



**COMMISSION'S ORDER**

**ON**

**TRUE-UP FOR FY 2022-23, MID-YEAR PERFORMANCE  
REVIEW FOR FY 2023-24, DETERMINATION OF  
GENERATION TARIFF FOR THE FY 2024-25**

**Case No. HERC/PETITION NO. 67 of 2023**

**20.02.2024**

**HARYANA ELECTRICITY REGULATORY COMMISSION**

**BAYS NO. 33-36, SECTOR-4, PANCHKULA-134112**

**<https://herc.gov.in>**

## Abbreviations

<b>Abbreviation</b>	<b>Description</b>
AAC	Additional Auxiliary Consumption
A&G	Administrative & General
APDP	Accelerated Power Development Programme
AEC	Auxiliary Energy Consumption
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal for Electricity
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CIP	Capital Investment Plan
Cr.	Crore (Rs. 10 Million)
DCRTPS	Deen Bandhu Chotu Ram Thermal Power Station
DCS	Distributed Control System
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
DSI	Dry Sorbent Injection
DSM	Deviation Settlement Mechanism
EA 2003	The Electricity Act 2003 (Act 36 of 2003)
ECR	Energy Charge Rate
ERP	Enterprise Resource Planning
FGD	Flue Gas Desulphurization
FPA	Fuel Price Adjustment
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoH	Government of Haryana
GoI	Government of India
HERC	Haryana Electricity Regulatory Commission
HPGCL	Haryana Power Generation Corporation Limited
HWRA	Haryana Water Resources Authority
IndAS	Indian Accounting Standard
IoB	Indian Overseas Bank
IPP	Independent Power Producers
IWC	Interest on Working Capital
MaxDNA	Maximum Dynamic Network Architecture
MoC	Ministry of Coal, Government of India
MoD	Merit Order Dispatch
MoEF&CC	Ministry of Environment, Forest and Climate Change
MoP	Ministry of Power, Government of India
MU	Million Units
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
NIT	Notice inviting Tender
O&M	Operation & Maintenance
PFC	Power Finance Corporation
PLF	Plant Load Factor
PNB	Punjab National Bank
PPA	Power Purchase Agreement

<b>Abbreviation</b>	<b>Description</b>
PPP	Public Private Partnership
PTPS	Panipat Thermal Power Station
RCR	Road cum Rail
REC	Rural Electrical Corporation
RGTPS	Rajiv Gandhi Thermal Power Plant
RSD	Reserve Shut Down
R&M	Repair & Maintenance
SBI	State Bank of India
SCR	Selective Catalytic Reduction
SFC	Secondary Fuel Consumption
SFO	Secondary Fuel Oil
SHR	Station Heat Rate
SLDC	State Load Dispatch Centre
SNCR	Selective Non-Catalytic Reduction
SOFA	Separated Over Fire-Air
SPM	Suspended Particulate Matter
STP	Sewage Treatment Plant
TO	Tariff Order
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
WYC	West Yamuna Canal

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION**  
**BAYS NO. 33-36, SECTOR-4, PANCHKULA-134 112**

**Case No. HERC/PETITION NO. - 67 of 2023**

**Date of Hearing : 07.02.2024**  
**Date of Order : 20.02. 2024**

**QUORUM**

**Shri Nand Lal Sharma**  
**Shri Naresh Sardana**  
**Shri Mukesh Garg**

**Chairman**  
**Member**  
**Member**

**IN THE MATTER OF**

Petition filed by the Haryana Power Generation Corporation Ltd. (HPGCL) for approval of True-up for the FY 2022-23, Mid-Year Performance Review for the FY 2023-24 and Determination of Generation Tariff for the FY 2024-2025.

**AND**

**IN THE MATTER OF**

HPGCL, Panchkula

..... Petitioner

**Present**

1. Shri Rajesh Verma, Director (Technical), HPGCL
2. Shri Umesh Aggarwal, Director / Technical, HPGCL
3. Shri Amit Diwan, Director (Finance), HPGCL
4. Shri Vijay Jindal, SE/Regulatory, HPGCL
5. Shri B.S. Gosain, Chief Accounts Officer, HPGCL
6. Shri Ravi Juneja, AEE, HPGCL
7. Shri Gaurav Gupta, Xen, HPPC

**ORDER**

- 1 The petitioner herein i.e. HPGCL, vide its Memo No. 156/HPGC/Reg-522(2023) dated 24.11.2023, has filed the present petition for approval of true-up for the FY 2022-23, and determination of Generation Tariff for the FY 2024-25 under Section 61 and 62 of Electricity Act, 2003 read with the Haryana Electricity Regulatory Commission MYT Regulations, 2019 including its subsequent amendments.
- 2 In fulfilment of the procedural requirement of the Electricity Act, 2003 and HERC (Conduct of Business) Regulations framed thereunder, the petition was hosted on the official website (s) of the Commission as well as that of the petitioner. Further, a public notice was issued by HPGCL in compliance of

section 64 (2) of the Electricity Act, 2003, in the Newspapers, having wide circulation in Haryana, for inviting objections from the General Public / Stakeholders.

Name	Language	Date of publication
The Tribune	English	30.11.2023
Dainik Tribune	Hindi	30.11.2023

A public notice communicating the last date of filing objection as well as the date of hearing was issued by the Commission in the 'Dainik Bhaskar' and 'The Tribune' both dated 13<sup>th</sup> December, 2023 and was also hosted on the Commission's website under the head 'schedule of hearing'. The petition filed by HPGCL is set out below.

### **3 True-up Petition for the FY 2022-23**

HPGCL has filed the petition praying for truing-up of the FY 2022-23, which is based on the Audited Accounts of the company for the FY 2022-23 in line with regulation 13.1 of the MYT Regulations, 2019.

The regulation (supra) cited by the petitioner is reproduced below:-

#### *"13. TRUING-UP*

*13.1 Truing-up of the ARR of the previous year shall be carried out along with mid-year performance review of each year of the control period only when the audited accounts in respect of the year(s) under consideration is submitted along with the application. In case audited accounts pertaining to the year, of which truing-up is to be undertaken, are not available, the generating company or the licensee as the case may be, shall submit the provisional account duly approved by the Board of Directors of the company/licensee.*

*13.2 Truing-up of uncontrollable items shall be carried out at the end of each year of the control period through tariff resetting for the ensuing year and for controllable items shall be done only on account of force majeure conditions and for variations attributable to uncontrollable factors.*

*13.3 The Commission shall allow carrying costs for the trued-up amount (positive or negative) at the interest rates specified in these Regulations by adjusting the interest allowed on the working capital requirement for the relevant year of the control period. Upon completion of the mid-year performance review and truing up in accordance with these regulations, the Commission shall pass an order recording:*

(a) The revised ARR for such financial year including approved modifications, if any;

(b) Holding cost for under/over recovered amount from the close of the relevant year and up to the middle of the ensuing year of the control period whereupon the trued-up amount has been adjusted by appropriate resetting of tariff in accordance with regulation 13.4, calculated as additional borrowing for working capital for that period.

Provided that no carrying cost shall be allowed on account of delay in filing for true-up due to unavailability of the audited accounts

13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.”

The petitioner (a generating company as defined in the Electricity Act, 2003), has cited the following regulation for recovery of Fixed Cost/Capacity charges:-

“30. RECOVERY OF ANNUAL FIXED CHARGES (CAPACITY) CHARGES FOR THERMAL POWER PROJECTS

(a) The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations. Payment of capacity charge by the beneficiaries shall be on monthly basis in proportion to allocated / contracted capacity. The total capacity charges payable for a generating plant shall be shared by its beneficiaries as per their respective percentage share / allocation in the capacity of the generating plant;

(b) A generating plant shall recover full capacity charge at the normative annual plant availability factor specified by the Commission. Recovery of capacity charge below the level of target availability shall be on pro-rata basis.....”

In view of the above statute, HPGCL has averred that the regulation (supra) clearly lays down the methodology for recovery of the fixed cost components of the tariff as per the availability of the power plants and the True-up is also required between “Recovered” as per plant availability and ‘Actual’ as per the Audited Accounts. Therefore, in the present petition True-up has been proposed on “Recovered” vis-a-vis “Actual”.

The component wise true-up, as calculated and proposed by the petitioner herein, is as under: -

### 3.1 True-up of Operation and Maintenance (O&M) expenses

The petitioner has submitted the Commission had approved O&M Expenses, comprising of Employees Cost including retiral benefits, R&M and A&G expenses of Rs. 812.13 Cr for the FY 2022-23, out of which O&M expenses amounting to Rs. 791.24 crore could only be recovered. The total actual O&M Expenses, as per audited accounts for FY 2022-23, (excluding solar business of Rs 0.81 Cr) has been Rs. 1182.52 Cr., as tabulated below: -

Particular	FY 2022-23 (HERC Approved) 1	FY 2022-23 (Recovered) 2	FY 2022-23 (Audited) 3	Variance 4 = (3-2)	True-Up claimed 5
Employee Cost	632.84	616.62	847.79	231.17	231.17
Repair & Maintenance	157.37	153.39	306.78	153.39	153.39
Administrative & General	21.92	21.23	27.95	6.72	6.72
<b>Total</b>	<b>812.13</b>	<b>791.24</b>	<b>1182.52</b>	<b>391.28</b>	<b>391.28</b>

The petitioner has submitted that significant gap between the approved amount, recovered amount and actual amount on account of O&M expenses is on account of the increase in uncontrollable expenses towards employee cost including terminal liabilities & lower plant availability of RGTPS i.e. 83.89% Unit 1 & 73.34% Unit 2, as against the benchmark norm of 85% at which the entire fixed cos including O&M expenses are recoverable. As a corollary any slippage in the annual plant availability reduces the actual recovery of fixed cost.

It has been submitted that the Hon'ble Commission approved Employees Cost for the FY 2022-23 at Rs. 632.84 Crore, whereas, the actual employee cost for FY 2022-23, as per audited accounts, is Rs. 585.35 Crore which is inclusive of net Defined Benefit liability (terminal liability) of Rs. 267.73 Crore towards employees as per the 'Actuarial Valuation' Report submitted by the independent actuary viz. M/s A. Balasubramanian, Senior Consultant and Actuary, appointed for carrying out the requisite Actuarial valuation. HPGCL in its disclosure at Point 2, Page 42 of the Audited Accounts for the FY 2021-22 in the previous year ARR (page no 128) has already apprised that the total defined terminal liabilities stand at Rs 664.51 Crore which was a significant

increase over the previous year. Thus, as guided by the Hon'ble Commission in the past, to cushion the impact of increase over the previous year in terminal liabilities, restricted the recovery of the same to the level of FY 2020-21 at Rs 402.07 Cr. Thus, under recovery of Rs 262.44 Cr was there in the said year, which is now being claimed as part of Terminal benefits in the FY 2022-23. The trend of Terminal Liability of HPGCL as per the report of the independent Actuary from the FY 2017-18 onwards is as under: -

<b>S. No.</b>	<b>Financial Year</b>	<b>Amount in Cr.</b>
1	2017-18	485.01
2	2018-19	688.45
3	2019-20	356.68
4	2020-21	402.08
5	2021-22	402.07
6	2022-23	526.17*

\*inclusive of deferred liability of Rs 262.44Cr.

On a perusal of the above, it is observed that the year to year valuation of the retiral benefits, over a period spanning six years is highly erratic despite the fact that no new capacity has been added and parameters like rate of inflation, attrition rate, annual increment, pay structure etc. may not have changed to the extent to disrupt the linearity in valuation.

HPGCL has submitted that it is bound by rules and regulations of the State Government pertaining to employee's benefits (pay structure, D.A., annual increment @ 3%). Any revision, in the pay structure of its employees is beyond the control of the HPGCL and falls under Regulation 8.3.8(b). All these factors lead to an increase in the employees cost of HPGCL. Terminal liability is an 'uncontrollable' expenditure under Regulation 8.3(b) of the MYT Regulation 2019 and the same is therefore admissible for true-up. Accordingly, it has been prayed that this Hon'ble Commission may allow the net true up of Rs. 231.17 Cr. towards Employee Cost on actual basis, as reflected in the Audited Accounts for the relevant year.

The petitioner has averred that O&M expenses, other than employee cost, i.e. R&M and A&G expenses approved by the Commission for the FY 2022-23 was Rs 157.374 Crore & Rs 21.92 Crore respectively. However, the amount recovered by HPGCL has been Rs. 153.39 Cr and 21.23 Cr, respectively. The actual R&M and A&G expense for the year is Rs. 306.783 Cr (excluding solar business of Rs 0.81 Cr) and Rs 27.946 Cr., respectively.

HPGCL has submitted that increase in R&M amount is primarily attributable



to the following factors: -

- a) Increase in water charges on account of notification of Haryana Water Resources (Conservation, Regulations and Management) Authority, Panchkula (herein referred as “HWRA”). The Hon’ble Commission, in its order dated 25.01.2023, had directed as under: -

*“Further, impact of additional water charges on account of HWRA notification shall be considered by the Commission, during true-up of the FY 2023-24.”*

(CF. page 65 of order dated 25.01.2023).

The increase in water charges as per notification of HWRA, generating unit wise is tabulated as under: -

Plant	Financial Implication on account of Increase in water charges (in Rs Cr)
PTPS	9.51
DCRTPS	9.55
RGTTPS	7.00
Total	26.06

- b) It has been submitted that R&M and A&G expenses of PTPS units was capped by the Hon’ble Commission at 50% for PTPS Units; the same may be allowed under true up, on account of increase in scheduling of power from PTPS power plants (6,7,8) by the Discoms, as per the previous order of the HERC dated 25.01.2023. The amount pertaining to 50% of PTPS Units works out to be Rs 43.023 Cr. It has been reiterated that the increase in R&M & A&G expense are primarily on account of increase in scheduling of HPGCL Units on account of higher demand from the DISCOMs for onward supply to the electricity consumers of Haryana.
- c) The cost of operating coal handling plant.
- d) Additionally, the petitioner has submitted that the Coal Handling plant (CHP) expense amounting to Rs 67.19 Cr has been booked under O&M expense. HPGCL has claimed for the same as part of O&M expenses. However, it has been submitted that an appeal filed in the Hon’ble Appellate Tribunal for Electricity, in the matter, is presently pending for adjudication.

Further, HPGCL has cited regulation 13.4 of the HERC MYT Regulations, 2019, as under:-

*“13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control*

period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.”

**The petitioner has prayed that the Hon’ble Commission may allow the true up of the O&M expenses amounting to Rs. 391.258 crore (Employee cost of Rs 231.17 Cr, R&M expenses of Rs 153.39 Cr and A&G expense of Rs 6.72 Cr.).**

### 3.2 True-up of Depreciation

HPGCL has submitted that actual depreciation amount of HPGCL for the FY 2022-23, as per the audited accounts, excluding solar business of Rs. 3.15 crore, is Rs 334.28 Cr. The Hon’ble Commission, in its orders dated 31.10.2018 & 07.03.2019, has estopped HPGCL from claiming depreciation on spares and dismantling cost on account of IndAS. It has been submitted by HPGCL that depreciation on capitalization of spares and decommissioning cost for FY 2022-23 in accordance IndAS, works out to Rs. 5.77 Cr & Rs. 10.70 Cr. respectively. Thus, HPGCL in compliance with aforesaid directives, has excluded a sum up to Rs 16.47 Cr. (5.77+10.70) from its true up claim of Depreciation. Accordingly, the net allowable Depreciation for the FY 2022-23, exclusive of solar business, and depreciation on spares and decommissioning cost works out to Rs. 317.81 Cr (334.28-16.47). The HERC approved depreciation for the FY 2022-23 was Rs. 324.82 Cr.

