

# **Order**

**on**

**True up for FY 2022-23,  
Annual Performance Review for FY  
2023-24**

**&**

**ARR for FY 2024-25**

**For**

**Power Transmission Corporation of  
Uttarakhand Ltd.**

**March 28, 2024**

**Uttarakhand Electricity Regulatory Commission**

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

**Dehradun - 248171**



## Table of Contents

<b>1</b>	<b>Background and Procedural History.....</b>	<b>5</b>
<b>2</b>	<b>Stakeholder’s Objections/Suggestions, Petitioner’s Responses and Commission’s Views....</b>	<b>10</b>
<b>2.1</b>	<b>System Strengthening.....</b>	<b>10</b>
2.1.1	Stakeholder’s Comments.....	10
2.1.2	Petitioner’s Response.....	10
2.1.3	Commission’s Views.....	11
<b>2.2</b>	<b>System Losses.....</b>	<b>11</b>
2.2.1	Stakeholder’s Comments.....	11
2.2.2	Petitioner’s Response.....	11
2.2.3	Commission’s Views.....	11
<b>2.3</b>	<b>Delay in construction of Baram and Brahmwari Sub-station .....</b>	<b>11</b>
2.3.1	Stakeholder’s Comments.....	11
2.3.2	Petitioner’s Response.....	12
2.3.3	Commission’s Views.....	12
<b>2.4</b>	<b>AI and Machine Learning Based Analytics Technologies.....</b>	<b>12</b>
2.4.1	Stakeholder’s Comments.....	12
2.4.2	Petitioner’s Response.....	13
2.4.3	Commission’s Views.....	13
<b>2.5</b>	<b>Claims of UJVNL, PTCUL and SLDC in UPCL Tariff Petition for FY 2024-25 .....</b>	<b>13</b>
2.5.1	Stakeholder’s Comments.....	13
2.5.2	Petitioner’s Response.....	14
2.5.3	Commission’s Views.....	14
<b>2.6</b>	<b>Capitalization of New Assets .....</b>	<b>14</b>
2.6.1	Stakeholder’s Comments.....	14
2.6.2	Petitioner’s Response.....	15

2.6.3	Commission's Views .....	15
<b>2.7</b>	<b>Return on Equity on account of Power Development Fund .....</b>	<b>15</b>
2.7.1	Stakeholder's Comments .....	15
2.7.2	Petitioner's Response .....	16
2.7.3	Commission's Views .....	17
<b>2.8</b>	<b>True Up for Previous Years.....</b>	<b>17</b>
2.8.1	Stakeholder's Comments .....	17
2.8.2	Petitioner's Response .....	17
2.8.3	Commission's Views .....	18
<b>2.9</b>	<b>Issues Raised During Meeting of State Advisory Committee .....</b>	<b>18</b>
2.9.1	Stakeholder's Comments .....	18
2.9.2	Petitioner's Response .....	18
2.9.3	Commission's Views .....	19
<b>3</b>	<b>Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2022-23.....</b>	<b>20</b>
<b>3.1</b>	<b>Annual Performance Review.....</b>	<b>20</b>
<b>3.2</b>	<b>Value of opening assets.....</b>	<b>20</b>
<b>3.3</b>	<b>Additional capitalization for FY 2022-23.....</b>	<b>23</b>
<b>3.3.1</b>	<b>REC II Scheme.....</b>	<b>25</b>
3.3.1.1	<i>OPGW connectivity in PTCUL under Phase II of the ULDC Projects.....</i>	25
<b>3.3.2</b>	<b>REC VI Scheme .....</b>	<b>26</b>
3.3.2.1	<i>220/33 kV Substation at Piran Kaliyar .....</i>	26
<b>3.3.3</b>	<b>REC VIII Scheme.....</b>	<b>27</b>
3.3.3.1	<i>220 kV D/C line on Twin Zebra Conductor from Lakhwar to Dehradun &amp; it's LILO at Vyasi ....</i>	27
3.3.4	REC 9995 .....	29
3.3.4.1	<i>Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet ..</i>	29

<b>3.3.5</b>	<b>REC 10760</b> .....	<b>30</b>
3.3.5.1	<i>Supply Erection and Testing &amp; Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar</i> .....	30
<b>3.3.6</b>	<b>REC 10949</b> .....	<b>31</b>
3.3.6.1	<i>Supply Erection &amp; T&amp;C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&amp;P-II/SS-14/2017-18"</i> .....	32
<b>3.3.7</b>	<b>REC 10950</b> .....	<b>33</b>
3.3.7.1	<i>Supply Erection and Testing &amp; Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur</i> ...	33
<b>3.3.8</b>	<b>RCRM 9025</b> .....	<b>34</b>
3.3.8.1	<i>Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur &amp; Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur</i> .....	34
<b>3.3.9</b>	<b>REC 10148</b> .....	<b>35</b>
3.3.9.1	<i>Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun</i> .....	35
<b>3.3.10</b>	<b>PFC (System Improvement)</b> .....	<b>38</b>
3.3.10.1	<i>Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side &amp; 132 kV LV side bay at 400 kV S/s Kashipur</i> .....	38
3.3.10.2	<i>Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar</i> .....	39
3.3.10.3	<i>132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)</i> .....	41
3.3.10.4	<i>Construction of 220/33 kV S/s at Jaffarpur</i> .....	43
3.3.10.5	<i>LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur</i> .....	44
3.3.10.6	<i>Construction of 132/33 kV GIS S/s at Bageshwar</i> .....	45
3.3.10.7	<i>Supply Erection and Testing &amp; Commissioning of 40 MVA 132 kV Transformer &amp; 132 kV &amp; 33 kV Transformer Bay at 132 kV S/s Bindal</i> .....	45

3.3.10.8	<i>Supply Erection &amp; Testing &amp; Commissioning of 01 no. 40 MVA Transformer 01 no 132 kV &amp; 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)</i> .....	46
3.3.10.9	<i>Construction of 01 no. 132 kV Bay and extension of the bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur</i> .....	46
<b>3.3.11</b>	<b>REC (System Improvement)</b> .....	<b>48</b>
3.3.11.1	<i>Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line</i> .....	49
<b>3.3.12</b>	<b>Other Schemes (System Strengthening)</b> .....	<b>50</b>
3.3.12.1	<i>Others (system strengthening through internal resources and deposit works)</i> .....	50
<b>3.3.13</b>	<b>Disallowed capitalization in the final true up of FY 2016-17</b> .....	<b>51</b>
<b>3.3.14</b>	<b>Disallowed capitalization in the Final True Up of FY 2019-20, FY 2020-21 and FY 2021-22</b> .....	<b>52</b>
<b>3.4</b>	<b>Gross Fixed Assets including additional capitalization</b> .....	<b>53</b>
<b>3.5</b>	<b>Capital Structure</b> .....	<b>53</b>
<b>3.6</b>	<b>Annual Transmission Charges</b> .....	<b>55</b>
3.6.1	<i>O&amp;M expenses</i> .....	56
3.6.1.1	<i>Employee expenses</i> .....	57
3.6.1.2	<i>R&amp;M expenses</i> .....	60
3.6.1.3	<i>A&amp;G expenses</i> .....	62
3.6.1.4	<i>O&amp;M expenses</i> .....	63
3.6.2	<i>Interest and Finance Charges</i> .....	64
3.6.3	<i>Return on Equity</i> .....	65
3.6.4	<i>Depreciation</i> .....	67
3.6.5	<i>Income Tax</i> .....	68
3.6.6	<i>Interest on Working Capital</i> .....	69
3.6.6.1	<i>One Month O&amp;M expenses</i> .....	70
3.6.6.2	<i>Maintenance Spares</i> .....	70
3.6.6.3	<i>Receivables</i> .....	70

3.6.7	<i>Non-Tariff Income</i> .....	71
3.6.8	<i>Revenue from Short Term Open Access</i> .....	72
3.6.9	<i>Revenue from Natural ISTS Lines</i> .....	73
3.7	<b>Transmission Availability Factor</b> .....	<b>73</b>
3.8	<b>Sharing of gains and losses</b> .....	<b>73</b>
3.9	<b>Aggregate Revenue Requirement</b> .....	<b>75</b>
3.10	<b>Revenue gap/(surplus) for FY 2022-23</b> .....	<b>76</b>
3.11	<b>Total revenue gap/surplus to be carried forward to FY 2024-25</b> .....	<b>76</b>
<b>4</b>	<b>Petitioner’s Submissions, Commission’s Analysis, Scrutiny &amp; Conclusion on APR for FY 2023-24 and ARR for FY 2024-25</b> .....	<b>78</b>
4.1	<b>Annual Performance Review</b> .....	<b>78</b>
4.2	<b>Capitalization for FY 2023-24</b> .....	<b>79</b>
4.3	<b>Capitalization during FY 2024-25</b> .....	<b>85</b>
4.4	<b>Means of Finance</b> .....	<b>91</b>
4.5	<b>Annual Transmission Charges</b> .....	<b>92</b>
4.5.1	<i>Operation and Maintenance expenses</i> .....	92
4.5.1.1	<i>Employee expenses</i> .....	94
4.5.1.2	<i>R&amp;M expenses</i> .....	97
4.5.1.3	<i>A&amp;G expenses</i> .....	98
4.5.1.4	<i>O&amp;M expenses</i> .....	99
4.5.2	<i>Interest on Loans</i> .....	100
4.5.3	<i>Return on Equity</i> .....	101
4.5.4	<i>Depreciation</i> .....	103
4.5.5	<i>Income Tax</i> .....	104
4.5.6	<i>Interest on Working Capital</i> .....	104
4.5.6.1	<i>One Month O&amp;M Expenses</i> .....	105

4.5.6.2	<i>Maintenance Spares</i> .....	105
4.5.6.3	<i>Receivables</i> .....	105
4.5.7	<i>Non-Tariff Income</i> .....	105
4.5.8	<i>Revenue from STOA charges</i> .....	106
4.5.9	<i>Annual Transmission Charges</i> .....	106
<b>5</b>	<b>Commission's Directives</b> .....	<b>109</b>
<b>5.1</b>	<b>Compliance of Directives Issued in Tariff Order for FY 2023-24</b> .....	<b>109</b>
5.1.1	Electrical Inspector Certificate .....	109
5.1.2	Capital cost of transferred assets .....	109
5.1.3	Ring Fencing of SLDC .....	110
5.1.4	Capitalisation of partially completed schemes .....	110
5.1.5	Additional Capitalisation beyond the cut off date .....	111
5.1.6	Frequent Grid Failures .....	111
5.1.7	Transmission System Availability .....	112
5.1.8	Submission of Completed Cost .....	112
5.1.9	Submission of consistent information in proper format .....	113
5.1.10	ATC of Natural ISTS lines of PTCUL .....	113
5.1.11	Submission of DPR .....	114
5.1.12	Proposed Additional Capitalisation .....	114
<b>6</b>	<b>Annexures</b> .....	<b>116</b>
<b>6.1</b>	<b>Annexure-1 : Public Notice on PTCUL's Proposal</b> .....	<b>116</b>
<b>6.2</b>	<b>Annexure-2 : List of Respondents</b> .....	<b>117</b>
<b>6.3</b>	<b>Annexure-3 : List of Participants in Public Hearings</b> .....	<b>118</b>



## List of Tables

Table 1.1: Publication of Notice .....	7
Table 1.2: Schedule of Hearing.....	7
Table 3.1: Capitalization claimed for REC II Scheme in FY 2022-23 (Rs. Crore) .....	25
Table 3.2: Capitalization approved for REC II Scheme in FY 2022-23 (Rs. Crore).....	26
Table 3.3: Capitalization claimed for REC VI Scheme in FY 2022-23 (Rs. Crore).....	26
Table 3.4: Capitalization approved for REC VI Scheme in FY 2022-23 (Rs. Crore) .....	27
Table 3.5: Capitalization claimed for REC VIII Scheme in FY 2022-23 (Rs. Crore).....	27
Table 3.6: Capitalization approved for REC VIII for FY 2022-23 (Rs. Crore).....	29
Table 3.7: Capitalization claimed for REC 9995 Scheme in FY 2022-23 (Rs. Crore).....	29
Table 3.8: Capitalization approved for REC 9995 Scheme in FY 2022-23 (Rs. Crore).....	30
Table 3.9: Capitalization claimed for REC 10760 Scheme in FY 2022-23 (Rs. Crore).....	30
Table 3.10: Capitalization approved for REC 10760 Scheme in FY 2022-23 (Rs. Crore).....	31
Table 3.11: Capitalization claimed for REC 10949 Scheme in FY 2022-23 (Rs. Crore).....	32
Table 3.12: Capitalization approved for REC 10949 Scheme in FY 2022-23 (Rs. Crore).....	32
Table 3.13: Capitalization claimed for REC 10950 Scheme in FY 2022-23 (Rs. Crore).....	33
Table 3.14: Capitalization approved for REC 10950 Scheme in FY 2022-23 (Rs. Crore).....	34
Table 3.15: Capitalization claimed for RCRM 9025 Scheme in FY 2022-23 (Rs. Crore).....	34
Table 3.16: Capitalization approved for RCRM 9025 Scheme in FY 2022-23 (Rs. Crore).....	35
Table 3.17: Capitalization claimed for REC 10148 Scheme in FY 2022-23 (Rs. Crore).....	35
Table 3.18: Capitalization approved for REC 10148 Scheme in FY 2022-23 (Rs. Crore).....	37
Table 3.19: Capitalization claimed for PFC (SI) in FY 2022-23 (Rs. Crore).....	38
Table 3.20: Capitalization approved for PFC (SI) for FY 2022-23 (Rs. Crore).....	48
Table 3.21: Capitalization claimed for REC (SI) in FY 2022-23 (Rs. Crore) .....	48
Table 3.22: Capitalization approved for REC (SI) for FY 2022-23 (Rs. Crore) .....	50
Table 3.23: Works carried out under Other Schemes.....	51

Table 3.24: Revised GFA approved by the Commission for FY 2022-23 (Rs. Crore) .....	53
Table 3.25: Approved Means of Finance for FY 2022-23.....	54
Table 3.26: Details of Financing for Capitalization for FY 2022-23 (Rs. Crore).....	54
Table 3.27: Normative Employee expenses approved for FY 2022-23 (Rs. Crore) .....	58
Table 3.28: Employee expenses approved for FY 2022-23 (Rs. Crore) .....	60
Table 3.29: R&M expenses approved for FY 2022-23 (Rs. Crore) .....	62
Table 3.30: A&G expenses approved for FY 2022-23 (Rs. Crore).....	63
Table 3.31: O&M expenses approved for FY 2022-23 (Rs. Crore).....	63
Table 3.32: Interest expenses approved for FY 2022-23 (Rs. Crore) .....	65
Table 3.33: Return on Equity approved for FY 2022-23 (Rs. Crore) .....	67
Table 3.34: RoE on Opening Equity approved for FY 2022-23 (Rs. Crore).....	67
Table 3.35: Depreciation approved for FY 2022-23 (Rs. Crore).....	68
Table 3.36: Interest on working capital approved for FY 2022-23 (Rs. Crore) .....	70
Table 3.37: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2022-23 (Rs. Crore).....	75
Table 3.38: Aggregate Revenue Requirement approved for FY 2022-23 (Rs. Crore).....	76
Table 3.39: Revenue gap/(surplus) for FY 2022-23 (Rs. Crore) .....	76
Table 3.40: Total revenue surplus to be adjusted in FY 2024-25 approved by the Commission (Rs. Crore) .....	77
Table 4.1: Actual capitalization during April 2023 to September 2023 as submitted by PTCUL.....	79
Table 4.2: Works proposed to be capitalized during October, 2023 to March, 2024 as submitted by PTCUL....	81
Table 4.3: Actual Physical Progress submitted by PTCUL.....	82
Table 4.4: GFA Base approved for FY 2023-24 (Rs. Crore) .....	85
Table 4.5: Works proposed to be capitalized during FY 2024-25 as submitted by PTCUL .....	87
Table 4.6: Spillover Capitalization from FY 2023-24 being allowed during FY 2024-25 .....	89
Table 4.7: GFA base approved for FY 2024-25 (Rs. Crore) .....	91
Table 4.8: Details of financing for capitalization for FY 2023-24 (Rs. Crore).....	91
Table 4.9: Details of financing for capitalization for FY 2024-25 (Rs. Crore).....	91

Table 4.10: Gn Computations for FY 2024-25 (Rs. Crore).....	96
Table 4.11: Employee expenses approved by the Commission for FY 2024-25 (Rs. Crore).....	97
Table 4.12: R&M expenses approved by the Commission for FY 2024-25 (Rs. Crore).....	98
Table 4.13: A&G Expenses approved by the Commission for FY 2024-25 (Rs. Crore).....	99
Table 4.14: O&M expenses approved by the Commission for FY 2023-24 (Rs. Crore) .....	99
Table 4.15: Interest on Loan approved by the Commission for FY 2024-25 (Rs. Crore).....	101
Table 4.16: Return on Equity approved by the Commission for FY 2024-25 (Rs. Crore).....	103
Table 4.17: Depreciation approved by the Commission for FY 2024-25 (Rs. Crore).....	104
Table 4.18: Interest on working capital approved by the Commission for FY 2024-25 (Rs. Crore).....	105
Table 4.19: Annual Transmission Charges approved by the Commission for FY 2024-25 (Rs. Crore).....	106
Table 4.20: Rate of Transmission Charges for open access approved for FY 2024-25 .....	107



**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No.: 49 of 2023**

**In the Matter of:**

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2022-23, Annual Performance Review for FY 2023-24 and Revised Aggregate Revenue Requirement for 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. L. Prasad Member (Technical)**

**Date of Order: March 28, 2024**

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

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

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

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

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order dated February 27, 2019 on approval of Business Plan of PTCUL for the third Control period from FY 2019-20 to FY 2021-22. In the same Order the Commission had also approved the Multi Year Tariff for the third Control Period from FY 2019-20 to FY 2021-22. In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out the Annual Performance Review for FY 2019-20, FY 2020-21 and FY 2021-22 vide its Tariff Orders dated April 18, 2020, April 24, 2021 and March 31, 2022.

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

from FY 2022-23 to FY 2024-25. In the same Order the Commission had also approved the Multi Year Tariff for the Fourth Control Period from FY 2022-23 to FY 2024-25.

In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out True-up for FY 2021-22, Annual Performance Review (APR) for FY 2022-23 and determined ARR and Tariff for FY 2023-24 vide its Tariff Order dated March 30, 2023.

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 Application (Petition No. 49 of 2023 and hereinafter referred to as "Petition") on November 29, 2023 for approval of True-up for FY 2022-23, APR for FY 2023-24 and revised Aggregate Requirement (ARR)/Tariff for FY 2024-25 in compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2021.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/7/CL/Misc. No. 60 of 2023/978 dated December 18, 2023 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. 3805/MD/PTCUL/UERC and 112/MD/PTCUL/UERC dated December 23, 2023 and January 06, 2024 respectively removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 28, 2023 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the APR Petition filed by PTCUL for True Up for FY 2022-23, APR for FY 2023-24 and revised ARR for FY 2024-25 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the MYT Order dated March 31, 2022 and Tariff Order dated March 30, 2023.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying

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

- Chapter 1 - Background and Procedural History.
- Chapter 2 - Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views.
- Chapter 3 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2022-23.
- Chapter 4 - Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2023-24 and Revised ARR for FY 2024-25.
- Chapter 5 - Commission's Directives.
- Chapter 6 - Annexures



# 1 Background and Procedural History

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

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

- a) To undertake transmission of electricity through intra-State transmission system.
- b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.
- c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.
- d) To provide open access.

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

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*Uttarakhand Electricity Regulatory Commission*

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

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

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

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

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

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

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2021 on October 2, 2021. These Regulations superseded the UERC Tariff Regulations, 2018.

The Commission had issued the Order dated March 31, 2022 on approval of Business Plan of PTCUL for the Fourth Control Period from FY 2022-23 to FY 2024-25. In the same Order the

Commission had also approved the Multi Year Tariff for the Fourth Control Period from FY 2022-23 to FY 2024-25.

In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out True-up for FY 2021-22, Annual Performance Review (APR) for FY 2022-23 and determined ARR and Tariff for FY 2023-24 vide its Tariff Order dated March 30, 2023.

In compliance with the Regulations, PTCUL filed its Petition on November 29, 2023 seeking True Up for FY 2022-23, Review of ARR for FY 2023-24 and Revised Aggregate Revenue Requirement for FY 2024-25 based on the audited accounts for FY 2022-23. The above Petition was provisionally admitted by the Commission vide its Order dated December 28, 2023. The Commission, through its above Admittance Order dated December 28, 2023, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/ comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient points of its proposals in the leading newspapers. The salient features of the proposals were published by the Petitioner in the following newspapers:

**Table 1.1: Publication of Notice**

S. No.	Newspaper Name	Date of Publication
1.	Times of India	December 31, 2023
2.	Hindustan Times	December 31, 2023
3.	Amar Ujala	December 30, 2023
4.	Dainik Jagran	December 30, 2023

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by January 31, 2024 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all 05 objections/suggestions/comments in writing on the Petition filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-2**.

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

**Table 1.2: Schedule of Hearing**

S. No	Place	Date
1.	Almora	February 19, 2024
2.	Rudrapur	February 20, 2024
3.	Tehri-Garhwal	February 24, 2024
4.	Dehradun	February 26, 2024

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

The Commission also sent the copies of salient features of tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the Petition submitted by PTCUL were also made available on the website of the Commission, i.e. [www.uerc.gov.in](http://www.uerc.gov.in). The Commission also held a meeting with the Members of the Advisory Committee on March 06, 2024, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition filed by PTCUL.

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

Meanwhile, based on the scrutiny of the Petition filed by PTCUL, the Commission vide its Letter No. UERC/7/CL/Misc. No. 60 of 2023/978 dated December 18, 2023 pointed out certain data gaps in the Petition and sought following additional information/ clarifications from the Petitioner:

- Details of Tariff Formats which are not duly filled or partially filled.
- Copy of Work Orders, Electrical Inspector Certificates for certain schemes.
- Reconciliation of figures in case of discrepancies.
- Reasons for variation in Employee, A&G and R&M Expenses from the approved expenses.
- Details regarding expected date of completion of proposed capitalization in second half of FY 2023-24 and details of Physical Progress till date against the expected date of completion.
- Basis of allocation of actual Employee, A&G and R&M Expenses amongst UITP and Non-UITP Schemes. computing capitalization rate for Employee expenses and Administrative & General Expenses.
- Details of Physical and Financial Progress of schemes proposed to be capitalized during FY 2024-25.

- Progress of recruitment process for FY 2023-24 and FY 2024-25.

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 18, 2024, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/7/CL/592/Petition No. 49 of 2023/1129 dated January 22, 2024, for its response. Further, additional information was sought from PTCUL vide letter no. UERC/7/CL/Petition No. 49 of 2023/1247 dated February 21, 2024.

The Petitioner submitted the replies to data gaps vide its letter no. 3805/MD/PTCUL/UERC, 112/MD/PTCUL/UERC, 365/MD/PTCUL/UERC and 664/MD/PTCUL/UERC dated December 23, 2023, January 06, 2024, January 30, 2024 and February 26, 2024 respectively. The submissions made by PTCUL in the Petition as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order along with the Commission's views on the same.

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

The Commission has received suggestions and objections on PTCUL's Petition for True up for FY 2022-23, Annual Performance Review for FY 2023-24 and Determination of Aggregate Revenue Requirement for FY 2024-25. List of stakeholders who submitted their suggestions and objections in writing is given at **Annexure-2** and the list of Respondents who participated in the Public Hearings is enclosed at **Annexure-3**. The Commission also obtained responses from PTCUL on the comments received from the stakeholders.

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

### 2.1 System Strengthening

#### 2.1.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that the in the previous hearing during the tariff determination process for FY 2023-2024 comments were made by the stakeholder regarding status of upcoming electricity sub-stations. PTUCL to provide the updated status of the sub-stations.

#### 2.1.2 Petitioner's Response

The Petitioner submitted that the DPR's for 8 Sub-stations under Uttarakhand Transmission Strengthening and Distribution Improvement Program (UTSDIP) funded by ADB (Asian Development Bank) have been approved and tendering process is underway. The details of the sub-stations are as under:

Sr. No.	Name of Project	Remarks/Status
1	400 kV GIS Substation Landhora (2X315 MVA)	Tendering process is underway
2	220 kV AIS Substation Manglore (2X160 MVA & 2X40 MVA)	Tendering process is underway
3	132 kV GIS Substation Dhaulakhera (2X40 MVA)	Tendering process is underway
4	132 kV GIS Substation Khatima-II (2X40 MVA)	Tendering process is underway
5	132 kV AIS Substaion Sarvarkhera, US Nagar (2X40 MVA)	Tendering process is underway
6	220 kV GIS Substation Selaqui (2X50 MVA)	Tendering process is underway
7	132 kV GIS Substation Lohaghat (2X20 MVA)	Tendering process is underway
8	132 kV GIS Substation Araghar (2X40 MVA)	Tendering process is underway

### **2.1.3 Commission's Views**

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

## **2.2 System Losses**

### **2.2.1 Stakeholder's Comments**

Shri Vijay Singh Verma submitted that the Losses indicated by PTCUL/UPCL in their Petition are towards lower side in comparison to the actuals. The Commission should carry out analysis of these losses and ask PTCUL/UPCL to depict the correct figures of losses.

