-20	0.0018
Total		**0.0018**

3.3.3.1 132 kV S/C Ranikhet-Bageshwar Line

In tariff order dated April 26, 2021, the Commission while carrying out the True-Up of FY 2019-20had approved the capitalisation of Rs. 46.99 Crore and additional capitalisation of Rs. 0.68 Crore against the approved cost of Rs. 48.20 Crore. Further, during the True-Up of FY 2020-21, Commission had approved the additional capitalisation of Rs. 0.20 Crore against the approved cost of Rs. 48.20 Crore.

In the final True-up of FY 2021-22, the Petitioner has claimed the additional capitalization of Rs. 0.0018 Crore on account of payment towards the bill received after CoD.

The additional capitalisation claimed by PTCUL is within the cut-off date. The Commission has approved the capitalisation of Rs. 47.88 Crore upto FY 2020-21 for the said project. Considering the additional capitalisation claimed for FY 2021-22, i.e. Rs. 0.0018 Crore, the total capitalisation of Rs. 47.88 Crore for the project is within the total approved cost of Rs 48.20 Crore. Hence, the Commission approves the additional capitalisation of Rs. 0.0018 Crore towards '132 kV S/C

Ranikhet-Bageshwar Line' in accordance with the Regulation 22(1)(a) of UERC Tariff Regulations, 2018.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalization approved by the Commission for truing up purpose is as shown in the Table given below:

Table 3.6: Capitalization approved for REC XIV Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2020-21	Capitalisation claimed by PTCUL in FY 2021-22	Capitalisation approved for FY 2021-22	Total capitalisation approved till FY 2021-22
132 kV S/C Ranikhet-Bageshwar Line	48.20	FY 2019-20	47.88	0.0018	0.0018	47.88
Total	**48.20**		**47.88**	**0.0018**	**0.0018**	**47.88**

3.3.4 *REC 9995*

The Petitioner has claimed the capitalization of Rs. 0.47 Crore in REC 9995 Scheme for the project as shown in the Table below:

Table 3.7: Capitalization claimed for REC 9995 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet	FY 2021-22	0.47
Total		**0.47**

3.3.4.1 *Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet*

The Investment approval of Rs. 0.37 Crore for the project "Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet" was accorded vide internal approval dated 03.09.2016. LoA for the said work was issued on 08.07.2019. The value of the order was Rs. 0.40 Crores inclusive of all taxes (excluding GST). The Petitioner in Form 9A has submitted the project cost amounting to Rs. 0.47 Crore (inclusive of all taxes and GST) for construction of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet.

Keeping in view the fact that awarded amount was exclusive of GST, the Commission after considering GST of 18% over the investment approval of Rs. 0.37 arrived at the approved cost of Rs. 0.43 Crore. The Commission observes that even after consideration of GST over the approved cost, the cost claimed by the Petitioner is higher than the approved cost worked out by the Commission inclusive of GST. Further, the Commission observes that the Petitioner has neither provided the actual cost break up for cost claimed nor has the Petitioner provided the justification for claiming cost higher than the approved cost for the said scheme. In the absence of suitable justification, the Commission restricts the capitalization to Rs. 0.43 Crore and approves the capitalization of Rs. 0.43 Crore towards "Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet".

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purposes is shown in the Table given below:

Table 3.8: Capitalization approved for REC 9995 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet	0.43	FY 2021-22	0.00	0.47	0.43	0.43
Total	**0.43**			**0.47**	**0.43**	**0.43**

3.3.5 REC 10760

The Petitioner has claimed the additional capitalization of Rs. 5.61 Crore in REC 10760 Scheme for the project as shown in the Table below:

Table 3.9: Capitalization claimed for REC 10760 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar	FY 2021-22	5.61
Total		**5.61**

3.3.5.1 Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar

The Commission had approved the project cost of Rs. 5.73 Crore for the project "Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar" vide its Investment Approval Order dated March 01, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 5.61 Crore for Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV

Transformer Bay at 132 kV S/s Laksar. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 6.31 Crore as per Form 9.5 against the Investment Approval cost of Rs. 5.73 Crore and cost of Rs 4.82 Crore as per Letter of Award dated September 15, 2018.

The Commission observes that the Petitioner has claimed the Capitalization of Rs. 5.61 Crore against the Contract Award Price of Rs. 4.82 Crore. In this regard, Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide the reason for increase in cost along with supporting documents. The Commission also asked PTCUL to clarify if any time extension was allowed to transformer supplying Agency and any Price Variation was applicable. In response, PTCUL vide Letter dated February 03, 2023 submitted that at time of preparing the estimate, it was decided that transformer will be transported to the switchyard from the back side of the Sub-station after breaking the boundary wall and making gate as per the Agreement/LOA No. 815/SE(C&P-II)/PTCUL/SS-19/2017-18, dated September 15, 2018, Part-B Erection S. No. 48. However, during execution of work, PTCUL faced ROW issue raised by farmers due to which transformer was transported in the switchyard from second gate of Sub-station due to which the length of the road had to be increased. PTCUL further submitted that during the execution of work, existing bay (currently being utilized by M/s. Cavandish Industries) was used as transformer bay and a new bay was constructed for M/s. Cavandish industries, so that Transformer could also be supplied through TBC in case of emergency. PTCUL submitted that the length of the trench and no. of foundations were increased which in view of above modification was essential as per the site conditions.

With regard to the time extension and price variation, PTCUL submitted that the price variation case has been submitted by the contractor and the same shall be allowed after the approval of time extension which has been sent for Management Approval vide Note & Order No. 1374 dated October 22, 2022.

The Commission has noted the submissions of the Petitioner. It is observed that time extension for the scheme is yet to be finalized. Further, the Commission observes that although the ROW Issue faced by the Petitioner was uncontrollable in nature, however, the same could have been avoided if proper measures such as informing local farmers about the transportation route or alternate arrangements were premeditated at the planning stage. The Commission will take a final view on the issue of increase in cost once the time extension case is approved and price variation is approved by PTCUL Management. In this regard, the Commission directs the Petitioner to submit the impact of time extension on the total cost of the scheme with the True Up Petition for FY 2022-23.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. Further, the balance Capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 has been allowed during FY 2022-23. The Commission allows the capitalization of Rs. 5.61 Crore during FY 2021-22 which is within the approved cost of Rs. 5.73 Crore.

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purposes is shown in the Table given below:

Table 3.10: Capitalization approved for REC 10760 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar	5.73	FY 2021-22	0.00	5.61	5.61	5.61
Total	**5.73**			**5.61**	**5.61**	**5.61**

3.3.6 REC 10949

The Petitioner has claimed the capitalization of Rs. 4.07 Crore in REC 10949 Scheme for the project as shown in the Table below:

Table 3.11: Capitalization claimed for REC 10949 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18	FY 2021-22	4.07
Total		**4.07**

3.3.6.1 *Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18*

The Commission had approved the project cost of Rs. 4.27 Crore for the project "Supply

Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18" vide its Investment Approval Order dated March 01, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 4.07 Crore for Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18. Petitioner submitted that due to non-availability of access route for safe transportation of 40 MVA Transformer to 132 kV S/S Pithoragarh, it was decided by higher authorities of PTCUL to divert the 40 MVA Transformer to 132 kV S/s Lal Tappar to meet the N-1 contingency at 132 kV S/s Lal Tappar against the letter no. 211/SE(O&M)C/D.dun/laltappar dated 22.01.2022. The Commission observes that due to unavoidable circumstances the 40 MVA Transformer proposed for 132 kV S/s Pithoragarh has been installed at 132 kV S/s Laltappar and put to use. Hence, The Commission approves the capitalization of Rs. 4.07 Crore which is within the approved cost of Rs. 4.27 Crore towards "Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18".

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purposes is shown in the Table given below:

Table 3.12: Capitalization approved for REC 10949 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18	4.27	FY 2021-22	0.00	4.07	4.07	4.07
Total	**4.27**			**4.07**	**4.07**	**4.07**

3.3.7 REC 10950

The Petitioner has claimed the capitalization of Rs. 7.35 Crore in REC 10950 Scheme for the project as shown in the Table below:

Table 3.13: Capitalization claimed for REC 10950 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	FY 2021-22	7.35
Total		**7.35**

3.3.7.1 Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur

The Commission had approved the project cost of Rs. 9.58 Crore for the project "Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associates 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur" and "Construction of 02 nos. 132 kV bay at 132 kV S/s Jaspur" vide its Investment Approval Order dated March 01, 2017 & Feb 07, 2017 respectively. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 7.35 Crore for the said works. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 7.66 Crore as per Form 9.5 against LOA dated September 15, 2018 of Rs 7.39 Crore.

The Commission observes that the Petitioner has submitted the actual expenditure of Rs. 7.66 Crore against the Contract Award Price of Rs. 7.39 Crore. In this regard, Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide the reason for increase in cost along with supporting documents. The Commission also asked PTCUL to clarify if any time extension of time was allowed to Transformer supplying Agency and any Price Variation was applicable. In response, PTCUL vide Letter dated February 03, 2023 submitted that works were done as per the site requirement and variation in quantity was applicable as per Clause 18.0 "Variation in Quantity" wherein variation of 20% of the total contract value was allowed. The Petitioner further submitted that cost of the project was approved by the Hon'ble Commission for Rs. 9.58 Crore (Rs. 6.82 Crore against the supply, erection & Testing and commissioning of 40 MVA 132/33 kV transformer and its construction of 2 Nos. of 132 kV and 33 kV Bays and extension of Bus Plus Rs. 2.76 Crore against construction of 2 Nos. 132 kV Line Bay). The Petitioner submitted that the Total agreement value of the project was Rs. 7.39 Crore (Excluding

IDC) while the actual expenditure is Rs. 7.57 Crore (excluding IDC) which is as shown in the Form 9.5.

With regard to the time extension and price variation, PTCUL submitted that the price variation on power/auto transformer shall be applicable as per IEEMA. PTCUL further submitted that time extension case has been submitted by the contractor and the same was not approved by the PTCUL Management.

The Commission has noted the submissions of the Petitioner. It is observed that time extension for the Scheme has not been approved by the Petitioner. However, the Commission observes that the reasons for delay of 2.5 Years in the execution of the scheme submitted by PTCUL are uncontrollable in nature which includes delay due to Covid-19 Pandemic, delay in delivery of transformer from manufacturer i.e. C.G. Power & Industrial Solutions Ltd. (PTCUL approved vendor) due to financial crisis as well as internal legal issues at their end and extreme weather conditions during FY 2020-21. The Commission is of the view that the delay can be condoned as the justification provided by the Petitioner is beyond the control of the Petitioner.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. Further, the balance capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 has been allowed during FY 2022-23. The Commission allows the capitalization of Rs. 7.35 Crore during FY 2021-22 which is within the approved cost of Rs. 9.58 Crore.

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purpose is shown in the Table given below:

Table 3.14: Capitalization approved for REC 10950 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	9.58	FY 2021-22	0.00	7.35	7.35	7.35
Total	**9.58**			**7.35**	**7.35**	**7.35**

3.3.8 REC 10951

The Petitioner has claimed the capitalization of Rs. 5.46 Crore in REC 10951 Scheme for the project as shown in the Table below:

Table 3.15: Capitalization claimed for REC 10951 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja Haldwani	FY 2021-22	5.46
Total		**5.46**

3.3.8.1 Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja Haldwani

The Commission had approved the project cost of Rs. 6.32 Crore for the project "Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja Haldwani" vide its Investment Approval Order dated March 01, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 5.46 Crore for Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja Haldwani. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning, and civil works for the said project. The executed capital cost of the said project is Rs. 5.64 Crore (including IDC of Rs. 0.20 Crore) as per Form 9.5 against the Investment Approval cost of Rs. 6.32 Crore and price of Rs 4.88 Crore as per Letter of Award dated September 15, 2018.

The Commission observes that the Petitioner has submitted the actual expenditure of Rs. 5.64 Crore against the Contract Award Price of Rs. 4.88 Crore. In this regard, Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide the reason for increase in cost. The Commission also asked PTCUL to clarify the variation of project expenditure reflected under Form 9A and Form 9.5. The Petitioner was also asked to submit the reasons for delay of 2 Years 4 months in project completion. In response, PTCUL vide Letter dated February 03, 2023 submitted that the actual total expenditure (including contingency & IDC) pertaining to said scheme is Rs. 5.64 Crore plus Rs. 1.49 Crore (Amount of PV against supply of transformer subject to grant of time extension without levy of liquidated damages). The Petitioner further submitted that agreement cost of work was Rs. 4.88 Crore but the quantities of various supplies/ works increased as per the site conditions and variation of Rs. 0.47 Crore occurred excluding the amount of PV. The Petitioner further submitted that in Form 9.5, under liabilities/ Provision of Rs.1.49 crore was mentioned as PV because the payment of Rs. 1.49 Crore shall become due for payment to contractor against price variation for supply of 1 No. of 40 MVA Transformer as per the term and conditions of the contract agreement once time extension is granted to the contractor.

The Commission has noted the submissions of the Petitioner. It is observed that time extension for the Scheme has not been approved by the Petitioner. However, the Commission observes that the reasons for delay of almost 2.5 Years in the execution of the scheme submitted by PTCUL are uncontrollable in nature which includes delay due to Covid-19 Pandemic, delay in delivery of transformer from manufacturer i.e. C.G. Power & Industrial Solutions Ltd. (PTCUL approved vendor) due to financial crisis as well as internal legal issues at their end and extreme weather conditions during FY 2020-21. The Commission is of the view that the delay can be condoned as the justification provided by the Petitioner is beyond the control of the Petitioner. However, the Commission will take a fresh view on the issue once the time extension case and Price Variation is approved by PTCUL Management. In this regard, the Commission directs to submit the time extension case and price variation in the matter along with the True Up Petition for FY 2022-23.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. Further, the Balance Capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 has been allowed during FY 2022-23. The Commission allows the capitalization of Rs. 5.46 Crore during FY 2021-22 which is within the approved cost of Rs. 6.32 Crore.

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purpose is shown in the Table given below:

Table 3.16: Capitalization approved for REC 10951 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
3.3.8.1 Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja Haldwani	6.32	FY 2021-22	0.00	5.46	5.46	5.46
Total	**6.32**		**0.00**	**5.46**	**5.46**	**5.46**

3.3.9 RCRM 9025

The Petitioner has claimed the capitalization of Rs. 7.26 Crore in RCRM 9025 Scheme for the project as shown in the Table below:

Table 3.17: Capitalization claimed for RCRM 9025 Scheme in FY 2021-22 (Rs. Crore)

Project	Year of first-time capitalization	Amount
Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	FY 2021-22	7.26
Total		**7.26**

3.3.9.1 *Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur*

The Commission had approved the project cost of Rs. 9.67 Crore for the project "Construction of 132 kV S/c Overhead line on Double Circuit Tower from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur, Haridwar" vide its Investment Approval Order dated March 01, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 7.26. The executed capital cost of the said project is Rs. 8.82 Crore as per Form 9.5 against the Investment Approval cost of Rs. 9.67 Crore.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. Further, the Balance Capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 has been allowed during FY 2022-23. The Commission observes that the capitalization claimed for FY 2021-22, i.e. Rs. 7.26 Crore for the project is within the approved cost of Rs. 9.67 Crore. Hence, the Commission approves the capitalization of Rs. 7.26 Crore towards "Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur".

The project's approved cost and the capitalization claimed & approved by the Commission for truing up purposes is shown in the Table given below:

Table 3.18: Capitalization approved for RCRM 9025 Scheme in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total Capitalization approved till FY 2021-22
Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	9.67	FY 2021-22	0.00	7.26	7.26	7.26
Total	**9.67**		**0.00**	**7.26**	**7.26**	**7.26**

3.3.10 PFC (System Improvement)

The Petitioner has claimed the capitalization of Rs. 20.94 Crore towards a mix of System Improvement works funded by PFC in FY 2021-22 as shown in the Table below:

Table 3.19: Capitalization claimed for PFC (SI) in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Amount
220 kV S/S IIP Dehradun (Harrawala)	113.14	FY 2018-19	0.52
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	0.0018
Construction of 220/33 kV S/s Jaffarpur	44.01	FY 2020-21	0.0064
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	12.00	FY 2020-21	2.41
Const. of 01 no. 132 kV Bay for 132 kV Substation Bazpur	13.86	FY 2021-22	0.57
Const. of 01 no. 132 kV Bay and extensions of bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	2.37	FY 2021-22	1.29
Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha against Tender Specification No. PTCUL/E-Tender/C&P-II/SS-10/2017-18	4.86	FY 2021-22	3.96
Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer bay at 132 kV S/s Bindal	6.03	FY 2021-22	5.83
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	6.99	FY 2021-22	5.84
Construction of 132 kV Bus Coupler Bay at 132 kV S/S Bhowali	0.48	FY 2021-22	0.52
Total	**274.69**		**20.94**

3.3.10.1 220 kV S/S IIP Dehradun (Harrawala)

The Commission vide its Investment Approval Order dated February 28, 2014, had approved the project cost of Rs. 113.14 Crore for the project '220 kV S/S IIP Dehradun (Harrawala)'. In the True-up of FY 2021-22, the Petitioner has claimed the additional capitalization of Rs. 0.52 Crore on account of payment against construction of residential colony.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 59.09 Crore upto FY 2020-21 for the said project. Considering that with the capitalization claimed for FY 2021-22, i.e. Rs. 0.52 Crore, total capitalization upto FY 2021-22 of Rs. 59.61 Crore for the scheme is within the total approved cost of Rs 113.14 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.52 Crore towards '220 kV S/S IIP Dehradun (Harrawala).

3.3.10.2 Construction of 132/33 kV GIS S/s at Bageshwar

The Commission had approved the project cost of Rs. 70.95 Crore for the project 'Construction of 132/33 kV GIS S/s at Bageshwar' vide its Investment Approval Order dated December 26, 2014. In the true-up of FY 2021-22, the Petitioner has claimed the capitalization of Rs. 0.0018 Crore on account of payment of bills towards construction of colony roads and drains of the project.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 63.93 Crore upto FY 2020-21 for the said project. Considering that with the capitalization claimed for FY 2021-22, i.e. Rs. 0.0018 Crore, total capitalization upto FY 2021-22 of Rs. 63.92 Crore for the scheme is within the total approved cost of Rs 70.95 Crore. Hence, the Commission approves the additional capitalization of Rs. 0.0018 Crore towards Construction of 132/33 kV GIS S/s at Bageshwar.

3.3.10.3 Construction of 220/33 kV S/s at Jaffarpur

The Commission vide Investment Approval Order dated February 28, 2014 accorded in principle approval to the project and had directed the Petitioner to submit the completed cost and financing of the Scheme after completion of the project. The Commission in its order dated March 31, 2022 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission as directed. The Commission in its order dated March 31, 2022 approved the Project cost of Rs. 44.01 Crore. In the True-up of FY 2021-22, the

Petitioner has claimed the additional capitalization of Rs. 0.0064 Crore on account of miscellaneous fabrication and plantation expenses.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 41.63 Crore upto FY 2020-21 for the said project. Considering that with the capitalization claimed for FY 2021-22, i.e. Rs. 0.0064 Crore, total capitalization upto FY 2021-22 of Rs. 41.64 Crore for the scheme is within the total approved cost of Rs 44.01 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.0064 Crore towards 'Construction of 220/33 kV Sub-station at Jaffarpur'

3.3.10.4 LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur

The Commission vide Investment Approval Order dated February 28, 2014 accorded in principle approval to the project and had directed the Petitioner to submit the completed cost and financing of the Scheme after completion of the project. The Commission in its order dated March 31, 2022 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission as directed. The Commission in its order dated March 31, 2022 approved the Project cost of Rs. 12.00 Crore. In the True-up of FY 2021-22, the Petitioner has claimed the additional capitalization of Rs. 2.41 Crore on account of payment of bills towards crop compensation and balance supply, survey, erection & type testing.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 7.14 Crore upto FY 2020-21 for the said project. Considering that with the capitalization claimed for FY 2021-22, i.e. Rs. 2.41 Crore, total capitalization upto FY 2021-22 of Rs. 9.56 Crore for the scheme is within the total approved cost of Rs 12.00 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 2.41 Crore towards 'LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur'.

3.3.10.5 Construction of 01 no. 132 kV Bay for 132 kV Substation Bazpur

The Commission had approved the project cost of Rs. 13.86 Crore for the project vide its Investment Approval Order dated February 07, 2017. The Petitioner has claimed the capitalization of Rs. 0.57 Crore towards the said project.

With regard to the said work, the Commission vide Letter No. UERC/7/CL/592/Petition

No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide the reason for claiming the part capitalization for "Stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 132 kV S/s Bazpur" and current status of the project. In response, the Petitioner vide Letter dated February 03, 2023 submitted that initially a combined DPR amounting to Rs. 14.08 Crore was submitted for stringing of second circuit of 132 kV Kashipur-Bazpur line along with construction of 132 kV bay at 132 kV Sub-station at Bazpur which included stringing of second circuit of 132 kV Kashipur-Bazpur line on existing D/C towers with HTLS conductor (Part-A) amounting to Rs. 13.34 Crore and construction of 01 No. 132 kV bay at 132 kV S/s Bazpur (Part-B) against amounting to Rs. 0.74 Crore (Part A+B = 13.34 + 0.74 = Rs.14.08 Crore) against which an Investment Approval of Rs. 13.86 Crore was granted by Hon'ble Commission vide approval dated February 07, 2017. The Petitioner further submitted that presently, work for construction of 132 kV bay at 132 kV S/s Bazpur (Part-B) has been completed for which full capitalisation of Rs. 0.57 Crore has been claimed. The petitioner submitted that with regard to the stringing part of the work (Part-A), a meeting was held between UJVNL, PTCUL and UPCL for placing priority of projects pertaining to energy sector in Uttarakhand on December 12, 2019. The Petitioner further submitted that it was resolved that stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV S/s Bazpur should be on ACSR panther conductor instead of HTLS conductor and based on which revised proposal for stringing of second Circuit on ACSR panther conductor was put up amounting to Rs. 2.58 Crore. The Petitioner submitted that the tender for the same is under progress. The Petitioner vide reply dated February 03, 2023 also submitted that the expected date of completion of (Part-A) of the Scheme which the Petitioner has proposed to capitalize during FY 2025-26 i.e. August 31, 2025.