The variation in the approved depreciation and net allowable depreciation for the FY 2022-23 is presented in the table below: -

Rs. Crore									
S. No	Unit	Approved	Actual as per audited accounts*	Dep. on GAAP Spares	Dep. on account of Ind AS	Net allowable dep.	Recovered Dep.	Variance	True up claimed
A	B	C	D	E	F	G=(D-E-F)	H	I=(G-H)	J
1	PTPS -6	0.46	1.95	0.08	1.31	0.56	0.46	0.10	0.10
2	PTPS -7-8	53.95	56.76	0.47	4.32	51.97	53.95	(1.98)	(1.98)
3	DCR TPS 1-2	56.13	58.26	1.22	1.42	55.62	56.13	(0.51)	(0.51)
4	RGT PS 1-2	206.54	211.48	4.00	3.67	203.81	191.04	12.77	12.77
5	Hyde 1	7.74	5.83		(0.02)	5.85	7.74	(1.89)	(1.89)
	<b>Total</b>	<b>324.82</b>	<b>334.28</b>	<b>5.77</b>	<b>10.70</b>	<b>317.81</b>	<b>309.32</b>	<b>8.49</b>	<b>8.49</b>

Note: depreciation on account of Solar Business of Rs. 3.15 Cr. Has been excluded.

HPGCL has submitted that it could not recover Rs 8.49 Crore against the

actual depreciation of the HPGCL Units due to shortfall in the availability of RGTPS vis-à-vis the regulatory norms.

In view of the above, HPGCL has prayed that the Hon'ble Commission may approve Rs 8.49 Cr. as true-up of depreciation for the FY 2022-23.

### 3.3 True-up of Interest Expenses

The petitioner has submitted that as against the interest and finance charges on loan of Rs. 73.74 Crore approved by the Hon'ble Commission for the FY 2022-23, the actual amount incurred, as per the audited accounts, is Rs. 24.14 Crore (net of interest of Rs. 1.32 Crore on account of Solar Business).

HPGCL has submitted that saving in the Interest and Finance Charges has been achieved due to the restructuring of its loan portfolio & advance payments made by HPGCL by adopting prudent financial management. Refinancing cost of such restructuring has already been allowed and adjusted by the Hon'ble Commission in its previous Tariff Orders.

Interest and Finance charges for FY 2022-23 as per pre-restructuring Loan portfolio (excluding solar business) is as under: -

(Rs. Cr.)

Particulars	Rate of Interest	Opening Bal	Drawls during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10%	27.13	0.00	6.78	20.35	1.44
SBI DCRTPS YNR – PFC takeover	12.50%	271.38	0.00	120.64	150.74	26.38
REC	12.25%	350.44	0.00	75.60	274.84	38.30
State Bank of India (RGTPS) – PFC Takeover	11.45%	336.66	0.00	101.64	235.02	32.73
APDP Loan	12.50%	2.81	0.00	0.15	2.66	0.66
Punjab National Bank (Andhra Takeover)	8.65%	0.00	0.00	0.00	0.00	0.00
Punjab National Bank (Andhra Takeover Hisar)	8.65%	0.00	0.00	0.00	0.00	0.00
Punjab National Bank (REC Takeover)	12.25%	81.73	0.00	20.52	61.21	8.75
NABARD	5.25%	22.99	0.00	11.50	11.49	1.32
<b>Total</b>		<b>1093.13</b>	<b>0.00</b>	<b>336.83</b>	<b>756.30</b>	<b>109.60</b>

\* Total Interest during the year as per the submissions of the petitioner, excluding solar business, is Rs. 108.28 Cr (Rs. 109.60 crore – Rs. 1.32 crore)

#### Actual Loan Portfolio and Int. & Fin. Charges for FY 2022-23 (Rs. Cr.)

Particulars	Rate of Interest (%)	Opening Bal	Additions during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10	27.13	0.00	6.78	20.35	1.44
REC	7.75	302.35	0.00	75.60	226.75	22.02
APDP Loan	12.50	2.81	0.00	0.15	2.66	0.67
NABARD*	5.25%	22.99	0.00	11.50	11.49	1.32 *
<b>Total</b>		<b>355.28</b>	<b>0.00</b>	<b>94.03</b>	<b>261.25</b>	<b>25.46</b>

\*Solar business

HPGCL has submitted that in line with the Hon'ble Commission's Tariff order dated 22.02.2022, it is proposing to pass on 50% of the savings on interest and finance charges to the beneficiaries i.e. Haryana Discoms on account of restructuring of loan and to consider the true up of interest & finance charges as given in the table below: -

(Rs. Crore)

Particular	Approved interest & Finance Charges	Actual interest & Finance Charges	Pre-restructuring interest & Finance Charges	Savings on account of restructuring of loan	Allowable interest & Finance charges	Recovered by HPGCL	True-up
1	2	3	4	5= 4-3	6=3+50 % (5)	7	8=6-7
Int. & Fin. Charges (A)	73.74	24.14	108.28	84.14	66.21	69.55	(3.34)
Int. On Normative Debt(B)	0	0	0		0.23		0.23
<b>Total True up of Int. &amp; Fin. Charges(A+B)</b>	<b>73.77</b>	<b>24.14</b>	<b>108.28</b>	<b>84.14</b>	<b>66.44</b>	<b>69.55</b>	<b>(3.11)</b>

HPGCL therefore, has requested to true-up of interest & finance charges to the tune of Rs 3.11 Cr. (-).

### 3.4 True-up of Return on Equity (RoE)

The petitioner has not claimed any true-up on account of RoE and has submitted the details of opening equity, equity addition and required return of equity considered, unit-wise, for the FY 2022-23, as under:

Rs. Crore

Plants	Opening	Additions	Closing	RoE
PTPS – 6	156.84	0.04	156.882	15.69
PTPS – 7	218.04	0.05	218.089	21.81
PTPS – 8	218.02	0.29	218.309	21.82
DCRTP-1	251.421	0.26	251.680	25.16
DCRTP-2	251.371	0.26	251.630	25.16
RGTP-1	494.889	1.58	496.468	49.57
RGTP-2	493.014	1.58	494.593	49.38
Hydel	18.355		18.355	1.84
<b>Total</b>	<b>2101.95</b>	<b>4.057</b>	<b>2,106.007</b>	<b>210.40</b>

Rs. Crore

HERC Approved RoE(A)	Actual (B)	Recovered (C)	Variance in RoE cost (B-C)	True-up (E)
211.15	210.40	203.70	6.70	-

### 3.5 True-up of cost of Secondary Fuel Oil (SFO)

HPGCL has submitted that the Hon'ble Commission in its order dated 25.01.2023, had directed that secondary fuel oil does not form part of true up

and needs to be adjusted as per Regulation 29 of the HERC MYT Regulations. Hence, cost of Oil has not been proposed under True -up.

### **3.6 True up of interest on working capital (IWC)**

HPGCL has submitted that the Hon'ble Commission, in its Order dated 22.02.2022, regarding generation tariff for the FY 2022-23 had allowed interest on working capital amounting to Rs. 103.729 crore, considering average prices coal and oil, as proposed by it. However, there has been variation in prices of coal and oil during the FY 2022-23. Therefore, while computing the truing-up of working capital for the FY 2022-23, the actual rate of coal prevailing in FY 2022-23 has been considered.

Due to variation in Fuel prices, the actual interest on working capital for the FY 2022-23, as per the approved norms of the Hon'ble Commission, has increased to Rs 133.93 Cr as against the approved interest on working capital of Rs 103.729 Cr.

HPGCL has submitted that in the FY 2022-23, it has imported coal and also purchased RCR coal to meet the demand place by the beneficiaries, being unprecedented rise in demand of power. This has led to increase in IWC. Thus the actual increase in IWC ought to be allowed while undertaking true up for this component. HPGCL has incurred an expenditure of Rs 1652 Cr approx. for alternate coal, out of which Rs 1140.92 Cr has been arranged by taking short term loan (STL) from PFC & REC. The balance of Rs 511 Crore has been availed through the available Cash Credit limits. Thus, the total implication of IWC on account of STL works out to be Rs 35.16 Crore and from using Cash Credit is Rs 13.41 Crore, thus the additional implication of interest on account of imported coal is Rs 48.57 Crore.

The RCR coal also have additional financial implication on account of coal on "As is Where is basis" and the generator has to arrange transportation for the same till the railway siding. Thus, the total additional interest implication of additional burden of imported and RCR coal turns out to be Rs 54.24 Cr (Imported Rs 48.57 Cr + RCR Rs 5.67Cr).

The revised allowable IWC as per Regulation 22.2 of MYT 2019 has increased, as presented in the table below:

Rs. crore

S. No.	Particular	HERC Approved IWC (Rs. Cr) @ 8.50%	Normative(Revised) IWC (Rs. Cr) @ 8.60%
1	Coal Stock	468.483	605.51
2	Oil Stock	4.032	4.03
3	O&M Expenses	67.678	67.68
4	Maint. Spares	80.505	80.50
5	Receivables	599.646	738.76
6	Total W/C Requirement	1220.343	1496.48
	<b>Int. on W/C</b>	<b>103.729</b>	<b>128.70</b>

The table below summarizes True-up of interest on working capital for FY 2022-23.

Rs. crore

Particular	HERC Approved IWC (Rs. Cr.) @ 8.50% (A)	Normative IWC (Rs. Cr.) @ 8.60% (B)	Actual Audited IWC (C)	Recovered IWC (D)	True-up Rs. Cr. E=C-D
Interest on working capital	103.729	128.70	133.93	99.78	34.15

### 3.7 Non-Tariff Income

Detail of Other Non-operating income included in the 'other income' as per the Audited Balance Sheet for the FY 2022-23 is as under:

#### Non-Tariff Income for FY 2022-23 (Rs. Cr.)

Particulars	Amount (Rs. in crore)
Income from sale of scrap	7.03
50% of other income	1.225
<b>Total</b>	<b>8.255</b>

HPGCL has submitted that certain under recoveries are on account of metallurgical degradation due to past meagre scheduling by the Discoms, which leads to under recovery of some tariff components under fixed cost. Accordingly, HPGCL has prayed that it may be allowed to retain the non - operating income to cushion the impact of under recoveries.

### 3.8 Total True-up for the FY 2022-23

A summary of the True-up claims as proposed by the HPGCL is presented in the table below: -

(Rs. Crore)

O&M Expenses	Depreciation	Oil Expense	IWC	Interest & Fin. Charges	RoE	Non-Tariff Income	Total True-up (Cr.)
<b>391.28</b>	<b>8.49</b>	-	<b>34.15</b>	<b>(3.11)</b>	-	-	<b>430.81</b>

In addition to the above claim, the petitioner has prayed that the Hon'ble

Commission may allow carrying cost on the trued-up amount as per the MYT Regulations along with late payment surcharge, in the case of any delay in realization of payments beyond the stipulated time from the DISCOMs in accordance with regulation 43 of the HERC MYT Regulation 2019.

#### 4 Capital Investment Plan (CIP)

4.1 It has been submitted by the petitioner that the Hon'ble Commission, vide its Order dated 25.01.2023 (PRO 64 of 2022), had approved CIP as under: -

Sr No	Capital Expenditure Work	(Rs. Crore)		
		2022-23	2023-24	2024-25
1	ERP System and allied works		18.45	12.81
2	Data Centre, Data Recovery centre etc. for ERP Solution		3.94	6.90
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar		4.43	5
4	Construction of 2 no. Barracks for CISF for RGTPP Hisar	0.71		
5	Installation of CCTV surveillance System in RGTPP Hisar	1.65		
6	Construction of DAV school in power plant colony for RGTPS Hisar			6.87
7	Improvement work of Cooling Towers of RGTPP Unit I & II			6
8	Up gradation of C&I system for RGTPP Hisar	3	8.00	
9	Procurement of ID fan blades, RGTPP	0.82		
10	Replacement of 03 Nos. Fire Tenders at RGTPP	1.2		
11	Up gradation of hardware and software of PLC at RGTPP, Khedar	4	3.00	
12	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar	3.35		
13	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar		2.00	
14	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55		
15	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65		
16	Revival of Fire Fighting System of Unit6, PTPS, Panipat		0.600	
17	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana		0.952	
18	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		4.600	
19	Energy Management System PTPS Unit- 7-8		1.22	
20	Modernization of Boiler Lift for PTPS Unit 8	0.80		
21	Replacement of 02 Nos. Fire Tenders at PTPS Panipat		0.44	
22	Renovation of centralized AC System of Unit-7&8, PTPS Panipat		1.80	
23	Replacement of 8" water lines around the circular road in PTPS, Colony	0.49		
24	Township for DCRTTP, Yamunanagar		2.36	
25	Refurbishment of BFP Cartridge: DCRTTP, Yamuna Nagar	1.55		
26	Purchase of 01 no. Runner Hub without blades and new set of guides vanes-WYC		7	
27	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted		1.91	

28	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at various sites of PTPS		5.65	
29	EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totalling to Rs 3.2 Crore (approximately)		3.20	
	TOTAL	18.77	69.552	37.58
	GRAND TOTAL		125.902	

**4.2** The petitioner has submitted that there are certain variations in the actual vis-à-vis approved CAPEX mainly due to revision in the overhauling schedule/ financial prudence and some of the schemes have been completed/surrendered/dropped in the FY 2022-23, as tabulated below: -

Sr No	Completed/Dropped Schemes	Amount (Rs. Cr.)	Remarks
4	Construction of 2 no. Barracks for CISF for RGTPP Hisar	0.71	Work Completed
5	Installation of CCTV surveillance System in RGTPP Hisar	1.65	Work Completed
12	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar	3.35	Work Completed
11	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	3.83	The upgradation work of PLCs of DM Plant, CHP, AHP, ESP-I&II & Wagon Tippler/Stacker-Reclaimer for Rs. 3.83Cr has been completed in 2022-23 and the proposed upgradation of remaining PLCs will be carried out in the year of 2023-24.
15	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65	Work Completed
20	Modernization of Boiler Lift for PTPS Unit 8	0.80	Work Completed
23	Replacement of 8" water lines around the circular road in PTPS, Colony	0.49	Work Completed
25	Refurbishment of BFP Cartridge, DCRTTP	1.55	Work Completed

**4.3** That in view of the above, the revised schedule of capitalization of the remining capital works is presented below for kind consideration and approval of the Hon'ble Commission.

SNo	Capital Expenditure Work Year	(Rs. Crore)		
		2022-23	2023-24	2024-25
1	ERP System and allied works		29.52	
2	Data Centre, Data Recovery centre etc. for ERP Solution		6.68	
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar	4.43	5.00	
4	Construction of DAV school in power plant colony for RGTPS Hisar	0.95	0.60	
5	Improvement work of Cooling Towers of RGTPP Unit I & II	6.00		
6	Up gradation of C&I system for RGTPP Hisar	9.50	-	-
7	Procurement of ID fan blades, RGTPP	0.82		
8	Replacement of 03 Nos. Fire Tenders at RGTPP	-	1.77	-
9	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	3.00	-	-
10	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar	2.00	-	-



11	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55		
12	Revival of Fire Fighting System of Unit6, PTPS, Panipat	0.600	1.45	
13	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana.		0.952	
14	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		21.60	
15	Energy Management System PTPS Unit- 7-8	1.09		
16	Replacement of 02 Nos. Fire Tenders at PTPS Panipat	0.85		
17	Renovation of centralized AC System of Unit-7&8, PTPS Panipat	1.65		
18	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at various sites of PTPS	5.65		
19	Township for DCRTTP, Yamunanagar		2.36	
20	Purchase of 01 no. Runner Hub without blades and new set of guide vanes-WYC		7.00	
21	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted	1.91		
22	EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totalling to Rs 3.2 Crore (approximately)		3.2**	
	<b>TOTAL</b>	<b>39.00</b>	<b>80.13</b>	<b>0</b>
	<b>GRAND TOTAL</b>		<b>119.132</b>	

\*\* HPGCL is exploring the options to have EV Charger under PPP mode, so the impact under Capex, be avoided. Therefore, HPGCL is presently not proposing any amount under CAPEX for the same in present ARR.

