Order

on

Approval of Business Plan and Multi Year Tariff Petition

For

Power Transmission Corporation of Uttarakhand Ltd.

For

Fourth Control Period

(FY 2022-23 to FY 2024-25)

March 31, 2022

Uttarakhand Electricity Regulatory Commission

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

Dehradun – 248171

Table of Contents

List of Tables

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 49 of 2021

And

Petition No. 50 of 2021

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for approval of Business Plan for Fourth Control Period from FY 2022-23 to FY 2024-25.

AND

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for determination of Multi Year Tariff for Fourth Control Period from FY 2022-23 to FY 2024-25.

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 31, 2022

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 alongwith 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 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 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 and FY 2020-21 vide its Tariff Order dated April 18, 2020 and Tariff Order dated April 26, 2021 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, 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. In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2021, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as “PTCUL” or “Licensee” or “Petitioner”) filed separate Petitions for approval of its Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 (Petition No. 49 of 2021 hereinafter referred to as the “Business Plan Petition”) and Multi Year Tariff Petition (Petition No. 50 of 2021 hereinafter referred to as the “MYT Petition”) on December 15, 2021. PTCUL, in its Business Plan Petition, has submitted the Capital Investment Plan, Financing Plan, Human Resources Plan and trajectory of performance parameters for the fourth Control Period. Further, in the MYT Petition, PTCUL has submitted the detailed calculations of its projected Annual Transmission Charges for the fourth Control Period from FY 2022-23 to FY 2024-25 as per the UERC Tariff Regulations, 2021. Through the MYT Petition, the Petitioner has also requested for true up of FY 2020-21 based on the audited accounts in accordance with UERC Tariff Regulations, 2018.

Based on the submissions made by PTCUL, the Commission vide its Order dated December 21, 2021 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.

The Business Plan Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission’s letter no. UERC/7/CL/508/2021-22/2021/977 dated December 28, 2021 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. 84/MD/PTCUL/UERC dated January 10, 2022 removed the critical deficiencies.

Further, the Multi Year Tariff (MYT) Petition filed by PTCUL also had certain infirmities/deficiencies which were informed to PTCUL vide Commission’s letter no. UERC/7/CL/510/2021-22/2021/978 dated December 28, 2021 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. 83/MD/PTCUL/UERC dated January 10, 2022 removed the critical deficiencies.

This Order, accordingly, relates to the Business Plan Petition and the MYT Petition filed by PTCUL for approval of the Business Plan and determination of Aggregate Revenue Requirement (ARR)/Annual Transmission Charges (ATC) and MYT for the fourth Control Period from FY 2022-23 to FY 2024-25 as well as true up for FY 2020-21 and Annual Performance Review for FY 2021-22 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings.

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 ATC of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiaries. 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.

Chapter2- Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3-Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Business Plan for the fourth Control Period.

Chapter 4 -Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2020-21.

Chapter 5 -Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2021-22 and MYT for FY 2022-23 to FY 2024-25.

Chapter 6 -Commission's Directives.

Chapter 7 –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 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 UERC Tariff Regulations, 2015 on September 10, 2015. These Regulations superseded 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 power conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified UERC Tariff Regulations, 2018 on October 06, 2018. These Regulations superseded 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 Order dated April 18, 2020 and the Annual Performance Review for FY 2020-21 vide its Tariff Order dated April 26, 2021.

As mentioned earlier also, in accordance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of the UERC Tariff Regulations, 2021, Transmission Licensees are required to submit the Business Plan Petition and MYT Petition for determination of Aggregate Revenue Requirement latest by November 30, 2021. PTCUL in compliance to the Regulations submitted the Business Plan Petition and MYT Petition for determination of ARR/transmission tariff for the fourth Control Period from FY 2022-23 to FY 2024-25 along with the true up of expenses for FY 2020-21 and Annual Performance Review for FY 2021-22 on December 15, 2021.

The Business Plan Petition and the MYT Petition were provisionally admitted by the Commission vide two separate Orders dated December 21, 2021. The Commission, through its above Admittance Orders dated December 21, 2021, 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 features 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	The Times of India	December 24, 2021
2	Hindustan Times	December 24, 2021
3	Dainik Jagran	December 23, 2021
4	Amar Ujala	December 23, 2021

Through above notice, stakeholders were requested to submit their objections /suggestions /comments latest by January 31, 2022 (copy of the notice is enclosed as **Annexure-1 and Annexure-2**). The Commission received in all 03 objections/suggestions/comments in writing on the Petitions filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/ comments in writing is enclosed as **Annexure-3.**

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	Ranikhet	February 26, 2022
2	Rudrapur	February 27, 2022
3	Dehradun	March 2, 2022
4	Kotdwar	March 8, 2022

The list of participants who attended the Public Hearing is enclosed at **Annexure-4.**

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 Business Plan Petition and MYT 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 09, 2022, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petitions 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 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 Petitions filed by PTCUL, the Commission vide its letter no. UERC/7/CL/510/2021-22/2021/978 and letter no. UERC/7/CL/508/2021-22/2021/977 dated December 28, 2021 and letter no. UERC/7/CL/510/Petition No. 50 of 2021/2021-22/1202 dated February 10, 2022 pointed out certain data gaps in the Petitions and sought following additional information/ clarifications from the Petitioner:

Business Plan Petition

- Current status of recruitment for balance employees to be recruited during FY 2021-22, actual recruitment of employees till December, 2021 and likely date of joining of the employees.
- Current status of recruitment process, its preparedness with regard to the approval from GoU and likely date of joining of the employees for FY 2022-23.
- The desired objective/outcome for each of the training program.
- Justification for not proposing reduction of Transmission Losses.
- The cost benefit analysis of each of the proposed scheme in the Capital Investment Plan for the MYT Control Period from FY 2022-23 to FY 2024-25.
- Preparedness for each scheme in terms of status of tendering process and funds tied up to execute the Capital works proposed and planned for monitoring the progress of execution of Capex Schemes during MYT Control Period from FY 2022-23 to FY 2024-25.
- The year-wise capital expenditure and capitalisation for individual projects along with the funding pattern for the same.

MYT Petition including Truing up for FY 2020-21

- Justification for variation in Return on Equity, Net Asset additions, Opening GFA in the

Petition.

- Reconciliation of non-tariff income claimed with the other income as per the audited accounts.
- Justification for claiming the income tax including MAT Credit under the regulated business.
- Revise the claim of income tax allocating the total income tax to UITP and non-UITP and also submit the basis of such allocation.
- Justification for the variation in actual Employee expenses and A&G expenses from FY 2019-20 to FY 2020-21.
- Justification for the variation in O&M expenses along with the basis of allocation of actual Employee expenses, R&M expenses and A&G expenses amongst UITP and non-UITP projects.
- Following details regarding capitalisation under UITP scheme:
    i. Detailed break-up of employee, R&M and A&G expenses capitalised during FY 2020-21.
    ii. Details of employees deployed along with year wise salary details, for the projects capitalized under UITP Scheme upto FY 2020-21.
    iii. Asset class wise (Land, Building, Hydraulic works, etc.) capital expenditure incurred in the actual GFA addition for FY 2020-21.
    iv. Details of ongoing UITP Projects in FY 2020-21 along with respective actual/anticipated completion dates.
    v. Reasons for non-compliance of Commission's directive.
- Justification for proposing higher transmission loss in FY 2021-22 & FY 2022-23 in comparison to the actual transmission loss for FY 2020-21.
- Progress of recruitment process for the second half of FY 2021-22.
- Justification for the increase in proposed Employee expenses and R&M expenses from FY 2020-21 to FY 2021-22, substantiating the same with supporting documents.

- With regard to proposed capitalisation in second half of FY 2021-22, details of approved cost and expected date of completion against each project to be provided.
- Justification for the claimed amount of Rs. 0.07 Crore towards impact of 7th Pay Commission for prior Control Period.
- Actual employee expenses, A&G expenses and R&M expenses for the period April to December, 2021.
- Monthly trial balances for the period April to December, 2021.

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 20, 2022, for further deliberations on certain issues related to the Petitions filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/7/CL/510/ Petition No. 50 of 2021/2021-22/1117 dated January 21, 2022, for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 83/MD/PTCUL/UERC, letter no. 84/MD/PTCUL/UERC dated January 10, 2022 and letter no. 46/MD/PTCUL/UERC 2022 dated February 16, 2022. The Petitioner submitted the replies to the Minutes of TVS vide letter no. 314/MD/PTCUL/UERC dated January 31, 2022. The submissions made by PTCUL in the Petitions as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order alongwith the Commission's views on the same.

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

The Commission has received suggestions/objections/comments on PTCUL's Petitions for approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25, approval of true up for FY 2020-21, Annual Performance Review for FY 2021-22 and Aggregate Revenue Requirement for the fourth Control Period from FY 2022-23 to FY 2024-25. List of stakeholders who have submitted their objections/suggestions/comments in writing is given at **Annexure-3** and the list of Respondents who have participated in the Public Hearings is enclosed at **Annexure-4**. The Commission has further obtained replies from PTCUL on the suggestions/objections/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 summarized 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 Capitalisation of New Assets

2.1.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand requested the Commission to scrutinize any addition in capitalisation very carefully. He further requested the Commission to continue with the same approach of approving the schemes capitalised by allowing only the minimum of approved cost and the actual cost as per the audited reports submitted by the Petitioner.

2.1.2 Petitioner's Response

The projects execution activity in the past have been delayed due to issues like Right of Way, forest clearances, floods, landslides etc., which are beyond the control of the Petitioner. Therefore, the disallowance of the project cost on account of delay due to uncontrollable factors may cause financial crisis and would not be beneficial for the Petitioner as well as for the consumers of the State.

The Petitioner further submitted that the project gestation period is higher in Uttarakhand due to hilly terrain and above issues, which also results in revision of costs for new projects.

2.1.3 Commission's View

The Commission while carrying out the truing up for FY 2020-21 as discussed in Chapter 4 of this Order has carried out detailed analysis of time over-run and cost over-run of the projects completed during the year. The Commission has allowed the increase in Capital Cost only for the projects, in which the cost and/or time over-run is due to uncontrollable factors.

2.2 Return on Equity on assets created out of PDF

2.2.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that PTCUL in view of the assumption that Commission will accept their request for PDF funds have submitted their proposal for RoE, depreciation etc. accordingly. He further requested that the Commission should follow its earlier approach of not allowing Return on Equity on the assets created out of PDF.

2.2.2 Petitioner's Response

The Petitioner submitted that the RoE on PDF has been considered, as the issue is under adjudication before the Hon'ble APTEL.

2.2.3 Commission's Views

The Commission has dealt with the issue of allowing RoE on assets created from PDF in detail in Chapter 4 of this Order.

2.3 Project Completion

2.3.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand suggested that for faster completion of projects, all clearances should be taken by PTCUL and then only contract should be awarded so that projects can be completed in a timely manner and cost overrun of the projects can be avoided.

2.3.2 Petitioner's Response

The Petitioner submitted that the projects have been delayed in the past due to issues like Right of Way, forest clearances, floods, and landslides, etc., which are beyond the control of PTCUL. Therefore, the disallowance of the project cost on account of delay due to uncontrollable factors will cause financial crisis and would not be beneficial for the Petitioner as well as for the consumers of the State.

PTCUL puts its best efforts to carry out proper transmission planning and execute the schemes as per Transmission Plan and is trying to get all the clearances beforehand and without any delay, but as mentioned above, some of the issues are due to uncontrollable factors and beyond the control of the Petitioner.

The Petitioner further submitted that the project gestation period is higher in Uttarakhand due to hilly terrain and above issues, which also results in revision of costs for new projects.

2.3.3 Commission's Views

The Commission had approved the final true up for FY 2004-05 to FY 2013-14 after giving due consideration to the Expert Committee Report on the allowable cost of REC Old and NABARD Schemes and the comments submitted by PTCUL on the Expert Committee Report. In the true up for FY 2014-15, the Commission had examined the projects covered under REC-II Scheme with respect to cost/time overruns against each completed project and after prudence check, had allowed the project costs and their capitalisation thereof in the respective years. Further, in the true up for FY 2017-18, FY 2018-19 and FY 2019-20, the Commission had not allowed part capitalisation in accordance with the UERC Tariff Regulations, 2015 and UERC Tariff Regulations, 2018 and consistent with the methodology adopted by the Commission in the true up of previous years. The Commission in this Order has again not allowed part capitalisation in accordance with the applicable UERC Tariff Regulations. The detailed approach adopted by the Commission for approving the capitalisation for FY 2020-21 is elaborated in Chapter 4 of the Order. Further, the approach adopted by the Commission for the capitalisation considered for the fourth Control Period from FY 2022-23 to FY 2024-25 including the analysis of additional submissions made by the Petitioner are elaborated in Chapter 3 of this Order.

2.4 Rate of Interest

2.4.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission must relook into the rate of interest allowed as rate of interest is showing downward trend.

2.4.2 *Petitioner's Response*

The Petitioner submitted that being public utility it can only take loans from nationalized banks. The Petitioner actively does refinance of loans to get lower interest rates and makes sure that it gets the best possible rate of interest from these banks.

2.4.3 *Commission's Views*

The Commission while carrying out the truing up for FY 2020-21 as discussed in Chapter 4 of this Order has carried out detailed computation of interest allowed as rate of interest to the Petitioner in accordance with the Regulations.

2.5 True up

2.5.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has claimed expenses in true up as per audited accounts. The Petitioner should provide justification for the difference between the expenses approved by the Commission and the actual expenses incurred. He further requested the Commission to not allow these expenses in true up.

2.5.2 *Petitioner's Response*

The Petitioner submitted that the cost approved in the MYT Orders and ARR Orders are based on projections. These projections are based on the actual expenses incurred in the past, which are audited by statutory auditors and prudent estimates of expected expenses in the future. However, not every situation and expense can be quantified accurately in advance.

However, in the true up Petition the cost is claimed on the basis of actual expenses. The actual cost incurred during the year may happen to be higher or lower than the estimated cost allowed. The Petitioner has tried to give proper justification if there is a significant increase or decrease in a particular expense through the Petition and through multiple replies to the queries raised by the Commission from time to time. The Petitioner requested the Commission to allow these expenses as claimed by it.

2.5.3 *Commission's View*

The Commission, in this regard, would like to clarify that the actual expenses, both of revenue and capital nature claimed by the Petitioner are examined separately in detail while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with the UERC Tariff Regulations applicable from time to time. Further, the Commission has worked out the sharing of gains and losses for FY 2020-21 in accordance with the provisions of the UERC Tariff Regulations, 2018 while carrying out the truing up of expenses and revenues for FY 2020-21 as detailed in Chapter 4 of this Order.

2.6 Transmission Losses

2.6.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that losses indicated by PTCUL in its MYT Petition are on the lower side in comparison to the actual field conditions and the same must be analyzed.

2.6.2 Petitioner's Response

The Petitioner submitted that the actual transmission loss for FY 2020-21 is 1.10%. For FY 2021-22, the losses projected are 1.16% which is tentative only and it may be higher or lower in actual. If losses get reduced or increased in a month or year it cannot be stated that the same trend will follow in coming months or years also. Exact prediction of losses is near impossible. However, in predicting the losses the accounting convention of conservatism which is also known as doctrine of prudence is followed that means all possible losses should be predicted in estimates. Further, PTCUL submits that the details of losses provided by PTCUL is as per the actual values received from the field.

2.6.3 Commission's Views

The Commission while carrying out the truing up for FY 2020-21 has considered the actual transmission losses after prudence check as submitted by PTCUL

2.7 Transmission Planning

2.7.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that the Transmission licensee should provide their future plans for increasing their transmission capacity in next twenty years. He further submitted that power situation in Roorkee, Laksar and Landhora is still grim as transmission network at 220 kV, 132 kV level network is still overloaded. He submitted that PTCUL should submit what redressal action has been taken so far to sort out these problems and requested the Commission to take appropriate action for the same.

2.7.2 Petitioner's Response

The Petitioner submitted that they have a plan in place to increase their capacity. The system expansion plan has been done on the basis of the existing system 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.

The Petitioner submitted that the Intra-State Transmission Projects are being taken up as per load growth/load requirement of UPCL and evacuation of power from proposed Generators of Uttarakhand. Transmission Planning of new Sub-station and associated lines has been done as per projected load growth for next 5 years based on the information provided by UPCL.

2.7.3 Commission's Views

The Commission has taken note of the stakeholder's 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.

2.8 Others

2.8.1 Stakeholder's Comments

Shri Sunil Gupta submitted that PTCUL has given Contract Agreement to M/s IMP Powers Ltd. & M/s ISHAN Enterprises companies without taking the approval from the Commission. He alleged corruption in tender allocation in PTCUL. He further quoted several examples of the projects delay where the Petitioner has incurred extra cost due to time overrun. He further added that such extra cost should not be passed on the consumers of the State. He also submitted that some employees of the Petitioner are benefitted by advance increment which is not legitimate.

2.8.2 Petitioner's Response

The Petitioner submitted that the questions raised by the Stakeholder are not related to Petitions filed before the Commission, therefore, PTCUL has no comments in the matter.

2.8.3 Commission's Views

The Commission while carrying out the truing up of FY 2020-21 as elaborated in Chapter 4 of this Order has carried out detailed prudence check of the Capital Expenditure and various elements of ARR in accordance with the provisions of UERC Tariff Regulations, 2018.

2.9 Issues Raised During Meeting of State Advisory Committee

2.9.1 Stakeholder's Comments

During the State Advisory Committee meeting held on March 09, 2022, the Members made the following suggestions on the Petitions filed by PTCUL for approval of Business Plan and True up for FY 2020-21, Annual Performance Review for FY 2021-22, and Aggregate Revenue Requirement FY 2022-23 to FY 2024-25:

- PTCUL needs to justify the total increase in its ARR of 67.40% in FY 2022-23.
- Tendering process to be improved so that work quality can be improved at competitive rates.
- The delay in execution of capital works by PTCUL is affecting the entire power sector in the State of Uttarakhand.
- Justification for extra expenditure projections in Transmission Utility & SLDC.

2.9.2 Petitioner's Response

The Petitioner submitted the following replies on the queries raised:

- Regarding 67.40% increase in ARR, PTCUL submitted that many projects which were pending till FY 2019-20 have been executed in FY 2020-21 and around Rs. 221 Crore capitalization was done for FY 2020-21.
- Regarding extra expenditure in Transmission, it is submitted that cost towards technological advancement has been projected as currently SLDC is being run-on First-generation software.

2.9.3 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 Petitions filed for approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25, true up of FY 2020-21, APR for FY 2021-22 and Annual Transmission Charges for the fourth Control Period from FY 2022-23 to FY 2024-25 as detailed in subsequent Chapters of this Order.

3 Petitioner's submission, Commission's Analysis, Scrutiny and Conclusion on Business Plan for the fourth Control Period

3.1 Statutory Requirement

In light of the provisions of the Act, the Commission has notified the UERC Tariff Regulations, 2021 on September 14, 2021, applicable for determination of Tariff for the fourth Control Period from FY 2022-23 to FY 2024-25.

3.2 Multi Year Tariff Framework

As regards the Multi Year Tariff Framework, UERC Tariff Regulations, 2021 specifies as follows:

"4. Multi-year Framework

The Multiyear tariff framework shall be based on the following: -

a) Business plan submitted by the applicant for the entire Control Period for the approval of the Commission prior to the beginning of the Control Period;

b) Applicant's forecast of expected ARR for each year of the Control Period, based on reasonable assumptions and financial & operational principles/parameters laid down under these Regulations submitted alongwith the MYT petition for determination of Aggregate Revenue Requirement and Tariffs for first year of the Control Period;

c) Review of control period ending on 31.03.2022 shall also be taken up alongwith the ARR/Tariff petition for the first year of ensuing Control Period;

d) Trajectory for specific parameters as may be stipulated by the Commission based on submissions made by the Licensee, actual performance data of the Applicants and performance achieved by similarly placed utilities;

e) Annual review of performance shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable factors and uncontrollable factors;

f) Sharing of excess profit or loss due to controllable and uncontrollable factors as per provisions of these Regulations.

…

7. ***Determination of Baseline***

The baseline values (operating and cost parameters) for the base year of the Control Period shall be determined by the Commission and shall be based on the approved values by the Commission, the latest audited accounts, estimates for the relevant year, prudence check and other factors considered by the Commission.

The Commission may re-determine the baseline values for the base year based on the actual audited accounts of the base year."

3.3 Business Plan for the fourth Control Period

Regarding Business Plan, Regulation 8 of the UERC Tariff Regulations, 2021 specifies as follows:

*"8. **Business Plan***

(1) An Applicant shall submit, under affidavit and as per the UERC Conduct of Business Regulations as amended from time to time, a Business Plan by November 30th, 2021, for the Control Period of three (3) financial years from April 1, 2022 to March 31, 2025;

...

b) The Business Plan for the Transmission Licenses shall be for the entire Control Period and shall, interalia, contain-

(i) Capital investment plan which should be commensurate with load growth and quality improvement proposed in the business plan alongwith its cost-benefit analysis. The investment plan should also include yearly phasing of capital expenditure alongwith the source of funding, financing plan and corresponding capitalisation schedule. The system augmentation/expansion plan to be submitted as a part of Capital Investment Plan by the Transmission Licensee shall be consistent with the load growth forecast/ generation evacuation requirement during the Control Period. Further, the Capital Investment Plan shall be in conformity with the plans made by the CEA/ CTU/ STU/ Distribution Licensee;

(ii) The appropriate capital structure of each scheme proposed and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;

(iii) Transmission loss reduction trajectory for each year of the Control Period, including

details of the measures proposed to be taken for achieving the target loss;

…

(2) The Applicant shall also submit the details in respect of its manpower planning for the Control Period as part of Business Plan.

(3) The Commission shall scrutinize and approve the business plan after following the due consultation process."

Regarding Capital Investment Plan, Regulation 58 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**58. Capital Investment Plan***

(1) The Transmission Licensee shall file a detailed capital investment plan, financing plan and physical targets for each financial year of the Control Period, as a part of Business Plan, for meeting the requirement of load growth, reduction in transmission losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc. The capital investment plan along with the Business Plan should be filed at the beginning of the Control Period, detailing all aspects as specified in Regulation 8 contained in Part – II of these Regulations.

(2) The investment plan shall be a least cost plan for undertaking investments on strengthening and augmentation of the intra-State transmission system for meeting the requirement of load growth, reduction in transmission losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc.

(3) The investment plan shall cover all capital expenditure projects to be undertaken by the Transmission Licensee in the MYT Control Period and shall be in such form as may be stipulated by the Commission from time to time.

(4) Separate prior approval of the Commission shall be required for all capital expenditure schemes of the value exceeding the ceiling specified by the Commission in the transmission license.

(5) The investment plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the transmission charges. The investment plan shall also include the capitalisation schedule and financing plan.

(6) The Transmission Licensee shall submit, along with the MYT Petition or along with the

Petition for Annual Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require for assessing such progress.

(7) The Commission shall consider and approve the Transmission Licensee's capital investment plan, with modifications, if necessary. The costs corresponding to the approved investment plan of the Transmission Licensee for a given year shall be considered for its revenue requirement."

In accordance with Regulation 8 and Regulation 58 of UERC Tariff Regulations, 2021, the Petitioner submitted the Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25. The Petitioner in its Business Plan Petition and subsequent submissions has submitted the proposed Capital Expenditure, Capitalisation Plan, Financing Plan, Human Resources Plan and Transmission Loss trajectory for the fourth Control Period from FY 2022-23 to FY 2024-25. The Petitioner's submissions and the Commission's analysis on approval of the Business Plan for PTCUL for the fourth Control Period from FY 2022-23 to FY 2024-25 are detailed below:

3.4 Capital Expenditure Plan and Capitalisation Plan

3.4.1 Petitioner's Submissions

PTCUL is developing network for strengthening of Transmission System (132 kV and above) to meet the load growth requirement of Uttarakhand distribution system and also for evacuation of power from various generators, i.e. Hydro as well as Gas based, which are coming up in Uttarakhand. PTCUL has a network which is spread over 3244 ckt. km. of transmission line and has an installed transformation capacity of 8674.5 MVA (as of March, 2021) with a total of 44 Sub-stations. PTCUL is in the process of increasing its network capacity to handle the increasing demand in future years. The increase in transmission network of PTCUL over the current MYT Control Period and that proposed for the ensuing Control Period is as shown in the Table below:

Table 3.1: Transmission Network of PTCUL

Particulars		Units	FY 2020-21 (Actual)	FY 2021-22 (Estimated)	FY 2022-23 (Projections)	FY 2023-24 (Projections)	FY 2024-25 (Projections)
No. of sub-stations	400 kV	No./MVA	3/2455	3/2455	3/2455	3/2455	3/2455
	220 kV	No./MVA	10/3710	10/3710	11/3760	13/4080	13/4080
	132 kV	No./MVA	30/2479.5	30/2679.5	31/2839.5	31/2959.5	33/3204.5
	66 kV	No./MVA	1/30	1/30	1/30	1/30	1/30
Growth in Network	400 kV	ckt. km.	418.394	418.394	418.394	418.394	418.394
	220 kV	ckt. km.	975.054	1046.054	1068.010	1100.410	1100.41
	132 kV	ckt. km.	1766.660	1791.260	1856.820	1872.100	1929.920
	66 kV	ckt. km.	83.960	83.960	83.96	89.46	89.46
Number of Sub-stations		No.	44	44	46	48	50
Total Sub-station Capacity		No./MVA	8674.5	8874.5	9084.5	9524.5	9769.5
Total Network Length		ckt. km.	3244.068	3339.668	3427.184	3480.364	3538.184

Even though there has been a substantial increase in the network, there are a few congestion points in the current network of PTCUL. These have been identified and are being resolved through various mitigation solutions. The Capital Expenditure Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 has been made keeping in mind the congestion points currently being encountered by PTCUL. The Table below lists the constraints observed in the network, the mitigation actions being currently undertaken and status of the said actions.

