Order

On

Approval of Business Plan and Multi Year Tariff Petition

For

Power Transmission Corporation of Uttarakhand Ltd.

For

Second Control Period

(FY 2016-17 to FY 2018-19)

April 5, 2016

Uttarakhand Electricity Regulatory Commission

'Vidyut Niyamak Bhawan', Near I.S.B.T., P.O. Majra

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 33 of 2015

And

Petition No. 34 of 2015

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for determination of Multi Year Tariff for second Control Period from FY 2016-17 to FY 2018-19.

AND

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for approval of Business Plan for second Control Period from FY 2016-17 to FY 2018-19.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.

Vidyut Bhawan, Near I.S.B.T. Crossing, Saharanpur Road, Majra, Dehradun-248002

...............Petitioner

Coram

Shri Subhash Kumar	**Chairman**
Shri K.P. Singh	**Member**

Date of Order: April 5, 2016

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

In accordance with relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011") for the first Control Period from FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the MYT Order dated May 6, 2013 for the Control Period 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 and FY 2014-15 vide its Orders dated April 10, 2014 and April 11, 2015 respectively.

Further, in accordance with 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. In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2015, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or "Licensee" or "Petitioner") filed separate Petitions for approval of its Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 (Petition No. 34 of 2015 hereinafter referred to as the "Business Plan Petition") and Multi Year Tariff Petition (Petition No. 33 of 2015 hereinafter referred to as the "MYT Petition") on November 30, 2015. PTCUL, in its Business Plan Petition, has submitted the Capital Investment Plan, Financing Plan, Human Resources Plan and trajectory of performance parameters for the second Control Period. Further, through the MYT Petition, PTCUL has submitted the detailed calculations of its projected Aggregate Revenue Requirement for the second Control Period from FY 2016-17 to FY 2018-19 as per the UERC Tariff Regulations, 2015. Through the MYT Petition, the Petitioner has also requested for true up of FY 2014-15 based on the audited accounts in accordance with UERC Tariff Regulations, 2011.

The Business Plan Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/6/TF-287/15-16/2015/1372 dated December 9, 2015 and PTCUL was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Business Plan Petition. PTCUL vide its letter no. 1887/MD/PTCUL/UERC dated December 16, 2015 submitted most of the information sought by the Commission. Based on the submission dated December 16, 2015 made by PTCUL, the

Commission vide its Order dated December 22, 2015 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 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.

Further, the MYT Petition filed by PTCUL also had certain infirmities/deficiencies. The Commission, accordingly, vide its letter no. UERC/6/TF-286/15-16/2015/1373 dated December 9, 2015 directed PTCUL to rectify these infirmities/deficiencies and to submit certain additional information necessary for admission of the MYT Petition. PTCUL vide its letter no. 1886/MD/PTCUL/UERC dated December 16, 2015 submitted most of the information sought by the Commission. Based on the submission dated December 16, 2015 by PTCUL, the Commission vide its Order dated December 22, 2015 provisionally admitted the MYT Petition, with the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition 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 Business Plan Petition and the Multi Year Tariff (MYT) Petition filed by PTCUL for approval of the Business Plan and determination of Aggregate Revenue Requirement (ARR) and Multi Year Tariff for the second Control Period from FY 2016-17 to FY 2018-19 as well as true up for FY 2014-15 and Annual Performance Review for FY 2015-16, and is based on the original as well as subsequent submissions made by PTCUL during the course of the proceedings.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiaries. It has been the endeavour of the Commission in past also, to issue tariff orders for PTCUL concurrently with the issue of order on retail tariffs for 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 Business Plan for second Control Period.

Chapter 4 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2014-15.

Chapter 5 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on MYT for second Control Period.

Chapter 6 - Commission's Directives.

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 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 in name of the State. The State Government, further vide another notification dated May 31, 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

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

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

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

d) To provide open access.

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

The Commission vide its Order dated May 6, 2013 issued the Order on approval of 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 and FY 2014-15 vide its Orders dated April 10, 2014 and April 11, 2015 respectively.

As mentioned earlier also, in accordance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of the UERC Tariff Regulations, 2015, Transmission Licensees are required to submit Business Plan Petition and MYT Petition for determination of Aggregate Revenue Requirement latest by November 30, 2015. PTCUL in compliance to the Regulations submitted the Business Plan Petition and MYT Petition for determination of ARR/transmission tariff for the second Control Period from FY 2016-17 to FY 2018-19 alongwith the true up of expenses for FY 2014-15 on November 30, 2015.

The Business Plan Petition and MYT Petition were provisionally admitted by the Commission vide two separate Orders dated December 22, 2015. The Commission, through its above Admittance Orders dated December 22, 2015, to provide transparency to the process of tariff determination and give all the stakeholders an opportunity to submit their objections/suggestions /comments on the Petitions of the Transmission Licensee, also directed PTCUL to publish the salient points of its Petitions in the leading newspapers. The salient points of the Petitions were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S.No.	Newspaper Name	Date Of Publication
1	Dainik Jagran	December 24, 2015
2	Amar Ujala	December 24, 2015
3	Hindustan Times	December 25, 2015
4	Times of India	December 25 & 26, 2015

Through above notice, the stakeholders were requested to submit their objections/ suggestions/comments latest by February 10, 2016 (copy of the notices is enclosed as **Annexure 1**

and 2). The Commission received in all five 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-3.**

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

Table 1.2: Schedule of Hearing

S. No	Place	Date
1	Pithoragarh	February 16, 2016
2	Sitarganj	February 18, 2016
3	Pauri Garhwal	February 23, 2016
4	Dehradun	March 1, 2016

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

The Commission also sent the copies of the salient features of the Petitions to Members of the State Advisory Committee and the State Government. The salient features of the tariff Petitions submitted by PTCUL were also made available on the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the Members of the Advisory Committee on March 4, 2016, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petitions filed by PTCUL.

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

Meanwhile, based on the scrutiny of the Petitions submitted by PTCUL, the Commission vide its letter no. UERC/6/TF-286/15-16/2015/1374 dated December 9, 2015, letter no. UERC/6/ TF-287/15-16/2015/1466 dated January 5, 2016, letter no. UERC/6/TF-286/15-16/2016/1465 dated January 5, 2016 pointed out certain data gaps in the Petitions and sought following additional information/clarifications from the Petitioner:

Business Plan Petition

- Submission of Transmission Loss reduction trajectory in accordance with UERC Tariff Regulations, 2015.
- Scheme wise and year wise Capital Expenditure and Capitalisation during the second Control Period including cost benefit analysis, justification for the scheme, capital structure and financing plan.
- Scheme wise Cost and Time over run for all the schemes along with the justification and also the copies of the proposals sent to the financial institutions for approval of cost overruns.
- Basis of estimated project cost and proposed completion date for the current projects and the future projects.

MYT Petition

- Scheme wise details of assets capitalised in FY 2014-15 along with the clearance certificates of Electrical Inspector.
- Copy of Income Tax Return Verification (ITR V) Form for the assessment year FY 2015-16 as a supporting document for the tax paid.
- Detailed write up on the proposed O&M expenses for the second Control Period.
- Year wise position of receipts and repayments of loans deployed or to be deployed under the various schemes for the projects to be completed and commissioned during the second Control Period.
- Year wise and asset wise capital expenditure of the current projects which are anticipated to be completed during the second Control Period.
- Supporting documents for the interest rate considered for the computation of interest on loan.
- Computations of effective interest rate for working out the interest on loan.

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

12, 2016, for further deliberations on certain issues related to the Petitions filed by PTCUL. Minutes of the above Technical Validation Session were sent to the Petitioner vide Commission's letter no. UERC/6/TF-287/15-16/2016/1555 dated January 14, 2016, letter no. UERC/6/TF-286/15-16/2016/ 1554 dated January 14, 2016 for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 1928/MD/PTCUL/UERC dated December 28, 2015, letter no. 74/Dir.(Projects)/PTCUL/MYT dated January 11, 2016, letter no. 75/Dir. (Projects)/PTCUL/ dated January 11, 2016 and replies to Minutes of TVS vide letter no. 137/Dir(Projects)/PTCUL/Business Plan dated January 20, 2016 and letter no. 138/Dir(Projects)/ PTCUL/MYT dated January 20, 2016. Further data gaps were forwarded by the Commission vide its letter no. UERC/6/TF-286/15-16/2016/1662 dated February 3, 2016 and letter no. UERC/6/TF-286/15-16/2016/1705 dated February 12, 2016. The Petitioner submitted the replies vide its letter no. 241/Dir.(Projects)/PTCUL/MYT dated February 10, 2016 and letter no. 275/Dir.(Projects)/ PTCUL/MYT dated February 19, 2016. The submissions made by PTCUL in the Petitions as well as additional submissions have been discussed by the Commission at appropriate places in the Order along with the Commission's views on the same.

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

The Commission has received five suggestions/objections on PTCUL's Petitions for approval of Business Plan for second Control Period from FY 2016-17 to FY 2018-19, and approval of true up for FY 2014-15, Annual Performance Review for FY 2015-16 and Aggregate Revenue Requirement for the second Control Period from FY 2016-17 to FY 2018-19. List of stakeholders who have submitted their objections/suggestions/comments in writing are given at Annexure-3 and the list of Respondents who have participated in the Public Hearings are enclosed at Annexure-4. The Commission has further obtained replies from PTCUL on the objections/suggestions/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 objections/suggestions/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 Project Cost

2.1.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that PTCUL has been escalating the Project Cost to get the same approved as much as they can from the Commission which is not expected from a public utility.

2.1.2 Petitioner's Response

PTCUL submitted that the Investment approval is accorded by the Commission after detailed technical and financial appraisal. PTCUL also submitted that it is the constant endeavor of the company to undertake projects within the stipulated estimates.

2.1.3 Commission's Views

As regards the approval of actual Project Cost for the Petitioner, the Commission carries out the detailed prudence check of the actual capital expenditure of the completed schemes implemented by the Petitioner while carrying out the Truing up as elaborated in Chapter 4 of this Order.

2.2 Capitalisation of New Assets

2.2.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that for timely completion of the projects, all the clearances should be first obtained by PTCUL and only then the contract should be awarded.

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that in the current proceedings also, the Commission should continue with the same approach of approving the schemes capitalised by allowing only the minimum of approved cost and the actual cost as per the audited reports submitted by the Petitioner, since PTCUL has not submitted the reasons for cost and time over-run of the projects and also has not taken the approval of the schemes from the Commission.

2.2.2 Petitioner's Response

PTCUL submitted that the projects are approved by the Commission after prudence check which includes the check of clearances obtained.

PTCUL submitted that it has already submitted the reasons for increase in the various project costs which have been uncontrollable in nature to the Commission. PTCUL also submitted that the Commission had approved the final true up for FY 2004-05 to FY 2012-13 after giving due consideration to the report of the Expert Committee, constituted for examining the reasons for time and cost overruns of capital expenditure, on the allowable cost of REC Old and NABARD schemes and its subsequent submissions on the report of the Expert Committee.

2.2.3 Commission's Views

The Commission had approved the final true up for FY 2004-05 to FY 2013-14 after giving due consideration to the Expert Committee Report on the allowable cost of REC Old and NABARD Schemes and the comments submitted by PTCUL on the Expert Committee Report. In the true up for FY 2014-15, the Commission has examined the projects covered under REC-II Scheme w.r.t cost/ time overruns against each completed project and after prudence check has allowed the project costs and their capitalisation thereof in the respective years. Further, part capitalisations have not been allowed in FY 2014-15 in accordance with the UERC Tariff Regulations, 2011 and also consistent with the methodology adopted by the Commission in the true up of previous years as elaborated in detail in Chapter 4 of this Order.

2.3 Carrying Cost of deficit till FY 2014-15

2.3.1 Stakeholder's Comment

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that non finalization of GFA is due to the delay attributable to PTCUL and, hence, no carrying cost should be allowed when the GFA is finalized by the Commission.

2.3.2 Petitioner's Response

PTCUL submitted that it has claimed carrying cost as per UERC Tariff Regulations, 2011. PTCUL submitted that the under recovered amount computed as a result of Truing up exercise are in the nature of deferred payments & requires additional funding by the utility. PTCUL submitted that the carrying cost enables the utility to service funding of such deferred payments and, hence, it has proposed the carrying cost on the revenue gap of the past years which is also as per the practice followed under the accounting principles. PTCUL submitted that the revised ARR for FY 2014-15 has been computed based on the audited accounts of FY 2014-15 and given effect for the actual capitalization during FY 2013-14.

2.3.3 Commission's Views

The Commission has considered the carrying cost on revenue deficit/surplus in accordance with the UERC Tariff Regulations, 2011 and the approach adopted by it in the truing up of previous years.

2.4 Abnormal increase in expenses

2.4.1 Stakeholder's Comment

Dr.V. K. Garg submitted that the Petitioner has claimed an abnormal increase in ARR for FY 2016-17. The capital expenditure proposed by the Petitioner for each year of the second Control Period is high and should be justified.

2.4.2 Petitioner's Response

PTCUL submitted that the increase in ARR for FY 2016-17 is on account of Return on Equity on GoU contribution from PDF claimed for previous years.

2.4.3 Commission's Views

The allowable cost for each element of the ARR for FY 2016-17 has been arrived after due scrutiny and is detailed in subsequent Chapters of this Order.

2.5 Annual Transmission Charges

2.5.1 Stakeholder's Comment

M/s Bhilangana Hydro Power Limited submitted that PTCUL should submit the details of income through the beneficiary UPCL. Also, the Petitioner should submit the details of amount collected by UPCL on its behalf and the income through Open Access charges.

Shri Dalip Dua, Vice President (Publications), Himalaya Power Producers Association submitted that although UPCL is the sole beneficiary of the entire intra-state transmission network, PTCUL is recovering monthly transmission charges for its entire network, from open access users also. This amounts to double recovery for the purposes of servicing the same asset, which is in violation of the Regulation 20 of the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 and, therefore, should not be allowed.

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand and M/s Bhilangana Hydro Power Limited submitted that Return on Equity should not be allowed to the Petitioner on the funds received from the Government of Uttarakhand under PDF (Power Development Fund).

M/s Bhilangana Hydro Power Limited submitted that the determination of Transmission Charges for Bhilangana III – Ghansali Line falls under the jurisdiction of Central Electricity Regulatory Commission. The Commission directed PTCUL to approach Central Electricity Regulatory Commission for determination of transmission charges of Bhilangana III – Ghansali Line under PoC mechanism. The issue regarding the jurisdiction of Appropriate Commission to determine the transmission charges for Bhilangana III – Ghansali Line is pending before the Hon'ble Supreme Court of India, which has granted stay on the Orders of the Commission dated April 29, 2013 and May 6, 2013. Hence, it is requested that the ARR for Bhilangana III – Ghansali Line may not be determined by the Commission for the Control Period from FY 2016-17 and FY 2018-19.

2.5.2 *Petitioner's Response*

PTCUL submitted that recovery from open access consumers are being reflected under the non-tariff income and is being reduced in the ARR and no double recovery to that extent is being done by PTCUL. PTCUL submitted that the open access charges are being levied according to the Open Access Regulations notified by the Commission.

PTCUL submitted that the issue of claiming RoE on GoU contribution from PDF was ruled in its favor by Hon'ble ATE in its Judgment dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. PTCUL submitted that although Hon'ble Supreme Court of India had stayed the Judgment of Hon'ble ATE, it is in the process of seeking clarification and removing stay on allowance of RoE on GoU contribution from PDF.

PTCUL submitted that the Ghuttu – Ghansali and Ghansali – Chamba transmission lines which connects to Chamba S/s do not fall within the definition of ISTS as per the Electricity Act, 2003. The Ghuttu – Ghansali line is connected with Ghansali – Chamba line which is in turn connected to Chamba S/s. The said line forms part of the intra-State Transmission System which is owned and operated by PTCUL and is not connected to ISTS. The Chamba S/s is not connected to ISTS of CTU or any other Inter-State Transmission Licensee. The electricity from Chamba to the 220 kV S/s Rishikesh and further to 220 kV S/s at Haridwar which is connected to ISTS is not only for BHPL's project but also used for other projects within the State. In view of PoC Regulations, the Ghuttu – Ghansali and Ghansali - Chamba lines cannot be declared as ISTS unless the load flow study in accordance with PoC Regulations is conducted and results establish that 50% of the total power transmitted through the said line is flowing inter-State. Further, M/s BHPL is currently selling power to UPCL and maximum generation from the project is consumed within the State. The issue of jurisdiction of the Appropriate Commission is pending before the Hon'ble Supreme Court of India. Hence, it is requested that the Commission may determine the ARR for Bhilangana III – Ghansali line for the Control Period from FY 2016-17 to FY 2018-19 till further directions/Orders of the Supreme Court of India.

2.5.3 *Commission's View*

The Commission has approved the Annual Transmission Charges for FY 2016-17 in accordance with the provisions of UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 as detailed under each item of Annual Transmission Charges and the issues raised by the stakeholders have been addressed while approving the ARR for second Control Period as detailed in subsequent Chapters of this Order.

2.6 Frequent Grid Failures

2.6.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that the grid failure is a serious matter and the Commission should direct PTCUL to provide the reasons for grid failures in the past. He further submitted that PTCUL should take steps to avoid such failures in the future.

M/s Bhilangana Hydro Power Limited submitted that PTCUL should compensate the generators during the Transmission System failure and also the reasons for any transmission grid failure should be mentioned.

M/s Bhilangana Hydro Power Limited submitted that PTCUL should submit the voltage wise losses in the ARR duly compensating the stakeholders connected at higher voltage level.

Shri S. S. Chopra, Manager (Electrical), M/s Hindustan National Glass & Industries Ltd., submitted that the accountability of providing uninterrupted power supply is on PTCUL.

2.6.2 Petitioner's Response

PTCUL submitted that the availability factor of its Transmission System for FY 2013-14 was 99.31% and 99.33% for FY 2014-15. PTCUL submitted that the availability of its Transmission System has been one of the most efficient among the utilities in the country. PTCUL submitted that it was awarded the prestigious "Gold Shield" for FY 2009-10 in the category of "Transmission System Availability" by Ministry of Power, Government of India. PTCUL submitted that its loss levels for the past years have been below 2%. PTCUL submitted that there is a distinction between grid failure and small grid disturbances and there has been no incidence of grid failure in the past years. PTCUL submitted that the Petition for the Control Period from FY 2016-17 to FY 2018-19 has been submitted as per the UERC Tariff Regulations, 2015.

2.6.3 Commission's View

In compliance with the conditions of the license, PTCUL is required to submit a report to the Commission within 15 days in the event of any "Major Incident". The Commission had issued directions to PTCUL in this matter in its Tariff Order for FY 2012-13. Reiterating these directions, **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.**

2.7 Truing up

2.7.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that PTCUL is claiming expenses in true up as per its audited accounts. The Petitioner should provide justification for the difference between the expenses approved by the Commission and the actual expenses incurred and the Commission should allow the expenses in True up after prudence check.

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that all major R&M works cannot be expected to be recurring in nature and the expenses incurred on R&M works that would yield long terms benefits to PTCUL should be capitalised. Prior approval for such expenses of capital nature should be obtained.

M/s Bhilangana Hydro Power Limited submitted that the Transfer Scheme between UPCL and PTCUL has not been finalized even though the Transfer Scheme was notified on May 31, 2004.

M/s Bhilangana Hydro Power Limited submitted that the bifurcation of SLDC Charges before truing up should be submitted.