The Commission has noted the submissions of the Petitioner. It is observed that the Petitioner has claimed the capitalization of part works of the scheme "Stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 132 kV S/s Bazpur" during FY 2021-22. The Commission further observes that capitalization is being claimed for Bay which shall remain idle unless the downstream asset i.e. second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 400 kV S/s Kashipur is put into commercial operation by the PTCUL. The Commission further observes that there is huge mismatch and spillage of upto 4 to 5 Years in planning of assets and aligning the commercial operation of assets by PTCUL which is leading to underutilization of complete potential of the Transmission Network of PTCUL as well as leading to lower achievement of capitalization against the capitalization approved during each year of the Control Period. In the present Petition it is observed that the Part of the scheme has been completed during FY 2021-22 while the major downstream asset is expected to achieve commercial operation during FY 2025-26 leading to a mismatch of 5 Years in COD of Assets.

In view of the observations made above the Commission is not inclined to approve the part capitalization of Rs. 0.57 Crore being claimed by PTCUL during FY 2021-22. The Commission shall consider the same when PTCUL would put the entire asset into commercial operation (i.e. during FY 2025-26 ARR Determination). The Commission further directs the Petitioner to avoid claiming such part capitalization of assets in the Tariff Petitions being filed before the Commission. Further, the Commission is of the opinion that if the Petitioner consistently fails to meet the approved capital expenditure and capitalisation during each year of the Control Period, the Commission would be constrained to reduce the approved capital expenditure and capitalisation. In view of the above, the Commission further directs the Petitioner to improve the planning and work out the more realistic timelines for construction of assets.

3.3.10.6 Construction of 01 no. 132 kV Bay and extensions of the bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur

The work was approved by the management of the Petitioner with a cost of Rs. 2.37 Crore. The Petitioner has claimed the capitalization of Rs. 1.29 Crore towards the said project.

With regard to the said work, the Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to provide the reason for capitalising the aforesaid work as the asset is not in "put to use" condition when works for stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor is still in progress. In response, the Petitioner vide Letter dated February 03, 2023 submitted that 132 kV Bay is presently energised which can be utilized as and when required. After completion of second circuit line (expected to be completed in August 2025), the bay shall be put into use as regular Bay by the end of August 2025.

The Commission has noted the submissions of the Petitioner. As discussed under the earlier

Scheme "Const. of 01 no. 132 kV Bay for 132 kV Substation Bazpur", the scheme "Stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 132 kV S/s Bazpur" is expected to achieve COD during FY 2025-26. The Commission observes that PTCUL is claiming part capitalization during FY 2021-22 wherein the major part of the asset is expected to be put into commercial operation during FY 2025-26. The Commission further observes that there is huge mismatch and spillage of upto 4 to 5 Years in planning of assets and aligning the commercial operation of assets by the PTCUL which is leading to underutilization of complete potential of the Transmission Network of PTCUL as well as leading to lower achievement of capitalization against the capitalization approved during each year of the Control Period.

In view of the observations made above the Commission is not inclined to approve the part capitalization of Rs. 1.29 Crore being claimed by PTCUL during FY 2021-22. The Commission shall consider the same when the PTCUL would put the entire asset into commercial operation (i.e. during FY 2025-26 ARR Determination). The Commission further directs the Petitioner to avoid claiming such part capitalization of assets in the Tariff Petitions being filed to the Commission. Further, The Commission is of the opinion that if the Petitioner consistently fails to meet the approved capital expenditure and capitalisation during each year of the Control Period, the Commission would be constrained to reduce the approved capital expenditure and capitalisation. In view of the above, the Commission further directs the Petitioner to improve the planning and work out the more realistic timelines for construction of assets.

3.3.10.7 Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha against Tender Specification No. PTCUL/E-Tender/C&P-II/SS-10/2017-18

The Commission had approved the project cost of Rs. 4.86 Crore for the project "Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha against Tender Specification No. PTCUL/E-Tender/C&P-II/SS-10/2017-18" vide its Investment Approval Order dated February 07, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 3.96 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 3.37 Crore as per Form 9.5 against the Investment Approval cost of Rs. 4.86 Crore and Cost of Rs 3.87 Crore as per Letter of Award dated September 14, 2018.

The Commission observes that the Petitioner has submitted the expenditure of Rs. 3.96 Crore under Form 9A against the Contract Award Price of Rs. 3.87 Crore. In this regard, Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27,2023 had asked PTCUL to provide the reason for increase in cost. The Commission also asked PTCUL to clarify the variation of project expenditure reflected under Form 9A and Form 9.5. The Petitioner was also asked to submit the reasons for delay of 2 Years 3 months in project completion. In response, PTCUL vide Letter dated February 03, 2023 submitted that Price variation clause was applicable for supply of transformer as per the contract agreement. The Contractor has raised the bill of price variation amounting to Rs. 1.27 Crore wherein the Payment is subject to grant of time extension.

The Commission has noted the submissions of the Petitioner. It is observed that time extension for the Scheme has not been approved by the Petitioner. However, the Commission observes that the reasons for delay of almost 2 Years in the execution of the scheme submitted by PTCUL are uncontrollable in nature which includes delay due to Covid-19 Pandemic, delay in delivery of transformer from manufacturer i.e. C.G. Power & Industrial Solutions Ltd. (PTCUL approved vendor) due to financial crisis as well as internal legal issues at their end and extreme weather conditions during FY 2020-21. The Commission is of the view that the delay can be condoned as the justification provided by the Petitioner is beyond the control of the Petitioner. However, the Commission will take a fresh view on the issue once the time extension case is approved and Price Variation is approved by PTCUL Management. In this regard, the Commission directs the Petitioner to submit the time extension case in the matter along with the True Up Petition for FY 2022-23.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. The Commission allows the capitalization of Rs. 3.37 Crore during FY 2021-22 which is within the approved cost of Rs. 4.86 Crore.

3.3.10.8 *Supply Erection and Testing & Commissioning of 40MVA 132/kV Transformer & 132 kV & 33 kV Transformer bay at 132 kV S/s Bindal*

The Commission had approved the project cost of Rs. 6.03 Crore for the project "Supply Erection and Testing & Commissioning of 40MVA 132/kV Transformer & 132 kV & 33 kV Transformer bay at 132 kV S/s Bindal" vide its Investment Approval Order dated February 10, 2017.

The Petitioner in Form 9A has submitted the project cost amounting to Rs. 5.83 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 5.91 Crore as per Form 9.5 against the Investment Approval cost of Rs. 6.03 Crore and cost of Rs 5.38 Crore as per Letter of Award dated September 26, 2018.

The Commission observed that the Petitioner had initially submitted the expenditure of Rs. 5.83 Crore under Form 9A against the expenditure of Rs. 5.46 Crore in Form 9.5. In this regard, Commission vide Letter No. UERC/7/CL/592/Petition No. 48 of 2022/2022-23/1315 dated January 27, 2023 had asked PTCUL to clarify the variation of project expenditure reflected under Form 9A and Form 9.5. In response, PTCUL vide Letter dated February 03, 2023 submitted the revised Form 9.5 revising the expenditure to Rs. 5.91 Crore.

The Commission has noted the submissions of the Petitioner.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. The Commission allows the capitalization of Rs. 5.83 Crore during FY 2021-22 which is within the approved cost of Rs. 6.03 Crore. Further, the Balance Capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 has been allowed during FY 2022-23.

3.3.10.9 *Supply Erection & Testing & Commissioning of 01 no. 40 MVA Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)*

The Commission had approved the project cost of Rs. 6.99 Crore for the project "Supply Erection & Testing & Commissioning of 01 no. 40 MVA Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)" vide its Investment Approval Order dated February 10, 2017. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 5.84 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 5.70 Crore as per Form 9.5 against the Investment Approval cost of Rs. 6.99 Crore and cost of Rs 5.70 Crore as Letter of Award dated September 26, 2018.

As laid out in the beginning of the Section, the Commission has approved the lower of capitalization claimed in Form 9A and Form 9.5. The Commission allows the capitalization of Rs. 5.70 Crore during FY 2021-22 which is within the approved cost of Rs. 6.99 Crore.

3.3.10.10 *Construction of 132 kV Bus Coupler Bay at 132 kV S/S Bhowali*

The Investment approval of Rs. 0.48 Crore for the project "Construction of 132 kV Bus Coupler Bay at 132 kV S/S Bhowali" was accorded vide internal approval dated 26.05.2012. LoA for the said work was issued on 28.05.2012. The value of the order was Rs. 0.48 Crores (exclusive of Taxes and Duties of Rs. 0.06 Crore). The Petitioner in Form 9A has submitted the project cost amounting to Rs. 0.52 Crore for Construction of 132 kV Bus Coupler Bay at 132 kV S/S Bhowali.

The Commission directed the Petitioner to submit reasons for time overrun of the aforesaid project. The Petitioner vide its reply dated 03.02.2023 submitted the reasons for delay in chronological order together with internal approvals on the time extension of the work. The Commission has noted the submissions of the Petitioner. The Petitioner in Form 9A has submitted the project cost amounting to Rs. 0.52 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the said project. The executed capital cost of the said project is Rs. 0.52 (inclusive of taxes) Crore as per Form 9.5.

The Commission allows the capitalization of Rs. 0.52 Crore during FY 2021-22.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalization approved by the Commission for truing up purpose for PFC (SI) is shown in the Table given below:

Table 3.20: Capitalization approved for PFC (SI) for FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total capitalization approved till FY 2021-22
220 kV S/S IIP Dehradun (Harrawala)	113.14	FY 2018-19	59.09	0.52	0.52	59.61
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	63.93	0.0018	0.0018	63.94
Construction of 220/33 kV Jaffarpur	44.01	FY 2020-21	41.63	0.0064	0.0064	41.64
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	12.00	FY 2020-21	7.14	2.41	2.41	9.55
Const. of 01 no. 132 kV Bay for 132 kV Substation Bazpur	13.86	FY 2021-22	-	0.57	0.00	0.00
Const. of 01 no. 132 kV Bay and extensions of bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	2.37	FY 2021-22	-	1.29	0.00	0.00

Table 3.20: Capitalization approved for PFC (SI) for FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2020-21	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total capitalization approved till FY 2021-22
Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha against Tender Specification No. PTCUL/E-Tender/C&P-II/SS-10/2017-18	4.86	FY 2021-22	-	3.96	3.37	3.37
Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer bay at 132 kV S/s Bindal	6.03	FY 2021-22	-	5.83	5.83	5.83
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	6.99	FY 2021-22	-	5.84	5.70	5.70
Construction of 132 kV Bus Coupler Bay at 132 kV S/S Bhowali	0.48	FY 2021-22	-	0.52	0.52	0.52
Total	**274.69**		**171.79**	**20.94**	**18.36**	**190.16**

3.3.11 REC (System Improvement)

The Petitioner has claimed the net capitalization of Rs. 12.78 Crore for REC (System Improvement) Projects as shown in the Table below:

Table 3.21: Capitalization claimed for REC (SI) in FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Amount
Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	19.08	FY 2020-21	12.78
Total	**19.08**		**12.78**

3.3.11.1 Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line

The Commission vide its Investment Approval Order dated October 09, 2015, had approved Rs. 11.18 Crore for construction of 220 kV Piran Kaliyar-Puhana (PGCIL) single circuit line on double circuit towers (Zebra Conductor). Further, the Commission vide Investment Approval Order dated December 01, 2017, has approved the revised capital cost of Rs. 19.08 Crore for stringing of double circuit line on double circuit towers alongwith EHV cabling work. The Petitioner claimed the capitalization of Rs. 12.78 Crore.

The commission vide order dated March 31, 2022 has approved the capitalization of Rs. 7.95 Crore for FY 2020-21 and has limited the capitalisation to Rs. 11.14 Crore for FY 2021-22 against the claimed amount of Rs. 12.78 Crore. In this regard, the Commission remarked that the Commission will re-examine the approved cost for the project alongwith capitalisation of this project either during the truing up of FY 2021-22 or once the project is completed for final capitalisation.

The Commission observes that the Petitioner has again claimed the capitalization of Rs. 12.78 Crore for the said scheme without providing any justifications for the same. In the absence of any suitable justification, the Commission is not inclined to approve the capitalization claimed by the Petitioner and limits the capitalization for FY 2021-22 to Rs. 11.14 Crore restricting the project Cost to Investment Approval. The Commission will re-examine the approved cost for the project alongwith capitalisation of this project once the project is completed for final capitalisation and petitioner submits the suitable justifications for increase in cost over the approved cost.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalization approved by the Commission for REC (SI) schemes for truing up purpose is shown in the Table given below:

Table 3.22: Capitalization approved for REC (SI) for FY 2021-22 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalization	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total capitalization approved till FY 2021-22
Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	19.08	FY 2020-21	12.78	11.14	19.08
Total	**19.08**		**12.78**	**11.14**	**19.08**

3.3.12 Other Schemes (System Strengthening)

The Petitioner has claimed the capitalization of Rs. 16.99 Crore for other (System Strengthening) projects which includes works carried out from Deposit Works, Internal Resources and PSDF Funds. The details are shown in the Table below:

Project	Year of first-time capitalization	Amount
Deposits and PSDF	FY 2021-22	14.86
Others including Internal Resources	FY 2021-22	2.13
Total		**16.99**

3.3.12.1Others (system strengthening through internal resources and deposit works)

The Petitioner has claimed the capitalization of Rs. 16.99 Crore towards Others (System Strengthening Schemes funded by Internal Resources) Scheme and Deposit Works. Out to total capitalization, the Petitioner has claimed the capitalization of Rs. 0.13 Crore towards Mobile Phones, Furniture & Fixtures and IT Equipment (Sl. No. 7, 8 & 9 of Table No. 3.23). The Commission is of the view that these expenses are towards minor assets and are to be considered as part of Operations & Maintenance (O&M) expenses. Hence, the same has not been allowed as capitalization during FY 2021-22 and added to actual O&M expenses for FY 2021-22.

Further, it is observed that SLDC has failed to completely separate the accounts of SLDC and PTCUL during FY 2021-22 and has further not submitted the separate balance sheet for SLDC during FY 2021-22. In view of the same, the Commission has not taken up truing-up of SLDC separately and has considered the same as a part of overall true-up of STU. Accordingly, the Commission has considered the Additional capitalization of Rs 0.03 Crore (Sl. No. 17 of Table No. 3.23) claimed towards SLDC and has approved the same under other works for PTCUL for FY 2021-22 Truing Up.

Accordingly, the Commission approves the capitalization of Rs. 16.86 Crore and the details of the works are as follows:

Table 3.23: Works carried out under Other Schemes

S. No.	Particulars	FY 2021-22 (Rs. Crore)	
		Claimed by PTCUL	Allowable
Others including Internal Resources			
1.	Const. of Boundary Wall at 132 kV S/s Rudrapur under 220 kV O&M Div. PTCUL Pantnagar against E-Tender Speci. No. SE(O&M)/PTCUL/HLD/19/2020-21	0.33	0.33
2.	Installation of water purifier at 220 kV O&M Division Chamba	0.00	0.00
3.	Supply & Installation of Batteries UPS DG Set- O&M Division Office Dehradun	0.10	0.10
4.	R&M Work P&M-O&M Division 400 kV Srinagar	0.00	0.00
5.	Tools & Plants-O&M Division 400 kV Srinagar	0.00	0.00
6.	Stock Adjustment-O&M Division 132 kV Srinagar	0.02	0.02
7.	Mobile Phone (SCADA Dehradun)	0.02	0.00
8.	FURNITURE & FIXTURES- Project Head Quarter Payment Unit Dehradun	0.06	0.00
9.	IT Equipment Computer & Printers- Project Head Quarter Payment Unit Dehradun	0.06	0.00
10.	O&M Works 220 kV – Roorkee	0.00	0.00
11.	Others Works-220 kV O&M Div. Chamba	0.57	0.57
12.	Other O&M Works not under any Scheme-O&M Division 220 kV Roorkee (new construction of Gate and Guard Hut)	0.06	0.06
13.	Construction of Tube well at 220/132 kV S/s Residential colony Roorkee	0.18	0.18
14.	CT/PT/LA (O&M Division Dehradun Majra)	0.06	0.06
15.	Procurement & Installation of 2X10 MVAR Capacitor Bank at 220 kV Substation Roorkee Against E-Tender Specification no. CE/GZR-04/2014-15	0.58	0.58

Table 3.23: Works carried out under Other Schemes

S. No.	Particulars	FY 2021-22 (Rs. Crore)	
		Claimed by PTCUL	Allowable
16.	Construction of new sum pump at Majra residential colony	0.06	0.06
17.	Development of web-based software & implementation of online system for grant of NoC to open access consumers	0.03	0.03*
	Total	**2.13**	**2.00**
Works carried out under deposit and PSDF Schemes			
18.	Const. of 132/33 kV Bay of 20 MVA Transformer for AIIMS of 132 kV S/s IDPL Rishikesh	1.06	1.06
19.	Shifting of Tower no. 76 of 220 KV Rishikesh-Dharasu Line	0.24	0.24
20.	Survey for shifting of 03 Nos. 220 kV Towers of 220 kV Chamba-Dharasu & Rishikesh-Dharasu Line	0.01	0.01
21.	Tower No RU-III 64 C type of 220 kV Dharasu - Rishikesh Line	0.21	0.21
22.	Shifting/Diversion of 400 kV Roorkee-Muzzafarnagar Line for new Railway track from Roorkee to Deoband by northern Railway in village Jatol(U.P.)	5.44	5.44
23.	Shifting/ Diversion of 400 kV Rishikesh-Nahtore Line for broadening of Haridwar-Nagina Section in NH-74 at Chidiyapur Range (UP)	1.17	1.17
24.	Const. of 01 no. 33 kV bay at 220 kV S/s Pantnagar (U.S. Nagar) under deposit head for proposed 33/11 KV S/s of UPCL at Gangapur (Rudrapur)	0.42	0.42
25.	Construction of 1 No. 33 kV Bay at 220 kV S/s Pantnagar for Ashok Leyland	0.42	0.42
26.	Extension work of switchyard at 132 kV Manglore	0.08	0.08
27.	Construction of Quarters & other development works at 220 kV S/s SIDCUL Haridwar	0.14	0.14
28.	Earth filling & Construction of Road & Misc. Works at 220 kV S/s Ramnagar	0.04	0.04
29.	Modification/raising height of LILO of 132 kV D/C Pilibhit-Khatima line at railway track crossing (between Majhola Pakaria & Khatima stations TP no. 34/4-5) between tower locations no. 6(DC+6) & 7(DC+6)	0.0048	0.0048
30.	Const. of 132 kV Overhead line from 132 kV S/s Jwalapur to 132 kV Railway S/s Jwalapur	0.80	0.80
31.	Supply Erection Testing and Commissioning of LT Switchgear at various S/s of Garhwal & Kumaon Zone under PSDF Scheme	1.43	1.43
32.	Supply Erection Testing & Commissioning of Firefighting system under package-F	1.73	1.73
33.	Supply of Godrej make 2.0 Ton/6000 kacl/hr High Wall Split AC 5 Star With installation and commissioning	0.60	0.60
34.	Supply Erection Testing & Commissioning of Diesel Generator Set at various S/s of Garhwal & Kumaon Zone under PSDF Scheme	1.04	1.04
	Total	**14.86**	**14.86**
	Grand Total	**16.99**	**16.86**

**Since the Commission has not taken up the truing up of SLDC separately for FY 2021-22, therefore the capitalization of Rs. 0.03 Cr pertaining to SLDC has been approved during FY 2021-22 alongwith the capitalization claimed for PTCUL.*

The approved cost and the capitalization claimed by the Petitioner and the capitalization approved by the Commission for Others (System Strengthening) Schemes for truing up purpose is shown in the Table given below:

Project	Year of first-time capitalization	Capitalization claimed by PTCUL in FY 2021-22	Capitalization approved for FY 2021-22	Total capitalization approved till FY 2021-22
Others (System Strengthening)	FY 2021-22	16.99	16.86	16.86
Total		**16.99**	**16.86**	**16.86**

3.3.13 Disallowed capitalization in the final true up of FY 2016-17

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalization based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalization of Rs. 66.09 Crore towards the same, in true up of FY 2021-22 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalization in the true up of FY 2016-17 giving its detailed analysis thereon. The Petitioner has also filed Appeal No. 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalization for some of the projects and the matter is sub-judice before the Hon'ble APTEL. The request of the Petitioner to approve the capitalization disallowed during the final true-up of 2016-17 cannot be considered on account of the fact that the matter is sub-judice and barring the issues raised by the Petitioner in the Appeal No. 247 of 2018, the other issues with respect to past trued up years, raised by the Petitioner in the instant Petition have attained finality. Therefore, the Commission has not gone into the merits of the Petitioner's submissions seeking approval of capitalization of Rs. 66.09 Crore in FY 2021-22.

3.3.14 Disallowed capitalization in the final true up of FY 2020-21

The Commission in the final true up of FY 2020-21 had disallowed some additional capitalization based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalization of Rs. 2.84 Crore towards the same, in true up of FY 2021-22 and requested the Commission to allow the same. The details of the capitalization claimed is as under:

S. No.	Name of the Scheme	Capitalization Sought in FY 2020-21 (Rs. Crore)	Capitalization approved for FY 2020-21 (Rs. Crore)	Amount claimed in this Petition (Rs. Crore)
1	Construction of 220/33 kV Substation at Jaffarpur	42.53	41.63	0.90
2	Increasing capacity of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories	6.18	5.75	0.43
3	Construction of 132 kV S/c overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Construction of 132 kV Bays(s) at both ends	1.51	0.00	1.51
	Total			**2.84**

With regard to Scheme "Construction of 220/33 kV Substation at Jaffarpur", the Commission in its Order dated March 31, 2022 has held as under:

"In accordance with the principles approved in Para 4.3 of this Order, the Commission has computed the IDC corresponding to the scheduled completion period as Rs. 0.79 Crore only. Hence, the increase in IDC due to time overrun is Rs. 4.70 Crore.