## 5 HPGCL's Proposed Technical Parameters

### 5.1 NAPAF (Normative Annual Plant Load Factor)

The petitioner has submitted that its power plants are presently being optimally scheduled and expects scheduling on the same patterns in the ensuring financial year as well. Accordingly, HPGCL proposes the NAPAF for all thermal Units for the FY 2023-24 in line with Hon'ble Commission's Tariff Order dated 25.01.2023 and for the FY 2024-25 in line with HERC MYT Regulation, 2019, in vogue, as under: -

SN	Unit No.	HERC Approved	Proposed	
		<b>FY 23-24</b>	<b>FY-23-24</b>	<b>FY 24-25</b>
1	PTPS 6	85.00%	85.00%	85.00%
2	PTPS 7	85.00%	85.00%	85.00%
3	PTPS 8	85.00%	85.00%	85.00%
4	DCRTTP 1	85.00%	85.00%	85.00%
5	DCRTTP 2	85.00%	85.00%	85.00%
6	RGTPP 1	85.00%	85.00%	85.00%
7	RGTPP 2	85.00%	85.00%	85.00%
8	WYC Hydel	43.00%	43.00%	43.00%

### 5.2 Auxiliary Energy Consumption

HPGCL has proposed auxiliary energy consumption for the FY 2024-25 in line with the MYT Regulations 2019 and for the FY 2023-24 in line with the approval already granted vide order dated 22.02.2022.

HPGCL has submitted that the auxiliary energy consumption approved by the Hon'ble Commission for the FY 2023-24 and proposed by HPGCL for the FY 2023-24 and FY 2024-25, are as under: -

S. N	Unit #	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	9.00%	9.00%	9.00%
2	PTPS 7	8.50%	8.50%	8.50%
3	PTPS 8	8.50%	8.50%	8.50%
4	DCRTPS 1	8.50%	8.50%	8.50%
5	DCRTPS 2	8.50%	8.50%	8.50%
6	RGTPS 1	6.00%	6.00%	6.00%
7	RGTPS 2	6.00%	6.00%	6.00%
8	WYC HEP	1.00%	1.00%	1.00%

### 5.3 Secondary Fuel Oil Consumption (SFC)

Secondary fuel consumption proposed by HPGCL is in line with the HERC MYT Regulations as below: -

S.N	Unit #	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	1.00	1.00	1.00
2	PTPS 7	0.50	0.50	0.50
3	PTPS 8	0.50	0.50	0.50
4	DCRTPS 1	0.50	0.50	0.50
5	DCRTPS 2	0.50	0.50	0.50
6	RGTPS 1	0.50	0.50	0.50
7	RGTPS 2	0.50	0.50	0.50

### Station Heat Rate (SHR)

The SHR for the FY 2024-25 is proposed by HPGCL as per norms specified in the HERC MYT Regulation, 2019 is as under: -

S.N	SHR (kcal/kWh)	HERC Approved	Proposed	
		FY 23- 24	FY 23- 24	FY 24-25
1	PTPS 6	2550	2550	2550
2	PTPS 7	2500	2500	2500
3	PTPS 8	2500	2500	2500
4	DCRTPS 1	2344	2344	2344
5	DCRTPS 2	2344	2344	2344
6	RGTPS 1	2387	2387	2387
7	RGTPS 2	2387	2387	2387

### 5.4 Gross Calorific Value (GCV) and Price of Coal

HPGCL has proposed GCV, cost of coal and Secondary Fuel (Oil) for the FY 2024-25 as per the actual weighted average calorific value of coal and landed cost of oil, during April to September of the FY 2023-24, as under: -

#### GCV & Coal Cost (FY 2024-25)

Particulars	PTPS-6	PTPS-7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Coal (kcal/Kg)	3441	3486	3186	3269
Average landed cost of coal (Rs. /MT)	5501.22	5770.75	5201.73	5362.79

#### GCV & Oil Cost (FY 2024-25)

Particulars	PTPS	DCRTPS	RGTPS
Gross Calorific Value of Oil (kcal/l)	9648	9347	9398.35
Average landed cost of Oil (Rs. /Kl)	74391.37	74756.37	72389

## 5.5 Energy Charge Rate (ECR) / Fuel Cost

HPGCL has computed ECR as per Regulation 31 of the MYT Regulations, 2019, on the basis of actual fuel consumed on blended basis from April, 2023 to September, 2023 as tabulated below: -

HPGCL'S Computation of ECR (FY 2024-25)		
Fuel Cost	Generation (Ex-bus)	Per Unit Variable cost
	in MU	Rs/ Unit
PTPS – 6	1422.931	4.545
PTPS – 7	1703.273	4.555
PTPS – 8	1703.273	4.555
DCRTPS 1	2043.927	4.215
DCRTPS 2	2043.927	4.215
RGTPS-1	4199.544	4.196
RGTPS-2	4199.544	4.196

## 6 Annual Fixed Cost

The petitioner has proposed fixed cost for the FY 2024-25 in line with the HERC MYT Regulations, 2019, as amended from time to time.

### 6.1 Operation and Maintenance Expenses (O&M)

HPGCL has submitted that the Commission has notified the norms for O&M Expenses (in Rs. Lac per MW) for the FY 2024-25 under Regulation 28 of HERC MYT Regulations, 2019 as amended from time to time. Accordingly, the O&M expense for FY 2024-25 has been proposed as under:-

S.N	Unit No	HERC Approved	Proposed as per MYT,2019
		FY 23-24	FY 24-25
1	PTPS 6	106.820	109.96
2	PTPS 7	110.753	114.00
3	PTPS 8	110.753	114.00
4	DCRTPP 1	118.200	121.65
5	DCRTPP 2	118.200	121.65
6	RGTPP 1	143.157	147.36
7	RGTPP 2	143.157	147.36
8	WYC	29.172	30.03
	<b>Total</b>	<b>880.212</b>	<b>906.01</b>

### 6.2 Depreciation

HPGCL has submitted that the depreciation amount has been considered only for the Capex schemes that has been completed during the year as per the HERC MYT Regulations. Opening Gross Fixed Assets (GFA) for the FY 2024-

25 is as per the Fixed Asset Register (FAR) of FY 2022-23 and closing GFA for FY 2024-25 is after considering the addition of the Capex scheme completed in the respective years as tabulated below:

<b>Gross Fixed Assets for FY 2024-25 (Rs. Crore)</b>							
S. N	Unit #	GFA as on 01.04.22	Addition FY 2022-23	Deletion FY 2022-23	Addition FY 2023-24	Addition FY 2024-25	GFA as on 31.03.2025
1	PTPS – 6	999.76	0.16		2.52	25.13	1027.573
2	PTPS – 7	947.19	0.25	-	3.66	4.53	955.627
3	PTPS – 8	957.31	1.71	-	3.66	4.53	967.206
4	DCRTPP-1	1151.02	2.65	0.34	0.96	5.94	1160.225
5	DCRTPP-2	1148.36	0.80	0.34	0.96	5.94	1155.715
6	RGTPP-1	2200.19	9.06	-	13.63	12.66	2235.535
7	RGTPP-2	2176.26	5.04	-	13.63	12.66	2207.585
8	Hydel	208.85	1.39	0.01		7.88	218.11
	<b>Total</b>	<b>9788.95</b>	<b>21.06</b>	<b>0.70</b>	<b>38.996</b>	<b>79.26</b>	<b>9927.576</b>

HPGCL has submitted that the Hon'ble Commission, in its earlier order, has disallowed certain capitalization. Accordingly, admissible GFA has been computed, as per details given below: -

Unit	GFA as on 01.04.2023 exclusive of Ind AS	Disallowances – GAAP spares	Allowable GFA as on 01.04.2023	Addition during 2023-24	Allowable GFA as on 01.04.2024	Addition during 2024-25	Allowable GFA as on 01.04.2025
<b>PTPS – 6</b>	999.92	1.07	998.85	2.52	1001.37	25.13	1026.50
<b>PTPS – 7</b>	947.44	2.35	945.10	3.66	948.75	4.53	953.28
<b>PTPS -8</b>	959.02	5.53	953.49	3.66	957.15	4.53	961.68
<b>DCRTP-1</b>	1153.33	13.65	1139.68	0.96	1140.64	5.94	1146.57
<b>DCRTP-2</b>	1148.81	13.65	1135.17	0.96	1136.12	5.94	1142.06
<b>RGTPP-1</b>	2209.25	37.76	2171.49	13.63	2185.11	12.66	2197.77
<b>RGTPP-2</b>	2181.30	37.76	2143.54	13.63	2157.17	12.66	2169.83
<b>Hydel</b>	210.23		210.23	-	210.23	7.88	218.10
<b>Total</b>	<b>9809.31</b>	<b>111.76</b>	<b>9697.55</b>	<b>39.02</b>	<b>9736.54</b>	<b>79.26</b>	<b>9815.80</b>

The depreciation rate has been applied as per the rate notified in the HERC, MYT Regulations, 2019. HPGCL has further submitted that the Hon'ble Commission, in its order dated 31.10.2018 & 07.03.2019, had directed HPGCL not to claim depreciation on such disallowed capitalization (spares and decommissioning cost). Thus, HPGCL in compliance with the aforesaid

directives has excluded such depreciation. The details are tabulated below: -

**Allowable GFA for FY 2024-25 (Rs. In crore)**

S.No.	Unit	Actual Depreciation	Depreciation on GAAP spares	Depreciation on account of Ind AS	Net allowable depreciation
A	B	C	D	E	F = C- (D+E)
1	PTPS - 6	16.07	0.08	1.31	14.68
2	PTPS - 7	30.59	0.15	1.82	28.62
3	PTPS - 8	33.17	0.32	2.48	30.36
4	DCRTPP-	29.03	0.61	0.53	27.89
5	DCRTPP-	30.01	0.61	0.89	28.51
6	RGTPP-1	50.28	1.23	0.57	48.48
7	RGTPP-2	52.89	1.23	0.73	50.93
8	Hydel	6.14	-	-	6.14
	Total	<b>248.18</b>	<b>4.25</b>	<b>8.33</b>	<b>235.60</b>

It has been further submitted that the Commission in its Order dated 31.10.2018 had directed HPGCL to maintain a memorandum accounts of allowed capitalization, spares and decommissioning cost capitalized, depreciation and net block of fixed assets. HPGCL has maintained the memorandum accounts as directed by the Hon'ble Commission.

### **6.3 Interest & Finance Charges**

HPGCL has submitted that the Hon'ble Commission has approved loan portfolio for HPGCL from time to time based on the approved Capex. Further, HPGCL by using its financial prudence has been successful in restructuring its loan portfolio to reduce its interest and finance charges.

It has been submitted that HPGCL is expecting to incur interest and finance charges amounting to Rs 19.60 Cr. in the FY 2024-25 while the interest and finance charges for FY 2024-25 pre-restructuring was Rs 44.19 Cr.

Therefore, saving of Rs 24.59 Cr (Rs 44.19 – 19.60 Cr.) in the interest and finance charges due to diligence and efficient financial management of HPGCL. According to Clause 21.1 (v) of the HERC MYT Regulations 2019, HPGCL is eligible for incentive on the net savings resulting from restructuring of loan. Accordingly, HPGCL requests the Commission to approve interest expenses including incentive (50% of savings from restructuring) for FY 2024-25.

An amount of Rs. 5.43 crore of the equity contribution has been considered as normative debt @ 8.5% as per Regulation 19.2(b) of the HERC MYT Regulations 2019. The normative interest expense is estimated at Rs 23 lacs.

The same has been added to the interest and finance charges for the purpose of tariff computation of FY 2024-25.

The interest and finance charges computed based on the above submissions are presented below:

<b>Interest and finance charges (Rs. Cr.) for FY 2024-25</b>							
	<b>Int. &amp; Fin. Charges post restructuring</b>	<b>Int. &amp; Fin. Charges pre-restructuring</b>	<b>Savings due to restructuring</b>	<b>Incentive (50% of savings)</b>	<b>Total interest expense</b>	<b>Interest expense on normative loan</b>	<b>Final Interest Expense</b>
1	2	3	4= (3-2)	5=50% of 4	6= (2+5)	7	8=6+7
PTPS 6	1.95	1.95	0	0	1.95	-	1.95
PTPS 7	0.63	0.65	0.03	0.01	0.64	0.01	0.65
PTPS 8	0.63	0.65	0.03	0.01	0.64	0.01	0.65
DCRTPP-1	0.55	1.52	0.97	0.49	1.03		1.03
DCRTPP-2	0.55	1.52	0.97	0.49	1.03		1.03
RGTPP-1	7.37	18.67	11.30	5.65	13.02	0.11	13.13
RGTPP-2	7.37	18.67	11.30	5.65	13.02	0.11	13.13
WYC Hydel	0.55	0.55		-	0.55	-	0.55
<b>Total</b>	<b>19.60</b>	<b>44.19</b>	<b>24.59</b>	<b>12.30</b>	<b>31.90</b>	<b>0.23</b>	<b>32.14</b>

#### 6.4 Return on Equity (RoE)

HPGCL has submitted that the Hon'ble Commission, in its Order dated 25.01.2023, has approved RoE @ 11.67% for thermal power plants and 12.67% for HEP. However, the 2nd amendment to Regulation 20 of the HERC MYT Regulations, 2019, specifies that RoE that can be claimed is up to 12% for thermal plants and up to @ 13% for hydro plants.

Accordingly, the equity deployed in the generation business and RoE claimed thereto for the FY 2024-25 is as under: -

<b>Details of Equity Deployed in FY 2024-25 (Rs Cr.)</b>						
<b>Sr. No.</b>	<b>Unit#</b>	<b>Closing FY 2022-23</b>	<b>Additions FY 2023-24</b>	<b>Additions FY 2024-25</b>	<b>Closing FY 2024-25</b>	<b>Proposed RoE @ 12%/ 13%</b>
1	PTPS - 6	156.882	0.76	7.54	165.18	19.37
2	PTPS - 7	218.089	1.10	1.36	220.54	26.38
3	PTPS - 8	218.309	1.10	1.36	220.76	26.41
4	DCRTPS-1	251.680	0.29	1.78	253.75	30.34
5	DCRTPS-2	251.630	0.29	1.78	253.70	30.34
6	RGTPS-1	496.468	4.09	3.80	504.35	60.29
7	RGTPS-2	494.593	4.09	3.80	502.48	60.07
8	Hydel	18.355	-	2.36	20.72	2.57
	<b>Total</b>	<b>2,106.007</b>	<b>11.70</b>	<b>23.78</b>	<b>2,141.48</b>	<b>255.75</b>

#### 6.5 Interest on Working Capital (IWC)

HPGCL has submitted that Regulation 22.1 of HERC MYT Regulations, 2019 provides various components to be considered for estimating working capital requirement and tariff computation. Further, the Regulation 22.2 of the aforementioned Regulations state that the rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of

150 basis points i.e. 1.5%. SBI MCLR as on 15.09.2023 was 8.55% p.a. Accordingly, HPGCL has estimated the working capital requirements and the interest on working capital @ 10.05% (8.55%+1.50%).