Table 3.2: Constraints in PTCUL's Network and Mitigation Actions

S. No.	Constraints in PTCUL's Network observed by SLDC	Mitigation Actions
1.	Loading on 400/220 kV Kashipur ICTs are not N-1 compliant in case of low gas generation.	Proposal of additional 01 no. 315 MVA 400/220 kV T/F is under process.
2.	Loading on 220 kV Puhana (Roorkee, PGCIL)-Roorkee line and lines at 220 kV Roorkee S/s are not N-1 compliant.	400/220 kV S/s Landhora has been proposed under UTSDIP scheme to provide N-1 contingency and reliability of power supply in Roorkee area.
3.	Overloading of 160 MVA ICTs at 400 kV Kashipur Sub-station.	Proposal of additional 01 no. 160 MVA 220/132 kV T/F is under process.
4.	160 MVA ICTs are not N-1 compliant at 220 kV Roorkee Sub-station.	Construction of 400/220 kV Landhora and 220/132/33 kV S/s Manglore has been proposed under UTSDIP scheme.
5.	220 kV radial feeder for 220 kV Haldwani Sub-station.	Proposal for construction of 220 kV LILO of 220 kV Kashipur (400 kV S/s) - 220 kV Pantnagar at Barhaini (Bazpur) to connect 220 kV S/s Kamaluaganja, Haldwani will be explored by using existing corridor of 132 kV BJP - KLG line on multi voltage/multi-circuit towers.
6.	132 kV radial feeder for 132 kV Ranikhet & Bageshwar Sub-station.	Under Construction Khutani SHP (21 MW) and Melkhet SHP (24 MW) and these SHPs will be connected to 132/33 kV S/s Bageshwar through 132 kV line, which will enable N-1 contingency condition for 132 kV S/s Bageshwar & Ranikhet.
7.	132 kV radial feeder for 132 kV ELDICO Sitarganj.	Constuction of 132 kV Kichha-ELDICO Sitarganj line is under progress. Presently, held up due to ROW near Kichha.
8.	Single 40 MVA T/F at Laltappar Sub-station	132 kV Laltappar S/s was planned with 2x40 MVA capacity. Presently this S/s is operating only with 01 no. 40 MVA transformer due to shifting of 01 no. 40 MVA transformer as per field requirement. Proposal for additional 01 no. 40 MVA transformer is under consideration.

Table 3.2: Constraints in PTCUL's Network and Mitigation Actions

S. No.	Constraints in PTCUL's Network observed by SLDC	Mitigation Actions
9.	80 MVA T/Fs at 220 kV Sub-station SIDCUL, Haridwar are not N-1 compliant.	Commissioning of under construction 132/33 kV S/s Padartha will also provide relief to 220/132/33 kV S/s SIDCUL Haridwar by sharing of load. Further, possibility of new 220/33 or 220/132/33 kV S/s in SIDCUL Haridwar area will be explored considering the load growth of SIDCUL Haridwar area.
132 /33 kV transformers at following Sub-stations are not -1 compliant in peak hours as per SLDC		
1.	132 kV Manglore Sub-station.	Increasing capacity is under implementation (from 2x40 MVA to 40+80 MVA)
2.	132 kV Khatima Sub-station.	Construction of 132 kV S/s Khatima-II is proposed under UTSDIP scheme.
3.	132 kV ELDICO Sitarganj Sub-station.	Increasing capacity of 40 MVA is proposed.
4.	132 kV Rudrapur Sub-station.	After commissioning of 220/33 kV Jaffarpur S/s shall provide relief to existing 132/33 kV S/s Rudrapur after shifting of some 33 kV feeder from Rudrapur S/s to Jaffarpur S/s.
5.	132 kV Ramnagar Sub-station.	Proposal of increasing capacity by replacing existing 20 MVA T/F with 40 MVA T/F under consideration.
6.	220 kV Rishikesh Sub-station.	Proposal of increasing capacity of 40 MVA is under consideration.
7.	220 kV Haldwani Sub-station	Increasing capacity is under implementation (from 2x40 MVA to 3x40 MVA)
8.	132 kV Purkul Sub-station	Proposal of increasing capacity is under consideration (from 40+20 to 2x40+20 MVA) .
9.	220 kV Roorkee Sub-station	Construction of 220/132/33 kV S/s Manglore has been proposed under UTSDIP scheme.
10.	132 kV Bhagwanpur Sub-station	Construction of 220/132/33 kV S/s Manglore has been proposed under UTSDIP scheme.
11.	132 kV Haldwani (Kathgodam) Sub-station	Construction of 132/33 kV GIS S/s Dhaulakhera S/s has been proposed under UTSDIP scheme.
12.	132 kV Kashipur Sub-station	Construction of 132/33 kV GIS S/s Sarvarkhera S/s has been proposed under UTSDIP scheme.

The peak load growth and energy transmitted by the transmission system is as shown in the Table below:

Table 3.3: Peak Load and Energy Transmitted

Year	Peak Load (MW)	Energy transmitted (MU)
FY 2019-20 (Actual)	2233	17142
FY 2020-21 (Actual)	2372	17223
FY 2021-22 (Estimated)	2490	19137
FY 2022-23 (Projected)	2615	20093
FY 2023-24 (Projected)	2745	21097
FY 2024-25 (Projected)	2882	22151

The following works have been proposed for the fourth Control Period as part of Project Schemes under PTCUL's Capital Investment Plan. These schemes will create new lines and Sub-stations for the transmission utility and aid in meeting the increasing demand for power with greater efficiency.

Table 3.4: Major Works Proposed to be executed during the fourth Control Period

S. No.	Scheme/ Funding Agency	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
1.	PFC 09303039	2022-23	132 kV LILO of Chilla-Nazibabad line	April, 2022	15.00
2.	REC 5765	2022-23	132 kV Single Circuit line on D/C tower from Pithoragarh to Champawat (Lohagat)	April, 2022	64.05
3.	REC 10009	2022-23	132 kV Single Circuit Bindal-Purkul Line	December, 2022	5.96
4.	ADB	2024-25	Construction of 132 kV D/C transmission line from 220 kV S/s Mahuakheraganj to 132 kV S/s Jaspur, Length of line - 23.32 km.	December, 2024	17.7
5.	ADB	2024-25	Construction of LILO of 132 kV Khatima-Sitarganj Transmission line at proposed 132/33 kV Sub-station Khatima-II, Length of line - 2.0 km	April, 2024	4.3
6.	ADB	2024-25	LILO of 132 kV Majra-Laltappar at 132 kV S/s Araghar line through laying of 132 kV cable	April, 2024	50.81
	Sub Total (132 kV Lines)				**157.82**
1.	REC- 9031	2022-23	LILO of 220 kV Dhauliganga-Pithoragarh PGCIL Line at 220/33 kV GIS S/s Baram, Jauljibi (Pithoragarh)	April, 2022	26.09
2.	ADB	2023-24	LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS S/s Selaqui (Dehradun)	March, 2024	50.21
3.	PFC 09303049	2023-24	220kV DC Transmission Line from interconnection point of Singoli - Bhatwari HEP to proposed 220 kV S/s Rudrapur (Baramwari)	March, 2024	32.08
	Sub Total (220 kV Lines)				**108.38**
1.	PFC09303039	2022-23	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	April, 2022	29.04
2.	Funding to be tied up	2022-23	132 kV S/s Laltappar (augmentation work)	March, 2023	3.68
3.	Deposit	2022-23	Work of increasing the capacity of 132 kV ELDECO Sub-station from 2X40 MVA to 3X40MVA for energizing 03 no. 2X10 MVA 33/11 kV GIS Sub-station of UPCL from 132 kV Sub-station ELDECO Sitarganj, U.S. Nagar under deposit work	August, 2022	10.21
4.	Funding to be tied up	2022-23	Augmentation from (1X40 MVA +1X20 MVA) to (2X40 MVA+1X20 MVA) at 132 kV Sub-station Purkul	April, 2022	4.60
5.	Funding to be tied up	2023-24	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by procurement, installation, testing & commissioning of 01 no. additional 132/33 kV 40 MVA T/F and construction of associated 132/33 kV bay (Rishikesh)	March, 2024	8.00
6.	ADB	2024-25	132 /33 kV (2x40MVA) GIS Sub-station Khatima-II	April, 2022	75.30
7.	ADB	2024-24	132/33 kV GIS S/s at Araghar	April, 2022	71.36
			Sub Total (132 kV S/s)		**202.19**
1.	REC-9031	2022-23	220/33 kV GIS S/s at Baram (Jaulajivi), Pithoragarh	April, 2022	85.00
2.	ADB	2023-24	220/33 kV GIS S/s Selaqui, Dehradun	March, 2024	82.71
3.	Funding to be tied up	2023-24	220/33 kV GIS S/s Rudrapur (Baramwari) District Rudraprayag	September, 2023	103.17
	Sub Total (220 kV S/s)				**270.88**
	Total				**739.27**

From the major works mentioned above, which will directly add new elements to the transmission system, PTCUL also plans to augment and strengthen the existing lines and Sub-stations by replacement of old transformers, commissioning of new bays, increasing capacity of existing Sub-stations, replacing the conductors in transmission lines etc. These schemes are being submitted as a part of the Capital Investment Plan as System Strengthening/Augmentation/ Improvement schemes.

Table 3.5: System Strengthening Works Proposed During the fourth Control Period

S. No.	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
1.	2022-23	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.	April, 2022	18.39
2.	2022-23	2x5MVAR capacitor Bank at Laltappar	March, 2023	0.50
3.	2023-24	Procurement & Erection of 220/132 kV, 160MVA Transformer (Rishikesh).	March, 2024	7.50
4.	2023-24	Supply & Erection of 20 MVA Transformer at 132 kV S/s IDPL Rishikesh.	March, 2024	2.00
5.	2023-24	Stringing of Second Circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur and 132 kV Bazpur S/s on ACSR Panther Conductor	March, 2024	2.08
6.	2023-24	Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur	March, 2024	11.34
7.	2023-24	Construction of 66 kV D/C line for LILO of 66 kV Karanprayag-Kothiyalsain line at 132 kV Sub-station Simli	March, 2024	3.31
8.	2023-24	Construction of 132 kV and 66 kV Bays and Installation of 3X20 MVA, 132/66 kV Transformers at 132 kV Sub-station Simli	March, 2024	13.21
9.	2024-25	Strengthening of 132KV Haldwani-Bhowali line by replacement with HTLS conductor.	March, 2025	14.56
10.	2024-25	Replacement of ACSR Panther Conductor in single Ckt. Sitarganj (PGCIL) - SIDCUL Sitarganj Line (22 KM) with HTLS Conductor	March, 2025	20.93
11.	2024-25	Replacement of ACSR Panther Conductor of 1st Ckt. of 132 kV Kichha-Sitarganj Line with HTLS Conductor	March, 2025	29.73
12.	2024-25	Work of replacement of old ACSR panther conductor with HPC conductor in 132 kV Kashipur (400) – Kashipur Ckt-I line at 132 kV Sub-station, Kashipur	March, 2025	3.00
13.	2024-25	Work of replacement of old ACSR panther conductor with HPC conductor in 132 kV Kashipur(400) – Kashipur Ckt-II line at 132 kV Sub-station, Kashipur	March, 2025	3.20
14.	2024-25	Work of replacement of old ACSR panther conductor with HPC conductor in Kashipur-Mahuakherganj line at 132 kV Sub-station, Kashipur	March, 2025	6.40
15.	2024-25	Provision of Hybrid module (due to space constraint) for construction of Transfer Bus at 132 kV S/s, Pithoragarh	March, 2025	1.65
16.	2024-25	Replacement of Old 2X3x5 MVA Transformer with 2X20 MVA Transformer at 132 KV Sub-station, Ranikhet	March, 2025	4.29
17.	2024-25	Replacement of Old 2X3x5 MVA Transformer with 2X20 MVA Transformer at 132 kV Sub-station, Pithorgarh	March, 2025	4.30
18.	2024-25	Increasing capacity of 132 kV S/S Ramnagar from 1x20+1x40MVA to 2x40MVA	March, 2025	4.16
19.	2024-25	Increasing capacity of 132 kV S/S Bazpur from 1x80+1x40MVA to 1x80+2x40MVA	March, 2025	4.60

Table 3.5: System Strengthening Works Proposed During the fourth Control Period

S. No.	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
20.	2024-25	Construction of Boundary wall for protection at 220 kV S/s, Kamaluaganja	March, 2025	2.00
21.	2024-25	Construction of 02 Nos. 220 kV Bay at 220 kV S/s, PGCIL, Sitarganj	March, 2025	5.20
22.	2024-25	Replacement of 1x3x5 MVA Transformer bank-1 with new 20 MVA Transformer at 132 kV S/s Bhowali .	March, 2025	2.08
23.	2024-25	Increasing capacity of existing 33 kV Capacitor Bank from 2X5 MVAR to 3X5 MVAR at 132 kV Sub-station, Almora	March, 2025	0.42
24.	2024-25	Supply and Commissioning of 2X5 MVAR capacitor bank at 132 kV Sub-station, Kathgodam	March, 2025	0.47
25.	2024-25	Provision of additional 2X5 MVAR 33 kV Capacitor Bank at 132 kV Sub-station, Pithorgarh	March, 2025	0.58
26.	2024-25	Construction of 132 kV transfer bus and extension of switchyard at 132 kV S/s Bazpur	March, 2025	3.64
27.	2024-25	Increasing of existing 33 kV Capacitor Bank from 2X5 MVAR to 2X10 MVAR at 132 kV Sub-station, Bazpur	March, 2025	0.83
28.	2024-25	Increasing capacity of existing 33 kV Capacitor Bank from 2X5 MVAR to 2X10 MVAR at 132 kV Sub-station, Jaspur	March, 2025	0.83
29.	2024-25	Construction of Boundary wall for flood protection at 132 kV S/s, Bazpur	March, 2025	2.00
30.	2024-25	Installation of 2x10 MVAR Cap. Bank at 132 kV S/s Kashipur	March, 2025	0.90
Total				**174.10**

For the fourth Control Period from FY 2022-23 to FY 2024-25, PTCUL has proposed the construction of GIS S/s namely (i) 220/33 kV GIS S/s at Baram (Jauljibi), Pithoragarh, (ii) 220/33 kV GIS S/s at Selaqui (Dehradun), (iii) 220/33 kV GIS S/s Rudrapur (Baramwari) District Rudraprayag (iv) 132 /33 kV (2x40MVA) GIS S/s at Khatima-II and (v) 132/33 kV GIS at Araghar. PTCUL has also submitted some major advantages of GIS S/s as follows:

- Lower land development cost due to lesser space requirement for Sub-station.
- Lower maintenance cost as compared to AIS as all the switching devices operate in the SF6 insulating medium.
- GIS S/s increases the availability and reliability of power system as all parts are sealed inside closed metallic enclosures and thus, are shielded from the deteriorative environmental effects.

- Automation systems are easier to install in GIS S/s due to their modular design making it possible for such Sub-stations to be operated from remote locations (Load Despatch Centres) which in turn reduces the operation cost.
- GIS S/s being smaller and more compact, are possible to be built in hilly regions which abound in Uttarakhand.
- GIS S/s are more eco-friendly than their air insulated counterparts as they don't require excessive land development activities (which involve deforestation).
- Renovation costs are much lower for GIS equipment as their life is higher as compared to AIS equipment.

PTCUL, in its Capital Investment plan has proposed the replacement of old ACSR Wolf/Panther conductors with High Temperature Low Sag (HTLS) conductors on its transmission lines. With a different composition than Aluminium Conductor Steel Reinforced (ACSR) conductor, Aluminium Conductor Composite Core (ACCC) have the ability to transmit approximately twice as much energy as an ACSR Conductor of the same size and weight. Apart from this, HTLS conductors are lighter and have a lower coefficient of thermal expansion, making them ideal for higher temperatures, often prevalent in the lower reaches of Uttarakhand. These properties render advantages to the HTLS conductor over normal ACSR conductor and makes it an ideal retrofitting option for old transmission conductor. Some important HTLS Conductor replacement projects proposed to be completed in the fourth Control Period are as follows:

- 132 kV SIDCUL-Sitarganj Line
- 132 kV Kiccha-Sitarganj Line
- 132 kV Haldwani-Bhowali Line

PTCUL submitted that the proposed projects for the fourth Control Period aim at relieving excess load, augmenting the existing capacity of the Transmission network, mitigating the constraints faced by the system and meeting the increasing demands and needs of the generation and distribution sectors. Some major projects are listed below:

(i) **132 kV LILO of Chilla-Nazibabad line and construction of 132/33 kV S/s, Patanjali Padartha, Haridwar–**The Sub-station is required to meet out the growing load demand of Dist. Haridwar. This Sub-station will improve the reliability and quality of power supply to nearby area.

(ii) **Work of increasing the capacity of 132 kV S/s ELDECO Sitarganj U. S. Nagar Sub-station from 2X40 MVA to 3X40 MVA for energizing 03 No. 2X10 MVA 33/11 kV GIS Sub-station of UPCL –** The project is proposed to meet out the load demand of SIDCUL.

(iii) **132 kV S/s Laltappar (Augmentation work) -** To meet out T-1 contingency, future load demand and strengthening/reliability of power supply.

(iv) **LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS S/s Selaqui (Dehradun)–**The proposed system will meet the load growth of Selaqui, its nearby area and industrial load growth of Selaqui. This Sub-station will also overcome tripping of 33 kV industrial Feeder of Selaqui area by providing additional source of power supply in addition to existing 220/132/33 kV S/s Jhajhra and will provide relief to existing 220 kV S/s Jhajhra by sharing of load.

(v) **Construction of 132 kV D/C transmission line from 220 kV S/s Mahuakheraganj to 132 kV S/s Jaspur, Length of line - 23.32 km -** This line is required for N-1 contingency condition and meeting future load growth of Jaspur area. The implementation of increasing capacity at 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA and provision of 01 no. 132 kV and 33 kV bay is under implementation.

(vi) **LILO of 132 kV Majra-Laltappar at 132 kV S/s Araghar line through laying of 132 kV cable -** The proposed system will meet the load growth of Araghar and its nearby area. This Sub-station will also provide additional source of power supply in addition to existing 132/33 kV S/s Majra and Bindal. This S/s will also provide relief to existing 132/33 kV S/s Bindal by sharing of load.

(vii) **132 /33 kV (2x40 MVA) GIS Sub-station Khatima-II –**The proposed Sub-station will improve the reliability and quality of power supply in Khatima area and this S/s will also meet the load growth of Khatima area.

(viii) **Stringing of Second Circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur and 132 kV Bazpur S/s on ACSR Panther Conductor –** The project is being undertaken to strengthen the grid and ensure uninterrupted and reliable Power to Bazpur and meet out N-1 contingencies..

(ix) **Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur –** The project is being undertaken to improve quality of power by reactive power compensation & power factor correction as per direction of CEA.

(x) **Construction of 66 kV D/C line for LILO of 66 kV Karanprayag-Kothiyalsain line at 132 kV Sub-station Simli and Construction of 132 kV and 66 kV Bays and Installation of 3X20 MVA, 132/66 kV Transformer at 132 kV Sub-station Simli–** After execution of this scheme

a. An alternate power supply to 66 kV S/s Karanprayag and 66 kV Sub-station Kothiyalsain will be available which will be beneficial for consumers of District Chamoli, various defence establishments and Yatra route of Sh. Badrinath Dham.

b. Quality & Reliability of power in remote areas of District Chamoli will also improve.

c. Alternate power source for 132 kV Sub-station Srinagar (Garhwal) will be available.

(xi) **Replacement of Old 2X3x5 MVA Transformer with 2X20 MVA Transformer at 132 kV Sub-station, Ranikhet –** To meet the load demand of Ranikhet District.

(xii) **Replacement of Old 2X3x5 MVA Transformer with 2X20 MVA Transformer at 132 kV Sub-station, Pithoragarh –** To meet the load demand of Pithoragarh District.

(xiii) **Replacement of 1x3x5 MVA Transformer bank - 1 with new 20 MVA Transformer at 132 kV S/s Bhowali -** To meet future load growth & improve reliability of power.

(xiv) **Supply and Commissioning of 2X5 MVAR capacitor bank at 132 kV Sub-station, Kathgodam-** To improve quality of power by reactive power compensation & power factor correction.

(xv) **Construction of 132 kV transfer-bus and extension of switchyard at 132 kV S/s Bazpur-** TBC can be utilized to provide redundancy and can help in maintaining availability.

(xvi) **Construction of Boundary wall for flood protection at 132 kV S/s, Bazpur -** To improve quality of power by reactive power compensation & power factor correction.

The year wise capitalisation proposed by the Petitioner during the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 3.6: Capitalisation details submitted by PTCUL (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	Total
Capitalisation	262.52	315.61	335.24	**913.36**

With focus on relieving congestion points, growing infrastructure and improving quality and quantity of energy delivered, PTCUL has drawn a long-term plan comprising of projects expected to be completed after the fourth Control Period FY 2022-23 to FY 2024-25. Some major projects from this long-term plan are as below:

Table 3.7: Business Plan for ensuing Control Period

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
1.	132 kV LILO of Manglore-Ashai line and Manglore-Air Liquid line	Roorkee District	2.21	March, 2026
2.	Construction of LILO of 132 kV Kathgodam-Rudrapur Line at 132 kV Sub-station Dhaulakhera (Haldwani), Length of line -0.6 km.	Haldwani District	1.48	March, 2026
3.	132/33 kV (2x40 MVA), GIS Sub-station, Dhaulakhera.	Champawat District	70.69	March, 2026
4.	132 kV Sub-station Lohagat	Lohaghat District	93.16	April, 2025
5.	132 kV Second Circuit Stringing on D/C tower from Pithoragarh to Champawat (Lohagat)	Champawat District	5.08	April, 2025
6.	400 kV LILO of Kashipur-Puhana line	Kashipur District	27.04	March, 2026
7.	400/220 kV AIS Sub-station, Landhora	Roorkee District	165.91	April, 2025
8.	220 kV LILO of Manglore-Nara Line, Landhora	Roorkee District	51.79	April, 2025
9.	220 kV LILO of Roorkee-Nara Line	Roorkee District	4.14	March, 2026
10.	220/132/33 kV AIS Sub-station, Manglore	Roorkee District	131.72	April, 2025
11.	Replacement of ACSR Wolf Conductor in D/C Of 132 kV Khatima-Pilibhit Line (44.54 Kms) by HTLS Conductor	Haldwani District	65.78	April, 2025
12.	Augmentation of 400 kV S/s Kashipur from 2X315 MVA to 3X315 MVA T/F capacity including construction of associated 400 kV and 220 kV bays.	Kashipur District	32.10	April, 2025
Total			**651.10**	

3.4.2 *Commission's Analysis*

PTCUL, in its Petition, has submitted the list of projects expected to be completed during the fourth Control Period from FY 2022-23 to FY 2024-25 alongwith the cost details and completion date. The Capital Investment Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 was not submitted in accordance with UERC Tariff Regulations, 2021. The Commission sought the Capital Investment Plan categorizing the projects under the following categories (i) for meeting the requirement of load growth, (ii) for reduction in transmission losses, (iii) for improvement in quality of supply, reliability, reduction in congestion etc. in the specified format. In reply, the Petitioner vide submission dated January 10, 2022, submitted the year wise and scheme wise capital expenditure and capitalisation for FY 2022-23 to FY 2024-25.

The Commission noted that the Petitioner has submitted the Capital Expenditure details of the proposed schemes including the schemes which are already in progress.