The Commission observed that almost all the reasons for delay are completely beyond the control of the Petitioner except few like delay due to 'Line Survey and change in layout of 220 kV S/s by 90 degree, which lead to delay in soil mining; delay in construction of transmission line which has been already discussed above under para 4.3.5.4 of this Order which could have been managed with proper planning. With regard to Line survey and change in layout of 220 kV S/s by 90 degree, the Petitioner submitted that there was delay of 75 days (from January 22, 2017 to April 07, 2017). In the matter, the Commission directed the Petitioner to submit all the correspondence with NHAI w.r.t. expansion of NH-74. In response, the Petitioner submitted the letter dated May 08, 2017, of NHAI informing about the expansion of NH-74. No other correspondence has been submitted by the Petitioner in this regard. The Commission observed that the period of delay, i.e. 75 days, is prior to the receipt of NHAI letter. Further, soil mining work could have been completed prior to the Hon'ble High Court order w.r.t. ban on mining in the State. Hence, the Commission treats these reasons as mixed reasons which are partially controllable and partially uncontrollable in nature. Therefore, the allowable IDC works out to Rs. 4.74 Crore against IDC of Rs. 5.64 Crore. The Commission after considering the aforementioned approach considers the approved capital cost as Rs. 44.01 Crore against the Petitioner submitted value of Rs. 45.98 Crore which is inclusive of undischarged liability of Rs. 0.51 Crore. The Commission shall review the approved cost based on the payment towards the undischarged liabilities, if required.

Accordingly, the Commission approves the total capitalisation of Rs. 41.63 Crore towards 'Construction of 220/33 KV Jaffarpur S/s' against the claim of Rs. 42.53 Crore after adjusting the disallowed IDC."

In this regard, the Commission observes that PTCUL in the Present Petition has reiterated the reasons for delay as mentioned in the Petition 49 and 50 of 2021. The Commission further observes that the reasons of delay provided by PTCUL are partially controllable and partially uncontrollable in nature. Further, PTCUL has not been able to provide any substantial evidence to prove that the delay was uncontrollable in nature. It is further observed that based on the documents provided by PTCUL in support of its claim and the submissions made by PTCUL, the Commission has already decided the IDC for the said scheme. Therefore, Commission is not inclined to approve the capitalization of Rs. 0.90 Crore claimed by PTCUL during FY 2021-22.

With regard to the Scheme "Increasing capacity of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories", the Commission in its Order dated March 31, 2022 has held as under:

"The Commission has noted that the Petitioner's total claim of Rs. 6.18 Crore also includes the cost of Rs. 0.43 Crore for constructing bay which was not in the scope of work. Further, in the final submission as explained in the above paragraph, the Petitioner did not claim any IDC separately in the break-up of Rs. 6.18 Crore. Hence, the Commission decides to disallow the bay cost of Rs. 0.43 Crore from the Petitioner's claim of Rs. 6.18 Crore for FY 2020-21 and approves Rs. 5.75 Crore for the capitalisation in FY 2020-21."

In this regard, the Commission observes that the Petitioner has not submitted any supporting document to illustrate the fact that construction of 33 kV Bays was within the scope of the Scheme. Accordingly, in the absence of any supporting document the Commission is not inclined to approve the capitalization of Rs. 0.43 Crore claimed by PTCUL during FY 2021-22.

With regard to the Scheme "Construction of 132k S/c overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Construction of 132 kV Bays(s) at both ends", the Commission in its Order dated March 31, 2022 has held as under:

"The Commission had approved the project cost of Rs. 4.77 Crore for the project 'Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends' vide its Investment Approval Order dated July 23, 2015. The Petitioner has claimed the capitalization of Rs. 1.51 Crore towards the said project.

With regard to the said work, the Petitioner was directed to submit the executed cost details in Form 9.5. In reply, the Petitioner submitted that the cost details will be submitted on completion of the project. Subsequently, the Petitioner vide reply dated February 24, 2022, submitted that bays constructed at 132 kV S/s at Jawalapur and 220 kV S/s at SIDCUL were cleared for energisation by Electrical Inspector on January 30, 2018 and November 11, 2019 respectively. However, the line has been energised during FY 2021-22.

Hence, the Commission decides to shift the claimed capitalization of Rs. 1.51 Crore towards 'Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends' to FY 2021-22."

In this regard, the Commission observes that the Petitioner in the Present Petition has submitted that the construction of 132 kV S/c overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur has been completed and the Transmission Line was energized on February 09, 2022. Accordingly, the claim of Rs. 1.51 Crore is allowed towards construction of 132 kV bays at 132 kV S/s Jwalapur and 220 kV S/s SIDCUL during FY 2021-22.

The approved cost and the capitalization claimed by the Petitioner and the capitalization approved by the Commission for Others (System Strengthening) Schemes for truing up purpose is shown in the Table given below:

S. No.	Name of the Scheme	Amount claimed in this Petition (Rs. Crore)	Amount approved in this Petition (Rs. Crore)
1	Construction of 220/33 kV Substation at Jaffarpur	0.90	0.00
2	Increasing capacity of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories	0.43	0.00
3	Construction of 132k S/c overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Construction of 132 kV Bays(s) at both ends	1.51	1.51
Total		**2.84**	**1.51**

3.4 Gross Fixed Assets including additional capitalization

Based on the above, the GFA considered by the Commission for FY 2021-22 is shown in the Table given below:

Table 3.24: Revised GFA approved by the Commission for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dated dt. 26.04.2021	Claimed for True Up	Allowable
1	Opening value	1784.06	1785.89	1785.89
	Claim against disallowance in Tariff Order for FY 2020-21 (True-up of FY 2016-17)	**0.00**	**66.09**	**0.00**
	Claim against disallowance in Tariff Order for FY 2022-23 (True-up of FY 2020-21)*	**0.00**	**2.84**	**1.51**
	Addition	173.95		
2	REC-II		0.00	0.00
3	REC VI		0.32	0.00
4	REC VIII		6.96	0.00
5	REC XIII		0.00	0.00
6	REC XIV		0.00	0.00
7	REC 9995		0.47	0.43
8	REC 10760		5.61	5.61
9	REC 10949		4.07	4.07
10	REC 10950		7.35	7.35
11	REC 10951		5.46	5.46
12	RCRM 9025		7.26	7.26
13	System Improvement Works			
	REC		12.78	11.14
	PFC		20.94	18.36
14	Deposit works		14.86	14.86
15	NABARD			0.00
16	Others		2.13	2.00

Table 3.24: Revised GFA approved by the Commission for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dated dt. 26.04.2021	Claimed for True Up	Allowable
17	**Total Addition During the year**		**88.21**	**78.04**
18	Less: Deletions during the year	0.00	0.49	0.27
19	Net Addition during the year	173.95	87.72	77.77
20	**Closing value**	**1958.01**	**1942.54**	**1863.65**

3.5 Capital Structure

Regulation 24 of the UERC Tariff Regulations, 2018 specifies as follows:

"(1) For a project declared under commercial operation on or after 1.4.2019, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

…

(6) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2019, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."

For Schemes capitalised prior to FY 2021-22, the Commission has considered the Debt-Equity ratio as approved earlier for the respective Schemes. For new Schemes, the Commission has considered the Debt-Equity Ratio of 70:30 as approved in the Investment Approval for the respective Scheme based on the actual funding. The capital structure considered by the Commission for true up for FY 2021-22 is shown in the Table given below:

Table 3.25: Approved Means of Finance for FY 2021-22

S. No.	Particulars	Grants	Debt	Equity	Total
1.	REC XIV	0%	70%	30%	100%
2.	REC 9995	0%	70%	30%	100%
3.	REC 10760	0%	70%	30%	100%
4.	REC 10949	0%	70%	30%	100%
5.	REC 10950	0%	70%	30%	100%
6.	REC 10951	0%	70%	30%	100%
7.	RCRM 9025	0%	70%	30%	100%
8.	MYT Works	0%	70%	30%	100%
9.	System Improvement works	0%	70%	30%	100%
10.	Deposit Works & Grants	100%	0%	0%	100%
11.	System Strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2021-22 which works out as given below:

Table 3.26: Details of financing for capitalization for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.96	223.85	1122.54	360.55	1785.89
2	**Additions in the year**					
	Claim against disallowance in Tariff Order for FY 2022-23 (True-up of FY 2020-21)		-	1.06	0.45	1.51
	REC XIV		-	0.00	0.00	0.00
	REC 9995		-	0.30	0.13	0.43
	REC 10760		-	3.92	1.68	5.61
	REC 10949		-	2.85	1.22	4.07
	REC 10950		-	5.14	2.20	7.35
	REC 10951		-	3.82	1.64	5.46
	RCRM 9025		-	5.08	2.18	7.26
	System Improvement Works					
	REC		-	7.79	3.34	11.14
	PFC		-	12.85	5.51	18.36
	Deposit Works & Grants		14.86	-	-	14.86
	Others		-	1.40	0.60	2.00
3	**Total addition during the year**	**0.00**	**14.86**	**44.22**	**18.95**	**78.04**
4	Less Deletions during the year	0.27	-	-	-	0.27
5	**Closing Value**	**78.68**	**238.71**	**1166.76**	**379.50**	**1863.65**

3.6 Annual Transmission Charges

Regulation 57 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**57. Annual Transmission Charges for each financial year of the Control Period***

The Annual Transmission Charges for each financial year of the Control Period shall provide for recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Business and short-term open access charges, as approved by the Commission and shall be computed in the following manner:-

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;
(b) Lease Charges;
(c) Interest and Finance Charges on Loan Capital;
(d) Return on equity capital;
(e) Income-tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and

Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above;

minus:

(h) Non-Tariff Income;

(i) Short-Term Open Access Charges; and

(j) Income from Other Business to the extent specified in these Regulations:

…"

3.6.1 *O&M expenses*

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenses on staff, administration and repairs & maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2018 specifies as follows:

"(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account the actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2017-18, shall be approved based on the formula given below:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

Where –

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

(3) The above components shall be computed in the manner specified below:

$EMP_n = (EMPn\text{-}1) \times (1+Gn) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (1+WPIinflation)$ *and*

$A\&Gn = (A\&Gn\text{-}1) \times (1+WPIinflation) + Provision$

Where –

- *EMP_{n-1} – Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."

3.6.1.1 **Employee expenses**

The Commission had approved the normative employee expenses of Rs. 102.77 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 113.19 Crore in the final true up of FY 2021-22.

The actual employee expense for FY 2021-22 is Rs. 92.46 Crore as against Rs. 92.23 Crore in FY 2020-21. The Commission directed the Petitioner to submit the reason for increase in employee expenses. In response, the Petitioner submitted that employee expenses have increased mainly because of the increase in number of Employees, due to impact of Annual Increment of Employee Salary @ 3% and increase in D.A. from 17% to 34%.

In accordance with UERC Tariff Regulations, 2018 the Commission has computed the normative employee expense for FY 2021-22. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2021-22. Accordingly, the Commission has computed the CPI Inflation of 6.00% for FY 2021-22. The Commission has observed that there has been recruitment of 39 number of employees and no retirement in FY 2021-22. Accordingly, the number of employees has increased to 865 in FY 2021-22 from 826 in FY 2020-21. Hence, the Commission has considered the Gn factor as 4.72%.

The Commission finds that while the Petitioner has been submitting ambitious recruitment plans at the time of projections, however, in actual, the actual recruitments have been consistently lower and number of employees retiring is outpacing the number of employees being recruited resulting in the number of employees reducing year on year till FY 2017-18. In years FY 2018-19, FY 2019-20, FY 2020-21 and FY 2021-22, the number of employees has increased but is still lower than the Petitioner's ambitious recruitment plan. The Commission finds that this is not a healthy position on account of (1) the posts becoming vacant due to the retiring employees not being filled up and (2) the adequate number of employees required for construction and operation of the new assets being created is not maintained. The Petitioner is expected to maintain the adequate number of employees for its sustained operations.

The Commission has observed that the Petitioner has claimed the impact of 7th Pay Commission of Rs. 0.12 Crore during FY 2021-22. The Petitioner has considered EMPn-1 as Rs. 124.41 Crore for the computation of employee expenses. The Commission in its Tariff Order dated April 24, 2021 had not approved any amount towards the impact of 7th Pay Commission for FY 2021-22. However, in actual, the Petitioner has incurred Rs. 0.12 Crore towards the same. The Commission has considered the impact of 7th Pay Commission of Rs. 0.12 Crore claimed by the Petitioner in addition to the normative employee expenses computed in accordance with the UERC Tariff Regulations, 2018.

With regard to capitalisation rate, the Commission observed that the Petitioner has considered the capitalisation rate of 18.13% for computing the employee expenses capitalised during FY 2021-22 based on the Employee expenses charged to Profit & Loss account for FY 2021-22 and transferred to CWIP. The Commission has adopted the same methodology as followed in the previous tariff orders for the computation of capitalisation rate of employee expenses. The capitalisation rate works out to 17.90% against the claim of 18.13% of the Petitioner. The variation in the Capitalization Rate is on account of Petitioner having considered the Actual Employee Expenses during FY 2021-22 as Gross Employee Expenses whereas Commission has considered Gross

Employee Expenses as the sum of Employee Expenses recorded in Annual Account and Employee Expenses Capitalized less Performance Incentive.

With this approach the revised normative employee expenses approved by the Commission for FY 2021-22 works out to be Rs. 113.50 Crore.

Table 3.27: Normative Employee expenses approved for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Order dated 26.04.2021	Claimed for True Up	Allowable
EMPn-1	124.26	124.41	124.41
Gn	8.61%	4.72%	4.72%
CPIinflation	5.35%	6.00%	6.00%
EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)	**142.18**	**138.10**	**138.10**
Capitalisation rate	27.72%	18.13%	17.90%
Capitalised employee expenses	39.41	25.03	24.72
Net employee expenses	**102.77**	**113.07**	**113.38**
Impact of VII Pay Revision	0.00	0.12	0.12
Total employee expenses	**102.77**	**113.19**	**113.50**

Further, the actual employee expenses charged to P&L statement as per the audited accounts for FY 2021-22 are Rs. 92.46 Crore. The actual employee expenses for FY 2021-22 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual employee expense attributable to UITP projects is Rs. 2.03 Crore. Therefore, the actual employee expense for non-UITP projects works out to Rs. 90.43 Crore.

In line with the approach adopted in the final true up of FY 2020-21, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2021-22 as Rs. 1.13 Crore. In accordance with the approach adopted in the true up of previous years, the impact of advance increment works out to Rs. 1.13 Crore is excluded from the actual employee expenses. Further, Performance Incentive of Rs. 0.62 is excluded from actual employee expenses for FY 2021-22.

As mentioned in the above para, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2021-22 as Rs. 1.13 Crore. Hence, after apportionment of the advance increment between UITP and Non-UITP projects, the expenses pertaining to Non-UITP projects works out to be Rs. 1.10 Crore. Further, the Commission has apportioned the Performance Incentive between UITP and Non-UITP projects, the expenses pertaining to Non-UITP projects works out to be Rs. 0.60 Crore. As explained in the above paras, the actual employee expenses pertaining to non-UITP projects works out to Rs. 90.43 Crore. Accordingly, the Commission has considered the actual employee expenses of Rs. 88.72 Crore for sharing of gains and losses after deducting the impact of advance increment and Performance Incentive from the actual employee expenses pertaining to non-UITP projects.

The employee expenses approved by the Commission for FY 2021-22 are shown in the Table given below:

Table 3.28: Employee expenses approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order dt. 26.04.2021	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
Employee expenses	102.77	113.19	113.50	90.43	88.72

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2018 as elaborated below in para 3.8 of this Order.

3.6.1.2 R&M expenses

The Commission had approved the normative R&M expenses of Rs. 43.90 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 37.13 Crore.

The Commission for truing up of FY 2021-22 has considered the K factor as 2.39%, the same as approved in the MYT Order dated February 27, 2019 and has reworked the R&M expenses considering the closing GFA of FY 2020-21 as the opening GFA of FY 2021-22. . The Commission has revised the WPI Inflation for FY 2021-22 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 2.42% for FY 2021-22.

The actual R&M expenses as per the audited accounts for FY 2021-22 are Rs. 21.05 Crore. The actual R&M expenses for FY 2021-22 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual R&M expenses attributable to UITP projects are

Rs. 0.46 Crore. Therefore, the actual R&M expenses for non-UITP projects work out to Rs. 20.59 Crore.

Further, as mentioned under the Capitalization Section, the Petitioner has claimed the capitalization of Rs. 0.13 Crore towards Mobile Phones, Furniture & Fixtures and IT Equipment. The Commission is of the view that these expenses are towards minor assets and are to be considered as part of Operations & Maintenance (O&M) expenses. Hence, the same has not been allowed as capitalization during FY 2021-22 and added to actual R&M expenses during FY 2021-22.

The R&M expenses approved by the Commission for FY 2021-22 is shown in the Table below:

Table 3.29: R&M expenses approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order 26.04.2021	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
R&M expenses	43.90	45.40	43.71	20.59	20.72

As R&M expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2018 as elaborated in para 3.8 of this Order.

3.6.1.3 A&G expenses

The Commission had approved the normative A&G expenses of Rs. 23.91 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 27.97 Crore.

In its Tariff Order dated February 27, 2019, April 18, 2020, April 26, 2021 and March 31, 2022 the Commission had considered the expenses towards the security personnel and increase in Licensee Fee being of uncontrollable nature as the said expenses towards security personnel have been increasing substantially in the recent years and, accordingly, had allowed the same at actuals. The Commission has adopted the same methodology in the present proceedings for true-up for FY 2021-22. The Commission in this Order has revised the WPI Inflation based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 2.42% for FY 2021-22. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 2.42%.

With regard to capitalisation rate, the Commission has determined the capitalisation rate for FY 2021-22 for PTCUL after reducing the expenses towards Security Expenses, CSR, and License fee. Further, the Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2021-22 in addition to the normative A&G expenses.

The actual A&G expenses as per the audited accounts for FY 2021-22 are Rs. 32.73 Crore. The actual A&G expenses for FY 2021-22 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual A&G expense attributable to UITP projects is Rs. 0.49 Crore. Hence the actual A&G expense attributable to non-UITP projects is Rs. 32.23 Crore. Further, the Commission observes that the actual A&G expenses for FY 2020-21 are inclusive of the amount of Rs. 1.67 Crore towards the CSR activities. The expenses towards the CSR expenses should be met from own resources/profits of the company and, hence, CSR expenses corresponding to Non-UITP projects amounting to Rs. 1.67 Crore is reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 30.56 Crore for sharing of gains and losses.

The A&G expenses approved by the Commission for FY 2021-22 are shown in the Table below:

Table 3.30: A&G expenses approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order dt. 26.04.2021	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
A&G expenses	23.91	27.97	27.27	32.23	30.56

As A&G expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2018 as elaborated in Para 3.8 of this Order.

3.6.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2021-22 upon truing up are as shown in the Table given below:

Table 3.31: O&M expenses approved for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order dt. 26.04.2021	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
1.	Employee expenses	102.77	113.19	113.50	90.43	88.72
2.	R&M expenses	43.90	45.40	43.71	20.59	20.72
3.	A&G expenses	23.91	27.97	27.27	32.23	30.56
	Total	**170.58**	**186.56**	**184.49**	**143.25**	**140.00**

The normative O&M expenses approved by the Commission in the true up are in variation in comparison to the normative O&M expenses approved in the Tariff Order on account of variation in reduction in Gn factor of employees and variation in capitalization rate of employee expenses and A&G expenses in comparison to that considered in Tariff Order dated April 26, 2021.

3.6.2 *Interest and Finance Charges*

Regulation 27 of the UERC Tariff Regulations, 2018 specifies as follows:

"(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the approved gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year.

…

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the previous year after providing appropriate accounting adjustment for interest capitalised:

…

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

…"

The Commission had approved the interest expenses of Rs. 44.88 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the interest expenses of Rs. 46.02 Crore in the final true up of FY 2021-22. The Petitioner has considered the closing loan balance approved in true up of FY 2020-21 as the opening loan balance for FY 2021-22.

The Petitioner submitted that the loan addition during the year has been considered as per scheme wise means of finance and the actual GFA addition. The Petitioner submitted that the depreciation for the year has been considered as the normative repayment for the year. The Petitioner submitted that the actual weighted average interest rate of 9.82% has been considered for computing the interest expenses.

The Commission has considered the approved closing normative loan for FY 2020-21 as the opening normative loan for FY 2021-22. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2021-22 based on the approved means of finance. The repayment of loans has been considered as equivalent to the depreciation worked out by the Commission on the approved GFA for FY 2021-22. The Commission directed the Petitioner to submit the details of the long-term borrowing for FY 2021-22 along with the actual interest charges separately for UITP and non-UITP projects. The Petitioner in its response has submitted the same. The actual weighted average interest rate works out to 11.61% based on the long terms borrowings and corresponding interest pertaining to Non-UITP projects.

The interest expense approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 3.32: Interest expenses approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order dt. 26.04.2021	Claimed by PTCUL	Approved
Opening Loan balance	456.91	442.81	442.81
Normative Loan Addition on account of capitalization in FY 2016-17	-	46.26	-
Normative loan addition on account of capitalization in FY 2020-21	-	1.99	-
Drawl during the year	121.77	51.34	44.22
Repayment during the year	83.11	95.88	81.59
Closing Loan balance	495.57	446.53	405.44
Interest Rate	9.42%	9.82%	11.61%
Interest	**44.88**	**46.02**	**48.87**

3.6.3 Return on Equity

Regulation 26 of the UERC Tariff Regulations, 2018 specifies as follows:

"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.5% for thermal generating stations, transmission licensee SLDC and…"

The Commission had approved the Return on Equity of Rs. 42.14 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the Return on Equity for FY 2021-22 as Rs. 59.09 Crore including Return on Equity invested from PDF. The Petitioner has claimed Return on Equity on the average of opening equity and closing equity at the rate of 15.50%.