HPGCL has proposed IWC as per the MYT Regulations in vogue for the FY 2024-25 as under: -

<b>IWC (Normative) for FY 2024-25 (Rs Cr.)</b>							
Unit #	Coal Stock	Oil Stock	O&M Expenses	Maint. Spares	Receivables	Total W/C Requirement	Int. on W/C
	1 Month	1 Month	1Month	10% Thermal/7.5 % (Hydel)	1 Months		@ 10.05%
PTPS – 6	52.92	0.97	9.16	11.00	67.24	141.29	14.20
PTPS – 7	64.07	0.58	9.50	11.40	80.18	165.73	16.66
PTPS – 8	64.07	0.58	9.50	11.40	80.33	165.88	16.67
DCRTPP-1	71.09	0.70	10.14	12.17	88.39	182.48	18.34
DCRTPP-2	71.09	0.70	10.14	12.17	88.44	182.53	18.34
RGTPP-1	145.50	1.35	12.28	14.74	172.19	346.05	34.78
RGTPP-2	145.50	1.35	12.28	14.74	172.37	346.24	34.80
Hydel	-	-	2.50	4.50	3.36	10.36	1.04
<b>Total</b>	<b>614.25</b>	<b>6.21</b>	<b>75.50</b>	<b>92.10</b>	<b>752.49</b>	<b>1540.55</b>	<b>154.83</b>

#### 6.6 Total Fixed Cost (proposed by HPGCL)

The Fixed Cost of HPGCL Plants, as estimated and prayed for by the petitioner for the FY 2024-25, is as under:

<b>Annual Fixed Cost (Rs. Cr.) for FY 2024-25</b>							
S.N	Unit #	O&M	Depreciation	Interest & Finance Charges	Return on Equity	W/C Interest	Total Fixed Cost
1	PTPS - 6	109.96	14.68	1.95	19.37	14.20	160.15
2	PTPS - 7	114.00	28.62	0.65	26.38	16.66	186.31
3	PTPS - 8	114.00	30.36	0.65	26.41	16.67	188.09
4	DCRTPP-1	121.65	27.89	1.03	30.34	18.34	199.26
5	DCRTPP-2	121.65	28.51	1.03	30.34	18.34	199.87
6	RGTPP-1	147.36	48.48	13.13	60.29	34.78	304.05
7	RGTPP-2	147.36	50.93	13.13	60.07	34.80	306.29
8	Hydel	30.03	6.14	0.55	2.57	1.04	40.30
	<b>Total</b>	<b>906.01</b>	<b>235.61</b>	<b>32.14</b>	<b>255.75</b>	<b>154.83</b>	<b>1584.32</b>

6.7 HPGCL has prayed that they may be allowed recovery of all expenditure relating to petition filing fees including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.

#### 6.8 Summary of Tariff computation for the FY 2024-25

Total Capacity Charges and Energy Charge Rate (ECR) per kWh for the FY

2024-25 as proposed by the petitioner is summarized as under:

**Tariff Summary for FY 2024-25**

Particular	PTPS 6	PTPS 7	PTPS 8	DCRTP S 1	DCRTP S 2	RGTPS 1	RGTPS 2	WYC HEP	Total
Total Capacity Charges (Rs crore)	149.54	193.42	191.2	211.93	212.23	320.91	323.4	39.33	1641.94
Energy Charge Rate (Rs/kWh)	4.438	4.43	4.43	4.415	4.415	4.560	4.560	Nil	

**6.9 HPGCL's has Prayed as under: -**

- a) Admit this Petition.
- b) To approve the revised Capital Investment Plan as proposed.
- c) To declare the directive of CAQM as "Change in Law" for RECD on DG Set for PTPS units, and allow the actual expense after completion of work under True Up of the relevant year as proposed.
- d) To revisit the directive for booking of Capex below Rs 50 Lakh under R&M.
- e) To take note of status of 800MW to be commissioned at DCRTTP (Yamuna Nagar).
- f) To take the note of approval of Government of Haryana for carrying associated works of PTPS Unit 6,7,8 after carrying requisite RLA studies for retaining pf Unit till 2035 as per the advisory issued by GoI.
- g) To provide guidance regarding recovery of un-recovered depreciation.
- h) To take note of the increase in water charges for availing TWW water.
- i) To allow increase in A&G charges on account of migration from SPFS insurance policy to Mega Insurance Policy.
- j) To provide necessary clarification in respect of booking of CISF charges.
- k) To allow true up of water charges as per HWRA notification and Commission order dated 25.01.2023.
- l) To allow PTPS Units R&M and A&G charges as per Normative allowed under the Regulation.
- m) To allow IWC as per the balance sheet, the increase in IWC is primarily on account of procurement of alternate fuel i.e., Imported /RCR coal.
- n) To allow retaining the non-tariff income.
- o) To allow true up of Rs 430.81 Cr., as proposed.
- p) To allow the tariff for FY 2024-25, as proposed.



- q) Allow recovery of all expenditure relating to petition filing including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.
- r) Condone any inadvertent omissions / errors / delays / short comings and permit the applicant to add/ change/modify/ alter this filing and make further submissions as may be required at later stage as the filing is being done based on the best available information.
- s) Treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record.

#### **7 Additional data/details provided by HPGCL**

The Commission, after initial scrutiny of the petition, sought additional data / information, vide memo no. 3825/HERC/Tariff dated 11.12.2023 and memo no. 4090/HERC/Tariff dated 29.12.2023. HPGCL, vide Memo no. 168/HPGC/Reg-522(2023), dated 26.12.2023 and 02/HPGC/Reg-522(2023), dated 03.01.2024, filed its reply, which has been taken on record.

#### **8 Procedural Aspects, Analysis & Order of the Commission**

In line with Section 64 of the Electricity Act, 2003 and Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, the Commission scheduled a hearing on 09.01.2024 in order to afford an opportunity to the stakeholders to present their objections / suggestions on the present petition of HPGCL. In response to the public notice no comments / objections were filed by any stakeholder including the distribution licensees/HPPC. As such, no intervener was present in the hearing.

The hearing was held in the courtroom of the Commission. The Commission heard at length the submissions of the representatives of the petitioner company present in the hearing. Upon hearing the averments of the petitioner, the Commission observed that the distribution licensees in Haryana viz. Uttar Haryana Bijli Vitran Nigam and Dakshin Haryana Bijli Vitran Nigam has a bulk power supply agreement with the petitioner herein; however despite the fact that the generation tariff determined by the Commission in the present proceedings will directly impact the power purchase cost and availability of the Discoms, they neither filed any objections/comments nor made any oral submissions in the public hearing. The nodal agency of the distribution licensees i.e. Haryana Power Purchase Centre (HPPC) was also conspicuous by its absence in the hearing. Hence, in

order to afford another opportunity to the beneficiaries of the petitioner herein, the Commission considered it appropriate to schedule further hearing in the matter on 07.02.2024. In the hearing held on 07.02.2024, the beneficiary i.e. UHBVNL and DHBVNL or its nodal agency for power purchase expressed no views / objections or comments on the true-up claimed by HPGCL for the FY 2022-23 or the proposed operating / financial parameters for determining generation tariff for the FY 2024-25. The petitioner herein i.e. HPGCL reiterated its prayers for being allowed the true-up amount as worked out by them as well as generation tariff as per their petition.

#### **State Advisory Committee (SAC)**

In the consultation process for giving a final shape to the order for FY 2022-23 (True-up), APR (2023-24) and generation tariff (FY 2024-25). The Commission, in order to have the benefit of the views / suggestions of the Members of the SAC, convened a meeting of the State Advisory Committee, constituted under Section 87 of the Act, on 9.02.2024. The SAC meeting was convened to discuss the petition filed by the Haryana Power Utilities including that of HPGCL. At the onset the Hon'ble Chairman underscored the significance of technical audit of all the power stations under HPGCL at Panipat, Yamunanagar, Hisar and WYC (HEP). He also pointed out the need for adopting good O&M practices including preventive and predictive maintenance of the power plants as well as the auxiliary equipment. On the issue of low design energy at the normative PLF, HPGCL informed that due to the crack in the rotor of one unit of 600 MW power plant at Hisar the generator could not be brought back on the bar for a prolonged period as the Chinese O&M took a lot of time. It was added that in the past because of low scheduling, on merit order, given by the Discoms, the actual PLF remained low. The Hon'ble Chairman suggested that the two Units of HPGCL at Yamunanagar (2X300 MW) and two Units at Hisar (2X600 MW) are of Chinese origin, hence, HPGCL ought to explore the possibilities of Indian firms / Vendors who are competent to service such power plants. Such efforts will also promote the national agenda of 'make in India'. Shri Naresh Sardana, Hon'ble Member raised the issue of proper and coordinated planning of planned outages of HPGCL's Units in a staggered manner given the fact that planned outages of more than one unit is often allowed. Such planned / maintenance shutdown is avoidable during the peak power demand months

in Haryana. Shri Mukesh Garg, Hon'ble Member emphasized the need for reigning in cost of power generation in Haryana, which constitutes about 80% of the cost of power supplied to the electricity consumers of Haryana. The Director / Technical informed the SAC Members that they have put in place a 'Knowledge Team' that visits various power plants of HPGCL to identify the gaps / problems on the technical side and accordingly address them well within time. He further informed that the average PLF of HPGCL's power plants during the FY 2023-24 was marginally above 71%.

The Commission has taken note of the deliberations in the SAC meeting held on 9.02.2024 and shall consider the same while giving a final shape to the present order.

**HPGCL is directed to take appropriate action on the views / suggestions of the SAC Members and submit an action taken report to the Commission within two months.**

#### **Commission's Order**

The Commission, while passing the present order has considered the petition filed by HPGCL, additional information provided by them from time to time, oral submissions made in the public hearing held on 09.01.2024 and 07.02.2024 as well as the relevant documents available in the public domain.

The Commission reiterates that the present order is confined to the true up of the FY 2022-23 and determination of generation tariff for the FY 2024-25 in accordance with the HERC MYT Regulations, 2019. Hence, any other issue that the petitioner may have raised outside the scope of the present proceedings, has not been dealt in the present order.

#### **9 Miscellaneous issues raised by HPGCL**

At the outset, the Commission has considered it appropriate to address the issues raised by the petitioner in the present petition which has impact on generation tariff or financial/operating performance of the generator. Accordingly, the issues raised and Commission's view thereon are as under: -

##### **9.1 Installation of Retrofitted Emissions Control Device on DG Sets of PTPS Units in compliance of CAQM directives.**

HPGCL has submitted that MoEF&CC/GoI, in exercise of the powers conferred under Section 3 of the Commission for Air Quality Management in National Capital Region and adjoining areas Act 2021, has constituted the Commission for Air Quality Management ("CAQM") in National Capital Region

and Adjoining Areas. The said Commission has issued advisory for retro fitting of emission control device on Diesel Gensets under NCR w.e.f 01.10.2023 which was further extended by the Commission to 31.12.2023 vide its order dated 29.09.2023. HPGCL's PTPS unit falls in the NCR region and thus bound to adhere to the advisory of CAQM in the matter. The Hon'ble Commission (HERC) has identified the directives of the CAQM as "Change in Law" in its order dated 19.07.2022 & in the Review Petition No 5 of 2022 & IA no 13 of 2022. Thus, HPGCL needs to adhere the directives of CAQM for retro fitting for Diesel Gensets to operate on Gas cum Diesel or to install Retrofitted Emission Control Device (RECDs) with presently installed DG Sets.

In view of the above, HPGCL has prayed that the Commission may consider the ibid advisory of CAQM under "Change in Law" and allow the expenses to be incurred in the matter to be pass through for PTPS units for carrying such retrofitting works which will be claimed after the completion of the work.

**Commission's view: -**

The Commission observes that HPGCL has, in a cryptic manner, submitted that advisory of CAQM for retro fitting of emission control device on Diesel Gensets, may be considered as "Change in Law". The Commission has considered the submissions and observe that the capex revised/proposed by the petitioner herein has no such proposal in terms of cost and timeframe. Hence, the Commission at this stage and without the requisite details is not expressing any views on this issue flagged by the petitioner herein.

**9.2 HERC directions for booking CAPEX below Rs 50 Lakh under R&M.**

HPGCL has submitted that the Hon'ble Commission, vide its order dated 26.04.2017 (page no 84, directive 1), had directed to book CAPEX schemes below Rs 50 Lakhs under O&M expenses. However, in the present scenario when due to sudden rise in power demand post COVID leading to continuous scheduling of HPGCL Units, HPGCL is liable to make more expenditure on O&M of the plants. Therefore, on account of change in scenario from a meagre scheduling to the highest PLF of the Units, it becomes necessary in present circumstances to revisit the said directive. As, it is hampering the regular O&M practices on account of delay of such petty CAPEX schemes, which in longer run may impact HPGCL's performance.

In view of the above, HPGCL has prayed that the Commission may recall the said directive, as the Hon'ble Commission has the powers to adjust any

CAPEX against any margin of O&M available for any True-up to avoid the burden on the Consumers, without impacting financials of the Generating company.

**Commission's view: -**

The Commission has perused the direction issued in the order dated 26.04.2017. The same is reproduced hereunder: -

*"It has been observed that repair & maintenance activities have also been made part of CAPEX by HPGCL. Since, the Commission has approved CAPEX for the FY 2017-18 and HPGCL is required to submit CAPEX plan for the ensuing control period in line with the amended MYT Regulations, it is directed that such like expenditure up to Rs. 50 lacs should be met out of O&M expenses and should not be made part of the Capex."*

In view of the directive supra, the Commission has considered the submissions and observes that such direction is to avoid inclusion of small repair activities as part of CAPEX and increase in CAPEX items. Further, the Commission has perused Indian Accounting Standard 16 on "Property, Plant and Equipment" and has noted the distinction between the 'initial costs' and 'subsequent costs'. While the 'initial costs' incurred on items of property, plant and equipment qualify for recognition as assets. Whereas, the costs of the day-to-day servicing of the items, including small parts, does not qualify for capitalization. Needless to add the very nomenclature 'Capital Expenditure' or CAPEX, suggest that post incurring of such expenses a revenue earning asset is created or the status of any such asset is enhanced. While another expenditure required to keep the already created asset in a working condition ought to necessarily fall under R&M. Further, for such small amount no long-term funding arrangements (equity, debt) has to be made as the same is part and parcel of recurring expenses for a 'going concern'.

Accordingly, the Commission does not find any reason to interfere in its earlier decision in the order dated 26.04.2017.

**9.3 Status of 800 MW power plant to be Commissioned at DCRTTP.**

HPGCL has submitted the status of upcoming 800 MW power plant, for information of the Commission.

**Commission's view: -**

The Commission has taken note of the status of the proposed 800 MW power plant in Yamuna Nagar. As this stage it has no impact on the petition under

consideration of the Commission, hence the Commission is not expressing any views on the same. Nonetheless, HPGCL may keep in mind appropriate vendor development, tie-up of appropriate grade of coal from linked mine, human resource planning / up-skilling and redeployment of manpower rendered surplus from de-commissioned PTPS Units 1 to 5.

#### **9.4 Intimation of decision of Government of Haryana for retaining PTPS 6,7,8 Units till 2035 as advised by MoP/GoI.**

HPGCL has submitted that CEA, vide its letter dated 20.01.2023, has advised all Generating Utilities not to retire any units till 2030 and ensure the availability of units after Renovation and Modernization (R&M), if required. MoP Vide letter dated 01.08.2023 has also issued guidelines regarding approach to be adopted for Life Extension (LE) and Renovation and Modernization (R&M) of coal-based units. HPGCL has placed the issue for consideration of Government of Haryana for seeking in-principle approval for carrying out the RLA studies for PTPS 2x250 MW (Units 7 & 8) & 1x210 MW (Units 6) Units along with the permission to carry out the associated works of R&M as per the outcome of RLA studies for extension of life cycle of PTPS units for next 10 years in terms of MoP letter dated 01.08.2023 & CEA letter dated 20.01.2023. After considering all the aspects presented in the matter by HPGCL, Hon'ble CM/Haryana has approved the proposal of carrying out the RLA studies for Unit 6,7,8 of PTPS and its related works, as per the outcome of the studies, so that the Units can be retained up to next 10 years i.e. 2035 as advised by MoP/GoI.