### **2.2.2 Petitioner's Response**

The Petitioner submitted that Monthly Transmission Losses are calculated considering the actual energy handled by the substations based on the actual losses of transmission lines and transformers. The same are compiled and calculated on monthly basis. The Petitioner further submitted that these losses are purely technical losses at EHV (Extra High Voltage) level which reduces with voltage level.

### **2.2.3 Commission's Views**

The Commission has noted the submission made by Petitioner. The Commission has considered the actual transmission loss level for FY 2022-23 as submitted by the Petitioner.

## **2.3 Delay in construction of Baram and Brahmwari Sub-station**

### **2.3.1 Stakeholder's Comments**

Shri Vijay Singh Verma submitted that there has been exceptional delay in execution of works pertaining to Baram (220 kV) and Brahmwari sub-station of PTCUL. The same must be expedited so that generation losses can be minimized.

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun, submitted that the past experience shows that PTCUL officers do not

take adequate timely actions to ensure timely completion of project. This results in cost overrun and increases cost to consumers. In present times, for faster completion of projects, all clearances should be first taken by PTCUL and then only the contract should be awarded. This will reduce time in completion. He further submitted that Baram Sub-station in Pithoragarh should be completed early as this will help in better availability and evacuation.

### **2.3.2 *Petitioner's Response***

The Petitioner has submitted that the construction of 220/33 kV GIS Sub-station at Baram (Jauljivi), Pithoragarh has been completed and work of associated 220 kV Baram Jauljivi Line is under progress and targeted to be completed by November, 2024. Further, the Petitioner submitted that for 220 kV Brahmwari Sub-station land has been selected and for construction tendering process is underway.

### **2.3.3 *Commission's Views***

The Commission has noted the submission made by PTCUL and has taken into consideration the same while deciding on the Petitioner's claims in the Petition filed for approval of true-up of FY 2022-23, APR for FY 2023-24 and Annual Transmission Charges for FY 2024-25 as detailed in subsequent Chapters of this Order.

## **2.4 AI and Machine Learning Based Analytics Technologies**

### **2.4.1 *Stakeholder's Comments***

Ms. Anagha Pujari sought information on following points with respect to Tariff Petition filed by PTCUL for FY 2024-25:

1. What AI/ML analytics technologies are currently under use across various departments. Examples, Deviation Pool Optimisation, Data Integration at SLDC, Asset Predictive Analytics etc. Whether these costs are being considered in Opex or any specific capex project has been approved.
2. Whether any capex project has been approved/proposed in this regard. What is PTCUL's vision for incorporating advanced analytics in the future? Does it have any roadmap in this regard? Please provide insights into the planned initiatives, technologies, and a roadmap for their implementation.



3. It would be valuable to know whether analytics technologies are being utilised uniformly across different departments within PTCUL or if there are plans to expand their usage.
4. Considering the breadth and depth of analytics applications, Whether PTCUL is contemplating a centre of excellence dedicated to analytics? Has PTCUL carried out any feasibility study for setting up such centre for comprehensive data driven decision making?

#### **2.4.2 Petitioner's Response**

The Petitioner submitted the point wise reply to the information sought as under:

1. AI/ML analytics technologies are currently not being used in SLDC/PTCUL. It shall be implemented as per guidelines of MoP/GoU/State ERC (UERC).
2. Presently no Capex Project has been approved/proposed. In future. PTCUL may use advanced analytics for fault analysis, demand forecasting, generation forecasting, predictive maintenance of power system, etc. as per guidelines of MoP/GoU/State ERC (UERC).
3. Presently analytic tools are not being used in PTCUL, it shall be implemented as per guideline of MoP/GoU/State ERC (UERC)
4. Centre of excellence dedicated to analytics shall be implemented as per guideline of MoP/GoU/State ERC (UERC)

#### **2.4.3 Commission's Views**

The Commission has noted the submission made by Stakeholder and PTCUL. The Commission encourages PTCUL to keep a keen eye on the developments in the field of AI and Machine Learning and also plan on implementing the suitable analytics technologies in future which will help PTCUL enhance the overall system reliability.

### **2.5 Claims of UJVNL, PTCUL and SLDC in UPCL Tariff Petition for FY 2024-25**

#### **2.5.1 Stakeholder's Comments**

Shri. Pawan Agarwal, Vice President, Uttarakhand Steel Manufacturers Association and Shri.

Shri. Manish Talwar, Head-Electrical Maintenance Asahi India Glass Ltd., Roorkee submitted that if claims of UJVNL, PTCUL and SLDC for FY 2024-25 Tariff Petition is accepted by UERC even marginally, then the tariff is likely to increase by 38.66%. Seeing UPCL, UJVNL, PTCUL and SLDC has additionally claimed Rs 1,150.00 Crore meaning thereby the total tariff hike will be 38.66% instead of 27.06%.

Shri. Manish Talwar, Head-Electrical Maintenance Asahi India Glass Ltd., Roorkee further submitted that the tariff hike of 38.66% is not justified and it will force the industries to halt the operations in state.

### **2.5.2 *Petitioner's Response***

The Petitioner submitted that the Petition for Truing up for FY 2022-23, Annual Performance Review (APR) for FY 2022-23 and Annual Revenue Requirement (ARR) for FY 2024-25 has been filed in strict compliance of UERC MYT Regulations 2021. The Petitioner further submitted that truing-up gap has been filed based on the provisions of the Tariff Regulations and Hon'ble Commission undertakes prudence check of the expenses incurred and capitalisation achieved vis-a-vis approved while allowing any gap which will be adjusted into the revised ARR for FY 2024-25.

The Petitioner further submitted that PTCUL and SLDC are regulated government entities and the tariffs are subject to the approval of the Commission which is subject to prudence check of all the expenditures and revenues pertaining to the business and so the tariff making exercise is mandated as part for business survival as commercial entity.

### **2.5.3 *Commission's Views***

The Commission has noted the submission made by Petitioner. The Commission has carried out detailed Prudence Check of all the elements of ARR and truing up while carrying out the truing up for FY 2022-23 and approval of revised ARR for FY 2024-25 as detailed in Chapter 3 and 4 of the Order.

## **2.6 Capitalization of New Assets**

### **2.6.1 *Stakeholder's Comments***

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun submitted that a trend is being noticed wherein all utilities are projecting

very high cost in Capitalisation as that gives them better returns. As stakeholders, we are vehemently against such practice and would therefore request the Hon'ble Commission to scrutinize any addition in Capitalisation very carefully. It should be seen with the perspective of intended utilization and the benefit the additional capitalization will give to the consumers. Commission is requested to continue with the earlier order of allowing only the minimum of approved cost and the actual cost as per audit report submitted by the Petitioner.

### **2.6.2 Petitioner's Response**

The Petitioner submitted that the capitalization for the Projects is approved by the Commission after prudence checks which includes the checks with regard to the clearance obtained. The Petitioner further submitted that its officials are committed to timely completion of all projects and delay, if any, has mostly been a result of uncontrollable factors. The projects are closely monitored by the respective projects units and sincere efforts are made towards avoiding time and cost overruns. In case of any unforeseen time/ cost overruns, detailed reasons and justification are provided to the Commission. Accordingly, the Petitioner requested the Commission to allow the capitalisation based on the submission made in the PTCUL.

### **2.6.3 Commission's Views**

The Commission has taken into consideration the issue raised by the stakeholder and the response submitted by PTCUL. The Commission has carried out due prudence check while deciding on the Petitioner's claims for capitalization of New Assets in the Petition filed for approval of true-up of FY 2022-23, APR for FY 2023-24 and Annual Transmission Charges for FY 2024-25. The same has been detailed in subsequent chapters of this Order.

## **2.7 Return on Equity on account of Power Development Fund**

### **2.7.1 Stakeholder's Comments**

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun, submitted that PTCUL has tried to justify Return on Entire Equity as per its submission given below:

*"In the previous Tariff Orders, the Hon'ble Commission has not allowed Return on Equity on entire equity base approved by the Hon'ble Commission in the respective Tariff 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 form of a cess.*

*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."*

Shri Pankaj Gupta in his submissions further submitted that PTCUL has given reference of one letter from Additional secretary and has requested Commission to accept PTCUL's proposal to consider PDF funds also as part of Equity.

In view of the assumption that Commission will accept PTCUL's request-for PDF funds, they have submitted their proposal for RoE, depreciation etc., accordingly. He further added that it is surprising to note that PTCUL is trying to justify its claim taking help of some other case of some other consumer. The fact of that case is different, and it does not apply to the present case which involves consumers from whom the PDF was collected.

Accordingly, Shri Pankaj Gupta requested the Commission not to allow Return on Equity on assets created out of PDF as was done by the Commission in the past.

### **2.7.2 Petitioner's Response**

The Petitioner submitted that the RoE on PDF has been considered since the issue is under adjudication before the Hon'ble APTEL. The Petitioner has requested the Commission to allow RoE on assets created from PDF to avoid Tariff shock to the Consumers on account of incremental carrying cost in case Hon'ble APTEL adjudicates in the favour of PTCUL in the aforesaid matter.

### **2.7.3 Commission's Views**

The Commission has taken note of issue raised by the stakeholder and the response submitted by PTCUL. The Commission in line with the approach adopted in the earlier orders and as deliberated in earlier orders 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 same has been detailed in subsequent chapters of this Order.

## **2.8 True Up for Previous Years**

### **2.8.1 Stakeholder's Comments**

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun submitted that it is surprising to note that all the utilities including PTCUL are claiming expenses in True up as per their audited balance sheet. He further submitted that there is no justification as to why was their difference between what was approved by UERC and what was actually incurred. Without proper justification, UERC should not allow these expenses in True up.

He further submitted that it has been the past experience that the utilities are not working within the cost approved by the Commission in its Tariff Orders. The utilities come out with their actual cost which is always different from the cost approved by the Hon'ble Commission and then they plead for acceptance of their actual cost as pass through in the ensuing year. He further added that same phenomenon is seen in this year's Tariff Petition also.

He further added that Industries Association of Uttarakhand is firm believer in the fact that PTCUL is an important part of our state progress. Their financial health is important, however, at the same time they should also be doing justice as public functionary.

### **2.8.2 Petitioner's Response**

The Petitioner submitted that the Petitioner has made claim for expenses in true-up in adherence to the methodology specified in the Tariff Regulations. The Petitioner further submitted that expenses in true-up are based on the actual expenses incurred in the past which are audited by statutory auditors.

### **2.8.3 Commission's Views**

The Commission has taken into consideration the issue raised by the stakeholder and the response submitted by PTCUL. The Commission has carried out due prudence check while deciding on the Petition filed for approval of true-up of FY 2022-23, APR for FY 2023-24 and Annual Transmission Charges for FY 2024-25. The same has been detailed in subsequent chapters of this Order.

## **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 06, 2024, the Members made the following suggestions on the Petitions filed by PTCUL

- There is too much delay in completing the projects which is causing the cost of the project to increase i.e. increase in IDC. Further, PDF fund should not be included as own fund of the Utility.
- PTCUL should develop the lines for local areas near power plants so that if due to fault the grid is unable to supply power, the local plant can generate and supply power to the local areas as observed in the Jaypee Vishnuprayag Power Plant region which can supply power to its colonies even after there is a fault in the grid.
- PTCUL is charging its transmission charges but the reliability in hilly regions is poor, and responsibility needs to set for maintaining reliability of power transmission in hilly areas, and accordingly the Transmission Charges should be reduced.

### **2.9.2 Petitioner's Response**

The Petitioner submitted the following replies on the queries raised:

- The delay in projects is caused due to forest clearance and ROW issues which takes a lot of time to resolve for which a Nodal Officer has been deputed to Fastrack the solutions on such issues.
- It is to be noted that PTCUL achieved a high system availability of more than 99.15%, which is also incentivised by the Commission and is shared with consumers as well.

- PTCUL is in process of processing tenders for 6 new substations under ABD Funding and it is expected that the said tenders will be floated before the election process starts. Out of the 6 proposed substations, 3 substations are proposed in Dehradun Area (220 kV GIS Selaqui, 132 kV GIS Substation Araghar, and 220 kV AIS Substation Magalore), and 3 substations are proposed in Kumaon Area (132 kV GIS Substation Dhaulakhera, 132 kV GIS Substation Khatima-II and 132 kV GIS Substation Lohaghat).

### **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 Petition filed for approval of true-up of FY 2022-23, APR for FY 2023-24 and Annual Transmission Charges for FY 2024-25 as detailed in subsequent Chapters of this Order.

### **3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2022-23**

#### **3.1 Annual Performance Review**

The Commission vide its MYT Order dated March 31, 2022 on approval of Business Plan and MYT for the third Control Period from FY 2022-23 to FY 2024-25, approved the ARR for the Control Period based on the audited accounts available till FY 2020-21. Regulation 12(1) of the UERC Tariff Regulations, 2021, stipulates that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review. The Commission vide its Order dated March 30, 2023 approved the truing up for FY 2021-22, APR for FY 2022-23 and determined ARR for FY 2023-24.

The Petitioner, in this Petition, has claimed true up for FY 2022-23 based on the audited accounts. The Petitioner, based on the true up for FY 2022-23, has also proposed a revenue gap on account of truing up to be adjusted in FY 2024-25. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021, the Commission has carried out the true up for FY 2022-23 based on the audited accounts for FY 2022-23. The approach adopted by the Commission in the approval of true up for FY 2022-23 is elaborated in the subsequent paragraphs.

#### **3.2 Value of opening assets**

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

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

It had been further elaborated by the Commission in the above Order that it would be very difficult to capture and pass on the entire financial impact due to change in the values of opening assets and liabilities on finalization of transfer scheme in a single tariff year. After highlighting the



consequence of non-finalization of the Transfer Scheme, the Commission had also directed PTCUL as follows:

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

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

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

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

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

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

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

The Commission vide its Tariff Order for FY 2021-22 dated April 26, 2021, directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission along with its Petition for Annual Performance Review for FY 2021-22.

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

As the opening GFA of UPCL has been finalized by GoU, the opening GFA of PTCUL will also get finalized based on this. **The Commission in its Order dated March 31, 2022 directed the Petitioner to submit the impact of this notification and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2023-24. The Commission further remarked that the Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2023-24. However, the same was not submitted by PTCUL in the Tariff Petition for FY 2023-24. The Commission in its Order dated March 30, 2023 directed the Petitioner to submit the impact of this notification and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2024-25. The Commission further remarked that the Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2024-25. However, the same has not been submitted by PTCUL in the Tariff Petition for FY 2024-25.**

**The Commission directs PTCUL to submit the impact of Government of Uttarakhand Notification No. 263/I(2)/2022-05-20/2007-TC dated March 8, 2022 and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2025-26.**

The Commission, therefore, at this stage has considered the scheme wise closing GFA for FY 2021-22 as approved in its Tariff Order dated March 30, 2023, for the final truing up by the Commission as the opening GFA for FY 2022-23.

### **3.3 Additional capitalization for FY 2022-23**

The GFA addition in FY 2022-23 pertaining to the transmission business regulated by the Commission is Rs. 242.92 Crore which has been claimed by PTCUL for truing up of FY 2022-23. In addition, PTCUL has claimed GFA addition of Rs. 87.25 Crore which was disallowed by the Commission in the previous Tariff Orders.

The Commission has approved the scheme wise capitalization for FY 2022-23. The Commission during the TVS held on January 18, 2024 asked PTCUL to clarify the mismatch of capitalization being sought by PTCUL for FY 2022-23 under Form 9A and Form 9.5. In response, PTCUL clarified that the capitalization amount being sought under Form 9A pertains to capitalization claimed during FY 2022-23 and the same is recorded under Annual Accounts for FY 2022-23. PTCUL further clarified that capitalization recorded under Form 9.5 consists of actual expenditure for the Financial Year which consists of certain additional expenses in addition to expenses claimed under Form 9A. Based on the interaction with PTCUL and submissions made by the PTCUL vide Letter dated January 30, 2024, the Commission has adopted the following methodology for approving the capitalization for FY 2022-23:

- i. Lower of the capitalisation claimed in Form 9A and Form 9.5 has been considered.
- ii. Schemes exceeding the Investment Approval Limit have been restricted to Investment Approval.
- iii. IDC for the Schemes have been worked out on Pro-rata Basis by categorizing the delay under controllable and uncontrollable factors for Schemes Capitalized during FY 2022-23.

For additional capitalization towards schemes capitalized in the previous years and during FY 2022-23, the Commission has approved the additional capitalization in accordance with Regulation 22 of the UERC Tariff Regulations, 2021 which is reproduced below:

***"22. Additional capitalization and De-capitalization:***

*(1) The following capital expenditure within the original scope of work actually incurred or*

*projected to be incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

- a) Undischarged liabilities;*
- b) Works deferred for execution;*
- c) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 21(11);*
- d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*
- e) On account of change in law.*

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

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

- a) Liabilities to meet award of arbitration or for compliance of the order or decree of 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 capitalization for FY 2022-23 claimed by the Petitioner and approved by the Commission.

### 3.3.1 REC II Scheme

The Petitioner has not claimed any capitalization towards REC II in the Petition. However, in SLDC's Petition, SLDC has sought GFA addition of Rs. 6.12 Crore during FY 2022-23 out of which Capitalization of Rs. 6.07 Crore pertains to "OPGW connectivity in PTCUL under Phase II of the ULDC Projects" Scheme and Rs. 0.05 Crore pertains to Furniture & Fixtures, and Office Equipment. As the Commission has not carried out the true up of FY 2022-23 for SLDC separately, the GFA addition of Rs. 6.07 Crore claimed in SLDC's Petition has been dealt with in the true up of FY 2022-23 for PTCUL under REC II Scheme and GFA addition of Rs. 0.05 Crore towards Furniture & Fixtures, and Office Equipment has been dealt with under Section 3.3.12 of this Order.

The Petitioner has claimed the additional capitalization of Rs. 6.12 Crore in REC II Scheme for the projects as shown in the Table below:

**Table 3.1: Capitalization claimed for REC II Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
OPGW connectivity in PTCUL under Phase II of the ULDC Projects	FY 2018-19	6.07
<b>Total</b>		<b>6.07</b>

#### 3.3.1.1 OPGW connectivity in PTCUL under Phase II of the ULDC Projects

It is observed that SLDC has failed to completely separate the accounts of SLDC and PTCUL during FY 2022-23 and has further not submitted the separate balance sheet for SLDC during FY 2022-23. In view of the same, the Commission has not taken up truing-up of SLDC separately and has considered the same as a part of overall true-up of STU. Accordingly, the Commission has considered the capitalization of Rs 6.07 Crore claimed by SLDC towards "OPGW connectivity in PTCUL under Phase II of the ULDC Projects" Scheme under REC II Scheme for PTCUL for FY 2022-23 Truing Up. With regard to the said scheme, the Commission during TVS has directed the SLDC to clarify reasons for claiming capitalization of Rs. 6.07 Crore only when LoA was issued for Rs. 31.20 Crore. In response, SLDC vide Letter dated January 30, 2024 submitted the details of Year wise

capitalization wherein the Petitioner submitted that the Capitalization for FY 2022-23 is Rs. 5.99 Crore.

Accordingly, the Commission has considered the capitalization for FY 2022-23 as Rs. 5.99 Crore and approves the capitalization of Rs. 5.99 Crore and the details of project-wise approved cost and the actual cost submitted by the Petitioner and the capitalization approved by the Commission for truing up purpose is shown in the Table given below:

**Table 3.2: Capitalization approved for REC II Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 2022-23
OPGW connectivity in PTCUL under Phase II of the ULDC Projects	51.92	FY 2018-19	20.66	6.07	5.99	26.65
<b>Total</b>	<b>51.92</b>		<b>20.66</b>	<b>6.07</b>	<b>5.99</b>	<b>26.65</b>

### 3.3.2 REC VI Scheme

The Petitioner has claimed the additional capitalization of Rs. 1.45 Crore in REC VI Scheme for the projects as shown in the Table below:

**Table 3.3: Capitalization claimed for REC VI Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
220/33 kV Substation at Piran Kaliyar	FY 2018-19	1.45
<b>Total</b>		<b>1.45</b>

#### 3.3.2.1 220/33 kV Substation at Piran Kaliyar

The Commission vide its Investment Approval Order dated February 23, 2015 had provided in principle approval for the project and had approved the project cost of Rs. 49.50 Crore for the project “(2x25 MVA) 220/33 kV Sub-station at Piran Kaliyar”. The Commission during the True-up of FY 2018-19 had allowed Rs. 43.88 Crore against the Petitioner’s claim of Rs. 46.01 Crore. Further, during True Up of FY 2019-20 and FY 2020-21, the Commission had further approved the additional capitalization of Rs. 2.34 Crore and Rs. 2.21 Crore respectively.

PTCUL in the present Petition has again claimed the Additional Capitalization of Rs 1.45 Crore wherein PTCUL has submitted that the additional capitalization is on account of Civil work towards Construction of residential colony and development work at 220 kV S/s, Piran Kaliyar).

The Commission observes that the Petitioner has claimed the additional Capitalization against the said Scheme under Regulation 22 of the Tariff Regulations, 2021. It is observed that the

said scheme was capitalized during FY 2018-19 and that the cut-off date for the said scheme falls during FY 2020-21. Since the additional capitalization claimed by PTCUL is beyond the cut-off date and the same does not qualify under the Provisions of Regulation 22 (2), the capitalization claimed is not being allowed.

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

**Table 3.4: Capitalization approved for REC VI Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 2022-23
220/33 kV Substation at Piran Kaliyar	49.50	FY 2018-19	48.43	1.45	0.00	48.43
<b>Total</b>	<b>49.50</b>		<b>48.43</b>	<b>1.45</b>	<b>0.00</b>	<b>48.43</b>

### 3.3.3 REC VIII Scheme

The Petitioner has claimed the capitalization of Rs. 137.42 Crore in REC VIII Scheme for the project as shown in the Table below:

**Table 3.5: Capitalization claimed for REC VIII Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
220 kV D/C line on Twin Zebra Conductor from Lakhwar to Dehradun & it's LILO at Vyasi	FY 2022-23	137.42

#### 3.3.3.1 220 kV D/C line on Twin Zebra Conductor from Lakhwar to Dehradun & it's LILO at Vyasi

The Commission vide its Investment Approval Order dated April 28, 2015 had provided in principle approval for the project with total cost of Rs 146.52 Crore and directed the Petitioner to submit complete executed cost on the completion of the project. The Petitioner has claimed the capitalization of Rs. 137.42 Crore towards the said project. (*Capitalization of Rs. 130.27 Crore plus Additional Capitalization of Rs. 7.15 Crore*) in Form 9 A and Form 9.8.

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the work for execution of Scheme was awarded to M/s. BTL EPC Ltd. as per LOA No. 835 & 836 (Supply and Erection) ICE(C&P)/PTCUL) IITL-1812014-15 dated 11.05.2015. The work for the said scheme was to be completed within 27 months from the date of LOA i.e. by 10.08.2017. However, the work for the said scheme could be completed only by 31.03.2022 with a delay of Four

Years Eight Months (1694 Days).

The Commission further observed that PTCUL has claimed IDC of Rs. 12.70 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the details of IDC capitalized along with reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TVS Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observed that the reasons of delay in the execution of “220 kV DC line on Twin Zebra conductor from Lakhwar to Dehradun & it’s LILLO at Vyasi” include delay in Forest Case preparation activities like Joint Inspection with Forest and Revenue Officials, delay in obtaining FRA 2006 Certification, delay in allotment of land for compensatory afforestation, RoW Issues, Covid-19 first wave, unavailability of Shutdown of 33/11 kV feeders from UPCL, Covid-19 second wave, unapproachable road due to inclement weather conditions and delay in tree marking by Forest Department in Hill Section. The Commission observes that while the part of the delay could be considered under force majeure or delay not attributable to the Petitioner, however, it would be unreasonable to consider that each individual activity led to a situation which was beyond the control of the Petitioner, and it led to the overall delay of Four Years Eight Months in project execution. The Commission is of the view that other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at the Petitioner’s end. In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided.