With reference to "Return on Equity on opening Equity as on the date of creation of PTCUL", the Petitioner submitted that in the past Tariff Orders, the Commission had not allowed return on equity on entire opening equity base approved by the Commission in the respective Tariff Orders. The return on opening equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in the form of a cess.

The Petitioner further submitted that the Hon'ble Appellate Tribunal of Electricity (ATE) in Judgement dated May 15, 2015 in R.P. No. 2 of 2015 in appeal No. 163 of 2015 had issued directions to allow the RoE on the amount invested by the State Government, if the amount has not been provided as grant. The relevant extract from the Judgement is reproduced below:

"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of RoE on the funds deployed by the State Government from PDF toward capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, RoE has to be allowed as per the Regulations of the State Commission. Accordingly this issue is decided in favour of the Petitioner."

In view of the same, the Petitioner requested the Commission to allow the Return on Equity on the equity contribution of Government of Uttarakhand. The Petitioner submitted that this disallowance is not only restricting the internal surplus generation but also adversely affecting the financial position of the Petitioner and the consequent development of transmission assets.

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 3.33: Return on Equity approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Opening Equity	366.41	360.55	360.56
Normative Loan Addition on account of capitalization in FY 2016-17	-	19.83	-
Normative Equity addition on account of capitalization in FY 2020-21	-	0.85	-
Addition during the year	52.19	22.00	18.95
Closing Equity	418.60	403.23	379.51
Eligible Equity for Return	271.90	381.23	242.41
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**42.14**	**59.09**	**37.57**

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated March 31, 2022 had already approved RoE on Equity portion of Opening Capital Reserve of an amount of Rs. 78.99 Crore till FY 2020-21 from FY 2004-05. The opening capital reserve for FY 2021-22 is considered same as the closing capital reserve of FY 2020-21. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective year. In line with the Tariff Order dated March 31, 2022, the RoE on Opening Equity approved by the Commission for FY 2021-22 is shown in the Table given below:

Table 3.34: RoE on Opening Equity approved for FY 2021-22 (Rs. Crore)

Particulars	Opening unfunded assets/Capital Reserve	Deduction	Closing unfunded assets/Capital Reserve	Equity portion of opening unfunded assets/Capital Reserve	Rate of RoE	RoE
RoE on Opening Equity	78.96	0.27	78.68	23.69	15.50%	3.67

Based on the above discussion, the allowable Return on Equity works out to Rs. 41.25 Crore (Rs. 37.57 Crore *plus* Rs. 3.67 Crore) for FY 2021-22.

3.6.4 *Depreciation*

Regulation 28 of the UERC Tariff Regulations, 2018 specifies as follows:

"(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that the depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

…

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis…"

The Commission had approved the depreciation of Rs. 83.11 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed depreciation of Rs. 95.88 Crore for true up of FY 2021-22.

The Commission has considered the closing GFA approved in the true up for FY 2020-21 as the opening GFA for FY 2021-22. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2021-22 in the same proportion as in the audited accounts for FY 2021-22 excluding additional capitalization pertaining to UITP schemes. The Commission has approved the depreciation for FY 2021-22 by applying the depreciation rates specified in the UERC Tariff Regulations, 2018. The Commission has deducted the depreciation on assets created out of grants/deposits by applying the weighted average rate of depreciation for FY 2021-22. Accordingly, the depreciation approved by the Commission for FY 2021-22 is shown in the Table given below:

Table 3.35: Depreciation approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	83.11	95.88	81.59

3.6.5 *Income Tax*

Regulation 34 of the UERC Tariff Regulations, 2018 specifies as follows:

> ***"34. Tax on Income***
>
> *Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."*

The Petitioner has claimed income tax of Rs. 9.35 Crore for FY 2021-22. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2021-22.

The Commission observed that the current tax for FY 2021-22 is amounting to Rs. 9.35 Crore as per audited annual accounts for FY 2021-22 and the Petitioner has considered the entire income tax which is not the correct approach as the income of the Petitioner includes income from regulated as well as non-regulated business.

As per Regulations 34 of the UERC Tariff Regulations, 2018 Income Tax is to be considered as per actuals, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check. Accordingly, the Commission has considered the actual income tax of the Petitioner.

The Commission observed from the audited annual accounts for FY 2021-22 that the total revenue is amounting to Rs. 372.55 Crore, comprising of revenue from operations for FY 2021-22 amounting to Rs. 346.50 Crore and Other incomes of Rs. 26.06 Crore. The Commission has considered the revenue of Rs. 1.12 Crore from Natural ISTS Transmission line for FY 2021-22 which has been reduced and accordingly, total revenue works out to Rs. 371.43 Crore. Further, the total revenue includes revenue of Rs. 59.71 Crore from 400 kV Srinagar S/s & Lines which are towards UITP schemes and revenue from BHPL of Rs. 1.83 Crore. The proportionate income tax of Rs. 1.55 Crore pertaining to revenue billed from UITP schemes and BHPL needs to be reduced while allowing the Income Tax for FY 2021-22. Accordingly, the Commission has approved the income tax of Rs. 7.80 Crore for FY 2021-22.

3.6.6 Interest on Working Capital

The Commission had approved the Interest on Working Capital of Rs.10.29 Crore in the Tariff Order dated April 26, 2021 for FY 2021-22. As against the same, the Petitioner has claimed the normative Interest on Working Capital of Rs. 12.58 Crore in the final true up of FY 2021-22.

The Commission has determined the normative interest on working capital for FY 2021-22 in accordance with the UERC Tariff Regulations, 2018.

3.6.6.1 One Month O&M expenses

The annual O&M expenses approved by the Commission are Rs. 14.22 Crore for FY 2021-22. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 14.14 Crore for FY 2021-22.

3.6.6.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which work out to Rs. 25.45 Crore for FY 2021-22.

3.6.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 274.75 Crore for FY 2021-22, which works out to Rs. 45.79 Crore for FY 2021-22.

Based on the above, the total working capital requirement of the Petitioner for FY 2021-22 works out to Rs. 85.38 Crore. The Commission has considered the rate of interest on working capital as 12.15% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the Tariff Petition of FY 2021-22 and, accordingly, the interest on working capital works out to Rs. 10.37 Crore for FY 2021-22. The interest on working capital for FY 2021-22 approved by the Commission is as shown in the Table below:

Table 3.36: Interest on working capital approved for FY 2021-22 (Rs. Crore)

Particulars	Tariff Order dated 26th April 2021	Claimed by PTCUL	Approved
O&M expenses for 1 month	14.22	14.35	14.14
Maintenance Spares	25.59	25.82	25.45
Receivables for 2 months	45.61	53.34	45.79
Working Capital	85.41	93.50	85.38
Rate of Interest on Working Capital	12.05%	13.45%	12.15%
Interest on Working Capital	**10.29**	**12.58**	**10.37**

The actual interest on working capital as per Audited Accounts for FY 2021-22 is nil. As interest on working capital is controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2018 as elaborated in Para 3.8 of this Order.

3.6.7 Non-Tariff Income

The Commission had approved the non-tariff Income of Rs. 10.00 Crore in the Tariff Order dated March 31, 2022. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 5.25 Crore in the final true up of FY 2021-22. The Commission observes that the actual 'other income' as per the audited accounts is Rs. 26.57 Crore for FY 2021-22 and the Petitioner has not considered the 'other income' pertaining to namely (1) Interest on Investments in FDR (Rs. 6.21 Crore), (2) Interest on TDRs through sweep accounts (Rs. 4.37 Crore) and (3) Interest on Income Tax refund (Rs. 0.54 Crore) etc. Regulation 63(2) of the UERC Tariff Regulations, 2018 stipulates that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the transmission licensee shall not be included in the non-tariff income. The Commission directed the Petitioner to confirm if the FDR is made through its earning from RoE and submit the details to substantiate the same. In this regard the Petitioner submitted that the interest earned on the return on the investment made from RoE and interest on TDRs and FDRs pertain to the investment made from BGs encashed pertaining to UITP schemes. Accordingly, Rs. 10.67 Crore has not been considered as non-tariff income.

The Commission during the Technical Validation Session directed the Petitioner to submit the following information:

i. Detailed Cashflow statement substantiating that the investments were made out of RoE and BGs encashed pertaining to UITP schemes.
ii. Break up of Interest on TDS and FDRS earned from RoE and BGs encashed.
iii. Amount of RoE invested on which interest has been earned.
iv. Amount of Deposits made out of BG encashment on which interest has been earned.

In response the Petitioner submitted the following:

Table 3.37: Details of Interest Earned for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Project	Amount Invested	Interest Earned
1	BG enchased of ADB funded project for 400 kV Srinagar -Kashipur line	UITP	106.13	3.38
2	BG encashed of ADB Funded project for 400 kV Loharinagapala-Koteshwar Line	UITP	19.70	0.63
3	BG enchased of ADB funded project for 220 kV Lata Tapovan-Joshimath and 220 kV Joshimath -Pipalkoti Line	UITP	8.52	0.27
4	Revenue received from UPCL for 400 kV S/s Srinagar and associate line	UITP	79.87	2.54
5	Return on equity allowed in tariff of FY 2021-22 by UERC	ROE	42.14	1.34
6	Return on equity allowed in tariff of FY 2020-21 by UERC	ROE	38.65	1.23
7	Return on equity allowed in tariff of FY 2019-20 by UERC	ROE	31.08	0.99
8	Other		8.99	0.29
	Total		**355.08**	**10.67**

In this regard, the Commission during the Truing Up of FY 2020-21 vide Order dated March 31, 2022 has remarked as under:

"Based on the submission of the Petitioner, the Commission observed that major BGs were enchased during FY 2017-18. However, FDRs as on March 31, 2018 were only amounting to Rs. 59.37 Crore as per Note-8 and Note-9 of audited annual accounts for FY 2017-18 against the encashed BGs amounting to Rs. 111.34 Crore. The Commission sought clarification from the Petitioner in this regard. Further, the Commission once again directed the Petitioner to clarify that if the entire funds received from UPCL against 400 kV Srinagar S/s and associated lines have been invested in FDRs, how the expenditure against these projects are being met. In the matter, the Petitioner submitted that out of encashment value of Bank Guaranties, i.e. Rs. 111.34 Crore during FY 2017-18, Rs. 59.37 Crore invested in FDR's and balance amount of Rs. 51.97 Crore was available in PTCUL Current Bank Account with auto sweep facility. Further, the expenditure against O&M and working capital for 400 kV Srinagar S/s and associated lines are being met through the available funds with PTCUL.

In the matter, as discussed above, the BGs pertains to UITP schemes, accordingly, the Commission analysed the Trial Balance for FY 2017-18 of UITP projects and observed that no amount is shown under the head of FDRs and only Rs. 1.83 Crore entry appears in Trial Balance of UITP Schemes or Current Account in the said Trial Balance. Further, as far as meeting the expenditure towards UITP Scheme's projects through PTCUL funds is concerned, it is pertinent to mention that the Commission allows depreciation which is a non-cash item used to meet repayment of Loans, normative O&M and Interest on Loan to meet its respective expenses. Further, approved amount pertaining to RoE retained with the Petitioner which is being invested in the form of FDRs as per the submissions of the Petitioner. However, in contrary, the Petitioner submitted the expenditure pertaining to 400 kV Srinagar S/s and associated transmission lines are met through funds of PTCUL. Moreover, UPCL delayed payments towards transmission charges of 400 kV Srinagar S/s & associated lines.

In the absence of any satisfactory evidence to substantiate that the investments were made out of Return on Equity, the Commission has considered the actual Interest Income from FDRs and Interest on TDRs through sweep accounts as Non-Tariff income. Accordingly, the Commission approves the Non-Tariff income amounting to Rs. 26.51 Crore. (Rs. 25.54 Crore as per audited accounts for FY 2020-21 and Rs. 0.98 Crore towards O&M charges from PGCIL for bays at 400 kV S/s Kashipur)."

Based on the methodology adopted in previous True Up Orders, the Commission has considered the actual Interest Income from FDRs and Interest on TDRs through sweep accounts as Non-Tariff income. Accordingly, the Commission approves the Non-Tariff income amounting to Rs. 27.12 Crore.

3.6.8 Revenue from Short Term Open Access

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 2.57 Crore for FY 2021-22.

The Commission crosschecked and observed that the revenue from Short and Medium Term Open Access pertaining to PTCUL is Rs. 2.69 Crore as per audited books of accounts for FY 2021-22 which includes the revenue from Short Term Open Access Charges of Rs. 2.57 Crore and Rs. 0.11 Crore pertaining to Medium Term Open Access. Since, all the other income of SLDC like short term open access charges, registration charges, scheduling and operating charges, etc. are to be deposited into LDCD fund for the purpose as specified in Regulation 98 of UERC Tariff Regulations, 2018, the same has not been considered as part of revenue from short term open access. Accordingly, the Commission has considered revenue of Rs. 2.69 Crore and deducted the same from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2018.

3.6.9 Revenue from Natural ISTS Lines

The Commission observed that as per Note 25 of audited annual accounts for FY 2021-22, reverse entry of Rs. 9.92 Crore pertaining to Revenue against Natural ISTS Transmission Lines has been made. During the Technical Validation Session, the Commission directed the Petitioner to submit the breakup of the same and the revenue to be considered against Natural ISTS Lines.

The Petitioner has made detailed submission regarding the same and has submitted that Rs. 1.12 Crore has to be considered as revenue from Natural ISTS Lines for FY 2021-22 after deducting the revenue of Rs. 115.19 Crore already considered by the Commission from the total Revenue to be booked against the same amounting to Rs. 116.32 Crore.

The Commission has gone through the submissions of the Petitioner and found the same to be in Order. Hence, the Commission has approved the revenue from Natural ISTS Lines of Rs. 1.12 Crore for FY 2021-22.

3.7 Transmission Availability Factor

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to the Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2018. The actual Transmission Availability Factor for FY 2021-22 was 99.55%. Regulation 65 of the UERC Tariff Regulations, 2018 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2021-22, the Commission observed that the Petitioner has received an incentive of Rs. 2.84 Crore on account of higher Transmission Availability Factor for FY 2021-22. As per UERC Tariff Regulations, 2018, the variation in performance parameters is a controllable factor and the gain on efficiency in performance parameters is to be shared with the consumers. Accordingly, the Commission has considered the sharing of the amount of Rs. 2.84 Crore in accordance with the UERC Tariff Regulations, 2018.

3.8 Sharing of gains and losses

Regulation 12 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**12. Annual Performance Review***

…

(5) The "uncontrollable factors" shall include the following factors which were beyond the control of, and could not be mitigated by, the applicant, as determined by the Commission. Some examples of uncontrollable factors are as follows:-

…

c) Economy wide influences such as unforeseen changes in inflation rate, market interest rates, taxes and statutory levies;

...

(6) Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors shall include, but not limited to, the following:-

…

d) Variations in working capital requirements;

…

h) Variation in operation & maintenance expenses

...

(10) Upon completion of the Annual Performance Review, the Commission shall pass on an order recording-

a) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors and the mechanism by which the Applicant shall pass through such gains or losses in accordance with Regulation 13;

b) The approved aggregate gain or loss to the Applicant on account of controllable factors and the amount of such gains or such losses that may be shared in accordance with Regulation 14;

c) The approved modifications to the forecast of the Applicant for the ensuing year, if any;

The surplus/deficit determined by the Commission in accordance with these Regulations on account of truing up of the ARR of the Applicant shall be carried forward to the ensuing financial year."

Regulation 13 of the UERC Tariff Regulations, 2018 specifies as under:

*"**13. Sharing of Gains and Losses on account of Uncontrollable factors***

(1) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors shall be passed through as an adjustment in the tariff/charges of the Applicant over such period as may be specified in the Order of the Commission;

…"

Regulation 14 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**14. Sharing of Gains and Losses on account of Controllable factors***

(1) The approved aggregate gain and loss to the Applicant on account of controllable factors shall be dealt with in the following manner:

a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant."

Hence, in accordance with UERC Tariff Regulations, 2018, the O&M expenses, Interest on Working Capital and gain on efficiency in performance parameters (i.e., Availability) are controllable factors and any gain or loss on account of the controllable factors is to be dealt in accordance with the provisions of Regulation 14.

The sharing of gains and losses on account of controllable factors approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 3.38: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Actual	Trued up (Normative)	Aggregate gain/(loss)	Rebate in Tariff/(recovery through tariff)	Entitlement of the Petitioner
	A	B	C=B-A	D=1/3 x C	E=B-D
O&M expenses	140.00	184.49	44.49	14.83	169.66
Interest on Working Capital	0.00	10.37	10.37	3.46	6.92
Gain on Efficiency in Performance Parameter (Availability)	0.00	2.84	2.84	0.95	1.90

3.9 Aggregate Revenue Requirement

Based on the computation of various components of ARR in the section above, the Commission has worked out the Trued-Up ARR for PTCUL for FY 2021-22. Further, the Commission has not trued-up the SLDC charges separately and it has been carried out as a part of overall true-up of PTCUL.

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 3.39:Aggregate Revenue Requirement approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in Tariff Order dated 26.04.2021	Claimed for true up	Approved
O&M expenses	170.58	172.15	169.66
Interest on loan	44.88	46.02	48.87
Return on Equity	42.14	59.09	41.25
Income tax	0.00	9.35	7.80
Depreciation	83.11	95.88	81.59
Interest on working capital	10.29	12.58	6.92
Aggregate Revenue Requirement	**351.00**	**395.06**	**356.08**
Add:			
True up of previous years	(49.46)	(49.46)	(49.46)
Minus:			
Non-Tariff Income	10.00	5.25	27.12
Revenue from STOA charges	3.43	2.57	2.69
Revenue from Natural ISTS Lines	0.00	1.12	1.12
Sharing of Availability incentive	0.00	0.95	0.95
Net ARR including SLDC Charges	**288.11**	**335.71**	**274.75**
Minus: SLDC Charges	14.46	15.70	0.00*
Net ARR excluding SLDC Charges	**273.65**	**320.01**	**274.75**

** The Commission has not deduced SLDC charges as true up of SLDC charges is not done separately.*

3.10 Revenue gap/(surplus) for FY 2021-22

The revenue gap/(surplus) for FY 2021-22 after sharing of gains and losses is shown in the Table given below:

Table 3.40: Revenue gap/(surplus) for FY 2021-22 (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Trued up ATC after sharing of gains and losses*	320.01	274.75
ATC approved in the Tariff Order*	273.65	288.11
Revenue Gap/(Surplus)	**46.36**	**(13.36)**

**The ATC approved by the Commission is including SLDC Charges as true up of SLDC charges is not carried out separately.*

Hence, the Commission has approved the revenue surplus of Rs. 13.36 Crore as against the revenue gap of Rs. 46.36 Crore claimed by PTCUL.

3.11 Total revenue gap/surplus to be carried forward to FY 2023-24

The revenue surplus to be adjusted in the ATC of FY 2023-24 including carrying cost is as shown in the Table below:

Table 3.41: Total revenue surplus to be adjusted in FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Opening Gap/(Surplus)	0.00	(14.17)	(15.66)
Addition	(13.36)	0.00	15.66
Closing Gap/(Surplus)	(13.36)	(14.17)	-
Interest Rate	12.15%	10.50%	11.29%
Carrying cost/(Holding cost)	(0.81)	(1.49)	(0.88)
Cumulative Gap/(Surplus)	**(14.17)**	**(15.66)**	**(16.54)**

4 Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2022-23 and ARR for FY 2023-24

4.1 Annual Performance Review

Regulation 12(1) of the UERC Tariff Regulations, 2021 specifies that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review.

Regulation 12(3) of the UERC Tariff Regulations, 2021 specifies as under:

"The scope of Annual Performance Review shall be a comparison of the performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:-

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);

c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of sharing of gains and losses on account of controllable factors for the previous year."

The Commission vide its MYT Order dated March 31, 2022 approved the MYT Petition of the Petitioner for the Fourth Control Period from FY 2022-23 to FY 2023-24 based on the audited accounts available till FY 2020-21. The Petitioner, in this Petition has submitted the truing up for FY 2021-22 based on the audited accounts and proposed the revision of estimates for FY 2022-23 and FY 2023-24. The Petitioner, based on the final Truing up for FY 2021-22, also proposed the revenue gap for FY 2021-22 to be adjusted in FY 2023-24.

The Commission in this Tariff Order has carried out the Truing up for FY 2021-22 in accordance with UERC Tariff Regulations, 2018 as elaborated in the preceding Section. Further, in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021, the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. Hence, the Commission under the provisions of Regulation 12(3) of the UERC Tariff Regulations, 2021 has revised the ARR for FY 2022-23 based on the approved capitalization for FY 2021-22 and revised estimated capitalization for FY 2022-23. The Commission has computed certain expenses for FY 2022-23 based on the revised GFA for FY 2021-22 and FY 2022-23 only to facilitate the computations for FY 2023-24. The approach adopted by the Commission in the approval of each element of ARR for FY 2023-24 is elaborated in the subsequent paragraphs.