Table 3.8: Capital Expenditure details submitted by PTCUL (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Capital Expenditure	**183.87**	**24.09**	**315.27**	**286.74**	**103.40**	**913.36**

Further, the Commission sought the cost benefit analysis of each work proposed in the Capital Investment Plan for the fourth Control Period from FY 2022-23 to FY 2024-25. In reply, PTCUL submitted the copies of Scheme Reports for the following works, giving the justification for the respective projects:

Table 3.9: List of works for which Scheme Reports have been submitted

S. No.	Name of the work	Cost proposed during the fourth Control Period (Rs. Crore)	Proposed completion date
1.	132 kV Single Circuit Bindal-Purkul Line	5.96	December, 2022
2.	LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS S/s Selaqui (Dehradun)	50.21	March, 2024
	Total	**56.17**	

PTCUL has submitted the detailed cost benefit analysis of the following works:

Table 3.10: List of works for which Detailed Cost Benefit Analysis have been submitted

S. No.	Name of the work	Cost proposed during the fourth Control Period (Rs. Crore)	Proposed completion date
	Project Schemes		
1.	132 kV LILO of Chilla-Nazibabad line	15.00	April, 2022
2.	132 kV Single Circuit line on D/C tower from Pithoragarh to Champawat (Lohagat)	64.05	April, 2022
3.	132 kV Single Circuit Bindal-Purkul Line	5.96	December, 2022
4.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	29.04	April, 2022

Table 3.10: List of works for which Detailed Cost Benefit Analysis have been submitted

S. No.	Name of the work	Cost proposed during the fourth Control Period (Rs. Crore)	Proposed completion date
5.	Augmentation from (1X40 MVA+1X20 MVA) to (2X40 MVA+1X20 MVA) at 132 kV Sub-station Purkul	4.60	April, 2022
6.	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by procurement, installation, testing & commissioning of 01 No. additional 132/33 kV 40 MVA T/F and construction of associated 132/33 kV bay (Rishikesh)	8.00	March, 2024
7.	LILO of 220 kV Dhauliganga-Pithoragarh PGCIL Line at 220/33 kV GIS S/s Baram, Jauljibi (Pithoragarh)	26.09	April, 2022
8.	220kV DC Transmission Line from interconnection point of Singoli - Bhatwari HEP to proposed 220 kV S/s Rudrapur (Baramwari)	32.08	March, 2024
9.	220/33 kV GIS S/s Rudrapur (Baramwari) District Rudraprayag.	103.17	September, 2023
	Total	**287.99**	
	System Improvement Schemes		
10.	Strengthening of 132 kV Haldwani-Bhowali line by replacement through HTLS conductor	14.56	March, 2025
11.	Replacement of 1x3x5 MVA Transformer bank - 1 with new 20 MVA Transformer at 132 kV S/s Bhowali	2.08	March, 2025
12.	Supply and Commissioning of 2X5 MVAR capacitor bank at 132 kV Sub-station, Kathgodam	0.47	March, 2025
	Total	**17.11**	
	Grand Total	**305.10**	

Further, PTCUL has submitted the summary of cost benefit analysis of the project schemes such as 'Construction of 132 kV D/C transmission line from 220 kV S/s Mahuakheraganj to 132 kV S/s Jaspur, Length of line- 23.32 km', 'Construction of LILO of 132 kV Khatima-Sitarganj Transmission line at proposed 132/33 kV Sub-station Khatima-II, Length of line - 2.0 km', 'LILO of 132 kV Majra-Laltappar at 132 kV S/s Araghar line through laying of 132 kV cable', '132 /33 kV (2x40MVA) GIS Sub-station Khatima-II', '132/33 kV GIS S/s at Araghar', 'LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS S/s Selaqui (Dehradun)', and' 220/33 kV GIS S/s Selaqui, Dehradun'.

The Commission noted that the Petitioner has submitted the detailed Cost Benefit Analysis for schemes amounting to Rs. 305.10 Crore out of the total proposed capital expenditure of Rs. 705.40 Crore. From the above, it can be observed that in compliance to the UERC Tariff Regulations, 2021, PTCUL has submitted the requisite details of only around 43% of the total proposed capital expenditure.

PTCUL submitted that the DPRs of the other proposed works in the upcoming Control Period are under preparation which shall include the comprehensive cost benefit analysis. **Hence, the Commission directs the Petitioner to submit the DPRs with the comprehensive cost benefit analysis at the time of filing applications for Investment Approvals.**

The Commission sought the revised current status of the projects proposed for FY 2022-23. In reply, PTCUL submitted that all the works which are proposed to be completed in FY 2022-23 will be completed and capitalized in FY 2022-23 except the work of *"LILO of 220 kV Dhauliganga-Pithoragarh PGCIL Line at 220/33 kV GIS S/s Baram, Jauljibi (Pithoragarh)"* which may get extended to FY 2023-24. PTCUL also submitted the cost benefit analysis, physical and financial progress of the details of the works proposed to be completed in the ensuing year, i.e. FY 2022-23.

The actual capital expenditure and actual capitalisation in comparison to that approved by the Commission during the past period is as shown in the Table below:

Table 3.11: Actual Capital Expenditure and actual Capitalisation during the Past Period (Rs. Crore)

Year	Approved in the Business Plan Orders	Actual	Approved in the Tariff Order	Actual
	Capital Expenditure		Capitalisation	
FY 2016-17	175.10	181.02	115.69	187.27
FY 2017-18	175.10	212.84	137.82	94.62
FY 2018-19	175.10	260.46	130.89	159.53
FY 2019-20	226.54	437.40	381.52	221.23
FY 2020-21	226.54	255.01	274.63	299.90

The Transmission Licensee is required to seek the prior approval of the Commission for all the capital expenditure schemes of value exceeding Rs. 10.00 Crore. The schemes proposed for capitalisation during each year of the fourth Control Period from FY 2022-23 to FY 2024-25 are a mix of schemes below Rs. 10.00 Crore and above Rs. 10.00 Crore. In this regard, it is important to note that the process of filing Petition seeking investment approval and subsequent approval by the Commission also requires considerable time. Therefore, the Commission does not find it prudent to allow the capital expenditure and capitalisation as proposed by PTCUL. Hence, the Commission for the purpose of approval of Business Plan has considered the capitalisation for each year of the Control Period based on past trends of capitalisation with respect to the approved total capital expenditure and Capital Works in Progress (CWIP). However, during the Annual Performance

Review/Truing-up exercise, the Commission shall consider the capitalisation of only those schemes which fulfill the conditions as stipulated by the Commission. The approach adopted by the Commission in approval of year wise capital expenditure and capitalisation for the fourth Control Period is detailed below:

In line with the approach adopted by the Commission in the approval of Capital Investment Plan for the third Control Period, the Commission has worked out the capital expenditure for FY 2018-19 to FY 2020-21 by deducting the opening balance of CWIP from the sum of closing balance of CWIP and GFA additions as per the audited accounts for the respective year as shown in the Table below:

Table 3.12: Derivation of Capital Expenditure for FY 2018-19 to FY 2020-21 (Rs. Crore)

Particulars (As per Audited A/c)	Legend	FY 2018-19	FY 2019-20	FY 2020-21
Closing balance of CWIP	A	347.62	563.79	518.90
GFA additional as per the audited accounts	B	159.53	221.23	299.90
Total	**C=A+B**	**507.15**	**785.02**	**818.80**
Opening balance of CWIP	D	246.69	347.62	563.79
Capital expenditure for the year	**E=C-D**	**260.46**	**437.40**	**255.01**

As per the above calculation, the Commission notes that average capital expenditure for three years works out to be Rs. 317.62 Crore. But this capital expenditure is inclusive of additions to UITP Projects. The closing GFA at the end of financial year 2020-21 is Rs. 1937.00 Crore out of which Rs. 363.00 Crore (19%) pertains to UITP schemes. Accordingly, assets pertaining to Non-UITP schemes is amounting to Rs. 1574.00 Crore (81%). Hence, the Commission computed the average Capital Expenditure of three years pertaining to Non-UITP Projects as Rs. 258.10 Crore. The Commission also observed that over the years, the actual capital expenditure is higher than the approved capital expenditure amount in the Business Plan. Further, considering the schemes projected in the upcoming Control Period, the Commission for each year of the fourth Control Period approves the capital expenditure as the minimum of 105% of the average capital expenditure of three years pertaining to Non-UITP projects, i.e. Rs 271.00 Crore (105% of Rs. 258.10 Crore) and claim of the Petitioner. Accordingly, based on the approached discussed, the Commission approves the capital expenditure of Rs. 262.52 Crore, Rs. 271.00 Crore and Rs. 271.00 Crore for FY 2022-23, FY 2023-24, FY 2024-25 respectively for the purpose of approval of the Business Plan.

The Commission analysed the trends of amount capitalised by the Petitioner as percentage of the opening CWIP plus capital expenditure for the past 3 years from FY 2018-19 to FY 2020-21. The same is shown in the Table below:

Table 3.13: Capitalisation as % of sum of opening CWIP and Capital Expenditure (Rs. Crore)

Particulars	Legend	FY 2018-19	FY 2019-20	FY 2020-21
Opening CWIP	A	246.69	347.62	563.79
Capital Expenditure during the year	B	260.46	437.40	255.01
Capitalisation during the year	C	159.53	221.23	299.90
Closing CWIP	A+B-C	347.62	563.79	518.90
Capitalisation as % of opening CWIP plus capital expenditure	C÷(A+B)	31%	28%	37%
Average capitalisation of past 3 years		32%		

The Commission observed that the amount capitalised by the Petitioner during the past 3 years is in the range of 28% to 37% of opening CWIP + capital expenditure during the year. The average of the same works out to 32%. For approving the capitalisation of each year of the fourth Control Period from FY 2022-23 to FY 2024-25, the Commission has considered the average capitalisation as % of opening CWIP plus capital expenditure for the past three years, i.e. 32%.

PTCUL has proposed the revised capitalisation of Rs. 161.77 Crore (including deposit works) for FY 2021-22 in its Petition. The Commission sought the physical and financial progress upto January, 2022 of the works proposed to be capitalised in FY 2021-22. The Commission has noted that for the scheme *"220 kV D/C Line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi"*, the Petitioner has proposed Rs. 6.96 Crore for capitalisation in first half of FY 2021-22 which is not yet completed and hence, shifted the same to second half of FY 2021-22. The Commission has considered all the projects to be capitalised in FY 2021-22 in the same financial year and no project has been carried forward to FY 2022-23 considering the physical progress reported by the Petitioner. Further, the Commission has shifted the scheme *"Construction of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Construction of 132kV Bay(s) at both ends"* with capitalisation of Rs. 1.51 Crore from FY 2020-21 to FY 2021-22 and approved additional capitalisation for *"Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line"* as Rs. 11.14 Crore against the Petitioner's claim of Rs. 12.78 Crore as discussed in the subsequent Chapter of this Order. Therefore, the amount to be capitalised in FY 2021-22 as considered by the Commission is Rs. 161.65

Crore. The capitalisation for FY 2022-23, FY 2023-24 and FY 2024-25 has been arrived at by considering 32% of the opening CWIP plus capital expenditure.

The year wise capital expenditure and capitalisation approved by the Commission for FY 2021-22 and the fourth Control Period from FY 2022-23 to FY 2024-25 is shown in the Table below:

Table 3.14: Capital expenditure and Capitalisation approved by the Commission (Rs. Crore)

Particulars	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening CWIP	518.90	518.90	583.94	583.79	583.94	574.74	583.94	574.36
Capital Expenditure	226.82	226.54*	262.52	262.52	315.61	271.00	335.24	271.00
Capitalisation	161.77	161.65	262.52	271.56	315.61	271.38	335.24	271.26
Closing CWIP	583.94	583.79	583.94	574.74	583.94	574.36	583.94	574.10

**As approved in the Business Plan for the third Control Period*

The Commission will consider the actual capital expenditure/capitalisation as a part of Annual Performance Review/Truing-up exercise subject to prudence check in accordance with the conditions stipulated by the Commission. The above capital expenditure and capitalisation approved by the Commission is excluding the UITP projects.

3.5 Financing Plan

3.5.1 Petitioner's Submissions

The Petitioner has proposed the financing of proposed capitalisation in the debt-equity ratio of 70:30. For ADB loans, the projects will be financed in debt-equity ratio of 80:20.

3.5.2 Commission's Analysis

Regulation 24 of the UERC Tariff Regulations, 2021 specifies as follows:

*"**24. Debt-equity ratio***

(1) For a project declared under commercial operation on or after 1.4.2022, 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.

…"

The Commission sought the financing plan for each of the proposed work alongwith the supporting documents. In reply, PTCUL submitted that it proposes to finance most of the projects in debt-equity ratio of 70:30. The debt shall be raised from institutions like REC, PFC or other financial institutions. Further, the Petitioner submitted that some of the projects are funded through ADB in debt-equity ratio of 80:20 along with grants. All the works which are proposed to complete in FY 2022-23 are under construction. For the new schemes proposed for commencement in the upcoming Control Period, the DPRs of most of the schemes are under preparation, which shall include funding plan for the project. Further, the Petitioner submitted supporting documents related to debt arranged from REC, PFC and ADB for some of the schemes.

In accordance with Regulation 24 of the UERC Tariff Regulations, 2021, the Commission has considered the debt equity ratio of 70:30. As the capital investment approval is yet to be sought by the Petitioner for most of the schemes, the Commission shall consider the actual means of finance for each scheme capitalised during the truing up for the respective year of the fourth Control Period from FY 2022-23 to FY 2024-25. Further, the Commission notes that the proposed additional capitalisation is inclusive of Deposit works and Grant. The Commission decides to approve the Deposit works and Grant as per the Petitioner's submissions. The Commission will consider and evaluate the actual financing plan for each scheme at the time of truing up based on actual financing at the time of truing up of the respective year of fourth Control Period from FY 2022-23 to FY 2024-25.

The Financing Plan approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is shown in the Table below:

Table 3.15: Financing Plan approved by the Commission

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capitalisation during the year (Rs. Crore)	262.52	271.56	315.61	271.38	335.24	271.26
Debt (Rs. Crore)	176.61	182.95	224.88	180.63	256.61	189.89
Equity (Rs. Crore)	75.69	78.41	77.39	77.41	78.62	81.38
Deposit (Rs. Crore)	10.21	10.21	2.00	2.00	0.00	0.00
Grant (Rs. Crore)	0.00	0.00	11.34	11.34	0.00	0.00

3.6 Transmission Loss trajectory

3.6.1 Petitioner's Submissions

The Petitioner has proposed the intra-State transmission loss level of 1.20% for each year of the fourth Control Period from FY 2022-23 to FY 2024-25.

3.6.2 Commission's Analysis

As per Regulation 8(1)(b)(iii) of the UERC Tariff Regulations, 2021, the Petitioner was required to submit the transmission loss reduction trajectory for each year of the fourth Control Period from FY 2022-23 to FY 2024-25, including details of measures proposed to be taken for achieving the target loss level. The Commission sought justification for proposing uniform transmission loss level for the fourth Control Period from FY 2022-23 to FY 2024-25. In reply, the Petitioner submitted the following:

- The actual Losses of PTCUL in FY 2018-19, FY 2019-20 and FY 2020-21 are 1.27%, 1.21%, 1.10% respectively. The projected losses of PTCUL is 1.20% which is almost average of previous three year losses.

Losses of PTCUL are very near to attain an optimum value from where further reduction may not be possible.

The actual intra-State transmission losses during the past period are as shown in the Table below:

Table 3.16: Actual intra-State transmission loss during the past period

Year	Approved Transmission Loss	Actual Transmission Loss
FY 2013-14	1.84%	1.81%
FY 2014-15	1.82%	1.78%
FY 2015-16	1.80%	1.71%
FY 2016-17	1.78%	1.50%
FY 2017-18	1.78%	1.39%
FY 2018-19	1.40%	1.27%
FY 2019-20	1.40%	1.21%
FY 2020-21	1.40%	1.10%

During the TVS, the Commission sought the details regarding the actual transmission losses for FY 2021-22 till December, 2021. The Petitioner conveyed during the discussion that the transmission losses are around 1.10%.

The Commission has also noted that even though the Petitioner has not proposed any specific measures for loss reduction, there are nearly eight Project Schemes proposed by the Petitioner in the upcoming Control Period which aims in the reduction of transmission losses. As the actual intra-State transmission losses are considerably lower, the Commission has considered the transmission loss level of 1.10% (equivalent to actual transmission loss for FY 2020-21) for each year of the fourth Control Period from FY 2022-23 to FY 2024-25. The Petitioner shall strive to achieve transmission loss level lower than that approved by the Commission by implementing the best practices from the past years.

3.7 Human Resources Plan

3.7.1 Petitioner's Submissions

The Petitioner has proposed the recruitment of 89 nos. of employees in FY 2021-22, 124 nos. of employees in FY 2022-23, 62 nos. of employees in FY 2023-24 and nil recruitment in FY 2024-25.

3.7.2 Commission's Analysis

The actual recruitment and retirement of employees for the past period is as shown in the Table below:

Table 3.17: Actual Recruitment and Retirement during the past Period

Particulars	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21	
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual
Recruitment	126	1	38	5	208	86	187	22	173	31
Retirement	18	24	31	37	17	27	14	16	9	13

The Petitioner has not been able to achieve the recruitment of employees as approved by the Commission for the past years.

In the Business Plan Petition, the Petitioner has proposed recruitment of 89 nos. of employee in FY 2021-22, however, in the MYT Petition, the Petitioner has proposed recruitment of 94 nos. of employees. With regard to variation in the recruitment during FY 2021-22, the Petitioner clarified that the proposed recruitment for FY 2021-22 is 94 nos. of employee against the same, the actual recruitment upto December 2021 is only 50 nos. of employees and the balance proposed recruitment of 44 nos. of employees is expected during January to March 2022.

As regards to recruitment process for FY 2022-23, PTCUL submitted that GoU has been requested to provide 124 nos. of manpower approval vide letter no. 1793 dated 16.10.2021 out of which GoU vide letter no. 1765 dated 06.12.2021 provided approval for the recruitment of 42 nos. of Junior Engineer (E&M) out of 52 nos. of requested posts. PTCUL has already communicated with UKSSSC for further necessary action and continuous follow up is being done for early recruitment. Likely date of joining of the employees will be after receiving the result and verification of documents of the candidates. The Petitioner also submitted that the expected time of actual recruitment would be within 09 months after receiving approval from GoU and the likely date of joining of employees would be in last quarter of FY 2022-23.

Further, PTCUL in its latest reply submitted that no. of employees who will join till March, 2022 will be 62 and it proposed to shift the balance recruitment to FY 2022-23. Further, they have revised no. of retirements from 7, as mentioned in the Petition, to 14 as per actual for FY 2021-22 till December, 2021.

In light of the above submissions of PTCUL, the Commission is of the view that the remaining positions of 32 nos. of employees to be filled in FY 2021-22 will get spill over to FY 2022-23. Therefore, for FY 2021-22, the Commission has considered the addition to employees as 62 as per the revised submissions of PTCUL.

The balance of the proposed recruitment in FY 2021-22 has been carried forward to FY 2022-23. Further, the Commission observes that for the total proposed recruitment in FY 2022-23, only 42 no. of recruitment have been approved by GoU as of now. Hence, the Commission considers the total of 74 no. of recruitments for FY 2022-23, i.e. 32 no. of recruitment from balance of previous year and 42 no. of recruitment as per current approval.

The Commission notes that the Petitioner has proposed 62 no. of recruitments for FY 2023-24 and there is balance of 82 no. of recruitments from FY 2022-23. There is no recruitment proposed by the Petitioner in FY 2024-25. Hence, the Commission decides to consider average of balance recruitment of 144 no. of employees (82 no of employees' balance of FY 2022-23 and 62 nos. of employees of FY 2023-24) in both the years, i.e. 72 no. of recruitments for FY 2023-24 and FY 2024-25 each. The Commission has considered the retirement during each year as submitted by PTCUL. The Petitioner shall put in all efforts for meeting the proposed recruitment of employees during each year of the fourth Control Period from FY 2022-23 to FY 2024-25. The Commission shall consider the actual recruitment and retirement status during the truing up for the respective years. Accordingly, the HR plan approved by the Commission is shown in the Table below:

Table 3.18: HR Plan Approved by the Commission

Particulars	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening no. of employees	826	826	908	874	1018	934	1066	992
Recruitment during the year	89	62	124	74	62	72	0	72
Retirement during the year	7	14	14	14	14	14	12	12
Closing no. of employees	908	874	1018	934	1066	992	1054	1052

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2020-21

4.1 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 February 27, 2019, on approval of APR Petition for FY 2018-19 approved the revised ARR for FY 2019-20 considering the capitalisation approved by it till FY 2017-18 based on the audited accounts for FY 2017-18. The Commission vide its Order dated April 18, 2020, approved the truing up for FY 2018-19, APR for FY 2019-20, and revised ARR & Tariff for FY 2020-21. The Commission vide its Order dated April 26, 2021, approved the truing up for FY 2019-20, APR for FY 2020-21, and revised ARR for FY 2021-22.

The Petitioner, in MYT Petition, has claimed final true up for FY 2020-21 based on the audited accounts. The Petitioner, based on the final true up for FY 2020-21, has also proposed a revenue gap on account of truing up to be adjusted in FY 2022-23. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, the Commission has carried out the final true up for FY 2020-21 based on the audited accounts for FY 2020-21. The approach adopted by the Commission in the approval of true up for FY 2020-21 is elaborated in the subsequent paragraphs.

4.2 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. However, as this notification was issued after the stakeholder consultation process in the current tariff proceedings was over and UPCL has also not submitted the impact of the aforesaid notification on UPCL's and PTCUL's ARR, the Commission in this Order has not considered the impact of this notification. **The Commission directs 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 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.**

The Commission, therefore, at this state has considered the scheme wise closing GFA for FY 2019-20 as approved in its Tariff Order dated April 26, 2021, for the final truing up by the Commission as the opening GFA for FY 2020-21.

4.3 Additional capitalisation for FY 2020-21

The GFA addition in FY 2020-21 as per the audited accounts is amounting to Rs. 299.90 Crore which includes the transmission business regulated by this Commission as well as Central Electricity Regulatory Commission. PTCUL has claimed the GFA addition of Rs. 112.11 Crore for truing up of FY 2020-21 which comes under the purview of this Commission. 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.

The Commission has approved the scheme wise capitalisation for FY 2020-21. While approving the same, for first time capitalisation, the Commission has considered the allowable cost considering the delay in completion of the project, reasons for delay, cost overrun & reasons for cost overrun. Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 clearly stipulated the treatment of extra IDC on account of delay under three cases, (i) due to factors entirely attributable to the Petitioner, (ii) due to factors beyond the control of the Petitioner, and (iii) situation not covered by (i) & (ii). The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

- IDC corresponding to Hard Cost as approved by the Commission = (actual IDC ÷ actual Hard Cost) x approved Hard Cost.
- Base case IDC=IDC corresponding to Hard Cost approved x (Scheduled completion period ÷ actual completion period).

After detailed analysis of the reasons submitted by PTCUL for time overrun, the Commission is of the view that for some of the projects, the reasons for delay are solely attributable to the Petitioner, while for some of the projects, the reasons for delay are beyond the control of the Petitioner and for some of the projects, the reasons are a mix of both. For the projects for which the reasons for delay are solely attributable to the Petitioner, the Commission has not allowed any excess IDC pertaining to time overrun. For the projects for which the reasons for delay are beyond the control of the Petitioner, the Commission has allowed the actual IDC and for the projects for which the reasons for delay are a mix of both, the Commission has allowed 50% of the excess IDC and disallowed the remaining 50% IDC or considered the IDC pertaining to those months (out of total months delay) only for which the reasons of delay are beyond the control of the Petitioner. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation in accordance with Regulation 22 of the UERC Tariff Regulations, 2018 which is reproduced below:

> ***"22. Additional capitalisation and De-capitalisation:***
>
> *(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 a court;*
>
> *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 capitalisation for FY 2020-21 claimed by the Petitioner and approved by the Commission.

4.3.1 REC New Scheme (Also referred to as REC II Scheme)

The Petitioner claimed the additional capitalisation of Rs. 0.04 Crore in REC New Scheme (REC II) for the project as shown in the Table below:

Table 4.1: Capitalisation claimed for REC II Scheme in FY 2020-21 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
OPGW Connectivity in PTCUL under Phase-II of ULDC Projects	FY 2018-19	0.04

4.3.1.1 OPGW Connectivity in PTCUL under Phase-II of ULDC Projects

The Commission vide its Investment Approval Order dated March 8, 2018 approved the project cost of Rs. 31.21 Crore for the project 'OPGW Connectivity in PTCUL under Phase-II of ULDC Projects'. In the true-up of FY 2018-19, the Commission had approved the capitalisation of Rs. 0.54 Crore.