2.7.2 Petitioner's Response

PTCUL submitted that the details of the ARR claimed for FY 2014-15 have been submitted in its Petition. PTCUL submitted that recording of the expenses are being done in accordance with the accounting principles.

PTCUL submitted that the consultancy work for determining the appropriate assets/ liabilities for finalization of transfer scheme pertaining to transmission business is under process. PTCUL submitted that the report of the firm shall be submitted to the Government for notification on completion of the work.

PTCUL submitted that the expenses incurred under SLDC have been reduced from the ARR of PTCUL.

2.7.3 *Commission's View*

The Commission, in this regard, would like to clarify that the actual expenses both of revenue and capital nature submitted by the Petitioner are examined separately, in detail while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with the UERC Tariff Regulations applicable from time to time. Further, the Commission has worked out the sharing of gains and losses for FY 2014-15 in accordance with the provisions of the UERC Tariff Regulations, 2011 while carrying out the Truing up of expenses and revenues for FY 2014-15.

Further, since separate Accounts for SLDC are not available, the Commission has carried out the truing up for FY 2014-15 for PTCUL as a whole.

2.8 Views of State Advisory Committee

Return on equity on GoU contribution from PDF should not be allowed in accordance with the approach adopted by the Commission in its previous Orders.

2.8.1 *Commission's View*

The Commission in the approval of ARR and also during the Truing up exercise for the previous years had not allowed the Return on Equity on GoU contribution from PDF with reasons recorded in the respective Tariff Orders. The Commission continuing with the same approach has not allowed Return on Equity on GoU contribution from PDF while truing up exercise for the previous years and also while approving the ARR for the Control Period starting from FY 2016-17 to FY 2018-19 as detailed in subsequent Chapters of this Order.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Business Plan for second Control Period

3.1 Statutory Requirement

The Commission had notified the UERC Tariff Regulations, 2011 on December 19, 2011 in accordance with the provisions of the Act. The above Regulations were applicable for determination of Tariff for the first Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had notified the UERC Tariff Regulations, 2015 on September 10, 2015 applicable for determination of Tariff for the second Control Period from FY 2016-17 to FY 2018-19.

3.2 Multi Year Tariff Framework

As regards the Multi Year Tariff Framework, UERC Tariff Regulations, 2015 specifies as follows:

"4. Multi-year Framework

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

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

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

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

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

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

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

…

7. Determination of Baseline

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

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

3.3 Business Plan for the second Control Period

Regarding Business Plan, Regulation 8 of the UERC Tariff Regulations, 2015 specifies as follows:

"8. Business Plan

(1) An Applicant shall submit, under affidavit and as per the UERC (Conduct of Business) Regulations, 2014, a Business Plan by November 30th, 2015, for the Control Period of three (3) financial years from April 1, 2016 to March 31, 2019,

…

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

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

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

(iii) Transmission loss reduction trajectory for each year of the control period, including details of the measures proposed to be taken for achieving the target loss.

...

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

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

Regarding Capital Investment Plan, Regulation 58 of the UERC Tariff Regulations, 2015 specifies as follows:

"58. Capital Investment Plan

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

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

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

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

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

...

(7) The Commission shall consider and approve the Transmission Licensee's capital investment

plan, with modifications, if necessary. The costs corresponding to the approved investment plan of the Transmission Licensee for a given year shall be considered for its revenue requirement."

In accordance with Regulation 8 and Regulation 58 of UERC Tariff Regulations, 2015, the Petitioner submitted the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19. The Petitioner in its Business Plan Petition and subsequent submissions has submitted the Capital Expenditure Plan, Capitalisation Plan, Financing Plan, Human Resources Plan and Transmission Loss trajectory for the second Control Period from FY 2016-17 to FY 2018-19. The Petitioner's submissions and the Commission's analysis on approval of Business Plan for PTCUL for the second Control Period from FY 2016-17 to FY 2018-19 are detailed below.

3.4 Capital Expenditure Plan and Capitalisation Plan

3.4.1 Petitioner's Submissions

The submissions of the Petitioner regarding the proposed Capital Expenditure for the second Control Period from FY 2016-17 to FY 2018-19 is as follows:

- PTCUL is in the process of strengthening its Transmission System (132 kV & above) to meet the load growth requirement of Uttarakhand and also for evacuation of power from upcoming hydro and gas based generating stations. The physical targets for the second Control Period from FY 2016-17 to FY 2018-19 submitted by the Petitioner is as shown in the Table below:

Table 3.1: Physical Targets for FY 2016-17 to FY 2018-19 as submitted by PTCUL

Particulars	Capacity	Units	FY 2013-14 (Actual)	FY 2014-15 (Actual)	FY 2015-16 (Estimated)	FY 2016-17 (Projections)	FY 2017-18 (Projections)	FY 2018-19 (Projections)
No. of Sub-Stations	400 kV	No./MVA	2/1185	2/1185	3/1815	4/2445	4/2445	4/2445
	220 kV	No./MVA	8/2400	8/2520	10/3090	17/3850	17/3850	17/3850
	132 kV	No./MVA	27/2832	28/2917	30/3207	33/3407	35/3567	36/3647
Growth in Network	400 kV	Ckt. Km	388	388	416	974	974	974
	220 kV	Ckt. Km	774	807	818	1351	1351	1351
	132 kV	Ckt. Km	1819	1822	1973	2033	2053	2113
Total Sub-station Capacity		No./MVA	37/6417	38/6622	43/8112	54/9702	56/9862	57/9942
Total Network Length		Ckt. Km	2981	3017	3207	4358	4378	4438

- The year wise capital expenditure and capitalisation proposed by the Petitioner during the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 3.2: Capital Expenditure and Capitalisation submitted by PTCUL (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	Total
Capital Expenditure	758.08	1488.73	1426.47	**3673.28**
Capitalisation	373.13	1111.93	1150.04	**2635.10**

3.4.2 *Commission's Analysis*

PTCUL, in its Business Plan Petition, has submitted the list of projects expected to be completed during the second Control Period from FY 2016-17 to FY 2018-19 along with the cost details and completion date. The Capital Investment Plan for the second Control Period from FY 2016-17 to FY 2018-19 was not submitted in accordance with UERC Tariff Regulations, 2015. The Commission sought the Capital Investment Plan categorizing the projects under the following categories:

i. Meeting the requirement of load growth;

ii. Reduction in transmission losses;

iii. Improvement in quality of supply, reliability, metering, reduction in congestion etc.

In reply, although PTCUL submitted the year wise and scheme wise capital expenditure and capitalisation for FY 2016-17 to FY 2018-19, the same was not submitted in the specified format. Also, the year wise capital expenditure was in variation to that submitted in the Petition. PTCUL was provided another opportunity for submission of capital expenditure and capitalisation in the specified format rectifying the discrepancies. In reply, PTCUL submitted the revised year wise and scheme wise capital expenditure and capitalisation for FY 2016-17 to FY 2018-19. However, the year wise capital expenditure and capitalisation were again not submitted in the specified format and the year wise capital expenditure were in variation to its earlier submissions. Thereafter, during the TVS, the discrepancies in the submissions were informed to PTCUL and the Commission sought rectification of the same. In reply to the minutes of TVS, PTCUL submitted the revised year wise capital expenditure and capitalisation.

The Commission observed that PTCUL claimed works related to civil O&M under the category of "improvement in quality of supply, reliability etc." During the TVS, the Commission asked justification for categorizing the works related to civil O&M under improvement in quality of supply, reliability etc. In reply to the Minutes of TVS, PTCUL categorized the works related to civil O&M under "other miscellaneous works".

Even after providing multiple opportunities and discussions during the TVS, PTCUL did not submit the year wise capital expenditure and capitalisation in the specified format on which the Commission has taken a serious note of and reprimands the Petitioner on its lackadaisical approach in making submissions before the Commission.

The Commission had approved the capitalisation of Rs. 130.89 Crore for FY 2015-16. As against the same, the Petitioner had proposed Rs. 238.13 Crore. Considering the actual progress of works in FY 2015-16 till February, 2016, the Commission sought the revised capitalisation details for FY 2015-16 and for the second Control Period from FY 2016-17 to FY 2018-19. The year wise revised capital expenditure and capitalisation submitted by the Petitioner for FY 2015-16 and for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 3.3: Revised Capital Expenditure and Capitalisation submitted by PTCUL (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total (FY 2016-17 to FY 2018-19)
Capital Expenditure	250.88	710.88	1308.46	1199.69	**3219.03**
Capitalisation	222.47	427.32	1073.40	1150.04	**2650.76**

The actual GFA addition during the last 3 years is as shown in the Table below:

Table 3.4: Actual capitalisation of PTCUL

Year	GFA addition (Rs. Crore)
FY 2012-13	122.52
FY 2013-14	144.33
FY 2014-15	68.14

In comparison to the actual capitalisation during the last 3 years, the year wise capitalisation proposed during the second Control Period from FY 2016-17 to FY 2018-19 is very much on a higher side. Further, the Transmission Licensee is required to seek the prior approval of the Commission for all the capital expenditure schemes of value exceeding Rs. 2.50 Crore. The schemes proposed for capitalisation during each year of the second Control Period from FY 2016-17 to FY 2018-19 are a mix of schemes below Rs. 2.50 Crore and above Rs. 2.50 Crore. The status of capital investment approval of the schemes proposed for capitalisation during the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 3.5: Capital Investment approval status (Rs. Crore)

Year	Proposed Capitalisation (total)	Proposed capitalisation of schemes for which investment approval has been accorded by the Commission	Approved cost of schemes for which investment approval has been accorded by the Commission
FY 2016-17	427.32	284.44	177.94
FY 2017-18	1073.40	457.26	323.18
FY 2018-19	1150.04	0.00	0.00

It can be observed from the above Table that the capitalisation proposed for schemes for which investment approval has been accorded by the Commission is substantially higher than the approved cost for the respective schemes. Out of the total capitalisation amount proposed by the Petitioner for the second Control Period, the amount for which the investment approval has been accorded by the Commission is just around 19%. In this regard, it is important to note that the process of filing Petition seeking investment approval and subsequent approval by the Commission also requires considerable time.

In view of the actual performance of the Petitioner in the past and the investment approval status of the proposed schemes for capitalisation during the second Control Period from FY 2016-17 to FY 2018-19, the Commission finds the proposed year wise capital expenditure and capitalisation by the Petitioner on a much higher side. As many of the schemes are also yet to be accorded investment approval by the Commission, the Commission does not find it prudent to approve the scheme wise capitalisation during the second Control Period from FY 2016-17 to FY 2018-19 based on the likely completion cost submitted by the Petitioner. Hence, the Commission for the purpose of approval of the Business Plan has considered the capitalisation for each year of the Control Period based on the approved total Capital Expenditure and Capital Works in Progress. However, during the Annual Performance Review/Truing-up exercise, the Commission shall consider the Capitalisation of only those Schemes which fulfill the conditions as stipulated by the Commission.

The Commission, for approval of year wise capital expenditure and capitalisation for the second Control Period, has considered the capital expenditure and capitalisation for the past 3 years from FY 2012-13 to FY 2014-15 based on the audited accounts submitted by the Petitioner. From the audited accounts, it has been observed that the deduction from Capital Works in Progress (CWIP) for the year is in variation to the GFA addition for the respective year as shown in the Table below:

Table 3.6: Deduction from CWIP and addition in GFA (Rs. Crore)

Particulars As per Audited A/c	FY 2012-13	FY 2013-14	FY 2014-15
Deduction to CWIP	54.76	242.47	69.97
GFA addition	122.52	144.33	68.14

The Commission sought justification for the same from the Petitioner. In reply, the Petitioner submitted that there had been inter-unit adjustments in FY 2013-14 on account of which the deduction from CWIP is in variation to GFA addition. Ideally, the deduction from CWIP should be on account of transfer of CWIP to GFA. In some cases, deduction from CWIP is also on account of rectification of wrong entries made therein. In such a case, the addition to CWIP and deletion thereon nullifies the effect. Accordingly, considering the addition to the GFA and opening and closing balances of CWIP as per the audited accounts, the Commission has reworked the capital expenditure for FY 2012-13 to FY 2014-15 as shown in the Table below:

Table 3.7: Derivation of Capital Expenditure for FY 2012-13 to FY 2014-15 (Rs. Crore)

Particulars As per Audited A/c	Legend	FY 2012-13	FY 2013-14	FY 2014-15
Closing Balance of CWIP	A	157.86	188.62	207.59
GFA addition as per the audited accounts	B	122.52	144.33	68.14
Total	**C=A+B**	**280.38**	**332.95**	**275.73**
Opening Balance of CWIP	D	139.89	157.86	188.62
Capital Expenditure for the year	**E=C-D**	**140.48**	**175.10**	**87.11**

The Commission further analyzed the trends of the amount capitalised by the Petitioner as percentage of the sum of opening CWIP and Capital Expenditure during the year for the past 3 years from FY 2012-13 to FY 2014-15 based on the audited accounts submitted by the Petitioner. The same is shown in the Table below:

Table 3.8: Capitalisation as % of the sum of opening CWIP and Capital Expenditure (Rs. Crore)

Particulars	Legend	FY 2012-13	FY 2013-14	FY 2014-15
Opening CWIP	A	139.89	157.86	188.62
Capital Expenditure during the year	B	140.48	175.10	87.11
Capitalisation during the year	C	122.52	144.33	68.14
Closing CWIP	A+B-C	157.86	188.62	207.59
Capitalisation as % of opening CWIP plus capital expenditure	C÷(A+B)	44%	43%	25%
Average of 3 years		37%		

As discussed earlier, the capital expenditure proposed by the Petitioner during each year of the second Control Period is substantially higher than the actual capital expenditure incurred during the last three years. The average actual capital expenditure incurred during the last three years is Rs 134.23 Crore and the maximum capital expenditure of Rs 175.10 Crore was incurred in FY 2013-14. Considering the past performance of the Petitioner and the status of capital investment approval of the schemes, the capital expenditure plan submitted by the Petitioner for the Second Control Period seems over ambitious and is unlikely to materialize. The Commission for the purpose of approval of the Business Plan is approving the capital expenditure of Rs 175.10 Crore (equivalent to the maximum capital expenditure incurred in any year during the preceding three years) for each year of the Second Control Period from FY 2016-17 to FY 2018-19.

The Commission observed that the amount capitalised by the Petitioner during the past 3 years is in the range of 25% to 44% of the total of opening CWIP and Capital Expenditure during the year. For approving the capitalisation for each year of the second Control Period from FY 2016-17 to FY 2018-19, the Commission has considered the average capitalisation (as % of opening CWIP plus capital expenditure) for the past 3 years, i.e. 37%.

Further, based on the submissions of the Petitioner regarding the revised capitalisation for FY 2015-16, the Commission has worked out the allowable capitalisation for FY 2015-16 considering the lower of approved and estimated cost for the works likely to get capitalized by the end of March, 2016.

The year wise capital expenditure and capitalisation approved by the Commission for FY 2015-16 and for the second Control Period from FY 2016-17 to FY 2018-19 is shown in the Table below:

Table 3.9: Capital expenditure and Capitalisation approved by the Commission (Rs. Crore)

Particulars	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening CWIP	207.59	207.59	235.99	135.46	519.55	194.86	754.61	232.14
Capital Expenditure	250.88	182.04*	710.88	175.10	1308.46	175.10	1199.69	175.10
Capitalisation	222.47	254.17	427.32	115.69	1073.40	137.82	1150.04	151.71
Closing CWIP	235.99	135.46	519.55	194.86	754.61	232.14	804.26	255.53
Capitalisation as % of opening CWIP plus capital expenditure	49%	55%	45%	37%	59%	37%	59%	37%

**Based on the approved capital expenditure in the Business Plan for the first Control Period and revised capitalisation approved now.*

The Commission will consider the actual capital expenditure/capitalization as a part of Annual Performance Review/Truing-up exercise subject to prudence check in accordance with the conditions stipulated by the Commission.

3.5 Financing Plan

3.5.1 Petitioner's Submissions

The Petitioner has proposed the financing of the proposed capitalisation in the debt-equity ratio of 70:30.

3.5.2 Commission's Analysis

Regulation 24 of the UERC Tariff Regulations, 2015 specifies as follows:

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

(1) For a project declared under commercial operation on or after 1.4.2016, 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.

..."

While approving the capital investment of some of the schemes proposed by the Petitioner to be capitalised during the second Control Period from FY 2016-17 to FY 2018-19, the Commission had already approved the debt equity ratio of 70:30. Hence, in accordance with Regulation 24 of the UERC Tariff Regulations, 2015 and the capital investment approvals for some of the schemes proposed to be capitalised during the second Control Period, the Commission has considered the debt equity ratio of 70:30. As the capital investment approval is yet to be sought by the Petitioner for some of the schemes, the Commission shall consider the actual means of finance for each scheme capitalised during the truing up for the respective year of the second Control Period from FY 2016-17 to FY 2018-19.

The Financing Plan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is shown in the Table below:

Table 3.10: Financing Plan approved by the Commission

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capitalisation during the year (Rs. Crore)	427.32	115.69	1073.40	137.82	1150.04	151.71
Debt (%)	70%	70%	70%	70%	70%	70%
Equity (%)	30%	30%	30%	30%	30%	30%
Debt (Rs. Crore)	299.12	80.98	751.38	96.47	805.03	106.20
Equity (Rs. Crore)	128.20	34.71	322.02	41.35	345.01	45.51

3.6 Specific Trajectory for Variables

In accordance with Regulation 9 of UERC Tariff Regulations, 2015, the Commission has stipulated the trajectory for the following variables.

3.6.1 Transmission Loss trajectory

3.6.1.1 Petitioner's Submissions

The Petitioner has proposed the intra-State transmission loss level of 1.78% for each year of the second Control Period from FY 2016-17 to FY 2018-19.

3.6.1.2 Commission's Analysis

As per Regulation 8(1)(b)(iii) of the UERC Tariff Regulations, 2015, the Petitioner was required to submit the transmission loss reduction trajectory for each year of the second Control Period from FY 2016-17 to FY 2018-19, including details of measures proposed to be taken for achieving target loss level. The Commission sought justification for proposing uniform transmission loss level for the second Control Period from FY 2016-17 to FY 2018-19. In reply, the Petitioner submitted the following:

- The current loss levels of PTCUL are very low and the Petitioner is continuously striving for improvement in quality of supply.
- The planned projects for accommodating load growth and improving the quality of supply would result in decreased loss levels.
- No specific project has been planned exclusively for loss reduction.

The actual intra-State transmission loss during the past 3 years is as shown in the Table below:

Table 3.11: Intra-State Transmission Loss

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Approved	Actual	Approved	Actual	Approved	Estimated
Intra-State Transmission Loss	1.84%	1.81%	1.82%	1.78%	1.80%	1.79%

As the actual intra-State transmission losses are considerably lower and since, the Petitioner has not planned any project exclusively for any further reduction in transmission losses, the Commission has considered the transmission loss level of 1.78% for each year of the second Control

Period from FY 2016-17 to FY 2018-19 as proposed by the Petitioner. The Petitioner shall strive to achieve transmission loss level lower than that approved by the Commission by implementing the planned projects for accommodating the load growth and improving quality of supply.