4.2 Capitalization for FY 2022-23

The Commission vide its MYT Order dated March 31, 2022 on approval of MYT for the Fourth Control Period from FY 2022-23 to FY 2024-25 had approved capitalization of Rs. 271.38 Crore for FY 2022-23. As against the same, the Petitioner in the present Petition has proposed the revised capitalization of Rs. 269.97 Crore and deduction of Rs. 3.88 Crore for FY 2022-23. The Petitioner in the Petition has submitted that the actual capitalization during the period from April, 2022 to September 2022 is Rs. 179.39 Crore. Details of the same are shown in the Table below:

Table 4.1: Actual capitalization during April 2022 to September, 2022 as submitted by PTCUL

S. No.	Name of the Scheme	Scheme	Amount capitalized till Sep 22 (Rs. Crore)	Date of Completion
Projects other than deposit work/Grant				
1.	220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi	REC-VIII	114.68	May 07, 2022
2.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar	PFC- 3039	28.60	Aug 29, 2022
3.	Const. of well foundation at various locations of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar		8.99	May 07, 2022
4.	LILO of 132 kV Chilla-Nazibabad line at 132/33 kV S/s Patanjali Padartha Haridwar		11.18	Aug 16, 2022
5.	Implementation of Intra-state ABT metering scheme for online of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun	REC-10148	13.24	April 12 2022
6.	Misc. Works	Others	2.69	
Total			**179.39**	

The Petitioner in its Petition proposed the capitalization of the following projects during the period from October, 2022 to March, 2023 which are shown in the Table below:

Table 4.2: Works proposed to be capitalized during October, 2022 to March, 2023 as submitted by PTCUL

S. No.	Name of the Scheme	Scheme	Proposed capitalization (Rs. Crore)	Expected Date of Completion
Projects other than deposit work/Grant				
1.	Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur	PFC	14.46	November 11, 2022
2.	Construction of 132KV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV Sub-station Lohaghat (Champawat) of PTCUL	REC VII	62.79	March 31, 2023
3.	Augmentation from (1X40 MVA +1X 20 MVA) to (2X 40 MVA + 1 X 20 MVA) at 132 kV Substation Purkul Dehradun	O&M Capital Works	4.47	October 21, 2022
	Sub-Total		**81.72**	
Projects under deposit work				
1.	Construction of 220 kV single circuit (2 phase) transmission line on D/C towers from 220 kV S/S Jaffarpur to TSS Rudrapur railway station. Deposit work for M/s IRCON International Ltd.	Deposit Work	5.21	March 31, 2023
2.	Construction of one no. new 220 kV Bay at 220 kV SS Jafferpur for M/s IRCON International Ltd.	Deposit Work	2.23	March 31, 2023
3.	Construction of 132 kV bay at 220 kV Mahuwakhera S/s for M/s IROCN International Ltd.	Deposit Work	0.65	March 31, 2023
4.	construction of 132 kV single circuit (2 phase) transmission line on D/C towers from 220 kV S/s Mahuakheraganj to TSS Kashipur railway station.	Deposit Work	4.47	January 01, 2023
	Sub-Total		**12.56**	
	Total		**94.28**	

From the above Tables, the Commission observed that the projects amounting to Rs. 94.28 Crore are expected to be completed in second half of the FY 2022-23. With regard to schemes proposed to be capitalized during second half of FY 2022-23, the Commission vide Letter No. UERC/7/CL/592/2022-23/1100 dated December 07, 2022 asked PTCUL to submit the details of physical progress (%) till date against the expected date of completion.

In response, PTCUL vide reply dated 10.01.2023 submitted the details of physical progress with respect to projects proposed to be capitalized in the second half of the FY 2022-23 wherein it was observed that the physical progress for 4 schemes proposed to be capitalized in the second half of FY 2022-23 was in the range of 25% of 40%. During the TVS Session, PTCUL agreed to re-assess the completion date with respect to physical progress and submit the revised date of capitalization along with the current status and proposed detailed schedule in the form of PERT Chart. The Petitioner in its reply dated February 03, 2023 submitted the actual and revised expected date of completion as on February 3, 2023 for the projects proposed to be capitalized during second half of FY 2022-23 as shown in the Table below:

Table 4.3: Actual Physical Progress as on February 03, 2023 as submitted by PTCUL

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized (Rs Crore)	Expected Date of Completion as submitted in Petition and Reply dated 10.01.2023	Actual Physical Progress in %	Revised Expected date of Completion as submitted by the Petitioner dated 03.02.2023
1.	Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur	PFC	14.46	November 30, 2022	100%	November 30, 2022
2.	Construction of 132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV Sub-station Lohaghat (Champawat) of PTCUL	REC VII	62.79	March 31, 2023	98%	March 31, 2023
3.	Augmentation from (1X40 MVA +1X 20 MVA) to (2X 40 MVA + 1 X 20 MVA) at 132 KV Substation Purkul Dehradun	O&M Capital Works	4.47	October 21, 2022	100%	October 21, 2022
	Sub-Total		**81.72**			
Projects under Deposit Work						
1.	Construction of 220 kV single circuit (2 phase) transmission line on D/C towers from 220 kV S/S Jaffarpur to TSS Rudrapur railway station. Deposit work for M/s IRCON International Ltd.	Deposit Work	5.21	March 31, 2023	58%	March 31, 2023
2.	Construction of one no. new 220 kV Bay at 220 kV SS Jafferpur for M/s IRCON International Ltd.	Deposit Work	2.23	March 31, 2023	55%	March 31, 2023
3.	Construction of 132 kV bay at 220 kV Mahuwakhera SS for M/s IROCN International Ltd.	Deposit Work	0.65	March 31, 2023	45%	June 30, 2023
4.	Construction of 132 kV single circuit (2 phase) transmission line on D/C towers from 220 kV S/s Mahuakheraganj to TSS Kashipur railway station.	Deposit Work	4.47	January 17, 2023	0%	No Progress in the Project due to severe RoW Issues
	Sub-Total		**12.56**			
	Total		**94.28**			

After analyzing the revised data as submitted by the Petitioner, the Commission observed that for some of the projects, PTCUL has submitted that the projects will get completed beyond FY 2022-23. Accordingly, the Commission has only considered capitalization of those works in FY 2022-23 which have either been completed or have attained substantial physical progress till date and will be completed by March 31, 2023.

Further, the commission observes that the Petitioner has proposed to capitalize Scheme "Construction of 132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV Sub-station Lohaghat (Champawat) of PTCUL" during FY 2022-23. The Commission observes that although Scheme has achieved about 98% Progress, however, PTCUL has not planned the downstream asset (i.e. Sub-station at Lohaghat) yet. In view of the above and as laid out under the Truing Up Section of this Order, the Commission is not inclined to approve the capitalization of such assets where a huge mismatch in planning of downstream assets is being observed by the Commission. The Petitioner is directed to ensure proper planning of assets which form part of a single scheme in future and take up the implementation of such assets simultaneously to avoid mismatch in COD of such assets.

Based on the observations made by the Commission, the total amount of capitalization for second half of FY 2022-23approved by the Commission works out to Rs. 26.37 Crore.

Further, as laid out in the Truing Up Section of this Order, the Commission also approves the Balance Capitalization i.e. the difference of capitalization between Form 9A and Form 9.5 during FY 2022-23. Part Capitalization of Scheme "220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi" i.e. Construction of Pile foundations and wire mesh crate protection work at different tower locations of 220 kV Twin Zebra Lakhwar-Vyasi transmission line Dehradun which was disallowed during True up of FY 2021-22, as the main scheme is being capitalized during FY 2022-23, Details of such works are mentioned below:

Table 4.4: Balance Capitalization from FY 2021-22/ Part Capitalization disallowed during FY 2021-22

S. No.	Name of the Scheme	Scheme	Amount approved during FY 2022-23 (Rs. Crore)
1.	220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi. (Constructuin of Pile foundations and wire mesh crate protection work at different tower locations of 220 kV Twin Zebra Lakhwar-Vyasi transmission line Dehradun.)	REC-VIII	6.96
2.	Supply, Erection & Testing and Commissioning of 40 MVA 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja, Haldwani against Tender Specification no. PTCUL/E-Tender/ C&P-II/SS-15/2017-18	REC-10951	0.18
3.	Supply Erection and Testing & Commissioning of 132/33kV Transformer and its associates 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	REC-10950	0.31
4.	Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar	REC-10760	0.71
5.	Supply Erection and Testing & Commissioning of 40MVA 132/kV Transformer & 132 kV & 33 kV Transformer bay at 132 kV S/s Bindal	PFC-SI (PFC-3030)	0.08
6.	Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	RCRM-9025	1.56
Total			**9.79**

Therefore, the amount approved by the Commission to be capitalized during FY 2022-23 is Rs. 211.67 Crore (including actual capitalization of Rs. 179.39 Crore in first half and proposed capitalization of Rs.26.37 Crore in second half of FY 2022-23, balance capitalization of FY 2021-22 and part capitalization disallowed during FY 2021-22 of Rs. 9.79 Crore and deletion of Rs. 3.88

Crore). Based on the above discussion, GFA claimed by the Petitioner and GFA approved by the Commission for FY 2022-23 is as follows:

Table 4.5: GFA Base approved for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order	Claimed by PTCUL	Approved in APR
1.	Opening GFA	1947.54	1942.54	1863.65
2.	Capitalization during the year	271.56	269.97	211.67
3.	Closing GFA	2219.10	2212.51	2075.32

In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2022-23 based on the audited accounts for FY 2022-23 and give effect on this account in the ARR of FY 2024-25 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021. The Commission has computed certain expenses for FY 2022-23 based on the revised GFA for FY 2022-23 only to facilitate the computations for the ensuing FY 2023-24. The Commission at this stage has not carried out the detailed prudence check of capitalized works considered during FY 2022-23 including time over-run and cost over-run as the objective at this stage for carrying out Annual Performance Review for FY 2022-23 is to revise the estimates for current year, i.e. FY 2022-23, and give its effect while approving the ARR for FY 2023-24. The Commission will carry out the detailed prudence check of actual works capitalized during FY 2022-23 while carrying out the truing up for FY 2022-23 based on the audited accounts.

4.3 Capitalization during FY 2023-24

The Commission, in the approval of Business Plan for the Fourth Control Period from FY 2022-23 to FY 2024-25 had approved the capitalization of Rs. 271.38 Crore for FY 2023-24. As against the same, the Petitioner has proposed the revised capitalization of Rs. 261.21 Crore for FY 2023-24.

The Commission observed that the Petitioner is adopting the practice of projecting capitalization on a higher side in its tariff petitions while on the other side, the actual capitalization is lower than the approved capitalization as observed in truing up for FY 2021-22. This results in over-projection of ARR and Tariff at the time of approval of ARR for ensuing years and creates a situation of over-recovery by the Petitioner with surplus to be returned by the Petitioner along with the carrying cost.

In view of above, the Commission vide its letter No. UERC/7/CL/592/2022-23/1100 dated December 07, 2022 asked PTCUL to submit the details of physical progress and financial progress (%) till date against the expected date of completion. In response, PTCUL submitted the details of physical and financial Progress with respect to projects proposed to be capitalized during FY 2023-24 wherein it was observed that the physical progress for certain schemes proposed to be capitalized during FY 2023-24 was at 0%. The schemes are listed below:

a) Erection and commissioning of new bay for existing 50 MVAR Reactor at 400 kV S/s Rishikesh.

b) Replacement of 220 kV Roorkee-Puhana old Deer/Zebra conductor with high capacity HTLS conductor.

c) 220 kV S/s Jhajhra- Repairing of 160 MVA (PT-6934) Transformer.

d) Stringing of Second Circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith Construction of 132 kV bay at 132 kV S/s Bazpur.

e) Construction of 132 kV and 66 kV Bays and installation of 3x20 MVA, 132/66 kV Transformers at 132 kV substation Simli.

f) 1 No. 2x5 MVAR Capacitor Bank is to be installed at 132 kV S/S Laltappar.

g) Construction of 66 kV DC Line for LILO of 66 kV Karanprayag- Kothiyalsain line at 132 kV Simli.

h) All Five Deposit works.

During the TVS Session, PTCUL agreed to provide detailed justification along with timeline in terms of PERT Chart for implementation of schemes after re-assessing the physical progress. PTCUL further agreed to submit the revised date of capitalization. The Petitioner in its reply dated February 03, 2023 submitted the actual and revised expected date of completion for the projects proposed to be capitalized during FY 2023-24. The details of the same along with the approved Capitalization for FY 2023-24 is shown in the Table below:

Table 4.6: Works proposed to be capitalized during FY 2023-24 as submitted by PTCUL

S. No.	Name of the Scheme	Proposed capitalization in FY 2023-24 (Rs Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs Crore)
1.	Erection and commissioning of new bay for existing 50 MVAR Reactor at 400 kV S/s Rishikesh	1.69	31-03-2024	31-12-2024	-
2.	220 kV DC Transmission Line from interconnection point of Singoli-Bhatwari HEP to proposed 220 kV S/s Rudrapur (Baramwari)	32.08	01-06-2023	30-04-2024	-
3.	Replacement of 220 kV Roorkee-Puhana old Deer/Zebra conductor with high capacity HTLS conductor	10.4	30-11-2023	Scheme Scrapped	-
4.	Construction of 2x25 (MVA), 220/33 kV S/s Baram (Jauljivi)	146.9	31-12-2023	30-06-2024	-
5.	Construction of LILO line of one Circuit 220 kV Dhauliganga-Pithoragarh (PGCIL) line at proposed 2x25 MVA Baram				
6.	220 kV S/s Jhajhra- Repairing of 160 MVA (PT-6934) Transformer	2.26	31-03-2024	30-06-2024	-
7.	Stringing of Second Circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith Construction of 132 kV bay at 132 kV S/s Bazpur	13.86	31-03-2024	31-08-2025	-
8.	132kV Single Circuit Bindal-Purkul Line	5.96	01-10-2023	01-10-2023	5.96
9.	Construction of 132 kV and 66 kV Bays and installation of 3x20 MVA, 132/66 kV Transformers at 132 kV sub-station Simli.	12.11	01-03-2024	31-08-2024	-
10.	2x5 MVAR capacitor Bank 1No 2x5 MVAR capacitor Bank is to be installed at 132 kV S/S Laltappar	0.5	01-06-2023	31-03-2024	0.50
11.	Construction of 66 kV D/C line for LILO of 66 kV Karanprayag-Kothiyalsain line at 132 kV Substation Simli	4.43	01-03-2024	31-08-2024	-
Sub-Total		**230.19**			**6.46**
Projects under Deposit work					
1.	132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching S/s) TSS of Railway Vikas Nigam Limited	10.25	01-02-2024	30-04-2024	-
2.	132 kV Underground D/C cabling work at Sriangar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	2.79	01-11-2023	30-11-2023	2.79
3.	Construction of 132 kV bay at 132 kV Kichha S/s for M/s IROCN International Ltd.	1.8	16-04-2023	16-08-2023	1.8
4.	Construction of 132kV single circuit (2 phase) transmission line on D/C towers from 132 kV S/s Kichha to TSS Lalkuwan railway station.	12.46	28-07-2023	23-01-2024	12.46
5.	Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited (RVNL) at 132 kV Substation Simli.	3.72	01-07-2023	31.08.2023	3.72
Sub-Total		**31.02**			**20.77**
Total		**261.21**			**27.23**

Based on revised submissions of PTCUL, the Commission observed that most of the schemes are scheduled to achieve Commercial Operation beyond FY 2023-24. Therefore, the Commission has considered capitalization for those projects only whose details are provided by the Petitioner and are expected to be completed during FY 2023-24. Accordingly, a total amount of Rs. 27.23 Crore has been considered by the Commission towards asset capitalization for FY 2023-24. Accordingly, the GFA base claimed by the Petitioner and approved by the Commission for FY 2023-24 is as shown in the Table below:

Table 4.7: GFA base approved for FY 2023-24 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order	Claimed by PTCUL	Approved in ARR
1.	Opening GFA	2219.10	2212.51	2075.32
2.	Capitalization during the year	271.38	261.21	27.23
3.	Closing GFA	2490.49	2473.72	2102.55

4.4 Means of Finance

The Commission in its MYT Order dated March 31, 2022 while approving the Business Plan for the Fourth Control Period from FY 2022-23 to FY 2024-25 had considered the debt equity ratio of 70:30 as means of finance for capitalization during the Control Period. Accordingly, the Commission at this stage has considered the debt equity ratio of 70:30 for capitalization in FY 2022-23 and FY 2023-24. The Commission shall consider the actual means of finance for each scheme capitalized during the truing up for the respective year.

Based on the above and considering the closing balances for FY 2020-21, the Commission has determined the debt and equity components for FY 2022-23 and FY 2023-24 which works out as given below:

Table 4.8: Details of financing for capitalization for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	78.68	238.71	1166.76	379.50	1863.65
2.	**Total addition during the year**	**0.00**	**7.44**	**145.68**	**62.43**	**215.55**
3.	Less Deletions during the year	3.88	0.00	0.00	0.00	3.88
4.	**Closing GFA**	**74.80**	**246.15**	**1312.44**	**441.94**	**2075.32**

Table 4.9: Details of financing for capitalization for FY 2023-24 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	74.80	246.15	1312.44	441.94	2075.32
2.	**Total addition during the year**	**0.00**	**20.77**	**4.52**	**1.94**	**27.23**
3.	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
4.	**Closing GFA**	**74.80**	**266.92**	**1316.96**	**443.87**	**2102.55**

4.5 Annual Transmission Charges

Regarding the Annual Transmission Charges, Regulation 57 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**57. Annual Transmission Charges for each financial year of the Control Period***

The Annual Transmission Charges for each financial year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Businesses and short-term open access charges, as approved by the Commission and shall be computed in the following manner

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;

(b) Lease Charges;

(c) Interest and Finance charges on loan capital;

(d) Return on equity capital;

(e) Income-tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,

Minus:

(h) Non-Tariff Income

(i) Short-Term Open Access Charges and

(j) Income from Other Business to the extent specified in these Regulations.

..."

The Commission in this Order has approved the Annual Transmission Charges for FY 2023-24 based on the approved GFA base.

4.5.1 *Operation and Maintenance expenses*

Regarding the Operation and Maintenance expenses, Regulation 62 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**62. Operation and Maintenance Expenses***

(1) The O&M expenses for the first year of the Control Period will be approved by the Commission

taking into account actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period i.e., FY 2021-22 shall be approved based on the formula given below:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

Where–

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

(3) The above components shall be computed in the manner specified below:

$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (WPIinflation)$ *and*

$A\&Gn = (A\&G_{n-1}) \times (WPIinflation) + Provision$

Where –

- *EMP_{n-1} – Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on*

the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."

The O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2021, the O&M expenses for FY 2023-24 shall be determined by the Commission considering actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. The submissions of the Petitioner and the Commission's analysis on the O&M expenses for FY 2023-24 are detailed below:

4.5.1.1 Employee expenses

The Commission had approved the employee expenses of Rs. 116.37 Crore for FY 2022-23 and Rs. 131.01 Crore for FY 2023-24 in its MYT Order dated March 31, 2022.

The Petitioner has submitted that the employee expenses for FY 2022-23 and FY 2023-24 have been proposed as per the UERC Tariff Regulations, 2021 considering closing normative employee expenses for FY 2021-22. The Petitioner has escalated EMP_{n-1} for FY 2021-22 with average CPI inflation for last three years (FY 2019-20 to FY 2021-22) and multiplied the same by Growth factor proposed for FY 2022-23 based on actual addition and retirement of employees during FY 2022-23 to arrive at the revised estimates of employee expenses. The capitalization rate has been considered as 26.38% as determined by the Commission in MYT Order dated March 31, 2022. For the calculation of employee expenses of FY 2023-24, the Petitioner has escalated the employee expenses projected for FY 2022-23 with average CPI inflation for last 3 years (FY 2019-20 to FY 2021-22) and multiplied the same by Growth Factor proposed for FY 2023-24 to arrive at the revised estimates of employee expenses. Accordingly, the Petitioner has proposed the employee expenses of Rs. 115.38 Crore and Rs. 135.23 Crore for FY 2022-23 and FY 2023-24 respectively.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2021. The Commission has considered the closing no. of employees for FY 2021-22 as the opening no. of employees for FY 2022-23. In the MYT Order dated March 31, 2022, the Commission had approved the recruitment of 74 numbers of employees and retirement of 14 number of employees in FY 2022-23. As against the same, during H1 FY 2022-23, there was an actual addition of 42 Employees and retirement of 10 Employees in PTCUL. With regard to H2 FY 2022-23, the Petitioner has initially proposed recruitment of 35 numbers of employees and retirement of 5 number of employees in FY 2022-23. In this regard the Commission during the TVS Session asked the Petitioner to provide the status update on the proposed Recruitment plan. In reply to the Commission's query dated January 27, 2023, the Petitioner vide its letter dated February 03, 2023 submitted that till 27th January, 2023 only 4 employees were recruited and 5 employees have retired.

Accordingly, based on the submission of the Petitioner, the Commission has considered the recruitment of 4 employees and retirement of 5 employees for H2 FY 2022-23 along with the actual employee addition of 42 employees and actual retirement of 10 employees during H1 FY 2022-23. The Commission approves the total addition of 46 employees and retirement of 15 employees during FY 2022-23.

Further, the Petitioner vide Letter dated February 03, 2022 had also submitted that recruitment of remaining employees out of proposed recruitment of 35 Employees during FY 2022-23 may be considered during FY 2023-24. The Petitioner further submitted that GoU was requested to unfreeze 97 posts of PTCUL for the FY 2023-24, against which GoU has unfreezed 2 No. of posts vide Letter No.02 dated 02.01.2023. Accordingly, based on the submission of the Petitioners, the Commission has considered the recruitment of 33 employees (Balance 31 Posts considered for FY 2023-24 out of 35 Posts after considering 4 Posts for FY 2022-23 plus 2 No. posts unfreezed by GoU for FY 2023-24).

Accordingly, the Commission has approved the Gn factors of 3.58% for FY 2022-23 and 3.68% for FY 2023-24 as computed below:

Table 4.10: Gn Computations for FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Claimed	Allowable	Claimed	Allowable
Opening number of employees	865	865	927	896
Recruitment during the year	77	46	113	33
Retirement during the year	15	15	14	0
Closing number of employees	927	896	1026	929
Gn	**7.17%**	**3.58%**	**10.68%**	**3.68%**

However, if the actual addition to number of employees is lower or higher, as the case may be, than the number of employee addition considered in this Order, the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction or increase in Employee expenses on account of controllable factors.