Accordingly, HPGCL has intimated that it has initiated the process of the carrying the RLA studies in the matter to retain the units of PTPS till 2035.

HPGCL has submitted the status, for information of the Commission.

#### **Commission's view: -**

The Commission has taken note of the above submissions for carrying out the residual life assessment (RLA) studies for PTPS 2x250 MW & 1x210 MW Units for extension of life cycle of PTPS units for next 10 years. However, in absence of the RLA and LE reports including cost-benefit analysis of the same, it is not expressing any views on the same.

#### **9.5 Unrecovered Depreciation of HPGCL Units.**

HPGCL has submitted that Regulation 13.4 of MYT Regulation 2019 provides, as under:

*“13.4 Over or under recoveries of true-up amount in previous years(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.”*

HPGCL has submitted the following details of unrecovered depreciation of its units, from 2017-18 to 2022-23: -

Year	PTPS	DCRTPP	RGTPP	WYC Hydel	Total
2017-18	1.25	6.16		0.40	7.82
2018-19		1.22			1.22
2019-20		12.28	26.53		38.80
2020-21			45.73	0.28	46.01
2021-22		5.79	102.63	1.11	109.53
2022-23			15.50		15.50
<b>TOTAL</b>	<b>1.25</b>	<b>25.45</b>	<b>190.40</b>	<b>1.79</b>	<b>218.89</b>

In this regard, HPGCL has submitted that CPSUs plants covered under CERC Regulations are allowed true-up during the control periods, which allows the CPSUs to adjust the under recoveries during the control periods of the regulations, whereas in case of HPGCL the same is being trued -up on yearly basis and hardly any margins is left with HPGCL to adjust any under recovery of tariff.

In view of the above, HPGCL has sought guidance for recovery of unrecovered depreciation, in term of Regulation 13.4 of MYT Regulation 2019, either, by allowing to adjust against the higher normative plant availability factor achieved by HPGCL Units/ to adjust in the margins of tariff heads or by spreading the same under next control period of the MYT Regulation in future.

**Commission's view: -**

The Commission has considered the submissions of the petitioner regarding recovery of unrecovered depreciation, which has been re-iterated while seeking 'true up' of various expenses for the FY 2022-23.

At the onset, it is observed that HPGCL has claimed true-up of the 'recovered' expenses including depreciation vis-à-vis actual expenses as per the audited accounts, citing Regulation 13 and 30 of the HERC MYT Regulations, 2019. HPGCL has submitted that the unrecovered amount may be allowed to recovered as per Regulation 13.4 of the MYT regulations 2019 at the end of control period of present control period of MYT Regulations, 2019. HPGCL has relied upon regulation 30 of the HERC MYT Regulations, 2019, reproduced

hereunder: -

***“30. RECOVERY OF ANNUAL FIXED CHARGES (CAPACITY) CHARGES FOR THERMAL POWER PROJECTS***

*(a) The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations. Payment of capacity charge by the beneficiaries shall be on monthly basis in proportion to allocated / contracted capacity. The total capacity charges payable for a generating plant shall be shared by its beneficiaries as per their respective percentage share / allocation in the capacity of the generating plant;*

*(b) A generating plant shall recover full capacity charge at the normative annual plant availability factor specified by the Commission. Recovery of capacity charge below the level of target availability shall be on pro-rata basis.....”*

HPGCL has submitted that in view of non-availability of RGTPS -2, & partial availability of DCRTPS-1, the true-up, on the basis of recovered in terms of Regulation 30 vs Actuals, has been offered/ claimed for available units only.

Similarly, depreciation has remained unrecovered, from 2017-18 to 2022-23, due to non-availability/partial availability of its units.

In this regard, the Commission observes that the issue has already been discussed in the previous ARR order(s) dated 18.02.2021 and 22.02.2022. The operative part of the said order(s) is reproduced below: -

*“The Commission has carefully examined the Regulations cited by the petitioner in support of its claim. The regulation 13.4 provides that “over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period.” The Commission observes that this clause in the MYT regulations is meant for DISCOMs only, where at times the ARR remains unrecovered through tariff. In that event, the unrecovered amount is allowed to be adjusted in the ensuing year by appropriate resetting of tariff. The generating companies are allowed to recover their full annual fixed cost under regulation 30 of HERC MYT Regulations, 2019, based on their plant*



availability. The generating plant shall recover full capacity charges at the normative annual plant availability factor specified by the Commission. Recovery of capacity charges below the level of target availability shall be on pro-rata basis. No capacity charges shall be payable at zero availability. Thus, in case availability of the plant is below the normative plant availability, it will not be able to recover full fixed cost and some portion will remain unrecovered. This has been provided in order to provide equity on both the sides. While DISCOMs pay fixed costs for the power which remains available to them up to the level of norms and the same time generator is required to be geared to generate in order to recover fixed cost. The generator is not allowed to claim the unrecovered fixed cost due to their non-availability, in the true-up. DISCOMs are required to pay the fixed cost, only and to the extent of the generator remains available for them.

The Commission further observes that the similar issue was also raised by HPGCL in its true-up petition for the FY 2019-2020, albeit on the different grounds i.e. non-recovery of expenses due to “force majeure” conditions caused by COVID-19 pandemic and resultant delay in capital overhauling of RGTPP-1.

**The Commission re-iterates its decision taken in its order dated 18.02.2021 (HERC/PRO-76 of 2020) that the present true-up exercise is being carried out with respect to the fixed cost already approved vis-vis actual cost incurred.** The basis, details and the amount to be trued up under each head are discussed in the paragraphs that follow.”

(para 13 of the order dated 22.02.2022)

**In view of the above, while considering the true-up petition of HPGCL for the FY 2022-23, the actual expenditure as per the audited accounts of the FY 2022-23 vis-à-vis the expenses approved by the Commission vide its Order dated 22.02.2022 for the FY 2022-23 has been reckoned with. In case the unrecovered expenses/ depreciation due to non-availability/partial availability of its units, are allowed to be recovered at the end of the control period or allowed to carry forward to next control period, it will derail the whole regulatory regime. Accordingly, the Commission has allowed or disallowed, as the case may be, recovery of the trued-up amount in accordance with the provisions of the MYT**

### **Regulations, 2019.**

The aforesaid order (s) issued by this Commission in the past are self-explanatory. Hence, no further deliberation on this issue is called for.

### **9.6 Tertiary Treated Water (TTW) consumption for DCRTTP.**

HPGCL has submitted that the Hon'ble Commission, vide order dated 21.02.2022 (petition 38 of 2021), has identified that the TTW is mandatory for consumption in thermal plants located near 50 Km radius of sewage treatment plant from Municipality/Local Bodies / similar organization and increase in the expenditure on account of the same is allowed under tariff. After the said order, as per the decision of the Government, HPGCL is liable to pay the water charges for availing the water being offered as per the policy. In view of the above, HPGCL has claimed true-up of the impact of the same, as 'change in law'.

#### **Commission's view: -**

The Commission has perused its order dated 21.02.2022 (Petition No. 38 of 2021). The relevant part of the ibid order of the Commission is reproduced hereunder: -

*"Therefore, the Commission, at this stage, is not going into the claims as the cost is yet to be discovered through a transparent process of competitive bidding to be undertaken by the petitioner in concurrence with HPPC, subject to prudence check by the Commission as well as the HERC Regulations occupying the field. However, it would suffice to say that this Commission having determined the capital cost and tariff for this project, any additional expenses of capital nature has to be within the four corners of the definition and regulatory dispensation on "Additional Capitalization". The starting point of the dispensation is that the capex ought to have been actually incurred by the generating company and admitted by the Commission after prudence check even if the same had to be incurred due to any statutory provisions post CoD of the project. **Hence, the Commission is estopped from according in-principle approval(s) as prayed for by the petitioner herein.***

***Additionally, it is observed that the DCR TPS is more than 14 years old and in terms of operating efficiencies and cost may not be comparable to pit head based power plants / super critical TPS. Hence, with the professed national agenda of scaling the RE Power to 50% in***

***the consumption and also the GoI policy of exiting from PPAs with Thermal Power Plants having completed 25 years, the petitioner ought to carry out a rigorous cost-benefit analysis as well a realistic payback period based on the emerging trend in scheduling of DCR TPS / actual PLF attained in the recent past as well as going forward. The petitioner is directed to clarify whether the financial viability of the present pilot project has been brought to the knowledge of the State Government and the efforts made to secure subsidy / subvention for the pilot project including cost sharing with relevant public authority like Public Health and Engineering Department.***

*Further, in order to take the process forward, the petitioner and the answering respondent shall form a committee of experts to firstly ensure that incurring the proposed expenditure is a financially prudent decision and the social cost arising therefrom especially in view of the stated position that it is a pilot project. Thus, after ascertaining the financial feasibility at stage one, the committee may oversee the bidding process so as to ensure that the price discovered is lowest and aligned to the prevailing market conditions. It is, however, made clear that the petitioner, after conclusion of bidding process and prior to award of work, shall approach this Commission with a petition with all the requisite details and documents to enable the Commission to assess the reasonableness of the project, capital cost discovered, requisite O&M cost and also the manner in which the same shall be recovered from the respondent herein.”*

**A perusal of the above makes its abundantly clear that the Commission’s observations in the ibid order are contradictory to the averments of HPGCL in the present petition. The Commission observes that the cost of water, in the financial year 2022-23 has increased by an amount of Rs. 43.97 crore (FY 2022-23: Rs. 67.01 crore, previous year: Rs. 23.04 crore). Whereas, HGPCL has claimed in the petition that the financial implications on account of increase in water charges due to the notification of Haryana Water Resources (Conservation, Regulations and Management) Authority, Panchkula (“HWRA”) are Rs. 26.06 crore only. The Commission observes that while deciding the generation tariff for the FY 2023-24, vide order dated 25.01.2023, it has not allowed the**

**impact of additional water charges on account of HWRA notification. However, while taking note of the prayer of HPGCL, the ibid order dated 25.01.2023, provided that the impact of additional water charges shall be considered by the Commission, during true-up of the FY 2023-24. Such a prayer was not made by HPGCL, while seeking generation tariff for the FY 2022-23. Hence, the same was not allowed in the generation tariff for the FY 2022-23. Accordingly, the same cannot be considered as part of the true-up.**

**9.7 Migration from Standard Fire and Peril Services (SFPS) to Mega policy for HPGCL Units– impact in A&G expenses thereof.**

HPGCL has submitted that in the past it has opted for SFPS based insurance which is primarily covering all its operational generation units on its depreciated value, which has experienced severe deductions in claim assessment /pay out. Whereas, other thermal plants viz, West Bengal State Power Corporation, UP Rajya Vidyut Utpadam Nigam, Durgapur Projects, SCCL, NTPC, Rajasthan Rajya Vidyut Utpadan Nigam, Gujarat State Electricity, ONGC Thermal Power Company, DVC, NLC etc, are opting the MEGA Policy for their units. In the past, minimum expenditure has been made on the insurance cost, on account of less scheduling. At present on account of maximum scheduling and plants are remains on bar for more than the normative limits, it become mandatory to have the comprehensive policy i.e. MEGA policy to reduce any losses on account of failure. Thus, in view of the above, HPGCL is migrating from SFPS policy to MEGA policy, which may have financial implications.

In view of the above, HPGCL has prayed that they may be allowed the variance of the same under A&G expenses as per differential actual expenses of MEGA policy vs SFPS policy.

**Commission's view: -**

The Commission has considered the submissions of HPGCL that the tender of the same has been called and financial bid for the same is yet to be open, thus the impact of the same on generation tariff can only be reckoned with after the final offer is accepted.

**The Commission is of the considered view that submissions in a petition for taking 'note' of the planned migration to 'mega policy', is of no relevance unless financial consequences on generation tariff, statutory**

requirement, if any, and cost-benefit stream, is established. Hence, at this stage when financial impact on the OPEX of the petitioner has not been firmed up, the Commission finds it difficult to accord approval to the planned migration. HPGCL may seek feedback from the thermal power plants located in the states cited by it and submit a report to the Commission within two months.

#### **9.8 Booking of CISF expense under Employee cost or under A&G.**

HPGCL has submitted that CAG has made repeated comments for shifting of CISF expense from Employee cost to other Expense i.e. A&G expense. CERC allows the Security Charges in respect of CISF and other related expense under Security Expenses as per actual under O&M head of tariff as per its prevailing Tariff Regulations. Security Expense whether outsourced or having own employed security workers falls under the Employee Cost head, irrespective whether it be booked under Employee Cost or under Security expense, which needs to be allowed as per actual.

In view of the above, HPGCL has suggested two alternatives i.e. either carry on with the present practice for booking of security charges under Employee Cost or the same may be booked under “other expense” and considered as a part of employee cost while carrying the true.

##### **Commission’s view: -**

The Commission has considered the submissions of HPGCL and observes that norms of O&M for the MYT period of 01.04.2020 to 31.03.2025 were fixed based on the corresponding figures for the FY 2017-18 and admittedly in the audited figures of the FY 2017-18, these expenses did not form part of the O&M expenses. **Accordingly, the Commission, at this stage, is not inclined to accept the change of accounting practice by HPGCL and decides that the Security Charges towards CISF, since made part of employee cost in the base year (FY 2017-18) of the control period, shall continue to be treated in the same manner to maintain the linearity in treatment of a particular expense. HPGCL is directed to provide the details of CISF personnel deployed at its various locations including its costs, within two months.**

#### **10 FY 2022-23 True-Up**

The Commission has considered the submissions of the petitioner regarding ‘true up’ of various expenses for the FY 2022-23. While considering the true-

up petition of HPGCL for the FY 2022-23, the actual expenditure as per the audited accounts of the FY 2022-23 vis-à-vis the expenses approved by the Commission vide its Order dated 22.02.2022 for the FY 2022-23 has been reckoned with. Accordingly, the Commission has allowed or disallowed, as the case may be, recovery of the trued-up amount is in accordance with the provisions of the MYT Regulations, 2019.

The Commission observes that HPGCL has submitted that the true-up has been claimed/offered, after considering the non-availability / partial availability of RGTPS units and further considering the amount recovered vs. actual for other units. However, the details substantiating such claim/submissions has not been provided by HPGCL. The fixed cost (not only R&M/A&G) allowed to HPGCL for the financial year 2022-2023, in the Generation Tariff Order dated 22.02.2022, was allowed to be recovered subject to the Annual Plant Availability. Accordingly, HPPC/DISCOMs may re-examine the recovery of fixed cost allowed to HPGCL vis-à-vis NAPAF for the FY 2022-23, in the bills raised by HPGCL and take appropriate action accordingly. However, the true-up portion approved in the present order, has been adjusted on account of non-availability / partial availability of RGTPS units.