3.6.2 *Auxiliary Energy Consumption in the sub-station*

In accordance with Regulation 61(1) of UERC Tariff Regulations, 2015, the charges for auxiliary Energy Consumption in the sub-station for the purpose of air-conditioning, lighting, consumption, etc. shall be borne by the Petitioner and are included in the normative operation and maintenance expenses.

3.6.3 *Transmission System Availability*

Regulation 61(2) of UERC Tariff Regulations, 2015 specifies the Target Availability for recovery of full transmission charges. Accordingly, the Commission has approved the Target Availability for AC System as 98% for recovery of full Transmission Charges for each year of the second Control Period from FY 2016-17 to FY 2018-19.

The Commission directs the Petitioner to submit the Availability of its AC System during the truing up exercise.

3.7 Human Resources Plan

3.7.1 *Petitioner's Submissions*

In accordance with Regulation 8(2) of UERC Tariff Regulations, 2015, the Petitioner submitted the details in respect of its manpower planning for the second Control Period from FY 2016-17 to FY 2018-19. The Petitioner has proposed the recruitment of 132 employees in FY 2015-16, 126 employees in FY 2016-17, 38 employees in FY 2017-18 and 35 employees in FY 2018-19.

3.7.2 *Commission's Analysis*

The number of employees as on March 31 for FY 2013-14 and FY 2014-15 is as shown in the Table below:

Table 3.12: Details of employees

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
No. of employees as on March 31	926	784	1119	752

The Petitioner has not been able to achieve the recruitment of employees as approved by the Commission for FY 2013-14 and FY 2014-15. Further, the actual recruitment in FY 2015-16 is of 81 employees as against the proposed recruitment of 132 employees. Therefore, for FY 2015-16, the Commission has considered the addition to employees as 81. During the TVS, the Petitioner submitted that the usual recruitment process takes around 6-7 months starting from the month of April of the respective year and is inclusive of time required for obtaining the approval of the State Government. As adequate human resources are crucial for maintaining the reliability in operations, the Commission has approved the recruitment plan for the second Control Period as proposed by the Petitioner. The Petitioner shall put in all efforts for meeting the proposed recruitment of employees during each year of the second Control Period from FY 2016-17 to FY 2018-19. The Commission shall consider the actual recruitment and retirement status during the truing up for the respective years. The HR plan approved by the Commission is shown in the Table below:

Table 3.13: HR Plan approved by the Commission

Particulars	FY 2015-16		FY 2016-17		FY 2017-18		FY 2017-18	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening no. of employees	752	752	845	794	953	902	960	909
Recruitment during the year	132	81	126	126	38	38	35	35
Retirement during the year	39	39	18	18	31	31	17	17
Closing no. of employees	845	794	953	902	960	909	978	927

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2014-15

4.1 Annual Performance Review

The Commission vide its MYT Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period, approved the ARR for the Control Period based on the audited accounts till FY 2011-12.

Regulation 13(1) of the UERC Tariff Regulations, 2011 stipulates that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review.

The Commission vide its Tariff Order dated April 10, 2014 on approval of APR Petition for FY 2013-14 approved the revised ARR for FY 2014-15 based on the capitalisation considered by it till FY 2012-13. Thereafter, the Commission vide its Tariff Order dated April 11, 2015 on approval of APR for FY 2014-15 had carried out the truing up for FY 2013-14. The Commission in its Order dated April 11, 2015 carried out the detailed scrutiny of executed cost of REC Old and NABARD schemes and approved the revised capitalization for these schemes and, accordingly, carried out the truing up of capital related expenses from FY 2004-05 to FY 2012-13.

As regards the REC-II Scheme (also referred to as "REC New Scheme"), the Commission in its Order dated April 11, 2015 held as under:

*"**3.4 Executed Cost of REC New Schemes***

For REC New Schemes, the Commission after detailed analysis of the report of the Consultant and additional submissions of PTCUL, approves the cost recommended by the Consultant at this stage as some of the schemes are yet to be completed. The Commission will carry out the detailed scrutiny of REC New Schemes as done for REC Old and NABARD Schemes, once all the schemes are completed and the cost of the assets is capitalized in the accounts..."

The Commission in this Order, as discussed in subsequent paragraphs, has carried out the detailed scrutiny of the REC II Scheme till FY 2013-14 and has worked out the impact of the same till FY 2013-14.

The Petitioner, in this Petition, has claimed the final true up for FY 2014-15 based on the audited accounts. The Petitioner, based on the final truing up for FY 2014-15, has also proposed the revenue gap on account of truing up to be recovered in FY 2016-17.

In accordance with Regulation 13(3) of the UERC Tariff Regulations, 2011 the Commission has carried out the final truing up for FY 2014-15 based on the audited accounts for FY 2014-15. The approach adopted by the Commission in the approval of true up for FY 2014-15 has been elaborated in the subsequent paragraphs.

4.2 Value of opening assets and additional capitalisation

The Commission has considered the scheme wise closing GFA for FY 2013-14 as approved in the final truing up in its Tariff Order dated April 11, 2015 as the opening GFA for FY 2014-15 except for revision in opening GFA on account of change in capitalisation approved for REC II Scheme. The revised opening GFA of REC-II Scheme has been approved in this Order.

The Petitioner claimed the capitalisation of Rs. 91.27 Crore for FY 2014-15 in its Petition. However, the Petitioner did not submit the details of projects within each Scheme for which the capitalisation was claimed. The Commission sought the details of project wise capitalisation within each Scheme. In reply, the Petitioner submitted the details of capitalisation of Rs. 68.14 Crore. The Commission sought the reasons for the difference of capitalisation of Rs. 91.27 Crore as claimed in the Petition and capitalisation details of Rs. 68.14 Crore as submitted in the replies to the data gaps. Further, the Commission asked the Petitioner to furnish the details of capitalisation for FY 2014-15 in the prescribed format along with the justification for additional capitalisation claimed in FY 2014-15 in accordance with UERC Tariff Regulations, 2011. In reply, the Petitioner submitted that the actual capitalisation in FY 2014-15 was Rs. 68.14 Crore and the remaining addition of Rs. 23.13 Crore was an adjustment entry of deposit works pertaining to previous years. During the TVS, the Petitioner was again directed to submit the capitalisation details for FY 2014-15 in the prescribed format. The Petitioner submitted the capitalisation details for FY 2014-15 but in a different format from that prescribed by the Commission. Despite providing repetitive opportunities, the Petitioner did not submit the capitalisation details for FY 2014-15 in the prescribed format.

The excel formats prescribed by the Commission provide for furnishing the capitalisation details of new projects. The Petitioner, along with its Petition, did not submit the duly filled in formats. Even after providing the opportunity for submitting the duly filled in excel format, the Petitioner provided only part information in such formats.

The Commission, in its previous Orders, cautioned the Petitioner regarding the part capitalisation of the Schemes. The Petitioner has again claimed part capitalisation for some of the schemes in the range of 50-60% of the approved cost. The Commission has not approved such part capitalisation of schemes in FY 2014-15. The capitalisation of such schemes shall be considered only in the year by which significant capitalisation with respect to the approved cost shall be recognised in the books of accounts of the Petitioner.

The Commission cautions the Petitioner that such casual and lacklustre approach on issues which has substantial bearing on their revenue will be detrimental to its own financial health.

The Commission has approved the scheme wise capitalisation for FY 2014-15. In the approval of the same, for the first time capitalisation, the Commission has considered the lower of approved cost and actual cost incurred in FY 2014-15. For additional capitalisation towards schemes capitalized in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of approved cost and in accordance with Regulation 24 of the UERC Tariff Regulations, 2011.

In the subsequent Paras, the Commission has discussed the scheme wise capitalisation for FY 2014-15 claimed by the Petitioner and approved by the Commission.

4.2.1 REC New Scheme

Executed cost of REC II Schemes

The Commission vide its Order dated April 11, 2015 held as under:

"3.4 Executed Cost of REC New Schemes

For REC New Schemes, the Commission after detailed analysis of the report of the Consultant and additional submissions of PTCUL, approves the cost recommended by the Consultant at this stage as some of the schemes are yet to be completed. The Commission will carry out the detailed scrutiny of REC New Schemes as done for REC Old and NABARD Schemes, once all the schemes are completed and the cost of the assets is capitalized in the accounts..."

As mentioned in the previous Order, the Commission had appointed a Consultant for analysis of time and cost overrun of executed projects under REC New Scheme. The Consultant had submitted its report on the allowable cost of REC New Scheme on March 4, 2015 to the Commission. In order to give an opportunity to the Petitioner to make its submissions on the

Report, the Commission forwarded the said report to the Petitioner vide its letter dated March 11, 2015. The Petitioner submitted its views on the report of the Expert Committee along with the detailed justification and nature of the disallowed cost by the Expert Committee vide its letter dated March 25, 2015. The Commission based on the analysis of the detailed information submitted by the Petitioner has approved the executed cost for the REC New Schemes and based on the same, the year wise capitalisation has been approved.

Since majority of the projects under the Scheme have been commissioned, hence, the Commission is of the opinion that it shall be prudent to finalise the cost of such projects. In this context, the Commission during the TVS, sought the details of cost overrun and time overrun of projects commissioned under REC II Scheme in the prescribed format. PTCUL did not submit satisfactory reply to the same. The Commission provided another opportunity to PTCUL to submit the requisite information. In reply, PTCUL submitted only the details of time overrun in the projects under REC II Scheme in the prescribed format.

In its previous Order on approval of ARR for FY 2015-16, the Commission observed that the impact of time over run and cost over runs of REC Old & NABARD Schemes had accumulated since FY 2004-05. Scrutiny of the executed capital cost of projects vis-s-vis approved capital cost with passage of time may be difficult to comprehend since collection and collation of details from field offices of the Petitioner to the satisfaction of the Commission could not be made by the Petitioner. To obviate such a situation the Commission has decided to scrutinize the capital cost of projects commissioned under REC-II Scheme. Further, the Commission has also observed that the Petitioner has never reported the actual capital cost incurred on completion of the project despite the fact that the Petitioner has to submit completed cost of the project on commissioning of the same as directed vide the Orders on investment approval by the Commission issued from time to time. **In this regard, the Petitioner is hereby, directed to ensure timely submission of 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 and should not wait for furnishing of the same alongwith the ARR Petitions.**

Nevertheless, the Commission observed that there has been time delay in almost all the executed projects of REC II Scheme. The impact of time overrun has resulted in the increase in project cost. In the absence of any submissions of the Petitioner on cost overrun in the prescribed format, the Commission has considered the hard cost as worked out by the Consultant.

Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 has clearly laid down that the treatment of extra IDC on account of delay under three cases:

(i) due to factors entirely attributable to the Petitioner,

(ii) due to factors beyond the control of the Petitioner, and

(iii) situations not covered by (i) & (ii).

The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

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

After detailed analysis of the reasons submitted by PTCUL for time overrun, the Commission is of the view that for some of the projects, the reasons for delay are solely attributable to the Petitioner, whereas for some of the Projects, the reasons for delay are beyond the control of the Petitioner and for some of the projects, the reasons are a mix of both the cases. For the projects for which the reasons for delay are solely attributable to the Petitioner, the Commission has not allowed any excess IDC. For the projects for which the reasons for delay are beyond the control of the Petitioner, the Commission has allowed the actual IDC incurred and for the projects for which the reasons for delay are a mix of both, the Commission has allowed 50% of the excess IDC. The Table below shows the actual executed cost and cost approved by the Commission:

Table 4.1: Allowable executed cost for REC New Scheme (Rs. Crore)

S. No.	Particulars	Approved Cost as per Investment Approval	Submitted by PTCUL	Cost approved by the Commission in Order dated April 11, 2015	Cost approved by the Commission in this Order
1	LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II	1.20	1.72	1.27	1.23
2	Construction of 4 Nos. Bay at 132 kV Substation Kotdwar	4.30	3.35	2.93	2.93
3	Construction of 132 kV Substation Laksar	13.22	13.26	11.14	10.99
4	LILO of 132 kV Roorkee-Nehtaur-II Line for 132 kV S/s Laksar	0.34	0.80	0.70	0.70
5	LILO of 132 kV Kashipur-Jaspur Line at 400 kV S/s Kashipur	1.03	1.83	1.69	1.69
6	LILO of 132 kV Kashipur-Ramnagar Line at 400 kV Substation Kashipur	0.34	0.58	0.53	0.53
7	132 kV Line S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur	5.64	8.46	8.22	8.22
8	220 kV D/C Line from Kashipur –Barhani	17.93	15.60	14.49	12.40
9	220 kV S/C Line from Barhani-Pantnagar	19.50	14.94	13.78	11.99
10	LILO of 132 kV Dohna-Khatima Line for 132 kV Substation Sitarganj	8.55	7.24	6.72	6.68
11	LILO of 132 kV Kicha-Pantnagar Line at Rudrapur 132 kV S/s	1.71	1.57	1.54	1.54
12	Increasing Capacity of 132/66/33 kV Substation Haldwani	2.92	2.99	2.82	2.59
13	Construction of 132 kV Bays at Ranikhet and Pithoragarh	2.48	1.23	1.23	1.23
14	Increasing Capacity of 132/33 kV Substation Mazra	6.28	2.72	2.72	2.72
15	Augmentation of 132/33 kV S/s Purkul	2.58	3.17	2.42	2.42
Total		**88.02**	**79.46**	**72.20**	**67.86**

On account of the revised approved executed cost, the year wise capitalisation approved by the Commission till FY 2013-14 has undergone revision. The project wise approved cost and the actual cost submitted by the Petitioner and the capitalisation considered by the Commission for REC II Scheme is as shown in the Table below:

Table 4.2: Capitalisation approved by the Commission for REC New Scheme (Rs. Crore)

S. No.	Particulars	Approved cost	Total capitalisation claimed by PTCUL upto FY 2013-14	Year wise capitalisation approved by the Commission							
				FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	Total
1	LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II	1.23	0.96	0.00	0.00	0.00	0.00	0.96	0.00	0.00	0.96
2	Construction of 4 Nos. Bay at 132 kV Substation Kotdwar	2.93	4.03	2.93	0.00	0.00	0.00	0.00	0.00	0.00	2.93
3	Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC at Kashipur and Rishikhesh	51.92	12.33	0.00	0.00	0.00	0.00	0.37	0.67	11.29	12.33
4	Construction of 132 kV Substation Laksar	10.99	12.40	9.76	0.00	0.00	0.00	1.23	0.00	0.00	10.99
5	LILO of 132 kV Roorkee-Nehtaur-II Line for 132 kV S/s Laksar	0.70	0.60	0.54	0.00	0.00	0.00	0.07	0.00	0.00	0.60
6	LILO of 132 kV Kashipur-Jaspur Line at 400 kV S/s Kashipur	1.69	1.44	1.28	0.00	0.00	0.00	0.16	0.00	0.00	1.44
7	LILO of 132 kV Kashipur-Ramnagar Line at 400 kV Substation Kashipur	0.53	0.93	0.53	0.00	0.00	0.00	0.00	0.00	0.00	0.53
8	132 kV Line S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur	8.22	11.10	0.00	0.00	8.22	0.00	0.00	0.00	0.00	8.22
9	220 kV D/C Line from Kashipur–Barhani	12.40	17.77	0.00	0.00	0.00	9.72	2.68	0.00	0.00	12.40
10	220 kV S/C Line from Barhani-Pantnagar	11.99	19.83	0.00	0.00	0.00	9.69	2.30	0.00	0.00	11.99
11	LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)	5.07	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	LILO of 132 kV Dohna-Khatima line for 132 kV Substation Sitarganj	6.68	7.40	6.29	0.00	0.00	0.00	0.38	0.00	0.00	6.68
13	LILO of 132 kV Kicha-Pantnagar Line at Rudrapur 132 kV S/s	1.54	1.56	1.39	0.00	0.00	0.00	0.15	0.00	0.00	1.54
14	Increasing Capacity of 132/66/33 kV Substation Haldwani	2.59	2.90	0.00	2.59	0.00	0.00	0.00	0.00	0.00	2.59
15	Construction of 132 kV Bays at Ranikhet and Pithoragarh	1.23	1.39	0.00	0.00	0.00	0.00	1.23	0.00	0.00	1.23
16	Increasing Capacity of 132/ 33 kV Substation Mazra	2.72	6.26	2.72	0.00	0.00	0.00	0.00	0.00	0.00	2.72
17	Augmentation of 132/33 kV S/s Purkul	2.42	2.45	2.18	0.00	0.00	0.00	0.24	0.00	0.00	2.42
Total		**124.85**	**103.81**	**27.61**	**2.59**	**8.22**	**19.42**	**9.77**	**0.67**	**11.29**	**79.57**

From Table 4.1 and 4.2 above, it is evident that the Commission has considered the cost approved in respect of all the projects that have been capitalized except for the three projects, i.e. LILO of 132 kV Rishikesh-Srinagar line at 132 kV Substation Srinagar-II, LILO of 132 kV Roorkee-Nehtaur-II line for 132 kV S/s Laksar and LILO of 132 kV Kashipur-Jaspur line at 400 kV S/s Kashipur where the cost approved by the Commission in Table 4.1 is higher than the cost considered by the Commission in Table 4.2. In this regard, the Commission has restricted the amount approved by the Commission to the amount capitalized by the Petitioner in its accounts for these projects. This again reflects towards a serious lack of coordination among the Projects department and Accounts department of the Petitioner Company. **The Petitioner is directed to mend its affairs in this regard and ensure proper co-ordination and consistent flow of information amongst its departments.**

The year wise GFA addition of REC II Scheme approved by the Commission in the Order dated April 11, 2015 and approved in this Order is as shown in the Table below:

Table 4.3: GFA addition of REC New Scheme (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
GFA addition approved in the Order dated April 11, 2015	27.61	2.82	8.22	19.42	13.85	0.67	11.29
GFA addition approved now	27.61	2.59	8.22	19.42	9.77	0.67	11.29
Increase/(Decrease) in GFA addition	0.00	-0.23	0.00	0.00	-4.08	0.00	0.00

The Commission has considered the impact of revised year wise capitalisation for REC II Scheme till FY 2013-14, on the components of Annual Transmission Charges for the respective years and has, accordingly, worked out a surplus to PTCUL's requirement of Rs. 4.16 Crore. The same has been adjusted in the Annual Transmission Charges approved for FY 2016-17.

The Petitioner has claimed total capitalisation of Rs. 9.43 Crore in REC New Scheme in FY 2014-15. Capitalisation of Rs. 9.03 Crore has been claimed towards "LILO of 132 kV Almora-Pithoragarh line for 220 kV S/s Pithoragarh (PGCIL)" and additional capitalisation of Rs. 0.40 Crore has been claimed towards SLDC related capital works. The Commission has approved the capitalisation of Rs. 0.40 Crore claimed towards SLDC works as the works related to SLDC are under progress in a phased manner.

The Hard Cost approved by the Commission for "LILO of 132 kV Almora-Pithoragarh line for 220 kV S/s Pithoragarh (PGCIL)" as per the Investment Approval is Rs. 4.02 Crore. The

Petitioner submitted that the escalation in cost is due to ROW issue.

The Commission asked the Petitioner to submit the award price for the project along with the supporting documents. In reply, the Petitioner submitted the copies of the Contract Agreements for supply and erection dated March 12, 2010. As per the copies of the Contract Agreements submitted by the Petitioner, the award price for the project was Rs. 5.47 Crore. From the submissions of the Petitioner, it is understood that there has been no practice of recording the cost escalation during the execution nor the Contract Agreements were revised. The submission of the Petitioner does not justify the reasons submitted for cost escalation. Hence, the Commission has considered the allowable cost of Rs. 5.07 Crore including IDC of Rs. 1.05 Crore for the project.