In accordance with UERC Tariff Regulations, 2021, CPI inflation which is the average increase in the Consumer Price Index (CPI) for the preceding three years is to be considered. The Commission has calculated the annual growth in values of CPI (overall) based on the average of preceding three full years upto FY 2021-22 as 5.89%.

The Commission has considered the employee expenses approved in the true up for FY 2021-22 for projecting the employee expense for FY 2022-23 and FY 2023-24 in accordance with the UERC Tariff Regulations, 2021. Further, the Commission has considered the capitalization rate of employee expenses as 26.38% equal to capitalization rate worked out for FY 2022-223 and FY 2023-24 in the MYT Order dated March 31, 2022. The Commission has considered the closing normative gross employee expenses approved in the true up of FY 2021-22 as the opening gross employee expenses for FY 2022-23. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2022-23 and escalated with CPI Inflation of 5.89% to arrive at the closing normative employee expenses for FY 2022-23. The gross employee expenses so arrived have been considered as the opening gross employee expenses (EMP_{n-1}) for FY 2023-24. The Commission has computed the normative employee expenses for FY 2023-24 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2021 considering the Gn factor approved for the corresponding year and the CPI inflation of 5.89%.

The Commission shall consider the arrear due to impact of Seventh Pay Commission, if any, during the true up of FY 2022-23 and no sharing of gains and losses on this amount would be allowed.

Accordingly, the normative employee expenses approved by the Commission for FY 2023-24 are as shown in the Table below:

Table 4.11: Employee expenses approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
Net Employee expenses	131.01	135.23	122.44

4.5.1.2 R&M expenses

The Commission has approved the R&M expenses of Rs. 42.52 Crore for FY 2022-23 and Rs. 48.45 Crore for FY 2023-24 in its MYT Order dated March 31, 2022. The Petitioner has proposed the total R&M expenses (including R&M expenses for 66 kV assets transferred from UPCL) for FY 2022-23 as Rs. 46.46 Crore and for FY 2023-24 as Rs. 53.50 Crore. The Petitioner submitted that R&M expenses have been computed as per UERC Tariff Regulations, 2021.

The Petitioner has considered the K factor of 2.13%. Further, the Petitioner has considered the WPI inflation of 5.32% considering the average increase in the Wholesale Price Index (WPI) for FY 2019-20 to FY 2021-22. Accordingly, the Petitioner has proposed normative R&M expenses of Rs. 43.58 Crore and Rs. 49.63 Crore for FY 2022-23 and FY 2023-24 respectively.

Additionally, the Petitioner has claimed the R&M Expenses of Rs. 2.88 Crore and Rs. 3.86 Crore during FY 2022-23 and FY 2023-24 respectively towards the upkeep of 66 kV assets at Srinagar and Thithki Sub-station and associated lines transferred from UPCL to PTCUL in compliance of Order No. UERC/5/Tech/Pet. No. 10 of 2019/71 dated April 10, 2019. In this regard, the Commission observes that the actual R&M Expense incurred by PTCUL during FY 2021-22 is 47% of the Normative Expenses allowed by the Commission under the truing Up section. The Commission observes that PTCUL has not been able to utilize the R&M expenses being approved by the Commission and PTCUL has only been able to take up R&M activities at 50% of normative expenses approved towards Repair & Maintenance. In view of the substantial underutilization of Normative R&M Expenses being approved by the Commission, the Commission at this stage is not inclined to approve the additional R&M Expenses of Rs. 2.88 Crore and Rs. 3.86 Crore during FY 2022-23 and FY 2023-24 respectively towards the upkeep of 66 kV assets at Srinagar and Thithki Sub-station and associated lines transferred from UPCL to PTCUL. The Commission would take a fresh view in the matter during the Truing Up of FY 2022-23 based on actual R&M Expenses incurred by PTCUL during FY 2022-23.

The Commission has determined the R&M expenses for FY 2022-23 and FY 2023-24 in accordance with UERC Tariff Regulations, 2021. The Commission has considered the K factor of 2.13%, the same as approved in the MYT Tariff order dated March 31, 2022. The Commission has considered the closing GFA of Rs. 1863.65 Crore for FY 2021-22 as opening GFA for FY 2022-23 and the closing GFA of Rs. 2075.32 Crore for FY 2022-23 has been considered as opening GFA for FY

2023-24. The Commission has considered the WPI Inflation of 5.32% which is the average increase in the Wholesale Price Index (WPI) for FY 2019-20 to FY 2021-22 both for FY 2022-23 and FY 2023-24.

The R&M expenses approved by the Commission for FY 2023-24 are shown in the Table below:

Table 4.12: R&M expenses approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
R&M Expenses	**48.45**	**53.50**	**46.56**

4.5.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 26.00 Crore for FY 2022-23 and Rs. 26.17 for FY 2023-24 in its Order dated March 31, 2022. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2022-23 as Rs. 26.94 Crore and for FY 2023-24 as Rs. 27.28 Crore.

The Petitioner submitted that the A&G expenses for FY 2022-23 and FY 2023-24 has been proposed as per the UERC Tariff Regulations, 2021. Accordingly, the estimated A&G expenses for FY 2021-22, net of license fee & security expenses have been considered as '$A\&G_{n-1}$'. The '$A\&G_{n-1}$' has been escalated by WPI inflation of 5.32% to arrive at the expenses for FY 2022-23. Further, the license fee & security expenses have been added to arrive at total A&G expenses for FY 2022-23. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 26.94 Crore and Rs. 27.28 Crore for FY 2022-23 and FY 2023-24 respectively.

The Commission has considered the closing normative gross A&G expenses (excluding the licensce fee and security expenses) approved in the true up of FY 2021-22 as the opening gross A&G expenses for FY 2022-23. This normative opening gross A&G expenses have been escalated by the WPI inflation of 5.32% to arrive at closing gross A&G expenses for FY 2022-23. The gross A&G expenses so arrived at have been considered as the opening gross A&G expenses ($A\&G_{n-1}$) for FY 2023-24. The Commission has computed the normative A&G expenses for FY 2023-24 in accordance with Regulation 62(3) of the UERC Tariff Regulations, 2021 considering the WPI inflation of 5.32%. Further, the Commission has considered the capitalization rate of 26.59% as approved in the MYT order dated March 31, 2022. In addition, the Commission has considered the License Fee of Rs. 8.61 Crore and Security Expenditure of Rs. 11.86 Crore as per the submission of Petitioner which shall be subject to truing up based on the actual expenses.

The normative A&G expenses approved by the Commission for FY 2023-24 are shown in the Table below:

Table 4.13: A&G Expenses approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
A&G expenses	**26.17**	**27.28**	**28.24**

4.5.1.4 *O&M expenses*

The O&M expenses approved by the Commission for FY 2023-24 are as shown in the Table below:

Table 4.14: O&M expenses approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
Employee expenses	131.01	135.23	122.44
R&M expenses	48.45	53.50	46.56
A&G expenses	26.17	27.28	28.24
Total O&M expenses	**205.63**	**216.00**	**197.23**

The main reasons for reduction in O&M Expenses for FY 2023-24 as compared to that approved vide MYT Order March 31, 2022 is due to reduction in actual capitalization during FY 2021-22, estimated capitalization in FY 2022-23 and FY 2023-24 as compared to that approved in MYT Order and substantial lesser number of employees recruited during FY 2022-23 & FY 2023-24 as compared to the recruitment figures approved in MYT Order.

4.5.2 *Interest on Loans*

The Petitioner has considered the loan addition during FY 2022-23 and FY 2023-24 equivalent to 70% of the proposed capitalization for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the respective year. The Petitioner has proposed the interest on loan by applying the interest rate of 9.82% which is the weighted average rate of interest for FY 2021-22. Accordingly, the Petitioner has proposed the interest on loan of Rs. 47.59 Crore and Rs. 53.40 Crore for FY 2022-23 and FY 2023-24 respectively.

Regulation 27 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**27. Interest and finance charges on loan capital and on Security Deposit***

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 01.04.2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2022 from the gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year…

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of previous year after providing appropriate accounting adjustment for interest capitalised:

…

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest. …"

The Commission has considered the closing loan balance of FY 2021-22 as approved after truing up, as opening loan balance for FY 2022-23. The loan addition during FY 2022-23 has been considered as per the approved means of finance for FY 2022-23. The allowable depreciation for FY 2022-23 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance of FY 2022-23 as the opening loan balance for FY 2023-24. The loan addition during the year has been considered as per the approved Financing Plan discussed in preceding paragraphs. The Commission has considered the normative repayment equivalent to the approved depreciation. The Commission has considered the interest rate of 11.61% which is the weighted average rate of interest for FY 2021-22 based on the interest expenses and long-term borrowing details as per Annual Accounts for FY 2021-22.

The interest on loan has been determined by applying the interest rate of 11.61% on the average loan balance for the year. The variation on rate of Interest is on account of the fact that PTCUL has considered the overall weighted average rate of interest of 9.82% (pertaining to UITP as well as Non-UITP Schemes) as per the Audited Accounts of FY 2021-22, however, the Commission has worked out the weighted average rate of interest of 11.61% percent after considering the loans pertaining to Non-UITP Schemes only.

The interest on loan approved by the Commission for FY 2023-24 is shown in the Table given below:

Table 4.15: Interest on Loan approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed	Allowable
Opening Loan balance	558.24	523.06	462.68
Drawl during the year	180.63	161.13	4.52
Repayment during the year	106.21	119.18	93.83
Closing Loan balance	632.66	565.01	373.37
Interest Rate	11.19%	9.82%	11.61%
Interest	**66.61**	**53.40**	**48.55**

4.5.3 Return on Equity

The Petitioner has considered the opening Equity for FY 2023-24 as Rs. 481.62 Crore. The Petitioner has considered the equity addition for FY 2022-23 and FY 2023-24 equivalent to 30% of the proposed capitalization for the respective year. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 62.50 Crore and Rs. 74.65 Crore for FY 2022-23 and FY 2023-24 respectively. Further, the Petitioner has claimed RoE on PDF amounting to Rs. 464.79 Crore including the carrying cost.

The Commission as deliberated in earlier Orders has not approved the RoE on projects funded by PDF. On this issue of allowing RoE on PDF, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the RoE on PDF. As the matter is sub-judice, the Commission in line with the approach adopted in earlier Orders has not allowed any RoE on projects funded by PDF.

PTCUL has further claimed an amount of Rs. 244.43 Crore as RoE on the initial Equity considering the same to be 30% of the approved opening GFA for PTCUL as on the date of its creation, from FY 2005-06 to FY 2022-23. On this issue of RoE on Opening Equity, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the differential RoE on Opening Equity.

As discussed in Chapter 3, the Commission has approved the RoE on opening Equity as approved in the true up of FY 2021-22. Further, the Commission while computing the RoE for FY 2022-23 and FY 2023-24 has included initial equity in the opening Equity. Therefore, the Commission has not separately approved any amount in this regard in FY 2022-23 and FY 2023-24.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**26. Return on Equity***

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.50% for thermal generating stations, transmission licensee, SLDC..."

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for FY 2023-24 considering the eligible opening equity for return purposes for the respective year.

The Return on Equity approved by the Commission for FY 2023-24 is shown in the Table below:

Table 4.16: Return on Equity approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
Opening Equity	485.34	481.62	441.94
Addition during the year	77.41	69.06	1.94
Closing Equity	562.76	550.68	443.88
Eligible Equity for return	390.82	481.62	345.72
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	**60.58**	**74.65**	**53.59**

4.5.4 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for FY 2022-23 and FY 2023-24 and the rates of depreciation specified in the UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the depreciation of Rs. 106.37 Crore and Rs. 119.18 Crore for FY 2022-23 and FY 2023-24 respectively.

Regulation 28 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**28. Depreciation***

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

...

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

..."

The Commission has determined the depreciation for FY 2023-24 considering the approved GFA based on the additional capitalization for FY 2022-23 and FY 2023-24 and rate of depreciation as defined in the Appendix-II of UERC Tariff Regulations, 2021. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2023-24 and deducted the same from the gross depreciation as depreciation is not allowed on assets funded through grants. The depreciation approved by the Commission for FY 2023-24 is shown in the Table given below:

Table 4.17: Depreciation approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Depreciation	106.21	119.18	93.83

4.5.5 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR proposal for FY 2023-24.

Regulation 34 of the UERC Tariff Regulations, 2021 specifies as follows:

"***34. Tax on Income***

Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."

As stated above, Income Tax is admissible at the time of truing up and, hence, the Commission has not considered any Income Tax in the approval of ARR for FY 2023-24.

4.5.6 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for FY 2022-23 and FY 2023-24 has been proposed in accordance with UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the IWC of Rs. 10.79 Crore and Rs. 14.61 Crore for FY 2022-23 and FY 2023-24 respectively.

The Commission has determined the interest on working capital for FY 2023-24 in accordance with the UERC Tariff Regulations, 2021.

4.5.6.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission is Rs. 197.23 Crore for FY 2023-24. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 16.44 Crore for FY 2023-24.

4.5.6.2 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2021, which work out to Rs. 29.59 Crore for FY 2023-24.

4.5.6.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 354.23 Crore for FY 2023-24, which works out to Rs. 59.04 Crore.

Based on the above, the total working capital requirement of the Petitioner for FY 2023-24 works out to Rs. 105.06 Crore. The Commission has considered the rate of interest on working capital as 11.29% i.e. the prevailing weighted average of 'one-year marginal Cost of funds based lending rate (MCLR)' as declared by the State Bank of India from time to time for the financial year in which the application for determination of tariff is made, i.e. 7.79% plus 350 basis points and accordingly, the interest on working capital works out to Rs. 11.86 Crore for FY 2023-24. The interest on working capital approved by the Commission for FY 2023-24 is shown in the Table below:

Table 4.18: Interest on working capital approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses for 1 month	17.14	18.00	16.44
Maintenance Spares	30.84	32.40	29.59
Receivables equivalent to 2 months	68.09	83.12	59.04
Working Capital	116.07	133.85	105.06
Rate of Interest on Working Capital	10.50%	10.94%	11.29%
Interest on Working Capital	**12.19**	**14.61**	**11.86**

4.5.7 *Non-Tariff Income*

The Petitioner has considered the non-tariff income of Rs. 15.00 Crore same as approved in the MYT Order dated March 31, 2022 for FY 2023-24. The Commission has provisionally considered the non-tariff income of Rs. 15.00 Crore, same as claimed by the Petitioner and approved in MYT Order dated March 31, 2022. The same shall, however, be trued up based on the actual audited accounts for FY 2023-24.

4.5.8 *Revenue from STOA charges*

The Petitioner has proposed Revenue from Short Term Open Access Charges of Rs. 2.57 Crore for FY 2023-24.

In the absence of any yardstick for estimating the revenue from STOA of the Petitioner, the Commission provisionally accepts the same as proposed by the Petitioner. The same shall, however, be trued up based on the actual audited accounts for the year.

4.5.9 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for the FY 2023-24 is shown in the Table below:

Table 4.19: Annual Transmission Charges approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses	205.63	216.00	197.23
Interest on loan	66.61	53.40	48.55
Return on Equity	60.58	74.65	53.59
Depreciation	106.21	119.18	93.83
Interest on working capital	12.19	14.61	11.86
Aggregate Revenue Requirement	**451.21**	**477.84**	**405.06**
Add:			

Table 4.19: Annual Transmission Charges approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
True up of previous years	-	**56.14**	**(16.54)**
Minus:			
Non-Tariff Income	15.00	15.00	15.00
Revenue from STOA charges	2.44	2.57	2.57
Revenue from Natural ISTS Lines	1.20	1.20	1.20
SLDC Charges	24.05	16.48	15.52
Annual Transmission Charges	**408.52**	**498.73**	**354.23**
Provision for RoE on initial Equity		**244.43**	**-**
Provision for RoE on GoU contribution from PDF		**464.79**	**-**

4.6 ATC of Bhilangana III–Ghansali Line for FY 2022-23 and FY 2023-24

4.6.1 *Background*

The Petitioner has proposed the ARR for Bhilangana III – Ghansali Line for FY 2022-23 and FY 2023-24 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 9.36 Crore and Rs. 1.54 Crore for FY 2022-23 and FY 2023-24 respectively.

The Commission in its Order dated April 29, 2013 had held as under:

> *"With regard to 220 kV D/C Bhilangana-III- Ghansali line, the Commission considers this as a transmission line which will be primarily used for evacuation of power from existing and proposed hydro generating stations in the area. The Commission has taken note of the fact that as of now while one circuit of* this *double circuit line is strung upto 220 kV S/s at Chamba and is being used for evacuation of power from the existing generating station namely Bhilangana-III (24 MW) the other circuit is strung upto Ghansali and is proposed to be connected to upcoming 220 kV S/s at Ghansali. It is apparent that only one circuit has been energised and put to use. Taking cognizance of the provisions of the Tariff regulations that any capital expenditure towards creation of an asset is deem fit for capitalization only if that asset is put to use, therefore, the Commission has decided to allow cost of servicing/ARR on only 50% of the capital cost incurred by the Petitioner towards the construction of the 220 kV D/C Bhilangana –III- Ghansali line which shall be recovered from the generator namely Bhilangana-III SHP, the only beneficiary as of now, subject to pro-rata recovery of this cost from other generators as and when they are commissioned and connected with this line. As far as the recovery of the balance capital cost of the line, disallowed as above, the Commission will*

take a view as and when the second circuit of the line is energised and put to use."

…

"The Commission has decided that the transmission charges payable by the Generator towards 220 kV D/C Bhilangana-III-Ghansali line shall be determined in the proposed Tariff Order for PTCUL for the 1st control period (FY14 to FY16) on principles mentioned in Para 17 of this Order. These charges are provisional and will be replaced by the charges determined under the PoC mechanism by CERC. The Commission allows the Petitioner to recover these charges till December 2013 or till charges under PoC mechanism are determined. In case charges under PoC mechanism are not determined till December 2013, Petitioner should come up for further continuance of these charges furnishing details of efforts made/actions taken in this regard. The Commission may consider further continuance of these charges after satisfying itself of the due diligence of the Petitioner."

Further, the Commission in its Order dated May 6, 2013 had determined the provisional transmission charges for FY 2011-12 to FY 2015-16, and directed the Petitioner to ensure compliance of the direction of the Commission issued in its Order dated April 29, 2013.

Appeals have been filed by both M/s BHPL and PTCUL before Hon'ble ATE on the above stated Orders of the Commission. The Appeals were settled vide the Judgments of Hon'ble ATE in Appeal No. 128, 129 and 163 of 2013 dated November 29, 2014 and Judgment dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. Meanwhile M/s BHPL filed a Civil Appeal being C.A. No. 2368-2370 of 2015 before Hon'ble Supreme Court of India along with an interim application for stay against the Judgment of Hon'ble ATE dated November 29, 2014. Hon'ble Supreme Court of India vide its Interim Order dated October 12, 2015 ruled as under:

"In the circumstances, we are of the opinion that the Orders of the respondent no. 3 dated 29.4.2013 and 6.5.2013 be stayed until further orders without prejudice to the rights of the respondents. The appellant-applicant will continue to pay the transmission charges at the rate for which it was paying during the pendency of the appeals."

In light of the ruling of the Hon'ble Supreme Court of India reproduced above, the Commission did not approve the ARR for Bhilangana III – Ghansali Line for the second Control Period from FY 2016-17 to FY 2018-19 in its MYT Order dated April 5, 2016. However, the Petitioner submitted that the decision of the Hon'ble Supreme Court of India does not restrict it from approval of ARR on account of transmission charges and neither it restricts the Commission to approve the

ARR. Accordingly, the Petitioner prayed the Commission to approve the ARR for Bhilangana III - Ghansali Line. Considering the prayers of the Petitioner, the Commission vide Tariff Order dated March 29, 2017 has approved the ARR for Bhilangana III–Ghansali Line for FY 2016-17 to FY 2018-19 in accordance with the UERC Tariff Regulations, 2015.

Further, the Commission vide its Tariff Order dated March 21, 2018 quoted the ruling of its earlier Tariff Order dated March 29, 2017 as under:

> *"Till any further Order(s) of the Hon'ble Supreme Court in the Civil Appeal C.A. No. 2368-2370 of 2015, M/s BHPL is liable to pay the transmission charges to the Petitioner at the rate for which it was paying during the pendency of the appeals in accordance with the Interim Order dated October 12, 2015 of the Hon'ble Supreme Court reproduced in Para 4.7 above of this Order."*

In accordance with the decision of the Commission reproduced above, the Commission did not carry out the truing up for FY 2016-17 for Bhilangana III–Ghansali Line and further did not considered the claims of revised ARR for FY 2018-19 submitted by the Petitioner.

Further pending the decision in Civil Appeal C.A. No. 2368-2370 of 2015, the Commission did not take up the Tariff determination for Bhilangana III–Ghansali Line for FY 2019-20, FY 2020-21 and FY 2021-22.

Hon'ble Supreme Court of India vide order dated May 10, 2018 in Civil Appeal No. 2368-2370 of 2015 held as under:

> *"Heard learned counsel for the parties and perused the record.*
>
> *We do not find any merit in these appeals. The same are, accordingly, dismissed. This order will be subject to the liberty to the appellant to move the Central Commission to establish that for any particular period the transmission was interstate and on this being established, the Central Commission will be at liberty to modify the charges which will be treated to be provisional till then.*
>
> *If no such application is filed within three months, the impugned order will be treated as final.*
>
> *It will be open to the respondents to show that the charges have already been recovered from the buyers or that transmission was not interstate and no modification was required."*

Accordingly, as per the direction of the Hon'ble Supreme Court in Civil Appeal No. 2368-2370 of 2015, BHPL with the objective of inclusion of 220 kV D/C Bhilangana III- Ghansali line under PoC mechanism filed Petition No. 246/MP/2018 before the Hon'ble CERC with following prayers:

"a. Declare that for the period from 01.05.2012 till 02.04.2015, the 220 kV D/C BhilanganaIII-Ghansali line was part of Inter-State Transmission System;

b. Determine transmission charges for the 220 kV D/C Bhilangana-III - Ghansali line as per the PoC mechanism in accordance with the CERC (Sharing of Inter-state Transmission charges & losses) Regulations, 2010 and pass all consequential directions to Respondent No. 1 to enable such determination;

c. Pass such other and further order(s) as this Hon'ble Commission may deem fit."