Accordingly, based on the scrutiny of the reasons of delay submitted by the Petitioner, the IDC for the Scheme has been worked out as Rs. 8.22 Crore which has been allowed on Pro-rata Basis by categorizing the delay under controllable, partially controllable, and uncontrollable factors. The approved cost and the capitalization claimed by the Petitioner and the capitalization approved by the Commission for truing up purpose is as shown in the Table given below:



**Table 3.6: Capitalization approved for REC VIII for FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2021-22	Capitalisation claimed by PTCUL in FY 2022-23	Capitalisation approved for FY 2022-23	Total capitalisation approved till FY 2022-23
220 kV D/C line on Twin Zebra Conductor from Lakhwar to Dehradun & it's LILO at Vyasi	146.52	FY 2022-23	0.00	137.42	132.94	132.94
<b>Total</b>	<b>146.52</b>		<b>0.00</b>	<b>137.42</b>	<b>132.94</b>	<b>132.94</b>

**3.3.4 REC 9995**

The Petitioner has claimed additional capitalization of Rs. 0.000745 Crore in REC 9995 Scheme for the project as shown in the Table below:

**Table 3.7: Capitalization claimed for REC 9995 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet	FY 2021-22	0.000745
<b>Total</b>		<b>0.000745</b>

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

The Investment approval of Rs. 0.37 Crore for the project "Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet" was accorded vide internal approval dated 03.09.2016. LoA for the said work was issued on 08.07.2019. The value of the order was Rs. 0.40 Crores inclusive of all taxes (excluding GST). The Petitioner during Truing Up for FY 2021-22 had submitted the project cost amounting to Rs. 0.47 Crore (inclusive of all taxes and GST) for construction of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet.

Keeping in view the fact that awarded amount was exclusive of GST, the Commission after considering GST of 18% over the investment approval of Rs. 0.37 arrived at the cost of Rs. 0.43 Crore. Accordingly, the Commission had restricted the capitalization to Rs. 0.43 Crore and approved the capitalization of Rs. 0.43 Crore towards "Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet" during FY 2021-22. The Petitioner has again claimed the additional capitalization of Rs. 0.000745 Crore in the said scheme. Further, the Petitioner in the instant Petition has also submitted the reasons for escalation in Project Cost and has requested to allow the disallowance of Rs. 0.04 Crore in the capitalization of FY 2021-22 True Up. The Petitioner has submitted that due to the non-responsiveness of the firm the first contract awarded to contractor

at Rs. 0.29 Crore had to be cancelled and re-tendering had to be done wherein the contract was awarded at Rs. 0.47 Crore.

The Commission observes that the reasons for increase in cost submitted by the Petitioner as not satisfactory and that the retendering could have been avoided if proper background checks of the contractor were carried out while awarding the said works to the contractor.

Accordingly, the Commission is not inclined to revisit the Cost restricted and approved for the said scheme.

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

**Table 3.8: Capitalization approved for REC 9995 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet	0.43 (0.37 plus GST)	FY 2021-22	0.43	0.000745	0.00	0.43
<b>Total</b>	<b>0.43</b>		<b>0.43</b>	<b>0.000745</b>	<b>0.00</b>	<b>0.43</b>

### 3.3.5 REC 10760

The Petitioner has claimed the additional capitalization of Rs. 0.65 Crore in REC 10760 Scheme for the project as shown in the Table below:

**Table 3.9: Capitalization claimed for REC 10760 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar	FY 2021-22	0.65
<b>Total</b>		<b>0.65</b>

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

The Commission had approved the project cost of Rs. 5.73 Crore for the project "Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar" vide its Investment Approval Order dated March 01, 2017. The Commission during the True-up of FY 2021-22 had allowed capitalization of Rs. 5.61 Crore in

line with the Petitioner's claim of Rs. 5.61 Crore.

PTCUL in the present Petition has claimed the Additional Capitalization of Rs 0.65 Crore wherein PTCUL has submitted that the additional capitalization is on account of PV of Transformer against LOA No. - 815/SE(C&P-2) PTCUL/SS-19/2017-18 DT-15-09-2018.

The Commission observes that the total capital cost for the scheme, exceeds the project cost approved by the Commission, if the additional capitalization claimed by the Petitioner during FY 2022-23 is considered. Further, the Commission observes that the Petitioner has not provided the justification for claiming cost higher than the approved cost for the said scheme. In the absence of suitable justification, the Commission restricts the additional capitalization claimed for FY 2022-23 to Rs. 0.12 Crore and approves the capitalization of Rs. 0.12 Crore during FY 2022-23. The additional capitalization claimed by PTCUL is within cut-off date. The Commission has already approved the capitalization of Rs. 5.61 Crore upto FY 2021-22 for the said project. Considering the capitalization approved for FY 2022-23, i.e. Rs. 0.12 Crore, the total capitalization amounts to Rs. 5.73 Crore up to FY 2022-23 for the scheme which is equal to the total approved cost of the Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.12 Crore towards 'Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar'.

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

**Table 3.10: Capitalization approved for REC 10760 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar	5.73	FY 2021-22	5.61	0.65	0.12	5.73
<b>Total</b>	<b>5.73</b>		<b>5.61</b>	<b>0.65</b>	<b>0.12</b>	<b>5.73</b>

### 3.3.6 REC 10949

The Petitioner has claimed the additional capitalization of Rs. 0.10 Crore in REC 10949 Scheme for the project as shown in the Table below:

**Table 3.11: Capitalization claimed for REC 10949 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18	FY 2021-22	0.10
<b>Total</b>		<b>0.10</b>

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

The Commission had approved the project cost of Rs. 4.27 Crore for the project "Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh vide its Investment Approval Order dated March 01, 2017.

PTCUL in the present Petition has claimed Additional Capitalization of Rs 0.10 Crore wherein PTCUL has submitted that the additional capitalization is on account of Erection of 40 MVA Transformer at 132 kV S/S Pithoragarh. The Commission during the Truing Up of FY 2021-22 had observed that due to unavoidable circumstances the 40 MVA Transformer proposed for 132 kV S/s Pithoragarh was installed at 132 kV S/s Laltappar and was put to use. Accordingly, the Commission during the True-up of FY 2021-22 had allowed capitalization of Rs. 4.07 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Considering the capitalization claimed for FY 2022-23, i.e. Rs. 0.10 Crore, total capitalization for the scheme upto FY 2022-23 amounts to Rs. 4.17 Crore which is within the total approved cost of Rs 4.27 Crore as per the Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.10 Crore towards "Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh".

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

**Table 3.12: Capitalization approved for REC 10949 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18"	4.27	FY 2021-22	4.07	0.10	0.10	4.17
<b>Total</b>	<b>4.27</b>		<b>4.07</b>	<b>0.10</b>	<b>0.10</b>	<b>4.17</b>

**3.3.7 REC 10950**

The Petitioner has claimed additional capitalization of Rs. 0.45 Crore in REC 10950 Scheme for the project as shown in the Table below:

**Table 3.13: Capitalization claimed for REC 10950 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	FY 2021-22	0.45
<b>Total</b>		<b>0.45</b>

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

The Commission had approved the project cost of Rs. 9.58 Crore for the project "Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur" and "Construction of 02 nos. 132 kV bay at 132 kV S/s Jaspur" vide its Investment Approval Order dated March 01, 2017 & Feb 07, 2017 respectively.

PTCUL in the present Petition has claimed the Additional Capitalization of Rs 0.45 Crore wherein PTCUL has submitted that the additional capitalization is on account of undischarged liabilities. The Commission during the Truing Up of FY 2021-22 has condoned the delay of 2.5 years in the execution of the project since the reasons of delay were beyond the control of the Petitioner. Further, the Commission during the True-up of FY 2021-22 had approved the capitalization Rs. 7.35 Crore.

The additional capitalization claimed by PTCUL during FY 2022-23 is within cut-off date. Considering the capitalization claimed for FY 2022-23, i.e. Rs. 0.45 Crore, total capitalization up to FY 2022-23 of Rs. 7.80 Crore for the scheme is within the total approved cost of Rs 9.58 Crore as per the Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.45 Crore towards "Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associates 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur".

The project's approved cost and the capitalization claimed & approved by the Commission

for truing up purpose is shown in the Table given below:

**Table 3.14: Capitalization approved for REC 10950 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Supply Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	9.58	FY 2021-22	7.35	0.45	0.45	7.80
<b>Total</b>	<b>9.58</b>		<b>7.35</b>	<b>0.45</b>	<b>0.45</b>	<b>7.80</b>

### 3.3.8 RCRM 9025

The Petitioner has claimed additional capitalization of Rs. 0.95 Crore in RCRM 9025 Scheme for the project as shown in the Table below:

**Table 3.15: Capitalization claimed for RCRM 9025 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	FY 2021-22	0.95
<b>Total</b>		<b>0.95</b>

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

The Commission had approved the project cost of Rs. 9.67 Crore for the project "Construction of 132 kV S/c Overhead line on Double Circuit Tower from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur, Haridwar" vide its Investment Approval Order dated March 01, 2017.

PTCUL in the present Petition has claimed the Additional Capitalization of Rs 0.95 Crore. The Commission during the Truing Up of FY 2021-22 had approved the capitalization Rs. 7.26 Crore along with capitalization of Rs. 1.51 Crore disallowed vide MYT Tariff Order dated March 31, 2022. (Total Approval was of Rs. 8.77 Crore).

The additional capitalization claimed by PTCUL during FY 2022-23 is within cut-off date.

Considering the capitalization claimed for FY 2022-23, i.e. Rs. 0.95 Crore, the total Project Cost for the scheme sums up to Rs. 9.71 Crore up to FY 2022-23 which exceeds the total approved cost of Rs. 9.67 Crore. Accordingly, the Commission has restricted the Project Cost of the Scheme to Rs. 9.67 Crore and have restricted the capitalization claimed during FY 2022-23 to Rs. 0.90 Crore. Hence, the Commission approves the additional capitalization of Rs. 0.90 Crore towards "Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur".

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

**Table 3.16: Capitalization approved for RCRM 9025 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
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 Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	9.67	FY 2021-22	8.77	0.95	0.90	9.67
<b>Total</b>	<b>9.67</b>		<b>8.77</b>	<b>0.95</b>	<b>0.90</b>	<b>9.67</b>

### 3.3.9 REC 10148

The Petitioner has claimed the capitalization of Rs. 11.45 Crore in REC 10148 Scheme for the project as shown in the Table below:

**Table 3.17: Capitalization claimed for REC 10148 Scheme in FY 2022-23 (Rs. Crore)**

Project	Year of first-time capitalization	Amount
Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun	FY 2022-23	11.45
<b>Total</b>		<b>11.45</b>

#### 3.3.9.1 Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun

The Commission had approved the project cost of Rs. 44.04 Crore for the project

“Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun” vide its Investment Approval Order dated May 06, 2016.

PTCUL in the present Petition has initially claimed the Capitalization of Rs. 13.26 Crore. The Commission vide TVS Letter dated January 22, 2024 directed the Petitioner to clarify the reason for claiming Project Cost of the Scheme as Rs. 11.45 Crore in Form 9.5 and Rs. 13.26 Crore in Form 9A. PTCUL vide Letter dated January 30, 2024 submitted that the amount claimed in the present Petition is Rs. 11.45 Crore as per revised Form 9.5, whereas in old Form 9.5 the Project Cost was Rs. 13.26 Crore. The Petitioner further submitted that amount of Rs. 2.3 Crore had to be deducted due to reversal of excess capitalization on 29.08.2023. The amount of Rs. 1.29 Crore is an additional capitalization on account of payment of Final Erection Bill and AMC for hardware supplied in FY 2023-24 against Online Monitoring and Data Acquisition of contract. IDC is 0.80 Crore which has not been considered at this stage. The Petitioner submitted that as per the details submitted, the Final Project Cost works out as Rs. 11.45 Crore (Rs. 13.26 Crore - Rs. 2.3 Crore + Rs. 1.29 Crore - Rs. 0.80 Crore).

Based on the response submitted by the Petitioner, the Commission vide Letter dated February 21, 2024 further directed the Petitioner to submit Revised Form 9.5 and 9A in line with the submissions made during TVS Reply. The Commission observed that the Petitioner vide Letter dated February 26, 2024 revised the Values of Form 9.5 and 9A to Rs. 12.15 Crore in contrast to the submissions made vide Letter dated January 30, 2024 without providing any justifications.

The Commission observes that PTCUL has been frequently changing its submissions and Project Cost at every opportunity being provided to the Petitioner. The Commission takes a strong note of the same and expresses its displeasure over the indecisiveness and inaccuracy with regard to the capitalization amount claimed by PTCUL during FY 2022-23. **The Commission directs the Petitioner to submit firm values for the Scheme Project Cost with all the supporting computations at one instance and refrain from revising the submissions and creating confusion time and again till the last opportunity available.**

Since, the Petitioner has revised the capitalization values for the scheme without providing any justifications vide Letter dated February 26, 2024, the Commission is not inclined to consider the submissions made vide Letter dated February 26, 2024.



Considering the submissions made by the Petitioner vide Letter dated January 30, 2024, the Commission has considered the capitalization claimed for FY 2022-23 as Rs. 11.45 Crore.

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the Capitalization of Rs. 11.45 Crore is exclusive of IDC of Rs. 0.80 Crore. Since the Cost considered for the approval of scheme is without IDC, therefore, the Commission has not approved the IDC for the Scheme. The Commission shall review the issue of IDC during Truing Up of FY 2023-24.

Further, the Commission noted that the Capitalization amount of Rs. 11.45 Crore includes the AMC of Rs. 1.19 Crore. The Commission has not considered the AMC part of the Scheme being capitalized and claimed by the Petitioner as a part of the Project Cost during FY 2022-23. The Commission observes that since AMC is the maintenance contract being signed by PTCUL for the upkeep and maintenance of the Software and Hardware involved in ABT Metering System, the same do not form the part of physical hardware being capitalized under the scheme. The Commission is of the opinion that such AMC expenses have to be met from the normative R&M expenses being allowed by the Commission. Hence, the Commission in this Order has considered the project cost for the scheme as Rs. 10.25 Crore after deducting the AMC Expense of Rs. 1.19 Crore.

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

**Table 3.18: Capitalization approved for REC 10148 Scheme in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PICUL, Dehradun	44.04	FY 2022-23	0.00	11.45	10.25	10.25
<b>Total</b>	<b>44.04</b>		<b>0.00</b>	<b>11.45</b>	<b>10.25</b>	<b>10.25</b>

### 3.3.10 PFC (System Improvement)

The Petitioner has claimed the capitalization of Rs. 73.15 Crore towards a mix of System Improvement works funded by PFC in FY 2022-23 as shown in the Table below:

**Table 3.19: Capitalization claimed for PFC (SI) in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Amount
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.	18.39	FY 2022-23	18.24
Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar		FY 2022-23	29.76
132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)	60.31	FY 2022-23	22.61
Construction of 220/33 kV S/s Jaffarpur	44.01	FY 2020-21	0.76
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	12.00	FY 2020-21	0.06
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	0.46
Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal	6.03	FY 2021-22	0.61
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	6.99	FY 2021-22	0.50
Const. of 01 no. 132 kV Bay and extensions of bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	2.37	-	0.14
<b>Total</b>	<b>221.05</b>		<b>73.15</b>

#### 3.3.10.1 Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur

The Commission vide its Investment Approval Order dated February 07, 2017, had approved the project cost of Rs. 18.39 Crore for the project "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". PTCUL in the present Petition has claimed the Capitalization of Rs. 18.24 Crore.

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the Scheduled Date of Completion of works was 25.09.2020. However, the work for the said scheme could be completed only by 09.02.2023 with a delay of almost 2.5 Years (867 Days).

The Commission further observed that PTCUL has claimed IDC of Rs. 0.73 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TVS Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observes that the reasons of delay in the execution of "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" include Delay due to Covid-19

Pandemic, Delay due to Soil Filling permission for land development at 400 kV Sub-station at Kashipur, Delay due to non-availability of Shutdown of 220 kV and 132 kV Bus at 400 kV Sub-station at Kashipur, and Delay due to Charging Clearance from Electrical Safety Department. The Commission observes that while the part of the delay could be considered as delay not attributable to the Petitioner, however, it would be unreasonable to consider that each individual activity led to a situation which was beyond the control of the Petitioner, and it led to the overall delay of almost 2.5 Years in project execution. The Commission is of the view that other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at the Petitioner's end. In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided.

Accordingly, based on the scrutiny of the reasons of delay submitted by the Petitioner, the IDC for the Scheme has been worked out as Rs. 0.25 Crore which has been allowed on Pro-rata Basis by categorizing the delay under controllable, and uncontrollable factors.

The Commission approves the capitalization of Rs. 17.76 Crore towards "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".

### **3.3.10.2 Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar**

The Commission vide its Investment Approval Order dated June 04, 2017, had approved the combined project cost of Rs. 60.31 Crore for the project "Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar" along with "132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)". PTCUL in the present Petition has claimed the Project Cost of the Scheme as Rs. 32.96 Crore in Form 9.5 and Rs. 29.76 Crore (*Capitalization of Rs. 28.56 Crore plus Additional Capitalization of Rs. 1.20 Crore*) in Form 9A and Form 9.8.

The Commission vide Letter dated February 21, 2024 further directed the Petitioner to submit Revised Form 9.5 and 9A in line with the submissions made during TVS Reply. However,

the Commission observed that the Petitioner vide Letter dated February 26, 2024 revised the Values of Form 9A to Rs. 32.96 Crore aligning the cost claimed under Form 9.5 in contrast to the submissions made in the Petition without providing any justifications.

The Commission observes that PTCUL has been frequently changing its submissions and Project Cost at every opportunity being provided to the Petitioner. The Commission takes a strong note of the same and expresses its displeasure over the indecisiveness and inaccuracy with regard to the capitalization amount claimed by PTCUL during FY 2022-23. **The Commission directs the Petitioner to submit firm values for the Scheme Project Cost with all the supporting computations at one instance and refrain from revising the submissions and creating confusion time and again till the last opportunity available.**

Since, the Petitioner has revised the capitalization values for the scheme without providing any justifications vide letter dated February 26, 2024, the Commission is not inclined to consider the submissions made vide letter dated February 26, 2024 and accordingly, based on the submissions made by the Petitioner vide letter dated January 30, 2024, the Commission has considered the capitalization claimed for FY 2022-23 as Rs. 29.76 Crore.

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the Scheduled Date of Completion of works was 01.11.2018. However, the work for the said scheme could be completed only by 29.08.2022 with a delay of almost Four Years Eight Months (1397 Days).

The Commission further observed that PTCUL has claimed IDC of Rs. 4.31 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the details of IDC capitalized along with reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TVS Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observes that the reasons of delay in the execution of "Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar" include Delay in obtaining permission for Soil Filling of Land for Construction of Sub-station, No Entry of Heavy Vehicle during Kavad Mela, Heavy Rain, Amendment (New Item - SETC of SAS} in Contract Agreement Dated 13.10.2017 vide letter no. 890/SE(C&P-II)/PTCUL/SS-22/2016-17 dated 07.12.2019, and Delay in construction of associated transmission line (LILO of 132 kV Chilla-Nazibabad line) due to delay in approval of Forest case, Delay in construction of Well foundations

in River Ganga. The Commission observes that while the part of the delay could be considered under force majeure or delay not attributable to the Petitioner, however, it would be unreasonable to consider that each individual activity led to a situation which was beyond the control of the Petitioner, and it led to the overall delay of Four Years Eight Months in project execution. The Commission is of the view that other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at the Petitioner's end. In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided.

Accordingly, based on the scrutiny of the reasons of delay submitted by the Petitioner, the IDC for the Scheme has been worked out as Rs. 2.54 Crore which has been allowed on Pro-rata Basis by categorizing the delay under controllable, partially controllable, and uncontrollable factors.

The Commission approves the capitalization of Rs. 28.00 Crore towards "Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar".

**3.3.10.3 132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)**

The Commission vide its Investment Approval Order dated June 04, 2017, had approved the combined project cost of Rs. 60.31 Crore for the project "Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar" along with "132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)". PTCUL has claimed Project Cost of the Scheme "132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)" as Rs. 20.19 Crore in Form 9.5 and Rs. 22.61 Crore (*Capitalization of Rs. 20.61 Crore plus Additional Capitalization of Rs. 2.00 Crore*) in Form 9A and Form 9.8.

PTCUL in the present Petition has initially claimed the Capitalization of Rs. 20.61 Crore. The Commission vide TVS Letter dated January 22, 2024 directed the Petitioner to clarify the reason for

claiming Project Cost of the Scheme as Rs. 20.19 Crore in Form 9.5 and Rs. 20.61 Crore in Form 9A. PTCUL vide Letter dated January 30, 2024 reiterated that the cost claimed under Form 9.5 is Rs. 20.19 Crore only. However, PTCUL revised the values of Additional Capitalization claimed under Form 9.8 to Rs. 2.44 Crore and submitted the revised Form 9.8 without providing any justifications. The Commission further observed that the Petitioner vide Letter dated February 26, 2024 revised the Values of Form 9 A to Rs. 20.19 Crore aligning the cost claimed under Form 9.5 in contrast to the submissions made in the Petition without providing any justifications.

The Commission observes that PTCUL has been frequently changing its submissions and Project Cost at every opportunity being provided to the Petitioner. The Commission takes a strong note of the same and expresses its displeasure over the indecisiveness and inaccuracy with regard to the capitalization amount claimed by PTCUL during FY 2022-23. The Commission directs the Petitioner to submit firm values for the Scheme Project Cost with all the supporting computations at one instance and refrain from revising the submissions and creating confusion time and again till the last opportunity available.

Since, the Petitioner has revised the capitalization values for the scheme without providing any justifications vide Letter dated February 26, 2024, the Commission is not inclined to consider the submissions made vide Letter dated February 26, 2024 and accordingly, based on the submissions made by the Petitioner vide Letter dated January 30, 2024, the Commission has considered the capitalization claimed for FY 2022-23 as Rs. 20.19 Crore which is lower of the claim made in Form 9 A and Form 9.5 plus additional capitalization of Rs. 2.00 Crore i.e. Rs. 22.19 Crore.

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the Scheduled Date of Completion of works was 19.12.2018. However, the work for the said scheme could be completed only by 16.08.2022 with a delay of almost about Three Years Eight Months (1336 Days).

The Commission further observed that PTCUL has claimed IDC of Rs. 1.24 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the details of IDC capitalized along with reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TVS Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observes that the reasons of delay in the execution of "132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha

(Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajampur Pili, Haridwar)" include forest land transfer approval/clearance from Forest Department (Like Delay in Joint inspection with forest & revenue officials, delay in FRA meetings and delay in processing of the case at nodal & other forest offices, delay in approval of MoEF etc.), Covid-19 Pandemic First Wave, Realignment of Tower location due to RoW at Location No. 3, Unprecedented rain in area during monsoon in the Month of July to Sep-2020, RoW issue at Location-4 in the Line Route, Delay in Construction of well foundation due to delay in forest clearance, Sinking of well foundation due to issue of rocky strata and restriction on entry in river ganga from 15 June to 15 October due to flood by local Administration, Covid-19 Pandemic Second Wave, RoW Issues between Location 6-7 during stringing of Transmission line, and High water level in River ganga during summer season/monsoon season. The Commission observes that while the part of the delay could be considered under force majeure or delay not attributable to the Petitioner, however, it would be unreasonable to consider that each individual activity led to a situation which was beyond the control of the Petitioner, and it led to the overall delay of about Three Years Eight Months in project execution. The Commission is of the view that other activities could have been undertaken in parallel, and the delay could have been shortened/averted by proper planning and follow up at the Petitioner's end. In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided.

Accordingly, based on the scrutiny of the reasons of delay submitted by the Petitioner, the IDC for the Scheme has been worked out as Rs. 0.75 Crore which has been allowed on Pro-rata Basis by categorizing the delay under controllable, partially controllable, and uncontrollable factors.

The Commission approves the capitalization of Rs. 21.69 Crore towards "132 kV Chilla-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajampur Pili, Haridwar)"

#### **3.3.10.4 Construction of 220/33 kV S/s at Jaffarpur**

The Commission vide Investment Approval Order dated February 28, 2014 accorded in

principle approval to the project for total cost of Rs 44.01 Crore and had directed the Petitioner to submit the completed cost and financing of the Scheme after completion of the project. The Commission in its order dated March 31, 2022 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission as directed. The Commission in its order dated March 31, 2022 approved the capitalisation of Rs. 41.63\_ Crore. Further, the Commission in the True-up of FY 2021-22, has approved the additional capitalization of Rs. 0.0064 Crore on account of miscellaneous fabrication and plantation expenses. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.76 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 41.64 Crore up to FY 2021-22 for the said project. Considering that with the capitalization claimed for FY 2022-23, i.e. Rs. 0.76 Crore, total capitalization upto FY 2022-23 of Rs. 42.40 Crore for the scheme is within the total approved cost of Rs 44.01 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.76 Crore towards 'Construction of 220/33 kV Sub-station at Jaffarpur'

#### **3.3.10.5 LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur**

The Commission vide Investment Approval Order dated February 28, 2014 accorded in principle approval to the project and had directed the Petitioner to submit the completed cost and financing of the Scheme after completion of the project. The Commission in its order dated March 31, 2022 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission as directed. The Commission in its order dated March 31, 2022 approved the capitalisation of Rs. 7.14 Crore. Further, the Commission in the True-up of FY 2021-22, has approved the additional capitalization of Rs. 2.41 Crore on account of payment of bills towards crop compensation and balance supply, survey, erection & type testing. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.06 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 9.56 Crore up to FY 2021-22 for the said project. Considering that with the capitalization claimed for FY 2022-23, i.e. Rs. 0.06 Crore, total capitalization up to FY 2022-23 of Rs. 9.62 Crore for the scheme is within the total approved cost of Rs 12.00 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.06 Crore towards 'LILO of 220 kV Kashipur-Pantnagar line at proposed 220



kV S/s Jaffarpur'.