The Petitioner has claimed the additional capitalization of Rs. 0.04 Crore towards 'OPGW Connectivity in PTCUL under Phase-II of ULDC Projects'. Considering the additional capitalisation claimed for FY 2020-21, i.e. Rs. 0.04 Crore for the scheme is within the total approved cost of Rs 31.21 Crore, the Commission approves the capitalisation of Rs. 0.04 Crore towards 'OPGW Connectivity in PTCUL under Phase-II of ULDC Projects'.

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

Table 4.2: Capitalisation approved for REC II Scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2019-20	Additional Capitalisation claimed by PTCUL in FY 2020-21	Additional Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
OPGW Connectivity in PTCUL under Phase-II of ULDC Projects	31.21	FY 2018-19	0.54	0.04	0.04	0.58
Total	**31.21**		**0.54**	**0.04**	**0.04**	**0.58**

4.3.2 REC VI Scheme

The Petitioner has claimed the additional capitalisation of Rs. 2.27 Crore in REC VI Scheme for the projects as shown in the Table below:

Table 4.3: Capitalisation claimed for REC VI Scheme in FY 2020-21 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar	FY 2018-19	2.21
LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar	FY 2018-19	0.06
Total		**2.27**

4.3.2.1 (2X25MVA) 220/33 kV Sub-station at Piran Kaliyar

The Commission had approved the project cost of Rs. 49.50 Crore for the project "(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar" vide its Investment Approval Order dated February 23, 2015. In the final True-up of FY 2020-21, the Petitioner has claimed the additional capitalization of Rs. 2.21 Crore on account of payment towards the bills received after CoD.

The additional capitalisation claimed by PTCUL is within the cut-off date. The Commission has approved the capitalisation of Rs. 46.22 Crore upto FY 2019-20 for the said project. Considering the capitalisation claimed for FY 2020-21, i.e. Rs. 2.21 Crore, total capitalisation of Rs. 48.43 Crore for the project is within the total approved cost of Rs. 49.50 Crore in Investment Approval. Hence, the Commission approves the additional capitalisation of Rs. 2.21 Crore towards '(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar' in accordance with the Regulation 22(1)(a) of UERC Tariff Regulations, 2018.

4.3.2.2 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 and approved the capital cost of the project as Rs. 10.56 Crore.

The additional capitalisation claimed for FY 2020-21, i.e. Rs. 0.06 Crore which if allowed, the total executed cost for the Scheme goes beyond the total approved cost of Rs 10.56 Crore approved by the Commission during the True-up of FY 2018-19.

In reply to the Commission's Query regarding justification for claiming the amount of Rs. 0.06 Crore, the Petitioner submitted that this amount pertains to Crop Compensation and Land Compensation after CoD of the said project. As the additional capitalisation claimed by the Petitioner is due to settlement towards compensations (attributable to uncontrollable factors), the Commission allows the additional capitalisation of Rs. 0.06 Crore as submitted by the Petitioner towards 'LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar'.

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

Table 4.4: Capitalisation approved for REC VI Scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission upto FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar	49.50	FY 2018-19	46.22	2.21	2.21	48.43
LILO of 220 kV S/C Roshanabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliar	10.63*	FY 2018-19	10.56	0.06	0.06	10.63
Total	**60.13**		**56.78**	**2.27**	**2.27**	**59.06**

**revised approved cost inclusive of crop & Land compensation allowed*

4.3.3 REC XIII

The Petitioner has claimed the additional capitalisation of Rs. 8.25 Crore in REC XIII Scheme for the projects as shown in the Table below:

Table 4.5: Capitalisation claimed for REC XIII Scheme in FY 2020-21 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh	FY 2020-21	3.01
Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station Baram	FY 2020-21	5.24
Total		**8.25**

4.3.3.1 Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh

The Commission vide its Investment Approval Order dated October 25, 2016 had provided in principle approval for '220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh' and directed the Petitioner to submit complete executed cost on the completion of the project.

The Petitioner has claimed the capitalisation of Rs. 3.01 Crore towards 'Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi), Pithoragarh'.

The Commission notes that Investment approval is for '220/33 kV GIS Sub-station, Baram (Jauljibi) , Pithoragarh'. Further, the 'Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh' is a part of the said main project. The Petitioner has not yet commissioned the main project, i.e. '220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh'. The Commission directed the Petitioner to submit the justification for capitalising construction of Boundary & Protection wall, when the actual project is yet to be completed and put to use. The Petitioner replied that as this part of the work is completed, it has been capitalised.

The Commission is of the view that the capitalisation of any project can be only allowed once the project is completed and put to use. As the Petitioner's claim of Rs. 3.01 Crore towards 'Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi), Pithoragarh' is a part of the said main project which is yet to be commissioned, hence, the Commission at this stage has not considered any capitalisation for this project during FY 2020-21 with a liberty to the Petitioner to approach the Commission for the said claim in the year of capitalisation of the main project, i.e. 220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh.

4.3.3.2 *Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station Baram*

The Commission vide its Investment Approval Order dated October 25, 2016 had provided in principle approval for '220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh' and directed the Petitioner to submit complete executed cost on the completion of the project.

The Petitioner has claimed the capitalisation of Rs. 5.24 Crore towards 'Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station, Baram'.

The Commission notes that Investment approval is for '220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh'. Further, the 'Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS S/S Baram' is a part of the main project. The Petitioner has not yet commissioned the main project, i.e. 220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh. The Commission directed the Petitioner to submit the justification for capitalising residences, development works etc, when the actual project is yet to be completed and put to use. The Petitioner submitted that as this part of the work is completed, it has been capitalised.

As '220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh' is yet to be commissioned, the Commission has adopted the same approach as adopted for declining the capitalisation claimed for 'Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh'. Accordingly, the Commission at this stage has not considered any capitalisation for this project during FY 2020-21 with a liberty to the Petitioner to approach the Commission for the said claim in the year of capitaliastion of the main project, i.e. 220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh.

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

Table 4.6: Capitalisation approved for REC XIII Scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission upto FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh	-	FY 2020-21	0.00	3.01	0.00	0.00
Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station Baram	-	FY 2020-21	0.00	5.24	0.00	0.00
Total	**-**		**0.00**	**8.25**	**0.00**	**0.00**

4.3.4 REC XIV Scheme

The Petitioner has claimed the additional capitalisation of Rs. 0.20 Crore in REC XIV Scheme for the project as shown in the Table below:

Table 4.7: Capitalisation claimed for REC XIV Scheme in FY 2020-21 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
132 kV S/C Ranikhet-Bageshwar Line	FY 2019-20	0.20
Total		**0.20**

4.3.4.1 132 kV S/C Ranikhet-Bageshwar Line

In the true-up of FY 2019-20, the Commission had 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 as per Tariff Order dated April 26, 2021. In the final True-up of FY 2020-21, the Petitioner has claimed the additional capitalization of Rs. 0.20 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. 47.67 Crore upto FY 2019-20 for the said project. Considering the additional capitalisation claimed for FY 2020-21, i.e. Rs. 0.20 Crore, the total capitalisation of Rs. 47.87 Crore for the project is within the total approved cost of Rs 48.20 Crore. Hence, the Commission approves the additional capitalisation of Rs. 0.20 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 capitalisation approved by the Commission for truing up purpose is as shown in the Table given below:

Table 4.8: Capitalisation approved for REC XIV Scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
132 kV S/C Ranikhet-Bageshwar Line	48.20	FY 2019-20	47.67	0.20	0.20	47.87
Total	**48.20**		**47.67**	**0.20**	**0.20**	**47.87**

4.3.5 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 62.74 Crore towards a mix of System Improvement works funded by PFC in FY 2020-21 as shown in the Table below:

Table 4.9: Capitalisation claimed for PFC (SI) in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
220 kV S/S IIP Dehradun (Harrawala)	113.14	FY 2018-19	1.34
Construction of 132/33 kV GIS Sub-station at Bageshwar	70.95	FY 2019-20	9.16
Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC	3.81	FY 2020-21	2.53
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV Sub-station Jaffarpur	-	FY 2020-21	7.18
Construction of 220/33 kV Sub-station at Jaffarpur	-	FY 2020-21	42.53
Total	**187.90**		**62.74**

4.3.5.1 220 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 final True-up of 2020-21, the Petitioner has claimed the additional capitalisation of Rs. 1.34 Crore on account of payment towards bill received after CoD.

The additional capitalisation claimed by PTCUL is within the cut-off date. The Commission has already approved the capitalisation of Rs. 57.75 Crore upto FY 2019-20. Considering the capitalisation claimed for FY 2020-21, i.e. Rs. 1.34 Crore, total capitalisation of Rs. 59.09 Crore for the project is within the total approved cost of Rs. 113.14 Crore in Investment Approval. Hence, the Commission approves the additional capitalisation of Rs. 1.34 Crore towards '220 kV S/S IIP Dehradun (Harrawala) in accordance with the Regulation 22(1)(a) of UERC Tariff Regulations, 2018.

4.3.5.2 Construction of 132/33 kV GIS Sub-station at Bageshwar

The Commission had approved the project cost of Rs. 70.95 Crore for the project 'Construction of 132/33 kV GIS Sub-station at Bageshwar' vide its Investment Approval Order dated December 26, 2014. In the final true-up of FY 2020-21, the Petitioner has claimed the additional capitalisation of Rs. 9.16 Crore on account of bill received after CoD.

The additional capitalisation claimed by PTCUL is within the cut-off date. The Commission has already approved the capitalisation of the total cost of Rs. 54.78 Crore for the project upto FY 2019-20. Considering the capitalisation claimed for FY 2020-21, i.e. Rs. 9.16 Crore, total capitalisation of Rs. 63.93 Crore for the project is within the total approved cost of Rs. 70.95 Crore in Investment Approval. Hence, the Commission approves the additional capitalisation of Rs. 9.16 Crore towards 'Construction of 132/33 kV GIS Sub-station at Bageshwar' in accordance with the provision of Regulation 22(1)(a) of UERC Tariff Regulations, 2018.

4.3.5.3 Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC

The Commission had approved the project cost of Rs. 3.81 Crore for the balance work of the project 'Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC' vide its Investment Approval Order dated March 01, 2017. In the final true-up of FY 2020-21, the Petitioner has claimed the capitalisation of Rs. 2.53 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning, and civil works for the above said project.

The Petitioner in Form 9.5 submitted the total actual executed cost for the project as Rs. 5.59 Crore which is inclusive of balance work executed by the contractor amounting to Rs. 3.82 Crore, while the Petitioner has claimed the capitalisation of Rs. 2.53 Crore during FY 2020-21. The Commission directed the Petitioner to submit the variation in actual executed cost in Form 9.5 and capitalisation claimed during FY 2020-21. Further, the Commission also directed the Petitioner to submit the details of cost over-run.

The Petitioner submitted that there was cost overrun with regard to the cost approved by the Commission due to the following reasons:

- The quantities of some of the supply and erection items increased after final approval of drawings and line route. (Variation is+12.65 %).
- The agreement signed before GST regime, therefore, as per GST amendment cost

variance is on higher side. (Variation is + 4.32 %)

- As per contract agreement, the price variation was applicable on Supply of Tower Parts and Conductor which has resulted in Cost variation on higher side.

The Commission observed there was a delay of around 19 months in completing the project. The Petitioner submitted the reason for total delay in executing the project due to following reasons:

- 100% Line diversion work was to be carried out in Reserve Forest Area. Therefore, line work could only be started after obtaining in-principle approval on Forest proposal.
- As 100% work was to be carried out in dense forest area, therefore, Tree cutting within Right of Way (RoW) was essential to carrying out work at site.
- During monsoon season, site condition was adverse due to water logging at different tower locations.

The Commission has observed that there was a delay in the execution of the project from the Petitioner and several time extensions were approved by the Petitioner for the execution of the project. In reply to the Commission's query regarding the same, the Petitioner submitted that the first-time extension was given to the Contractor upto 31.12.2018 but the work of dismantling last tower could not be done by the firm in time as the tower was submerged in Tehri lake (Water level increases in rainy season and goes down gradually to minimum in April-May). As the water level of Tehri lake came down in second week of April month, then the dismantling work was started by the firm and overall work was completed on April 22, 2019 and second time extension case was raised by the firm.

The Commission observed that almost all the reasons for delay are beyond PTCUL 's control. Further, the Petitioner has not claimed any IDC for this project and, hence, there will be no impact of delay on total cost of the project. As the amount of Rs. 2.53 Crore capitalised in FY 2020-21 is within the total approved cost of Rs. 3.81 Crore in Investment Approval, the Commission approves the capitalisation of Rs. 2.53 Crore towards 'Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC' in FY 2020-21.

4.3.5.4 LILO of 220 kV Kashipur-Pantnagar line at proposed 220 KV Sub-station at Jaffarpur

The Petitioner had submitted the project cost of Rs. 82.95 Crore for 'Construction of 220/33 kV Sub-station at Jaffarpur (U.S. Nagar) and LILO of 220 kV Kashipur-Pantnagar line at proposed

Sub-station at Jaffarpur' as per DPR. 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 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission, as directed while granting in principle approval. The Commission expresses extreme displeasure in the lackadaisical approach of the Petitioner in not submitting the information in time bound manner and caution the Petitioner that directions of the Commission should be followed in time bound manner.

In the final true-up of FY 2020-21, the Petitioner has claimed the capitalisation of Rs. 7.18 Crore against the proportionate DPR Capital Cost of Rs. 8.34 Crore for the project 'LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV Sub-station at Jaffarpur'. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the above said project.

The Commission observed that the executed hard cost, i.e. Rs. 5.95 Crore which is inclusive of undischarged liability amounting to Rs. 0.09 Crore as per Form 9.5 is within the ordering cost as mentioned in LoA amounting to Rs. 6.19 Crore. Hence, the executed hard cost of Rs. 5.95 Crore has been considered by the Commission to work out the approved cost for the project. The Commission observed that overheads amounting to Rs. 5.03 Crore are inclusive of undischarged liability of Rs. 2.00 Crore, compensation amounting to Rs. 2.40 Crore and establishment, audit charges etc. amounting to Rs. 0.63 Crore. Further, price variation towards supply and erection is amounting to Rs. 0.67 Crore and Rs. 0.44 Crore respectively which is under consideration as per submission of the Petitioner. At present, the Commission has considered the price variation and overhead cost as claimed by the Petitioner in Form 9.5, i.e. Rs. 6.14 Crore for approval of project cost. Further, the Petitioner in its submission dated January 31, 2022 submitted that it has encashed the BG amounting to Rs. 0.57 Crore due to non-performance by the contractor. The Commission observed that the same has not been shown to be deducted in Form 9.5. Accordingly, the Commission decides to deduct the same from the project cost. Accordingly, approved cost against the above project works out to Rs. 11.53 Crore excluding IDC. However, the Commission shall review the approved cost of the project on finalisation of price variation and payment towards undischarged liabilities.

The Commission observed that the actual completion period of the project is 52 months as against the scheduled completion period of 12 months. The reasons for the time over-run submitted by the Petitioner are as provided below:

The Petitioner submitted that the total delay of 3 years and 05 months was due to following reasons-

- Sub-station Layout Change (144 days)
- Standing Crops and ROW (73 days)
- Heavy Rain (87 days)
- Resurvey due to ROW Issues (94 days)
- Other ROW Issues (24 days)
- Water logging and marshy land (121 days)
- ROW issues, Contractor delay, Termination of the first Contractor (313 days)
- Balance work awarded to New Contractor (77 days)
- Covid – 19 (135 days)
- Water logging (120 days)
- Right of Way Issues (53 days)

The Petitioner has claimed the actual IDC of Rs. 0.51 Crore. The actual completion period is 52 months as against the scheduled completion period of 12 months. The Petitioner has also submitted that the scheduled completion date has been extended due to the above-mentioned reasons.

The Commission observed that almost all the reasons for delay were completely beyond the Petitioner's control except few events like failure of the contractor to supply the material and execution of work resulting in cancellation of the contract with the contractor and delay in allocating the work to new contractor which could have been managed with proper planning and has been considered as mix reasons, i.e. partially controllable in nature. Therefore, the allowable IDC works out to Rs. 0.47 Crore against the claimed IDC of Rs. 0.51 Crore. The Commission after considering the aforementioned approach considers the approved capital cost as Rs. 12.00 Crore against the Petitioner's submitted cost of Rs. 12.61 Crore as per Form 9.5. The Commission reiterates that the approved capital cost of Rs. 12.00 Crore shall be reviewed by the Commission on finalisation of price variation and payment towards undischarged liability.

Accordingly, based on the above discussion, the Commission approves the capitalisation of Rs. 7.14 Crore against the claim of Rs. 7.18 Crore as on CoD after deducting the disallowed IDC of Rs. 0.04 Crore.

4.3.5.5 Construction of 220/33 kV Sub-station at Jaffarpur

The Petitioner had submitted the project cost of Rs. 82.95 Crore for 'Construction of 220/33 kV S/s at Jaffarpur (U.S. Nagar) and LILO of 220 kV Kashipur - Pantnagar line at proposed 200 kV Sub-station at Jaffarpur' as per DPR. Further, 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 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 expresses extreme displeasure in the lackadaisical approach of the Petitioner in not submitting the information in a time bound manner.

In the final true-up of FY 2020-21, the Petitioner has claimed the capitalisation of Rs. 42.53 Crore against the apportioned DPR Capital Cost of Rs. 74.61 Crore for the project. The Commission observed that the Petitioner has submitted executed cost of Rs. 45.98 Crore which is inclusive of undischarged liability of Rs. 0.51 Crore. Further, the Petitioner has submitted the cost pertaining to Land, establishment, audit & accounts, Forest clearance etc. amounting to Rs. 7.01 Crore vide submission dated January 31, 2022. Furthermore, the Petitioner has also submitted the copies of contracts placed for supply, erection, commissioning and civil works for the above said project.

The Commission observed that there is a variation in the Ordering Cost, i.e. Rs. 26.17 Crore pertaining to supply, civil, erection and testing commissioning as mentioned in the Letter of Award against the actual executed cost, i.e. Rs. 32.48 Crore as submitted in the Form 9.5. There is variation of 24.13% which exceeds the variation limit of 20% as specified in the LoA. Hence, the Commission directed the Petitioner to submit amendment to LoA alongwith approval of the competent authority w.r.t. increase in variation of more than 20%. In the matter, the Petitioner instead of submitting any document pertaining to price/quantity variation, submitted documents related to the time extension allowed to the contractors for execution of work. Therefore, considering the maximum variation of 20%, the Commission restricts the cost of the project at Rs. 31.40 Crore. Further, other cost pertaining to Land, tax & audit, establishment etc. amounting to Rs. 7.86 Crore has been considered based on the submission of the Petitioner dated January 31, 2022. Accordingly, the approved cost for the project works out to 39.26 Crore excluding IDC.

The Petitioner has claimed the actual IDC of Rs. 5.64 Crore. The Commission during the TVS directed the Petitioner to submit year wise IDC details for the project. In reply, the Petitioner submitted year wise breakup of IDC amounting to Rs. 5.64 Crore for the project.

With regard to completion period, the Commission observed that the actual completion period is 83 months as against the scheduled completion period of 12 months. The Petitioner submitted the total delay of 6 years and 11 months due to following reasons:

- Delay in forest approval (490 days)
- Transfer of Land to Forest Department (69 days)
- Compliance of MOEF Conditions (96 days)
- Felling of trees (92 days)
- Processing of lease deed (260 days)
- Line Survey and 220 kV layout change by 90 degree (75 days)
- Delay due to ban of Soil Mining (225 days)
- Water logging, Heavy Rains (115 days)
- Unavailability of 220 kV lines (755 days)

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.

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

Table 4.10: Capitalisation approved for PFC (SI) for FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
220 kV S/S IIP Dehradun (Harrawala)	113.14	FY 2018-19	57.75	1.34	1.34	59.09
Construction of 132/33kV GIS Sub-station at Bageshwar	70.95	FY 2019-20	54.78	9.16	9.16	63.93
Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC	3.81	FY 2020-21	0.00	2.53	2.53	2.53
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV Sub-station at Jaffarpur	12.00	FY 2020-21	0.00	7.18	7.14	7.14
Construction of 220/33 kV Sub-station at Jaffarpur	44.01	FY 2020-21	0.00	42.53	41.63	41.63
Total	**243.91**		**112. 53**	**62.74**	**61.81**	**174.34**

4.3.6 REC (System Improvement)

The Petitioner has claimed capitalisation of Rs. 15.63 Crore for REC (System Improvement) Projects as shown in the Table below:

Table 4.11: Capitalisation claimed for REC (SI) in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
(A) Construction of 220 kV D/C Transmission line from Pirankaliyar to Puhana (PGCIL) S/s. (B) Underground Cable work for Construction of 220 kV Puhana- Pirankaliyar Transmission Line	19.08	FY 2020-21	7.95
Increasing capacity of 220/33 kV Sub-station Jhajra, DDun from 2x40 MVA to 2x80 MVA along with associated accessories.	17.43	FY 2020-21	6.18
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 S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur	4.77	FY 2020-21	1.51
Total	**36.51**		**15.63**

4.3.6.1 (A) Construction of 220 kV D/C Transmission line from Pirankaliyar to Puhana (PGCIL) S/s. and (B) Underground Cable work for Construction of 220 kV Puhana- Pirankaliyar Transmission Line

The Petitioner has claimed the capitalisation of Rs. 7.95 Crore towards 'Construction of 220 kV D/C Transmission line from Pirankaliyar to Puhana (PGCIL) S/s and Underground Cable work for Construction of 220 kV Puhana- Pirankaliyar Transmission 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 has submitted that initially the project was planned and approved for single circuit on double circuit towers and also submitted the copy of Letter of Award dated December 05, 2015, issued to the contractor with an amount of Rs. 6.01 Crore. The project got delayed from November 04, 2016 to February 17, 2017, due to ROW issues. Further, from February 17, 2017 to June 19, 2019, the project got delayed due to court cases filed by the farmers on whose land the transmission towers were to be erected in DM Court and thereafter in Hon'ble High Court. The delay has been condoned by the Commission as it is mainly due to ROW issues which were beyond the control of the Petitioner.

Further, the Petitioner submitted that they decided to revise the proposal to stringing of double circuit on double circuit towers and submitted the copy of amended Letter of Award dated

March 04, 2017, issued to the contractor with an amount of Rs. 7.65 Crore.

The Petitioner has also submitted the copy of Letter of Award dated February 28, 2019, issued to the contractor with an amount of Rs. 7.49 Crore pertaining to Underground cable works and also submitted the copy of completion certificate of the same. The Petitioner submitted that the said transmission line was commissioned on September 19, 2020.

During the analysis of the project details, the Commission has noted that only single circuit is charged and put into use as of now. In the matter, the Petitioner conveyed that the second circuit was constructed considering the future requirements and to ensure N-1 redundancy in the power flow. The Commission observed that the purpose of the said project is to give relief to 220 kV S/s Roorkee which is already overloaded and with the commissioning of the said line, 220 kV Sub-station at Piran Kaliyar will be able to feed both 132 kV Chudiyala S/s and Bhagwanpur S/s. It is pertinent to mention that the primary purpose of the double circuit line was to manage the overloading of Roorkee S/s. However, the bay to which the second circuit is to be connected is yet to be commissioned and, therefore, the second circuit will ensure N-1 condition only.

The Petitioner in Form 9.5 has claimed IDC of Rs. 2.02 Crore against the cost capitalized for the above said scheme. Further, during reply against specific query regarding the IDC, the Petitioner submitted that the IDC amounts to Rs. 2.59 Crore. As discussed earlier, the Commission has noted that the delay was mainly on account of ROW issues and, therefore, condones the delay. Hence, the Commission approves the IDC of Rs. 2.59 Crore as claimed by the Petitioner.

As the claimed capitalisation is lower than the approved cost, the Commission approves the capitalisation of Rs. 7.95 Crore towards 'Construction of 220 kV D/C Transmission line from Pirankaliyar to Puhana (PGCIL) S/s and Underground Cable work for Construction of 220 kV Puhana- Pirankaliyar Transmission Line'.

Further, the Petitioner has claimed an amount of Rs. 12.78 Crore for capitalisation in FY 2021-22. The Commission decides to limit the amount claimed to the approved capital cost and hence, approves capitalisation of Rs. 11.14 Crore for FY 2021-22. 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.