Accordingly, Hon'ble CERC vide its order dated April 21, 2022 in Petition No. 246/MP/2018 held that the transmission charges of the said one circuit of 220 kV D/C Bhilangana-III – Ghansali line cannot be decided as per the POC mechanism in accordance with the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and shall be governed as per Regulations and Orders of the State Commission. The Relevant extract of the same is reproduced as below:

"In view of above discussions, we observe that the subject transmission line of the present petition, namely, one circuit of 220 kV D/C Bhilangana-III – Ghansali line does not satisfy the criteria under which an intra-state line can be considered as being used for interstate transfer of power under 2010 Sharing Regulations. Accordingly, we find and hold that for the period from 01.05.2012 to 02.04.2015, the said 220KV D/C Bhilangana-III Ghansali line was not part of the inter-state transmission system (ISTS) and shall continue to be an intra-state transmission system. Hence, the transmission charges of the said one circuit of 220 kV D/C Bhilangana-III – Ghansali line cannot be decided as per the POC mechanism in accordance with the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and shall be governed as per Regulations and Orders of the State Commission."

Based on the judgement of Hon'ble Supreme Court of India in Civil Appeals No. 2368-2370 of 2015 and Order of Hon'ble CERC in Petition No. 246/MP/2018, PTCUL in the present Petitioner has approached the Commission for determination of ARR for 220 kV D/C Bhilangana-III – Ghansali line for FY 2022-23 and FY 2023-24.

Based on the verdicts of Hon'ble Supreme Court of India and Hon'ble CERC in the issue and the submissions of the Petitioner in the current Petition, the Commission has taken up the determination of ARR for FY 2022-23 and FY 2023-24 for 220 kV D/C Bhilangana-III–Ghansali line in accordance with UERC Tariff Regulations, 2021.

4.6.2 GFA

The Petitioner has submitted that the GFA base has been considered as Rs. 10.90 Crore, which is the approved GFA in the Commission's Order dated May 6, 2013. The Petitioner has not considered any GFA addition for FY 2022-23 and FY 2023-24.

The Commission has considered the GFA base of Rs. 10.90 Crore for determination of ARR for FY 2022-23 and FY 2023-24. The Commission has not considered any GFA addition.

4.6.3 Depreciation

The Petitioner has submitted that the depreciation has been computed considering the GFA base of Rs. 10.90 Crore and the depreciation rate of 5.28%. Accordingly, the Petitioner has claimed the depreciation of Rs. 0.58 Crore for FY 2022-23 and FY 2023-24.

The Commission has approved the depreciation considering the GFA base of Rs. 10.90 Crore and no GFA addition during FY 2022-23 & FY 2023-24. Further, the Commission has considered the depreciation rate of 5.28% in accordance with rate of depreciation as defined in the Appendix-II of UERC Tariff Regulations, 2021. Accordingly, the Commission approves the depreciation of Rs. 0.58 Crore for FY 2022-23 and FY 2023-24.

4.6.4 Interest on Loan

The Petitioner has Claimed Interest on Loan of Rs. 0.16 Crore and Rs. 0.09 Crore for FY 2022-23 and FY 2023-24.

The Petitioner has submitted that the closing loan for FY 2018-19 approved in Tariff order dated March 29, 2017 has been considered as opening loan for FY 2019-20. The Petitioner further submitted that repayment has been considered equal to depreciation for the year in accordance with UERC Tariff Regulations, 2021. The Petitioner has considered the rate of interest of 11.40% which was the prevailing rate of interest for REC-IV scheme for FY 2018-19 which has been calculated considering the total interest paid under REC-IV scheme (including IDC) and average of opening and closing loan balance for the scheme.

The Commission has considered the submissions of the Petitioner. The Commission for the purpose of approving the opening loan value for FY 2022-23 has considered the closing loan value of Rs. 3.42 Crore as approved by the Commission for FY 2018-19 vide Order dated March 29, 2017 and considered the repayment equal to depreciation of Rs. 0.58 Crore each year from FY 2019-20 to FY 2021-22 to arrive at the Opening Loan Value of Rs. 1.69 Crore for FY 2022-23. Further, Commission has considered NIL loan addition as there has been no GFA addition during FY 2022-23 & FY 2023-24. The repayment has been considered equal to depreciation for the year in accordance with UERC Tariff Regulations, 2021.

With regard to Rate of Interest, the Commission has worked out the rate of interest at 8.51% considering the actual interest paid under REC-IV Scheme during FY 2021-22 and average of opening and closing loan balance for the scheme during FY 2021-22.

The interest on loan approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the Table given below:

Table 4.20: Interest on Loan approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Claimed by the Petitioner	Approved by the Commission	Claimed by the Petitioner	Approved by the Commission
Opening Loan	1.69	1.69	1.12	1.12
Loan Addition	-	-	-	-
Repayment	0.58	0.58	0.58	0.58
Closing Loan	1.12	1.12	0.54	0.54
Interest Rate (%)	11.40%	8.51%	11.40%	8.51%
Interest on Loan	**0.16**	**0.12**	**0.09**	**0.07**

4.6.5 *Return on Equity*

The Petitioner has Claimed Return on Equity of Rs. 0.51 Crore for FY 2022-23 and FY 2023-24.

The Petitioner has submitted that the opening equity of Rs. 3.27 Crore as considered by the Hon'ble Commission in Tariff order dated May 6, 2013 has been considered as opening equity for calculation of Return on Equity.

The Petitioner further submitted that in the past Tariff Orders, the Hon'ble Commission has not allowed Return on Equity on entire equity base approved by the Hon'ble Commission in the respective Tariff Order. The Petitioner submitted that Return on Equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund considering that the Power Development Fund was realized from the consumers in form of a cess.

The Petitioner further submitted that based on the judgement of Hon'ble APTEL in R.P. No. 2 of 2015 in Appeal No. 163 of 2015, Hon'ble UERC had allowed the Return on Equity on the 30% of capitalization amount approved for the project for period from FY 2016-17 to FY 2018-19 in Tariff Order dated March 29, 2017. However, no relief was provided to the Petitioner for past years from FY 2011-12 to FY 2015-16. In view of the same, the Petitioner prayed the Commission that the Return on Equity may be allowed on the equity contribution of Government of Uttarakhand for period from FY 2011-12 to FY 2015-16.

The Commission has considered the submissions of the Petitioner. The Commission in its Tariff Order March 29, 2017 has allowed the Return on Equity on the 30% of capitalization amount approved for the project for period from FY 2016-17 to FY 2018-19 based on the judgement of Hon'ble APTEL in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. In accordance with the stance taken by the Commission in its Order dated March 29, 2017, the Commission has worked out the Return on Equity for FY 2022-23 and FY 2023-24 considering opening Equity as Rs. 3.27 Crore as approved by the Commission in its Order dated May 6, 2013. Further, Commission has considered NIL equity addition as there has been no GFA addition during FY 2022-23 & FY 2023-24. The Rate of Return has been considered as 15.50% in accordance with UERC Tariff Regulations, 2021.

The return on equity approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the Table given below:

Table 4.21: Return on Equity approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Claimed by the Petitioner	Approved by the Commission	Claimed by the Petitioner	Approved by the Commission
Opening Equity	3.27	3.27	3.27	3.27
Addition	-	-	-	-
Closing Equity	3.27	3.27	3.27	3.27
Average Equity	**3.27**	**3.27**	**3.27**	**3.27**
RoE (%)	15.50%	15.50%	15.50%	15.50%
ROE	**0.51**	**0.51**	**0.51**	**0.51**

4.6.6 Operation and Maintenance Expenses

The Petitioner has Claimed O&M Expenses of Rs. 0.31 Crore and Rs. 0.33 Crore for FY 2022-23 and FY 2023-24.

The Petitioner has submitted that in accordance with methodology adopted by the Hon'ble Commission in Tariff Order dated March 29, 2017, the O&M expenses for FY 2022-23 and FY 2023-24 have been projected considering the O&M expenses approved by the Hon'ble Commission for FY

2018-19 as base expense. While, projecting the expenses, inflation has been considered based on past 3 years CPI and WPI data (55% WPI inflation and 45% CPI inflation), which works out to be 5.58%.

The Commission has considered the submissions of the Petitioner. The Commission in its Tariff Order March 29, 2017 has allowed the Operation and Maintenance Expense of Rs. 0.25 Crore for FY 2018-19. The Commission has considered the O&M expense for FY 2018-19 as the Base O&M Expense. Based on the methodology approved in Tariff Order dated March 29, 2017, the Commission has computed the O&M for every Year from FY 2019-20 to FY 2021-22 by escalating the Base O&M Expense with the Inflation of each year which has been worked out considering (55% WPI inflation and 45% CPI inflation). The O&M Expense worked out for FY 2021-22 has been considered as the Base O&M Expense for FY 2022-23 and the same has been escalated by Inflation rate of 5.58% considering (55% WPI inflation and 45% CPI inflation) to work out the O&M Expenses for FY 2022-23 and FY 2023-24.

The O&M Expenses approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the Table given below:

Table 4.22: O&M Expenses approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Claimed by the Petitioner	Approved by the Commission	Claimed by the Petitioner	Approved by the Commission
Base O&M Expense	0.29	0.28	0.31	0.30
Escalation for the Year (55% X WPI + 45% X CPI)	5.58%	5.58%	5.58%	5.58%
O&M Expense for the Year	**0.31**	**0.30**	**0.33**	**0.31**

4.6.7 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for FY 2022-23 and FY 2023-24 has been proposed in accordance with UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the IWC of Rs. 0.18 Crore and Rs. 0.04 Crore for FY 2022-23 and FY 2023-24 respectively.

The Commission has determined the interest on working capital for FY 2023-24 in accordance with the UERC Tariff Regulations, 2021.

4.6.7.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission is Rs. 0.30 Crore and Rs. 0.31 Crore for FY 2022-23 and FY 2023-24. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 0.02 Crore for FY 2022-23 and Rs. 0.03 Crore for FY 2023-24.

4.6.7.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2021, which work out to Rs. 0.04 Crore for FY 2022-23 and Rs. 0.05 Crore for FY 2023-24.

4.6.7.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 1.53 Crore for FY 2022-23 and Rs. 1.50 Crore for FY 2023-24, which works out to Rs. 0.26 Crore for FY 2022-23 and Rs. 0.25 Crore for FY 2023-24 respectively.

Based on the above, the total working capital requirement of the Petitioner works out to Rs. 0.32 Crore for FY 2022-23 and Rs. 0.32 Crore for FY 2023-24. The Commission has considered the rate of interest on working capital as 10.50% for FY 2022-23 and 11.29% for FY 2023-24 respectively i.e. the prevailing weighted average of 'one-year marginal Cost of funds based lending rate (MCLR)' as declared by the State Bank of India from time to time for the financial year in which the application for determination of tariff is made. Accordingly, the interest on working capital works out to Rs. Rs. 0.03 Crore for FY 2022-23 and Rs. 0.04 Crore for FY 2023-24. The interest on working capital approved by the Commission for FY 2023-24 is shown in the Table below:

Table 4.23: Interest on Working Capital approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Claimed by the Petitioner	Approved by the Commission	Claimed by the Petitioner	Approved by the Commission
1/12th of O&M Expense	0.03	0.02	0.03	0.03
Receivables for 2 Months	1.56	0.26	0.26	0.25
Maintenance Spares (15% of O&M Expense)	0.05	0.04	0.05	0.05
Total Working Capital	**1.63**	**0.32**	**0.33**	**0.32**
Interest Rate on Working Capital	10.94%	10.50%	10.94%	11.29%
Interest on Working Capital	**0.18**	**0.03**	**0.04**	**0.04**

4.6.8 Non-Tariff Income

The Commission for the purpose of this Order has not considered any Non-Tariff Income.

4.6.9 *True Up of Previous Years*

The Commission observes that the Petitioner has claimed Return on Equity (along with carrying cost) of Rs. 7.62 Crore and has claimed the same under "True Up of Previous Year Head" without providing any suitable justifications towards the same. Further, the Commission observes that under Return on Equity section the Petitioner has submitted that the Return on Equity may be allowed on the equity contribution of Government of Uttarakhand for period from FY 2011-12 to FY 2015-16. The Petitioner also submitted that disallowance is not only restricting the internal surplus generation but also adversely affecting the financial position of the Petitioner.

The Commission has noted the submissions of the Petitioner. The Commission in its Order dated March 29, 2017 has held the following:

"The Commission in its Order dated May 6, 2013 had approved the Equity of Rs. 3.27 Crore. However, the Commission in the said Order had not approved the Return on Equity as the Equity support has been provided by GoU from PDF. However, the Hon'ble ATE its Order dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015 ruled as under:

"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF towards capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly, this issue is decided in favour of the Petitioner."

Since the above referred ruling of the Hon'ble ATE, exclusively allows RoE for the equity funding in respect of Bhilangana III- Ghansali Line, hence, the Commission has decided to allow Return on Equity of Rs. 0.51 Crore each for FY 2016-17, FY 2017-18 and FY 2018-19 in accordance with UERC Tariff Regulations."

In this regard the Commission is of the opinion that any judgement passed by the Judicial Body or Law framed by Judicial Body cannot have a retrospective effect unless stated otherwise in the judgement. In view of the same, the Commission is not inclined to allow the Return on Equity from FY 2011-12 to FY 2021-22 as claimed by the Commission.

4.6.10 *Annual Transmission Charges for 220 kV D/C Bhilangana III- Ghansali Line*

Based on the above, the Annual Transmission Charges approved by the Commission for 220 kV D/C Bhilangana III – Ghansali Line is as given in the Table below:

Table 4.24: Annual Transmission Charges approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

S. No.	Particular	FY 2022-23		FY 2023-24	
		Claimed by the Petitioner	Approved by the Commission	Claimed by the Petitioner	Approved by the Commission
1	O&M Expenses	0.31	0.30	0.33	0.31
2	Interest on Loan	0.16	0.12	0.09	0.07
3	Return on Equity	0.51	0.51	0.51	0.51
4	Depreciation	0.58	0.58	0.58	0.58
5	Interest on Working Capital	0.18	0.03	0.04	0.04
6	**ARR**	**1.73**	**1.53**	**1.54**	**1.50**
7	Less: Non-tariff Income	-	-	-	-
8	Add: True up of previous years including carrying cost	7.62	-	-	-
9	**Net ARR**	**9.36**	**1.53**	**1.54**	**1.50**

4.7 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the responses of the stakeholders in the context of Petitioner's proposals for ARR and the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

- Power Transmission Corporation of Uttarakhand Ltd., the transmission licensee in the State will be entitled to recover Annual Transmission Charges for FY 2023-24 from its beneficiaries in accordance with the provisions of the Regulations.
- The payments, however, shall be subject to adjustment, in case any new beneficiary (including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

4.8 Transmission Charges payable by Open Access Customers

Uttarakhand Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2015 inter-alia specify transmission charges applicable on the customers seeking open access to intra-state transmission system. In this regard, Regulation 20(1)(b) specifies as under:

"(b) For use of intra-State transmission system–Transmission charges payable by an open access customer to STU for usage of its system shall be determined as under:

Transmission Charges = ATC/(PLS T X365) (Rs./MW/day)

Where,

ATC = Annual Transmission Charges determined by the Commission for the State transmission system for the relevant year;

PLST = Peak load served by the State transmission system in the previous year"

The ATC approved by the Commission for FY 2023-24 is Rs. 354.23 Crore and the PLST during FY 2022-23 is 2594 MW. Hence, in accordance with the methodology provided in the aforesaid Regulations, the rate of transmission charges payable by the customers seeking open access to intra-State transmission system for FY 2023-24 shall be:

Table 4.25: Rate of Transmission Charges for open access approved for FY 2023-24

Description	Rs./MW/day
Transmission Charges	3741.26

However, in case, augmentation of transmission system including construction of dedicated transmission system is required for giving long-term open access then such long-term customer shall, in addition to transmission charges as per the Rate of Charge provided above, also bear the transmission charges for such augmentation works including dedicated system. These charges shall be determined by the Commission on Rs./MW/day basis after scrutiny of the annual revenue requirements for the said works including dedicated system based on the proposal of the STU/transmission licensee, on case to case basis. With regard to sharing of these transmission charges for the augmentation works including dedicated system, the Commission shall take a decision, taking into account the beneficiaries of the said works and its usage, at the time of scrutiny of PTCUL's ARR for the ensuing year for intra-State system. However, till such time the Commission issues tariff order for the ensuing year, the long-term access customer for whom these augmentation works including dedicated system were carried shall be liable to pay these additional transmission charges.

The Annual Transmission Charges approved for FY 2023-24 will be applicable with effect from April 01, 2023 and shall continue to apply till further Orders of the Commission.

5 Commission's Directives

The Commission in its previous Orders had issued a number of specific directions to PTCUL with an objective of attaining operational efficiency and streamlining the flow of information, which would be beneficial for the Sector and the Petitioner both in short and long term. This Chapter deals with the compliance status and Commission's views thereon as well as the summary of new directions for compliance and implementation by PTCUL.

5.1 Compliance of Directives Issued in Tariff Order for FY 2023-24

5.1.1 Electrical Inspector Certificate

The Petitioner is directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition.

Petitioner's Submissions

The electrical inspector certificates for all projects/works claimed for capitalization have been submitted to the Commission. The certificates have been cross referenced as required by the Commission.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Petitioner is directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition**.

5.1.2 Capital cost of transferred assets

The Petitioner was directed to submit the impact of this notification and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2023-24. The Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2023-24.

Petitioner's Submissions

The Petitioner submitted that various meetings and correspondence have been done between UPCL and PTCUL regarding Transfer Scheme. A Draft policy of the same after reconciliation between UPCL & PTCUL has also been submitted to the Govt. of Uttarakhand for finalization and issuing of notification and the same is rigorously being perused. PTCUL requested the Commission to consider and allow some time for the same.

Fresh Directive

The Commission has noted the progress made in the matter.

The Commission directs the Petitioner to submit the impact of finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2024-25. The Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2024-25.

5.1.3 Ring Fencing of SLDC

The Commission directed PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2022-23.

Petitioner's Submissions

The Petitioner submitted that the detailed report on ring fencing of SLDC report is provided with the current Petition.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs PTCUL to take suitable actions and implement Ring Fencing of SLDC and submit the status of the same to the Commission while filing the Annual Performance Review for FY 2023-24.**

5.1.4 Capitalisation of partially completed schemes

The Petitioner is directed to ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years.

Petitioner's Submissions

The Petitioner submitted that the details as required by the Commission have been submitted in the requisite formats.

Fresh Directive

The Commission has noted the compliance by the Petitioner**. The Petitioner is directed to ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years**.

5.1.5 Additional Capitalisation beyond the cut off date

The Petitioner is directed to be vigilant in furnishing information to the Commission for future year also, taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings, for future year also.

Petitioner's Submissions

The Petitioner submitted that the Commission PTCUL shall be vigilant in furnishing information to the Commission for future years also, taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings, for future years also.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Petitioner is directed to be vigilant in furnishing information to the Commission for future years also, taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings, for future years also.**

5.1.6 Frequent Grid Failures

The Commission directed PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.

Petitioner's Submissions

The Petitioner submitted that the details of any major incident are shared with the Commission on regular basis. However, there were no major Grid failures in FY 2021-22.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.**

5.1.7 Transmission System Availability

The Commission directed the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during every truing up exercise.

Petitioner's Submissions

The Petitioner submitted that the transmission availability for FY 2021-22 has been submitted with the Petition.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during every truing up exercise.**

5.1.8 Submission of Completed Cost

The Commission once again directed the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works. Further, with regard to capitalisation during FY 2021-22, the Petitioner is directed to submit project wise above-mentioned details along with duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2018 having instances of time over run and/or cost over-run within 90 days from the date of issue of Order.

Petitioner's Submissions

The Petitioner submitted that in compliance with the Directive, the Petitioner has submitted the Form 9.5 for the Project of Construction of 132 kV Single Circuit overhead line of D/C Tower from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jawalpur Haridwar vide Letter No. 1929/MD/PTCUL/UERC dated July 06, 2022. Further with regard to the Project completed during FY 2021-22, the details are submitted in the Form 9.5 of this Petition.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project alongwith the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works.**

5.1.9 Submission of consistent information in proper format

The Commission directed the Petitioner to be consistent in the information to be submitted before the Commission.

Petitioner's Submissions

The details as directed by the Commission have been submitted in the requisite formats.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs the Petitioner to be consistent in the information to be submitted before the Commission.**

5.1.10 ATC of Natural ISTS lines of PTCUL

The Commission once again directed the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL.

Petitioner's Submissions

PTCUL has separately booked the amount in its accounts as and when received against Natural ISTS lines. The Revenue against Natural ISTS Transmission Lines during FY 2021-22 has been submitted in the Petition.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission once again directs the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL.**

5.1.11 Submission of DPR

The Commission directs the Petitioner to submit the DPR with the comprehensive cost benefits analysis at the time of filing the applications for investment approvals.

Petitioner's Submissions

The Petitioner submitted that the DPR's along with the comprehensive cost benefit analysis shall be submitted while filing applications for investment approvals.

Fresh Directives

The Commission has noted the compliance by the Petitioner. **The Commission once again directs the Petitioner to submit the DPRs with the comprehensive cost benefit analysis at the time of filing applications for Investment Approvals.**

5.1.12 Proposed Additional Capitalisation

During the analysis of the capitalisation claimed for FY 2020-21, the Commission observed that in many projects/schemes, the Petitioner has provided different capitalisation amount in different tariff forms for the same project. **In this regard, the Commission directs the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its discretion after prudence analysis based on the available information.**

Petitioner's Submissions

The Petitioner submitted that the directives of the Commission are well taken and PTCUL will ensure that the consistency of data shall me maintained in the all the requisite formats of the Petition.