**3.3.10.6 Construction of 132/33 kV GIS S/s at Bageshwar**

The Commission had approved the project cost of Rs. 70.95 Crore for the project 'Construction of 132/33 kV GIS S/s at Bageshwar' vide its Investment Approval Order dated December 26, 2014. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.46 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 63.94 Crore up to FY 2021-22 for the said project. Considering that with the capitalization claimed for FY 2022-23, i.e. Rs. 0.46 Crore, total capitalization upto FY 2022-23 of Rs. 64.40 Crore for the scheme is within the total approved cost of Rs 70.95 Crore. Hence, the Commission approves the additional capitalization of Rs. 0.46 Crore towards Construction of 132/33 kV GIS S/s at Bageshwar.

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

The Commission had approved the project cost of Rs. 6.03 Crore for the project "Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal" vide its Investment Approval Order dated February 10, 2017. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.61 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 5.83 Crore up to FY 2021-22 for the said scheme. However, considering the capitalization claimed for FY 2022-23, i.e. Rs. 0.61 Crore, total Project Cost for the scheme sums up to Rs. 6.52 Crore up to FY 2022-23 which exceeds the total approved cost of Rs. 6.03 Crore. Accordingly, the Commission has restricted the Project Cost of the Scheme to Rs. 6.03 Crore and have restricted the capitalization claimed during FY 2022-23 to Rs. 0.20 Crore.

Hence, the Commission approves the additional capitalization of Rs. 0.20 Crore towards Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal.

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

The Commission had approved the project cost of Rs. 6.99 Crore for the project “Supply Erection & Testing & Commissioning of 01 no. 40 MVA Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)” vide its Investment Approval Order dated February 10, 2017. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.50 Crore.

The additional capitalization claimed by PTCUL is within cut-off date. Further, the Commission has already approved the capitalization of Rs. 5.70 Crore up to FY 2021-22 for the said project. Considering that with the capitalization claimed for FY 2022-23, i.e. Rs. 0.50 Crore, total capitalization up to FY 2022-23 of Rs. 6.20 Crore for the scheme is within the total approved cost of Rs 6.99 Crore in Investment Approval. Hence, the Commission approves the additional capitalization of Rs. 0.50 Crore towards ‘Supply Erection & Testing & Commissioning of 01 no. 40 MVA Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)’.

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

The work was approved by the management of the Petitioner with a cost of Rs. 2.37 Crore. The Petitioner has claimed the additional capitalization of Rs. 0.14 Crore towards the said project.

The Commission vide Order dated March 30, 2023 had observed the following:

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

*The Commission has noted the submissions of the Petitioner. As discussed under the earlier Scheme “Const. of 01 no. 132 kV Bay for 132 kV Substation Bazpur”, the scheme “Stringing of*

second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 132 kV S/s Bazpur" is expected to achieve COD during FY 2025-26. The Commission observes that PTCUL is claiming part capitalization during FY 2021-22 wherein the major part of the asset is expected to be put into commercial operation during FY 2025-26. The Commission further observes that there is huge mismatch and spillage of upto 4 to 5 Years in planning of assets and aligning the commercial operation of assets by the PTCUL which is leading to underutilization of complete potential of the Transmission Network of PTCUL as well as leading to lower achievement of capitalization against the capitalization approved during each year of the Control Period.

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

In view of the observations made by the Commission vide Order dated March 30, 2023, the Commission has not approved the part capitalization of Rs. 0.14 Crore claimed during FY 2022-23. Accordingly, since the scheme Stringing of Second Circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with Construction of 132 kV Bay at Bazpur" is proposed to be capitalized during FY 2024-25, the Commission has shifted the capitalization claimed to FY 2024-25.

**Table 3.20: Capitalization approved for PFC (SI) for FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 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.	18.39	FY 2022-23	0	18.24	17.76	17.76
Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar	60.31	FY 2022-23	0	29.76	28.00	28.00
132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)		FY 2022-23	0	22.61	21.69	21.69
Construction of 220/33 kV S/s Jaffarpur	44.01	FY 2020-21	41.63	0.76	0.76	42.39
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	12.00	FY 2020-21	9.56	0.06	0.06	9.62
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	63.94	0.46	0.46	64.40
Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal	6.03	FY 2021-22	5.83	0.61	0.20	6.03
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	6.99	FY 2021-22	5.70	0.50	0.50	6.20
Const. of 01 no. 132 kV Bay and extensions of bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	2.37	FY 2021-22	0	0.14	0.00	0.00
<b>Total</b>	<b>221.05</b>		<b>126.66</b>	<b>73.15</b>	<b>69.43</b>	<b>196.06</b>

**3.3.11 REC (System Improvement)**

The Petitioner has claimed the net capitalization of Rs. 0.32 Crore for REC (System Improvement) Projects as shown in the Table below:

**Table 3.21: Capitalization claimed for REC (SI) in FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Amount
Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	19.08	FY 2020-21	0.32
<b>Total</b>	<b>19.08</b>		<b>0.32</b>

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

The Commission vide its Investment Approval Order dated October 09, 2015, had approved Rs. 11.18 Crore for construction of 220 kV Piran Kaliyar-Puhana (PGCIL) single circuit line on double circuit towers (Zebra Conductor). Further, the Commission vide Investment Approval Order dated December 01, 2017, has approved the revised capital cost of Rs. 19.08 Crore for stringing of double circuit line on double circuit towers alongwith EHV cabling work. The Petitioner claimed the capitalization of Rs. 0.32 Crore during FY 2022-23.

The Commission vide Order dated March 30, 2023 had observed the following:

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

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

In view of the observations made by the Commission regarding non submission of suitable justifications for increase in cost over the approved cost, the Commission observed that PTCUL vide Annexure XII of the instant Petition only submitted the reasons of Time Over-run and failed to submit the suitable justifications for justifications for increase in cost over the approved cost. In view of the absence of any suitable justification, the Commission is not inclined to approve the capitalization claimed by the Petitioner and decides to keep the Project Cost restricted to Investment Approval of Rs. 19.08 as approved vide order dated March 30, 2023.

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

**Table 3.22: Capitalization approved for REC (SI) for FY 2022-23 (Rs. Crore)**

Project	Approved Cost	Year of first-time capitalization	Capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 2022-23
Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	19.08	FY 2020-21	19.08	0.32	0.00	19.08
<b>Total</b>	<b>19.08</b>		<b>19.08</b>	<b>0.32</b>	<b>0.00</b>	<b>19.08</b>

### 3.3.12 Other Schemes (System Strengthening)

The Petitioner has claimed the capitalization of Rs. 9.15 Crore for other (System Strengthening) projects which includes works carried out from Deposit Works, Internal Resources and PSDF Funds. The details are shown in the Table below:

Project	Year of first-time capitalization	Amount
Deposits and PSDF	FY 2022-23	0.06
Others including Internal Resources	FY 2022-23	9.05
Furniture & Fixtures, and Office Equipment claimed by SLDC	FY 2022-23	0.05
<b>Total</b>		<b>9.15</b>

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

The Petitioner has claimed the capitalization of Rs. 9.15 Crore towards Others (System Strengthening Schemes funded by Internal Resources) Scheme and Deposit Works.

Further, as laid out under Para 3.3.1 above, out of total claimed capitalization of Rs. 6.12 Crore, the SLDC in its Petition has claimed the capitalization of Rs. 0.05 Crore towards Furniture & Fixtures, and Office Equipment. The Commission is of the view that these expenses are towards minor assets and are to be considered as part of Operations & Maintenance (O&M) expenses. Hence, the same has not been allowed as capitalization during FY 2022-23 and added to actual O&M expenses for FY 2022-23.

Accordingly, the details of capitalization approved by the Commission towards Other Schemes (System Strengthening) for FY 2022-23 are as follows:

**Table 3.23: Works carried out under Other Schemes**

S. No.	Particulars	FY 2022-23 (Rs. Crore)	
		Claimed by PTCUL	Allowable
<b>Others including Internal Resources</b>			
1.	Augmentation from (1X40 MVA +1X 20 MVA) to (2X 40 MVA + 1 X 20 MVA) at 132 kV Substation Purkul Dehradun.	6.70	6.70
2.	Other Assets (including T&P items under 220 kV O&M Division Mahuakheraganj at 220 kV S/s, Mahuakheraganj)	2.35	2.35
3.	Furniture & Fixtures, and Office Equipment claimed by SLDC	0.05	0.00
<b>Total</b>		<b>9.09</b>	<b>9.05</b>
<b>Works carried out under deposit and PSDF Schemes</b>			
4.	Shifting of Tower no 76 of 220 kV Rishikesh-Dharasu Line	0.04	0.04
5.	Extension of 132 kV Transmission tower at NH58 on Roorkee Bypass at 168.290 Km.	0.02	0.02
<b>Total</b>		<b>0.06</b>	<b>0.06</b>
<b>Total</b>		<b>9.15</b>	<b>9.11</b>
<b>Grand Total</b>		<b>9.15</b>	<b>9.11</b>

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

Project	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 2022-23
Others (System Strengthening)	9.15	9.11	9.11
<b>Total</b>	<b>9.15</b>	<b>9.11</b>	<b>9.11</b>

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

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalization based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalization of Rs. 66.09 Crore towards the same, in true up of FY 2022-23 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalization in the true up of FY 2016-17 giving its detailed analysis thereon. The Petitioner has also filed Appeal No. 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalization for some of the projects and the matter is sub-judice before the Hon'ble APTEL. The request of the Petitioner to approve the capitalization disallowed during the final true-up of 2016-17 cannot be considered on account of the fact that the matter is sub-judice and barring the issues raised by the Petitioner in the Appeal No. 247 of 2018, the other issues with respect to past trued up years, raised by the Petitioner in the instant Petition have attained finality. Therefore, the Commission has not gone into the merits of the Petitioner's submissions seeking

approval of capitalization of Rs. 66.09 Crore in FY 2022-23.

### 3.3.14 Disallowed capitalization in the Final True Up of FY 2019-20, FY 2020-21 and FY 2021-22

The Commission in the final true up of FY 2019-20, FY 2020-21 and FY 2021-22 had disallowed some additional capitalization based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalization of Rs. 21.16 Crore towards the same, in True Up of FY 2022-23 and requested the Commission to allow the same. The details of the capitalization claimed is as under:

Sr. No.	Name of the Scheme	Capitalization Sought in Petition (Rs. Crore)	Capitalization approved Tariff Order (Rs. Crore)	Amount claimed in this Petition (Rs. Crore)
<b>FY 2019-20</b>				
1	IDC disallowance in 132 kV S/C Ranikhet-Bageshwar Line for project delay	1.98		1.98
2	IDC disallowance in Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line for project delay	0.09		0.09
<b>FY 2020-21</b>				
3	IDC disallowance in Construction of 220/33 kV Substation at Jaffarpur for project delay	0.90		0.90
4	Disallowance of capitalisation for Bay at 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories	0.43		0.43
<b>FY 2021-22</b>				
5	Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	5.84	5.70	0.14
6	220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILLO at Vyasi. (Construction of Pile foundations and wire mesh crate protection works at different tower locations of 220 kV Twin Zebra Lakhwar -Vyasi transmission line Dehradun.)	6.96	-	6.96
7	Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet.	0.47	0.43	0.04
8	LILLO of 220 kV S/C Rohnabad(Haridwar)- Puhana line at 220/33 kV substation PiranKaliar	0.32	-	0.14
9	Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha	3.96	3.37	0.59
10	Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	12.78	11.14	1.64
11	Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh	3.01	0.00	3.01
12	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	5.24	0.00	5.24
<b>Total</b>		<b>41.98</b>	<b>20.64</b>	<b>21.16</b>

With regard to the submissions by the Petitioner made against the disallowance, the Commission observes that PTCUL in the Present Petition has reiterated the facts as stated in the earlier Petitions. Further, the Commission also observes that the reasons of delay reiterated by PTCUL for certain schemes where the capitalization was disallowed are partially controllable and



partially uncontrollable in nature. Further, PTCUL has not been able to provide any substantial evidence to prove that the delay was uncontrollable in nature. It is further observed that based on the documents provided by PTCUL in support of its claim and the submissions made by PTCUL, the Commission has already decided the capitalization for the said schemes. Therefore, the Commission is not inclined to revisit the capitalization disallowed for the schemes in the Final True Up of FY 2019-20, FY 2020-21 and FY 2021-22.

### 3.4 Gross Fixed Assets including additional capitalization

Based on the above, the GFA considered by the Commission for FY 2022-23 is shown in the Table given below:

**Table 3.24: Revised GFA approved by the Commission for FY 2022-23 (Rs. Crore)**

S. No.	Particulars	Approved in MYT Order dated dt. 31.03.2022	Claimed for True Up	Allowable
1	Opening value	1947.54	1863.65	1863.65
	<b>Claim against Disallowances of Previous Tariff Orders</b>	<b>0.00</b>	<b>87.25</b>	<b>0.00</b>
	<b>Addition</b>			
2	REC-II		6.07	5.99
3	REC VI		1.45	0.00
4	REC VIII		137.42	132.94
5	REC XIII		0.00	0.00
6	REC XIV		0.00	0.00
7	REC 9995		0.00	0.00
8	REC 10760		0.65	0.12
9	REC 10949		0.10	0.10
10	REC 10950		0.45	0.45
11	REC 10951	271.56	0.00	0.00
12	RCRM 9025		0.95	0.90
13	REC 10148		13.26	10.25
14	System Improvement Works			
	REC		0.32	0.00
	PFC		73.15	69.43
15	Deposit works		0.06	0.06
16	NABARD		0.00	0.00
17	Others		9.09	9.05
18	<b>Total Addition During the year</b>	<b>271.56</b>	<b>242.98</b>	<b>229.29</b>
19	Less: Deletions during the year	0.00	0.05	0.05
20	Net Addition during the year	271.56	242.93	229.24
21	<b>Closing value</b>	<b>2219.10</b>	<b>2193.83</b>	<b>2092.90</b>

### 3.5 Capital Structure

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

*“(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.

...

(6) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2022, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."

For Schemes capitalised prior to FY 2022-23, 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 2022-23 is shown in the Table given below:

**Table 3.25: Approved Means of Finance for FY 2022-23**

S. No.	Particulars	Grants	Debt	Equity	Total
1.	REC VI	0%	70%	30%	100%
2.	REC VIII	0%	70%	30%	100%
3.	REC 10760	0%	70%	30%	100%
4.	REC 10949	0%	70%	30%	100%
5.	REC 10950	0%	70%	30%	100%
6.	RCRM 9025	0%	70%	30%	100%
7.	REC 10148	0%	70%	30%	100%
8.	MYT Works	0%	70%	30%	100%
9.	System Improvement works	0%	70%	30%	100%
10.	Deposit Works & Grants	100%	0%	0%	100%
11.	System Strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2022-23 which works out as given below:

**Table 3.26: Details of Financing for Capitalization for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.68	238.71	1166.76	379.50	1863.65
2	Additions in the year					
	Claim against previous disallowance in previous Tariff Order		-	-	-	-
	REC II		-	4.19	1.80	5.99
	REC VI		-	-	-	-
	REC VIII		-	93.06	39.88	132.94
	REC 10760		-	0.09	0.04	0.12
	REC 10949		-	0.07	0.03	0.10
	REC 10950		-	0.32	0.14	0.45

**Table 3.26: Details of Financing for Capitalization for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
	RCRM 9025		-	0.63	0.27	0.90
	REC 10148		-	7.18	3.08	10.25
	System Improvement Works					
	REC		-	-	-	-
	PFC		-	48.60	20.83	69.43
	Deposit Works & Grants		0.06	-	-	0.06
	Others		-	6.33	2.71	9.05
<b>3</b>	<b>Total addition during the year</b>	<b>-</b>	<b>0.06</b>	<b>160.46</b>	<b>68.77</b>	<b>229.29</b>
4	Less Deletions during the year	0.05	-	-	-	0.05
<b>5</b>	<b>Closing Value</b>	<b>78.63</b>	<b>238.77</b>	<b>1327.22</b>	<b>448.27</b>	<b>2092.90</b>

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

*Aggregate Revenue Requirement, is the sum of:*

- (a) Operation and maintenance expenses;*
  - (b) Lease Charges;*
  - (c) Interest and Finance Charges on Loan Capital;*
  - (d) Return on equity capital;*
  - (e) Income-tax;*
  - (f) Depreciation;*
  - (g) Interest on working capital and deposits from Transmission System Users; and*  
*Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above;*
- minus:**
- (h) Non-Tariff Income;*
  - (i) Short-Term Open Access Charges; and*
  - (j) Income from Other Business to the extent specified in these Regulations:*
- ..."*

### 3.6.1 O&M expenses

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenses on staff, administration and repairs & maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2021 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&M<sub>n</sub> – Operation and Maintenance expense for the nth year;*
- *EMP<sub>n</sub> – Employee Costs for the nth year;*
- *R&M<sub>n</sub> – Repair and Maintenance Costs for the nth year;*
- *A&G<sub>n</sub> – Administrative and General Costs for the nth year;*

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

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

$$R\&M_n = K \times (GFA_{n-1}) \times (1+WPI_{inflation}) \text{ and}$$

$$A\&G_n = (A\&G_{n-1}) \times (1+WPI_{inflation}) + Provision$$

Where –

- *EMP<sub>n-1</sub> – Employee Costs for the (n-1)th year;*
- *A&G<sub>n-1</sub> – 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;*
- *GFA<sub>n-1</sub> - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *G<sub>n</sub> 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 G<sub>n</sub> shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

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

### **3.6.1.1 Employee expenses**

The Commission had approved the normative employee expenses of Rs. 116.37 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 128.35 Crore in the final true up of FY 2022-23.

The actual employee expense for FY 2022-23 is Rs. 135.64 Crore as against Rs. 92.45 Crore in FY 2021-22. 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 statutory increase in Basic Salary due to an annual increment of 3% for all employees of PTCUL during the FY 2022-23, increase in D.A. from 34% to 42%, other allowances and retirement benefits as per GoU directions and implementation of ACP which was accepted by Government of Uttarakhand vide order no. 12/I(2)/2021-06(2)-02/2015 T.C.-1 dated 06.01.2022 and implemented by PTCUL vide office Order No. 508 dated 06.04.2022.

In accordance with UERC Tariff Regulations, 2021 the Commission has computed the normative employee expense for FY 2022-23. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2022-23. Accordingly, the Commission has computed the CPI Inflation of 5.89% for FY 2022-23. The Commission has observed that there has been recruitment of 44 employees and retirement of 16 employees in FY 2022-23. Accordingly, the number of employees has increased to 893 in FY 2022-23 from 865 in FY 2021-22. Hence, the Commission has considered the G<sub>n</sub> factor as 3.24%.

The Commission finds that while the Petitioner has been submitting ambitious recruitment

plans at the time of projections, however, in actual, the actual recruitments have been consistently lower and number of employees retiring is outpacing the number of employees being recruited resulting in the number of employees reducing year on year till FY 2017-18. In years FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22 and FY 2022-23 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 Petitioner has considered EMPn-1 as Rs. 138.10 Crore for the computation of employee expenses as approved by the Commission for FY 2021-22. The Commission has worked out the normative employee expenses for FY 2022-23 considering the EMPn-1 as Rs. 138.10 Crore as approved during FY 2021-22 in accordance with the UERC Tariff Regulations, 2021.

With regard to capitalisation rate, the Commission observed that the Petitioner has considered the capitalisation rate of 14.31% for computing the employee expenses capitalised during FY 2022-23 based on the Employee expenses charged to Profit & Loss account for FY 2022-23 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 14.75% against the claim of 14.31% of the Petitioner. The variation in the Capitalization Rate is on account of Petitioner having considered the Actual Employee Expenses during FY 2022-23 as Gross Employee Expenses whereas Commission has considered Gross Employee Expenses as the sum of Employee Expenses recorded in Annual Account and Employee Expenses Capitalized less Performance Incentive.

With this approach the revised normative employee expenses approved by the Commission for FY 2022-23 works out to be Rs. 128.71 Crore.

**Table 3.27: Normative Employee expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23		
	Approved in Order dated 31.03.2022	Claimed for True Up	Allowable
EMPn-1	139.54	138.10	138.10
Gn	6.86%	2.42%	3.24%
CPIinflation	6.00%	5.89%	5.89%

**Table 3.27: Normative Employee expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23		
	Approved in Order dated 31.03.2022	Claimed for True Up	Allowable
<b>EMP<sub>n</sub> = (EMP<sub>n-1</sub>) x (1+G<sub>n</sub>) x (1+CPIinflation)</b>	<b>158.06</b>	<b>149.78</b>	<b>150.97</b>
Capitalisation rate	26.38%	14.31%	14.75%
Capitalised employee expenses	41.69	21.43	22.26
<b>Net employee expenses</b>	<b>116.37</b>	<b>128.35</b>	<b>128.71</b>
Impact of VII Pay Revision	0.00	0.0000	0.0000
<b>Total employee expenses</b>	<b>116.37</b>	<b>128.35</b>	<b>128.71</b>

Further, the actual employee expenses charged to P&L statement as per the audited accounts for FY 2022-23 are Rs. 135.64 Crore. The actual employee expenses for FY 2022-23 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual employee expense attributable to UITP projects is Rs. 2.72 Crore. Therefore, the actual employee expense for non-UITP projects works out to Rs. 132.92 Crore.

In line with the approach adopted in the final true up of FY 2020-21 and FY 2021-22, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2022-23 as Rs. 1.25 Crore. In accordance with the approach adopted in the true up of previous years, the impact of advance increment works out to Rs. 1.25 Crore is excluded from the actual employee expenses. Further, Performance Incentive of Rs. 4.74 is excluded from actual employee expenses for FY 2022-23.

As mentioned in the above para, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2022-23 as Rs. 1.25 Crore. Hence, after apportionment of the advance increment between UITP and Non-UITP projects, the expenses pertaining to Non-UITP projects works out to be Rs. 1.23 Crore. Further, the Commission has apportioned the Performance Incentive between UITP and Non-UITP projects, the expenses pertaining to Non-UITP projects works out to be Rs. 4.64 Crore. As explained in the above paras, the actual employee expenses pertaining to non-UITP projects works out to Rs. 132.92 Crore. Accordingly, the Commission has considered the actual employee expenses of Rs. 127.05 Crore for sharing of gains and losses after deducting the impact of advance increment and Performance Incentive from the actual employee expenses pertaining to non-UITP projects.

The employee expenses approved by the Commission for FY 2022-23 are shown in the Table

given below:

**Table 3.28: Employee expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order dt. 31.03.2022	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
Employee expenses	116.37	128.35	128.71	132.92	127.05

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2021 as elaborated below in Para 3.8 of this Order.

### 3.6.1.2 R&M expenses

The Commission had approved the normative R&M expenses of Rs. 42.52 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 45.03 Crore which includes the R&M Expenses of Rs. 1.26 Crore claimed towards the maintenance of 66 kV sub-stations at Thitki, Karnprayag, Kothiyalsain, Joshimath and 66 kV Srinagar -Joshimath Line and its associated lines taken over by PTCUL from UPCL in compliance to Commission's Order no. UERC/5/Tech/Pet.No. 10 of 2019/71 dated April 10, 2019.

The Commission for truing up of FY 2022-23 has considered the K factor as 2.13%, the same as approved in the MYT Order dated March 31, 2022 and has reworked the R&M expenses considering the closing GFA of FY 2021-22 as the opening GFA of FY 2022-23. The Commission has revised the WPI Inflation for FY 2022-23 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 5.32% for FY 2022-23.

The actual R&M expenses as per the audited accounts for FY 2022-23 are Rs. 45.15 Crore. The actual R&M expenses for FY 2022-23 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. 0.76 Crore. Therefore, the actual R&M expenses for non-UITP projects work out to Rs. 44.38 Crore.

Further, as mentioned under the Capitalization Section, the Petitioner has claimed the



capitalization of Rs. 0.05 Crore towards Furniture & Fixtures and Office Equipment. The Commission is of the view that these expenses are towards minor assets and are to be considered as part of Operations & Maintenance (O&M) expenses. Hence, the same has not been allowed as capitalization during FY 2022-23 and added to actual R&M expenses during FY 2022-23.

Further, with regard to the R&M Expenses of Rs. 1.26 Crore claimed by PTCUL towards the O&M of 66 kV assets, the Commission vide Letter dated December 18, 2023 had directed PTCUL to submit the supporting documents towards the expenses of Rs. 1.26 Crore. In response, PTCUL vide Letter dated December 23, 2023 has submitted the details of expenses pertaining to Rs. 1.26 Crore claimed towards the O&M of 66 kV assets.