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

Table 4.4: Capitalisation approved for REC New Scheme in FY 2014-15 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2013-14	Capitalisation claimed by PTCUL in FY 2014-15	Capitalisation approved by the Commission for FY 2014-15	Total capitalisation approved till FY 2014-15
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC at Kashipur and Rishikhesh	51.92	FY 2013-14	12.33	0.40	0.40	12.73
LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)	5.07	FY 2014-15	0.00	9.03	5.07	5.07
Total	**56.99**	-	**12.33**	**9.43**	**5.46**	**17.79**

4.2.2 REC IV Scheme

The Petitioner has claimed a total capitalisation of Rs. 22.81 Crore in REC IV Scheme in FY 2014-15. The capitalisation claimed by the Petitioner is a mix of first time capitalisation and additional capitalisation. The Commission has allowed the additional capitalisation claimed in FY 2014-15 subject to the ceiling limit of the approved cost. The Commission observed that the first time capitalisation of projects claimed in FY 2014-15 are part capitalisations in comparison to the approved cost. The Commission has not approved such part capitalisation of the schemes in FY 2014-15 in accordance with the directions issued to the Petitioner in this regard in the previous Tariff Orders. The capitalisation of such schemes shall be considered only during the year by which significant capitalisation with respect to the approved cost is recognised in the books of accounts of the Petitioner in accordance with the directions of the Commission issued in the previous Tariff

Orders. However, the Commission has provisionally allowed the capitalisation of the same during FY 2015-16 which is subject to truing up based on actual expenditure incurred by PTCUL in this regard in accordance with the directions of the Commission.

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

Table 4.5: Capitalisation approved for REC IV Scheme in FY 2014-15 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2013-14	Capitalisation claimed by PTCUL in FY 2014-15	Capitalisation approved by the Commission for FY 2014-15	Total capitalisation approved till FY 2014-15
220 kV S/s Dehradun	57.32	FY 2013-14	47.65	2.86	2.86	50.51
220 kV LILO Line for Dehradun	1.75	FY 2013-14	1.75	0.79	0.00	1.75
132 kV S/s Haridwar Road Dehradun (80 MVA)	28.09	FY 2014-15	0.00	16.77	0.00	0.00
132 kV Mazra-Rishikesh LILO at Dehradun	3.81	FY 2014-15	0.00	2.23	0.00	0.00
132 kV S/s Sitarganj (SIDCUL)	23.54	FY 2012-13	14.98	0.16	0.16	15.14
Total	**114.52**	**-**	**64.38**	**22.81**	**3.02**	**67.40**

4.2.3 REC V Scheme

The Petitioner has claimed a total capitalisation of Rs. 19.65 Crore in REC V Scheme in FY 2014-15. The Petitioner has claimed a capitalisation of Rs. 15.38 Crore towards "220 kV DC line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj" as against the approved cost of Rs. 15.37 Crore and Rs. 4.27 Crore towards "2 No. 220 kV Bay at 400 kV S/s Kashipur" as against the approved cost of Rs. 5.78 Crore. The Commission observed that the capitalisation of "2 No. 220 kV Bay at 400 kV S/s Kashipur" claimed in FY 2014-15 is part capitalisation in comparison to the approved cost. The Commission has not approved such part capitalisation of schemes in FY 2014-15 in accordance with the directions issued to the Petitioner in this regard in the previous Tariff Orders. The capitalisation of such schemes shall be considered only during the year by which significant capitalisation with respect to the approved cost is recognised in the books of accounts of the Petitioner in accordance with the directions of the Commission issued in the previous Tariff Orders. However, the Commission has provisionally allowed the capitalisation of the same during FY 2015-16 which is subject to truing up based on actual expenditure incurred by PTCUL in this regard in accordance with the directions of the Commission.

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

Table 4.6: Capitalisation approved for REC V Scheme in FY 2014-15 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2013-14	Capitalisation claimed by PTCUL in FY 2014-15	Capitalisation approved by the Commission for FY 2014-15	Total capitalisation approved till FY 2014-15
220 kV DC Line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj	15.37	FY 2014-15	0.00	15.38	15.37	15.37
2 No. 220 kV Bay at 400 kV S/s Kashipur	5.78	FY 2014-15	0.00	4.27	0.00	0.00
Total	**21.15**	-	**0.00**	**19.65**	**15.37**	**15.37**

4.2.4 REC 5533 Scheme

The Petitioner has claimed a total capitalisation of Rs. 1.32 Crore in REC 5533 Scheme in FY 2014-15. The Petitioner submitted that the works covered under this Scheme are below Rs. 2.50 Crore. The Petitioner has claimed the cost towards "132/66 kV 20 MVA Transformer at 132 kV Srinagar S/s" under this Scheme. As the cost claimed by the Petitioner is reasonable, the Commission finds it prudent to allow the same.

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

Table 4.7: Capitalisation approved for REC 5533 Scheme in FY 2014-15 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2013-14	Capitalisation claimed by PTCUL in FY 2014-15	Capitalisation approved by the Commission for FY 2014-15	Total capitalisation approved till FY 2014-15
Installation of 132/66 kV 20 MVA Transformer at 132 kV Srinagar S/s	Works below Rs. 2.50 Crore	FY 2014-15	0.00	1.32	1.32	1.32

4.2.5 PFC (System Improvement)

The Petitioner has claimed a total capitalisation of Rs. 10.99 Crore towards a mix of System Improvement works funded by PFC in FY 2014-15. The said works are a mix of schemes approved by the Commission and capital works less than Rs. 2.50 Crore.

For the schemes which have been approved by the Commission, the Petitioner has claimed part capitalisation in FY 2014-15 in comparison to the approved cost. The Commission has not approved such part capitalisation of schemes in FY 2014-15 in accordance with the directions issued to the Petitioner in this regard in the previous Tariff Orders. The capitalisation of such schemes shall be considered only during the year by which significant capitalisation in comparison to the approved cost is recognised in the books of accounts of the Petitioner in accordance with the directions of the Commission issued in the previous Tariff Orders. However, the Commission has provisionally allowed the capitalisation of the same during FY 2015-16 which is subject to truing up based on actual expenditure incurred by PTCUL in this regard in accordance with the directions of the Commission.

For works less than Rs. 2.50 Crore, the Petitioner has claimed the capitalisation towards works like transformer plinth at various substations. The Commission does not find it prudent to allow such capitalisation since such transformer plinths is only a part of the project and it cannot be of any use unless the transformer (for augmented capacity) is placed on it. The Commission has not considered the capitalisation of such works in FY 2014-15 and will consider it when the complete augmentation work is over. **The Petitioner is directed to bring up such amount alongwith the truing up Petition of the year in which such augmentation works are completed.**

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

Table 4.8: Capitalisation approved for PFC (SI) in FY 2014-15 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2013-14	Capitalisation claimed by PTCUL in FY 2014-15	Capitalisation approved by the Commission for FY 2014-15	Total capitalisation approved till FY 2014-15
Increasing capacity of existing 132/33 kV Bhowali S/s	4.79	FY 2014-15	0.00	0.36	0.00	0.00
Increasing capacity of existing 132/33 kV Kathgodam S/s	4.43	FY 2014-15	0.00	0.03	0.00	0.00
Supply & erection of SF-6 Circuit Breaker at 400 kV O&M Rishikesh	Works below Rs. 2.50 Crore	FY 2014-15	0.00	1.35	1.35	1.35
Const. of 20 MVA transformer plinth at 132 kV S/s Almora	Works below Rs. 2.50 Crore	FY 2014-15	0.00	0.01	0.00	0.00
Const. of 80 MVA transformer plinth at 132 kV S/s Bazpur	Works below Rs. 2.50 Crore	FY 2014-15	0.00	0.14	0.00	0.00
Const. of 20 MVA transformer plinth at 132 kV S/s Kathgodam	Works below Rs. 2.50 Crore	FY 2014-15	0.00	0.00	0.00	0.00
Const. of 20 MVA transformer plinth at 132 kV S/s Bhowali	Works below Rs. 2.50 Crore	FY 2014-15	0.00	0.01	0.00	0.00
Augmentation of transformer capacity at SIDCUL (Haridwar) from 2*100 MVA to 2*160 MVA	18.20	FY 2014-15	0.00	9.08	0.00	0.00
Total	**-**	**-**	**0.00**	**10.99**	**1.35**	**1.35**

4.2.6 REC 4365

The Petitioner has claimed the capitalisation of Rs. 0.10 Crore in REC 4365 (Augmentation of 220 kV S/s Roorkee). In line with the approach adopted by the Commission in truing up of FY 2013-14, since the Commission has not accorded the investment approval for this project, the Commission has not approved the capitalisation for the same in FY 2014-15.

4.2.7 Others

The Petitioner has claimed the capitalisation of Rs. 3.24 Crore towards System Strengthening Schemes. The Commission has approved the capitalisation of System Strengthening Schemes as submitted by the Petitioner as these are minor works carried out by the Petitioner.

Further, the Petitioner has claimed the capitalisation of Rs. 23.71 Crore towards deposit works which is inclusive of the adjustment entry of assets pertaining to deposit works of previous years. The Commission has considered the addition of deposit works in FY 2014-15 as claimed by the Petitioner.

4.3 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.9: Revised GFA approved by the Commission for FY 2014-15 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed by PTCUL	Approved
1	Opening Value	882.68	964.81	960.50
	Addition			
2	REC New	167.77	9.43	5.46
3	REC IV		22.81	3.02
4	REC V		19.65	15.37
5	PFC		10.99	1.35
6	REC IX		0.00	0.00
7	REC 4365		0.10	0.00
8	REC 5533		1.32	1.32
9	Deposit works		23.71	23.71
10	System strengthening		3.24	3.24
11	**Total addition during the year**	**167.77**	**91.27**	**53.49**
12	Less: Deletions during the year	0.00	7.33	7.33
13	**Closing value**	**1050.45**	**1048.74**	**1006.66**

4.4 Capital Structure

Regulation 22 of UERC Tariff Regulations, 2011 specifies that:

"(1) For a project declared under commercial operation on or after 1.4.2013, 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.

(2) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2013, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders.

...

"

For Schemes capitalised prior to FY 2013-14, the Commission has considered the Debt-Equity ratio as approved earlier for the respective Schemes. For REC New, the Commission has considered the Debt-Equity Ratio of 70:30 in line with the approach adopted by the Commission in truing up for FY 2013-14. For new Schemes, the Commission has considered the Debt-Equity Ratio of 70:30 as approved in the Investment Approval. The capital structure considered by the Commission for true up for FY 2014-15 is as shown in the Table given below:

Table 4.10: Approved Means of Finance for FY 2014-15

S. No.	Particulars	Grants	Debt	Equity	Total
1	REC Old	0%	82%	18%	100%
2	NABARD	0%	81%	19%	100%
3	REC New	0%	70%	30%	100%
4	REC IV	0%	70%	30%	100%
5	REC V	0%	70%	30%	100%
6	PFC	0%	70%	30%	100%
7	PFC (Computer equipment)	0%	70%	30%	100%
8	REC IX	0%	70%	30%	100%
9	REC XI	0%	70%	30%	100%
10	REC 5533	0%	70%	30%	100%
11	Deposit works	100%	0%	0%	100%
12	System strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2014-15 which works out as given below:

Table 4.11: Details of financing for capitalisation for FY 2014-15 (Rs. Crore)

S. No.	Particulars	FY 2014-15				
		Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	86.33	63.26	640.67	170.24	960.50
2	**Additions in the year**					
	REC New	-	0.00	3.82	1.64	5.46
	REC IV	-	0.00	2.11	0.91	3.02
	REC V	-	0.00	10.76	4.61	15.37
	PFC	-	0.00	0.95	0.41	1.35
	REC IX	-	0.00	0.00	0.00	0.00
	REC 4365	-	0.00	0.00	0.00	0.00
	REC 5533	-	0.00	0.93	0.40	1.32
	Deposit works	-	23.71	0.00	0.00	23.71
	System strengthening	-	0.00	2.27	0.97	3.24
3	**Total addition during the year**	**0.00**	**23.71**	**20.84**	**8.93**	**53.49**
4	Less Deletions during the year	7.33	0.00	0.00	0.00	7.33
5	**Closing Value**	**79.01**	**86.97**	**661.51**	**179.17**	**1006.66**

4.5 Annual Transmission Charges

Regulation 60 of the UERC Tariff Regulations, 2011 specifies as follows:

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

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

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;
(b) Lease Charges;
(c) Interest and Finance Charges on Loan Capital;
(d) Return on equity capital;
(e) Income-tax;
(f) Depreciation;
(g) Interest on working capital and deposits from Transmission System Users; and

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

minus:

(h) Non-Tariff Income;
(i) Short-Term Open Access Charges; and
(j) Income from Other Business to the extent specified in these Regulations:

..."

4.5.1 O&M expenses

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenditure on staff, administration and repairs and maintenance etc. For estimating the O&M expenses for the first Control Period, Regulation 65 of UERC Tariff Regulations, 2011 specifies as below:

"...

(2) 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.

(3) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2012-13, shall be approved based on the formula given below:-

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

Where –

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

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

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

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

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

Where –

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

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

4.5.1.1 Employee expenses

The Petitioner has claimed the normative employee expenses of Rs. 65.07 Crore for FY 2014-

15, the same as approved by the Commission in the Tariff Order. As against the same, the actual employee expenses for FY 2014-15 as per the audited accounts are Rs. 51.85 Crore.

The Commission had approved the projections of employee expenses for FY 2014-15 in the MYT Order based on the actual employee expenses for FY 2011-12 as base year. The same has been approved in the Tariff Order for FY 2014-15. The base year expenses were escalated by considering the CPI Inflation and the Gn factor in accordance with UERC Tariff Regulations, 2011.

The Commission has now revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2014-15. Accordingly, the Commission has computed the CPI Inflation of 9.50% for FY 2014-15. Thereafter, the Commission observed that there has been no increase in number of employees from FY 2013-14 to FY 2014-15. Hence, the Commission has considered the Gn factor as zero. The normative employee expenses now approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.12: Employee expenses approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual as per Audited Accounts	Normative	
			Claimed by PTCUL	Approved
Employee expenses	65.07	51.85	65.07	58.48

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 4.6.

4.5.1.2 R&M expenses

The Petitioner has claimed the normative R&M expenses of Rs. 30.18 Crore for FY 2014-15 equal to that approved by the Commission in the Tariff Order. As against the same, the actual R&M expenses for FY 2014-15 as per the audited accounts are Rs. 16.56 Crore.

The Commission had approved the projections of R&M expenses for FY 2014-15 in the MYT Order based on the average of actual R&M expenses for the previous three years, i.e. FY 2009-10 to FY 2011-12 to arrive at the R&M Expenses as % of opening GFA approved for these years, and worked out the K factor as 3.18%. Further, the Commission had considered the average increase in WPI for last three years as 7.77% to project the R&M expenses.

The Commission in its Tariff Order for FY 2015-16 dated April 11, 2015 revised the K factor to 2.92%. The Commission in this Order has revised the year wise capitalisation of REC II Scheme till FY 2013-14. The impact of the same on the K factor is not considerable and the revised K factor remains as 2.92%. The Commission has now revised the WPI Inflation for FY 2014-15 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 7.42% for FY 2014-15. The normative R&M expenses approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.13: R&M expenses approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual	Normative	
			Claimed	Approved
R&M expenses	30.18	16.56	30.18	30.12

As R&M expenses are controllable in nature, the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 4.6.

4.5.1.3 A&G expenses

The Petitioner has claimed the normative A&G expenses for FY 2014-15 as Rs. 14.07 Crore, equal to that approved by the Commission in the Tariff Order. As against the same, the actual A&G expenses for FY 2014-15 as per the audited accounts are Rs. 14.21 Crore.

The Commission had approved the projections of A&G expenses for FY 2014-15 in the MYT Order based on the average of actual Gross A&G expenses other than the licensee fees and guarantee fees for previous three years, i.e. FY 2009-10 to FY 2011-12. The Gross A&G expenses were then arrived for FY 2011-12 considering the average of 3 years and the escalation factor approved by the Commission for FY 2011-12. The expenses of FY 2011-12 were further escalated with the average increase in WPI of 7.77% in accordance with UERC Tariff Regulations, 2011 to estimate the A&G expenses for FY 2012-13 and for the Control Period from FY 2013-14 to FY 2014-15 in the MYT Order.

The Commission in the Tariff Order for FY 2014-15 dated April 10, 2014 had approved Rs. 2 Crore towards insurance cost in addition to the normative O&M expenses approved in the MYT Order. 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 7.42% for FY 2014-15. The Commission has escalated the approved gross normative A&G expenses for FY 2013-14 by the inflation factor of 7.42%. Thereafter, the Commission has added the actual Licensee Fee paid for FY 2014-15 and deducted the capitalized expenses on the same proportion of the average of actual A&G expenses capitalized over the gross A&G expenses over the last three years to work out the net A&G expenses for FY 2014-15. The Commission had also approved a one time provision of Rs.

1.00 Crore in the A&G expenses, in the MYT Order, in accordance with UERC Tariff Regulations, 2011. The Petitioner submitted that it had incurred Rs. 0.13 Crore on training for employees. The Commission has considered the actual expenses of Rs. 0.13 Crore as against Rs. 1.00 Crore approved in the MYT Order. Further, the Petitioner has not claimed any expenses towards the expenses of Rs. 2 Crore approved towards insurance cost in addition to normative O&M expenses. Hence, the Commission has not considered the same. The normative A&G expenses approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.14: A&G expenses approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual	Normative	
			Claimed by PTCUL	Approved
A&G expenses	14.07	14.21	14.07	11.15

As A&G expenses are controllable in nature, the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 4.6.

4.5.1.4 O&M expenses

Based on the above, the normative O&M expenses approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.15: O&M expenses approved for FY 2014-15 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed by PTCUL	Approved
1	Employee expenses	65.07	51.85	65.07	58.48
2	R&M expenses	30.18	16.56	30.18	30.12
3	A&G expenses	14.07	14.21	14.07	11.15
Total O&M expenses		**109.32**	**82.63**	**109.32**	**99.76**

4.5.2 Interest and Finance Charges

Regulation 28 of the UERC Tariff Regulations, 2011 specifies as follows:

"(1) The loans arrived at in the manner indicated in Regulation 22 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2013 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2013 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 at the beginning of each year applicable to the project:

...

(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 Petitioner has claimed the interest expenses of Rs. 49.64 Crore and guarantee fee of Rs. 0.12 Crore for FY 2014-15. The Petitioner submitted that the closing loan balances for FY 2013-14 have been considered as the opening loan balances for FY 2014-15. The Petitioner submitted that the loan addition during the year has been considered as per the 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 12.13% has been considered for computing the interest expenses.