At the outset, the Commission observes that net profit after tax of HPGCL for the FY 2022-23 was Rs. 540.20 crore. Even after reducing the provision for terminal liabilities of the FY 2022-23 (Rs. 181.15 crores), the net profit comes to Rs. 359.05 crore, as against the return on equity (RoE) of Rs. 211.15 crore allowed in the generation tariff order dated 22.02.2022. The Commission further observe that the revenue of HPGCL billed to Discoms is Rs. 8562.28 crore, which should be on account of cost of coal and oil only. Whereas, the consumption of coal and oil, as per the financial statements for the FY 2022-23 submitted by HPGCL, is Rs. 6927.91 crore. Which, prima-facie, establishes that Rs. 1634.37 crore has been recovered in excess by HPGCL on account of cost of coal and oil. The Commission is of the considered view that in a regulatory regime, the generator is allowed a fixed RoE over and above its approved costs. Thus, in an ideal situation wherein all the allowed fixed costs are recovered by a generator, it should earn the allowed RoE. It casts aspersion in the minds of the stakeholders when a state-owned generator

reports a net profit of Rs. 359.05 crore as against the RoE of Rs. 211.15 crore and at the same time seek true-up of Rs. 430.81 crore over and above Rs. 359.05 crore already earned. Whereas, in an ideal situation, after allowance of true-up, the net profit of a generator should not exceed the RoE.

## **11 Operation and Maintenance Expenses (O&M)**

As per the provisions of the HERC MYT Regulations, 2019, regarding the basis and admissibility of true-up, the Commission has examined the Audited Accounts of HPGCL for the FY 2022-23, true-up petition of HPGCL submitted vide memo no. 156/HPGC/Reg-522(2023), dated 24.11.2023 and additional information submitted by HPGCL. It is observed that HPGCL has sought true-up amounting to 391.28 Crore on account of O&M expenses, without mapping the true-up sought on the basis of the Audited Accounts and the said expenses as approved by this Commission. The true-up of Rs. 391.28 Crore has been sought on account of true up of employees cost Rs. 231.17 crore, Rs. 153.39 crore on account of R&M expenses and Rs. 6.72 crore on account of A&G expenses.

### **11.1 True-up of employees cost**

The Commission observes that HPGCL has claimed true-up of employees cost amounting to Rs. 231.17 Crore. The Commission, on perusal of the claims, observes that the employee cost approved, in the order dated 22.02.2022 for the FY 2022-23, was Rs. 632.836 crore. As against this, employees cost claimed by HPGCL is Rs. 847.786 Crore i.e. Rs. 214.95 crore over and above the expenses approved in the order dated 22.02.2022 (Rs. 847.786 Crore minus Rs. 632.836 Crore).

HPGCL has sought the true-up of employees cost mainly on account of actuarial valuation of terminal liabilities amounting to Rs. 262.44 crore of the FY 2021-22 carried forward to the FY 2022-23. HPGCL has submitted that actuary had valued the terminal liabilities of the FY 2021-22 at Rs 664.51 Crore. However, the recovery of the same was restricted to the level of FY 2020-21 i.e. Rs 402.07 Cr. and the balance amount of Rs. 262.44 crore was deferred. HPGCL has further submitted that disclosure in this regard was made at Point 2, Page 42 in the Audited Accounts for FY 2021-22. Thus, the terminal liability of the FY 2022-23 amounting to Rs. 526.17 crore included in

the employee cost of Rs. 847.786 crore comprises of terminal liabilities for the FY 2022-23 amounting to Rs. 263.73 crore and carried forward terminal liabilities of the FY 2021-22 amounting to Rs. 262.44 crore.

The Commission further observe that out of total terminal liability (Rs. 526.17 crore) claimed by HPGCL in the FY 2022-23, an amount of Rs. 443.59 crore (Rs.181.15 crores is for FY 2022-23 and Rs. 262.44 crores is for FY 2021-22) is shown as “Other Comprehensive expense”, instead of “employees cost”. In this regard, HPGCL submitted that the other comprehensive expense is, in fact, employee cost only but is presented as other comprehensive expense due to requirements of Indian Accounting Standards-19 and observations raised in past by statutory auditors. Therefore, this part of employee cost is reduced from overall employee cost and is presented separately in P&L statement as other comprehensive expense. HPGCL further submitted that out of total terminal liability of Rs. 526.17 crore claimed in the FY 2022-23, an amount of Rs. 454.86 crore remained unpaid as on 31.03.2023. Out of this, an amount of Rs. 315 crore was paid between 01.04.2023 to 30.09.2023. However, an amount of Rs. 139.86 crore (Rs. 454.86 crore minus Rs. 315 crore) was disallowed in its Income Tax Return (ITR), since this amount was not paid till date of filling of ITR. HPGCL has further submitted that the disallowed amount remains the liability of HPGCL and is paid to Trust in due course of time.

**In view of the above discussions, the Commission has considered the employee cost for true-up for the FY 2022-23 at Rs. 847.786 crore as proposed by the petitioner as against the approved amount in the order dated 22.02.2022 of Rs. 632.836 crore i.e. true-up amounting to Rs. 214.95 crore. HPGCL ought to be aware that in any petition filed by them seeking relief or indulgence of the Commission should necessarily be accompanied with a specific prayer. Hence, mentioning something as a passing reference or requesting the Commission to take note of etc. and/or disclosing something in the Audited Accounts e.g. deferred terminal liabilities will not be considered for passing an order by the Commission. As a one-time measure, restricted to the present order, the Commission has reckoned with the balance amount of retiral deferred benefits.**



### 11.2 True-up of Repairs and Maintenance

The Commission observes that HPGCL has claimed true-up of repairs and maintenance expenses (R&M) amounting to Rs. 153.39 Crore, vis-à-vis the actual (audited) and the amount recovered.

HPGCL has submitted that increase in R&M expenses is primarily attributable to the following factors: -

- a) Increase in water charges, amounting to Rs. 26.06 crore.
- b) Increase in R&M and A&G expenses of PTPS units which was capped @ 50% for PTPS Units. Increase in expense of R&M & A&G due to enhanced scheduling of HPGCL Units.
- c) The cost of operating coal handling plant (Rs. 67.19 crore).

The detailed reasons for increase in the aforementioned expenses have already been reproduced earlier in this order.

**The claim of HPGCL in respect of increase in water charges (Rs. 26.06 crore) has already been dealt with earlier in this order, wherein the Commission has taken a considered view that as the same was not allowed in the generation tariff for the FY 2022-23, the same cannot be considered as part of the true-up, a principled stand consistently taken by the Commission while dealing with such a situation.**

**Further, the Commission had deliberated at length on the admissibility of the Coal Handling Plant (CHP) expenses, in its earlier generation tariff (HPGCL) orders dated 22.02.2022 and 25.01.2023. The Commission after due deliberations has considered it appropriate not to include expenses related to coal handling plant as part of R&M expenditure. The relevant extract of the order of the Commission dated 22.02.2022, is re-produced below:-**

*“Regarding R&M cost related to coal handling plant (Rs. 52.37 Crore), the Commission observes that there is change in the practice by HPGCL of claiming expenses relating to coal handling. Prior to the FY 2020-21, it was treated as part of coal cost and claimed as Energy Charge Rate (ECR). Whereas, in the FY 2020-21, it has been claimed as fixed cost under R&M expenses. The Commission observes that norms of R&M for the MYT period of 01.04.2020 to 31.03.2025 were fixed based on the corresponding figures for the FY 2017-18*

*and in the audited figures of the FY 2017-18, these expenses did not form part of the R&M expenses.*

*The Commission has considered the order dated 11.07.2018 (Petition No. 93/MP/2017) passed by Hon'ble Central Electricity Regulatory Commission, wherein Kerala State Electricity Board Limited (the petitioner) asserted that "other charges" comprising of stone picking charges, loco drivers' salary and sampling charges etc. shall be booked/met to/from O&M expenses. Whereas, NTPC (the respondent) contended that these expenses are incidental to the process of bringing coal till unloading point of the generating station; accordingly, not included in the O&M expenses. NTPC further asserted that these expenses were not even formed part of the O&M expenses of the base year (FY 2008-09 to 2012-13) which was considered while determining the norms of O&M expenses in the Tariff Regulations, 2014. Hon'ble CERC has held as under:-*

*"28. The 2014 Tariff Regulations provides for computing the energy charges considering the landed price of fuel. Landed price would take into account charges paid to Coal Company, the transportation cost and all incidental costs involved in bringing coal upto the unloading point. The expenses indicated by NTPC and MPL are in the nature of incidental costs involved in bringing coal upto the unloading point. These charges have been shown separately only to indicate them as charges paid in addition to what is paid to coal companies and transportation companies and are therefore, part of landed cost of fuel. Therefore, the claim under other charges is not illegitimate as pleaded by the Petitioner."*

*"Thus, following the ratio of the judgement Supra, the Commission, at this stage, is not inclined to accept the change of accounting practice by HPGCL without even including any specific prayer for the same in their petition and decides that the landed price of coal includes charges paid to coal company, the transportation cost and all incidental costs involved in bringing coal up to the unloading point. HPGCL should have claimed this cost as part of ECR, as per their existing practice and the practice being adopted by NTPC. The Commission is of the view that the practice of charging such cost to ECR, uniformly across the generators and generator inter-se, helps in the preparation of correct "Merit Order Despatch" by DISCOMs. Further, such change in the important*

accounting practices, without even adequate disclosures / prayers, derails the “Merit Order Despatch” prepared by DISCOMs. Therefore, coal handling expenses (Rs. 52.37 Crore) are not approved as part of R&M expenses.”

(para 14 of the order dated 22.02.2022)

Similarly, in its generation tariff order for HPGCL’s power plants dated 25.01.2023, the Commission held as under:-

“The Commission observes that the issue of Coal Handling charges forming part of R&M expenses has been taken up by HPGCL again while claiming O&M expenses for the FY 2023-24, albeit on the different ground i.e. 2nd Amendment in MYT Regulations, 2019 has shifted the GCV of the coal from “As Fired Basis” to “As Received basis”, which mandate HPGCL to shift certain expenditures under O&M. The charges in respect of Coal Handling plant after unloading of coal by railway and charges paid to Railways etc become the part of O&M cost as per the instant Regulation in the matter. Accordingly, HPGCL has prayed to allow it to shift expenses incurred in the plant after landing of coal i.e. “As Received” from Railways unloading point under O&M head. HPGCL has further prayed that the same may be taken as base for next control period of MYT Regulations while calculating the O&M expenses for HPGCL Plants.

.....

In this regard, HPGCL ought to refrain from agitating the same issues albeit on different grounds, repetitively. The decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of higher judicial authorities, no shift in stand is either warranted or justifiable.”

In the present petition, HPGCL has submitted that CHP expenses amounting to Rs 67.19 Cr have been booked by them and claimed under O&M, as the matter is presently pending before APTEL for adjudication. **The claim proposed was examined by the Commission in its earlier order(s) and a considered view was taken that these expenses are not admissible as part of O&M expenses. Further, the matter is pending before Hon’ble APTEL for adjudication. Hence, the issue re-agitated by the petitioner is hit by principles of res-judicata and the matter is therefore sub-judice.**

Further, the Commission observes that SLDC charges (Rs. 4.22 Crore)

claimed by HPGCL as part of O&M expenses, has already been claimed from the DISCOMs by raising invoices. The recovery of SLDC charges (Rs. 4.22 Crore) is appearing at Note 30 of the Audited Financial Statements for the FY 2022-23 submitted by HPGCL. **Therefore, the same shall not form part of true-up under O&M expenses, as this would tantamount to duplicity of recovery.**

**In this regard, HPGCL is advised to refrain from pressing the same issues albeit on different grounds, repetitively and the issues that are pending with Court/Tribunal of competent jurisdiction. The decisions of the Commission are considered decisions, unless the same is warranted by a change in law or decision of judicial authorities of competent jurisdiction, no shift in stand is either warranted or justifiable.**

In view of the above, the actual repairs and maintenance expenses (R&M) admissible for true up is Rs. 209.31 crore (i.e. Rs. 306.78 Crore reduced by inadmissible amount of Rs. 26.06 crore, Rs. 67.19 crore and Rs. 4.22 crore), as against the amount of Rs. 157.37 crore approved in the order dated 22.02.2022 i.e. excess by an amount of Rs. 51.94 crore.

The Commission has considered the submissions of HPGCL that it may be allowed to claim O&M and A&G expenses of PTPS 6, 7 & 8 up to the norms specified in the MYT Regulations, as amended from time to time, since the same was restricted to 50% in the HERC's order dated 22.02.2022 on account of PLF being pegged at a lower level by the Commission based on past trend of actual dispatch. The Commission observes that actual PLF of PTPS 6, 7 & 8, during the FY 2022-23 was 72.44%, 84.37% and 76.67% respectively; although, their availability (deemed PLF) was 89.81%, 94.32% and 85.31%, respectively. Thus, the actual PLF of PTPS units is around the normative level as against the approved PLF in the order dated 22.02.2022 i.e. 55%. **Accordingly, the Commission allows the prayer of HPGCL for increasing O&M and A&G expenses of PTPS 6, 7 and 8 up to the normative level specified in the MYT Regulations, 2019. However, the same shall be limited to actual expenses incurred.**

**Consequently, Rs. 37.07 Crore has been considered for true-up of R&M expenses.**

### **11.3 True-up of Administrative and General expenses (A&G expenses)**

It has been submitted by the petitioner that the A&G expenses approved by the Hon'ble Commission for the FY 2022-23 was Rs. 21.92 cr. As against this the actual A&G expense as per the audited accounts for the year is Rs. 27.95 21.92 cr.

**The Commission has considered the submission in view of the audited accounts of the FY 2022-23, in line with the discussions in the preceding para of this order, the Commission has allowed the prayer of HPGCL for increasing the A&G expenses of PTPS 6, 7 and 8 up to the normative level specified in the MYT Regulations, 2019, limited to the extent of actual A&G expenses incurred. Consequently, Rs. 5.95 Crore has been considered for true-up of A&G expenses.**

**Thus, the true-up amount of O&M expenses for the FY 2022-23 works out to Rs. 257.97 Crore.**

### **12 True-up of Depreciation**

The Commission has carefully examined the submissions of HPGCL that the actual depreciation amount in the FY 2022-23 was Rs. 334.28 Crores (net of solar business) as against the approved depreciation amount of Rs. 324.82 Crore. It has been further submitted that the depreciation on account of capitalization of spares and decommissioning cost stands at Rs. 16.47 Cr. Hence, the net allowable depreciation for the FY 2022-23, exclusive of Solar business and depreciation on spares and Decommissioning Cost is Rs. 317.81 Cr (334.28-16.47).

**In view of the above, the actual allowable depreciation for the FY 2022-23, works out to Rs. 317.18 Crore as against the approved depreciation of Rs. 324.82 Crore. Consequently, Rs. (Minus) 7.64 Crore has been considered for true-up of depreciation.**

### **13 True-up for the Interest and Finance Charges**

The Commission has examined the submissions of HPGCL that the actual interest and finance charges of HPGCL was Rs. 24.14 Crore (net of Solar Business) as per the audited accounts for the FY 2022-23, as against the approved interest and finance charges on term loan of Rs 73.74 Crore.

Interest on term loan was allowed in the order dated 22.02.2022, as per the existing loan portfolio of HPGCL i.e. post restructuring, subject to true-up.

HPGCL has further submitted that it has paid compensation amounting to Rs. 7.30 Cr. to the land owners of RGTPS, Hisar in compliance to the order of Hon'ble Supreme Court and Rs. 0.46 Cr. to the land owners of PTPS, Panipat in compliance of Hon'ble Punjab & Haryana High Court. The entire compensation is in the nature of capital expenditure of HPGCL and has been entirely funded by the State Govt. by way of equity infusion. However, as per past practice of this Commission, the normative interest expense estimated at Rs 0.23 Cr, has been added to the final true-up amount of the FY 2022-23.