4.3.6.2 Increasing capacity of 220/33 kV S/s Jhajra, DDun from 2x40 MVA to 2x80MVA along with associated accessories

The Commission had approved the project cost of Rs. 17.43 Crore for the project 'Augmentation of 220 kV S/s Jhajra, Dehradun' vide its Investment Approval Order dated February 11, 2016. The Commission has already approved an amount of Rs. 5.36 Crore and Rs. 0.12 Crore towards capitalisation as claimed by the Petitioner in FY 2016-17 and FY 2017-18 respectively. Further, during the true-up of FY 2018-19, the Commission has approved the de-capitalisation amounting to Rs. 4.00 Crore on account of transfer of assets towards the said project.

The Petitioner has claimed capitalisation of Rs. 6.18 Crore for FY 2020-21 vide Form 9.A. However, the Petitioner has submitted that the executed cost for the installation of second 80 MVA transformer is amounting to Rs. 5.36 Crore. The Petitioner has not claimed any IDC in Form 9.A or Form 9.5. With regard to the query related to mismatch between the cost in the Form 9.5 and Form 9 A, the Petitioner in its revised submission dated February 24, 2022 submitted that the total supply cost for 1 transformer is Rs. 5.36 Crore, Erection cost is Rs. 0.38 Crore and expenditure against construction of 02 Nos. 33 kV bays at Sub-stations as Rs. 0.43 Crore. The total cost is equivalent to the claimed amount of Rs. 6.18 Crore.

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.

4.3.6.3 Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur & Construction of 132 kV Bay(s) at both ends

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.

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

Table 4.12: Capitalisation approved for REC (SI) for FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
(A) Construction of 220 kV D/C Transmission line from Pirankaliyar to Puhana (PGCIL) S/s (B) Underground Cable work for Construction of 220 kV Puhana-Pirankaliyar Transmission Line	19.08	FY 2020-21	0.00	7.95	7.95	7.95
Increasing capacity of 220/33 kV Sub-station Jhajra, Dehradun from 2x40 MVA to 2x80MVA along with associated accessories.	17.43	FY 2020-21	5.48*	6.18	5.75	11.23
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 S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur	4.77	FY 2020-21	0.00	1.51	0.00	0.00
Total	**41.28**		**5.48**	**15.63**	**13.69**	**19.17**

**excluding de-capitalisation of old transformer amounting to Rs. 4.00 Crore.*

4.3.7 NABARD-800

The Petitioner has claimed the first-time capitalisation of Rs. 1.69 Crore and Rs. 0.11 Crore as additional capitalization during FY 2020-21 in NABARD-800 Scheme for the projects as shown in the Table below:

Table 4.13: Capitalisation claimed for NABARD-800 Scheme in FY 2020-21 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
Construction of 01 no. 220 kV Bay (Phase-I) for 220 kV Pirankaliyar-Puhana (PGCIL) D/C Line at 220 kV S/s Imlikhera (Pirankaliyar)	FY 2020-21	1.80
Total		**1.80**

4.3.7.1 Construction of 01 no. 220 kV Bay (Phase-I) for 220 kV Pirankaliyar-Puhana (PGCIL) D/C Line at 220 kV S/s Imlikhera (Pirankaliyar)

The Petitioner had submitted the copy of internal Investment Approval with total project cost of Rs. 8.80 Crore for 'Construction of 02 no. line bay and extension of bus at 220 kV S/s Pirankaliyar for 220 kV Pirankaliyar-Puhana (PGCIL) D/C Line dated April 13, 2018. However, the Petitioner in Form 9.A has submitted the project cost amounting to Rs. 3.32 Crore for construction of 01 no. 220 kV Bay (Phase-I) for 220 kV Pirankaliyar-Puhana (PGCIL) D/C Line at 220 kV S/s Imlikhera (Pirankaliyar). In the final true-up of FY 2020-21, the Petitioner has claimed the capitalisation of Rs. 1.69 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the above said project. The executed capital cost of the said project is Rs. 1.58 Crore as per Form 9.5 against the internal approved cost of Rs. 3.32 Crore and Letter of Award dated January 22, 2019, of Rs. 1.67 Crore. Further, the Petitioner has incurred Rs. 0.19 Crore towards overheads which has been allowed on actuals.

The Commission has observed that there has been delay in the execution of the project. In response to the Commission's query regarding the same, the Petitioner has submitted that the delay was due to matching of construction of 220 kV Bay with the schedule of associated 220 kV Transmission line from 400 kV Sub-station Puhana (PGCIL) to 220 kV Sub-station Pirankaliyar and submitted the corresponding supporting documents to substantiate the same.

Further, the Petitioner has not claimed any IDC for the delay period. 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.

The Commission allows the capitaliastion of Rs. 1.69 Crore as on CoD of the said project. Further, the Petitioner has claimed additional capitalization amounting to Rs. 0.11 Crore pertaining to payment of invoice submitted after CoD. The additional capitalisation is also allowed during FY 2020-21 as the same is within the approved cost of Rs. 3.32 Crore.

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

Table 4.14: Capitalisation approved for NABARD-800 Scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission upto FY 2019-20	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
Construction of 01 no. 220 kV Bay (Phase-I) for 220 kV Pirankaliyar-Puhana (PGCIL) D/C Line at 220 kV S/s Imlikhera (Pirankaliyar)	3.32	FY 2020-21	0.00	1.80	1.80	1.80
Total	**3.32**			**1.80**	**1.80**	**1.80**

4.3.8 Other Schemes (Deposit Works/Grants)

The Petitioner has claimed the capitalisation of Rs. 21.19 Crore and additional capitalisation of Rs. 0.20 Crore for other (System Strengthening) projects as shown in the Table below:

Table 4.15: Capitalisation claimed for Others (System Strengthening) scheme in FY 2020-21 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
Others	-	FY 2020-21	21.19
		FY 2019-20	0.20
Total			**21.39**

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

The Petitioner has claimed the capitalisation of Rs. 21.19 Crore towards Deposit works and additional capitalisation amounting to Rs. 0.20 Crore in FY 2020-21. The Commission approves the capitalisation of Rs. 21.39 Crore, as claimed by the Petitioner. Details of the works are as follows:

Table 4.16: Works carried out from Deposit works

S. No.	Particulars	FY 2020-21 (Rs. Crore)	
		Claimed by PTCUL	Allowable
1	Diversion of 220 kV & 132 kV lines near Rishikesh (RVNL)	18.16	18.16
2	Shifting of towers of 132 kV Satpuli-Srinagar and 132 kV Srinagar-Simli Lines	1.31	1.31
3	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)	0.74	0.74
4	Erection of 1No. C+3 type Tower for repositioning of tower no. 254 at 132 kV Almora-Pithoragarh/Chandak Line	0.43	0.43
5	Const. of 01 no. 33 kV Bay for UPCL at 132 kV S/s Bazpur	0.25	0.25
6	Supply of 33 kV Indoor panels at 132 kV S/s Chudiyala	0.24	0.24
7	Erection & Commissioning of 33 kV Indoor VCB Panel at 132 kV S/s Chudiyala	0.06	0.06
	Additional Capitalisation		

Table 4.16: Works carried out from Deposit works

S. No.	Particulars	FY 2020-21 (Rs. Crore)	
		Claimed by PTCUL	Allowable
8	Construction of 132 kV Overhead line from 132 kV Sub-station Jawalapur to 132 kV Railway S/s Jawalapur	0.20	0.20
	Total	**21.39**	**21.39**

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

Table 4.17: Capitalisation approved for Deposit works for FY 2020-21 (Rs. Crore)

Project	Approved Cost	Capitalisation claimed by PTCUL in FY 2020-21	Capitalisation approved for FY 2020-21	Total capitalisation approved till FY 2020-21
Others (System Strengthening)	-	21.39	21.39	21.39
Total		**21.39**	**21.39**	**21.39**

Further, the Petitioner has deducted an amount of Rs. 0.22 Crore against material received back, the Commission has also considered the same for working out the allowable additional capitalisation for FY 2020-21. Furthermore, as per audited annual accounts for FY 2020-21, there is decapitalisation of Rs. 0.03 Crore which has also been considered by the Commission for determination of admissible Gross Fixed Assets for FY 2020-21.

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.**

4.3.9 Disallowed capitalisation in the final true up of FY 2016-17

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalisation based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalisation of Rs. 66.09 Crore towards the same, in final true up of FY 2020-21 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalisation in the final 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 capitalisation for some of the projects and Hon'ble APTEL is yet to issue judgment on this Appeal. The request of the Petitioner to approve the capitalisation 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 capitalisation of Rs. 66.09 Crore in FY 2020-21.

4.4 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2020-21 is shown in the Table given below:

Table 4.18: Revised GFA approved by the Commission for FY 2020-21 (Rs. Crore)

S. No	Particulars	Approved in Tariff Order	Claimed	Approved
1	Opening value	1625.89	1751.03*	1684.94
2	**Addition**			
	REC-II	274.63	0.04	0.04
	REC VI		2.27	2.27
	REC XIII		8.25	0.00
	REC XIV		0.20	0.20
	System Improvement Works			
	REC		15.63	13.69
	PFC		62.74	61.81
	Deposit works		21.39	21.39
	NABARD- 800		1.80	1.80
	Others		-0.22	-0.22
3	**Total addition during the year**	**274.63**	**112.11**	**100.98**
4	Less: Deletions during the year	0.00	0.03	0.03
5	**Closing value**	**1900.52**	**1863.11**	**1785.89**

**including Rs. 66.09 Crore disallowed by the Commission in the final true up of FY 2016-17*

4.5 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 2020-21, 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 2020-21 is shown in the Table given below:

Table 4.19: Approved Means of Finance for FY 2020-21

S. No.	Particulars	Grants	Debt	Equity	Total
1	REC-II	0%	70%	30%	100%
2	REC VI	0%	70%	30%	100%
3	REC XIII	0%	70%	30%	100%
4	REC XIV	0%	70%	30%	100%
5	System Improvement Works -REC	0%	70%	30%	100%
6	System Improvement Works -PFC	0%	70%	30%	100%
7	Deposit works	100%	0%	0%	100%
8	NABARD 800	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2020-21 which works out as given below:

Table 4.20: Details of financing for capitalisation for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.99	202.45	1066.82	336.67	1684.94
2	**Additions in the year**					
	REC-II		0.00	0.03	0.01	0.04
	REC VI		0.00	1.59	0.68	2.27
	REC XIII		0.00	0.00	0.00	0.00
	REC XIV		0.00	0.14	0.06	0.20
	System Improvement Works -REC		0.00	9.58	4.11	13.69
	System Improvement Works -PFC		0.00	43.26	18.54	61.81
	Deposit works		21.39	0.00	0.00	21.39
	NABARD 800		0.00	1.26	0.54	1.80
	Other (Material Received Back)		0.00	-0.15	-0.07	-0.22
3	**Total addition during the year**	**0.00**	**21.39**	**55.71**	**23.88**	**100.98**
4	Less Deletions during the year	0.03	0.00	0.00	0.00	0.03
5	**Closing Value**	**78.96**	**223.85**	**1122.54**	**360.55**	**1785.89**

4.6 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:

..."

4.6.1 *Operation and Maintenance expenses*

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenditure on staff, administration and repairs and 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-1) x (1+Gn) x (CPIinflation)

R&Mn = K x (GFA_{n-1}) x (1+WPIinflation) and

A&Gn = (A&Gn-1) x (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."

4.6.1.1 Employee expenses

The Commission had approved the normative employee expenses of Rs. 125.29 Crore in the Tariff Order dated February 27, 2019 for FY 2020-21 and approved revised normative employee expenses of Rs. 95.30 Crore in the Tariff Order dated April 18, 2020. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 104.43 Crore in the final true up of FY 2020-21.

The actual employee expense for FY 2020-21 is Rs. 92.23 Crore as against Rs. 85.62 Crore in FY 2019-20. 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 provision of gratuity done in the accounts as per actuarial valuation by LIC.

The Commission has approved the revised normative employee expenses for FY 2020-21 in accordance with UERC Tariff Regulations, 2018. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2020-21. Accordingly, the Commission has computed the CPI Inflation of 5.35% for FY 2020-21. The Commission has observed that there has been recruitment of only 31 number of employees and retirement of 13 employees as against recruitment of 173 number of employees considered in Tariff Order dated February 27, 2019 for FY 2020-21. Accordingly, the number of employees has increased to 826 in FY 2020-21 from 808 in FY 2019-20. Hence, the Commission has considered the Gn factor as 2.23%.

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 and FY 2020-21, 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 escalated the gross closing employee expenses (EMP_n) for FY 2019-20 by 15% to incorporate the impact of 7th Pay Commission in the MYT trajectory and to compute EMP_{n-1} for FY 2020-21. The Petitioner has considered EMP_{n-1} as Rs. 132.84 Crore for the computation of employee expenses. The Commission vide its Tariff Order dated April 26, 2021 has already considered the impact of 7th Pay Commission during the truing up for FY 2019-20 based on which EMP_n worked out to Rs. 115.51 Crore for FY 2019-20. In this regard, the Commission once again directed the Petitioner to submit the reason for escalating the EMP_n by 15% which has already been escalated by the Commission while truing up of FY 2019-20. The Petitioner has submitted the revised computation of employee expenses considering EMP_{n-1} as Rs. 115.51 Crore for FY 2020-21.

The Commission in its Tariff Order dated February 27, 2019 had not approved any amount towards the impact of 7th Pay Commission for FY 2020-21. However, in actual, the Petitioner has incurred Rs. 0.34 Crore towards the same. The Commission has considered the impact of 7th Pay Commission of Rs. 0.34 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 26.24% for computing the employee expenses capitalised during FY 2020-21 based on the Employee expenses charged to Profit & Loss account for FY 2020-21 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 26.38% against the claim of 26.24% of the Petitioner taking into cognizance advance increment.

With this approach the revised normative employee expenses approved by the Commission for FY 2020-21 works out to be Rs. 91.93 Crore.

Table 4.21: Normative Employee expenses approved for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for true up	Approved
EMPn-1	100.32	132.84	115.51
Gn	23.17%	2.23%	2.23%
CPIinflation	4.22%	3.92%	5.35%
EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)	**128.78**	**141.12**	**124.41**
Capitalisation rate	26.00%	26.24%	26.38%
Capitalised employee expenses	33.48	37.03	32.82
Net employee expenses	**95.30**	**104.09**	**91.59**
Impact of VII Pay Revision	0.00	0.34	0.34
Total employee expenses	**95.30**	**104.43**	**91.93**

Further, the actual employee expenses charged to P&L statement as per the audited accounts for FY 2020-21 are Rs. 92.23 Crore. The actual employee expenses for FY 2020-21 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. 1.76 Crore. Therefore, the actual employee expense for non-UITP projects works out to Rs. 90.47 Crore.

The Commission observed that as per audited annual accounts for FY 2020-21 the employee expenses are amounting to Rs. 92.23 Crore whereas the Petitioner has claimed employee expenses of Rs. 92.39 Crore in the true-up for FY 2020-21. The Petitioner was directed to submit the reason for variation. In reply, the Petitioner submitted that they have not considered performance incentive in the total employee expenses. Further, in line with the approach adopted in the final true up of FY 2019-20, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2020-21 as Rs. 0.85 Crore. In accordance with the approach adopted in the true up of previous years, the impact of advance increment works out to Rs. 0.85 Crore is excluded from the actual employee expenses. The Commission observed that Petitioner has not claimed any amount in Employee expenses against 'Staff Welfare against ECED'. In reply to the Commission's query regarding the same, the Petitioner submitted that there are no expenses against 'Staff Welfare against ECED' for FY 2020-21 as no bill has been raised by UPCL in FY 2020-21.

As mentioned in the above para, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2020-21 as Rs. 0.85 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. 0.84 Crore. As explained in the above paras, the actual employee expenses pertaining to non-UITP projects works out to Rs. 90.47 Crore. Accordingly, the Commission has considered the actual employee expenses of Rs. 89.63 Crore for sharing of gains and losses after deducting the impact of advance increment from the actual employee expenses pertaining to non-UITP projects.

The employee expenses approved by the Commission for FY 2020-21 are shown in the Table given below:

Table 4.22: Employee expenses approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
Employee expenses	95.30	104.43	91.93	90.47	89.63

As the employee expenses are controllable in nature, the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2018 as elaborated below in para 4.8 of this Order.

4.6.1.2 R&M expenses

The Commission had approved the normative R&M expenses of Rs. 44.07 Crore in the Tariff Order dated February 27, 2019, for FY 2020-21 and approved revised R&M expenses of Rs. 40.02 Crore in the tariff order dated April 18, 2020. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 43.09 Crore.

The Commission has approved the revised normative R&M expenses for FY 2020-21 in accordance with UERC Tariff Regulations, 2018. The K factor has been considered as 2.39%, the same as approved in the Tariff Order dated February 27, 2019. The Petitioner has also considered the same K factor of 2.39% for computing the normative R&M expenses for FY 2020-21. The Commission has revised the WPI Inflation for FY 2020-21 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 2.96% for FY 2020-21. With this approach, the revised normative R&M expenses for FY 2020-21 works out to Rs 41.46 Crore.

The actual R&M expenses as per the audited accounts for FY 2020-21 are Rs. 28.37 Crore. The actual R&M expenses for FY 2020-21 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. 0.19 Crore. Therefore, the actual R&M expenses for non-UITP projects work out to Rs. 28.18 Crore.

The R&M expenses approved by the Commission for FY 2020-21 is shown in the Table below:

Table 4.23: R&M expenses approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
R&M expenses	40.02	43.09	41.46	28.18	28.18

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 4.8 of this Order.

4.6.1.3 A&G expenses

The Commission had approved the normative A&G expenses of Rs. 26.45 Crore in the Tariff Order dated February 27, 2019, for FY 2020-21 and approved revised A&G expenses of Rs. 27.48 Crore in the tariff order dated April 18, 2020. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 25.93 Crore.

The Commission observed that actual A&G expense has increased from Rs. 31.19 Crore in FY 2019-20 to Rs. 32.81 Crore in FY 2020-21. The Commission directed the Petitioner to submit the justification for increase in A&G expenses. The Petitioner submitted that the major reason for increase in A&G expenses is due to rise in the diesel price which resulted in the increase of vehicle fuel and hiring expenses and also due to increase in the CSR expenses during the FY 2020-21.

Further, the Commission observed that there is variation in the actual A&G expenses of Rs. 32.81 Crore as per audited annual accounts and Rs 31.47 Crore claimed for true-up in FY 2020-21. In the matter, the Petitioner submitted that they have not considered UITP Expenses of Rs. 0.50 Crore and Bad & Doubtful Debts written off, i.e. LPSC waived against BHPL amounting to Rs. 0.83 Crore which resulted in the variation of actual A&G expenses.

In its Tariff Order dated February 27, 2019, April 18, 2020 and April 26, 2021, 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 2020-21. 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 2.96% for FY 2020-21. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 2.96%.

With regard to capitalisation rate, the Commission directed the Petitioner to submit the breakup of the actual A&G expenses charged to P&L statement and capitalised during FY 2020-21 duly reconciling it with the audited accounts for FY 2020-21 and the Petitioner provided the same. Accordingly, the Commission has determined the capitalisation rate for FY 2020-21 for PTCUL after reducing the expenses towards CSR, Donation and License fee. Further, the Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2020-21 in addition to the normative A&G expenses.

The actual A&G expenses as per the audited accounts for FY 2020-21 are Rs. 32.81 Crore. The actual A&G expenses for FY 2020-21 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. 0.50 Crore. Hence the actual A&G expense attributable to non-UITP projects is Rs. 32.31 Crore. Further, the Commission observes that the actual A&G expenses for FY 2020-21 are inclusive of the amount of Rs. 1.49 Crore towards the CSR activities and Rs 0.0001 Crore towards donation. The expenses towards the CSR expenses and donation should be met from own resources/profits of the company and, hence, CSR and donation corresponding to Non-UITP projects amounting to Rs. 1.47 Crore is reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Further, the cost of Bad & Doubtful Debts written off, i.e. LPSC waived against BHPL amounting to Rs. 0.83 Crore has also been not considered for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 30.01 Crore for sharing of gains and losses.

The A&G expenses approved by the Commission for FY 2020-21 are shown in the Table below:

Table 4.24: A&G expenses approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
A&G expenses	27.48	25.93	25.35	32.31	30.01

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 4.8 of this Order.

4.6.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2020-21 upon truing up are as shown in the Table given below:

Table 4.25: O&M expenses approved for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
1	Employee expenses	95.30	104.43	91.93	90.47	89.63
2	R&M expenses	40.02	43.09	41.46	28.18	28.18
3	A&G expenses	27.48	25.93	25.35	32.31	30.01
	Total	**162.80**	**173.45**	**158.74**	**150.96**	**147.82**

The normative O&M expenses approved by the Commission in the true up are lower in comparison to the normative O&M expenses approved in the Tariff Order on account of variation in CPI Inflation, reduction in Gn factor of employees, reduction in the GFA base and variation in capitalisation rate of employee expenses and A&G expenses in comparison to that considered in Tariff Order dated April 18, 2020.

4.6.2 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. 74.65 Crore in the Tariff Order dated February 27, 2019 for FY 2020-21 and has approved revised interest expenses of Rs. 55.07

Crore in the Tariff Order dated April 18, 2020. As against the same, the Petitioner has claimed the interest expenses of Rs. 51.41 Crore in the final true up of FY 2020-21. The Petitioner has considered the closing loan balance approved in true up of FY 2019-20 as the opening loan balance for FY 2020-21. 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 10.36% has been considered for computing the interest expenses.

The Commission has considered the approved closing normative loan for FY 2019-20 as the opening normative loan for FY 2020-21. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2020-21 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 2020-21. The Commission directed the Petitioner to submit the details of the long-term borrowing for FY 2020-21 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 11.19% based on the long terms borrowings and corresponding interest pertaining to Non-UITP projects.

The interest expense approved by the Commission for FY 2020-21 is as shown in the Table given below:

Table 4.26: Interest expenses approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Loan balance	500.44	463.83	463.83
Normative Loan Addition on account of capitalization in FY 2016-17	0.00	46.26	0.00
Drawl during the year	192.24	63.48	55.71
Repayment during the year	85.11	91.23	76.73
Closing Loan balance	607.57	482.34	442.81
Interest Rate	9.94%	10.36%	11.19%
Interest	**55.07**	**51.41**	**48.45**

4.6.3 *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. 48.82 Crore in the Tariff Order dated February 27, 2019 for FY 2020-21 and has approved revised Return on Equity of Rs. 38.65 Crore in the Tariff Order dated April 18, 2020 for FY 2020-21. As against the same, the Petitioner has claimed the Return on Equity for FY 2020-21 as Rs. 55.26 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 equity base approved by the Commission in the respective Tariff Orders. The 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 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 2020-21 is as shown in the Table given below:

Table 4.27: Return on Equity approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	367.61	336.68	336.68
Addition during the year	82.39	27.21	23.88
Closing Equity	450.00	383.71	360.55
Eligible Equity for Return	249.37	356.51	218.47
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**38.65**	**55.26**	**33.86**

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated April 26, 2021 had already approved RoE on Equity portion of Opening Capital Reserve of an amount of Rs. 70.06 Crore till FY 2019-20 from FY 2004-05. The opening capital reserve for FY 2020-21 is considered same as the closing capital reserve of FY 2019-20. 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 April 26, 2021, the RoE on Opening Equity approved by the Commission for FY 2020-21 is shown in the Table given below:

Table 4.28: RoE on Opening Equity approved for FY 2020-21 (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	78.99	0.03	78.96	23.70	15.50%	3.67

Based on the above discussion, the allowable Return on Equity works out to Rs. 37.54 Crore (Rs. 33.86 Crore *plus* Rs. 3.67 Crore) for FY 2020-21.

4.6.4 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. 92.86 Crore in the Tariff Order dated February 27, 2019 for FY 2020-21 and has approved revised depreciation of Rs. 85.11 Crore in the Tariff Order dated April 18, 2020 for FY 2020-21. As against the same, the Petitioner has claimed depreciation of Rs. 91.23 Crore in the final true up of FY 2020-21.

The Commission has considered the closing GFA approved in the true up for FY 2019-20 as the opening GFA for FY 2020-21. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2020-21 in the same proportion as in the audited accounts for FY 2020-21 excluding additional capitalisation pertaining to UITP schemes. The Commission has approved the depreciation for FY 2020-21 by applying the depreciation rates specified in the UERC Tariff Regulations, 2018. The Commission has deducted the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2020-21. Accordingly, the depreciation approved by the Commission for FY 2020-21 is shown in the Table given below:

Table 4.29: Depreciation approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	85.11	91.23	76.73

4.6.5 *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."*

In the Petition, the Petitioner had claimed the income tax of Rs. 10.68 Crore for FY 2020-21. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2020-21.

The Commission observed that the current tax for FY 2020-21 is amounting to Rs. 9.87 Crore as per audited annual accounts for FY 2020-21. The Petitioner was directed to submit the reason for claiming income Tax of Rs. 10.68 Crore whereas the same is Rs. 9.87 Crore as per audited annual accounts. In response, the Petitioner submitted that the Commission may consider the current tax liability of Rs. 9.87 Crore.