The Commission has considered the approved closing loan balance for FY 2013-14 as the opening loan balance for FY 2014-15 with adjustment on account of revised year wise capitalisation of REC II Scheme till FY 2013-14. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2014-15 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 the Control Period. The loan balances approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.16: Loan Balances approved for FY 2014-15 (Rs. Crore)

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Schemes/Particulars</th><th colspan="3">Opening Balances</th><th rowspan="2">Receipts during the Year</th><th rowspan="2">Repayment during the year</th><th colspan="3">Closing Balances</th></tr>
<tr><th>Cumulative Balances</th><th>Cumulative Repayment</th><th>Net Loan</th><th>Cumulative Loan</th><th>Cumulative Repayment</th><th>Net Loan</th></tr>
<tr><td>1</td><td>REC Old</td><td>164.22</td><td rowspan="14">317.45</td><td rowspan="14">406.72</td><td>0.00</td><td rowspan="14">45.45</td><td>164.22</td><td rowspan="14">362.90</td><td rowspan="14">382.11</td></tr>
<tr><td>2</td><td>NABARD</td><td>210.07</td><td>0.00</td><td>210.07</td></tr>
<tr><td>3</td><td>PFC (NABARD Gap funding)</td><td>83.49</td><td>0.00</td><td>83.49</td></tr>
<tr><td>4</td><td>REC New</td><td>76.18</td><td>3.82</td><td>80.01</td></tr>
<tr><td>5</td><td>REC IV</td><td>66.20</td><td>2.11</td><td>68.31</td></tr>
<tr><td>6</td><td>REC V</td><td>52.77</td><td>10.76</td><td>63.53</td></tr>
<tr><td>7</td><td>PFC</td><td>3.27</td><td>0.95</td><td>4.22</td></tr>
<tr><td>8</td><td>PFC (Computer equipment)</td><td>0.41</td><td>0.00</td><td>0.41</td></tr>
<tr><td>9</td><td>REC IX</td><td>3.28</td><td>0.00</td><td>3.28</td></tr>
<tr><td>10</td><td>REC XI</td><td>12.29</td><td>0.00</td><td>12.29</td></tr>
<tr><td>11</td><td>PFC-Capital R&M works</td><td>23.10</td><td>0.00</td><td>23.10</td></tr>
<tr><td>12</td><td>REC 6410</td><td>6.91</td><td>0.00</td><td>6.91</td></tr>
<tr><td>13</td><td>REC 5533</td><td>0.00</td><td>0.93</td><td>0.93</td></tr>
<tr><td>14</td><td>System strengthening</td><td>21.98</td><td>2.27</td><td>24.25</td></tr>
<tr><td></td><td>Total</td><td>724.17</td><td>317.45</td><td>406.72</td><td>20.84</td><td>45.45</td><td>745.01</td><td>362.90</td><td>382.11</td></tr>
</table>

The actual weighted average interest rate of 12.13% has been considered based on the actual interest rate for the year. The interest expenses approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.17: Interest expenses approved for FY 2014-15 (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Opening Loan balance	410.31	406.72
Drawal during the year	47.29	20.84
Repayment during the year	49.38	45.45
Closing Loan balance	408.22	382.11
Interest Rate	12.13%	12.13%
Interest	**49.64**	**47.84**

The Commission has approved the guarantee fee as per the audited accounts for FY 2014-15 as Rs. 0.12 Crore.

4.5.3 *Income Tax*

Regulation 35 of the UERC Tariff Regulations, 2011 specifies as follows:

"35. Tax on Income

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

The Petitioner has claimed the income tax of Rs. 11.63 Crore for FY 2014-15. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2014-15. Based on the scrutiny of the documentary evidence submitted by the Petitioner, the Commission has approved the actual income tax of Rs. 11.63 Crore for FY 2014-15.

4.5.4 Return on Equity

Regulation 27 of the UERC Tariff Regulations, 2011 specifies as follows:

"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 22.

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 rate of 15.5% for Generating Stations, Transmission Licensee and SLDC and at the rate of 16% for Distribution Licensee on a post-tax basis.

..."

The Petitioner has claimed the Return on Equity for FY 2014-15 as Rs. 27.96 Crore including Return on Equity invested from PDF. The Petitioner submitted that the Return on Equity has been claimed on the opening level of equity eligible for return purposes for FY 2014-15 at the rate of 15.50%.

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 equity eligible for return purposes for FY 2014-15, approved by the Commission, is as shown in the Table given below:

Table 4.18: Equity approved for FY 2014-15 (Rs. Crore)

S. No.	Particulars (Schemes)	Equity funded from PDF	Opening Equity for FY 2014-15	Eligible Equity for return
1	REC Old	48.49	36.06	0.00
2	NABARD	59.75	49.27	0.00
3	REC New	0.00	3.39	3.39
4	REC IV	20.81	28.37	7.56
5	REC V	0.00	22.61	22.61
6	PFC	0.00	1.40	1.40
7	PFC (Computer equipment)	0.00	0.17	0.17
8	REC VII	0.00	0.00	0.00
9	REC VIII	0.00	0.00	0.00
10	REC IX	0.00	1.41	1.41
11	REC X	0.00	0.00	0.00
12	REC XI	0.00	5.27	5.27
13	PFC-Capital R&M works	0.00	9.90	9.90
14	REC 6410	0.00	2.96	2.96
15	REC 4365	0.00	0.00	0.00
16	REC 5533	0.00	0.00	0.00
17	System Improvement			
	i) REC	0.00	0.00	0.00
	ii) PFC	0.00	0.00	0.00
18	System strengthening	0.00	9.42	9.42
Total		**129.05**	**170.24**	**64.09**

The Commission has allowed Return on Equity on the equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.19: Return on Equity approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	148.95	170.24	170.24
Addition during the year	-	20.27	8.93
Closing Equity	-	190.51	179.17
Eligible Equity for Return	**70.43**	**180.38***	**64.09**
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**10.92**	**27.96**	**9.93**

**Average of opening and closing equity.*

4.5.5 *Depreciation*

Regulation 29(1) of the UERC Tariff Regulations, 2011 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.

…

(5) 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.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets. The difference between the cumulative depreciation recovered and the depreciation so arrived at by applying the depreciation rates as specified in these Regulations corresponding to 12 years shall be spread over the remaining period upto 12 years. 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 life.

(7) 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 Petitioner has claimed a depreciation of Rs. 49.38 Crore by applying the depreciation rate of 5.28% on the average of opening and closing GFA excluding the assets created out of grants for FY 2014-15.

The Commission has considered the closing GFA approved in the true up for FY 2013-14 as the opening GFA for FY 2014-15 with an adjustment on account of revised year wise capitalisation of REC II Scheme till FY 2013-14. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2014-15 in the same proportion as in the audited accounts for FY 2014-15. The Commission has approved the depreciation for FY 2014-15 by applying the depreciation rates specified in the UERC Tariff Regulations, 2011. The Commission has deducted the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2014-15. Accordingly, the depreciation approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.20: Depreciation approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	**47.67**	**49.38**	**45.45**

4.5.6 *Interest on Working Capital*

Regulation 34(2) of the UERC Tariff Regulations, 2011 specifies as follows:

"(2) Transmission:

a) The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares @ 15% of operation and maintenance expenses; and

(iii) Two month equivalent of the expected revenue from transmission charges at the prevailing tariffs;"

The Petitioner has claimed the normative interest on working capital for FY 2014-15 of Rs. 9.56 Crore. As against the same, the actual interest on working capital for FY 2014-15 is Rs. 1.96 Crore.

The Commission has computed the normative IWC in accordance with UERC Tariff Regulations, 2011. As the working capital requirement for the Transmission Licensee is a controllable parameter the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 4.6. The Interest on Working Capital approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.21: Interest on working capital approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses for 1 month	9.11	6.89	8.31
Maintenance Spares	16.40	14.76	14.96
Receivables for 2 months	35.95	43.19	37.28
Working Capital	**61.46**	**64.84**	**60.55**
Rate of Interest on Working Capital	14.75%	14.75%	14.75%
Interest on Working Capital	**9.06**	**9.56**	**8.93**

4.5.7 *Non-Tariff Income*

The Petitioner has claimed Non-Tariff Income of Rs. 2.42 Crore as per the audited accounts for FY 2014-15. The Commission has approved the actual non-tariff income of Rs. 2.42 Crore for FY 2014-15 as per the audited accounts.

4.5.8 Annual Transmission Charges

Based on the above, the Annual Transmission Charges approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.22: Annual Transmission Charges approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses			
Employee expenses	65.07	* 103.99	58.48
R&M expenses	30.18		30.12
A&G expenses	14.07		11.15
Total O&M expenses	**109.32**	**103.99**	**99.76**
Interest on Loan	44.37	49.64	47.84
Guarantee Fee	1.74	0.12	0.12
Return on Equity	10.92	27.96	9.93
Income Tax	0.00	11.63	11.63
Depreciation	47.67	49.38	45.45
Interest on Working Capital	9.06	9.56	8.93
Aggregate Revenue Requirement (including SLDC Charges)	**223.08**	**252.28**	**223.66**
Less: Non-Tariff Income	1.37	2.42	2.42
Add: True up of previous years	16.99	16.99	16.99
Annual Transmission Charges	**238.70**	**266.85**	**238.23**

** Claim of net entitlement after sharing of gains & losses.*

4.6 Sharing of gains and losses

Regulation 13 of the UERC Tariff Regulations, 2011 specifies as follows:

"13. Annual Performance Review

...

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

...

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

...

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

...

d) Variations in working capital requirements;

…

h) Variation in operation & maintenance expenses

...

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

a) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors and the mechanism by which the Applicant shall pass through such gains or losses in accordance with Regulation 14;

b) The approved aggregate gain or loss to the Applicant on account of controllable factors and the amount of such gains or such losses that may be shared in accordance with Regulation 15;

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

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

Regulation 14 of the UERC Tariff Regulations, 2011 specifies as under:

"14. Sharing of Gains and Losses on account of Uncontrollable factors

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

…

"

Regulation 15 of the UERC Tariff Regulations, 2011 specifies as follows:

"15. Sharing of Gains and Losses on account of Controllable factors

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

a) 20% of such gain shall be passed on as a rebate in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of gain may be utilized at the discretion of the Applicant.

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

a) 25% of the amount of such loss shall be allowed by the Commission to be recovered through tariffs over such period as may be specified in the Order of the Commission under;

b) The balance amount of loss shall be absorbed by the Applicant."

Hence, in accordance with UERC Tariff Regulations, 2011, the O&M expenses and Interest on Working Capital 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 15.

The sharing of gains on account of controllable factors approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.23: Sharing of gains on account of controllable factors approved by the Commission for FY 2014-15 (Rs. Crore)

Particulars	Actual	Normative as Trued up	Aggregate gain	Rebate in Tariff (Gains passed on to the consumers)	Entitlement of the Petitioner
	A	B	C=B-A	D=20% x C	E=C-D
O&M expenses	82.63	99.76	17.13	3.43	13.70
Interest on Working Capital	1.96	8.93	6.97	1.39	5.57
Total	**84.59**	**108.69**	**24.10**	**4.82**	**19.28**

The revenue gap for FY 2014-15 after sharing of gains and losses as claimed by the Petitioner is shown in the Table given below:

Table 4.24: Revenue gap for FY 2014-15 claimed by the Petitioner (Rs. Crore)

Particulars	Legend	FY 2014-15
Trued up ARR (PTCUL)	A	264.48
Less: Rebate in Tariff (sharing of Gains)	B	5.33
Net ARR	C=A-B	259.15
Revenue from Transmission Charges	D	232.68
Revenue gap/(surplus)	**E=C-D**	**26.47**

The net revenue gap/(surplus) for FY 2014-15 after sharing of gains and losses as approved by the Commission is as shown in the Table given below:

Table 4.25: Revenue gap/(surplus) for FY 2014-15 approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2014-15
Trued up ATC (including SLDC Charges)	A	238.23
Less: Sharing of Gains with the consumers	B	4.82
Net ATC	C=A-B	233.41
ATC approved in the Tariff Order (including SLDC Charges)	D	238.70
Revenue gap/(surplus)	**E=C-D**	**-5.29**

Hence, the Commission has approved the revenue surplus of Rs. 5.29 Crore as against the revenue gap of Rs. 26.47 claimed by PTCUL.

4.7 Total revenue gap / (surplus) to be carried forward to FY 2016-17

The Petitioner has claimed the revenue gap for FY 2014-15 to be carried forward to FY 2016-17 as Rs. 37.15 Crore (including carrying cost). The revenue surplus to be adjusted in the ATC of FY 2016-17 is as shown in the Table below:

Table 4.26: Total revenue surplus to be adjusted in FY 2016-17 approved by the Commission (Rs. Crore)

Particulars	FY 2014-15	FY 2015-16
Opening Gap/(Surplus)	0.00	-5.68
Addition	-5.29	0.00
Closing Gap/(Surplus)	-5.29	-5.68
Interest rate	14.75%	14.75%
Carrying cost/(holding cost)	-0.39	-0.84
Cumulative Gap/(Surplus)	-5.68	-6.52

5 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on MYT for second Control Period

5.1 GFA and Additional Capitalisation

5.1.1 GFA base for FY 2015-16

The Commission vide its Tariff Order dated April 11, 2015 on approval of ARR for FY 2015-16 for the Petitioner had approved the capitalisation of Rs. 130.89 Crore for FY 2015-16. As against the same, the Petitioner has proposed the capitalisation of Rs. 238.13 Crore for FY 2015-16. Further, in reply to the Commission's query on the likely achievement of capitalisation considering the actual progress, the Petitioner has proposed the capitalisation of Rs. 222.47 Crore (excluding the capitalisation of SLDC works) for FY 2015-16.

The Commission has considered the scheme wise closing GFA approved for FY 2014-15 as the opening GFA for FY 2015-16. The Commission has also approved the revised scheme wise capitalisation for FY 2015-16. In the approval of the same, for first time capitalisation, the Commission has considered the lower of approved cost and actual/estimated cost for each project in FY 2015-16. For additional capitalisation towards the schemes capitalised in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of approved cost and the same being incurred within the cut-off date for the respective project.

The Commission in the approval of truing up for FY 2014-15 has not considered the part capitalisation claimed by the Petitioner towards some of the projects. As discussed in the preceding chapter, as the audited accounts for FY 2015-16 are yet to be finalised, the Commission has provisionally included these capitalisations in the GFA of FY 2015-16 equal to the approved cost and with the presumption that substantial expenses in these projects would have been incurred during FY 2015-16. Similarly, for part capitalisation towards some of the projects proposed for capitalisation for the first time in FY 2015-16, the Commission has also considered the capitalisation towards such projects in FY 2015-16 as equal to the approved cost. However, at the time of truing up for FY 2015-16 on the basis of the audited accounts for the year, the Commission shall examine the cost/time overruns, if any, of the completed projects which have been put to use/capitalised and shall allow any cost escalation subject to the prudence check in accordance with the Regulations. The Petitioner should take note of the same and should also refrain from part capitalisations towards the projects in its audited accounts for FY 2015-16 in accordance with the directions issued to it in this regard in the previous Tariff Orders.

The scheme wise capitalisation claimed by the Petitioner and that approved by the Commission for FY 2015-16 is discussed below.

5.1.1.1 REC I & REC III Scheme (Also referred to as REC Old Scheme)

The Petitioner has proposed the capitalisation of Rs. 131.19 Crore in REC Old Scheme in FY 2015-16. The capitalisation claimed by the Petitioner is towards 132 kV S/s Simli and 132 kV D/C Srinagar-Simli line. It is pertinent to note that the Petitioner had claimed the capitalisation of 132 kV S/s Simli in FY 2011-12 which was not allowed by the Commission at that stage due to non-completion of 132 kV D/C Srinagar-Simli line. The Petitioner submitted that the line is in advanced stages of completion and would be commissioned during FY 2015-16.

The Commission has considered the lower of approved cost and actual/estimated cost in approving the capitalisation for FY 2015-16. The project wise approved cost and the actual/ estimated cost submitted by the Petitioner and the capitalisation approved by the Commission is as shown in the Table given below:

Table 5.1: Capitalisation approved for REC Old Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
132 kV S/s Simli	12.71	FY 2015-16	0.00	12.67	12.67	12.67
132 kV D/C Srinagar-Simli Line	89.51	FY 2015-16	0.00	118.52	89.51	89.51
Total	**102.22**	**-**	**0.00**	**131.19**	**102.18**	**102.18**

5.1.1.2 REC II Scheme

The Petitioner has claimed the capitalisation of Rs. 20.74 Crore (including SLDC works) in REC II Scheme in FY 2015-16. The Petitioner has claimed the first time capitalisation of 132 kV S/s Srinagar-II amounting to Rs. 19.77 Crore and submitted the Electrical Inspector Certificate dated 29.02.2016. The Petitioner has also claimed the additional capitalisation for some other works. For first time capitalisation, the Commission has considered the lower of approved cost and actual/estimated cost. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of the approved cost and the same being incurred within the cut-off date for the respective project.

The project wise approved cost and the actual cost submitted by the Petitioner and the capitalisation approved by the Commission is as shown in the Table below:

Table 5.2: Capitalisation approved for REC New Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
132 kV S/s Srinagar-II	21.69	FY 2015-16	0.00	19.77	19.77	19.77
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC at Kashipur and Rishikhesh	51.92	FY 2013-14	12.73	0.60	0.60	13.33
132 kV S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur	8.22	FY 2009-10	8.22	0.14	0.00	8.22
LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)	5.07	FY 2014-15	5.07	0.23	0.00	5.07
Total	**86.90**	**-**	**26.02**	**20.74**	**20.37**	**46.39**

5.1.1.3 REC IV Scheme

The Petitioner has claimed the capitalisation of Rs. 4.39 Crore in REC IV Scheme in FY 2015-16. The Petitioner has claimed first time capitalisation of 132 kV Kulhal - Mazra LILO line at Dehradun amounting to Rs. 3.39 Crore. The Petitioner submitted the commissioning date of the same as July 29, 2015. Among others, the Petitioner has also claimed the additional capitalisation towards 132 kV S/s Haridwar Road, Dehradun and 132 kV Mazra-Rishikesh LILO line in FY 2015-16. The Petitioner has claimed the first time capitalisation of these projects in FY 2014-15. The Commission has not approved the capitalisation against these projects in FY 2014-15 as the capitalisation claimed was part capitalisation. Even after considering the capitalisation of these projects claimed for FY 2014-15 and FY 2015-16, the total amount is still very low in comparison to the approved cost. However, as discussed above, as the audited accounts for FY 2015-16 are yet to be finalised, the Commission has included these capitalisation in the GFA of FY 2015-16 as equal to the approved cost.

For first time capitalisation, the Commission has considered the lower of approved cost and actual/estimated cost. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of approved cost and the same being incurred within the cut-off date for the respective project.

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

Table 5.3: Capitalisation approved for REC IV Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation claimed	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in its Petition for FY 2015-16	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
220 kV S/s Dehradun	57.32	FY 2013-14	50.51	0.10	0.10	50.61
220 kV LILO Line for Dehradun	1.75	FY 2013-14	1.75	0.64	0.00	1.75
132 kV Kulhal - Mazra LILO Line at Dehradun	0.80	FY 2015-16	0.00	3.39	0.80	0.80
132 kV S/s Haridwar Road Dehradun	28.09	FY 2014-15	0.00	0.26	28.09	28.09
132 kV Mazra - Rishikesh LILO at Dehradun	3.81	FY 2014-15	0.00	0.00	3.81	3.81
Total	**91.77**	**-**	**52.26**	**4.39**	**32.80**	**85.07**

5.1.1.4 REC V Scheme

The Petitioner has claimed the capitalisation of Rs. 0.03 Crore in REC V Scheme in FY 2015-16 towards the additional capitalisation of 220 kV D/C line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of approved cost and the same being incurred within the cut-off date for the respective project.