Fresh Directives

Though the Petitioner submitted that PTCUL will ensure that the consistency of data shall be maintained in all the requisite formats, but the figures of capitalisation as submitted in Form 9.5 and Form 9 A were not matching. During the TVS, the Petitioner submitted the reasons for the same. **The Commission once directs the Petitioner to provide firm capitalisation amount in the subsequent true-up tariff proceedings and if there is any variation in figure of capitalisation in the different forms, the same shall be explained properly in the Petition.**

The Annual Transmission Charges approved for FY 2023-24 will be applicable with effect from April 01, 2023 and shall continue to apply till further Orders of the Commission.

M.K. Jain	**D.P. Gairola**
Member (Technical)	**Member (Law)-Chairman(I/C)**

6 Annexures

6.1 Annexure-1 : Public Notice on PTCUL's Proposal

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

(A Government of Uttarakhand Enterprise)

"Vidyut Bhawan" Near ISBT Crossing, Saharanpur Road, Majra, Dehradun-248002

Corporate ID U40101UR2004GOI028675 Tel. No. 0135-2646000

PTCUL

Public Notice

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2023-24

Salient Points of the ARR/Tariff Petition

Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission Licensee in the State of Uttarakhand has filed a Petition before the Commission for approval of Truing Up of FY 2021-22 based on audited Accounts & Annual Performance Review (APR) for FY 2022-23 and the Revised ARR for FY 2023-24. The summary of the proposals of the intra-State network for the aforesaid is given in the following Table:

Summary of True Up, APR & ARR of PTCUL for intra-State transmission network (₹ Crore)

S. No.	Particulars	FY 2021-22 (True Up)		FY 2022-23 (APR)		FY 2023-24 (ARR)	
		Approved (T.O. dt. 26.04.2021)	Claimed for True Up	Approved (T.O. dt. 31.03.2022)	Revised Estimates	Approved (T.O. dt. 31.03.2022)	Proposed
1	Depreciation	83.11	95.88	93.12	106.37	106.21	119.18
2	Interest on Long Term Loans	44.88	46.02	57.43	47.59	66.61	53.40
3	Return on Equity	42.14	59.09	48.42	62.50	60.58	74.65
4	O&M Expenses	170.58	172.15	184.89	188.77	205.63	216.00
5	Interest on Working Capital	10.29	12.58	9.85	10.79	12.19	14.61
6	Income Tax	-	9.35	0.00	0.00	0.00	0.00
7	**Gross Expenditure**	**351.01**	**395.06**	**393.71**	**416.03**	**451.21**	**477.84**
8	Add: True-Up of Previous Years	(49.46)	(49.46)	(55.00)	(55.00)	-	56.14
9	Less: Non-Tariff Income	10.00	5.25	15.00	15.00	15.00	15.00
10	Less: Sharing of Incentive due to higher availability	-	0.95	-	-	-	-
11	Less: Revenue from short term open access	3.43	2.57	2.44	2.57	2.44	2.57
12	Less: Revenue from Natural ISTS	-	1.12	1.16	1.16	1.20	1.20
13	Less: SLDC Charges	14.46	15.70	15.82	14.54	24.05	16.48
14	**Net ARR**	**273.65**	**320.01**	**304.29**	**327.76**	**408.52**	**498.72**
15	Revenue Gap/(Surplus) for the year after Truing Up	-	46.36	-	-	-	-
16	Provision for RoE on Initial Equity	-	-	-	-	-	244.43
17	Provision for RoE on equity contribution by GoU through PDF	-	-	-	-	-	464.79

2. PTCUL has proposed a total increase of 63.90% for FY 2023-24 (which includes the truing up impact of FY 2021-22 alongwith the carrying cost on the same) over the approved transmission charges for FY 2022-23. In addition, PTCUL has also claimed Rs. 709.22 Crore on account of Return on Equity on Initial Equity and Equity contributed by the Government of Uttarakhand through PDF and considering this claim, the total increase works out to 297%. In case, the entire claim of PTCUL including that of RoE on initial equity and equity contributed through PDF is also accepted by the Commission, an additional increase of 9.27% in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposal can be seen free of cost on any working day at the Commission's office or at the office of the Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248001, Uttarakhand. Relevant extracts can also be obtained from the above-mentioned office of the Petitioner.
4. The proposal is also available at the website of the Commission (**www.uerc.gov.in**) and at PTCUL's website (**www.ptcul.org**).
5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person or by post at 'Vidyut Niyamak Bhawan', Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to **secy.uerc@gov.in** as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by **31.01.2023**.

Ro.No 1323/HQPU/PTCUL/ Dated 30.12.2022

Managing Director

"SAVE ELECTRICITY IN THE INTEREST OF NATION"

6.2 Annexure-2 : List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Shri Pramod Kumar Arora	Authorized Signatory	M/s Bhilangana Hydro Power Ltd.	B-37, 3rd Floor, Sector-1, Gautam Budh Nagar, Noida, Pin-201301
2.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O.-Jhabrera-247665, Distt. Haridwar

6.3 Annexure-3 : List of Participants in Public Hearings

List of Participants in Hearing at Rudrapur on 22.02.2023

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A. Siddiqui	Legal Advisor	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th Km. Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar.
2.	Sh. Mukesh Tyagi	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, Pantnagar Industrial Area, Rudrapur-263153, Distt. Udhamsingh Nagar
3.	Sh. Teeka Singh Saini	Block President	Bhartiya Kisan Union	Office-33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
4.	Sh. Sheetal Singh	-	-	Village-Jagatpur Patti, P.O. Shivrajpur, Jaspur, Distt. Udhamsingh Nagar
5.	Sh. Baljinder Singh Sandhu	District General Secretary	Bhartiya Kisan Union	Office-33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
6.	Sh. Manoj Khantwal	Head (HR)	M/s Green Panel India Ltd.	Plot No. 2, Sector-9, IIE, Rudrapur-263153, Distt. Udhamsingh Nagar
7.	Sh. R.S. Yadav	President	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
8.	Sh. Vineet Kumar Sangal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry-Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Udhamsingh Nagar.
9.	Sh. Madhup Mishra	Vice President	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
10.	Sh. Laxmikant Sharma	-	M/s Aurangabad Auto Engineering Pvt. Ltd.	Sector-9, Plot No.-7H, Sidcul, Pantnagar-263153, Distt. Udham Singh Nagar.
11.	Sh. Om Prakash	-	M/s Imperial Auto Industries	Plot No. 48, Sector-11, IIE, Sidcul, Rudrapur-263153, Distt. Udhamsingh Nagar
12.	Sh. Amit Goel	-	M/s Ashok Leyland Ltd.	Plot No. 1, Sector-12, IIE, Sidcul, Rudrapur-263153, Distt. Udhamsingh Nagar
13.	Sh. Naresh	-	M/s Aica Laminates India Pvt. Ltd.	Plot No. 23-26 and 45-48, Sector-5, IIE, Sidcul, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
14.	Sh. R.K. Gupta	-	M/s Polyplex Corporation Ltd.	Lohia Head Road, Village Amau, Khatima-262308, Distt. Udhamsingh Nagar
15.	Sh. Rajeev Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar

Sl. No.	Name	Designation	Organization	Address
16.	Sh. Virat Seth	-	M/s Tata Motors Ltd.	Plot No.-1, Sector-11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udhamsingh Nagar.
17.	Sh. Sanjay Kumar Adhlakha	Director	M/s Ambashakti Glass India Pvt. Ltd.	Plot No. 41, Sector 3, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
18.	Sh. Sukha Singh Virk	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar
19.	Sh. Nipun Mahajan	Manager (Engg.)	M/s G.S. Pharmbutor Pvt. Ltd.	Plot No 58, 59, 66 & 67, Sector-3, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
20.	Sh. Rampal Bisht	-	M/s G.S. Pharmbutor Pvt. Ltd.	Plot No. 58, 59, 66 & 67, Sector-3, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
21.	Sh. Ram Kumar Agarwal	-	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, Post Off.-Bazpur–262401, Distt. Udhamsingh Nagar
22.	Sh. Harvinder Singh	-	M/s ALF Engineering Pvt. Ltd.	Plot No. 74-A, Sector-11, Sidcul, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
23.	Sh. Kapil Talwar	Fish Farmer	Talwar Farms	Tehsil-Khatima, Distt. Udhamsingh Nagar.
24.	Sh. Vineet Agarwal	Fish Farmer	-	Village-Jaitpur, P.O.-Kundeshwari, Kashipur, Distt. Udhamsingh Nagar.
25.	Sh. N.C. Singh	Fish Farmer	Raja Farm	Village-Bhagwantpur, P.O.-Dhanauri, Kashipur, Distt. Udhamsingh Nagar.
26.	Sh. D.K. Singh	-	M/s Omega Icehill Pvt. Ltd.	Plot No. 37, Sector-4, IIE, Sidcul, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
27.	Sh. Amarendra Patel	-	M/s Manjushree Technopack Ltd.	Plot No. 22(b) 23 23(a), IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar.
28.	Sh. Ajeet Sharma	-	M/s SRF Ltd.	Plot No. 12, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar
29.	Sh. Balbeer Singh	-	-	Dhakia No. 1, Kashipur-244713, Distt. Udham Singh Nagar
30.	Sh. Mahesh Chandra Pant	-	-	Dariya Nagar, Ward No. 37, Rudrapur, Distt. Udham Singh Nagar
31.	Sh. V.S. Gangwar	-	-	Awas Vikas Colony, Rudrapur-263153, Distt. Udham Singh Nagar
32.	Sh. Ramanjeet Singh	-	-	Hotel Channi Raja, Mall Road, Nainital.
33.	Sh. Hemant Pathak	-	-	Gaujajali, Haldwani, Nainital.
34.	Sh. Ajay Bansal	-	-	Teachers Colony, Subhash Nagar, Ward No. 8, Bazpur-262401, Distt. Udham Singh Nagar
35.	Sh. Umesh Sharma	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, Pantnagar Industrial Area, Rudrapur-263153, Distt. Udhamsingh Nagar

List of Participants in Hearing at Pithoragarh on 24.02.2023

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Umakant Dwivedi	-	-	New Piyana, Near Plaza Hotel, Pithoragarh
2.	Sh. Manoj Chauhan	-	-	Chauhan Medical Store, Pithoragarh
3.	Sh. Govind Singh Bisht	-	-	New Bajeti Shivaji Nagar, Pithoragarh
4.	Sh. Mohan Singh	-	-	Village-Bisa Bajer, P.O. Bisa Bajer, Pithoragarh
5.	Sh. T.N. Pant	Advocate	-	Pant Bhawan, Takana, Pithoragarh.
6.	Sh. Kishan	Sabhasad	Nagarpalika	Kharkot, Pithoragarh.
7.	Sh. Chandrashekhar Martoliya	-	-	Rai, Pithoragarh.
8.	Sh. Neeraj Gururani	-	-	Aincholi, Pithoragarh.
9.	Sh. Vipin Chandra Joshi	-	-	Village-Toli, P.O.-Toli, Gurna, Pithoragarh.
10.	Sh. Ajay Prasad	-	-	Meldungri, Pithoragarh.
11.	Sh. Anil Kumar	-	-	Pithoragarh.
12.	Sh. Mohan Bhatt	-	-	Siltham Zila Panchayat, Pithoragarh.
13.	Sh. Dinesh Kapdi	-	-	Sabhasad, Dhanaura Ward and President, Nagar Mandal, Dhanaura Ward, Pithoragarh.
14.	Sh. Hemant Singh Bisht	Zonal President	Gauran Desh	Village-Majhera, P.O.-Nakote, Pithoragarh.
15.	Sh. Yogesh Chandra Bhatt	-	-	Village-Jakh, P.O. Jakh Puran, Pithoragarh.
16.	Sh. Vikram Valmiki	-	-	Takana Colony, Pithoragarh.
17.	Sh. Subhash Singh Bisht	-	-	Takana, Pithoragarh.
18.	Sh. Bhagwan Rawat	-	-	GIC Road, Pithoragarh.
19.	Sh. Sushil Khatri	-	-	Simalgair Bazar, Pithoragarh.
20.	-	-	Social Welfare Society	Punetha Niwas, Takana Road, Pithoragarh.
21.	Sh. Shamsher Mehar, GDSM	Pradesh Mantri	Udyog Vyapar Pratinidhi Mandal-Uttarakhand	101, Krishnapuri, Tanakpur Road-262501, Pithoragarh.

List of Participants in Hearing at Srinagar (Garhwal) on 27.02.2023

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Rajveer Singh	Dy. Director	Fisheries Department	Office-Garhwal Region, Pauri (Garhwal).
2.	Ms. Suman Lata Rawat	Anganbadi Worker	-	Nursery Road, Ward No. 6, Srinagar (Garhwal), Uttarakhand
3.	Ms. Sunita	Anganbadi Worker	-	Brahman Mohalla-2, Srinagar (Garhwal), Uttarakhand
4.	Sh. Mukesh Rawat	-	-	Bhaktiyana, Near SSB, Srinagar (Garhwal), Uttarakhand
5.	Sh. Apal Raturi	President	Hotel Association	Hotel Sriyantra Tapu, Srinagar (Garhwal), Uttarakhand
6.	Sh. Naresh Nautiyal	-	-	Gayatri Medical Store, Srikot, Srinagar (Garhwal), Uttarakhand
7.	Sh. Atar Singh Aswal	-	-	Hotel Devlok, Srinagar (Garhwal), Uttarakhand
8.	Sh. Bimal Prasad Bahuguna	President	Retired Employees Association-Srinagar	Upper Bhaktiyana, Pauri Road, Srinagar (Garhwal), Uttarakhand
9.	Sh. Pankaj Sati	-	Zila Panchayat	New Dang, Ward No. 12, Srinagar (Garhwal), Uttarakhand
10.	Sh. D.S. Bhandari	-	-	Srikot, Ganganali, Srinagar (Garhwal)-246178, Uttarakhand
11.	Sh. Udayram Lakheda	-	-	Nursery Road, Ward No. 6, Srinagar (Garhwal), Uttarakhand
12.	Sh. Sehdev Singh Bisht	-	-	Kesharpur, Srinagar (Garhwal), Uttarakhand
13.	Sh. A.D. Pandey	-	-	Village & Post-Ufalda, Srinagar (Garhwal), Uttarakhand
14.	Sh. Mohan Singh Kunwar	-	-	Village & Post-Ufalda, Srinagar (Garhwal), Uttarakhand
15.	Sh. Pradeep Chauhan	-	-	Lower Bhaktiyana, Pauri Road, Srinagar (Garhwal), Uttarakhand
16.	Sh. Mohal Lal	Retd. Asstt. Engineer (Meter)	UPCL	Nursery Road, Near 132 kV Substation, Srinagar (Garhwal), Uttarakhand
17.	Sh. Sandeep Singh Rawat	-	-	Village-Nakot, P.O. Kirti Nagar, Pauri Garhwal-249161, Uttarakhand

List of Participants in Hearing at Dehradun on 01.03.2023

Sl. No.	Name	Designation	Organization	Address
1	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
2	Sh. Rajiv Agarwal	-	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
3	Sh. Sanjeev Kumar	Office Executive	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. Padam	-	-	Near ISBT, MDDA Colony, Dehradun
5	Sh. Ashok Saini	-	-	Mohit Vihar, Near Niranjanpur Mandi, Dehradun
6	Sh. Narendra Malik	-	-	100/2, Bell Road, Clementown, Dehradun
7	Sh. Vinod Sharma	-	-	House No. 28/16A, Lane No. 3, Turner Road, Clementown, Dehradun
8	Sh. Satyapal Singh	-	-	60, Hill View Colony, Dehradun
9	Sh. Pawan Agarwal	Vice-President	M/s Uttarakhand Steel Manufacturers Association	C/o Shree Sidhbali Industries Ltd., Kandi Road, Kotdwar, Uttarakhand
10	Sh. Sanovar	-	-	Lane No. 3, Vijay Park Extension, Near Ballupur, Dehradun
11	Sh. Suresh Chand Bansal	-	M/s Kukreti Steel Ltd.	Jasodharpur Industrial Area, Kotdwar
12	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand.
13	Sh. Gulshan Khanduja	-	M/s Shree Ganesh Roller Flour Mills	Mohabewala Industrial Area, Subhash Nagar, Dehradun
14	Sh. Shashi Kant Singhal	-	M/s Shree Sidhbali Industries Ltd.	Kandi Road, Kotdwar, Uttarakhand.
15	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Roorkee-247665, Haridwar
16	Sh. Katar Singh	President	Bhartiya Kisan Club	Village-Sultanpur Sabatwali, P.O. Jhabrera-247665, Tehsil-Roorkee, Haridwar.
17	Sh. Sunil Kumar Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001
18	Sh. Munendra Badoni	-	Fisheries Department	Dehradun
19	Sh. Nitin Mittal	-	M/s Instrument & Systems	30, Mohabewala Industrial Area, Dehradun-248110
20	Sh. Shanti Prasad Bhatt	-	Uttarakhand Kranti Dal	Residence-124, Mitralok Colony, Ballupur Road, Dehradun, Uttarakhand.

Sl. No.	Name	Designation	Organization	Address
21	Ms. Sulochana Istwal	-	-	10, Court Road, Dehradun
22	Ms. Babita	-	-	Village-Bistipur, P.O. Jhabrera, Roorkee, Haridwar
23	Sh. Nand Kishore	-	-	Village-Sherpur Khelmau, P.O. Khas, Tehsil-Roorkee, Block-Narsan, Haridwar
24	Sh. Vijendra Singh	-	-	Village-Tanshipur, P.O. Mangalore, Tehsil-Roorkee, Haridwar
25	Sh. Ramesh	-	-	Village-Bistipur, P.O. Jhabrera, Tehsil-Roorkee, Haridwar
26	Sh. Rakesh Bhatia	State Chairman	Indian Industries Association	E-8, Govt. Industrial Area, Patel Nagar, Dehradun.
27	Sh. Ramesh Joshi	State President	Suraj Sewa Dal	Office-Kaulagarh Road, Sirmaur Marg, Dehradun.
28	Sh. Sunil Uniyal	President	M/s Uttarakhand Industrial Welfare Association	222/5, Gandhi Gram, Dehradun-248001, Uttarakhand.
29	Sh. Nepal Singh Kashyap	President	District Cooperative Fisheries Development & Marketing Federation	Mangalore, Roorkee, District-Haridwar-247670, Uttarakhand.
30	Sh. Ramesh Chand	President	Khedajatt Sehkari Matasya Jivi Samiti Ltd.	Office-Khedajatt Post Khaas, Vikas Khand-Narsan, Tehsil-Roorkee, Haridwar, Uttarakhand.
31	Sh. Sushil Kumar	-	-	Society Road, Laksar, Haridwar
32	Sh. Adarsh Jaiswal	Senior Manager (E&I)	M/s Ambuja Cement Ltd. (Unit-Roorkee)	Village Lakeshwari, P.O. Sikandarpur Bhainswal, Tehsil Roorkee, Distt. Haridwar-247661, Uttarakhand.
33	Sh. Ajay Pandey	-	-	Jogiwala, Dehradun
34	Sh. Deepak Dhaundiyal	-	-	Lower Nehrugram, Nanda Devi Enclave, Phase-2, Dehradun
35	Sh. Amit Verma	-	M/s Finolex Cables Ltd.	Plot no. K1&K2, AIS Indl. Estate, Village-Latherdevahoon, Manglour, Jhabrera Road, P.O.-Jhabrera, Tehsil-Roorkee, Haridwar-247665, Uttarakhand.
36	Sh. Rajendra Chaudhary	General Secretary	UKPCC	Address-423/35, Civil Lines, Roorkee, Distt. Haridwar.
37	Sh. K.L. Sundriyal	General Secretary	M/s Prantiya Electrical Contractors Association-Uttarakhand	2(4/3), New Road, Near Hotel Relax, (Amrit Kaur Road), Dehradun.
38	Sh. Sanjay Aggarwal	President	Mussoorie Hotel Association	Hotel Mall Palace, Mall Road Jhulaghar, Mussoorie, Dehradun.
39	Sh. Ashish Goel	Joint Secretary	Mussoorie Hotel Association	Hotel Mall Palace, Mall Road Jhulaghar, Mussoorie, Dehradun.
40	Sh. Sanjay Chaudhary	Zonal President	Bhartiya Kisan Union	Village-Nagla Salaru, Post Off.-

Sl. No.	Name	Designation	Organization	Address
		(Garhwal)	(Tikait)	Gurukul Narsan, Distt. Haridwar.
41	Sh. Kamaldeep Kamboj	-	-	G-3, Janpath Shopping Complex, Chakrata Road, Dehradun
42	Sh. K.G. Behl	President	All India Consumer Council & SNS-Uttarakhand	8-A, Nemi Road, Dalanwala, Dehradun.
43	Sh. Arvind Jain	-	-	Raghunathpuram, Near Bhuddhi, Shimla Bypass Road, Dehradun
44	Ms. Ruby Goel	-	-	Chaman Vihar, Phase-2, ITBP Road, Dehradun
45	Sh. Harjinder Singh	-	-	Office-278, Khurbuda, Dehradun-248001.
46	Sh. Hari Om Pali	-	-	101/8, Govindgarh, Dehradun
47	Sh. Manish Oli	-	-	34, Kailash Puri, ONGC Hospital, Chakrata Road, Dehradun
48	Sh. Vijay Kumar	-	-	91, THDC Colony, Dehradun
49	Sh. Deepak Sharma	Secretary	Shastri Enclave Welfare Society	Shastri Enclave, Haridwar Road, Dehradun
50	Sh. Vishwa Mitra Gogia	-	-	36, Panchsheel Park, Chakrata Road, Dehradun-248006
51	Sh. Insarul Hak	-	-	14/8, Turner Road, Clementown, Dehradun
52	Sh. Veeru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007