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 further observes from the audited annual accounts for FY 2020-21 that the total revenue is amounting to Rs. 377.57 Crore, comprising of revenue from operations for FY 2020-21 amounting to Rs. 352.03 Crore and Other incomes of Rs. 25.54 Crore. Further, the total revenue includes revenue of Rs. 36.81 Crore from 400 kV Srinagar S/s & Lines which are towards UITP schemes and revenue from BHPL of Rs. 1.83 Crore. Furthermore, it is pertinent to mention that the Commission has considered the revenue of Rs. 10.53 Crore from Natural ISTS Transmission line for FY 2020-21 as per submission of the Petitioner. Therefore, for the purpose of apportionment of income tax between regulated business by this Commission and other revenue, the Commission has considered revenue of Rs. 10.53 Crore instead of Rs. 56.46 Crore for Natural ISTS Transmission lines. Accordingly, total revenue works out to Rs. 331.64 Crore. The proportionate income tax pertaining to revenue billed for UITP schemes and revenue of Rs. 1.83 Crore from BHPL needs to be reduced while allowing the Income Tax for FY 2020-21. Accordingly, the Commission has approved the income tax of Rs. 8.72 Crore in the ratio of actual revenue billed for Non-UITP projects to the total revenue worked out for FY 2020-21.

4.6.6 Interest on Working Capital

The Commission had approved the Interest on Working Capital of Rs. 15.46 Crore in the Tariff Order dated February 27, 2019 for FY 2020-21 and has approved revised Interest on Working Capital of Rs. 10.59 Crore in the Tariff Order dated April 18, 2020 for FY 2020-21. As against the same, the Petitioner has claimed the normative Interest on Working Capital of Rs. 10.37 Crore in the final true up of FY 2020-21.

The Commission has determined the normative interest on working capital for FY 2020-21 in accordance with the UERC Tariff Regulations, 2018.

4.6.6.1 One Month O&M expenses

The annual O&M expenses approved by the Commission are Rs. 155.10 Crore for FY 2020-21. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 12.93 Crore for FY 2020-21.

4.6.6.2 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. 23.27 Crore for FY 2020-21.

4.6.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 203.37 Crore for FY 2020-21, which works out to Rs. 33.89 Crore for FY 2020-21.

Based on the above, the total working capital requirement of the Petitioner for FY 2020-21 works out to Rs. 70.09 Crore. The Commission has considered the rate of interest on working capital as 12.20% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the Tariff Petition of FY 2020-21 and, accordingly, the interest on working capital works out to Rs. 8.55 Crore for FY 2020-21. The interest on working capital for FY 2020-21 approved by the Commission is as shown in the Table below:

Table 4.30: Interest on working capital approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses for 1 month	13.57	13.86	12.93
Maintenance Spares	24.42	24.95	23.27
Receivables for 2 months	39.29	46.50	33.89
Working Capital	**77.28**	**85.31**	**70.09**
Rate of Interest on Working Capital	13.70%	12.15%	12.20%
Interest on Working Capital	**10.59**	**10.37**	**8.55**

The actual interest on working capital as per Audited Accounts for FY 2020-21 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 4.8 of this Order.

4.6.7 *Non-Tariff Income*

The Commission had approved the non-tariff Income of Rs. 10.00 Crore in the ARR Tariff Order dated February 27, 2019 and Tariff Order dated April 18, 2020 for FY 2020-21. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 14.40 Crore in the final true up of FY 2020-21. The Commission observes that the actual 'other income' as per the audited accounts is Rs. 25.54 Crore for FY 2020-21 and the Petitioner has not considered the 'other income' pertaining to namely (1) Interest on Investments in FDR (Rs. 0.10 Crore), (2) Interest on TDRs through sweep accounts (Rs. 6.20 Crore) and (3) Interest on Income Tax refund (Rs. 4.84 Crore).

The Commission during the Technical Validation Session directed the Petitioner to submit the revised Non-Tariff Income including the cost which they have not considered in the initial submission. The Petitioner revised its claim for non-tariff income and submitted the following:

Table 4.31: Breakup of Non-Tariff Income for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Amount
1	Interest from Banks & Other Advances	4.84
2	Deferred Revenue Grants written off against funding under Deposit & PSDF Schemes.	11.36
3	Miscellaneous Receipts	3.04
4	O&M charges from PGCIL for bays at 400 kV S/s Kashipur	0.98
	Total	**20.22**

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.

The Petitioner submitted that the interest on TDRs and FDRs pertain to the investment made from BGs encashed pertaining to UITP schemes, Revenue from UPCL against UITP schemes and RoE allowed for FY 2020-21 by the Commission.

Table 4.32: Details of fund invested (Rs. Crore)

Sr No	Particulars	Project	Amount
1	BG encashed of ADB funded project for 400 kV Srinagar- Kashipur line	UITP	106.13
2	BG encashed of ADB funded project for 400 kV Loharinagapal-Koteshwar line	UITP	19.70
3	BG encashed of ADB funded project for 220 kV Lata Tapovan-Joshimath and 220 kV Joshimath–Pipalkoti Line	UITP	8.52
4	Revenue received from UPCL for 400 kV S/s Srinagar and associated line	UITP	25.00
5	Return on Equity allowed in the Tariff Order for FY 2020-21 by UERC		38.65
	Total		**198.00**

The Petitioner has not submitted the details of RoE approved by the Commission, Equity portion used for asset creation, fixed deposits and interest from FY 2013-14 to FY 2020-21. It is also observed that the actual interest on Working Capital for FY 2020-21 is nil as against the normative requirement of Rs. 69.82 Crore. If the Petitioner has invested the entire RoE in Fixed Deposits, it is not clear as to how the Petitioner has funded working capital. The Petitioner has not submitted the detailed fund flow statement for meeting the Working Capital requirements. Further, the Petitioner was directed to substantiate that the TDRs and FDRs pertains to BGs and revenue pertaining to UITP schemes and RoE for FY 2020-21. In the matter, the Petitioner submitted the UITP project details of encashment of BGs which is as follows:

Table 4.33: Details of fund invested (Rs. Crore)

Sr No	Particulars	Amount	Date of encashment
1	400 kV Srinagar – Kashipur line	79.60	17.06.2017
2	400 kV Srinagar – Kashipur line	26.53	17.06.2017
	Total	**106.12**	
3	400 kV Loharinagapala–Koteshwar Line	18.59	27.12.2011
4	400 kV Loharinagapala–Koteshwar Line	0.20	28.12.2011
	Total	**18.79**	
5	220 kV Lata Tapovan-Joshimath and 220 kV Joshimath–Pipalkoti Line	3.30	17.02.2017
6	220 kV Lata Tapovan-Joshimath and 220 kV Joshimath-Pipalkoti Line	4.09	15.04.2017
7	220 kV Lata Tapovan-Joshimath and 220 kV Joshimath–Pipalkoti Line	1.13	14.07.2017
	Total	**8.52**	

Further, the Petitioner submitted that the entire funds received from UPCL against 400 kV Srinagar S/s and associated lines have been invested alongwith RoE approved by the Commission vide Tariff Order dated April 18, 2020.

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).

4.6.8 Revenue from Short Term Open Access

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 2.44 Crore for FY 2020-21.

The Commission cross checked and observed that the revenue from Short Term Open Access is Rs. 2.44 Crore as per audited books of accounts for FY 2020-21, same as submitted by the Petitioner.

The Commission does not do true-up of SLDC separately and it is done as part of overall true-up of STU/the Petitioner. 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. 2.44 Crore and deducted the same from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2018.

4.6.9 Revenue from Natural ISTS Lines

As regards the revenue from Natural ISTS Lines, the Petitioner has not made any submissions in the Petition.

The Commission observed that as per Note 25 of audited annual accounts for FY 2020-21, Revenue against Natural ISTS Transmission Lines is amounting to Rs. 56.46 Crore. 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. 10.53 Crore has to be considered as revenue from Natural ISTS Lines for FY 2020-21 after deducting the revenue (Rs. 104.66 Crore) already considered by the Commission from the total Revenue to be booked against the same.

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. 10.53 Crore for FY 2020-21.

4.7 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 2020-21 was 99.56%. 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 2020-21, the Commission observed that the Petitioner has received an incentive of Rs. 2.45 Crore on account of higher Transmission Availability Factor for FY 2020-21. 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. 2.45 Crore in accordance with the UERC Tariff Regulations, 2018.

4.8 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:-

…

f) Variations in working capital requirements;

…

j) Variation in operation & maintenance expenses;

...

(10) Upon completion of the Annual Performance Review, the Commission shall pass 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 allowed 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 2020-21 is as shown in the Table given below:

Table 4.34: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2020-21 (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	147.82	158.74	10.92	3.64	155.10
Interest on Working Capital	0.00	8.55	8.55	2.85	5.70
Gain on Efficiency in Performance Parameter (Availability)	0.00	2.45	2.45	0.82	1.63

4.9 Aggregate Revenue Requirement

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2020-21 is as shown in the Table given below:

Table 4.35: Aggregate Revenue Requirement approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved
O&M expenses	162.80	166.31	155.10
Interest on loan	55.07	51.41	48.45
Return on Equity	38.65	55.26	37.54
Income tax	0.00	10.68	8.72
Depreciation	85.11	91.23	76.73
Interest on working capital	10.59	10.37	5.70
Aggregate Revenue Requirement	**352.22**	**385.26**	**332.24**
Add:			
True up of previous years	-88.58	-88.58	-88.58
Minus:			
Non-Tariff Income	10.00	14.40	26.51
Revenue from STOA charges	4.07	2.44	2.44
Revenue from Natural ISTS Lines	0.00	0.00	10.53
Sharing of Availability incentive	0.00	0.82	0.82
Net ARR	**249.57**	**279.02**	**203.37**

4.10 Revenue gap/(surplus) for FY 2020-21

The revenue Gap/(Surplus) for FY 2020-21 after sharing of gains and losses is shown in the Table given below:

Table 4.36: Revenue gap/(surplus) for FY 2020-21 (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Trued up ATC after sharing of gains and losses (including SLDC Charges)	279.02	203.37
ATC approved in the Tariff Order (including SLDC Charges)	249.57	249.57
Revenue Gap/(Surplus)	**29.45**	**(46.20)**

Hence, the Commission has approved the revenue surplus of Rs. 46.20 Crore as against the revenue gap of Rs. 29.45 Crore claimed by PTCUL.

4.11 Total revenue gap to be carried forward to FY 2022-23

The revenue surplus to be adjusted in the ATC of FY 2022-23 including carrying cost is as shown in the Table below:

Table 4.37: Total Revenue Surplus to be adjusted in FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Opening Gap/(Surplus)	0.00	(49.02)
Addition	(46.20)	0.00
Closing Gap/(Surplus)	(46.20)	(49.02)
Interest rate	12.20%	12.20%
Carrying cost/(holding cost)	(2.82)	(5.98)
Cumulative Gap/(Surplus)	(49.02)	(55.00)

5 Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2021-22 and MYT for FY 2022-23 to FY 2024-25

5.1 Capitalisation for FY 2021-22

The Commission vide its Order dated April 26, 2021 on approval of ARR for FY 2021-22 for the Petitioner had approved capitalisation of Rs. 173.95 Crore for FY 2021-22. As against the same, the Petitioner has proposed the revised capitalisation of Rs. 161.77 Crore for FY 2021-22. The Petitioner submitted that the actual capitalisation during the period from April to September, 2021 is Rs. 18.57 Crore and the details of the same are as shown in the Table below:

Table 5.1: Actual capitalisation during April to September, 2021 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount capitalised till Sept. 2021	Date of Completion
Projects other than deposit work/Grant				
1	Construction of new sum pump at residential colony of 132 kV S/s Majra	Internal resources	0.06	July 31, 2021
2	Construction of 132 kV Bus Coupler Bay at 132 kV S/s Bhowali	PFC	0.52	August 31, 2021
3	CT/PT/LA at 132 kV Sub-station Majra	Internal resources	0.06	January 13, 2021
4	Supply & Installation of Batteries, UPS, DG Set at 132 kV S/s Laltappar	Internal resources	0.07	September 01, 2021
5	Purchase of Die set for aluminium / steel portion (under 220 kV O&M Division Roorkee)	Internal resources	0.002	June 22, 2021
6	220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi	REC-VIII	6.96	April 30, 2021
7	Mobile Phone (under 400 kV O&M Division Srinagar)	Internal resources	0.001	April 01, 2021
8	Tools & Plants (under 400 kV O&M Division Srinagar)	Internal resources	0.0005	July 26, 2021
9	O&M Works 220 kV - Roorkee (Miscellaneous Expenses)	Internal resources	0.0002	August 05, 2021
Sub-Total			**7.67**	
Projects under Deposit Work				
1	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)	Deposit	0.42	August 27, 2021
2	Shifting/ Diversion of 400 KV Rishikesh-Muzaffarnagar Line for New railway track from Roorkee to Deoband by Northern Railway in Village Jatol (UP)	Deposit	5.44	September 30, 2021
3	Shifting/ Diversion of 400 kV Rishikesh-Nahtore Line for broadening of Haridwar-Nagina Section in NH-74 at Chidiyapur Range (UP)	Deposit	1.17	September 30, 2021
Sub-Total			**7.04**	
Others (Materials Received Back)			**(0.25)**	
Total			**14.45**	

The Table above does not include the projects wherein additional capitalization has taken place in FY 2021-22 (First half). The details for additional Capitalisation in FY 2021-22 (First half) are as follows:

Table 5.2: Additional capitalisation during April to September 2021 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Amount
Projects other than deposit work/grant		
1	220 kV Sub-station IIIP Dehradun Harrawala	0.50
2	LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	0.38
3	400 kV Sub-station, Kashipur	3.24
Projects under Deposit Work		
1	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)	0.005
Total		**4.12**

The Petitioner has proposed the capitalisation of the following projects during the period from October, 2021 to March, 2022 as shown in the Table below:

Table 5.3: Works proposed to be capitalized during October, 2021 to March, 2022 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized	Expected Date of Completion
1	Increasing Capacity of 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA including construction of associated 01 No. 132 kV bay and 01 No. 33 kV bay and bisection of 132 kV & 33 kV Bus	Capital (REC)	6.09	October 28, 2021
2	Construction of 02 Nos 132 kV bay at Jaspur	Capital (PFC)	1.30	Work in Progress
3	Construction of 01 nos. 132 kV bay at 132 kV S/s Bazpur	Capital (PFC)	0.56	October 14, 2021
4	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Commissioning of 01 No. additional 132/33 kV 40 MVA T/F, HV & LV bay & oil pit for NIFPES & construction of 03 Nos. new 33 kV feeder Bays at 132 kV S/s Jashodharpur, Kotdwar (Pauri Garhwal).	PFC09303 032	5.84	Work in Progress
5	Construction of 132 kV O/H line from 220 kV S/s SIDCUL to 132 kV S/s Jwalapur	REC-9025	3.26	Work in Progress
6	Supply, erection and testing & Commissioning of 40 MVA, 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV Sub-station Laksar	REC 10760	4.82	Work in Progress

Table 5.3: Works proposed to be capitalized during October, 2021 to March, 2022 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized	Expected Date of Completion
7	220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi	REC-VIII	82.50	Work in Progress
8	Supply, Erection and Testing and Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Bay at 132 kV S/s Bindal	PFC-09303030	5.77	Work in Progress
9	(A) Construction of 132 kV LILO of Bhagwanpur-Chudiyala at Piran Kaliyar.	REC-UA-TD-TRM-118-2015-9218	16.41	Work in Progress
10	(B) Underground Cable work for construction of 132 kV LILO Bhagwanpur-Chudiyala Line			
11	Supply, Erection, Testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity 2x40 MVA to 3x40 MVA.	REC	3.87	Work in Progress
Total			**130.42**	

Further, the Petitioner proposed additional capitalisation in FY 2021-22 for the following project:

Table 5.4:Additional capitalisation during October, 2021 to March, 2022 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Project	Scheme	Amount
Projects other than deposit work/grant			
1	Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	REC	12.78
Total			**12.78**

Further, the Petitioner has proposed capital structure for FY 2021-22 as follows:

Table 5.5: Capital Structure as submitted by PTCUL (Rs. Crore)

S. No.	Particular	Proposed for FY 2021-22
1	Debt	108.31
2	Equity	46.42
3	Deposit Works	7.04
4	Grants	-
	Net GFA Addition in FY 2021-22	**161.77**

The Commission in its data gaps directed the Petitioner to submit the actual physical and financial progress of the schemes/projects proposed to be capitalised from October 2021 to March 2022. The Petitioner submitted the actual physical and financial progress upto January 31, 2022 for the projects proposed to be capitalised during October, 2021 to March, 2022 as shown in the Table below:

Table 5.6: Actual Physical and Financial Progress as on January 31, 2022 as submitted by PTCUL

S. No.	Name of the Scheme	Actual/Expected date of completion	Physical progress upto January 31, 2022	Financial progress upto January 31, 2022
1	Increasing Capacity of 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA including construction of associated 01 No. 132 kV bay and 01 No. 33 kV bay and bisection of 132 kV & 33 kV Bus	28.10.2021	100%	94.20%
2	Construction of 02 Nos 132 kV bay at Jaspur	31.01.2022	95%	88.20%
3	Construction of 01 nos. 132 kV bay at 132 kV S/s Bazpur	14.10.2021	100%	95%
4	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Commissioning of 01 No. additional 132/33 kV 40 MVA T/F, HV & LV bay & oil pit for NIFPES & construction of 03 Nos. new 33 kV feeder Bays at 132 kV S/s Jashodharpur, Kotdwar (Pauri Garhwal).	30.10.2021	100%	87%
5	Construction of 132 kV O/H line from 220 kV S/s SIDCUL to 132 kV S/s Jwalapur	31.1.2022	98%	82%
6	Supply, erection and testing & Commissioning of 40 MVA, 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV Sub-station Laksar	28.12.2021	100%	100%
7	220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi	28.2.2022	93%	83%
8	Supply, Erection and Testing and Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Bay at 132 kV S/s Bindal	22.7.2021	100%	90%
9	(A) Construction of 132 kV LILO of Bhagwanpur-Chudiyala at Piran Kaliyar.	(A) 31.3.2021	100%	100%
10	(B) Underground Cable work for construction of 132 kV LILO Bhagwanpur-Chudiyala Line	(B) 19.4.2021	100%	100%
11	Supply, Erection, Testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity 2x40 MVA to 3x40 MVA.	31.1.2022	100%	0%

Further, the current status of all these schemes was discussed in detail during the Technical Validation Session (TVS) held with the Petitioner. During the TVS, the Petitioner submitted that some of the schemes/projects for which the 100% physical progress is shown has already been capitalised and all other schemes/projects proposed to be capitalised by March, 2022 are at advanced stage of completion and will be capitalised by March, 2022.

Considering the submissions made by the Petitioner regarding actual status of various schemes (physical and financial progress) to be capitalised during the period October, 2021 to March 2022, the Commission has considered all these projects to be capitalized in FY 2021-22 and no projects have been carried forward to FY 2022-23.

As mentioned in the Business Plan Chapter, the Commission has noted that for the scheme *"220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi"* the Petitioner has proposed Rs. 6.96 Crore for capitalisation in first half of FY 2021-22 which was not completed in first half of FY 2021-22 and hence, the Commission shifted the same to second half of FY 2021-22. Further, as discussed in the Truing-up chapter, the Commission has shifted the scheme *"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 Bay(s) at both ends"* with capitalisation of Rs. 1.51 Crore from FY 2020-21 to FY 2021-22. Further, approved additional capitalisation for *"Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line"* works out to Rs. 11.14 Crore against the Petitioner's claim of Rs. 12.78 Crore. Therefore, the amount to be capitalised in FY 2021-22 as considered by the Commission works out to be Rs. 161.65 Crore as shown in Table below:

Table 5.7: GFA base approved for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Amount
1	Capitalisation during first half of FY 2021-22	11.62
2	Capitalisation during second half of FY 2021-22	148.52
3	Additional Capitalisation claimed and considered by the Commission in FY 2020-21	1.51
	Total Capitalisation	**161.65**

Based on the above capitalisation, the GFA based approved by the Commission for FY 2021-22 is shown in the Table below:

Table 5.8: GFA base approved for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed by PTCUL	Approved in APR
1	Opening GFA	1,784.06	1,863.11	1,785.89
2	Capitalisation	173.95	161.77	161.65
3	Closing GFA	1,958.01	2,024.88	1,947.54

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 2021-22 based on the audited accounts for FY 2021-22 and give effect on this account in the revised ARR of FY 2022-23 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021. The Commission has computed certain expenses for FY 2021-22 based on the revised GFA for FY 2021-22 only to facilitate the computations for the ensuing Control Period from FY 2022-23 to FY 2024-25.

5.2 Capitalisation during the fourth Control Period

The Commission, in the approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 as discussed in Business Plan Chapter of the Order has approved the capitalisation of Rs. 271.56 Crore, Rs. 271.38 Crore, and Rs. 271.26 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively. The Commission has considered the year wise capitalisation for the fourth Control Period from FY 2022-23 to FY 2024-25 as approved in the Business Plan. The GFA base approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.9: GFA base approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening GFA	2,024.88	1,947.54	2,287.39	2,219.10	2,603.00	2,490.49
GFA addition during the year	262.52	271.56	315.61	271.38	335.24	271.26
Closing GFA	2,287.39	2,219.10	2,603.00	2,490.49	2,938.24	2,761.75

5.3 Means of Finance

The Petitioner has proposed the Debt-equity ratio of 70:30 for the proposed capitalisation during the fourth Control Period as per the Financing Plan submitted in its Petition for approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25. The debt shall be raised from institutions like REC, PFC or other financial institutions. For ADB loans, the projects will be financed in debt : equity ratio of 80:20 along with grants.

The Commission has considered the Financing Plan for FY 2021-22 in the debt equity ratio of 70:30 as submitted by the Petitioner.

Table 5.10: Details of financing for capitalisation 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**					
	MYT works		0.00	108.23	46.38	154.61
	Deposit Works		7.04	0.00	0.00	7.04
3	**Total addition during the year**	**0.00**	**7.04**	**108.23**	**46.38**	**161.65**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**78.96**	**230.89**	**1230.76**	**406.93**	**1947.54**

The Commission, in the approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 as discussed in Business Plan Chapter of the Order has approved the Financing Plan of the approved capitalisation during the fourth Control Period in the debt-equity ratio of 70:30. The Commission has considered the Financing Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 as approved in the Business Plan. Further, the Commission notes that the Petitioner's submission also includes Deposit & Grant and the Commission decides to approve the same as per the Petitioner's submission. The Commission shall consider and evaluate the actual financing plan for each scheme at the time of truing up based on actual financing. The debt and equity component for FY 2022-23 to FY 2024-25 approved by the Commission is as shown in the Tables given below:

Table 5.11: Details of financing for capitalisation for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.96	230.89	1230.76	406.93	1947.54
2	**Additions in the year**					
	MYT works		0.00	182.95	78.41	261.35
	Deposit Works		10.21	0.00	0.00	10.21
3	**Total addition during the year**	**0.00**	**10.21**	**182.95**	**78.41**	**271.56**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**78.96**	**241.10**	**1413.71**	**485.34**	**2219.10**

Table 5.12: Details of financing for capitalisation for FY 2023-24 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.96	241.10	1413.71	485.34	2219.10
2	**Additions in the year**					
	MYT works		11.34	180.63	77.41	269.38
	Deposit Works		2.00	0.00	0.00	2.00
3	**Total addition during the year**	**0.00**	**13.34**	**180.63**	**77.41**	**271.38**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**78.96**	**254.44**	**1594.34**	**562.75**	**2490.49**

Table 5.13:Details of financing for capitalisation for FY 2024-25 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.96	254.44	1594.34	562.75	2490.49
2	**Additions in the year**					
	MYT works		0.00	189.88	81.38	271.26
	Deposit Works		0.00	0.00	0.00	0.00
3	**Total addition during the year**	**0.00**	**0.00**	**189.88**	**81.38**	**271.26**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**78.96**	**254.44**	**1784.23**	**644.13**	**2761.75**

5.4 Annual Transmission Charges for the fourth Control Period

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 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.
..."

The Commission in this Order has approved the Annual Transmission Charges for each year of the fourth Control Period from FY 2022-23 to FY 2024-25 based on the approved GFA base for the respective years.

5.4.1 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 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. 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:

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

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

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

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."

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 the first year of the Control Period shall be determined by the Commission taking into account 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 the fourth Control Period from FY 2022-23 to FY 2024-25 is detailed below.