Upon scrutinizing the details submitted by PTCUL it is observed that the details include Line Items such as "Stock Issue (Material received from 132 kV S/S Simli and issued to 66 kV S/s Karanprayag and Issue 66 kV SF-6 Circuit Breaker, Line Isolator etc. to 66 kV S/S Karanprayag)", "AMC (Period Feb 2021-July 2022)" and "Stock Issue (Material received from 132 kV S/S Simli and 400 kV S/S Srinagar and issued to 66 kV S/S Karanprayag (Flexible copper bond, PT Clamp, CRC, Clamps and Connectors, Disc insulator, Dog Conductor))". With regard to stock issue, the Commission observes that such line Items are mere Book Transfer wherein PTCUL has not submitted the details of Decapitalization of these assets from Simli and Srinagar Sub-station. Accordingly, Commission is not inclined to approve the expenses claimed against such Heads.

Further, the Commission observes that PTCUL has claimed AMC for 66 kV assets in the R&M. In this regard the Commission is of the opinion that AMC expenses should be met by Normative R&M Expenses approved by the Commission. Based on the observations made above, the Commission has approved Rs. 1.08 Core in addition to Normative R&M Expenses approved by the Commission for FY 2022-23 with regard to R&M expenses of 66 kV assets acquired from UPCL.

The R&M expenses approved by the Commission for FY 2022-23 is shown in the Table below:

**Table 3.29: R&M expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order 31.03.2022	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
R&M expenses	42.52	43.77	41.81	44.38	44.43
Add: R&M Expenses for 66 kV Assets	-	1.26	1.08	-	-
<b>Total R&amp;M Expenses</b>	42.52	<b>45.03</b>	<b>42.88</b>	<b>44.38</b>	<b>44.43</b>

As R&M expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2021 as elaborated in Para 3.8 of this Order.

### 3.6.1.3 A&G expenses

The Commission had approved the normative A&G expenses of Rs. 26.00 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 30.36 Crore.

In its Tariff Order dated February 27, 2019, April 18, 2020, April 26, 2021, March 31, 2022 and March 30, 2023 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 2022-23. 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 5.32% for FY 2022-23. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 5.32%.

With regard to capitalisation rate, the Commission has determined the capitalisation rate for FY 2022-23 for PTCUL after reducing the expenses towards Security Expenses, CSR, and License fee. Further, the Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2022-23 in addition to the normative A&G expenses. The actual A&G expenses as per the audited accounts for FY 2022-23 are Rs. 37.06 Crore. The actual A&G expenses for FY 2022-23 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. 0.54

Crore. Hence the actual A&G expense attributable to non-UITP projects is Rs. 36.52 Crore. Further, the Commission observes that the actual A&G expenses for FY 2022-23 are inclusive of the amount of Rs. 1.63 Crore towards the CSR activities and Rs. 0.09 Crore towards Donation. The expenses towards the CSR expenses and Donation should be met from own resources/profits of the company and, hence, CSR expenses & Donation corresponding to Non-UITP projects amounting to Rs. 1.70 Crore is reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 34.83 Crore for sharing of gains and losses.

The A&G expenses approved by the Commission for FY 2022-23 are shown in the Table below:

**Table 3.30: A&G expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order dt. 31.03.2022	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
A&G expenses	26.00	30.36	29.56	36.52	34.83

As A&G expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2021 as elaborated in Para 3.8 of this Order.

#### 3.6.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2022-23 upon truing up are as shown in the Table given below:

**Table 3.31: O&M expenses approved for FY 2022-23 (Rs. Crore)**

S. No.	Particulars	Approved in the Tariff Order dt. 31.03.2022	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
1.	Employee expenses	116.37	128.35	128.71	132.92	127.05
2.	R&M expenses	42.52	45.03	42.88	44.38	44.43
3.	A&G expenses	26.00	30.36	29.56	36.52	34.83
	<b>Total</b>	<b>184.89</b>	<b>203.73</b>	<b>201.15</b>	<b>213.83</b>	<b>206.31</b>

The normative O&M expenses approved by the Commission in the true up are in variation in comparison to the normative O&M expenses approved in the MYT Tariff Order on account of variation in Gn factor of employees, variation in escalation rates based on WPI and CPI and variation in capitalization rate of employee expenses and A&G expenses in comparison to that considered in MYT Tariff Order dated March 31, 2022.

### 3.6.2 Interest and Finance Charges

Regulation 27 of the UERC Tariff Regulations, 2021 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 1.4.2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2022 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 had approved the interest expenses of Rs. 57.43 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the interest expenses of Rs. 47.49 Crore in the final true up of FY 2022-23. The Petitioner has considered the closing loan balance approved in true up of FY 2021-22 as the opening loan balance for FY 2022-23. The Petitioner submitted that the loan addition during the year has been considered as per scheme wise means of finance and the actual GFA addition. The Petitioner submitted that the depreciation for the year has been considered as the normative repayment for the year. The Petitioner submitted that the actual weighted average interest rate of 9.65% has been considered for computing the interest expenses.

The Commission has considered the approved closing normative loan for FY 2021-22 as the opening normative loan for FY 2022-23. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2022-23 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 2022-23. The Commission directed the Petitioner to submit the details of the long-term borrowing for FY 2022-23 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 9.50% based on the long terms borrowings and corresponding interest pertaining to Non-UITP projects.

The interest expense approved by the Commission for FY 2022-23 is as shown in the Table given below:

**Table 3.32: Interest expenses approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order dt. 31.03.2022	Claimed by PTCUL	Approved
Opening Loan balance	468.41	405.44	405.44
Normative Loan Addition on account of capitalization disallowed in Previous Tariff Orders allowed during FY 2022-23 True Up	-	61.08	-
Drawl during the year	182.95	153.95	160.46
Repayment during the year	93.12	103.05	91.39
Closing Loan balance	558.24	517.41	474.51
Interest Rate	11.19%	9.65%	9.50%
<b>Interest</b>	<b>57.43</b>	<b>47.49</b>	<b>44.49</b>

### 3.6.3 Return on Equity

Regulation 26 of the UERC Tariff Regulations, 2021 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. 48.42 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the Return on Equity for FY 2022-23 as Rs. 65.97 Crore. The Petitioner has claimed Return on Equity on the average of opening equity and closing equity at the rate of 15.50%.

With reference to “Return on Equity on opening Equity as on the date of creation of PTCUL”, the Petitioner submitted that in the past Tariff Orders, the Commission had not allowed return on

equity on entire opening equity base approved by the Commission in the respective Tariff Orders. The return on opening equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in the form of a cess.

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

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

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

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening equity base excluding the equity from PDF at the rate of 15.50%.

The Commission has allowed the Equity Addition for FY 2022-23 as Rs. 68.54 Crore as against the Equity Addition of Rs. 65.98 Crore as claimed by PTCUL. The higher Equity addition allowance during the Year is majorly on account of consideration of SLDC Capitalization of Rs. 5.99 Crore in the Gross Block of PTCUL for FY 2022-23 truing Up as the truing up of SLDC is being carried out as part of PTCUL truing up and variation in Lakhvar Vyasi Scheme cost from Rs. 114.65 Crore to Rs. 130.27 Crore.

The Return on Equity approved by the Commission for FY 2022-23 is as shown in the Table given below:

**Table 3.33: Return on Equity approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order dated 31.03.2022	Claimed by PTCUL	Approved
Opening Equity	406.94	379.51	379.51
Normative Equity Addition on account of capitalization disallowed in Previous Tariff Orders allowed during FY 2022-23 True Up	-	26.18	-
Addition during the year	78.41	65.98	68.77
Closing Equity	485.34	471.66	448.28
Eligible Equity for Return	312.41	425.59	261.30
Rate of Return on Equity	15.50%	15.50%	15.50%
<b>Return on Equity</b>	<b>48.42</b>	<b>65.97</b>	<b>40.50</b>

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated March 31, 2022 had already approved RoE on Equity portion of Opening Capital Reserve of an amount of Rs. 78.99 Crore till FY 2020-21 from FY 2004-05. The opening capital reserve for FY 2022-23 is considered same as the closing capital reserve of FY 2021-22. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective year. In line with the Tariff Order dated March 31, 2022, the RoE on Opening Equity approved by the Commission for FY 2022-23 is shown in the Table given below:

**Table 3.34: RoE on Opening Equity approved for FY 2022-23 (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
<b>RoE on Opening Equity</b>	78.68	0.05	78.63	23.60	15.50%	3.66

Based on the above discussion, the allowable Return on Equity works out to Rs. 44.16 Crore (Rs. 40.50 Crore plus Rs. 3.66 Crore) for FY 2022-23.

### 3.6.4 Depreciation

Regulation 28 of the UERC Tariff Regulations, 2021 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. 93.12 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed depreciation of Rs. 103.05 Crore for true up of FY 2022-23.

The Commission has considered the closing GFA approved in the true up for FY 2021-22 as the opening GFA for FY 2022-23. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2022-23 in the same proportion as in the audited accounts for FY 2022-23 excluding additional capitalization pertaining to UITP schemes. The Commission has approved the depreciation for FY 2022-23 by applying the depreciation rates specified in the UERC Tariff Regulations, 2021. The Commission has deducted the depreciation on assets created out of grants/deposits by applying the weighted average rate of depreciation for FY 2022-23. Accordingly, the depreciation approved by the Commission for FY 2022-23 is shown in the Table given below:

**Table 3.35: Depreciation approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	93.12	103.05	91.39

### 3.6.5 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"*

The Petitioner has claimed income tax of Rs. 3.25 Crore for FY 2022-23. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2022-23.

The Commission observed that the current tax for FY 2022-23 is amounting to Rs. 3.89 Crore as per audited annual accounts for FY 2022-23.

As per Regulations 34 of the UERC Tariff Regulations, 2021, Income Tax is to be considered as per actuals, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check. Accordingly, the Commission has considered the actual income tax of the Petitioner.

The Commission observed from the audited annual accounts for FY 2022-23 that the total revenue is amounting to Rs. 432.51 Crore, comprising of revenue from operations for FY 2022-23 amounting to Rs. 372.68 Crore and Other incomes of Rs. 59.84 Crore. The Commission has considered the revenue of Rs. 1.16 Crore from Natural ISTS Transmission line for FY 2022-23 which has been reduced and accordingly, total revenue works out to Rs. 431.35 Crore. Further, the total revenue includes revenue of Rs. 42.26 Crore from 400 kV Srinagar S/s & Lines which are towards UITP schemes and revenue from BHPL of Rs. 1.83 Crore. The proportionate income tax of Rs. 0.38 Crore pertaining to revenue billed from UITP schemes and BHPL needs to be reduced while allowing the Income Tax for FY 2022-23. Accordingly, the Commission has approved the income tax of Rs. 3.49 Crore for FY 2022-23.

The variation in the Income Tax as approved by the Commission vis-à-vis Income Tax as claimed by PTCUL is on account of consideration of Revenue wherein Commission has considered Total Revenue of Rs. 432.51 Crore for the purpose of computing Tax for Regulated and Non-Regulated Business whereas PTCUL has only considered Revenue from Operations i.e. Rs. 372.68 for the purpose of apportioning Tax for Regulated and Non-Regulated Business.

### **3.6.6 Interest on Working Capital**

The Commission had approved the Interest on Working Capital of Rs. 9.85 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the normative Interest on Working Capital of Rs. 11.08 Crore in the final true up of FY 2022-23.

The Commission has determined the normative interest on working capital for FY 2022-23 in accordance with the UERC Tariff Regulations, 2021.

### 3.6.6.1 One Month O&M expenses

The annual O&M expenses approved by the Commission are Rs. 202.87 Crore for FY 2022-23. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 16.91 Crore for FY 2022-23.

### 3.6.6.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2021, which work out to Rs. 30.43 Crore for FY 2022-23.

### 3.6.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 284.31 Crore for FY 2022-23, which works out to Rs. 47.39 Crore for FY 2022-23.

Based on the above, the total working capital requirement of the Petitioner for FY 2022-23 works out to Rs. 94.72 Crore. The Commission has considered the rate of interest on working capital as 10.50% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of first time filing of the Tariff Petition of FY 2022-23 Tariff Determination and, accordingly, the interest on working capital works out to Rs. 9.95 Crore for FY 2022-23. The interest on working capital for FY 2022-23 approved by the Commission is as shown in the Table below:

**Table 3.36: Interest on working capital approved for FY 2022-23 (Rs. Crore)**

Particulars	Tariff Order dated 31.03.2022	Claimed by PTCUL	Approved
O&M expenses for 1 month	15.41	16.91	16.91
Maintenance Spares	27.73	30.44	30.43
Receivables for 2 months	50.71	50.72	47.39
<b>Working Capital</b>	<b>93.86</b>	<b>98.07</b>	<b>94.72</b>
Rate of Interest on Working Capital	10.50%	11.30%	10.50%
<b>Interest on Working Capital</b>	<b>9.85</b>	<b>11.08</b>	<b>9.95</b>

The actual interest on working capital as per Audited Accounts for FY 2022-23 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, 2021 as elaborated in Para 3.8 of this Order.

### 3.6.7 Non-Tariff Income

The Commission had approved the non-tariff Income of Rs. 15.00 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed the non-tariff Income of Rs. (0.05) Crore in the final true up of FY 2022-23. The Commission observes that the actual 'other income' as per the audited accounts is Rs. 59.83 Crore for FY 2022-23 and as per Trial Balance is Rs. 60.90 Crore for FY 2022-23. The Petitioner has not considered the 'other income' pertaining to namely (1) Interest on Investments in FDR (Rs. 14.92 Crore), (2) Interest on TDRs through sweep accounts (Rs. 7.13 Crore), (3) Interest on Income Tax refund (Rs. 0.63 Crore), (4) Forfeited Earnest Money and Security Money (Rs. 26.17 Crore), etc. Regulation 63(2) of the UERC Tariff Regulations, 2021 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.

With regard to the treatment of interest earned on the return on the investment made from RoE and interest on TDRs and FDRs, the Commission during the Truing Up of FY 2020-21 vide Order dated March 31, 2022 has remarked as under:

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

*In the matter, as discussed above, the BGs pertains to UITP schemes, accordingly, the Commission analysed the Trial Balance for FY 2017-18 of UITP projects and observed that no amount is shown under the head of FDRs and only Rs. 1.83 Crore entry appears in Trial Balance of UITP Schemes or Current Account in the said Trial Balance. Further, as far as meeting the expenditure towards UITP Scheme's projects through PTCUL funds is concerned, it is pertinent to mention that*

*the Commission allows depreciation which is a non-cash item used to meet repayment of Loans, normative O&M and Interest on Loan to meet its respective expenses. Further, approved amount pertaining to RoE retained with the Petitioner which is being invested in the form of FDRs as per the submissions of the Petitioner. However, in contrary, the Petitioner submitted the expenditure pertaining to 400 kV Srinagar S/s and associated transmission lines are met through funds of PTCUL. Moreover, UPCL delayed payments towards transmission charges of 400 kV Srinagar S/s & associated lines.*

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

Based on the methodology adopted in Truing Up of FY 2020-21 vide Order dated March 31, 2022, the Commission has considered the actual Interest Income from FDRs and Interest on TDRs through sweep accounts amounting to Rs. 22.05 Crore as Non-Tariff income. Further, the Commission has also considered forfeited earnest money and security money, penalties for delay in supplies/execution of works, connectivity charges etc. amounting to Rs. 26.65 Crore as Non-Tariff income. Accordingly, the Commission approves the Non-Tariff income amounting to Rs. 48.70 Crore.

### **3.6.8 Revenue from Short Term Open Access**

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 2.69 Crore for FY 2022-23.

The Commission crosschecked and observed that the revenue from Short and Medium Term Open Access pertaining to PTCUL is Rs. 2.69 Crore as per audited books of accounts for FY 2022-23 which includes the revenue from Short Term Open Access Charges of Rs. 2.69 Crore and NIL Income pertaining to Medium Term Open Access. Since, all the other income of SLDC like short term open access charges, registration charges, scheduling and operating charges, etc. are to be deposited into LDCD fund for the purpose as specified in Regulation 98 of UERC Tariff Regulations, 2021, the same has not been considered as part of revenue from short term open access. Accordingly,

the Commission has considered revenue of Rs. 2.69 Crore and deducted the same from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2021.

### **3.6.9 Revenue from Natural ISTS Lines**

The Petitioner has claimed Rs. 1.16 Crore as the revenue from Natural ISTS Lines for FY 2022-23. The Commission observed that as per Note 25 of audited annual accounts for FY 2022-23, Revenue against Natural ISTS Transmission Lines is Rs. 1.16 Crore. The revenue booked in the annual accounts for FY 2022-23 is also in line with the Revenue approved by CERC for FY 2022-23 towards Natural ISTS Lines of PTCUL vide order dated 25.11.2021 in Petition No. 463/TT/2020. Hence, the Commission has approved the revenue from Natural ISTS Lines of Rs. 1.16 Crore for FY 2022-23.

### **3.7 Transmission Availability Factor**

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to the Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2021. The actual Transmission Availability Factor for FY 2022-23 was 99.67%. Regulation 65 of the UERC Tariff Regulations, 2021 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2022-23, the Commission observed that the Petitioner has received an incentive of Rs. 3.50 Crore on account of higher Transmission Availability Factor for FY 2022-23. As per UERC Tariff Regulations, 2021, 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. 3.50 Crore in accordance with the UERC Tariff Regulations, 2018.

### **3.8 Sharing of gains and losses**

Regulation 12 of the UERC Tariff Regulations, 2021 specifies as follows:

*"12. Annual Performance Review*

...

(5) The “uncontrollable factors” shall include such of the factors which are beyond the control of, 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 shall not be 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 on an order recording-

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

b) The approved aggregate gain or loss to the Applicant on account of controllable factors and sharing 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 current and/or 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 Applicant shall be carried forward to the ensuing financial year, alongwith carrying cost at the rate of interest applicable for the year of the tariff period, determined in accordance with the Regulation 33 of these Regulations.”

Regulation 13 of the UERC Tariff Regulations, 2021 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, 2021 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, 2021, 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 2022-23 is as shown in the Table given below:

**Table 3.37: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2022-23 (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	206.31	201.15	(5.16)	(1.72)	202.87
Interest on Working Capital	0.00	9.95	9.95	3.32	6.63
Gain on Efficiency in Performance Parameter (Availability)	0.00	3.50	3.50	1.17	2.33

### 3.9 Aggregate Revenue Requirement

Based on the computation of various components of ARR in the section above, the

Commission has worked out the Trued-Up ARR for PTCUL for FY 2022-23. Further, the Commission has not trued-up the SLDC charges separately and it has been carried out as a part of overall true-up of PTCUL.

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2022-23 is as shown in the Table given below:

**Table 3.38: Aggregate Revenue Requirement approved for FY 2022-23 (Rs. Crore)**

Particulars	Approved in Tariff Order dated 31.03.2022	Claimed for True Up	Approved
O&M expenses	184.89	202.93	202.87
Interest on loan	57.43	47.49	44.49
Return on Equity	48.42	65.97	44.16
Income tax	0.00	3.25	3.49
Depreciation	93.12	103.05	91.39
Interest on working capital	9.85	11.08	6.63
<b>Aggregate Revenue Requirement</b>	<b>393.72</b>	<b>433.77</b>	<b>393.03</b>
<i>Add:</i>			
True up of previous years	(55.00)	(55.00)	(55.00)
<i>Minus:</i>			
Non-Tariff Income	15.00	-0.05	48.70
Revenue from STOA charges	2.44	2.69	2.69
Revenue from Natural ISTS Lines	1.16	1.16	1.16
Sharing of Availability incentive	0.00	1.17	1.17
<b>Net ARR including SLDC Charges</b>	<b>320.12</b>	<b>373.80</b>	<b>284.31</b>
<i>Minus: SLDC Charges</i>	15.82	0.00	0.00
<b>Net ARR excluding SLDC Charges</b>	<b>304.30</b>	<b>373.80</b>	<b>284.31</b>

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

### 3.10 Revenue gap/(surplus) for FY 2022-23

The revenue gap/(surplus) for FY 2022-23 after sharing of gains and losses is shown in the Table given below:

**Table 3.39: Revenue gap/(surplus) for FY 2022-23 (Rs. Crore)**

Particulars	Claimed by PTCUL	Approved
Trued up ATC after sharing of gains and losses*	373.80	284.31
ATC approved in the Tariff Order*	304.29	320.12
<b>Revenue Gap/(Surplus)</b>	<b>69.51</b>	<b>(35.81)</b>

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

Hence, the Commission has approved the revenue surplus of Rs. 35.81 Crore as against the revenue gap of Rs. 69.50 Crore claimed by PTCUL.

### 3.11 Total revenue gap/surplus to be carried forward to FY 2024-25

The revenue surplus to be adjusted in the ATC of FY 2024-25 including carrying cost is as



shown in the Table below:

**Table 3.40: Total revenue surplus to be adjusted in FY 2024-25 approved by the Commission (Rs. Crore)**

<b>Particulars</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Opening Gap/(Surplus)	0.00	(37.69)	(41.95)
Addition	(35.81)	0.00	41.95
Closing Gap/(Surplus)	(35.81)	(37.69)	-
Interest Rate	10.50%	11.30%	11.30%
Carrying cost/(Holding cost)	(1.88)	(4.26)	(2.37)
<b>Cumulative Gap/(Surplus)</b>	<b>(37.69)</b>	<b>(41.95)</b>	<b>(44.32)</b>

## 4 Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2023-24 and ARR for FY 2024-25

### 4.1 Annual Performance Review

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

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

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

- a) *A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;*
- b) *Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);*
- c) *Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;*
- d) *Computation of sharing of gains and losses on account of controllable factors for the previous year."*

The Commission vide its MYT Order dated March 31, 2022 approved the MYT Petition of the Petitioner for the Fourth Control Period from FY 2022-23 to FY 2024-25 based on the audited accounts available till FY 2020-21. The Commission vide Tariff Order dated March 30, 2023 approved the ARR for FY 2023-24 based on audited accounts available till FY 2021-22. The Petitioner, in this Petition has submitted the truing up for FY 2022-23 based on the audited accounts for FY 2022-23 and proposed the revision of estimates for FY 2023-24 and FY 2024-25. The Petitioner, based on the final Truing up for FY 2022-23, also proposed the revenue gap for FY 2022-23 to be adjusted in FY 2024-25.

The Commission in this Tariff Order has carried out the Truing up for FY 2022-23 in accordance with UERC Tariff Regulations, 2021 as elaborated in the preceding Section. Further, in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021, the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. Hence, the Commission under the provisions of Regulation 12(3) of the UERC Tariff Regulations, 2021 has revised the ARR for FY 2024-25 based on the approved capitalization for FY 2022-23 and revised estimated capitalization for FY 2023-24. The Commission has computed certain expenses for FY 2023-24 based on the revised GFA for FY 2022-23 and FY 2023-24 only to facilitate the computations for FY 2024-25. The approach adopted by the Commission in the approval of each element of ARR for FY 2024-25 is elaborated in the subsequent paragraphs.