The project wise approved cost and the actual/estimated cost submitted by the Petitioner and the capitalisation approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table 5.4: Capitalisation approved for REC V Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
220 kV DC Line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj	15.37	FY 2014-15	15.37	0.03	0.00	15.37

5.1.1.5 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 13.06 Crore in PFC (System

Improvement) Scheme in FY 2015-16. The Petitioner has claimed the first time capitalisation of 'Augmentation of 132 kV S/s Almora' amounting to Rs. 2.54 Crore and 'Augmentation of 132 kV S/s Bazpur' amounting to Rs. 5.22 Crore. The Petitioner submitted the completion date of these projects as July 26, 2015 and September 28, 2015 respectively. The capitalisation claimed by the Petitioner towards these schemes is much lower in comparison to the approved cost. However, as discussed above, as the audited accounts for FY 2015-16 are yet to be finalised, the Commission has considered the capitalisation towards the same in FY 2015-16 as equal to the approved cost.

The Petitioner has claimed the additional capitalisation towards 'Increasing capacity of existing 132/33 kV Bhowali S/s' and 'Increasing capacity of existing 132/33 kV Kathgodam S/s'. The Petitioner has claimed the first time capitalisation of these projects in FY 2014-15. The Commission has not approved the capitalisation towards these projects in FY 2014-15 as the capitalisation claimed was part capitalisation. Even after considering the capitalisation of these projects claimed for FY 2014-15 and FY 2015-16, the total amount is still very low in comparison to the approved cost. However, as discussed above, as the audited accounts for FY 2015-16 are yet to be finalised, the Commission has included these capitalisations in the GFA of FY 2015-16 as equal to the approved cost.

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

Table 5.5: Capitalisation approved for PFC (System Improvement) Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation claimed	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16 in the Petition	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
Increasing capacity of existing 132/33 kV Bhowali S/s	4.79	FY 2014-15	0.00	2.36	4.79	4.79
Increasing capacity of existing 132/33 kV Kathgodam S/s	4.43	FY 2014-15	0.00	2.94	4.43	4.43
Augmentation of 132 kV S/s Almora	4.22	FY 2015-16	0.00	2.54	4.22	4.22
Augmentation of 132 kV S/s Bazpur	11.90	FY 2015-16	0.00	5.22	11.90	11.90
Augmentation of transformer capacity at SIDCUL (Haridwar) from 2*100 MVA to 2*160 MVA	18.20	FY 2014-15	0.00	0.00	18.20	18.20
Total	**43.54**	**-**	**0.00**	**13.06**	**43.54**	**43.54**

5.1.1.6 REC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 48.08 Crore in REC (System Improvement) in FY 2015-16. The capitalisation claimed by the Petitioner is towards the first time capitalisation of various projects. For first time capitalisation, the Commission has considered the lower of approved cost and actual/estimated cost for each project in FY 2015-16. Further, for the projects for which the Petitioner has claimed the part capitalisation, the Commission has considered the capitalisation in FY 2015-16 as equal to the approved cost.

The project wise approved cost and actual/estimated cost submitted by the Petitioner and the capitalisation approved by the Commission is as shown in the Table given below:

Table 5.6: Capitalisation approved for REC (System Improvement) Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved by the Commission for FY 2015-16	Total capitalisation approved till FY 2015-16
Augmentation of 220 kV S/s Pantnagar alongwith construction of 2 No. 220 kV Bays and 2 No. 33 kV Bays	15.34	FY 2015-16	0.00	8.21	15.34	15.34
01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala, Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar	9.54	FY 2015-16	0.00	9.54	9.54	9.54
Augmentation of 132 kV S/s Jwalapur	4.43	FY 2015-16	0.00	4.33	4.33	4.33
132 kV S/s Chudiyala and its LILO Line	14.06	FY 2015-16	0.00	16.80	14.06	14.06
Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar	6.43	FY 2015-16	0.00	9.20	6.43	6.43
Total	**49.80**	**-**	**0.00**	**48.08**	**49.70**	**49.70**

5.1.1.7 Others

The Petitioner has claimed the capitalisation of Rs. 5.58 Crore towards System Strengthening Schemes. The Commission has approved the capitalisation of System Strengthening Schemes as submitted by the Petitioner as these are the minor works carried out by the Petitioner.

5.1.1.8 GFA base for FY 2015-16

Based on the above, the GFA base approved by the Commission for FY 2015-16 is as shown in the Table below:

Table 5.7: GFA base approved by the Commission for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
1	**Opening Value**	**1132.58**	**1048.74**	**1006.66**
	Addition			
2	REC Old	-	131.19	102.18
3	NABARD			
4	REC New	-	20.74	20.37
5	REC IV	-	4.39	32.80
6	REC V	-	0.03	0.00
7	System Improvement Works			
	PFC	-	13.06	43.54
	REC	-	48.08	49.70
8	Deposit works			
9	System strengthening	-	5.58	5.58
10	**Total addition during the year**	**130.89**	*** 223.07**	**254.17**
11	Less: Deletions during the year	0.00	0.00	0.00
12	**Closing value**	**1263.47**	**1271.81**	**1260.83**

** Including capitalisation of Rs. 0.60 Crore for SLDC.*

5.1.2 Capitalisation during the second Control Period

The Commission, in the approval of Business Plan for the second Control Period as discussed in Chapter 3 of the Order from FY 2016-17 to FY 2018-19 has approved the capitalisation of Rs. 115.69 Crore in FY 2016-17, Rs. 137.82 Crore in FY 2017-18 and Rs. 151.71 Crore in FY 2018-19. The Commission has considered the year wise capitalisation for the second Control Period from FY 2016-17 to FY 2018-19 as approved in the Business Plan. The GFA base approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.8: GFA base approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening GFA	**1271.81**	**1260.83**	**1699.13**	**1376.53**	**2811.06**	**1514.35**
GFA addition during the year	427.32	115.69	1073.40	137.82	1150.04	151.71
Closing GFA	**1699.13**	**1376.53**	**2811.06**	**1514.35**	**3961.10**	**1666.06**

5.2 Means of Finance

The Commission has considered the scheme wise approved means of finance for the additional capitalisation approved for FY 2015-16 as shown in the Table given below:

Table 5.9: Approved Means of Finance for FY 2015-16

S. No.	Particulars	Grants	Debt	Equity	Total
1	REC Old	0%	82%	18%	100%
2	REC New	0%	70%	30%	100%
3	REC IV	0%	70%	30%	100%
4	REC V	0%	70%	30%	100%
5	System Improvement (SI)	0%	70%	30%	100%
6	System strengthening	0%	70%	30%	100%

Based on the above and considering the closing balances for FY 2014-15, the Commission has determined the debt and equity components for FY 2015-16 which works out as given below:

Table 5.10: Details of financing for capitalisation for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	**Opening Value**	**79.01**	**86.97**	**661.51**	**179.17**	**1006.66**
2	**Additions in the year**					
	REC Old	-	0.00	83.79	18.39	102.18
	NABARD	-	0.00	0.00	0.00	0.00
	REC New	-	0.00	14.26	6.11	20.37
	REC IV	-	0.00	22.96	9.84	32.80
	REC V	-	0.00	0.00	0.00	0.00
	System Improvement					0.00
	PFC	-	0.00	30.48	13.06	43.54
	REC	-	0.00	34.79	14.91	49.70
	Deposit works					0.00
	System strengthening	-	0.00	3.91	1.67	5.58
3	**Total addition during the year**	**0.00**	**0.00**	**190.18**	**63.99**	**254.17**
4	Less: Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.01**	**86.97**	**851.69**	**243.16**	**1260.83**

The Petitioner has proposed the Debt-equity ratio of 70:30 for the proposed capitalisation during the second Control Period as per the Financing Plan submitted in its Petition for approval of the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19.

The Commission, in the approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 as discussed in Chapter 3 of the Order, has approved the Financing Plan of the approved capitalisation during the second Control Period in the debt equity ratio of 70:30. The Commission has considered the Financing Plan for the second Control Period from FY 2016-17 to FY 2018-19 as approved in the Business Plan. The debt and equity component for FY 2016-17 to FY

2018-19 approved by the Commission is as shown in the Tables given below:

Table 5.11: Details of financing for capitalisation for FY 2016-17 (Rs. Crore)

S. No.	Particulars	FY 2016-17				
		Cap. Res.	Grant	Loan	Equity	Total
1	**Opening Value**	**79.01**	**86.97**	**851.69**	**243.16**	**1260.83**
2	**Total addition during the year**	**0.00**	**0.00**	**80.98**	**34.71**	**115.69**
3	Less: Deletions during the year	0.00	0.00	0.00	0.00	0.00
4	**Closing Value**	**79.01**	**86.97**	**932.67**	**277.87**	**1376.52**

Table 5.12: Details of financing for capitalisation for FY 2017-18 (Rs. Crore)

S. No.	Particulars	FY 2017-18				
		Cap. Res.	Grant	Loan	Equity	Total
1	**Opening Value**	**79.01**	**86.97**	**932.67**	**277.87**	**1376.52**
2	**Total addition during the year**	**0.00**	**0.00**	**96.47**	**41.35**	**137.82**
3	Less: Deletions during the year	0.00	0.00	0.00	0.00	0.00
4	**Closing Value**	**79.01**	**86.97**	**1029.15**	**319.22**	**1514.35**

Table 5.13: Details of financing for capitalisation for FY 2018-19 (Rs. Crore)

S. No.	Particulars	FY 2018-19				
		Cap. Res.	Grant	Loan	Equity	Total
1	**Opening Value**	**79.01**	**86.97**	**1029.15**	**319.22**	**1514.35**
2	**Total addition during the year**	**0.00**	**0.00**	**106.20**	**45.51**	**151.71**
3	Less: Deletions during the year	0.00	0.00	0.00	0.00	0.00
4	**Closing Value**	**79.01**	**86.97**	**1135.35**	**364.73**	**1666.06**

5.3 Annual Transmission Charges for the second Control Period

Regarding the Annual Transmission Charges, Regulation 57 of the UERC Tariff Regulations, 2015 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 each year of the second Control Period from FY 2016-17 to FY 2018-19 based on the approved GFA base for the respective years.

5.3.1 Operation and Maintenance expenses

Regarding the Operation and Maintenance expenses, Regulation 62 of the UERC Tariff Regulations, 2015 specifies as follows:

“62. Operation and Maintenance Expenses

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

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period i.e., FY 2015-16shall be approved based on the formula given below:-

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

Where –

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

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

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

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

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

Where –

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

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

The O&M expenses include Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2015, the O&M expenses for the first year of the Control Period shall be determined by the Commission taking into account actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. The submissions of the Petitioner and the Commission's analysis on the O&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 is detailed below.

5.3.1.1 Employee expenses

The Commission had approved the employee expenses of Rs. 68.08 Crore for FY 2015-16 in its Order dated April 11, 2015 on approval of ARR for FY 2015-16. The Petitioner submitted that the actual employee expense for the first six months of FY 2015-16 was Rs. 27.68 Crore. The Petitioner, in its Petition, has proposed the employee expenses for FY 2015-16 as Rs. 68.08 Crore, the same as approved by the Commission in its Order dated April 11, 2015. However, the Petitioner has computed the employee expenses for FY 2015-16 as Rs. 61.01 Crore as per the UERC Tariff Regulations, 2015 considering the actual employee expenses for FY 2014-15.

The Petitioner submitted that the employee expenses for the second Control Period from FY 2016-17 to FY 2018-19 has been proposed as per the UERC Tariff Regulations, 2015 considering the actual employee expenses for FY 2014-15. Accordingly, the Petitioner has proposed the employee expenses of Rs. 74.87 Crore for FY 2016-17, Rs. 82.05 Crore for FY 2017-18 and Rs. 90.95 Crore for FY 2018-19.

The Commission has computed the employee expenses for the second Control Period, i.e. FY 2016-17 to FY 2018-19 in accordance with the UERC Tariff Regulations, 2015. In accordance with the UERC Tariff Regulations, 2015, the Gn (growth factor) is to be considered for computation of the employee expenses. The Commission, in the approval of the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 as discussed in Chapter 3 of the Order has approved the HR Plan. Based on the approved HR Plan, the Commission has computed the Gn factor as shown in the Table below:

Table 5.14: Gn approved by the Commission

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Closing no. of employees	752	794	902	909	927
Gn	-	5.59%	13.60%	0.78%	1.98%

In accordance with UERC Tariff Regulations, 2015, 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 increase in the values of CPI (overall) based on the average of the preceding three full years for FY 2014-15 as 9.50% and for FY 2015-16 as 8.80%.

In reply to the Commission's query, the Petitioner has submitted the actual gross employee expenses and actual net employee expenses for FY 2010-11 to FY 2014-15. The Commission has averaged the actual gross employee expenses for FY 2012-13 to FY 2014-15 to arrive at the gross employee expenses for the median year FY 2013-14. Thereafter, the gross employee expenses, thus arrived for FY 2013-14 has been escalated by the CPI inflation of 9.50% to arrive at EMPn-1 for FY 2015-16. Further, the Commission has considered the capitalisation rate of employee expenses as 11.44% which is the average capitalisation rate of employee expenses for FY 2012-13 to FY 2014-15.

The Government of India, vide Notification No. 1/1/2013-E.III(A) of 28.02.2014 appointed the Seventh Central Pay Commission with specified Terms of Reference. The Seventh Central Pay Commission submitted its report to the Government of India on November 19, 2015. In light of the recommendations of the Seventh Central Pay Commission and in accordance with the provisions of the UERC Tariff Regulations, 2015 since PTCUL is being governed by the Government pay structure, the Commission has considered the impact of Seventh Pay Commission to the tune of 20% of the approved net employee expenses. The Commission shall consider the actual impact of Seventh Pay Commission during each year of the second Control Period in truing up exercise without considering the efficiency gain/loss on account of the same. The normative employee expenses approved by the Commission for FY 2015-16 and the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.15: Employee expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
EMPn-1		63.39	71.91	77.78	88.88	85.25	97.45
Gn		12.78%	13.60%	0.73%	0.78%	1.88%	1.98%
CPIinflation		8.80%	8.80%	8.80%	8.80%	8.80%	8.80%
EMPn=(EMPn-1)x (1+Gn) x (1+CPIinflation)		77.78	88.88	85.25	97.45	94.49	108.13
Capitalisation rate		3.75%	11.44%	3.75%	11.44%	3.75%	11.44%
Less: Employee expenses capitalised		2.92	10.17	3.20	11.15	3.54	12.37
Net Employee expenses		**74.87**	**78.71**	**82.05**	**86.30**	**90.95**	**95.76**
Impact of Seventh Pay Commission		-	15.74	-	17.26	-	19.15
Total Employee expenses	**68.08**	**74.87**	**94.45**	**82.05**	**103.56**	**90.95**	**114.91**

The overall employee expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is higher than that claimed by PTCUL mainly due to the impact of Seventh Pay Commission considered by the Commission, which shall be subject to true up based on actuals.

5.3.1.2 R&M expenses

The Commission had approved the R&M expenses of Rs. 35.50 Crore for FY 2015-16 in its Order dated April 11, 2015 on approval of ARR for FY 2015-16. The Petitioner submitted that the actual R&M expenses for the first six months of FY 2015-16 were Rs. 8.16 Crore. The Petitioner has proposed the R&M expenses for FY 2015-16 as Rs. 35.50 Crore, the same as approved by the Commission in its Order dated April 11, 2015.

The Petitioner submitted that the R&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 has been proposed as per the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 32.80 Crore for FY 2016-17, Rs. 44.48 Crore for FY 2017-18 and Rs. 78.07 Crore for FY 2018-19.

The Commission has determined the R&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 in accordance with UERC Tariff Regulations, 2015. The Commission has computed the percentage of actual R&M expenses of the actual opening GFA for each year of FY 2012-13 to FY 2014-15. Thereafter, the Commission has considered the average of such percentages as K factor which works out to 1.78%. In accordance with Regulation 62(3) of UERC Tariff Regulations, 2015, the K factor is a constant, hence, the Commission has considered it for each year of the second Control Period from FY 2016-17 to FY 2018-19 as against escalation in the same considered by the Petitioner in its computation. The Commission has considered the opening allowable GFA for each year of the second Control Period from FY 2016-17 to FY 2018-19. The Commission has considered the WPI inflation based on the average of the preceding three full years for FY 2014-15 as 7.42% and for FY 2015-16 as 5.11%.

The R&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 are as shown in the Table below:

Table 5.16: R&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
K		2.45%	1.78%	2.57%	1.78%	2.69%	1.78%
GFAn-1		1271.81	1260.83	1644.94	1376.53	2756.87	1514.35
WPIinflation		5.11%	5.11%	5.11%	5.11%	5.11%	5.11%
R&Mn = K x (GFAn-1) x (1+WPIinflation)	**35.50**	**32.80**	**23.53**	**44.48**	**25.69**	**78.07**	**28.26**

5.3.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 13.57 Crore for FY 2015-16 in its Tariff Order dated April 11, 2015 on approval of ARR for FY 2015-16. The Petitioner submitted that the actual A&G expense for the first six months of FY 2015-16 was Rs. 8.33 Crore. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2015-16 as Rs. 13.57 Crore, the same as approved by the Commission in its Order dated April 11, 2015. However, the Petitioner has computed the A&G expenses for FY 2015-16 as Rs. 16.94 Crore as per the UERC Tariff Regulations, 2015.

The Petitioner submitted that the A&G expenses for the second Control Period from FY 2016-17 to FY 2018-19 has been proposed as per the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 17.70 Crore for FY 2016-17, Rs. 18.50 Crore for FY 2017-18 and Rs. 19.34 Crore for FY 2018-19.

In reply to the Commission's query, the Petitioner has submitted the actual gross A&G expenses and actual net A&G expenses for FY 2010-11 to FY 2014-15. The Commission has averaged the actual gross A&G expenses, after deducting the License Fee and Guarantee Fee, for FY 2012-13 to FY 2014-15 to arrive at the gross A&G expenses for the median year FY 2013-14. Thereafter, the gross A&G expenses thus arrived for FY 2013-14 has been escalated by the WPI inflation of 7.42% to arrive at A&Gn-1 for FY 2015-16. Further, the Commission has considered the capitalisation rate of A&G expenses as 11.91% which is the average capitalisation rate of A&G expenses for FY 2012-13 to FY 2014-15.

The Regulations provide for Provision in A&G expenses towards cost for initiatives or other one-time expenses. The Petitioner has proposed a provision of Rs. 2.00 Crore towards insurance of fixed assets. As the insurance amount is already factored in the actual A&G expenses for the previous years, the Commission sought clarification for claiming provision towards insurance separately. In reply, the Petitioner submitted that the Commission may consider the provision amount as it deems fit. As the insurance amount is already factored in the actual A&G expenses for the previous years based on which the A&G expenses have been determined for the second Control Period, the Commission has not considered any cost towards the Provision provided in the Regulations.

The Commission has projected the License Fee for the second Control Period from FY 2016-17 to FY 2018-19 considering the energy requirement at State periphery approved by the Commission for each year and the specified rate of Annual License Fee.