The Commission observes that the petitioner i.e. HPGCL has again sought to retain 50% of the savings and to pass on 50% of the savings on 'interest and finance charges' to the beneficiaries. It needs to be noted that this issue has been discussed at length and decided by the Commission in the previous generation tariff orders (HPGCL) dated 18.02.2021, 22.02.2022 and 25.01.2023. The detailed discussion and the view considered of the Commission as recorded in the order dated 18.02.2021 is reproduced hereunder: -

***“The Commission observes that HPGCL has already been allowed benefit of saving in interest amounting to Rs. 59.84 Crore due to re-structuring in its Order dated 07.03.2019, on the basis of facts and figures placed on record by HPGCL itself. The interest post restructuring projected by HPGCL in its Petition for the FY 2019-20 was Rs. 141.49 Crore, which now on actual basis has been shown as Rs. 102.31 Crore, mainly due to prepayment and general decline in the lending rates in the prevalent market scenario. In such a scenario, even if, HPGCL would have retained the loans from REC/PFC, the applicable rate of interest would have been lower. HPGCL could have negotiated the rate of interest with REC/PFC on the basis of their credit rating and State Sector borrower and get the rate of interest reduced. The reply of HPGCL in this context that these loans were governed by specific terms & conditions and interest rate was not floating, is not found convincing as these loans generally carry reset option of 3 years. The general rate of interest (before negotiation) applicable on REC loan as on 04.04.2018 was***

**10.90% p.a. & PFC loan as on 15.06.2018, it was 11.40% p.a., applicable for State Sector borrower with A++ category.**

**Further, the Commission observes the following provisions of Regulation 12 of HERC MYT Regulations, 2012, relating to incentive and penalty framework: -**

**“12. INCENTIVE AND PENALTY FRAMEWORK**

**12.1** Various elements of the ARR of the generating company and the licensee will be subject to incentive and penalty framework as per the terms specified in this regulation. The overall aim is to incentivize better performance and penalize poor performance, with the base level as per the norms / benchmarks specified by the Commission.

**12.2** The elements of ARR of generating company and licensees to which incentive and penalty framework shall apply are as follows:

- a)** Common for generating company and licensees
- i.** Operation & maintenance expenses-Applicable when the actual expenses fall below or exceed the level specified by the Commission.
  - ii.** **Interest on new long-term loans-** Applicable when **interest rate falls below or exceeds the level** specified by the Commission.
  - iii.** **Restructuring of capital cost -** Applicable when there is a **benefit from restructuring of capital cost.**
  - iv.** Interest on working capital- Applicable when interest rate falls below or exceeds the level specified by the Commission
  - vi.** **Restructuring of loan portfolio-** Applicable when there is a net benefit from **restructuring of loan portfolio.”**

**(Emphasis added)**

**The Regulation 12.2 has specified that interest on term loan is subject to incentive and penalty framework on account of changes in the rate of interest, restructuring of capital cost and loan portfolio. While the restructuring of capital cost relates to restructuring of debt & equity, prepayment of debts from introduction of fresh equity/utilization of internal accrual etc. Restructuring of loan portfolio refers to the change in the existing loans w.r.t. the rate of interest/monthly installments/terms & conditions of existing loans etc. In a nutshell, the Regulations provides that all the factors relating to changes in rate of interest, swapping of higher interest-bearing loan with low interest-bearing loans and prepayment of loan from internal accruals, are covered by Incentive and Penalty frameworks specified in Regulation clause 12.2.**

**HPGCL, in its Petition for the FY 2019-20, has submitted that interest cost after restructuring is Rs. 141.49 Crore, which is after saving of Rs. 119.67 Crore due to such restructuring. Accordingly, HPGCL claimed 50% of such interest saving amounting to Rs. 59.84 Crore (50% of Rs. 119.67 Crore). The Commission in its Order dated 07.03.2019 (HERC/PRO-59 of 2018) had accepted the submissions of HPGCL and approved the interest cost of Rs. 185.22 Crore, after disallowing the loan to be met from Dry Fly Ash Fund i.e. Rs. 141.49 Crore + Rs. 59.84 Crore – Rs. 16.11 Crore. Thus, benefit of interest saving due to restructuring was passed on to HPGCL, in the Order dated 07.03.2019.**

**Now, while undertaking true-up exercise, actual interest cost has to be compared with the interest cost approved in the Order dated 07.03.2019 and 50% of the difference may be allowed to be kept by HPGCL in line with Regulation clause 12.2 of HERC MYT Regulations, 2012.”**

**In this regard it is re-iterated that, HPGCL ought not to raise the same issues under different garbs, as the decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of authorities of competent jurisdiction, the order (s) of the Commission will not change.**

**Accordingly, true up of interest & finance charges (-) 24.57 Crore is tabulated below: -**

<b>Particular</b>	<b>HERC Approved interest &amp; Finance Charges</b>	<b>Actual interest &amp; Finance Charges</b>	<b>Difference</b>	<b>50% of the difference at (A) allowed to be retained by HPGCL</b>	<b>True-up</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 3-2</b>	<b>5= 4 *50%</b>	<b>6=4-5</b>
Int.& Fin. Charges (A)	73.74	24.14	49.60	24.80	24.80
Int. On Normative Debt(B)	0	0.23	0.23	-	0.23
<b>Total True up of Int.&amp; Fin. Charges(A-B)</b>	<b>73.74</b>	<b>24.37</b>			<b>24.57</b>

#### **14 True-up of Return on Equity (ROE)**

HPGCL has submitted the detail of opening equity, equity addition and required return of equity considered, unit-wise, for the FY 2022-23, as under:



Rs. Crore

Plants	Opening	Additions	Closing	RoE
PTPS – 6	156.84	0.04	156.882	15.69
PTPS – 7	218.04	0.05	218.089	21.81
PTPS – 8	218.02	0.29	218.309	21.82
DCRTPP-1	251.421	0.26	251.680	25.16
DCRTPP-2	251.371	0.26	251.630	25.16
RGTPP-1	494.889	1.58	496.468	49.57
RGTPP-2	493.014	1.58	494.593	49.38
Hydel	18.355		18.355	1.84
<b>Total</b>	<b>2101.95</b>	<b>4.057</b>	<b>2,106.007</b>	<b>210.40</b>

**The Commission, vide its order dated 22.02.2022, has approved the RoE at Rs. 211.15 crore. Accordingly, Rs. (Minus) 0.75 Crore has been considered for true-up of RoE (211.15 – 210.40).**

#### **15 True-up of interest on working capital**

HPGCL has submitted that the Hon'ble Commission, in its Order dated 22.02.2022, while determining generation tariff for the FY 2022-23 had allowed interest on Working Capital amounting to Rs. 103.729 Crore, considering average coal and oil prices, as proposed by it. However, there has been variation in prices of coal and oil during the FY 2022-23. Therefore, while computing the 'true-up' of Working Capital for the FY 2022-23, actual rate of coal and oil prevailing in the FY 2022-23 has been considered.

HPGCL has submitted that due to variation in Fuel prices, the interest on normative working capital requirement for FY 2022-23, as per HERC approved norms works out to Rs 128.70 Cr as against the approved interest on working capital of Rs 103.729 Cr. Further, HPGCL has sought the Interest on Working Capital @ 8.60% as against the approved rate of 8.50% (7%+1.5%). The actual interest on working capital incurred by HPGCL for the FY 2022-23 was Rs. 133.93 Crore.

The Commission has considered the above submissions and observes that SBI one-year MCLR rate as on 01.04.2022 was 7% and changed to 7.10% w.e.f. 15.04.2022. Accordingly, the rate applicable for the FY 2022-23, shall be as applicable on 01.04.2022 i.e. 7%. Hence, in line with the regulation i.e. MCLR + 150 basis points i.e. 8.5% shall prevail.

The Commission has considered the submissions of HPGCL that there was unprecedented rise in the demand for power in the FY 2022-23. In compliance

to the directions of the Ministry of Power (MoP), HPGCL has to incur additional coal cost on import of coal and RCR coal. The Commission observes that actual PLF of PTPS 6, 7 & 8, during the FY 2022-23 was 72.44%, 84.37% and 76.67%, respectively. Whereas, the Commission, in its order dated 22.02.2022, had allowed interest on working capital on the basis of PLF of 55% with cost of coal @ Rs. 4448/MT to Rs. 4797/MT. Due to impact of imported coal and RCR coal, the average cost of coal for the FY 2022-23 worked out to @ Rs. 5978/MT to Rs. 6195/MT. The Commission observes that even considering the PLF at the actual level will give normative interest on working capital at Rs. 110.63 crore. Further, given the unprecedented year, the impact of increase in coal cost, ought to be considered.

**Accordingly, the Commission allows true-up of the interest on working capital to the actual level i.e. Rs. 133.93 Crore as against the approved amount of Rs. 103.729 Crore. Consequently, Rs. 30.20 Crore has been considered for true-up of interest on working capital.**

## 16 True-up of Non-tariff Income

The Commission observes that HPGCL has reported other income (Non-operating Income) of Rs. 8.255 Crore in the FY 2022-23, as detailed below: -

Particulars	Amount (Rs. in crore)
Income from sale of scrap	7.03
50% of other income	1.225
Total	<b>8.255</b>

Details of other income, as per audited financial statements of HPGCL for the FY 2022-23, has been tabulated as under:-

Particulars	Amount (Rs. in crore)
Interest income including delayed payment charge	50.44
Income from sale of scrap	7.03
Other Income	2.45
Total	<b>59.92</b>

The Commission, in its earlier orders, has observed that generally, generating companies should not have any non-tariff income. The non-operating income of generating company can be on account of sale of scrap, ash etc. The same should be reduced from the coal cost/O&M expenses/reduced from true-up amount approved by the Commission. Further, since the Commission has allowed the true-up of interest on working capital to the extent of actual cost, therefore, interest income including the receipt of delayed payment charges, is

to be added to the non-tariff income.

**Consequently, other income amounting to Rs. 59.92 Crore has been reduced from the amount eligible for true up in the present Order.**

**In view of the above discussions, the Commission allows true-up expenses for the FY 2022-23 as under: -**

	(Rs. Crore)	
	HPGCL (Proposed)	HERC (Allowed)
O&M Expenses	391.28	257.97
Depreciation cost	8.49	-7.64
Interest Cost	-3.11	-24.57
ROE	0	-0.75
Interest on working capital	34.15	30.20
Non-Tariff Income	-	-59.92
<b>Total True-up</b>	<b>430.81</b>	<b>195.29</b>
<b>Add: Holding Cost @ 8.50% from 01.04.2023 to 31.03.2024 (12 months)</b>		16.60
<b>Total True-up including holding cost</b>		<b>211.89</b>

**HPGCL shall recover the aforesaid amount of Rs. 211.89 Crore from the Discoms i.e. UHBVNL and DHBVNL. The same shall become payable upon the submission of bill and late payment charges shall be accordingly applicable in accordance with Regulation Clause 43 of the MYT Regulations, 2019. The major difference between the true-up amount, as worked out by HPGCL, and that approved by the Commission is on account of disallowance of interest cost on term loan and Depreciation. Further, HPGCL had claimed true-up of the recovered expenses vis-à-vis actual expenses, whereas the true-up vis-à-vis approved expenses has been undertaken in the present Order in line with the HERC Regulations in vogue.**

## **17 Capital Investment Plan (CIP)**

The Commission in its tariff order dated 25.01.2023, (Case no. HERC/PRO-64 of 2022) had approved Rs. 18.77 Cr for FY 2022-23, Rs. 69.552 Cr for the FY 2023-24 and Rs. 37.58 Cr for the FY 2024-25. The Commission observes that out of the approved CAPEX expenditure of Rs. 18.77 Cr for FY 2022-23, works to the tune of Rs. 13.03 Cr only has been completed. In the revised CIP, HPGCL has also sought in principle approval of CAPEX amounting to Rs. 39.00 crore and Rs. 80.132 crore for the FY 2023-24 and FY 2024-25,

respectively, as detailed hereunder: -

Proposed/Revised CIP			
SNo	Capital Expenditure Work Year	(Rs. Cr.)	
		2023-24	2024-25
1	ERP System and allied works		29.52
2	Data Centre, Data Recovery centre etc. for ERP Solution		6.68
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar	4.43	5.00
4	Construction of DAV school in power plant colony for RGTPS Hisar	0.95	0.60
5	Improvement work of Cooling Towers of RGTPP Unit I & II	6.00	-
6	Up gradation of C&I system for RGTPP Hisar	9.50	-
7	Procurement of ID fan blades, RGTPP	0.82	
8	Replacement of 03 Nos. Fire Tenders at RGTPP	-	1.77
9	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	3.00	-
10	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar	2.00	-
11	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55	
12	Revival of Fire Fighting System of Unit6, PTPS, Panipat	0.600	1.45
13	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana.		0.952
14	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		21.60
15	Energy Management System PTPS Unit- 7-8	1.09	
16	Replacement of 02 Nos. Fire Tenders at PTPS Panipat	0.85	
17	Renovation of centralized AC System of Unit-7&8, PTPS Panipat	1.65	
18	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at various sites of PTPS	5.65	
19	Township for DCRTTP, Yamunanagar		2.36
20	Purchase of 01 no. Runner Hub without blades and new set of guide vanes-WYC		7
21	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted	1.91	
22	EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totaling to Rs 3.2 Crore (approximately)		3.2**
	Total	39.0	80.132
	Grand Total		119.132

\*\* HPGCL is exploring the options to have EV charger under PPP mode, so the impact under CAPEX, be avoided.

The Commission from the revised capex plan for the FY 2023-24, observes that against the approval of Rs. 69.552 crore, the petitioner has now pared down the capex to 39 crore. Further, the works completed during the previous financial year amounted to Rs. 13.03 crore as against Rs. 18.77 crore approved by this Commission. Dropping/deferring works of capital nature reflects poor planning, execution and project management capability of HPGCL. **The petitioner is advised to strengthen its project management team for new projects and upgradation/refurbishment of the existing assets, who should be answerable for any significant slippages in planning and execution.**

HPGCL has submitted that earlier HMI of Pro-control based DCS was proposed for Upgradation. But now Complete Pro-control based DCS System (Steam Turbine & Steam Generator Package) will be Upgraded with MaxDNA based DCS as OEM i.e. M/s BHEL is not able to provide any spare and service support due to obsolescence of Pro-control based DCS. The tentative expenditure involved for the said MaxDNA is Rs. 18.283 Crores plus GST (i.e. Rs. 21.574 Crores inclusive of GST) and work will be carried out during Capital Overhauling of 210 MW, Unit-6 proposed in FY 2024-25. The necessary purchase order and work order for the Upgradation work has already been awarded to M/s BHEL with the approval of HPPC of HPGCL. As per BHEL, the supply period of the material is 10 months from the date of issue of Order, so Up-gradation work will be carried out during FY 2024-25.