#### 4.2 Capitalization for FY 2023-24

The Commission vide its MYT Order dated March 31, 2022 on approval of MYT for the Fourth Control Period from FY 2022-23 to FY 2024-25 had approved capitalization of Rs. 271.38 Crore for FY 2023-24. As against the same, the Petitioner in the present Petition has proposed the revised capitalization of Rs. 240.85 Crore for FY 2023-24. The Petitioner in the Petition has submitted that the actual capitalization during the period from April, 2023 to September 2023 is Rs. 135.54 Crore. Details of the same are shown in the Table below:

**Table 4.1: Actual capitalization during April 2023 to September 2023 as submitted by PTCUL**

Sr. No.	Name of the Scheme	Scheme	Amount capitalized till Sep. 23 (Rs. Crore)	Date of Completion
<b>Projects other than deposit work/Grant</b>				
1.	132 kV Single Circuit line on D/C Tower from Pithoragarh to Champawat (Lohaghat)	REC-VII	80.66	31-05-2023
2.	Supply of T&P items for maintenance of substation and transmission lines under 132 kV O&M Division Kashipur at 132 kV S/s, Kashipur.	Capital Internal Resources	0.06	02-05-2023
3.	Supply of Tools for maintenance of substation equipment and 400 kV line at 400 kV S/s Kashipur	Capital Internal Resources	0.06	22-07-2023
4.	Construction of 2 Nos. 33 kV bays at 220 kV Substation, Jhajhra	O&M Capital Works	0.43	24-12-2020
5.	Providing and fixing ceasefire water mist and CAF low pressure trolley mounted fire extinguisher 6 ltr. capacity 50 ltr. Model CF 000782 at 220 kV S/s Jhajhra	Capital Internal Resources	0.11	05-08-2023
6.	Work of replacement of 110 Volt 300 AH Battery Set and 110 Volt Battery Charger at 132 kV Substation, Purkul	Capital Internal Resources	0.22	24-07-2023

**Table 4.1: Actual capitalization during April 2023 to September 2023 as submitted by PTCUL**

Sr. No.	Name of the Scheme	Scheme	Amount capitalized till Sep. 23 (Rs. Crore)	Date of Completion
7.	Work of replacement of old 132 kV Circuit Breaker (782) & old 33 kV VCB Circuit Breaker (1&4) at 132 kV Substation Bindal	Capital Internal Resources	0.39	01-06-2023
8.	Work of providing and fixing of 33 kV Lightning Arrester at all 33 kV feeders fed from 220 kV S/s Jhajhra	Capital Internal Resources	0.12	11-06-2023
9.	work of procurement and erection work of 33 kV surge arresters at 132 kV S/s Bindal	Capital Internal Resources	0.09	07-07-2023
10.	Work of prevention of soil erosion at tower no. 67, DA+25 of 400 kV Kashipur-Moradabad and 400 kV Kashipur-Nehtaur D/C Line (Protection wall).	Capital Internal Resources	0.58	09-05-2023
11.	132 kV S/C line on D/C tower from Pithoragarh (PGCIL) - Champawat (Lohaghat)	REC-VII	4.27	02-06-2023
12.	Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar		-0.03	29-08-2022
13.	LILO of 132 kV Chilla-Nazibabad Line at 132 kV S/S Padartha (Patanjali), Haridwar	PFC-3039	0.33	16-08-2022
14.	220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi	REC-VIII	9.60	07-05-2022
15.	Const. of 132 kV GIS S/s at Bageshwar (9303013)	PFC-3013	2.98	08-01-2020
16.	Supply, Erection & Testing and commissioning of 160 MVA 220/132 kV Transformer and its associated 220 kV and 132 kV Bays at 400 kV S/s Kashipur.	PFC-3037	2.94	09-02-2023
17.	Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18	REC-10949	1.62	27-04-2023
18.	Supply, Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamluaganja, Haldwani.	REC-10951	1.30	07-02-2022
19.	Supply, Erection and Testing & Commissioning of 132/33 kV Transformer and its associates 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	REC-10950	0.80	24-03-2022
20.	Implementation of Intra-state ABT metering scheme for onlineing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun	REC-10148	0.23	24-04-2022
21.	Const. of 220 kV Pirankaliyar - Puhana (PGCIL) Line	REC-SI	0.05	19-09-2020
<b>Sub-Total</b>			<b>106.82</b>	
<b>Projects under deposit work</b>				
22.	Construction of a 220 kV, 2 Phase Bay at 220 kV s/s Jafarpur for IRCON	Deposit	1.32	24-05-2023
23.	Construction of 220 kV, 2 Phase Line from 220 kV S/s Jafarpur to TSS Rudrapur of IRCON	Deposit	27.40	24-05-2023
<b>Sub-Total</b>			<b>28.72</b>	
<b>Total</b>			<b>135.54</b>	

The Petitioner in its Petition proposed the capitalization of the following projects during the period from October 2023 to March 2024 which are shown in the Table below:

**Table 4.2: Works proposed to be capitalized during October, 2023 to March, 2024 as submitted by PTCUL**

Sr. No.	Name of the Scheme	Scheme	Proposed capitalization (Rs. Crore)	Expected Date of Completion
<b>Projects other than Deposit Work/ Grant</b>				
1.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	19.65	31-03-2024
2.	Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh	REC-XIII	84.11	31-12-2023
3.	Work of Supply and Erection and Commissioning of 1 Nos. - 33/415 kV Substation Transformer including civil work with complete accessories at 220 kV Substation Jhajhra	Capital Internal Resources	0.27	10-11-2023
4.	Work of strengthening of 220 Volt 500 AH Battery Set (VRLA) at 220 kV Substation Jhajhra	Capital Internal Resources	0.23	10-11-2023
5.	Work of Replacement of old 33 kV Vacuum Circuit Breaker For 80 MVA Transformer -1, 2 LV side at 220 kV Substation Jhajhra	Capital Internal Resources	0.11	10-02-2024
6.	Supply & Erection for replacement of old 110 Volt 300 AH lead acid Battery Set and cells of 110 Volt, 300AH VRLA battery bank at 132 kV Substation, Bindal	Capital Internal Resources	0.19	25-11-2023
7.	Procurement of 132 kV & 33 kV Current Transformer at 132 kV S/s Bindal	Capital Internal Resources	0.12	06-11-2023
8.	Replacement of tower No. 18B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.29	28-02-2024
9.	Replacement of tower No. 8B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.43	04-03-2024
10.	Work of Strengthening of 220 Volt 500AH Battery Set (VRLA) and Replacement of old 33 kV Vacuum Circuit Breaker for 33 kV Feeders at 220 kV Substation Jhajhra	Capital Internal Resources	0.53	25-03-2024
11.	Construction of 1 No 33 kV Bay at 132 kV Bindal	Capital Internal Resources	0.39	25-03-2024
12.	Work of making protection wall for safety of tower no. 93 of 400 kV d/c Kashipur-Dhampur line at 400 kV sub-station, Kashipur	Capital Internal Resources	0.42	07-03-2024
13.	Work of construction of new boundary wall around substation campus at 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.24	31-03-2024
14.	Work of construction of new approach road at 132 kV Sub-Station, Kashipur & 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.52	31-03-2024
15.	Work of erection of Jack Bus bay at 132 kV S/s Bindal	Capital Internal Resources	0.12	25-12-2023
16.	Providing and Installation of Electric Fencing in 400 kV & 220 kV Switch yard at 400 kV Substation Rishikesh	Capital Internal Resources	0.27	03-10-2023
17.	Procurement of 33 kV Different Ratio Single Phase (3 Core) CTs for 132 kV S/S Majra, Dehradun	Capital Internal Resources	0.09	31-03-2024
18.	Procurement of 145 kV 400-200/1 Amp Single Phase (5 Core) CTs and 200/100/1Amp Single Phase (5 Core) CTs at 132 kV S/S Majra, Dehradun	Capital Internal Resources	0.08	31-03-2024
19.	Work of Replacement of old 33 kV VCB Circuit Breaker at 132 kV Substation Majra	Capital Internal Resources	0.26	30-07-2023
20.	Supply and Installation of MS SP Fire Extinguisher with unique and Automatic discharge mechanism at 220 kV GIS S/s IIP, Harrawala Dehradun	Capital Internal Resources	0.11	24-04-2023
21.	Work of Providing, Fixing and installation of Indoor and Outdoor Distribution Panels and cabling work to provide 400 Amp 415 volt 4 pole MCCB supply in outside area near Transformers for doing various works like centrifuging, Testing, etc at 220 kV GIS Substation IIP Harrawala	Capital Internal Resources	0.07	31-03-2024
22.	Work for providing, Fixing, Commissioning and Installation of	Capital Internal	0.10	31-03-2024

**Table 4.2: Works proposed to be capitalized during October, 2023 to March, 2024 as submitted by PTCUL**

Sr. No.	Name of the Scheme	Scheme	Proposed capitalization (Rs. Crore)	Expected Date of Completion
	Transformer Oil Online Dry Out System at 132 kV S/s, Majra, Dehradun	Resources		
23.	Work of Strengthening of AC LT and Illumination System at 132 kV Substation Majra	Capital Internal Resources	0.10	31-03-2024
<b>Sub-Total</b>			<b>108.71</b>	
<b>Projects under deposit work</b>				
24.	Construction of 132 kV Switching S/s at M/s Gold plus Premises Landhora	Deposit	4.50	30-11-2023
<b>Sub-Total</b>			<b>4.50</b>	
<b>Total</b>			<b>113.21</b>	

From the above Tables, the Commission observed that the projects amounting to Rs. 113.21 Crore are expected to be completed in second half of the FY 2023-24. With regard to schemes proposed to be capitalized during second half of FY 2023-24, the Commission vide Letter dated December 18, 2023 asked PTCUL to submit the details of physical progress (%) till date against the expected date of completion.

In response, PTCUL vide reply dated 06.01.2024 submitted the details of physical progress with respect to projects proposed to be capitalized in the second half of the FY 2023-24 wherein it was observed that the physical progress for 10 schemes proposed to be capitalized in the second half of FY 2023-24 was in the range of 0% of 50%. During the TVS Session, PTCUL agreed to re-assess the completion date with respect to physical progress and submit the revised date of capitalization along with the current status. The Petitioner in its reply dated January 30, 2024 submitted the actual date of the projects already capitalized and revised expected date of completion for the projects proposed to be capitalized during second half of FY 2023-24 as shown in the Table below:

**Table 4.3: Actual Physical Progress submitted by PTCUL**

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized (Rs Crore)	Revised expected date of Completion as submitted by the Petitioner dated 30.01.2024	Revised actual Physical Progress submitted by the Petitioner dated 30.01.2024 (in %)
1.	Work of Replacement of old 33 kV Vacuum Circuit Breaker For 80 MVA Transformer -1, 2 LV side at 220 kV Substation Jhjhra	Capital Internal Resources	0.11	28-02-2024	0%
2.	Supply & Erection for replacement of old 110 Volt 300 AH lead acid Battery Set and cells of 110 Volt, 300AH VRLA battery bank at 132 kV Substation, Bindal	Capital Internal Resources	0.19	15-01-2024	100%
3.	Replacement of tower No. 18B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.29	31-05-2024	10%

**Table 4.3: Actual Physical Progress submitted by PTCUL**

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized (Rs Crore)	Revised expected date of Completion as submitted by the Petitioner dated 30.01.2024	Revised actual Physical Progress submitted by the Petitioner dated 30.01.2024 (in %)
4.	Replacement of tower No. 8B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.43	31-05-2024	10%
5.	Work of Strengthening of 220 Volt 500AH Battery Set (VRLA) and Replacement of old 33 kV Vacuum Circuit Breaker for 33 kV Feeders at 220 kV Substation Jhajhra	Capital Internal Resources	0.53	31-12-2024	0%
6.	Construction of 1 No 33 kV Bay at 132 kV Bindal	Capital Internal Resources	0.39	No Revised Date Provided by PTCUL	0%
7.	Work of making protection wall for safety of tower no. 93 of 400 kV d/c Kashipur-Dhampur line at 400 kV sub-station, Kashipur	Capital Internal Resources	0.42	31-03-2024	50%
8.	Work of construction of new boundary wall around substation campus at 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.24	28-02-2024	65%
9.	Work of construction of new approach road at 132 kV Sub-Station, Kashipur & 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.52	31-03-2024	0%
10.	Work for providing, fixing, commissioning and installation of transformer oil online dry out system at 132 kV S/s Majra, Dehradun	Capital Internal Resources	0.09	31-01-2024	75%
<b>Sub-Total</b>			<b>3.21</b>		

After analyzing the revised data as submitted by the Petitioner, the Commission observed that for some of the projects, PTCUL has submitted that the projects will get completed beyond FY 2023-24. Accordingly, the Commission has only considered capitalization of those works in FY 2023-24 which have either been completed or have attained substantial physical progress till date and will be completed by March 31, 2024.

Further, the commission observes that the Petitioner has proposed to capitalize Scheme "Construction of 132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV Sub-station Lohaghat (Champawat) of PTCUL" during FY 2023-24. The Commission observes that although Scheme has achieved substantial progress, however, PTCUL has not planned the downstream asset (i.e. Sub-station at Lohaghat) yet. The Commission vide its letter No. UERC/7/CL/460/2020-21/1388 dated 10.03.2021 had given in-principle approval to PTCUL for charging the said line at 33 kV voltage level temporarily till construction of 132 kV GIS S/s at Lohaghat. With regard to capitalization of the line consequent to its charging at 33 kV i.e. at voltage lower than the intended voltage (132 kV), the Commission had held that the decision shall be taken at the time of filling of Tariff/ARR Petition. The Commission

feels that the proposed 132 kV line has been charged at a lower voltage and is not been put to its intended use. The Commission in line with the decisions taken in its earlier Orders, is not inclined to approve the capitalization of Rs. 84.93 Crore claimed against the said line. There is a huge mismatch in planning of downstream asset. **The Petitioner is directed to ensure proper planning of assets which form part of a single scheme in future and take up the implementation of such assets simultaneously to avoid mismatch in CoD of such assets.**

Further, the commission observes that the Petitioner has proposed to capitalize Scheme “132 kV S/C link line between 132 kV S/s Purkul and Bindal” during FY 2023-24. The Commission observes that the Petitioner under Revised Form 9A submitted vide Letter dated December 23, 2023 has submitted that the out of 56 Nos. of Towers proposed to be erected under the scheme, 51 towers have been erected till the month of submission of Letter dated December 23, 2023. In view of the above the Commission observes that it is highly unlikely that the complete erection works of the towers along with stringing and charging of the Transmission Line shall be completed by the proposed date of capitalization i.e. March 31, 2024 and the same is expected to be capitalized during FY 2024-25. Accordingly, the Commission is not inclined to approve the capitalization of Rs. 19.65 Crore claimed against the scheme during FY 2023-24. The Commission has shifted and approved the capitalization of Rs. 19.65 Crore against the said scheme during FY 2024-25.

Further, the commission observes that the Petitioner has proposed to capitalize Scheme “Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh” during FY 2023-24. The Commission observes that the Petitioner under Revised Form 9A vide Letter dated December 23, 2023 has submitted that the said Substation is proposed to be Back Charged at 33 kV”. The Commission observes that the said substation was supposed to be charged at 220 kV level, however, in contrast the same has been back charged at 33 kV level which defeats the intended purpose of development of the said asset. Accordingly, the Commission is not inclined to approve the capitalization of Rs. 84.11 Crore claimed against the scheme during FY 2023-24. The Commission expects that the said substation shall be charged at 220 kV level during FY 2024-25 and has shifted and approved the capitalization of Rs. 84.11 Crore against the said scheme during FY 2024-25.

Based on the observations made by the Commission, the total amount of capitalization for first half of FY 2023-24 approved by the Commission works out to Rs. 46.30 Crore and the total amount of capitalization approved by the Commission for second half of FY 2023-24 works out to Rs. 7.82 Crore.



Therefore, the amount approved by the Commission to be capitalized during FY 2023-24 is Rs. 54.12 Crore. Based on the above discussion, GFA claimed by the Petitioner and GFA approved by the Commission for FY 2023-24 is as follows:

**Table 4.4: GFA Base approved for FY 2023-24 (Rs. Crore)**

S. No.	Particulars	Approved in Tariff Order dated 30.03.2023	Claimed by PTCUL	Approved in APR
1.	Opening GFA	2075.32	2162.59	2092.90
2.	Capitalization during the year	27.23	240.85	54.12
3.	Closing GFA	2102.55	2411.69	2147.02

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 2023-24 based on the audited accounts for FY 2023-24 and give effect on this account in the ARR of FY 2025-26 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2021. The Commission has computed certain expenses for FY 2023-24 based on the revised GFA for FY 2023-24 only to facilitate the computations for the ensuing FY 2024-25. The Commission at this stage has not carried out the detailed prudence check of capitalized works considered during FY 2023-24 including time over-run and cost over-run as the objective at this stage for carrying out Annual Performance Review for FY 2023-24 is to revise the estimates for current year, i.e. FY 2023-24, and give its effect while approving the ARR for FY 2024-25. The Commission will carry out the detailed prudence check of actual works capitalized during FY 2023-24 while carrying out the truing up for FY 2023-24 based on the audited accounts.

### 4.3 Capitalization during FY 2024-25

The Commission, in the approval of Business Plan for the Fourth Control Period from FY 2022-23 to FY 2024-25 had approved the capitalization of Rs. 271.26 Crore for FY 2024-25. As against the same, the Petitioner has proposed the revised capitalization of Rs. 255.50 Crore for FY 2024-25.

The Commission observed that the Petitioner is adopting the practice of projecting capitalization on a higher side in its tariff petitions while on the other side, the actual capitalization is lower than the approved capitalization as observed in truing up for FY 2022-23. This results in over-projection of ARR and Tariff at the time of approval of ARR for ensuing years and creates a situation of over-recovery by the Petitioner with surplus to be returned by the Petitioner along with

the carrying cost.

In view of above, PTCUL in response to the Commission's letter dated December 18, 2023 submitted details of physical progress and financial progress (%) of the following schemes proposed to be capitalized during FY 2024-25:

S. No.	Name of Scheme/Description of Investment	Expected date	Project updates	Physical Progress (%)	Financial Progress (%)
1.	220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV S/s Rudrapur (Baramwari)	31.05.2024	Foundations 46/52; Tower erection 45/52; Stringing 13.11/15.5 ckm	91%	68.73%
2.	Construction of 220 kV D/C Line from Loc No.1 to 26 of 220 kV D/C LILO Line from Jauljivi PGCIL to Baram to 400 kV S/s PGCIL Jauljivi	21.02.2025	Tower schedule and profile approved. Final Forest Clearance awaited from GOI	60%	39.16%
3.	Stringing of Second circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with Construction of 132 kV Bay at Bazpur	31.05.2024	LOA issued on 26.03.2023	20%	0%
4.	Reliagnment of 220 kV Kashipur Pantnagar D/C. Line near Ginger Hotel Rudrapur (US nagar)*	Nov-2024	LOA awarded on 06.11.2023	NIL	NIL
5.	132 kV Underground D/C Cabling work at Srinagar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	31.12.2025	Work awarded but will start post approval from forest deptt	NIL	NIL
6.	Construction of 132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching S/s) TSS of Rail Vikas Nigam Limited (RVNL)	31.12.2025	Work awarded, pending for approval from forest deptt	NIL	3.47% Mobilisation advance
7.	132kV 2 phase line on d/c towers from 132 kV S/s kichha to TSS Lalkuwan	31.03.2025	Work Awarded Deposit Work	NIL	NIL
8.	Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited (RVNL) at 132 kV S/s, Simli	31.12.2025	Work in action	15%	11.50%
9.	132 kV bay at 132 kV S/s Kichha	01.12.2024	Work Awarded Deposit Work	NIL	NIL
10.	132 kV bay at 132 kV S/s Kashipur	01.07.2024	Work Awarded Deposit Work	15%	NIL

During the TVS Session, PTCUL agreed to re-assess the completion date with respect to physical progress and submit the revised date of capitalization. The Petitioner in its reply dated January 30, 2024 submitted the actual and revised expected date of completion for the

projects proposed to be capitalized during FY 2024-25. The details of the same along with the approved Capitalization for FY 2024-25 is shown in the Table below:

**Table 4.5: Works proposed to be capitalized during FY 2024-25 as submitted by PTCUL**

S. No.	Name of the Scheme	Proposed capitalization in FY 2023-24 (Rs Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs Crore)
1.	Erection and commissioning of new bay for existing 50 MVAR Reactor at 400 kV S/s Rishikesh	1.62	30-09-2024	30-04-2025	0
2.	Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur	17.33	31-03-2025	31-12-2025	0
3.	220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV S/s Rudrapur (Baramwari)	32.08	31-05-2024	31-05-2024	0
4.	Construction of 220 kV D/C Line from Loc. No. 27 (i.e. of LILO of 220 kV DC Dhauliganga Pithoragarh PGCIL line at 220 kV GIS Baram) to 400 kV Substation PGCIL Jauljivi	41.13	21-02-2025	21-02-2025	41.13
5.	Construction of 220 kV D/C Line from Loc No.1 to 26 of 220 kV D/C LILO Line from Jauljivi PGCIL to Baram to 400 kV S/s PGCIL Jauljivi				
6.	Augmentation of Transformer capacity from 1X25+1X50 MVA to 2X50 MVA Transformer (220/33 kV) at 220 kV S/s SIDCUL, Haridwar	10.00	31-03-2025	31-12-2025	0.00
7.	Augmentation of Transformer capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) for procurement, Installation, Testing & Commissioning of 01 no. additional 132/33 kV 40 MVA T/F and Construction of associated 132/33 kV bay at 220 kV S/s Rishikesh.	8.33	31-03-2025	31-06-2025	0.00
8.	Work of replacement of old ACSR panther of 132 kV Kashipur (400)-Kashipur Ckt-I line and 132 kV Kashipur (400)-Kashipur Ckt-II line with High capacity HTLS conductor.	12.81	31-03-2025	31-03-2025	12.81
9.	Stringing of Second circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with Construction of 132 kV Bay at Bazpur	13.86	31-05-2024	31-05-2024	14.00
10.	Augmentation of Transformer capacity from 3X40 MVA to 2X40+1X80 MVA Transformer (132/33 kV) at 132 kV S/s Jwalapur.	10.00	Dec-24	Scheme Removed	0.00
11.	Increasing Capacity of 132 kV Substation Bazpur from 1x80+1x40 MVA to 2x80 MVA and of 132 kV S/s	14.96	31-03-2025	31-03-2025	14.96

**Table 4.5: Works proposed to be capitalized during FY 2024-25 as submitted by PTCUL**

S. No.	Name of the Scheme	Proposed capitalization in FY 2023-24 (Rs Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs Crore)
	Ramnagar from 1x40+1x20 to 2x40 MVA				
12.	Increasing capacity of S/S by 1x80 MVA at 132 kV S/S Mangalore.	11.82	25-03-2025	25-12-2025	0.00
<b>Sub-Total</b>		<b>173.94</b>			<b>82.90</b>
<b>Projects under Deposit work</b>					
1.	Realignment of 220 kV Kashipur Pantnagar D/C. Line near Ginger Hotel Rudrapur (US Nagar)	2.57	Nov-24	-	2.57
2.	132 kV Underground D/C Cabling work at Srinagar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	2.79	Dec-24	31-06-2025	0
3.	Construction of 132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching S/s) TSS of Rail Vikas Nigam Limited (RVNL)	10.25	Dec-24	31-06-2025	0
4.	132 kV 2 phase line on d/c towers from 132 kV SS Kichha to TSS Lalkuwan	12.45	31-03-2025	31-06-2025	0
5.	Work of shifting of 132 kV HT underground cable of Railway line at 132 kV Jwalapur Railway station.	4.68	Jun-24	31-12-2024	4.68
6.	Supply, Erection, Testing & Commissioning for additional 20 MVA Transformer at 132 kV IDPL S/s Rishikesh.	2.00	31-03-2025	31-06-2025	0.00
7.	Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited (RVNL) at 132 kV S/s, Simli	3.72	Dec-24	31-12-2025	0.00
8.	Construction of 132 kV GIS Switching S/s for RVNL at Rishikesh and 132 kV GIS Switching S/s for RVNL at Ranihat (Srinagar)	36.66	Dec-24	31-12-2024	36.66
9.	132 kV bay at 132 kV S/s Kichha	2.16	01-12-2024	31-12-2024	2.16
10.	132 kV bay at 132 kV S/s Kashipur	4.28	01-07-2024	01-07-2024	4.28
<b>Sub-Total</b>		<b>81.56</b>			<b>50.35</b>
<b>Total</b>		<b>255.50</b>			<b>133.25</b>

Based on revised submissions of PTCUL, the Commission observed that most of the schemes are scheduled to achieve Commercial Operation beyond FY 2024-25. Therefore, the Commission has considered capitalization for those projects only whose details are provided by the Petitioner and are expected to be completed during FY 2024-25. Further, with regard to the Scheme “220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV Substation Rudrapur (Baramwari)” proposed to be capitalized during FY 2024-25, the Commission observes that the works for associated downstream asset i.e. Baramwari Substation has not yet

started. In the absence of the Substation the proposed Transmission line shall not be put to its intended use. Therefore, the commission has not considered the capitalization proposed for the scheme during FY 2024-25. The same shall be considered when the works for Baramwari Substation are completed and the scheme is capitalized.

Further, as laid out in the Section 4.2, the Commission also approves Capitalization for following Schemes during FY 2024-25:

- a. 132 kV S/C link line between 132 kV S/s Purkul and Bindal
- b. Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh

Details of schemes are mentioned below:

**Table 4.6: Spillover Capitalization from FY 2023-24 being allowed during FY 2024-25**

S. No.	Name of the Scheme	Scheme	Amount approved during FY 2024-25 (Rs. Crore)
1.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	19.65
2.	Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh	REC-XIII	84.11
<b>Total</b>			<b>103.76</b>

Accordingly, a total amount of Rs. 237.01 Crore has been considered by the Commission towards asset capitalization for FY 2024-25. Further, the Commission has considered the Opening GFA for FY 2024-25 same as the Closing GFA for FY 2023-24 i.e. Rs. 2147.02 Crore.

Further, with regard to 220 kV D/C Bhilangana-III- Ghansali Line of 19.35 km, the Commission in its previous Tariff Orders including Tariff Order for FY 2023-24 has been determining the Annual Transmission Charges separately considering the same as dedicated transmission line developed for evacuating power from some specific Generating Stations.

The Commission in its Order dated October 17, 2023 in Petition No. 30 of 2023 has decided to delete the 3rd proviso to Regulation 20(1)(b) of UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 which stipulates as follows:

*“Provided further that where augmentation of transmission system including dedicated transmission system used for open access has been constructed for exclusive use of or being used exclusively by an open access customer, the transmission charges for such dedicated system shall be worked out by transmission licensee for their respective systems and got approved by the Commission and shall be borne entirely by such open access customer till such time the surplus capacity is allotted*

*and use for by other persons or purposes.”*

The Commission in the said Order also ruled as follows:

*‘5.10 From reading Section 2 (16) of the Act, it is evident that a dedicated transmission line is to be constructed for and by the Captive Generator and Generator specified under Section 9 & Section 10 of the Act respectively, whereas, while reading through the impugned proviso it is understood that it also refers to dedicated transmission system which is created to facilitate power supply of an Open Access Customer. Issue for our consideration is whether transmission company can construct a dedicated transmission line. In this regard, we have also perused The Electricity (Removal of Difficulty) Fifth Order, 2005 issued by the Ministry of Power, Government of India issued under the Act, which recognizes the concept of dedicated transmission lines only in context with the Captive Generator and Generators provided in Section 9 & Section 10 of the Act. Moreover, reading the aforesaid provisions of the Act and the aforesaid order of the Hon’ble APTEL wherein it has been clarified that dedicated transmission lines cannot be classified as transmission lines, it leaves no confusion that a dedicated transmission line cannot be constructed by the transmission company’*

...