The normative A&G expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.17: A&G expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
A&Gn-1		14.94	13.41	15.70	14.09	16.50	14.81
WPIinflation		5.11%	5.11%	5.11%	5.11%	5.11%	5.11%
Gross A&G expenses		15.70	14.09	16.50	14.81	17.34	15.57
Capitalisation rate		0.00%	11.91%	0.00%	11.91%	0.00%	11.91%
Less: A&G expenses capitalised		0.00	1.68	0.00	1.76	0.00	1.86
Net A&G expenses		**15.70**	**12.41**	**16.50**	**13.05**	**17.34**	**13.72**
Provision		2.00	0.00	2.00	0.00	2.00	0.00
A&Gn = A&Gn-1 x (1+WPIinflation) + Provision		**17.70**	**12.41**	**18.50**	**13.05**	**19.34**	**13.72**
Add: Licence Fee		-	2.01	-	2.13	-	2.26
Total A&G expenses	**13.57**	**17.70**	**14.42**	**18.50**	**15.18**	**19.34**	**15.97**

5.3.1.4 O&M expenses

The O&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.18: O&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Employee expenses	74.87	94.45	82.05	103.56	90.95	114.91
R&M expenses	32.80	23.53	44.48	25.69	78.07	28.26
A&G expenses	17.70	14.42	18.50	15.18	19.34	15.97
Total O&M expenses	**125.37**	**132.41**	**145.03**	**144.43**	**188.36**	**159.14**

5.3.2 *Interest on Loans*

The Petitioner has considered the opening loan balance for FY 2016-17 as Rs. 517.46 Crore. The Petitioner has considered the loan addition during each year of the second Control Period from FY 2016-17 to FY 2018-19 equivalent to 70% of the proposed capitalisation for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the year. The Petitioner has proposed the interest on loan by applying the interest rate of 12.13% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 74.15 Crore for FY 2016-17, Rs. 125.89 Crore for FY 2017-18 and Rs. 204.62 Crore for FY 2017-18.

Regulation 27 of the UERC Tariff Regulations, 2015 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 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 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 at the beginning of each year applicable to the project:

…

(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 2014-15 as opening loan balance for FY 2015-16. Thereafter, the Commission has considered the loan addition during FY 2015-16 as per the approved means of finance for FY 2015-16. The Commission has considered the depreciation for FY 2015-16 as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2015-16 as the opening loan balance for FY 2016-17. The Commission has considered the loan addition during each year of the second Control Period from FY 2016-17 to FY 2018-19 as per the approved Financing Plan. The Commission has considered the normative repayment equivalent to the approved depreciation for each year of the second Control Period from FY 2016-17 to FY 2018-19. The Commission has considered the interest rate of 12.13% which is the weighted average rate of interest for FY 2014-15 based on actual loan portfolio. The Commission has determined the interest on loan by applying the interest rate of 12.13% on the average loan balance for each year of the second Control Period from FY 2016-17 to FY 2018-19. The interest on loan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table given below:

Table 5.19: Interest on Loan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening Loan balance	517.46	519.54	705.07	538.04	1370.63	565.35
Drawal during the year	261.19	80.98	778.35	96.47	805.03	106.20
Repayment during the year	73.58	62.49	112.79	69.17	172.51	76.80
Closing Loan balance	705.07	538.04	1370.63	565.35	2003.15	594.75
Interest Rate	12.13%	12.13%	12.13%	12.13%	12.13%	12.13%
Interest	**74.15**	**64.14**	**125.89**	**66.92**	**204.62**	**70.36**

5.3.3 *Return on Equity*

The Petitioner has considered the opening Equity for FY 2016-17 as Rs. 261.95 Crore. The Petitioner has considered the equity addition during each year of the second Control Period from FY 2016-17 to FY 2018-19 equivalent to 30% of the proposed capitalisation 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. 49.28 Crore for FY 2016-17, Rs. 83.81 Crore for FY 2017-18 and Rs. 136.40 Crore for FY 2018-19.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2015 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 ..."

The Petitioner has claimed the Return on Equity on the GoU contribution from PDF citing the Judgment of Hon'ble ATE dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015.

With regard to the reliance placed by the Petitioner on the Order dated May 15, 2015 of Hon'ble ATE in the matter of M/s BHPL and PTC, it is important to note that the aforesaid Order issued in R. P. No. 2 of 2015 in Appeal No. 163 of 2015 has been issued on a different matter, i.e. allowing Return on Equity on the assets utilised for transmitting power outside the State of Uttarakhand. In this regard, it is pertinent to reproduce the relevant extract of Para 9(iv) of the Order dated 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015 issued by Hon'ble ATE which stipulates as follows:

"In addition and without prejudice to the above, the State Commission's reasoning of not allowing RoE on the amount provided by the State Government from PDF as it would tantamount to double loading on consumers in the State of Uttarakhand, is entirely misplaced in the context of the present case since the power generated by BHPL is not being sold to consumers in the State of Uttarakhand. BHPL is selling the power from its Hydro Project out of the State of Uttarakhand through a PPA with Tata Power Trading Corporation Limited which in turn is selling the power in Punjab."

The Commission has not allowed the Return on Equity on the GoU contribution from PDF in the approval of ARR and truing up for the Petitioner for past years for reasons recorded in the respective Orders of the Commission. Those Orders of the Commission have attained finality. Hence, the Commission does not find the need to allow Return on Equity on GoU contribution from PDF.

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for each year of the second Control Period from FY 2016-17 to FY 2018-19 considering the eligible opening equity for return purposes for the respective year.

The Return on Equity approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.20: Return on Equity approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening Equity	261.95	243.16	373.89	277.87	707.47	319.22
Addition during the year	111.94	34.71	333.58	41.35	345.01	45.51
Closing Equity	373.89	277.87	707.47	319.22	1052.48	364.73
Eligible Equity for return	**317.92**	**96.62**	**540.68**	**131.33**	**879.98**	**172.67**
Rate of Return	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity	**49.28**	**14.98**	**83.81**	**20.36**	**136.40**	**26.76**

5.3.4 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR Petition for the second Control Period from FY 2016-17 to FY 2018-19.

Regarding Income Tax, Regulation 34 of the UERC Tariff Regulations, 2015 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 as per actual is admissible at the time of truing up and hence, the Commission has not considered any Income Tax in the approval of ARR for the second Control Period from FY 2016-17 to FY 2018-19.

5.3.5 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for each year of the second Control Period from FY 2016-17 to FY 2018-19 and the rates of depreciation specified in the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the depreciation of Rs. 73.58 Crore for FY 2016-17, Rs. 112.79 Crore for FY 2017-18 and Rs. 172.51 Crore for FY 2018-19.

Regulation 28 of the UERC Tariff Regulations, 2015 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 the second Control Period from FY 2016-17 to FY 2018-19 considering the approved GFA base and asset class wise rates of depreciation specified in UERC Tariff Regulations, 2015. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for the respective year and deducted the same from the gross depreciation. The depreciation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table given below:

Table 5.21: Depreciation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Depreciation	**73.58**	**62.49**	**112.79**	**69.17**	**172.51**	**76.80**

5.3.6 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for the second Control Period from FY 2016-17 to FY 2018-19 has been proposed in accordance with UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the IWC of Rs. 15.29 Crore for FY 2016-17, Rs. 15.68 Crore for FY 2017-18 and Rs. 22.57 Crore for FY 2018-19.

The Commission has determined the interest on working capital for the second Control Period in accordance with the UERC Tariff Regulations, 2015.

5.3.6.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission are Rs. 132.41 Crore, Rs. 144.43 Crore and Rs. 159.14 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 11.03 Crore, Rs. 12.04 Crore and Rs. 13.26 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

5.3.6.2 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2015, which work out to Rs. 19.86 Crore, Rs. 21.66 Crore and Rs. 23.87 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

5.3.6.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 261.04 Crore, Rs. 296.02 Crore and Rs. 323.40 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively, which works out to Rs. 43.51 Crore, Rs. 49.34 Crore and Rs. 53.90 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

Based on the above, the total working capital requirement of the Petitioner for FY 2016-17, FY 2017-18 and FY 2018-19 works out to Rs. 74.40 Crore, Rs. 83.04 Crore and Rs. 91.03 Crore respectively. The Commission has considered the rate of interest on working capital as 14.05% equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 10.45 Crore, Rs. 11.67 Crore and Rs. 12.79 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. The interest on working capital for FY 2016-17 to FY 2018-19 approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.22: Interest on working capital approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
O&M expenses for 1 month	11.03	12.04	13.26
Maintenance Spares	19.86	21.66	23.87
Receivables equivalent to 2 months	43.51	49.34	53.90
Working Capital	74.40	83.04	91.03
Rate of Interest on Working Capital	14.05%	14.05%	14.05%
Interest on Working Capital	**10.45**	**11.67**	**12.79**

5.3.7 Non-Tariff Income

The Petitioner has proposed non-tariff income of Rs. 2.67 Crore, Rs. 2.80 Crore and Rs. 2.94 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. In absence of any yardstick for estimating the non-tariff income of the Petitioner, the Commission provisionally accepts the same for the Control Period. The same shall, however, be trued up based on the actual audited accounts for the year.

5.3.8 Return on Equity on GoU contribution from PDF

The Petitioner has claimed the recovery of Rs. 114.84 Crore in the proposed Annual Transmission Charges for FY 2016-17 on account of the RoE on GoU contribution from PDF not considered by the Commission in the previous years. The Petitioner submitted that the Hon'ble ATE in its Order dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015 ruled as under:

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

The Petitioner submitted that Return on Equity on the GoU contribution from PDF was discussed in detail as part of the above stated Order and Hon'ble ATE ruled that Return on Equity is to be allowed irrespective of the source of equity being invested in the Utility unless classified as grant.

The Petitioner further submitted that the Hon'ble Supreme Court of India vide its Order dated October 12, 2015 has stayed the Order of the Hon'ble ATE dated May 15, 2015. The Petitioner submitted that it is hopeful of receiving the clarification and removing the stay in the current financial year and hence, requested the Commission to allow the Return on Equity on GoU contribution from PDF for REC Old, NABARD and REC IV Schemes not considered by the Commission in the previous years. The computations submitted by the Petitioner in this regard are shown in the Table given below:

Table 5.23: Capitalisation and Equity of NABARD, REC Old and REC IV as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capitalisation as per Accounts	-	-	-	-	-	-	-	-	-	-
NABARD	-	-	69.14	93.12	27.87	42.89	12.17	49.42	1.67	1.14
REC Old	3.21	18.86	-	4.61	-	0.02	45.27	64.03	8.98	54.20
REC IV	-	-	-	-	-	-	20.67	22.64	22.85	50.60
Equity portion	-	-	-	-	-	-	-	-	-	-
NABARD	-	-	13.14	17.69	5.30	8.15	2.31	9.39	0.32	0.22
REC Old	0.58	3.39	-	0.83	-	0.00	8.15	11.53	1.62	9.76
REC IV	-	-	-	-	-	-	2.93	6.79	6.86	15.18
Total Equity	**0.58**	**3.39**	**13.14**	**18.52**	**5.30**	**8.15**	**13.39**	**27.71**	**8.79**	**25.15**
Opening Equity	**0**	**0.58**	**3.97**	**17.11**	**35.63**	**40.93**	**49.08**	**62.47**	**90.18**	**98.97**
Rate of Return	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	15.50%
RoE	**-**	**0.08**	**0.56**	**2.40**	**4.99**	**5.73**	**6.87**	**8.75**	**12.63**	**15.34**

Table 5.24: Impact of RoE on GoU contribution from PDF as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Opening	0.68	3.30	9.00	16.19	25.36	37.97	57.13	82.03	93.88	107.30
Addition	2.40	4.99	5.73	6.87	8.75	12.63	15.34	-	-	-
Closing	3.07	8.29	14.73	23.06	34.11	50.60	72.47	82.03	93.88	-
Rate for Carrying Cost	12.25%	12.25%	12.25%	11.75%	13.00%	14.75%	14.75%	14.45%	14.29%	14.05%
Carrying Cost	0.23	0.71	1.45	2.31	3.87	6.53	9.56	11.85	13.42	7.54
Closing Balance including Carrying Cost	**3.30**	**9.00**	**16.19**	**25.36**	**37.97**	**57.13**	**82.03**	**93.88**	**107.30**	**114.84**

With regard to the reference of the Order dated May 15, 2015 of Hon'ble ATE in the matter of M/s BHPL and PTC, the Commission reiterates its views expressed at Para 5.3.3 of this Order that the aforesaid Order issued in R. P. No. 2 of 2015 in Appeal No. 163 of 2015 have been issued on a different matter and, accordingly, Return on Equity on the Government contribution from PDF has not been allowed for the past years till FY 2013-14. The Petitioner also submitted that the Order of Hon'ble ATE referred by the Petitioner has been stayed by the Hon'ble Supreme Court of India.

Nevertheless, the Hon'ble ATE in its Order had nowhere directed the Commission to reopen the Commission's Orders for the Petitioner for the previous years. Hence, the Commission does not find the claim of the Petitioner in this regard as tenable.

5.3.9 Annual Transmission Charges

Based on the above, the Annual Transmission Charges approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

Table 5.25: Annual Transmission Charges approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
O&M expenses	-	-	-	-	-	-
Employee expenses	74.87	94.45	82.05	103.56	90.95	114.91
R&M expenses	32.80	23.53	44.48	25.69	78.07	28.26
A&G expenses	17.70	14.42	18.50	15.18	19.34	15.97
Total O&M expenses	125.37	132.41	145.03	144.43	188.36	159.14
Interest on Loan	74.15	64.14	125.89	66.92	204.62	70.36
Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00
Return on Equity	49.28	14.98	83.81	20.36	136.40	26.76
Depreciation	73.58	62.49	112.79	69.17	172.51	76.80
Interest on Working Capital	15.29	10.45	15.68	11.67	22.57	12.79
Aggregate Revenue Requirement (including SLDC Charges)	**337.66**	**284.47**	**483.20**	**312.54**	**724.45**	**345.85**
Less: Non-Tariff Income	2.67	2.67	2.80	2.80	2.94	2.94
Less: SLDC Charges	9.59	10.08	13.94	13.72	21.47	19.51
Add: True up of previous years	37.15	-6.52	0.00	0.00	0.00	0.00
Add: Provision for carrying cost on RoE on PDF disallowed in the earlier Orders	114.84	0.00	-	-	-	-
Add: Impact of revised year wise capitalisation of REC II Scheme for previous years	-	-4.16	-	-	-	-
Annual Transmission Charges	**477.40**	**261.04**	**466.45**	**296.02**	**700.04**	**323.40**

5.4 ARR for Bhilangana III – Ghansali Line for the second Control Period

The Petitioner has proposed the ARR for Bhilangana III – Ghansali Line for the second Control Period from FY 2016-17 to FY 2018-19 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 2.03 Crore for FY 2016-17, Rs. 1.96 Crore for FY 2017-18 and Rs. 1.90 Crore for FY 2018-19.

Before going into the components of ARR for Bhilangana III – Ghansali Line for the second

Control Period, the Commission has discussed the admissibility of the same as detailed below.

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

> *"With regard to 220 kV D/C Bhilangana-III- Ghansali line, the Commission considers this as a transmission line which will be primarily used for evacuation of power from existing and proposed hydro generating stations in the area. The Commission has taken note of the fact that as of now while one circuit of this double circuit line is strung upto 220 kV S/s at Chamba and is being used for evacuation of power from the existing generating station namely Bhilangana-III (24 MW) the other circuit is strung upto Ghansali and is proposed to be connected to upcoming 220 kV S/s at Ghansali. It is apparent that only one circuit has been energised and put to use. Taking cognizance of the provisions of the Tariff regulations that any capital expenditure towards creation of an asset is deem fit for capitalization only if that asset is put to use, therefore, the Commission has decided to allow cost of servicing/ARR on only 50% of the capital cost incurred by the Petitioner towards the construction of the 220 kV D/C Bhilangana –III- Ghansali line which shall be recovered from the generator namely Bhilangana-III SHP, the only beneficiary as of now, subject to pro-rata recovery of this cost from other generators as and when they are commissioned and connected with this line. As far as the recovery of the balance capital cost of the line, disallowed as above, the Commission will take a view as and when the second circuit of the line is energised and put to use...*
>
> *The Commission has decided that the transmission charges payable by the Generator towards 220 kV D/C Bhilangana-III-Ghansali line shall be determined in the proposed Tariff Order for PTCUL for the 1st control period (FY14 to FY16) on principles mentioned in **Para 17** of this Order. These charges are provisional and will be replaced by the charges determined under the PoC mechanism by CERC. The Commission allows the Petitioner to recover these charges till December 2013 or till charges under PoC mechanism are determined. In case charges under PoC mechanism are not determined till December 2013, Petitioner should come up for further continuance of these charges furnishing details of efforts made/actions taken in this regard. The Commission may consider further continuance of these charges after satisfying itself of the due diligence of the Petitioner."*

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

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

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

In light of the decision of the Hon'ble Supreme Court of India reproduced above, the Commission does not find the submissions of the Petitioner for determination of transmission charges of Bhilangana III – Ghansali Line for the second Control Period from FY 2016-17 to FY 2018-19 as tenable as the Hon'ble Supreme Court of India had issued clear directives regarding the transmission charges to be paid by M/s BHPL. As the matter is sub-judice, the Commission has not approved the ARR for Bhilangana III – Ghansali Line for the second Control Period from FY 2016-17 to FY 2018-19 in this Order.

5.5 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the responses of the stakeholders in 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 2016-17 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 & Conditions of Intra-State Open Access)

Regulations, 2015. In that case, the charges recoverable from the new beneficiary (ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

5.6 Transmission Charges payable by Open Access Customers

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

"(b) For use of intra-State transmission system–Transmission charges payable by an open access customer to STU for usage of its system shall be determined as under:
Transmission Charges = ATC/(PLS T X365) (Rs./MW/day)
Where,
ATC = Annual Transmission Charges determined by the Commission for the State transmission system for the relevant year;
PLST = Peak load served by the State transmission system in the previous year"

The ATC approved by the Commission for FY 2016-17 is Rs. 261.04 Crore as given in Table 5.25 above and the PLST during FY 2015-16 is 2034 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 2016-17 (applicable upto 31st March, 2017) shall be:

Table 5.26: Rate of Transmission Charges for open access approved for FY 2016-17

Description	Rs./MW/day
Transmission Charges	3516.12

However, in case, augmentation of transmission system including construction of dedicated transmission system is required for giving long term open access then such long term customer shall, in addition to transmission charges as per the Rate of Charge provided above, also bear the transmission charges for such augmentation works including dedicated system. These charges shall be determined by the Commission on Rs./MW/day basis after scrutiny of the annual revenue requirements for the said works including dedicated system based on the proposal of the

STU/transmission licensee, on case to case basis. With regard to sharing of these transmission charges for the augmentation works including dedicated system, the Commission shall take a decision, taking into account the beneficiaries of the said works and its usage, at the time of scrutiny of PTCUL's ARR for the ensuing year for intra-State system. However, till such time the Commission issues tariff order for the ensuing year, the long term access customer for whom these augmentation works including dedicated system was carried shall be liable to pay these additional transmission charges. **The Petitioner is hereby directed that the transmission charges recovered from short term open access customers shall be shown separately as a separate head of income in the ARR/Tariff filings for subsequent years. Further, the Petitioner is also directed to refund the transmission charges collected from long term/medium term open access customers to UPCL and show this amount as a separate expense head in its ARR/Tariff filings from next year onwards rather than reducing it from its revenue.**

The Annual Transmission Charges approved for FY 2016-17 will be applicable with effect from April 01, 2016.