5.4.1.1 *Employee expenses*

The Commission has approved the employee expenses of Rs. 102.77 Crore for FY 2021-22 in its Order dated April 26, 2021 on approval of ARR for FY 2021-22. The Petitioner submitted that the actual employee expenses for the first six months of FY 2021-22 was Rs. 45.70 Crore. The Petitioner, in its Petition, has proposed the employee expenses for FY 2021-22 as Rs. 119.96 Crore including the impact of 7th Pay Commission of Rs. 0.07 Crore.

The Petitioner submitted that the employee expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 has been proposed as per the UERC Tariff Regulations, 2021 considering the actual employee expenses for FY 2018-19 to FY 2020-21. Further, the Gn factor based on the HR plan proposed in the Business Plan has been considered. Accordingly, the Petitioner has proposed the employee expenses of Rs. 140.85 Crore, Rs. 154.55 Crore and Rs. 161.94 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

The UERC Tariff Regulations, 2021 stipulate the normative O&M expenses for the fourth Control Period to be approved taking into account the actual O&M expenses of last five years, i.e. FY 2016-17 to FY 2020-21. The Commission observed that the 7th Pay Commission was implemented w.e.f. January 01, 2016 and the salaries were raised to the level of 7th Pay Commission w.e.f. December 01, 2017. The Petitioner has also claimed an actual amount of Rs. 0.34 Crore on impact of

7th Pay Commission for FY 2020-21. Hence, considering the period from FY 2016-17 to FY 2020-21, the impact of 7th Pay Commission in the employee expenses is from FY 2017-18. Hence, there is aberration in last 5 years actual expenses due to impact of Seventh Pay Commission for computation of the normative employee expenses.

In view of the above, the Commission does not find it prudent to approve the normative employee expenses for the fourth Control Period based on the actual employee expenses for FY 2016-17 to FY 2020-21 as the employee expenses in this period include impact of revision in salaries as well as arrears due to the 7th Pay Commission.

Regulation 103(2) of the UERC Tariff Regulations, 2021 stipulates as under:

"Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters."

In view of the special circumstances in this case, in exercise of powers conferred by the above stated Regulation, the Commission finds it prudent to deviate from the methodology stipulated in the UERC Tariff Regulations, 2021 for approval of normative employee expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 to the extent of consideration of actual employee expenses for the preceding five years.

The Commission has considered the normative gross employee expenses, i.e. EMP_n approved in the true up of FY 2020-21 as the opening gross employee expenses for FY 2021-22. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2021-22 and escalated with CPI Inflation of 6.00% to arrive at normative employee expenses for FY 2021-22. The gross employee expenses so arrived have been considered as the gross employee expenses (EMP_{n-1}) for FY 2022-23. From FY 2022-23 onwards, the Commission has computed the normative employee expenses in accordance with the Regulation 62(3) considering the Gn factor approved for the corresponding year and the CPI inflation of 6.00%. Further, the Commission has considered the actual capitalisation rate of employee expenses for FY 2020-21 to be the capitalisation rate for each year of the fourth Control Period.

The Commission, in the approval of Business Plan for the fourth Control Period from FY 2022-23 to FY 2024-25 as discussed in Business Plan Chapter of the Order has approved the HR

Plan. Based on the approved HR Plan, the Commission has computed the Gn factor as shown in the Table below:

Table 5.14: Gn approved by the Commission

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Closing no. of employees	826	874	934	992	1052
Gn	-	5.81%	6.86%	6.21%	6.05%

However, if the actual addition to number of employees is lower 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 in employee expenses on account of controllable factors.

With this approach, the normative employee expenses approved for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.15: Employee expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
EMPn-1	162.55	139.54	190.96	158.06	209.53	177.95
Gn	12.11%	6.86%	4.72%	6.21%	0.00%	6.05%
CPI inflation	4.78%	6.00%	4.78%	6.00%	4.78%	6.00%
EMPn=(EMPn-1) x (1+Gn)x(1+CPIinflation)	**190.96**	**158.06**	**209.53**	**177.95**	**219.55**	**200.04**
Capitalisation rate	26.24%	26.38%	26.24%	26.38%	26.24%	26.38%
Less: Employee expenses capitalised	50.11	41.69	54.98	46.94	57.61	52.77
Net Employee expenses	**140.85**	**116.37**	**154.55**	**131.01**	**161.94**	**147.27**

5.4.1.2 R&M expenses

The Commission has approved the R&M expenses of Rs. 43.90 Crore for FY 2021-22 in its Order dated April 26, 2021 on approval of ARR for FY 2021-22. The Petitioner submitted that the actual R&M expenses for the first six months of FY 2021-22 were Rs. 11.66 Crore. The Petitioner has proposed the R&M expenses for FY 2021-22 as Rs. 45.60 Crore.

The Petitioner submitted that the R&M expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 have been proposed as per the UERC Tariff Regulations, 2021. The Petitioner has considered the K factor of 2.30%. Further, the Petitioner has considered the WPI inflation of 2.41% considering the average increase in the Wholesale Price Index (WPI) for FY 2018-19 to FY 2020-21. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 47.69 Crore, Rs. 53.87 Crore and

Rs. 61.30 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

The Commission has determined the R&M expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 in accordance with UERC Tariff Regulations, 2021. The Commission has computed the percentage of actual R&M expenses over approved opening GFA for each year of FY 2016-17 to FY 2020-21. Thereafter, the Commission has considered the average of such percentages as K factor which works out to 2.13%. The Commission has considered the opening GFA for each year of the fourth Control Period from FY 2022-23 to FY 2024-25 as approved in this Order. The Commission has considered the WPI inflation of 2.42% which is the average increase in the Wholesale Price Index (WPI) for FY 2018-19 to FY 2020-21.

With this approach, the R&M expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.16: R&M expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
K	2.30%	2.13%	2.30%	2.13%	2.30%	2.13%
GFAn-1	2,024.88	1,947.54	2,287.39	2,219.10	2,603.00	2,490.49
WPI inflation	2.41%	2.42%	2.41%	2.42%	2.41%	2.42%
R&Mn = K x (GFAn-1) x (1+WPI inflation)	**47.69**	**42.52**	**53.87**	**48.45**	**61.30**	**54.37**

5.4.1.3 A&G expenses

The Commission has approved the A&G expenses of Rs. 23.91 Crore for FY 2021-22 in its Order dated April 26, 2021 on approval of ARR for FY 2021-22. The Petitioner submitted that the actual A&G expenses for the first six months of FY 2021-22 as Rs. 16.53 Crore. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2021-22 as Rs. 26.10 Crore. The estimated A&G expenses of Rs. 26.10 Crore includes license fee of Rs. 8.57 Crore paid to the Commission and security expenditure of Rs. 10.26 Crore.

The Petitioner submitted that the A&G expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 has been proposed as per the UERC Tariff Regulations, 2021. Accordingly, the same, net of license fee has been considered as '$A\&G_{n-1}$'. The '$A\&G_{n-1}$'has been escalated by WPI Inflation to arrive at expenses for each year of the Control Period. Further, the license and other fee to be paid to the Commission has been added to arrive at total A&G expenses for each year of Control Period. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 26.28 Crore, Rs. 26.46 Crore and Rs. 26.64 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

The UERC Tariff Regulations, 2021 stipulate the normative O&M expenses for the fourth Control Period to be approved taking into account the actual O&M expenses of last five years, i.e. from FY 2016-17 to FY 2020-21. The Commission observed that the A&G expenses have increased significantly in the immediately preceding years partly on account of the increase in security expenses and the license fee and results in aberration in last 5 years actual A&G expenses. In view of the above, the Commission does not find it prudent to approve the normative A&G expenses for the fourth Control Period based on the actual A&G expenses from FY 2016-17 to FY 2020-21.

Regulation 103(2) of the UERC Tariff Regulations, 2021 specifies as under:

"Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters."

In view of the special circumstances in this case, in exercise of powers conferred by the above stated Regulation, the Commission finds it prudent to deviate from the methodology stipulated in the UERC Tariff Regulations, 2021 for approval of normative A&G expenses for the fourth Control Period from FY 2022-23 to FY 2024-25 to the extent of consideration of actual A&G expenses for the preceding five years.

The Commission has considered the normative gross A&G expenses, i.e. $A\&G_n$ approved in the true up of FY 2020-21 as the gross base A&G expenses for FY 2021-22. This normative opening gross A&G expenses have been escalated by the WPI inflation of 2.42% to arrive at gross A&G expenses for FY 2021-22. The gross A&G expenses so arrived at have been considered as the gross A&G expenses ($A\&G_{n-1}$) for FY 2022-23. From FY 2022-23 onwards, the Commission has computed the normative A&G expenses in accordance with the Regulation 62(3) considering the WPI inflation of 2.42%. Further, the Commission has considered the actual capitalisation rate of A&G expenses for FY 2020-21 to be the capitalisation rate for each year of the fourth Control Period. In addition, the Commission has considered the license fee and security fee as claimed for each year of the fourth Control Period.

The Commission observes that the actual security expenses of the past years are Rs. 6.88 Crore in FY 2016-17, Rs. 8.96 Crore in FY 2017-18, Rs. 8.20 Crore in FY 2018-19, Rs. 9.31 Crore in FY 2019-20 and Rs. 10.26 Crore in FY 2020-21. Even though, the actual expenses have increased in FY 2020-21 as compared to FY 2016-17, there is no uniformity in the trend of increase in Security Expenses. Hence, the Commission decides to approve the uniform Security expenses as projected by the Petitioner.

The normative A&G expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.17: A&G expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
A&Gn-1	9.11	9.54	9.33	9.77	9.55	10.01
WPI inflation	2.41%	2.42%	2.41%	2.42%	2.41%	2.42%
Provision	0.00	0.00	0.00	0.00	0.00	0.00
A&Gn=A&Gn-1 x (1+WPI inflation) + Provision	**9.33**	**9.77**	**9.55**	**10.01**	**9.78**	**10.25**
Capitalisation rate	20.14%	26.59%	20.14%	26.59%	20.14%	26.59%
Capitalised A&G expenses	1.88	2.60	1.92	2.66	1.97	2.72
Net A&G expenses	**7.45**	**7.17**	**7.63**	**7.35**	**7.81**	**7.52**
License Fee	8.57	8.57	8.57	8.57	8.57	8.57
Security expenses	10.26	10.26	10.26	10.26	10.26	10.26
Total A&G expenses	**26.28**	**26.00**	**26.46**	**26.17**	**26.64**	**26.35**

5.4.1.4 O&M expenses

The O&M expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.18: O&M expenses approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Employee expenses	140.85	116.37	154.55	131.01	161.94	147.27
R&M expenses	47.69	42.52	53.87	48.45	61.30	54.37
A&G expenses	26.28	26.00	26.46	26.17	26.64	26.35
Total O&M expenses	**214.82**	**184.89**	**234.88**	**205.63**	**249.88**	**227.99**

5.4.2 *Interest on Loans*

The Petitioner has considered the opening loan balance for FY 2022-23 as Rs. 491.46 Crore. The loan addition for each year has been considered equal to the proposed capitalisation during the respective year as per the funding plan for various schemes. The Petitioner has considered the normative repayment for each year equal to the depreciation for the year. The Petitioner has proposed the interest on loan by applying the interest rate of 10.36% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 54.40 Crore, Rs. 63.12 Crore and Rs. 74.42 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 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 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 has considered the approved closing loan balance of FY 2020-21 as opening loan balance for FY 2021-22. Thereafter, the Commission has considered the loan addition during FY 2021-22 as per the approved means of finance for FY 2021-22. The Commission has considered the depreciation for FY 2021-22 as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2021-22 as the opening loan balance for FY 2022-23. The Commission has considered the loan addition during each year of the fourth Control Period from FY 2022-23 to FY 2024-25 as per the approved Financing Plan. The Commission has considered the normative repayment equivalent to the approved depreciation for each year of the fourth Control Period from FY 2022-23 to FY 2024-25. The Commission has considered the interest rate of 11.19% which is the actual weighted average rate of interest for FY 2020-21. The Commission has determined the interest on loan by applying the interest rate of 11.19% on the average loan balance for each year of the fourth Control Period from FY 2022-23 to FY 2024-25. The interest on loan approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table given below:

Table 5.19: Interest on Loan approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening Loan balance	491.46	468.41	558.56	558.24	659.87	632.66
Drawal during the year	176.61	182.95	224.88	180.63	256.61	189.88
Repayment during the year	109.51	93.12	123.57	106.21	139.73	119.55
Closing Loan balance	558.56	558.24	659.87	632.66	776.75	703.00
Interest Rate	10.36%	11.19%	10.36%	11.19%	10.36%	11.19%
Interest	**54.40**	**57.43**	**63.12**	**66.61**	**74.42**	**74.71**

5.4.3 Return on Equity

The Petitioner has considered the opening equity for FY 2022-23 as Rs. 430.13 Crore. Further the funding details for the capitalization in each year of the Control Period has been submitted in the Business Plan. 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 RoE of Rs. 66.67 Crore, Rs. 78.40 Crore and Rs. 90.40 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

The Petitioner has also claimed RoE on PDF amounting to Rs. 407.63 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 from 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.

Further, PTCUL has further claimed an amount of Rs. 214.98 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 2021-22. 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 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.

As discussed in Truing-up Chapter, the Commission has approved the RoE on opening Equity portion as approved in this Order in the true up of FY 2020-21. Further, the Commission while computing the RoE for each year of the fourth Control Period from FY 2022-23 to FY 2024-25 has considered the initial equity as part of opening Equity. Therefore, the Commission has not separately approved any amount in this regard in FY 2022-23, FY 2023-24 and FY 2024-25.

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 amount of allowed equity capital for the assets put to use at the commencement of each financial year.

Provided further that, if the generating stations/licensees are able to demonstrate the actual date of asset being put to use and capitalized in its accounts of each asset for the purposes of business carried on by it through documentary evidence, including but not limited to 'asset put to use certificate', 'audited accounts' etc., then in such cases, after due satisfaction of the Commission, the RoE shall be allowed on pro-rata basis after considering additional capitalization done during the year out of the equity capital.

(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, RoE is allowable on the opening equity for the year. Hence, the Commission has determined the RoE for each year of the fourth Control Period from FY 2022-23 to FY 2024-25 considering the eligible opening equity for return for the respective year. As the proviso to the Regulations provides that if the licensees are able to demonstrate the actual date of asset being put to use and capitalized in its accounts of each asset for the purposes of business carried on by it through documentary evidence, then Return on Equity shall be allowed on pro-rata basis considering additional capitalisation done during the year. However, at this stage it cannot be projected when the asset will be capitalised. The Commission may consider the RoE on pro-rata basis at the time of truing-up if complete details as per proviso to Regulations are submitted by the Petitioner.

The Return on Equity approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.20: Return on Equity approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening Equity	430.13	406.94	505.82	485.34	583.21	562.76
Addition during the year	75.69	78.41	77.39	77.41	78.62	81.38
Closing Equity	505.82	485.34	583.21	562.76	661.84	644.13
Eligible Equity for return	467.98	312.41	544.52	390.82	622.53	468.23
Rate of Return	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity	**66.67**	**48.42**	**78.40**	**60.58**	**90.40**	**72.58**

5.4.4 Income Tax

The Petitioner has not claimed any Income Tax in its ARR proposals for the fourth Control Period from FY 2022-23 to FY 2024-25.

Regarding Income Tax, 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 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 the 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 the fourth Control Period from FY 2022-23 to FY 2024-25.

5.4.5 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for each year of the fourth Control Period from FY 2022-23 to FY 2024-25 and the rates of depreciation specified in the UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the depreciation of Rs. 109.51 Crore, Rs. 123.57 Crore and Rs. 139.73 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 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 no depreciation shall 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 the fourth Control Period from FY 2022-23 to FY 2024-25 considering the approved GFA base and asset class wise rates of depreciation specified in 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 the respective year and deducted the same from the gross depreciation. The depreciation approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table given below:

Table 5.21: Depreciation approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Depreciation	109.51	93.12	123.57	106.21	139.73	119.55

5.4.6 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for the fourth Control Period from FY 2022-23 to FY 2024-25 has been proposed in accordance with UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the IWC of Rs. 13.28 Crore, Rs. 14.00 Crore and Rs. 15.26 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

The Commission has determined the interest on working capital for the fourth Control Period in accordance with the UERC Tariff Regulations, 2021.

5.4.6.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission are Rs. 184.89 Crore, Rs. 205.63 Crore and Rs. 227.99 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 15.41 Crore, Rs. 17.14 Crore and Rs. 19.00 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

5.4.6.2 *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. 27.73 Crore, Rs. 30.84 Crore and Rs. 34.20 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

5.4.6.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 304.29 Crore, Rs. 408.52 Crore and Rs. 456.40 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively, which works out to Rs. 50.71 Crore, Rs. 68.09 Crore and Rs. 76.07 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

Based on the above, the total working capital requirement of the Petitioner for FY 2022-23, FY 2023-24 and FY 2024-25 works out to Rs. 93.86 Crore, Rs. 116.07 Crore and Rs. 129.27 Crore respectively. The Commission has considered the rate of interest on working capital as 10.50% equal to the 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 plus 350 basis points and, accordingly, the interest on working capital works out to Rs. 9.85 Crore, Rs. 12.19 Crore, and Rs. 13.63 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively. The interest on working capital approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.22: Interest on working capital approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
O&M expenses for 1 month	17.90	15.41	19.57	17.14	20.82	19.00
Maintenance Spares	32.22	27.73	35.23	30.84	37.48	34.20
Receivables equivalent to 2 months	76.35	50.71	78.54	68.09	87.04	76.07
Working Capital	126.48	93.86	133.34	116.07	145.35	129.27
Rate of Interest on Working Capital	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Interest on Working Capital	**13.28**	**9.85**	**14.00**	**12.19**	**15.26**	**13.57**

5.4.7 Non-Tariff Income

The Petitioner has proposed non-tariff income of Rs. 10.00 Crore each for FY 2022-23, FY 2023-24 and FY 2024-25 respectively. The Commission observed that the actual non-tariff income earned by PTCUL during FY 2020-21 is Rs. 26.51 Crore which has been considered by the Commission while carrying out the truing up. The Commission in order to assess the non-tariff Income for FY 2022-23 analysed the non-tariff income claimed by PTCUL in its previous Tariff Petitions and actual/trued up non-tariff income during the last 5 years which is as shown in Table below:

Table 5.23: Actual Non-Tariff Income

Particulars	Approved in the Tariff Order	Approved in true-up
FY 2016-17	2.67	4.41
FY 2017-18	6.74	17.27
FY 2018-19	4.41	20.88
FY 2019-20	10.00	15.45
FY 2020-21	10.00	26.51

It is observed that the actual non-tariff income is higher as compared to non-tariff income projected by Petitioner in its Tariff. Considering the trends of actual non-tariff income during last 5 years, the Commission at this stage has provisionally considered the non-tariff income of Rs. 15.00 Crore which shall be trued up based on actuals subject to prudence check.

5.4.8 Revenue from STOA charges

The Petitioner has proposed revenue from STOA of Rs. 2.44 Crore each for FY 2022-23, FY

2023-24 and FY 2024-25. In the absence of any yardstick for estimating the revenue from STOA of the Petitioner, the Commission provisionally accepts the same for the Control Period. The same shall, however, be trued up based on the actual audited accounts for the year.

5.4.9 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 is as shown in the Table below:

Table 5.24: Annual Transmission Charges approved by the Commission for the fourth Control Period from FY 2022-23 to FY 2024-25 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
O&M expenses	214.82	184.89	234.88	205.63	249.88	227.99
Interest on loan	54.40	57.43	63.12	66.61	74.42	74.71
Return on Equity	66.67	48.42	78.40	60.58	90.40	72.58
Depreciation	109.51	93.12	123.57	106.21	139.73	119.55
Interest on working capital	13.28	9.85	14.00	12.19	15.26	13.57
Aggregate Revenue Requirement	**458.68**	**393.71**	**513.97**	**451.22**	**569.70**	**508.40**
Add:						
True up of previous years	35.04	-55.00	-		-	-
Minus:						
Non-Tariff Income	10.00	15.00	10.00	15.00	10.00	15.00
Revenue from STOA charges	2.44	2.44	2.44	2.44	2.44	2.44
Revenue from Natural ISTS Lines	-	1.16	-	1.20	-	1.20
SLDC Charges	23.16	15.82	30.31	24.05	35.00	33.36
Annual Transmission Charges	**458.12**	**304.29**	**471.23**	**408.52**	**522.25**	**456.40**
Provision for RoE on initial Equity	**214.98**	-	-	-	-	-
Provision for RoE on GoU contribution from PDF	**407.63**	-	-	-	-	-

5.5 ATC of Bhilangana III–Ghansali Line for the fourth Control Period

The Petitioner in its additional submission to the data gaps has proposed the ARR for Bhilangana III–Ghansali Line for the fourth Control Period from FY 2022-23 to FY 2024-25 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 9.37 Crore, Rs. 1.54 Crore and Rs. 1.48 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 respectively.

Before going into the components of ARR for Bhilangana III–Ghansali Line for the fourth Control Period, the Commission has discussed the admissibility of the same as detailed below.

The Hon'ble Supreme Court vide its Judgment dated 10.05.2018 in Civil Appeal No. 2368-

2370 of 2015 ruled as under:

> *"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 inter state and on this being established, the Central Commission will be at liberty to modify the charges which will be provisional till then.*
>
> *If no 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 inter state and no modification was required."*

The Commission notes that pursuant to the Hon'ble Supreme Court's Judgment reproduced above, the generating company namely M/s Bhilangana Hydro Power Limited has filed a Petition before the Central Electricity Regulatory Commission. Therefore, the Commission does not deem it fit to determine the ATC of Bhilangana III–Ghansali Line in light of the pending proceedings before the Central Electricity Regulatory Commission in the matter of jurisdiction.

5.6 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 ATC 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 2022-23 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.

5.7 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 2022-23 is Rs. 304.29 Crore and the PLST during FY 2021-22 is 2468 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 2022-23 shall be:

Table 5.25: Rate of Transmission Charges for open access approved for FY 2022-23

Description	Rs./MW/day
Transmission Charges	3377.91

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 was carried shall be liable to pay these additional transmission charges.

The Annual Transmission Charges approved for FY 2022-23 shall be applicable with effect from April 01, 2022 and shall continue to apply till further Orders of the Commission.

6 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.

6.1 Compliance of Directives Issued in Tariff Order for FY 2021-22 dated April 26, 2021

6.1.1 Electrical Inspector Certificate

The Petitioner was 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. 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**.

6.1.2 Capital cost of transferred assets

The Commission express extreme displeasure in the lackadaisical approach of PTCUL/SLDC. The Commission directed the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2021-22.

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 perused.

Fresh Directive

The Commission has noted the progress made in the matter and has received the GoU Notification dated March 08, 2022.

The Commission directs 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 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.

6.1.3 *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 2021-22.

Petitioner's Submissions

The Petitioner submitted the current status of Ring Fencing of SLDC is as below:

- In order to address the emerging functional requirement, 26 employees have been given additional charges vide Corporation No. 1434/ HR&Adm/PTCUL/EO-4 dated 03/08/2021.
- Advertisement of 06 posts of Group-B(04 post of Account Officer, 1 post of Personnel Officer and 01 post of Assistant Law Officer) have been published on 04/05/2021. Written examinations on the said posts have been conducted on 26/09/2021 and the process of conducting interviews is under process. The expected target of recruitment is December 2021.
- Requisition of 21 Group-C posts(Accounts and Ministerial cadre) has been sent to UKSSSC. The Commission has published 02 posts of Assistant Accountant and 04 posts of Office Assistant-III on 05/02/2021. The expected target for recruitments has been decided till December 2021.
- A proposal vide corporation letter no. 52/HR&Adm/PTCUL/G-4 dated 20/07/2021 for sanctioning staff structure of 51 nos. of employees with filling the vacant posts in SLDC has been sent to GoU.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2022-23**.

6.1.4 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 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**.

6.1.5 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

Directives of the Commission are well taken and 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.**

6.1.6 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 details of any major incident are shared to the Commission on a regular basis. However, there were no major Grid failures in FY 2020-21.

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.**

6.1.7 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

SLDC certificate for Transmission System Availability for FY 2020-21 has been submitted along with the petition in Form 5.

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.**

6.1.8 Submission of Completed Cost

The Commission once again directed 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 failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalisation during FY 2020-21, 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 30 days from the date of issue of Order.

Petitioner's Submissions

After the asset has been energized, a number of documents namely Material reconciliations, Stock adjustments, Final bills, Material consumption etc are to be prepared by the project implementing units, and thereafter only form 9.5 can be completed for submission. However, PTCUL shall 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, the Petitioner requested the Commission to allow 90 days for submission of duly filled Form 9.5.