*“5.11 Now that we have examined the implication of this impugned Regulation, we see that it has been invoked only in the matter of Petitioner and is otherwise a dormant provision. In the matter of Petitioner, this provision has not come out as an encompassing law that could serve the interest of all stakeholders involved in just and equitable way, rather, as seen from the above, it has put an unjust burden on the Petitioner which was not the purpose/intent of this impugned proviso or any law enacted. It is unfair, as stated above, to recover transmission charges for the entire 200 MW line from a small 24 MW Renewable Energy generator. Not only is this impugned proviso de jure redundant, it is not in consonance with the provisions of the Act. In view of the above discussed law, we are convinced that dedicated transmission line is not to be constructed by a transmission company.”*

PTCUL filed the Review Petition on the Commission’s Order dated Order dated October 17, 2023 in Petition No. 30 of 2023 and the Commission vide its Order dated February 26, 2024 in Misc. Appl. No. 64 of 2330 has rejected the Review Petition filed by PTCUL.

As the Commission in its Order dated October 17, 2023 in Petition No. 30 of 2023 has concluded that dedicated transmission line is not to be constructed by a transmission company, there is no need to separately determine the Annual Transmission Charges of 220 kV D/C

Bhilangana-III- Ghansali Line. Therefore, the Commission in this Order has computed the ARR and Tariff of PTCUL including 220 kV D/C Bhilangana-III- Ghansali Line.

Accordingly, the Commission has considered the Closing Gross Block Value of Rs. 10.90 Crore for FY 2023-24 pertaining to Bhilangana III-Ghansali Line in the overall opening GFA of PTCUL for FY 2024-25 and, accordingly, the ARR for the said Transmission Line for FY 2024-25 is being approved as part of PTCUL ARR for FY 2024-25. Accordingly, the GFA base claimed by the Petitioner and approved by the Commission for FY 2023-24 is as shown in the Table below:

**Table 4.7: GFA base approved for FY 2024-25 (Rs. Crore)**

S. No.	Particulars	Approved in MYT Order	Claimed by PTCUL	Approved in ARR
1.	Opening GFA	2490.49	2411.69	2157.92
2.	Capitalization during the year	271.26	255.50	237.01
3.	Closing GFA	2761.75	2667.19	2394.93

#### 4.4 Means of Finance

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

Based on the above and considering the closing balances for FY 2022-23, the Commission has determined the debt and equity components for FY 2023-24 and FY 2024-25 which works out as given below:

**Table 4.8: Details of financing for capitalization for FY 2023-24 (Rs. Crore)**

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	78.63	238.77	1327.22	448.27	2092.90
2.	<b>Total addition during the year</b>	<b>0.00</b>	<b>33.22</b>	<b>14.63</b>	<b>6.27</b>	<b>54.12</b>
3.	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
4.	<b>Closing GFA</b>	<b>78.63</b>	<b>271.99</b>	<b>1341.85</b>	<b>454.54</b>	<b>2147.02</b>

**Table 4.9: Details of financing for capitalization for FY 2024-25 (Rs. Crore)**

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	78.63	271.99	1349.48	457.81	2157.92
2.	<b>Total addition during the year</b>	<b>0.00</b>	<b>50.35</b>	<b>130.66</b>	<b>56.00</b>	<b>237.01</b>
3.	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
4.	<b>Closing GFA</b>	<b>78.63</b>	<b>322.34</b>	<b>1480.14</b>	<b>513.81</b>	<b>2394.93</b>

## 4.5 Annual Transmission Charges

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

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

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

*Aggregate Revenue Requirement, is the sum of:*

- (a) Operation and maintenance expenses;*
  - (b) Lease Charges;*
  - (c) Interest and Finance charges on loan capital;*
  - (d) Return on equity capital;*
  - (e) Income-tax;*
  - (f) Depreciation;*
  - (g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,*
- Minus:***
- (h) Non-Tariff Income*
  - (i) Short-Term Open Access Charges and*
  - (j) Income from Other Business to the extent specified in these Regulations.*
- ...”*

The Commission in this Order has approved the Annual Transmission Charges for FY 2024-25 based on the approved GFA base.

### 4.5.1 Operation and Maintenance expenses

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

***“62. Operation and Maintenance Expenses***

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



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

(2) The O&M expenses for the  $n$ th 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-

- $O\&M_n$  - Operation and Maintenance expense for the  $n$ th year;
- $EMP_n$  - Employee Costs for the  $n$ th year;
- $R\&M_n$  - Repair and Maintenance Costs for the  $n$ th year;
- $A\&G_n$  - Administrative and General Costs for the  $n$ th year;

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

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

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

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

Where -

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

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

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

The O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2021, the O&M expenses for FY 2024-25 shall be determined by the Commission considering actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. The submissions of the Petitioner and the Commission's analysis on the O&M expenses for FY 2024-25 are detailed below:

#### **4.5.1.1 Employee expenses**

The Commission had approved the employee expenses of Rs. 122.44 Crore for FY 2023-24 and Rs. 147.27 Crore for FY 2024-25 in Tariff Order dated March 30, 2023, and MYT Order dated March 31, 2022 respectively.

The Petitioner has submitted that the employee expenses for FY 2023-24 and FY 2024-25 have been proposed as per the UERC Tariff Regulations, 2021 considering closing normative employee expenses for FY 2022-23. The Petitioner has escalated  $EMP_{n-1}$  for FY 2022-23 with average CPI inflation for last three years (FY 2020-21 to FY 2022-23) and multiplied the same by Growth factor proposed for FY 2023-24 based on actual addition and retirement of employees during FY 2023-24 to arrive at the revised estimates of employee expenses. The capitalization rate has been considered as 15.51% for FY 2023-24 based on the capitalized employee expenses vis-à-vis Gross Employee Expenses for FY 2023-24 (H1). For the calculation of employee expenses of FY 2024-25, the Petitioner has escalated the employee expenses projected for FY 2023-24 with average CPI inflation for last 3 years (FY 2020-21 to FY 2022-23) and multiplied the same by Growth Factor proposed for FY 2024-25 to arrive at the revised estimates of employee expenses. Accordingly, the Petitioner has proposed the employee expenses of Rs. 133.39 Crore and Rs. 157.21 Crore for FY 2023-24 and FY 2024-25 respectively.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2021. The Commission has considered the closing no. of employees for FY 2022-23 as

the opening no. of employees for FY 2023-24. In the Tariff Order dated March 30, 2023, the Commission had approved the recruitment of 33 numbers of employees and no retirement of employees in FY 2023-24. As against the same, during H1 FY 2023-24, there was an actual addition of 4 Employees and retirement of 7 Employees in PTCUL. With regard to H2 FY 2023-24, the Petitioner has proposed recruitment of 9 numbers of employees and retirement of 6 number of employees. In this regard the Commission directed PTCUL to submit the progress of recruitment process of 09 No. of Employees proposed during second half of FY 2023-24. PTCUL vide Reply dated 06.01.2023 has submitted that Uttarakhand Subordinate Service Selection Commission (UKSSSC) had conducted the written examination on 10.01.2021 for 92 posts of Junior Engineers against which 83 Junior Engineers (E&M) have joined. The recommendation of UKSSSC for the remaining 9 Junior Engineers is awaited. In this regard, the Commission during the TVS Session asked PTCUL to submit the year wise details of joining of these 83 Employees. Further, the Commission asked PTCUL to clarify whether the submissions made in the Petition regarding 36 Employees joining in FY 2022-23 and 4 Employees joining in FY 2023-24 H1 remains the same or not. If not, PTCUL was further asked to provide revised details of actual employees recruitment during FY 2022-23 and FY 2023-24 H1 considering the recruitment of 83 Employees. In response PTCUL submitted that the recruitment of 83 Employees pertains to FY 2021-22 and FY 2022-23 and the same has already been considered in those years. PTCUL further submitted that w.r.t. proposed recruitment of 09 Employees during FY 2023-24 H2, PTCUL was in constant pursuit with UKSSSC to provide the result of 9 Junior Engineers selected by PTCUL and have sent Letters to UKSSSC vide Letter no 1465 dated 03.08.2023, Letter No 1804 dated 20.10.2023 and Letter No 2188 dated 26.12.2023.

Accordingly, based on the submission of the Petitioner, the Commission has considered the recruitment of 9 employees and retirement of 6 employees for H2 FY 2023-24 along with the actual employee addition of 4 employees and actual retirement of 7 employees during H1 FY 2023-24. The Commission approves the total addition of 13 employees and retirement of 13 employees during FY 2023-24.

Further, the Petitioner vide Letter dated January 06, 2024 had also submitted that instead of projected recruitment of 111 employees during FY 2024-25, 121 employees may be considered wherein recruitment process for 23 employees is under advanced stage and recruitment of remaining 98 employees out of proposed recruitment of 121 Employees during FY 2024-25 is

awaited based on directions of GoU wherein PTCUL has requested GoU to unfreeze 98 posts of PTCUL for the FY 2024-25. Accordingly, based on the submission of the Petitioner, the Commission has considered the recruitment of only 23 employees whose recruitment according to the Petitioner is in advance stage and retirement of 11 employees for FY 2024-25. The Commission at this stage has not considered the employee addition of 98 posts, for which GoU is yet to unfreeze the posts. The Commission is of the view that once GoU unfreezes the post, it will take substantial time for recruitment. The Commission will consider the actual employee addition during FY 2024-25 at the time of truing up.

Accordingly, the Commission has approved the Gn factors of 0% for FY 2023-24 and 1.34% for FY 2024-25 as computed below:

**Table 4.10: Gn Computations for FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Claimed	Allowable	Claimed	Allowable
Opening number of employees	846	893	846	893
Recruitment during the year	13	13	111	23
Retirement during the year	13	13	11	11
Closing number of employees	846	893	946	905
<b>Gn</b>	<b>0.00%</b>	<b>0.00%</b>	<b>11.82%</b>	<b>1.34%</b>

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

In accordance with UERC Tariff Regulations, 2021, CPI inflation, which is the average increase in the Consumer Price Index (CPI) for the preceding three years is to be considered. The Commission has calculated the annual growth in values of CPI (overall) based on the average of preceding three full years upto FY 2022-23 as 5.40%.

The Commission has considered the employee expenses approved in the true up for FY 2022-23 for projecting the employee expense for FY 2023-24 and FY 2024-25 in accordance with the UERC Tariff Regulations, 2021. Further, the Commission has considered the capitalization rate of employee expenses as 14.75% equal to the capitalization rate worked out for FY 2022-23 in the Truing Up Section of this Order. The Commission has considered the closing normative gross employee expenses approved in the true up of FY 2022-23 as the opening gross employee expenses for FY 2023-24. This normative opening gross employee expenses have been adjusted for the Gn factor

approved for FY 2023-24 and escalated with CPI Inflation of 5.40% to arrive at the closing normative employee expenses for FY 2023-24. The gross employee expenses so arrived have been considered as the opening gross employee expenses ( $EMP_{n-1}$ ) for FY 2024-25. The Commission has computed the normative employee expenses for FY 2024-25 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2021 considering the Gn factor approved for the corresponding year and the CPI inflation of 5.40%.

The Commission shall consider the arrears due to the impact of Seventh Pay Commission, if any, during the true up of FY 2024-25 and no sharing of gains and losses on this amount would be allowed.

Accordingly, the normative employee expenses approved by the Commission for FY 2024-25 are as shown in the Table below:

**Table 4.11: Employee expenses approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
Net Employee expenses	147.27	157.21	144.91

#### 4.5.1.2 R&M expenses

The Commission had approved the R&M expenses of Rs. 46.56 Crore for FY 2023-24 and Rs. 54.37 Crore for FY 2024-25 in its Tariff Order dated March 30, 2023, and MYT Order dated March 31, 2022 respectively. The Petitioner has proposed the total R&M expenses (including R&M expenses for 66 kV assets transferred from UPCL) for FY 2023-24 as Rs. 51.15 Crore and for FY 2024-25 as Rs. 56.69 Crore. The Petitioner submitted that R&M expenses have been computed as per UERC Tariff Regulations, 2021.

The Petitioner has considered the K factor of 2.13%. Further, the Petitioner has considered the WPI inflation of 7.90% considering the average increase in the Wholesale Price Index (WPI) for FY 2020-21 to FY 2022-23. Accordingly, the Petitioner has proposed normative R&M expenses of Rs. 49.89 Crore and Rs. 55.43 Crore for FY 2023-24 and FY 2024-25 respectively.

Additionally, the Petitioner has claimed the R&M Expenses of Rs. 1.26 Crore each for FY 2023-24 and FY 2024-25 towards the upkeep of 66 kV assets at Srinagar and Thithki Sub-station and associated lines transferred from UPCL to PTCUL in compliance of Order No. UERC/5/Tech/Pet. No. 10 of 2019/71 dated April 10, 2019. In this regard, the Commission observes that the actual R&M

Expense incurred by PTCUL during FY 2020-21 to FY 2022-23 is at an average of 74% of the Normative Expenses allowed by the Commission under the Truing Up section during FY 2020-21 to FY 2022-23. The Commission at this stage is not inclined to approve the additional R&M expenses of Rs. 1.26 Crore each for FY 2023-24 and FY 2024-25 towards the upkeep of 66 kV assets at Srinagar and Thithki Sub-station and associated lines transferred from UPCL to PTCUL. The Commission will consider the same during truing-up of FY 2023-24 & FY 2024-25.

The Commission has determined the R&M expenses for FY 2023-24 and FY 2024-25 in accordance with UERC Tariff Regulations, 2021. The Commission has considered the K factor of 2.13%, the same as approved in the MYT Tariff order dated March 31, 2022. The Commission has considered the closing GFA of Rs. 2092.08 Crore for FY 2022-23 as opening GFA for FY 2023-24. Further, the Commission has considered the opening GFA for FY 2024-25 as Rs. 2157.92 Crore which includes the Closing GFA of Rs. 2147.02 Crore for FY 2023-24 plus the Closing Gross Block Value of Rs. 10.90 Crore for FY 2023-24 as part of opening GFA of FY 2024-25 pertaining to Bhilangana III-Ghansali Line. The Commission has considered the WPI Inflation of 7.90% which is the average increase in the Wholesale Price Index (WPI) for FY 2020-21 to FY 2022-23 both for FY 2023-24 and FY 2024-25.

The R&M expenses approved by the Commission for FY 2024-25 are shown in the Table below:

**Table 4.12: R&M expenses approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
R&M Expenses	54.37	56.69	49.59

#### 4.5.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 28.24 Crore for FY 2023-24 and Rs. 26.35 for FY 2024-25 in its Tariff Order dated March 30, 2023, and MYT Order dated March 31, 2022 respectively. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2023-24 as Rs. 32.27 Crore and for FY 2024-25 as Rs. 33.02 Crore.

The Petitioner submitted that the A&G expenses for FY 2023-24 and FY 2024-25 has been proposed as per the UERC Tariff Regulations, 2021. Accordingly, the estimated A&G expenses for FY 2022-23, net of license fee & security expenses have been considered as 'A&G<sub>n-1</sub>'. The 'A&G<sub>n-1</sub>' has

been escalated by WPI inflation of 7.90% to arrive at the expenses for FY 2023-24. Further, the license fee & security expenses have been added to arrive at total A&G expenses for FY 2023-24. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 32.27 Crore and Rs. 33.02 Crore for FY 2023-24 and FY 2024-25 respectively.

The Commission has considered the closing normative gross A&G expenses (excluding the license fee and security expenses) approved in the true up of FY 2022-23 as the opening gross A&G expenses for FY 2023-24. This normative opening gross A&G expenses have been escalated by the WPI inflation of 7.90% to arrive at closing gross A&G expenses for FY 2023-24. The gross A&G expenses so arrived at have been considered as the opening gross A&G expenses (A&G<sub>n-1</sub>) for FY 2024-25. The Commission has computed the normative A&G expenses for FY 2024-25 in accordance with Regulation 62(3) of the UERC Tariff Regulations, 2021 considering the WPI inflation of 7.90%. Further, the Commission has considered the capitalization rate of 21.78% as approved in the Truing Up section of FY 2022-23 of this order. In addition, the Commission has considered the License Fee of Rs. 9.91 Crore and Security Expenditure of Rs. 12.86 Crore as per the submission of Petitioner which shall be subject to truing up based on the actual expenses.

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

**Table 4.13: A&G Expenses approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
A&G expenses	26.35	33.02	31.92

#### 4.5.1.4 O&M expenses

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

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

Particulars	Approved in MYT Order dt. 31.03.2022	Claimed by PTCUL	Approved
Employee expenses	147.27	157.21	144.91
R&M expenses	54.37	56.69	49.59
A&G expenses	26.35	33.02	31.92
<b>Total O&amp;M expenses</b>	<b>227.99</b>	<b>246.92</b>	<b>226.42</b>

The main reasons for reduction in O&M Expenses for FY 2024-25 as compared to that

approved vide MYT Order March 31, 2022 is due to reduction in actual capitalization during FY 2022-23, estimated capitalization in FY 2023-24 and FY 2024-25 as compared to that approved in MYT Order and substantial lesser number of employees recruited during FY 2023-24 & FY 2024-25 as compared to the recruitment figures approved in MYT Order.

#### **4.5.2 Interest on Loans**

The Petitioner has considered the loan addition during FY 2023-24 and FY 2024-25 equivalent to 70% of the proposed capitalization for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the respective year. The Petitioner has proposed the interest on loan by applying the interest rate of 9.65% which is the weighted average rate of interest for FY 2022-23. Accordingly, the Petitioner has proposed the interest on loan of Rs. 51.59 Crore and Rs. 52.98 Crore for 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 gross normative loan.*

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

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

*...*

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

The Commission has considered the closing loan balance of FY 2022-23 as approved after truing up, as opening loan balance for FY 2023-24. The loan addition during FY 2023-24 has been considered as per the approved means of finance for FY 2023-24. The allowable depreciation for FY



2023-24 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance of FY 2023-24 as the opening loan balance for FY 2024-25. Further, since the ARR of Bhilangana III-Ghansali Transmission Line for FY 2024-25 is being approved as a part of PTCUL ARR for FY 2024-25, therefore, the closing Loan Balance of Rs. 0.54 for FY 2023-24 has also been considered in the opening Loan Balance for FY 2024-25 for PTCUL. The loan addition during the year has been considered as per the approved Financing Plan discussed in preceding paragraphs. The Commission has considered the normative repayment equivalent to the approved depreciation. The Commission has considered the interest rate of 9.50% which is the weighted average rate of interest for FY 2022-23 based on the interest expenses and long-term borrowing details as per Annual Accounts for FY 2022-23.

The interest on loan has been determined by applying the interest rate of 9.50% on the average loan balance for the year. The variation on rate of Interest is on account of the fact that PTCUL has considered the overall weighted average rate of interest of 9.65% (pertaining to UITP as well as Non-UITP Schemes) as per the Audited Accounts of FY 2022-23, however, the Commission has worked out the weighted average rate of interest of 9.50% percent after considering the loans pertaining to Non-UITP Schemes only.

The interest on loan approved by the Commission for FY 2024-25 is shown in the Table given below:

**Table 4.15: Interest on Loan approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT Order	Claimed	Allowable
Opening Loan balance	632.66	551.41	391.72
Drawl during the year	189.88	121.76	130.66
Repayment during the year	119.55	126.94	103.99
Closing Loan balance	703.00	546.23	418.39
Interest Rate	11.19%	9.65%	9.50%
<b>Interest</b>	<b>74.71</b>	<b>52.98</b>	<b>38.47</b>

#### 4.5.3 Return on Equity

The Petitioner has considered the opening Equity for FY 2024-25 as Rs. 536.27 Crore. The Petitioner has considered the equity addition for FY 2023-24 and FY 2024-25 equivalent to 30% of the proposed capitalization for the respective year. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 78.12 Crore and Rs. 87.17 Crore for FY 2023-24 and FY 2024-25 respectively.

Further, the Petitioner has claimed RoE on PDF amounting to Rs. 573.21 Crore including the carrying cost.

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

PTCUL has further claimed an amount of Rs. 300.42 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 2023-24. On this issue of RoE on Opening Equity, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the differential RoE on Opening Equity.

As discussed in Chapter 3, the Commission has approved the RoE on opening Equity as approved in the true up of FY 2022-23. Further, the Commission while computing the RoE for FY 2023-24 and FY 2024-25 has included initial equity in the opening Equity. Therefore, the Commission has not separately approved any amount in this regard in 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 account of allowed equity capital for the assets put to use at the commencement of each financial year.*

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

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. The Commission has considered the closing equity of FY 2023-24 as the opening equity for

FY 2024-25. Further, since the ARR of Bhilangana III-Ghansali Transmission Line for FY 2024-25 is being approved as a part of PTCUL ARR for FY 2024-25, therefore, the closing equity of Rs. 3.27 for FY 2023-24 has also been considered as part of opening equity for FY 2024-25 for PTCUL. Hence, the Commission has determined the Return on Equity for FY 2024-25 considering the eligible opening equity for return purposes for the respective year.

The Return on Equity approved by the Commission for FY 2024-25 is shown in the Table below:

**Table 4.16: Return on Equity approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT	Claimed by PTCUL	Approved
Opening Equity	562.76	536.27	457.82
Addition during the year	81.38	52.18	56.00
Closing Equity	644.13	588.45	513.82
Eligible Equity for return	468.23	562.36	363.20
Rate of Return	15.50%	15.50%	15.50%
<b>Return on Equity</b>	<b>72.58</b>	<b>87.17</b>	<b>56.30</b>

#### 4.5.4 Depreciation

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for FY 2022-23 and FY 2023-24 and the rates of depreciation specified in the UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the depreciation of Rs. 116.75 Crore and Rs. 126.94 Crore for 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 depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.*

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

*...*

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

*..."*

The Commission has determined the depreciation for FY 2024-25 considering the opening GFA for FY 2024-25 as Rs. 2157.92 Crore which includes the Closing GFA of Rs. 2147.02 Crore for FY 2023-24 plus the Closing Gross Block Value of Rs. 10.90 Crore for FY 2023-24 as part of opening GFA of FY 2024-25 pertaining to Bhilangana III-Ghansali Line and additional capitalization for FY 2024-25 and rate of depreciation as defined in the Appendix-II of UERC Tariff Regulations, 2021. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2024-25 and deducted the same from the gross depreciation as depreciation is not allowed on assets funded through grants. The depreciation approved by the Commission for FY 2024-25 is shown in the Table given below:

**Table 4.17: Depreciation approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Depreciation	106.21	119.18	103.99

#### 4.5.5 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR proposal for FY 2024-25.

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

***“34. Tax on Income***

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

As stated above, Income Tax is admissible at the time of truing up and, hence, the Commission has not considered any Income Tax in the approval of ARR for FY 2024-25.

#### 4.5.6 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for FY 2023-24 and FY 2024-25 has been proposed in accordance with UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the IWC of Rs. 13.19 Crore and Rs. 19.10 Crore for FY 2023-24 and FY 2024-25 respectively.

The Commission has determined the interest on working capital for FY 2024-25 in

accordance with the UERC Tariff Regulations, 2021.

#### 4.5.6.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission is Rs. 226.42 Crore for FY 2024-25. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 18.87 Crore for FY 2024-25.

#### 4.5.6.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2021, which work out to Rs. 33.96 Crore for FY 2024-25.

#### 4.5.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 364.37 Crore for FY 2024-25, which works out to Rs. 60.73 Crore.

Based on the above, the total working capital requirement of the Petitioner for FY 2024-25 works out to Rs. 113.56 Crore. The Commission has considered the rate of interest on working capital as 11.30% i.e. the prevailing weighted average of 'one-year marginal Cost of funds-based lending rate (MCLR)' as declared by the State Bank of India from time to time for the financial year in which the application for determination of tariff is made, i.e. 7.80% plus 350 basis points and accordingly, the interest on working capital works out to Rs. 12.83 Crore for FY 2024-25. The interest on working capital approved by the Commission for FY 2024-25 is shown in the Table below:

**Table 4.18: Interest on working capital approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses for 1 month	19.00	20.58	18.87
Maintenance Spares	34.20	37.04	33.96
Receivables equivalent to 2 months	76.07	101.21	60.73
<b>Working Capital</b>	<b>129.27</b>	<b>158.82</b>	<b>113.56</b>
Rate of Interest on Working Capital	10.50%	12.03%	11.30%
<b>Interest on Working Capital</b>	<b>13.57</b>	<b>19.10</b>	<b>12.83</b>

#### 4.5.7 Non-Tariff Income

The Commission has provisionally considered the non-tariff income of Rs. 6.73 Crore for FY 2024-25, same as claimed by the Petitioner. The same shall, however, be trued up based on the actual audited accounts for FY 2024-25.