6 Commission's Directives

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

6.1 Compliance of Directives Issued in APR Order for FY 2014-15 dated April 11, 2015

The Commission had issued certain directions in the APR Order for FY 2014-15 dated April 11, 2015, as detailed in the respective Sections. They are summarized hereunder.

6.1.1 Electrical Inspector Certificate

The Petitioner is directed to energise/capitalise the HT/EHT works only after obtaining clearance by the Electrical Inspector failing which the Commission would not approve the capitalisation of those projects.

Petitioner's Submissions

The Petitioner submitted that it is undertaking all rigorous efforts for obtaining the clearance from the Electrical Inspector on time before energization of the asset.

Fresh Directive

The Petitioner is directed to submit the Clearance Certificates for all the assets claimed for capitalisation alongwith the truing up Petition for the ensuing years.

6.1.2 Capital cost of transferred assets

The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2015-16.

Petitioner's Submissions

The Petitioner submitted that the appointed consultant has submitted the draft details and the same is under reconciliation with UPCL for authentication. The Petitioner requested the Commission to give more time for finalization of transfer scheme, so that the same may be submitted to GoU for revised notification of Transfer scheme.

Fresh Directive

The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2016-17.

6.1.3 SLDC Charges

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2015-16.

Petitioner's Submissions

The Petitioner submitted that the compliance to the directive has been submitted vide letter no. 834/Dir(Project)/PTCUL/UERC dated May 15, 2015. The Petitioner submitted that the Director (Projects) has been provided charge for undertaking ring-fencing of SLDC and SCADA. The Petitioner submitted that the employees of PTCUL have been allocated towards SLDC business and a separate requisition for approval of manpower had been submitted to the Government of Uttarakhand.

Fresh Directive

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2016-17.

6.1.4 Capitalisation of partially completed schemes (Para 4.2)

The Commission directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the year of commissioning. Further, the Commission also directs the Petitioner to submit the detailed reasons for any additional capitalisation claimed for future years in accordance with the applicable Tariff Regulations.

Petitioner's Submissions

The Petitioner submitted that the works are being capitalized in the book of accounts in the year of commissioning. The Petitioner submitted that the detailed reasons for any additional capitalization shall be submitted on regular basis.

Fresh Directive

The Commission cautions the Petitioner that such casual and lacklustre approach on issues which has substantial bearing on their revenue will be detrimental to its own financial health.

6.1.5 Additional Capitalisation beyond the cutoff date (Para 4.2.1)

The Commission directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the year of commissioning or within the cut-off date. Further, the Commission also directs the Petitioner to submit the detailed reasons for any additional capitalisation claimed for future years in accordance with the applicable Tariff Regulations.

Petitioner's Submissions

The Petitioner submitted that the works are being capitalized in the book of accounts in the year of commissioning. The Petitioner submitted that the detailed reasons for any additional capitalization shall be submitted on regular basis.

Fresh Directive

The Petitioner is directed to mend its affairs in this regard and ensure proper co-ordination and consistent flow of information amongst its departments.

6.1.6 Advance Against Depreciation

The Commission directs the Petitioner to submit the fixed asset registers for FY 2004-05 to FY 2012-13 depicting the treatment of utilization of AAD approved by the Commission.

Petitioner's Submissions

The Petitioner submitted that the draft fixed asset register for FY 2012-13 is has been submitted to the Commission.

Fresh Directive

The Commission directs the Petitioner to submit the fixed asset registers for FY 2004-05 to FY 2012-13 depicting the treatment of utilization of AAD approved by the Commission.

6.2 Fresh Directives

6.2.1 Frequent Grid Failures (Para 2.6.3)

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

6.2.2 Transmission System Availability (Para 3.6.5)

The Commission directs the Petitioner to submit the Availability of its AC System during the truing up exercise.

6.2.3 Submission of Completed Cost (Para 4.2.1)

In this regard, the Petitioner is hereby, directed to ensure timely submission of 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 and should not wait for furnishing of the same alongwith the ARR Petitions.

6.2.4 Capitalisation towards works like transformer plinth (Para 4.2.5)

The Petitioner is directed to bring up such amount alongwith the truing up Petition of the year in which such augmentation works are completed.

6.2.5 Submission of consistent information in proper format

The Petitioner is hereby cautioned to ensure submission of complete and consistent information in all respect so as to avoid delay in the regulatory process.

6.2.6 Separate accounting of Open Access Charges (Para 5.6)

The Petitioner is hereby directed that the transmission charges recovered from short term open access customers shall be shown separately as a separate head of income in the ARR/Tariff filings for subsequent years. Further, the Petitioner is also directed to refund the transmission charges collected from long term/medium term open access customers to UPCL and show this amount as a separate expense head in its ARR/Tariff filings from next year onwards rather than reducing it from its revenue.

The Annual Transmission Charges approved for FY 2016-17 will be applicable with effect from April 01, 2016 till further orders.

(K.P. Singh) **Member**	**(Subhash Kumar)** **Chairman**

7 Annexures

7.1 Annexure-1 : Public Notice on PTCUL's Proposal for Multi Year Tariff from FY 2016-17 to FY 2018-19

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.
(A Govt. of Uttarakhand Undertaking)
"Vidyut Bhawan" Near ISBT Crossing, Saharanpur Road, Majra, Dehradun-248001, Uttarakhand
Corporate ID U40101UR2004GOI028675 Phone : 0135-2642006, Fax : 0135-2643460

Public Notice

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2016-17 to FY 2018-19

Salient Points of the ARR/Tariff Petition

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission Licensee in the State of Uttarakhand has filed a petition before the Commission for approval of truing up of FY 2014-15 based on audited Accounts & Annual Performance Review (APR) for FY 2015-16 and the proposed Transmission Charges for FY 2016-17 to FY 2018-19. The summary of the proposals of the intra-State network for the aforesaid is given in the following Table:

Summary of ARR of PTCUL for Intra-State transmission network (₹ Crore)

S. No.	Particulars	UERC Tariff Regulations, 2011				UERC Tariff Regulations, 2015		
		FY 2014-15 (True up)		FY 2015-16 (APR)		FY 2016-17	FY 2017-18	FY 2018-19
		Approved in APR Order for FY 2013-14	Claimed for true up	Approved in the APR Order for FY 2014-15	Revised Estimates	Proposed	Proposed	Proposed
1	Depreciation	47.67	49.38	57.32	57.45	73.58	112.79	172.51
2	Interest on Long Term Loans	44.37	49.64	61.55	56.14	74.15	125.89	204.62
3	Return on Equity	10.92	27.96	14.76	35.07	49.28	83.80	136.40
4	O&M Expenses	109.32	82.62	117.15	117.15	125.37	145.04	188.36
5	Guarantee Fees	1.74	0.12	2.19	0.00	0.00	0.00	0.00
6	Interest on Working Capital	9.06	9.56	10.51	11.11	15.29	15.68	22.57
7	Income Tax	-	11.63	-	-	-	-	-
8	Add: Sharing of Gain/Loss	-	21.37	-	-	-	-	-
9	Provision for carrying cost on PDF	-	-	-	-	114.84	-	-
10	**Gross Expenditure**	**223.08**	**252.28**	**263.48**	**276.92**	**452.51**	**483.20**	**724.45**
11	Less: Non-Tariff Income	1.37	2.42	1.44	2.54	2.67	2.80	2.94
12	**Net Expenditure**	**221.71**	**249.86**	**262.04**	**274.38**	**449.84**	**480.40**	**721.51**
13	Add: True up of previous years including carrying cost	16.99	16.99	40.71	40.71	37.15	-	-
14	Less: ARR for SLDC	6.02	7.70	7.45	8.44	9.59	13.94	21.48
15	**Net ARR**	**232.68**	**259.15**	**295.30**	**306.65**	**477.40**	**466.46**	**700.03**
16	Total Revenue from Transmission Charge	-	232.68	-	-	-	-	-
17	**Revenue (Surplus)/Gap**	-	**26.47**	-	-	-	-	-

2. PTCUL has proposed a total hike of 61.67% for FY 2016-17 (which includes the truing up impact of FY 2014-15 alongwith the carrying cost on the same) over the approved transmission charges for FY 2015-16. In case, the entire claim of PTCUL including that of truing up of FY 2014-15 is also accepted by the Commission, additional hike of 3.72% in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detaild proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun - 248001, Uttarakhand. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
4. The Proposals are also available at the website of the Commission (www.uerc.gov.in) and at PTCUL's website (www.ptcul.org).
5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to uttaranchalerc@rediffmail.com as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 10.02.2016.

पत्रांक: 1193/मु.अ.ई./पिटकुल/ए-2 दिनांक : 23.12.2015

Managing Director

"Save Electricity in the Interest of Nation"

7.2 Annexure-2 : Public Notice on PTCUL's Proposal for Business Plan from FY 2016-17 to FY 2018-19

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

(A Govt. of Uttarakhand Enterprise)
"Vidyut Bhawan" Near ISBT, Crossing, Sharanpur Road, Majra, Dehradun - 248002
Corporate ID U40101UR2004GOI028675 Tel. No. 0135-2642006 Fax - 0135-2643460

Public Notice

Inviting Comments on the Petition filed by PTCUL for approval of the Business Plan for FY 2016-17 to FY 2018-19

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a petition before the Commission for approval of its Business Plan for FY 2016-17 to FY 2018-19 giving details of the activities proposed to be carried out by it during this ControlPeriod.
2. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Dehradun. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
3. The proposals are also available at the website of the Commission **(www.uerc.gov.in)** and at PTCUL's website **(www.ptcul.org)**.
4. Responses/ suggestions, if any, are sought from the consumers and other stakeholders on the above proposals. Responses 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 **uttaranchalerc@rediffmail.com** as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 10.02.2016.

पत्रांक :1192/मु0मु0ई0/पिटकुल/ए–2 दिनांक 23/12/2015 **Managing Director**

"Save Electricity in the Interest of Nation"

7.3 Annexure-3 : List of Respondents

Sl.	Name	Designation	Organization	Address
1.	Dr. V.K. Garg	-	-	A-24/E, DDA Flats, Munirka, New Delhi-110067
2.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
3.	Sh. S.S. Chopra	Manager (Electrical)	M/s Hindustan National Glass & Industries Ltd.	Post Off.-Virbhadra, Rishikesh-249202, Uttarakhand
4.	Sh. Abhinav Singh	-	M/s Bhilangana Hydro Power Limited	B-37, 3rd Floor, Sector-1, Noida-201301, Gautam Budh Nagar, Uttar Pradesh
5.	Sh. Dalip Dua	Vice President (Publications)	M/s Himalaya Power Producers Association	Dehradun Chapter, 12-D, Race Course, Dehradun

7.4 Annexure-4 : List of Participants in Public Hearings

List of Participants in Hearing at Pithoragarh on 16.02.2016

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Chandra Bhanu Gupta	-	M/s Gupta Trading Company	Siltham Road, Distt. Pithoragarh
2.	Sh. Manoj Chauhan	-	M/s Chauhan Medical Store	Gandhi Chowk, Distt. Pithoragarh
3.	Sh. Harish Kapri	-	Jila Panchayat Office	Gandhi Chowk, Distt. Pithoragarh
4.	Sh. Manoj Bisht	-	-	Near Mostamanu, Chandak, Tehsil & Distt. Pithoragarh
5.	Sh. Pawan Kumar Joshi	District President	Udhyog Vyapaar Mandal	Simalgair Bazaar, Distt. Pithoragarh
6.	Sh. Pawan Joshi	-	M/s Satkar Sweets	Simalgair Bazaar, Distt. Pithoragarh
7.	Sh. Pankaj Kadayat	-	M/s Pankaj Enterprises	Siltham, Distt. Pithoragarh
8.	Sh. Mahendra Valdiya, S/o Sh. Ram Singh Valdiya	-	-	Near Shiv Temple, Chandrabhaga (Valdiya Bhawan) P.O. Echoli, Distt. Pithoragarh
9.	Sh. Tula Singh	-	-	Village-Talli Saar, P.O.-Khati Gaon, Distt. Pithoragarh
10.	Sh. Mahesh Ch. Matholiya	-	-	Simlagair Bazaar, Distt. Pithoragarh
11.	Sh. Laxman Singh Vaseda	-	-	Vaseda Colony, Near Nagar Palika, Distt. Pithoragarh
12.	Sh. Naveen Chandra Joshi	-	-	G.I.G. Road, Vrindawan Complex, Distt. Pithoragarh
13.	Sh. Raju Mall	-	M/s Uttaranchal Gifts	Parwati Bazaar, Siltham, Distt. Pithoragarh

List of Participants in Hearing at Sitarganj on 18.02.2016

Sl. No.	Name	Designation	Organization	Address
1.	Sh. R.S. Yadav	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar-244713
2.	Sh. R.K. Mishra	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar-244713
3.	Sh. P.K. Gupta	-	M/s Innovative Textiles Ltd.	B-8, Phase-1, ESIP, Sitarganj, Distt. Udham Singh Nagar
4.	Sh. V. K. Aggarwal	-	M/s Balaji Action Buildwell	Plot No: C-34 & C-34(a) to (d), ESIP, Sitarganj, Distt. Udham Singh Nagar
5.	Sh. Rajiv Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
6.	Sh. P.C. Aggarwal	-	M/s Kashi Enterprises	B-25-29, Industrial Estate, Nainital Road, Kashipur–244713, Distt. Udham Singh Nagar
7.	Sh. R.K. Gupta	Secretary General (KGCCI)	M/s Gujarat Ambuja Exports Ltd.	C-50, ELDECO SIDCUL, Industrial Park, Sitarganj-262405, Distt. Udham Singh Nagar
8.	Sh. R.K. Saxena	-	M/s Parle Biscuits Pvt. Ltd.	Plot No. D-10, ESIP, Sitarganj, Distt. Udham Singh Nagar
9.	Sh. Durgesh Mohan	-	M/s Sitarganj Sidcul Industries Welfare Association	B-108, ESIP, Sitarganj, Distt. Udham Singh Nagar
10.	Sh. S.K. Garg	-	M/s BST Textile Mills Pvt. Ltd.	Plot. No. 9, Sector-9, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
11.	Sh. J.N. Singh	-	M/s Ganesha Ecosphere Ltd.	Plot No. 6, Sector-2, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
12.	Sh. Jeet Singh Cheema	-	Bhartiya Kisan Union	Dhakiya No.-2, P.O.-Dhakiya No. 1 Kashipur, Distt. Udham Singh Nagar
13.	Sh. Kuldeep Singh Cheema	Advisor Member	State Council-Uttarakhand	Dhakiya Kalan, P.O.-Dhakiya No.-1, Tehsil Kashipur, Distt. Udham Singh Nagar
14.	Sh. Balkar Singh Fauji	-	-	Village-Raipur Khurd, P.O. Kashipur, Distt. Udham Singh Nagar

List of Participants in Hearing at Pauri on 23.02.2016

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Kamal Singh	-	-	Village-Sarna, P.O.-Chopdiyun, Block - Pabau, Patti-Ghurdaursyun, Distt. Pauri Garhwal
2.	Sh. Mohan Singh Rawat	-	-	Saraswati Sadan, Near Police Line, Distt. Pauri Garhwal
3.	Smt. Vinita Rawat	-	-	M.I.C. Road, Distt. Pauri Garhwal
4.	Sh. Mukesh Joshi	-	-	Village- Joshiyada, P.O.-Parsundakhal, Patti-Paidalsyun, Distt. Pauri Garhwal
5.	Sh. Jagdish Singh	-	-	Village-Rithai, P.O.-Kandara, Patti-Paidalsyun, Distt. Pauri Garhwal
6.	Sh. Ghanshyam Singh Rana	-	-	Village-Thali, P.O.-Chandola Rai, Patti-Nandalsyun, Distt. Pauri Garhwal
7.	Sh. Ravindra Bhandari	-	-	Village & Post Nisni, Patti-Paidalsyun, Distt. Pauri Garhwal
8.	Sh. Prem Singh Negi	-	-	Village-Daang, P.O.-Toli, Patti-Kapolsyun, Distt. Pauri Garhwal
9.	Sh. Vinod Bisht	Sabhasad	Nagar Palika	Pauri, Distt. Pauri Garhwal
10.	Sh. Suraj	-	-	Village-Chaufanda, P.O.-Chaplodi, Patti-Balikandarsyun, Distt. Pauri Garhwal
11.	Sh. Arvind	-	-	Mamgai Bhawan, Laxmi Nagar Road, Distt. Pauri Garhwal-246001
12.	Sh. Bhagwan Verma	-	-	Kandai Road, Pauri, Distt. Pauri Garhwal
13.	Sh. Manoj Singh	-	-	Jhandi Chaur, Uttari Kotdwar, Distt. Pauri Garhwal
14.	Sh. Sukhdev Badoni	-	-	Laxmi Narayan Mandir, Pauri, Distt. Pauri Garhwal
15.	Sh. Mahaveer Singh Negi	-	-	Rajkiya Allopathic Chikitsalaya, P.O.-Saankarsain, Patti-Balikandarsyun, Distt. Pauri Garhwal
16.	Sh. Gandhi Singh Negi	-	-	Village-Gandhigram Kadud, Patti-Sitonsyun, Distt. Pauri Garhwal

List of Participants in Hearing at Dehradun on 01.03.2016

Sl. No.	Name	Designation	Organization	Address
1	Sh. Virat Seth	-	M/s Tata Motors Ltd.	Plot No. 1, Sector-1, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar-263145
2	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector-1, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar-263145
3	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
5	Sh. K.L. Sundriyal	-	-	4(4/3), New Road, Near Hotel Relax, (Amrit Kauri Road), Dehradun
6	Sh. T.S. Bhandari	Director	M/s Himalayan Resorts Pvt. Ltd.	16-Tagore Villa, Dehradun
7	Sh. Mahesh Sharma	General Secretary	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
8	Sh. Gulshan Rai Khanduja	-	Sh. Ganesh Roller Floor Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun-248001
9	Sh. Man Singh	General Manager (Engg.)	M/s Alps Industries Ltd.	1-A, Sector-10, Integrated Industrial Area, SIDCUL, Roshnabad Road, Haridwar-249403, Uttarakhand
10	Sh. Shakeel A. Siddiqui	General Manager (Commercial)	M/s Kashi Vishwanath Textile Mill Ltd.	Works : 5th Km. Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar
11	Sh. Manish Garg	-	Madhu Gupta & Co.	51/510, New Hyderabad, Lucknow
12	Sh. Munish Talwar	Head-Electrical & Instrumentation	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar
13	Sh. Vijay Singh	Member	Bhartiya Kisan Club	Village-Delna, Post-Jhabreda, Roorkee, Haridwar-247665
14	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
15	Sh. Katar Singh	President	Bhartiya Kisan Club	Village-Sabatwali, P.O.-Jhabreda, Tehsil Roorkee, Distt. Haridwar
16	Sh. Gagan Arora	-	-	89/1/1, Race Course, Near Rose Mount School, Dehradun
17	Sh. Nanda Dutt Madhwal	-	-	100/25, Ballupur Road, Dehradun
18	Sh. Biru Bisht		-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
19	Sh. Vishwamitra	-	-	36-Panchsheel Park, Chakrata Road, P.O.-New Forest, Dehradun-248006
20	Sh. V.S. Bhatnagar	-	-	98/3, Bell Road, Near Jr. Hiltons School, Clementown, Dehradun