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. 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.**

6.1.9 Submission of consistent information in proper format

The Commission directed the Petitioner to be consistent in the information to be submitted before the Commission otherwise the Commission shall take it as a deliberate attempt by the Petitioner to mislead the Commission and take action, accordingly, in accordance with the provisions of the Act.

Petitioner's Submissions

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 Commission directs the Petitioner to be consistent in the information to be submitted before the Commission.**

6.1.10 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 and book it separately in its accounts as and when, it receives the amount.

Petitioner's Submissions

PTCUL has separately booked the amount in its accounts as and when received against Natural ISTS lines. As per the enclosed Notes no. 25 of Provisional Financial Statement i.e. "Revenue From Operations" vide which Revenue against Natural ISTS Transmission Lines amounting to Rs. 5645.99 Lakhs has been separately shown in PTCUL Financial Statement.

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.**

6.1.11 Revenue from Natural ISTS Lines and UITP Projects

The Petitioner is directed to maintain separate details of revenue from Natural ISTS lines separately from revenue earned from UITP Projects and submit the same along with the true up of respective year.

Petitioner's Submissions

PTCUL has already separately accounted for the revenue of Natural ISTS lines from the revenue earned from UITP Projects and the same has been separately shown in PTCUL Books of Accounts.

Fresh Directive

The Commission has noted the compliance by the Petitioner.

6.1.12 Submission of duly filled in stipulated Formats

The Petitioner is further directed to submit duly filled in Form 9.5 (Element wise breakup of

Project/Asset/Element Cost for Transmission System or Communicating System), Form 9.6 (break up of Construction/Supply/Service packages) and Form 9.7 (Details of element wise cost of the Project) while claiming the capitalisation of new projects in the true up for the respective year. The Petitioner is further directed to maintain uniformity in complying and furnishing the information regarding the actual capital expenditure of new projects in the stipulated formats.

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance by the Petitioner.

6.1.13 Firm Values of the Capitalization claimed

The Commission directed the Petitioner to submit the financial information w.r.t. O&M expenses and Headquarter expenses segregating the same between UITP and Non-UITP Schemes duly reconciled with audited books of accounts for the respective years while claiming true-up for subsequent years.

Petitioner's Submissions

In this regard and as per Directives of the Commission, the bifurcation of figures between UITP & Non-UITP has been done in the half yearly Accounts of PTCUL (Period April-21 to Sep-21). Up to the FY 2020-21, the figures are audited without bifurcation of UITP & Non UITP because there is no such requirement as per Companies Act, 2013 and therefore the Statutory Auditor has not audited the Bifurcated figures. However, in the subsequent years, bifurcations have been done by the PTCUL as per Directives of the Commission.

Fresh Directive

The Commission has noted the compliance by the Petitioner.

6.2 Fresh Directives

6.2.1 Submission of DPR (Para 3.4.2)

The Commission directs the Petitioner to submit the DPRs with the comprehensive cost benefit analysis at the time of filing applications for Investment Approvals.

6.2.2 Proposed Additional Capitalisation (Para 4.3.8)

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.**

The Annual Transmission Charges approved for FY 2022-23 shall be applicable with effect from April 01, 2022 and shall continue to apply till further Orders of the Commission.

(M.K. Jain)
Member (Technical)

(D.P. Gairola)
Member (Law)/ Chairman (I/c)

7 Annexures

7.1 Annexure-1: Public Notice on PTCUL's Proposal for Multi Year Tariff from FY 2022-23 to FY 2024-25.

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.
(A Govt. of Uttarakhand Undertaking)
Vidyut Bhawan, Near ISBT Crossing , Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand
Corporate ID No. U40101UR2004GOI028675, Phone: 0135-2642006, Fax: 0135-2643460, Website : www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for True-Up of FY 2020-21, Annual Performance Review for FY 2021-22 and Multi Year Tariff for FY 2022-23 to FY 2024-25

Salient features of MYT Petition

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a petition before the Commission for True up for FY 2020-21, Annual Performance Review for FY 2021-22 and Multi Year Tariff for FY 2022-23 to FY 2024-25. The summary of proposals made by PTCUL for the aforesaid is given in the following Table:

(Figures in Rs. Crore)

S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23	FY 2023-24	FY 2024-25
		Approved in Tariff Order dt. 18.04.2020	Claimed for true-up	Approved in Tariff Order dt. 26.04.2021	Revised Estimates	Proposed	Proposed	Proposed
1.	O&M expenses	162.80	166.31	170.58	191.67	214.82	234.88	249.88
2.	Interest on Loan	55.07	51.41	44.88	50.45	54.40	63.12	74.42
3.	Return on Equity	38.65	55.26	42.14	59.48	66.67	78.40	90.40
4.	Income Tax	–	10.68	–	–	–	–	–
5.	Depreciation	85.11	91.23	83.11	99.20	109.51	123.57	139.73
6.	Interest on Working Capital	10.59	10.37	10.29	12.19	13.28	14.00	15.26
	Total ARR	**352.22**	**385.26**	**351.00**	**412.98**	**458.68**	**513.97**	**569.70**
7.	Add: True-up of previous year including carrying cost	– 88.58	– 88.58	– 49.46	– 49.46	35.04	–	–
	Total ARR	**263.64**	**296.68**	**301.54**	**363.52**	**493.72**	**513.97**	**569.70**
8.	Less: Non-tariff Income	10.00	14.40	10.00	10.00	10.00	10.00	10.00
9.	Less: Income from Short-term OA Charges	4.07	2.44	3.43	2.44	2.44	2.44	2.44
10.	Less: Sharing of Incentive due to higher availability	–	0.82	–	–	–	–	–
	Net ARR (including SLDC)	**249.57**	**279.02**	**288.11**	**351.08**	**481.28**	**501.53**	**557.26**
11.	Less: SLDC Charges	13.83	–	14.46	17.27	23.16	30.31	35.00
	Net ARR (excluding SLDC)	**235.74**	**279.02**	**273.65**	**333.81**	**458.12**	**471.23**	**522.25**
12.	Provision for RoE on initial equity	–	–	–	–	214.98	–	–
13.	Provision for RoE on equity contributed by GoU through PDF	–	–	–	–	407.63	–	–
14.	Revenue (Surplus)/ Gap including carrying cost	–	35.04	–	–	–	–	–

2. PTCUL has proposed a total increase of 67.4% for FY 2022-23 (which includes the truing up impact of FY 2020-21 along with carrying cost on the same) over the approved transmission charges for FY 2021-22. In addition, PTCUL has also claimed Rs. 622.61 Crore on account of Return on Equity on initial equity and equity contributed by Government of Uttarakhand through PDF and considering this claim, the total increase works out to 294.9%. 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, additional increase of 10.81% (As UPCL has not separately projected ARR for FY 2022-23 for PTCUL and SLDC the tariff hike includes impact of SLDC) in consumer tariff shall be required over and above the hike proposed by UPCL. However, if the claim of PTCUL is considered without provisions, additional increase of 2.43% (As UPCL has not separately projected ARR for FY 2022-23 for PTCUL and SLDC the tariff hike includes impact of SLDC) in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand. Relevant extracts can also be obtained from the above mentioned office of the Petitioner.
4. The proposals are 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 31.01.2022.

R.O. No.: 892/HQPU/PTCUL
Date: 22.12.2021

Managing Director

"Save Electricity in the Interest of Nation"

7.2 Annexure-2: Public Notice on PTCUL's Proposal for Business Plan from FY 2022-23 to FY 2024-25

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

(A Govt. of Uttarakhand Undertaking)

"Vidyut Bhawan", Near-ISBT Crossing, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand,
Corporate ID No. U40101UR2004GOI028675, Phone No. 0135-2642006, Fax No. 0135-264360, Website www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the Business Plan for FY 2022-23 to FY 2024-25

1. 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 its Business Plan for FY 2022-23 to FY 2024-25 giving details of the activities proposed to be carried out by it during this Control Period.
2. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand. Relevant extracts can also be obtained from the above-mentioned office of the Petitioner.
3. The proposals are also available at the website of the Commission **(www.uerc.gov.in)** and at PTCUL's website **(www.ptcul.org)**.
4. 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 31.01.2022.

R.O. No.: 892/HQPU/PTCUL **Managing Director**

Date: 22.12.2021

"Save Electricity in the Interest of Nation"

7.3 Annexure-3: List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
2.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O.-Jhabrera, Roorkee, Haridwar-247665
3.	Sh. S.K. Agrawal	Advocate	-	Chamber No. 40, South Block, Civil Court Compound, Dehradun

7.4 Annexure-4: Participants in Public Hearings

List of Participants in Hearing at Ranikhet on 26.02.2022

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Amar Singh Areda	-	-	Sadar Bazar, Vaani Photostat Shop, Ranikhet, Uttarakhand
2.	Sh. Harish Kumar	-	-	Hotel Ranikhet Grant, Ranikhet, Uttarakhand
3.	Sh. Rakesh Verma	-	-	Office of SDE (Rural), Bharat Sanchar Nigam Ltd. (BSNL), Almora, Uttarakhand
4.	Sh. Manish Chaudhary	-	-	511, Sadar Bazar, Ranikhet, Uttarakhand
5.	Sh. Mohan Negi	-	-	Subhash Chowk, Ranikhet, Uttarakhand
6.	Sh. Nikhil Kumar	-	-	Bhatt Photostat Shop, Gandhi Chowk, Ranikhet, Uttarakhand
7.	Sh. Rohit Sharma	-	-	Village–Badhan Chiliyanaula, Ranikhet, Uttarakhand
8.	Sh. Ajay Kumar Bablu	-	-	825, Gandhi Chowk, Ranikhet, Uttarakhand

List of Participants in Hearing at Rudrapur on 27.02.2022

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Balkar Singh Fauzi	-	-	Village-Raipur Khurd, P.O.-Kashipur, Distt. Udhamsingh Nagar
2.	Sh. Rajiv Bhatnagar	-	-	D-1/4, Flat No. 61, Metropolis City, IIE, SIDCUL, Pantnagar, Rudrapur, Distt. Udhamsingh Nagar
3.	Sh. Kalyan Singh	-	-	Village-Ghardei, P.O.–Mahuakhera, Kashipur, Distt. Udhamsingh Nagar
4.	Sh. Arunesh Kumar Singh	-	-	Phalsunga, P.O.-Transit Camp, Rudrapur, Distt. Udhamsingh Nagar
5.	Sh. Vikas Jindal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar
6.	Sh. Shakeel A. Siddiqui	Legal Consultant	M/s Galwalia Ispat Udyog Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar

List of Participants in Hearing at Rudrapur on 27.02.2022

Sl. No.	Name	Designation	Organization	Address
7.	Sh. R.K. Singh	Head (CPED and Construction & E)	M/s Tata Motors Ltd.	Plot No.-1, Sector-11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udhamsingh Nagar.
8.	Sh. Ashok Bansal	Managing Director	M/s Rudrapur Solvents Pvt. Ltd.	7th KM Stone, Rudrapur-Kichha Road, V.P.O. Lalpur-263148, Distt. Udham Singh Nagar
9.	Sh. Deepak Saini	-	M/s SRF Ltd.	Plot No. 12, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar
10.	Sh. Jagdeesh Singh	-	-	Village-Dharampur, P.O. Chattarpur, Distt. Udham Singh Nagar
11.	Sh. Keshav Sharma	-	-	Village-Fauzi Matkota, Rudrapur, Distt. Udham Singh Nagar
12.	Sh. Prabhu Singh	-	-	Verma Line, Ward No. 3, Tanakpur, Champawat
13.	Sh. Umesh Sharma	Chairman (Power Cell)	SIDCUL Entrepreneur Welfare Society	Plot No. 1, Sector-9, IIE, SIDCUL, Pantnagar Industrial Area, Rudrapur, Distt. Udhamsingh Nagar-263153
14.	Sh. Deepak Kumar	-	M/s Nestle India Ltd.	Plot No. 1A, Sector-1, Pantnagar, SIDCUL Industrial Area Road, Distt. Udham Singh Nagar-263153
15.	Sh. Sukha Singh Virk	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar
16.	Sh. Sanjeev Kumar	Sr. General Manager (HR)	M/s Surya Roshni Ltd.	7th KM Stone, Moradabad Road, Kashipur, Distt. Udham Singh Nagar
17.	Sh. Praveen Singh	-	M/s Sanjay Technoplast Pvt. Ltd.	Pant Nagar Plant, Khata No. 182, Khasra No. 301 Min., Village-Fulsunga, Tehsil-Kichha, Rudrapur-263153, Distt. Udham Singh Nagar
18.	Sh. Ram Kumar Agarwal	-	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, Post Off.-Bazpur–262401, Distt. Udham Singh Nagar
19.	Sh. Sanjay Kumar Adhlakha	Director	M/s Ambashakti Glass India Pvt. Ltd.	Plot No. 41, Sector 3, IIE, Pantnagar, Rudrapur-263153, Distt. Udham Singh Nagar
20.	Sh. Teeka Singh Saini	Block President	Bhartiya Kisan Union	Office-33, Katoratal, Kashipur, Distt. Udham Singh Nagar
21.	Sh. Sheetal Singh	-	-	Village-Jagatpur Patti,

List of Participants in Hearing at Rudrapur on 27.02.2022

Sl. No.	Name	Designation	Organization	Address
				Kashipur, Distt. Udham Singh Nagar
22.	Sh. Dakshin Singh Deol	-	-	Village-Bharatpur, Kashipur, Distt. Udham Singh Nagar
23.	Sh. Jaagir Singh	-	-	Village-Bharatpur, Kashipur, Distt. Udham Singh Nagar
24.	Sh. Rajeev Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
25.	Sh. Prem Narayan Singh	General Manager	M/s Shree Ambuja Castings (P) Ltd.	Village-Vikrampur, Industrial Estate, Ramraj Road, Bazpur–262401, Distt. Udham Singh Nagar
26.	Sh. Rajeev Jindal	Director	M/s Uttaranchal Ispat (P) Ltd.	Plot No. D-1 to D-8, Pipalia Industrial Area, Gram-Jagannathpur, Bazpur, Distt. Udham Singh Nagar
27.	Sh. Chandresh Agarwal	Dy. General Manager (Electricals)	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.

List of Participants in Hearing at Dehradun on 02.03.2022

Sl. No.	Name	Designation	Organization	Address
1.	Sh. B.P. Maithani	President	RTI Club	"Roopsadan", 58-Salangaon, Bhagwantpur, Dehradun-248009
2.	Sh. Yagya Bhushan Sharma	Secretary	RTI Club (Uttarakhand)	827/1, Sirmour Marg, Kaulagarh Road, Dehradun
3.	Sh. S.K. Singh	-	-	Dashmesh Vihar, Raipur Road, Dehradun
4.	Sh. Kawaljeet Singh	-	-	Dashmesh Vihar, Raipur Road, Dehradun
5.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Roorkee-247665, Haridwar
6.	Sh. Shailendra Semwal	-	-	Mohkampur, Dehradun
7.	Sh. Veeru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
8.	Sh. Vishwa Mitra	-	-	36, Panchsheel Park, Chakrata Road, Dehradun-248006
9.	Sh. D.S. Rawat	-	-	Village-Odda, P.O.-Khandusain, Pauri Garhwal-246001
10.	Sh. Rajendra Chaudhary	General Secretary	Uttarakhand PCC	423/35, Civil Lines, Roorkee, Haridwar
11.	Sh. V.S. Bhatnagar	-	-	98/3, Near Hilton School, Bell

List of Participants in Hearing at Dehradun on 02.03.2022

Sl. No.	Name	Designation	Organization	Address
				Road, Clement Town, Dehradun
12.	Sh. Sunil Kumar Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001
13.	Sh. Kavindra Singh Bisht	-	-	1148, Indira Nagar Colony, Seemadwar, Dehradun
14.	Sh. K.S. Pundir	-	-	House No. 2, Shantikunj, Lane No. 1-A, Lower Nathanpur, Dehradun
15.	Sh. S.P. Nautiyal	-	-	Lower Nehrugram, Dehradun
16.	Sh. S.K. Agrawal	Advocate	-	Chamber No. 40, South Block, Civil Court Compound, Dehradun
17.	Sh. Manvendra Singh	-	-	Sewla Khurd, Dehradun
18.	Sh. Surya Prakash	-	-	271/153, Dharampur, Araghar, One-way Haridwar Road, Dehradun
19.	Sh. Brijendra Mohan Joshi	-	-	46-C, Pathribagh, Dehradun
20.	Sh. Satya Prakash Chauhan	-	-	Bhagirathipuram, Tea Estate, Banjarawala, Dehradun
21.	Sh. Kishor Singh Rawat			Jwalpa Enclave, Near Jwalpa Mandir, Mohkampur, Dehradun
22.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
23.	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun-248 110
24.	Sh. Sanjeev Kumar Sharma	Office Executive	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
25.	Sh. Kamaldeep Kamboj	-	-	G-3, Janpath Shopping Complex, Chakrata Road, Dehradun
26.	Sh. Gulshan Khanduri	-	M/s Ganesh Roller Flour Mills	Mohabewala Industrial Area, Subhash Nagar, Dehradun
27.	Sh. Vishal Bhardwaj	-	-	Buggawala, Haridwar
28.	Sh. Manmohan Bhardwaj	-	-	Buggawala, Haridwar
29.	Sh. Naveen Patwal	-	-	Khasra no. 504&506, Village-Sadhauli, P.O.-Jhabrera, Roorkee-247665, Haridwar
30.	Sh. Manish Gera	-	-	Village-Jalalpur Dada, Tehsil-Bhagwanpur, Haridwar
31.	Sh. Prashant Bhardwaj	-	-	Sai Lok, GMS Road, Dehradun
32.	Sh. Anurag Sharma	-	-	Buggawala, Haridwar
33.	Sh. Arvind Sharma			Buggawala, Haridwar
34.	Sh. Hiresha Verma	-	-	13, Prakash Lok, Phase-2, Shimla Bypass Road, Dehradun
35.	Ms. Sunita Chaudhary	-	-	Village-Kheda Jat, Post Off.-

List of Participants in Hearing at Dehradun on 02.03.2022

Sl. No.	Name	Designation	Organization	Address
				Gurukul Narsan, Distt. Haridwar
36.	Sh. Dinesh Kumar Walia	-	-	Jagjeetpur, Near Chatriwala Kua, P.O.-Kankhal, Haridwar
37.	Sh. Dhruv Agrawal	-	-	8, Kalidas Road, Hathibarkala, Dehradun-248001

List of Participants in Hearing at Kotdwar on 08.03.2022

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Daulat Singh Rawat	-	-	Village-Maganpur, P.O.-Kishanpur, Kotdwar, Distt. Pauri Garhwal
2.	Sh. Kunwar Singh Rawat	-	-	Village-Maganpur, P.O.-Kishanpur, Kotdwar, Distt. Pauri Garhwal
3.	Sh. Mahendra Singh Negi	-	M/s Pushkar Steel Pvt. Ltd.	Padampur, Sukhro, Near Sunil Tent House, Lalpur Road, Kotdwar (Garhwal), Distt. Pauri Garhwal
4.	Sh. Subhash Chand	-	M/s Pushkar Steel Pvt. Ltd.	Jasodarpur, Kotdwar, Distt. Pauri Garhwal
5.	Sh. Arun Bahuguna	-	M/s Kotdwar Steel Pvt. Ltd.	Block-E, Jasodarpur Industrial Area, Maganpur, Kotdwar, Distt. Pauri Garhwal
6.	Sh. Sunil Singh Rawat	-	-	SLB-103, Aashiyana Housing Society, Near Motor Nagar, Behind Khushi Hotel, BAV Road, Sitabpur, Kotdwar-246149, Distt. Pauri Garhwal
7.	Sh. Devendra Pal Singh	-	-	Near Balaji Mandir, Lower Kalabarh, Kotdwar, Distt. Pauri Garhwal
8.	Sh. Jagdish Prasad Bhardwaj	-	-	Lalpul, Beladaat, P.O.-Padampur, Kotdwar, Distt. Pauri Garhwal
9.	Sh. J.S. Rana	-	-	Gusain Purum Colony, Sitabpur, Devi Road, P.O.-Kotdwar, Distt. Pauri Garhwal
10.	Sh. Pawan Agarwal	Vice-President	M/s Uttarakhand Steel Manufacturers Association	C/o Shree Sidhbali Industries Ltd., Kandi Road, Kotdwar, Uttarakhand
11.	Sh. Ripudaman Bisht	General Secretary	वरिष्ठ नागरिक संगठन	Office-Major Balam Singh Chandrawati Negi Sainik Kalyan Trust, Near Khushi

List of Participants in Hearing at Kotdwar on 08.03.2022

Sl. No.	Name	Designation	Organization	Address
				Hotel, Devi Road, Kotdwar-246149, Distt. Pauri Garhwal
12.	Sh. Kulbeer Singh Rawat	-	-	Village-Balasaur, Near Saraswati Vidya Mandir, Jankinagar-246149, Kotdwar, Distt. Pauri Garhwal
13.	Sh. A.K. Badola	-	-	House No.-17, Govind Nagar, Kotdwar-246149, Distt. Pauri Garhwal
14.	Sh. Atul Bhatt	-	Nagrik Manch	Malviya Udhyan, Kotdwar, Distt. Pauri Garhwal
15.	Sh. Chandresh Kumar Lakhera	-	-	Village-Lalpani, P.O.-Kumbhichaur, Ward No.-3, Kotdwar, Distt. Pauri Garhwal
16.	Sh. Indra Mohan Singh	-	-	Lower Kalabarh, Near Balaji Mandir, Kotdwar, Distt. Pauri Garhwal
17.	Sh. Rajesh Kumar	-	M/s Bhagya Shree Steel & Alloys Pvt. Ltd.	Jasodarpur, Kotdwar, Distt. Pauri Garhwal
18.	Sh. Balveer Singh Rawat	-	-	Village-Balasaur, Kotdwar, Distt. Pauri Garhwal
19.	Dr. Chandra Mohan Kharkwal	-	-	Sitabpur, Kotdwar, Distt. Pauri Garhwal
20.	Sh. Chandra Mohan Singh Negi	-	-	Shiv Nagar, Devi Road, Kotdwar, Distt. Pauri Garhwal
21.	Sh. Brijpal Singh Negi	-	-	Manpur, Kotdwar, Distt. Pauri Garhwal
22.	Sh. Anil Singh Negi	-	-	Near MKVN International School, Shibbu Nagar, Kotdwar, Distt. Pauri Garhwal
23.	Sh. Mujib Naithani	-	-	Lansdowne Bhawan, Near Devi Mandir, Sitabpur, Kotdwar, Distt. Pauri Garhwal
24.	Sh. Sandeep Joshi	-	-	Village-Sitabpur, Kotdwar, Distt. Pauri Garhwal
25.	Sh. Abhay Kala	-	-	Village-Kashirampur, Near Maheshwari Petrol Pump, Najibabad Road, Kotdwar-246149, Distt. Pauri Garhwal
26.	Sh. Digmohan Negi	-	-	Village-Chamolsain, P.O.-Banghat, Satpuli-246172, Distt. Pauri Garhwal
27.	Sh. Manorath Nirala	-	-	C/o Sh. Kailash Bisht, Near Patwal Chakki, Circuit House Road, Distt. Pauri Garhwal-246001
28.	Sh. D. S. Rawat	-	-	Village-Odda, P.O.-

List of Participants in Hearing at Kotdwar on 08.03.2022

Sl. No.	Name	Designation	Organization	Address
				Khandyusain, Block-Koti, Distt. Pauri Garhwal-246001
29.	Sh. Rajendra Jajedi	-	-	Ward No. 3, Lalpani, Kotdwar, Distt. Pauri Garhwal
30.	Sh. Mahendra Pal Singh Rawat	-	-	Village-Ratanpur, P.O.-Kumbhichaur, Ward No.-1, Kotdwar, Distt. Pauri Garhwal
31.	Sh. Chandra Mohan Singh Rawat	-	-	Village-Jeetpur, P.O.-Kumbhichaur, Kotdwar, Distt. Pauri Garhwal
32.	Sh. Rohit Dandriyal	-	-	399, Shayama Vihar Colony, Padampur, Sukhron, Kotdwar, Distt. Pauri Garhwal
33.	Sh. Harendra Singh Negi	-	-	Near Panchayat Ghar, Shibu Nagar, Kotdwar, Distt. Pauri Garhwal
34.	Sh. Umed Rawat	-	-	Badrinath Road, Near GGIC, Padampur, Sukhron, Kotdwar-246149, Distt. Pauri Garhwal
35.	Sh. Ashish Kimothi	-	-	Kalabarh, Kotdwar, Distt. Pauri Garhwal