#### 4.5.8 Revenue from STOA charges

The Petitioner has proposed Revenue from Short Term Open Access Charges of Rs. 5.16 Crore for FY 2024-25.

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

#### 4.5.9 Annual Transmission Charges

Based on the above, the Annual Transmission Charges approved by the Commission for the FY 2024-25 is shown in the Table below:

**Table 4.19: Annual Transmission Charges approved by the Commission for FY 2024-25 (Rs. Crore)**

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses	227.99	246.92	226.42
Interest on loan	74.71	52.98	38.47
Return on Equity	72.58	87.17	56.30
Depreciation	119.55	126.94	103.99
Interest on working capital	13.57	19.10	12.83
<b>Aggregate Revenue Requirement</b>	<b>508.40</b>	<b>533.11</b>	<b>438.01</b>
Adjust:			
True up Gap/ (Surplus) of previous years	-	<b>87.22</b>	<b>(44.32)</b>
Minus:			
Non-Tariff Income	15.00	6.73	6.73
Revenue from STOA charges	2.44	5.16	5.16
Revenue from Natural ISTS Lines	1.20	1.20	1.20
SLDC Charges	33.36	-	16.23
<b>Annual Transmission Charges</b>	<b>456.40</b>	<b>607.24</b>	<b>364.37</b>
<b>Provision for RoE on initial Equity</b>		<b>300.42</b>	-
<b>Provision for RoE on GoU contribution from PDF</b>		<b>573.21</b>	-

#### 4.6 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 ARR and the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

- Power Transmission Corporation of Uttarakhand Ltd., the transmission licensee in the State will be entitled to recover Annual Transmission Charges for FY 2024-25 from its beneficiaries in accordance with the provisions of the Regulations.
- The payments, however, shall be subject to adjustment, in case any new beneficiary (including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

#### 4.7 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:*

$$\text{Transmission Charges} = \text{ATC}/(\text{PLS T X365}) \text{ (Rs./MW/day)}$$

*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 2024-25 is Rs. 364.37 Crore and the PLST during FY 2023-24 is 2635 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 2024-25 shall be:

**Table 4.20: Rate of Transmission Charges for open access approved for FY 2024-25**

Description	Rs./MW/day
Transmission Charges	3788.51

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

The Annual Transmission Charges approved for FY 2024-25 will be applicable with effect from April 01, 2024 and shall continue to apply till further Orders of the Commission.



## 5 Commission's Directives

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

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

#### 5.1.1 *Electrical Inspector Certificate*

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

#### *Petitioner's Submissions*

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

#### *Fresh Directive*

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

#### 5.1.2 *Capital cost of transferred assets*

The Petitioner was directed to submit the impact of the notification and finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2024-25.

#### *Petitioner's Submissions*

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

the Commission to consider and allow some time for the same.

*Fresh Directive*

The Commission has noted the progress made in the matter.

**The Commission directs the Petitioner to submit the impact of finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2025-26. 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 2025-26.**

**5.1.3 Ring Fencing of SLDC**

The Commission directed PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2023-24.

*Petitioner's Submissions*

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

*Fresh Directive*

The Commission has noted the compliance by the Petitioner. **The Commission directs PTCUL to take suitable actions and implement Ring Fencing of SLDC and submit the status of the same to the Commission within 3 months from the date of this Order.**

**5.1.4 Capitalisation of partially completed schemes**

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

*Petitioner's Submissions*

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

*Fresh Directive*

The Commission has noted the compliance by the Petitioner. **The Petitioner is directed to**

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

#### ***5.1.5 Additional Capitalisation beyond the cut off date***

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

#### ***Petitioner's Submissions***

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

#### ***Fresh Directive***

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

#### ***5.1.6 Frequent Grid Failures***

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

#### ***Petitioner's Submissions***

The Petitioner submitted that the details of any major incident are shared with the Commission on regular basis. However, there were no major Grid failures in FY 2022-23. The Petitioner further submitted that there has been minor breakdown in 33 kV switchyard at 220 kV Jhahhra S/s and breakdown in 220 kV Dehradun to Vyasi D/c line. The same was intimated to the UERC vide its letter dated 23.08.2023. The Petitioner further submitted that in spite of unprecedented weather conditions, the Petitioner has restored the system up and running and achieved not only the improved technical availability factor but also achieved reduced transmission losses.

### *Fresh Directive*

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

#### *5.1.7 Transmission System Availability*

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

#### *Petitioner's Submissions*

The Petitioner submitted that the transmission availability for FY 2022-23 has been submitted with the Petition.

### *Fresh Directive*

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

#### *5.1.8 Submission of Completed Cost*

The Commission once again directed the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works.

#### *Petitioner's Submissions*

The Petitioner submitted that in compliance with the Directive, the Petitioner has submitted the Form 9.5 for the Project of Construction of 132 kV Single Circuit overhead line of D/C Tower from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jawalpur Haridwar vide Letter No. 1929/MD/PTCUL/UERC dated July 06, 2022. Further with regard to the Project completed during FY 2022-23, the details are submitted in the Form 9.5 of this Petition.

### *Fresh Directive*

The Commission has noted the compliance by the Petitioner. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project alongwith**

the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works.

Further, with regard to capitalization to be made by the Petitioner during Truing-Up of FY 2023-24, the Petitioner is directed to submit firm values for the Scheme Project Cost with all the supporting computations under Form 9.5 and Form 9A at one instance and refrain from revising the submissions and creating confusion time and again till the last opportunity available.

#### *5.1.9 Submission of consistent information in proper format*

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

#### *Petitioner's Submissions*

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

#### *Fresh Directive*

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

#### *5.1.10 ATC of Natural ISTS lines of PTCUL*

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

#### *Petitioner's Submissions*

PTCUL has separately booked the amount in its accounts as and when received against Natural ISTS lines. The Revenue against Natural ISTS Transmission Lines amounting to Rs.1.16 Crore has been submitted in the Petition.

#### *Fresh Directive*

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

#### **5.1.11 Submission of DPR**

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

##### ***Petitioner's Submissions***

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

##### ***Fresh Directives***

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

#### **5.1.12 Proposed Additional Capitalisation**

During the analysis of the capitalisation claimed for FY 2021-22, 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 directed the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its discretion after prudence analysis based on the available information.**

##### ***Petitioner's Submissions***

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

##### ***Fresh Directives***

Though the Petitioner submitted that PTCUL will ensure that the consistency of data shall be maintained in all the requisite formats, but the figures of capitalisation as submitted in Form 9.5 and Form 9A were not matching for the schemes capitalised during FY 2022-23. During the analysis of the capitalisation claimed for FY 2022-23, the Commission observed that in many projects/schemes, the Petitioner has provided different capitalisation amounts in different tariff

forms for the same project and has frequently changed its submissions and Project Cost at every opportunity provided to the Petitioner reflecting the indecisiveness and inaccuracy with regard to the capitalization amount claimed by PTCUL during FY 2022-23.

**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.**

**(M. L. Prasad)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law)-Chairman(I/C)**

## 6 Annexures

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

 <b>POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.</b> (A Govt. of Uttarakhand Enterprise) "Vidyut Bhawan" Near ISBT, Crossing, Saharanpur Road, Majra, Dehradun-248002 Corporate ID U40101UR2004GO028675, Tel. No. 0135-2646000, Fax No. 0135-2643460 Website: www.ptcul.org							
<b>PUBLIC NOTICE</b>							
<b>Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2024-25</b>							
<b>Salient Points of the ARR/Tariff Petition</b>							
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 Truing Up of FY 2022-23 based on audited Accounts & Annual Performance Review (APR) for FY 2023-24 and the Revised ARR for FY 2024-25. The summary of the proposals of the Intra-State network for the aforesaid is given in the following Table:							
<b>Summary of True Up, APR &amp; ARR of PTCUL for Intra-State transmission network (₹Crore)</b>							
S. No.	Particulars	FY 2022-23 (True Up)		FY 2023-24 (APR)		FY 2024-25 (ARR)	
		Approved (T.O. dt. 31.03.2022)	Claimed for True Up	Approved (T.O. dt. 30.03.2023)	Revised Estimates	Approved (T.O. dt. 31.03.2022)	Proposed
1	Depreciation	93.12	103.05	93.83	116.75	119.55	126.94
2	Interest on Long Term Loans	57.43	47.49	48.55	51.59	74.71	52.98
3	Return on Equity	48.42	65.97	53.59	78.12	72.58	87.17
4	O&M Expenses	184.89	202.93	197.23	216.81	227.99	246.92
5	Interest on Working Capital	9.85	11.08	11.86	13.19	13.57	19.10
6	Income Tax	-	3.25	0.00	0.00	0.00	0.00
7	Gross Expenditure	393.71	433.77	405.06	476.45	508.40	533.11
8	Add: True-Up of Previous Years	(55.00)	(55.00)	(16.54)	(16.54)	-	87.22
9	Less: Non-Tariff Income	15.00	(0.05)	15.00	6.73	15.00	6.73
10	Less: Sharing of Incentive due to higher availability	-	1.17	-	-	-	-
11	Less: Revenue from short term open access	2.44	2.69	2.57	5.16	2.44	5.16
12	Less: Revenue from Natural ISTS	1.16	1.16	1.20	1.20	1.20	1.20
13	Less: SLDC Charges	15.82	0.00	15.52	-	33.66	-
14	Net ARR	304.29	373.80	354.23	446.81	456.40	607.24
15	Revenue Gap/(Surplus) for the year after Truing Up	-	69.51	-	-	-	-
16	Provision for RoE on Initial Equity	-	-	-	-	-	300.42
17	Provision for RoE on equity contribution by GoU through PDF	-	-	-	-	-	573.21

2. PTCUL has proposed a total increase of 71.42% for FY 2024-25 (which includes the truing up impact of FY 2022-23 alongwith the carrying cost on the same) over the approved transmission charges for FY 2023-24. In addition, PTCUL has also claimed Rs. 873.63 Crore on account of Return on Equity on Initial Equity and Equity contributed by the Government of Uttarakhand through PDF and considering this claim, the total Increase works out to 318%. In case, the entire claim of PTCUL including that of RoE on initial equity and equity contributed through PDF is also accepted by the Commission, an additional Increase of 10.36% in consumer tariff shall be required over and above the hike proposed by UPCL.

3. Detailed proposal can be seen free of cost on any working day at the Commission's office or at the office of the Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248001, Uttarakhand. Relevant extracts can also be obtained from the above-mentioned office of the Petitioner.

4. The proposal is also available at the website of the Commission ([www.urec.gov.in](http://www.urec.gov.in)) and at PTCUL's website ([www.ptcul.org](http://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.urec@gov.in](mailto:secy.urec@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 31.01.2024.

RO No.: 1698/HQPU/PTCUL Dated: 29.12.2023 Managing Director



## 6.2 Annexure-2 : List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Shri Anagha Pujari	-	-	Through e-mail anaghapujari7@gmail.com
2.	Shri Pawan Agarwal	Vice President, -	Uttarakhand Steel Manufacturers Association -	C/o Shree Sidhballi Industries Ltd. Kandi Road, Kotdwar
3.	Shri Manish Talwar	Head- Electrical Maint.	Asahi India Glass Ltd	Roorkee, through e-mail (munish.talwar@aisglass.com).
4.	Shri Pankaj Gupta,	President	Industries Association of Uttarakhand (IAU),	Mohabewala Industrial Area, Dehradun
5.	Shri Vijay Singh Verma	-	-	Village-Delna, P.O.-Jhabrera- 247665, Distt. Haridwar

### 6.3 Annexure-3 : List of Participants in Public Hearings

#### List of Participants in Hearing at Almora on 19.02.2024

Sl. No.	Name	Designation	Organization	Address
1.	Dr. R.S. Shahi	-	-	Near CMO Office, Pandey Khola, Distt. Almora, Uttarakhand.
2.	Sh. Gopal Singh	-	-	New Indira Colony, Khatyari-263656, Distt. Almora, Uttarakhand.
3.	Sh. Girish Chand Malhotra	-	-	G.S. Sadan, Gopaldhara, Dharanaula-263601, Distt. Almora, Uttarakhand.
4.	Smt. Halima Ansari	-	-	Near Haldwani Taxi Stand, Gurudwara, Tilakpur-263601, Distt. Almora, Uttarakhand.
5.	Sh. Manjul Mittal	-	-	Ashirwad Bhawan, Ranidhara Road, Distt. Almora, Uttarakhand.
6.	Sh. N.C. Pant	-	-	Pant Bhawan, West Pokharkhali-263601, Near District Jail, Distt. Almora, Uttarakhand.
7.	Sh. P.C. Tewari	President	Uttarakhand Parivartan Party	Dipti Niwas, Dharanaula-263601, Distt. Almora, Uttarakhand.
8.	Sh. Prakash Chand	-	-	S/o Sh. Nathuram, Village-Chitai Pant, Post Office-Chitai, Distt. Almora, Uttarakhand.
9.	Sh. Shubham Joshi	-	-	House No. 1, Gangola Mohalla-263601, Distt. Almora, Uttarakhand.
10.	Sh. Amit Shah	Ward Member	-	Near Petrol Pump, Pandeykhola, Distt. Almora, Uttarakhand.
11.	Sh. Atul Pandey	-	-	Pandeykhola, Deen Dayal Upadhyay Park, Distt. Almora, Uttarakhand.
12.	Sh. Akash Mehra	-	-	Village-Kasar Devi, Freedom Guest House, Distt. Almora, Uttarakhand.
13.	Sh. Pan Singh	-	-	S/o Sh. Soban Singh, Village-Surchaura, Tehsil-Jaiti, Distt. Almora, Uttarakhand.
14.	Sh. Sushil Shah	-	-	S/o Late Sh. Lal Shah, Khajanchi Bazar-263601, Distt. Almora, Uttarakhand.

**List of Participants in Hearing at Rudrapur on 20.02.2024**

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A. Siddiqui	Legal Advisor	M/s Kashi Vishwanath Textile Mill (P) Ltd.	House No. T-4, Prakash City, Bazpur Road, Kashipur, Distt. Udham Singh Nagar.
2.	Sh. Sanjay Kumar Adhlakha	Director	M/s Ambashakti Glass India Pvt. Ltd.	Plot No. 41, Sector-3, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
3.	Sh. Shreekar Sinha	President	SIDCUL Entrepreneur Welfare Society	SHIRDI Industries, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
4.	Sh. Ashok Bansal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar.
5.	Sh. Vicky Sachdeva	-	M/s Bhagwati Alloys	Khasra No. 280/10/2, Bannakhera Road, Village-Vikrampur, Bazpur, Distt. Udhamsingh Nagar.
6.	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
7.	Sh. Mahesh Chand Pandey	-	-	Village-Sufi Bhagwanpur, Lalkuan, Haldwani, Uttarakhand.
8.	Sh. Teeka Singh Saini	Block President	Bhartiya Kisan Union	Office-33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
9.	Sh. Mukesh Tyagi	-	SIDCUL Entrepreneur Welfare Society	Plot No. 1, Sector-9, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar.
10.	Sh. Rahul Jain	-	M/s Bhagwati Alloys	Khasra No. 280/10/2, Bannakhera Road, Village-Vikrampur, Bazpur, Distt. Udhamsingh Nagar.
11.	Sh. Balkar Singh Fauzi	-	-	Village-Raipur Khurd, P.O.-Kashipur, Distt. Udhamsingh Nagar
12.	Sh. Baljinder Singh Sandhu	District General Secretary	Bhartiya Kisan Union	Pega Farm, P.O.-Mahuakheraganj, Kashipur, Distt. Udhamsingh Nagar
13.	Shri Kalyan Singh	-	Bhartiya Kisan Union	Village-Gurdei, P.O.-Mahuakhera, Kashipur, Distt. Udhamsingh Nagar
14.	Sh. Rajeev Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
15.	Sh. Sanjay Agarwal	Vice President	M/s KVS Castings Pvt.	Works: B-25-29, Industrial Estate, Bazpur Road, Kashipur-244713, Distt.

Sl. No.	Name	Designation	Organization	Address
			Ltd.	Udhamsingh Nagar.
16.	Sh. Chandresh Agarwal	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udhamsingh Nagar.
17.	Sh. Rajesh Chand Saxena	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udhamsingh Nagar.
18.	Sh. Neeraj Bhatt	-	M/s Ashok Leyland Ltd.	Plot No. 1, Sector-12, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
19.	Shri Rajeev Sharma	-	M/s Varroc Engg. Pvt. Ltd.	Plot No. 20, Sector-9, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
20.	Sh. Ashok Tiwari	-	M/s Roqueete India Pvt. Ltd.	Plot No. 12, Sector-9, IIE, SIDCUL Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
21.	Sh. Bhupinder Singh	-	M/s Roqueete India Pvt. Ltd.	Plot No. 12, Sector-9, IIE, SIDCUL Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
22.	Sh. K.R. Pathak	-	M/s Belrise Industries Ltd.	Plot No. 15, Sector-10, IIE, SIDCUL Pantnagar, Rudrapur, Distt. Udhamsingh Nagar.
23.	Sh. Ram Kumar Agarwal	-	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, Post Off.-Bazpur-262401, Distt. Udhamsingh Nagar
24.	Sh. Thakur Jagdish Singh	-	-	Village-Dharampur, P.O.-Chhatarpur, Rudrapur-263153, Distt. Udhamsingh Nagar
25.	Sh. Rajesh Mishra	-	SIDCUL Association	Plot No. 1, Sector-9, IIE, SIDCUL Pantnagar, Rudrapur, Distt. Udhamsingh Nagar.
26.	Sh. Ajay Kumar Agarwal	-	-	D-69, Old Allahabad Bank Lane, Main Market, Rudrapur, Distt. Udhamsingh Nagar
27.	Sh. R.B. Biradar	Sr. General Manager	M/s Radico Khaitan Ltd.	A-1, A-2, B-3, Industrial Area, Bazpur, Distt. Udhamsingh Nagar
28.	Sh. Anil Kumar	-	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar
29.	Sh. Prem Narayan Singh	-	M/s Uttaranchal Ispat (P) Ltd.	Plot No. D-1 to D-8, Pipalia Industrial Area, Village-Jagannathpur, Kashipur, Distt. Udhamsingh Nagar.
30.	Sh. Sanjeev Jindal	-	M/s Vishwanath Papers & Boards Ltd.	Village-Halduashahu, Patti-Jagatpur, Kashipur-Jaspur Road, Jaspur-244712, Distt. Udhamsingh Nagar.
31.	Sh. Mukesh Kumar Pant	-	RSB Transmission India Ltd.	Plot No. 23, Sector-11, Tata Vendor Park, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar

Sl. No.	Name	Designation	Organization	Address
32.	Sh. Devkinandan Dumka	-	RSB Transmission India Ltd.	Plot No. 23, Sector-11, Tata Vendor Park, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udham Singh Nagar
33.	Sh. Ashwani Gupta	-	M/s Parmatama Ferro Alloys Pvt. Ltd.	Works : Ramraj Road, Village-Vikrampur, Bazpur, Distt. Udham Singh Nagar
34.	Sh. Sukhwinder Pal	-	-	Village-Bhajuanagla, Bazpur, Distt. Udham Singh Nagar
35.	Sh. Jaspal	-	-	Village-Bhajuanagla, Bazpur, Distt. Udham Singh Nagar

**List of Participants in Hearing at Tehri on 24.02.2024**

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Jagjeet Singh Negi	-	-	L-Block, Type - 4, 1/4, New Tehri, Uttarakhand.
2.	Sh. C.P. Dabral	-	-	Sector-4D, II, Building No. 17, Village-Moldhar, Block-Jaunpur, New Tehri, Uttarakhand.
3.	Sh. Arvind Nautiyal	-	-	33/4, C-Block, Type-3, New Tehri, Uttarakhand.
4.	Sh. Kamal Singh Mehar	-	-	305, 7-C, Bauradi, New Tehri, Uttarakhand.
5.	Sh. Kishori Lal Chamoli	-	-	House No. 215, Sector-8B, Bauradi, New Tehri, Uttarakhand.
6.	Sh. Rajesh Vyas	-	-	House No. 365, Sector-7C, Bauradi, New Tehri, Uttarakhand.
7.	Sh. Chandra Mohan	-	-	Near Dheeraj Pundir General Store, Talla Chamba, Tehri Garhwal
8.	Sh. Ayush Kaintura	-	-	C-Block, Type-5, New Tehri, Uttarakhand.
9.	Sh. Rakesh Uniyal	-	-	E-Block, 20/4, New Tehri, Uttarakhand.
10.	Sh. Peetambar Dutt Chamoli	-	-	Village-Pata, P.O. Gyansyun, Tehri Garhwal, Uttarakhand.
11.	Sh. Ajay Gusain	-	-	Gusain Sadan, Near Thana Building, New Tehri, Uttarakhand.
12.	Sh. Vijay Singh Parmar	-	-	House No. 524, Sector-8 E, Bauradi, New Tehri, Uttarakhand.
13.	Sh. Anand Prakash Ghildiyal	-	-	House No. 524, Sector-8 E, Bauradi, New Tehri, Uttarakhand.
14.	Sh. Mukesh Raturi	-	-	J-15/1, Type-2, New Tehri, Uttarakhand.
15.	Sh. Munendra Negi	-	-	J-15/2, Type-2, New Tehri, Uttarakhand.

**List of Participants in Hearing at Dehradun on 26.02.2024**

Sl. No.	Name	Designation	Organization	Address
1	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
2	Sh. Rajiv Agarwal	-	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
3	Sh. Sanjeev Kumar	Office Executive	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. Sunil Kashyap	-	-	Near Madhur Milan Tent House, Daurwala, Mothrowala, Dehradun.
5	Sh. Gulshan Khanduja	-	M/s Shree Ganesh Roller Flour Mills	Mohabewala Industrial Area, Subhash Nagar, Dehradun
6	Sh. Pawan Agarwal	Vice-President	M/s Uttarakhand Steel Manufacturers Association	C/o Shree Sidhballi Industries Ltd., Kandi Road, Kotdwar, Uttarakhand
7	Sh. Suresh Bansal	-	M/s Kukreti Steel Ltd.	Jasodharpur Industrial Area, Kotdwar
8	Sh. Ashish Raturi	-	-	House No. 1, Badowala, near petrol pump, Shimla Bypass Road, Dehradun-248007.
9	Sh. Ramesh Joshi	State President	Suraj Sewa Dal	Office-Kaulagarh Road, Sirmaur Marg, Dehradun.
10	Sh. Shanti Prasad Bhatt	-	Uttarakhand Kranti Dal	Residence-124, Mitralok Colony, Ballupur Road, Dehradun, Uttarakhand.
11	Sh. Sunil Kotnala	-	Uttarakhand Kranti Dal	Residence-124, Mitralok Colony, Ballupur Road, Dehradun, Uttarakhand.
12	Sh. Sunil Masson	General Secretary	C/o Doon Udhyog Vyapar Mandal	1, Saraffa Bazar, Dhamawala, Dehradun.
13	Sh. Mohit Bhatia	-	C/o Doon Udhyog Vyapar Mandal	47/21, West Patelnagar, Dehradun.
14	Sh. Ashok Goswami	Manager	Shetra Mai Jeevni Ram Sukhdevi Ram Trust	Haridwar Road, Rishikesh-249201, Dehradun.
15	Sh. Uma Shankar Pandey	-	Budget Hotel Association	Office-Almora Bhawan, Vijay Laxmi Niwas, Shravan Nath Nagar, Haridwar-249401.
16	Sh. Surya Prakash	-	-	271/153, Araghar, Dehradun.
17	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Roorkee-247665, Haridwar
18	Sh. Rakesh Bhatia	State Chairman	Patelnagar Industrial Association	E-8, Govt. Industrial Area, Patel Nagar, Dehradun.
19	Sh. Veeru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
20	Sh. Yashveer Arya	-	-	Surbhi Enclave, Canal Road, Jakhan, Rajpur Road, Dehradun.

Sl. No.	Name	Designation	Organization	Address
21	Sh. Vijay Mohan Mishra	-	M/s Jubilant Generics Limited	Sikandarpur Bhainswal, Bhagwanpur, Roorkee, Haridwar.
22	Sh. Sunil Uniyal	President	M/s Uttarakhand Industrial Welfare Association	222/5, Gandhi Gram, Dehradun-248001, Uttarakhand.
23	Sh. D.K. Maajhi	-	M/s Indian Extrusions Pvt. Ltd.	Address-1393, Langha Road, Industrial Area, Chharba-248142, Dehradun.
24	Sh. Mukesh Sharma	-	M/s Uttarakhand Industrial Welfare Association	222/5, Gandhi Gram, Dehradun-248001, Uttarakhand.