**The Commission has examined the submissions of the petitioner i.e. HPGCL. The Commission observes that about 27% of the capex proposed for the FY 2024-25 is for installation (or on upgradation) of Maximum Dynamic Network Architecture (MaxDNA) at its 210 MW PTPS unit-6. As its nomenclature itself suggests it is a network of application where diverse hardware and software solutions co-operate to allow the power plant to reach its greatest potential. The Commission observes that the cost proposed is 'tentative'. It is also noted that PTPS (Unit-6) is of the same vintage as the already de-commissioned (PTPS-5) despite the fact that there is a difference of about a decade their CoD. The viability/dispatchability of PTPS-6 would depend on the proposed RLA and RE report. Hence, at this stage, it may not be prudent to incur the proposed tentative cost of Rs. 21.60 crore that too without establishing the benefit stream. The Commission is constrained to observe that the submission of HPGCL (Memo no. 168/HPGCL/Reg-522 (2023) dated 26.12.2023) that "The necessary purchase order and work order for the upgradation work has already been awarded to M/s. BHEL with the approval of HPPC of HPGCL", may not be sufficient. However, as the system is normally designed on a modular basis and allows scalability, HPGCL may undertake such capex limited to ensuring safe operation of PTPS Unit-6 and for meeting the objectives of CEA (Flexible Operation of coal based thermal generation units) Regulations, 2023 as amended from**

time to time. The details may be separately submitted to the Commission for approval along with RLA and LE reports. HPGCL is directed to submit the details of the scheme, bidding process followed, EOI, request for proposal, negotiation if any with the bidder & purchase order to the Commission for considering the same for true up of FY 2023-24 and ARR for FY 2024-25. Accordingly, at this stage the Commission considers and approves the revised capital expenditure for FY 2023-24 to FY 2024-25, at Rs. 39 crore and Rs. 58.532 crore, respectively. It is added that the Commission is not, at this stage, adjusting the marginal impact on depreciation, interest on loan, RoE etc. for the proposed Capex on MaxDNA.

## **18 Operating Parameters:**

### **Annual Generation and PLF: -**

The Commission has reviewed the trends in annual generation of power from the power plants at Panipat, Yamuna Nagar, Hisar and WYC Hydro. It is observed that post FY 20, which has an aberration due to the pandemic, the demand particularly from the C&I consumers have not only recovered but also witnessed fresh and sustained peak. Consequently, due to rising demand and un-availability of a few big generators including Faridabad CCGT due to unavailability of APM gas, HPGCL power stations became of great value to schedule power for the Discoms, especially in view of expensive and limited quantum of power available in short term market. Consequently, HPGCL's power plants reported sustained improvement in PLF and annual generation thereto. Going forward the PLF is expected to reach the normative levels for all the Units of HPGCL. Hence, the Commission has considered it appropriate to peg PLF of all the Units as per the norms specified in the HERC MYT Regulations, 2019 including its subsequent amendment.

### **Secondary Fuel Consumption (SFC)**

The table below presents the trend in specific oil consumption (in ml/kwh) as filed by the petitioner: -

**Historical Unit wise Specific Oil Consumption (in ml/kwh)**

<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24 (up to Sept)</b>
PTPS-6	5.17	2.42	1.01	0.98
PTPS 7	0.96	0.37	0.48	0.36
PTPS-8	0.92	0.39	0.42	0.84
DCRTPP-1	0.28	0.24	0.20	0.38

Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
DCRTPP-2	0.37	0.2	0.22	0.90
RGTPP-1	0.65	0.32	0.47	2.43
RGTPP-2	1.7	0	0.60	1.13

It is observed that HPGCL has proposed SFC for the FY 2024-25 as per HERC MYT Regulations, 2019 as under: -

S.N	Unit	HPGCL Proposed	HERC MYT Regulations
		FY 24-25	FY 24-25
1	PTPS 6	1.00	1.00
2	PTPS 7	0.50	0.50
3	PTPS 8	0.50	0.50
4	DCRTPS 1	0.50	0.50
5	DCRTPS 2	0.50	0.50
6	RGTPS 1	0.50	0.50
7	RGTPS 2	0.50	0.50

It is evident from the table on the SFC trend that in the FY 2023-24 (till Sept. 2023), the specific oil consumption in the case of DCRTPS-2, RGTPS-1 and RGTPS-2, is 0.90%, 2.43%, 1.13% which is on higher side, as against the regulatory norms. HPGCL has achieved secondary fuel consumption norms in FY 2022-23 except for PTPS-6 and the Commission expects that HPGCL shall achieve the norms in future. **Since HPGCL has proposed the SFC for its power plants as per the provisions of MYT Regulations 2019, the Commission approves the same.**

#### Auxiliary Energy Consumption

The table below shows the historical unit wise Auxiliary Energy Consumption, as submitted by the petitioner:

Historical Unit wise Auxiliary Consumption (%)				
Unit	2020-21	2021-22	2022-23	2023-24 (up to Sept)
PTPS-6	9.69	9.33	9.36	9.57
PTPS 7	8.72	8.95	9.01	9.12
PTPS-8	8.54	8.81	9.14	9.00
DCRTPP-1	7.85	8.35	8.48	9.05
DCRTPP-2	8.08	8.52	8.40	8.98
RGTPP-1	5.48	5.40	5.70	6.31
RGTPP-2	5.64	-	5.46	6.12

HPGCL has proposed Auxiliary Energy Consumption for the FY 2024-25, as tabulated below: -

S. No.	Unit #	HPGCL Proposed	HERC MYT Regulations
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		<b>FY 24-25</b>	<b>FY 24-25</b>
1	PTPS 6	9.00%	9.00%
2	PTPS 7	8.50%	8.50%
3	PTPS 8	8.50%	8.50%
4	DCRTPP 1	8.50%	8.50%
5	DCRTPP 2	8.50%	8.50%
6	RGTPP 1	6.00%	6.00%
7	RGTPP 2	6.00%	6.00%
8	WYC Hydel	1.00%	1.00%

**The Commission observes that HPGCL has proposed Auxiliary Energy Consumption as per the norms specified in the MYT Regulations, 2019 and approves the same.**

### **Station Heat Rate (SHR)**

HPGCL has provided the unit- wise trend in Station Heat Rate (SHR) as under: -

**Historical Unit wise Station Heat Rate (in Kcal/kwh)**

<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24 (up to Sept)</b>
PTPS-6	2537	2537	2531	2527
PTPS 7	2476	2476	2484	2495
PTPS-8	2480	2480	2487	2499
DCRTPP-1	2341	2341	2336	2319
DCRTPP-2	2342	2342	2330	2324
RGTPP-1	2431	2431	2395	2412
RGTPP-2	2461	2461	2390	2396

\* \*RGTPP Unit2 not available due to rotor issue

**The Station Heat Rate for FY 2024-25 has been proposed as per norms specified in HERC MYT Regulations, 2019 as under:**

**SHR (kCal/kWh) FY 2023-24 and FY 2024-25**

<b>S. No</b>	<b>SHR (kcal/kWh)</b>	<b>HPGCL proposed</b>	<b>HERC MYT Regulations</b>
		<b>FY 2024-25</b>	<b>FY 24-25</b>
1	PTPS 6	2550	2550
2	PTPS 7	2500	2500
3	PTPS 8	2500	2500
4	DCRTPS 1	2344	2344
5	DCRTPS 2	2344	2344
6	RGTPS 1	2387	2387
7	RGTPS 2	2387	2387

**The Commission observes that HPGCL has been able to maintain SHR for the FY 2022-23 as per norms except for RGTPS units 1 and 2, wherein the SHR is marginally on the higher side. The Commission observes that**



**HPGCL has proposed SHR for its units at PTPS, DCRTPS and RGTPS as provided in the MYT Regulations 2019. The same is approved.**

#### **Gross Calorific Value (GCV) and Fuel (Coal & Oil)**

The GCV and cost of coal and secondary fuel (oil) has been proposed for the FY 2024-25 as per the actual weighted average calorific value of coal for PTPS, DCRTPS and RGTPS in April to Sept. of FY 2023-24, as under: -

##### **Proposed Gross Calorific Value and landed Coal Cost**

<b>Particulars</b>	<b>PTPS 6</b>	<b>PTPS 7 &amp; 8</b>	<b>DCRTPS</b>	<b>RGTPS</b>
Gross Calorific Value of Coal (kcal/Kg)	3441	3486	3186	3269
Average landed cost of Coal (Rs/MT)	5501.22	5770.75	5201.13	5362.79

##### **Proposed Gross Calorific Value & cost of Oil**

<b>Particulars</b>	<b>PTPS</b>	<b>DCRTPP</b>	<b>RGTPP</b>
Gross Calorific Value of oil (kcal/KL)	9648	9347	9398.35
Average landed cost of oil (Rs/kL)	74391.37	74756.37	72389

**As the above values are based on the weighted average of six months, the same are approved for the purpose of generation tariff determination.**

**In line with the above discussions, the Energy Charges / Variable Charges for the FY 2024-25, calculated on the basis of the approved parameters / cost (Unit Wise), is presented in the table that follows: -**

##### **Approved Energy Charges / Variable Charges for the FY 2024-25**

<b>Parameters</b>	<b>Unit</b>	<b>Derivation</b>	<b>PTPS</b>			<b>RG TPS</b>		<b>DCR TPS</b>	
			<b>Unit 6</b>	<b>Unit 7</b>	<b>Unit 8</b>	<b>Unit 1</b>	<b>Unit 2</b>	<b>Unit 1</b>	<b>Unit 2</b>
Installed Capacity (MW)			210	250	250	600	600	300	300
Gross Generation	MU	A	1,563.66	1,861.50	1,861.50	4,467.60	4,467.60	2,233.80	2,233.80
PLF (%)			85.00	85.00	85.00	85.00	85.00	85.00	85.00
Auxiliary Energy Consumption	%		9.00%	8.50%	8.50%	6.00%	6.00%	8.50%	8.50%
Generation (Ex-bus)	MU	A1	1422.93	1703.27	1703.27	4199.54	4199.54	2043.93	2043.93
Station Heat Rate (SHR)	Kcal/kwh	B	2550	2500	2500	2387	2387	2344	2344
Specific Oil Consumption	ml/kwh	C	1	0.5	0.5	0.5	0.5	0.5	0.5
Gross Calorific Value of Oil	Kcal/litre	D	9648	9648	9648	9398	9398	9347	9347
Gross Calorific Value of Coal	K.cal/Kg	E	3441	3486	3486	3269	3269	3186	3186

Overall Heat	G.cal	$F=(A*B)$	3987333	4653750	4653750	10664161	10664161	5236027	5236027
Heat from Oil	G.cal	$G=(A*C*D)/1000$	15086	8980	8980	20993	20993	10440	10440
Heat from Coal	G.cal	$H=(F-G)$	3972247	4644770	4644770	10643168	10643168	5225588	5225588
Oil Consumption	KL	$I=G*1000/D=A*C$	1564	931	931	2234	2234	1117	1117
Coal Consumption	MT	$J=(H*1000/E)$	1154387	1332407	1332407	3255787	3255787	1640172	1640172
Cost of Oil per KL	Rs/KL	K	74391	74391	74391	72389	72389	74756	74756
Cost of Coal	Rs/MT	L	5501	5771	5771	5363	5363	5201	5201
Total Cost of Oil	Rs .Mln	$M=(K*I)/10^6$	116.32	69.24	69.24	161.70	161.70	83.49	83.49
Total Cost of Coal	Rs.Mln	$N=(J*L)/10^6$	6350.28	7689.32	7689.32	17460.79	17460.79	8530.53	8530.53
Total Fuel Cost	Rs.Mln	$O=M+N$	6466.61	7758.56	7758.56	17622.49	17622.49	8614.03	8614.03
Fuel Cost/Kwh	Rs.	$P=O/A1$	4.54	4.56	4.56	4.20	4.20	4.21	4.21

#### Approved Fixed Cost Computation FY 2024-25 (Rs. Million)

EXPENSES	PTPS -6	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Operation & Maintenance (O&M)									
a) R&M Expenses	871.15	798.34	798.34	1143.87	1143.87	844.37	844.37	260.34	6704.63
b) A&G Expenses	193.02	296.22	296.22	280.79	280.79	339.85	339.85	33.30	2060.05
c) Employees Cost	35.34	45.42	45.42	48.86	48.86	32.40	32.40	6.63	295.33
<b>Total O&amp;M (a+b+c):</b>	1099.50	1139.98	1139.98	1473.52	1473.52	1216.63	1216.63	300.27	9060.02
Depreciation	146.80	286.20	303.60	484.80	509.30	278.90	285.10	61.40	2356.10
Interest & Finance	19.50	6.50	6.50	131.30	131.30	10.30	10.30	5.50	321.20
W/C Interest	141.99	166.56	166.71	347.88	347.88	183.42	183.42	10.42	1548.28
ROE @ 11.67%/12.67%	193.69	263.84	264.11	602.95	600.70	303.43	303.37	25.40	2557.49
<b>Fixed Cost</b>	<b>1601.48</b>	<b>1863.09</b>	<b>1880.90</b>	<b>3040.45</b>	<b>3062.70</b>	<b>1992.68</b>	<b>1998.82</b>	<b>402.98</b>	<b>15843.09</b>
Generation (ex-bus) MU	1422.93	1703.27	1703.27	4199.54	4199.54	2043.93	2043.93	232.70	17549.12

HERC COMPUTATION OF WORKING CAPITAL AND INTEREST							
	RS. MILLION FY 2024-25						
ITEMS	DERIVATION	PTPS	PTPS	RGTPS	DCR TPS		
		Unit 6	Unit 7	Unit 8	Unit 1 & 2	(Unit 1 & 2)	WYC
							TOTAL
Coal Stock	1 months	529.19	640.78	640.78	2910.13	1421.76	0
Oil Stock	1 months	9.69	5.77	5.77	26.950	13.92	0
O&M Expenses	1 months	91.625	95.00	95.00	245.59	202.77	25.02
Maint. Spares	10%/15% of O&M	109.95	114.00	114.00	294.70	243.33	45.04
Receivables	1 month	672.34	801.80	803.29	3445.68	1768.30	33.58
W/C Requirement		1412.80	1657.35	1658.83	6923.05	3650.06	103.64
Int (@ 10.05% (8.55+1.5)%)		141.99	166.56	166.71	695.77	366.83	10.42

#### Notes:

- The fixed cost including O&M expenses for the PTPS Units 6, 7 & 8 has been allowed, as per norms specified in the HERC (MYT) Regulations, 2019, (2<sup>nd</sup>

Amendment), 2022.

2. RoE has been pegged at 12% and 13% for thermal and hydro units (WYC), respectively, as per the provisions of HERC (MYT) Regulations, 2019, (2<sup>nd</sup> Amendment), 2022.

3. The additional expenses sought by HPGCL, over and above the norms specified in the MYT Regulations, 2019 (2<sup>nd</sup> Amendment) Regulations, 2022, on account of coal handling expenses has not been allowed on account of discussions in the earlier paras in this order. Further, impact of additional water charges on account of HWRA notification shall be considered by the Commission, during true-up of the FY 2024-25.

4. O&M has been escalated in @ 2.93% in line with the Regulations in vogue.

The Working Capital and interest thereto, have been computed as per the provisions of the MYT Regulations, 2019. The rate of interest on the working capital requirement, as computed in the table above, has been considered @ of MCLR as on 15.09.2023 (8.55%) and a margin of 150 basis point, as claimed by HPGCL. Resultantly, the allowed rate of interest for the purpose of working out interest amount has been considered @ 10.05%. It is reiterated that the interest on working capital approved in the order for the FY 2024-25, is the ceiling limit, which shall be subject to true-up to the extent of actual interest incurred by the petitioner.

**The ECR / Fuel Charge approved by the Commission is summarized in the table below:**

TARIFF	PTPS 6	PTPS 7	PTPS – 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC
ECR / Fuel Cost Rs/kWh	4.54	4.56	4.56	4.20	4.20	4.21	4.21	-

The recovery of fixed charges to the extent determined above, by the Commission, for the FY 2024-25 shall be as per the provisions of the MYT Regulations, 2019. HPGCL shall recover full capacity charge at the Unit Wise normative annual plant availability factor specified by the Commission in the said regulations and the recovery of capacity charge below the level of target availability i.e. normative PLF shall be on pro-rata basis and further that no capacity charge shall be payable at zero availability.

Accordingly, HPGCL shall ensure that fixed charges recovered for any of its power plants including WYC (HEP) for which fixed charges have been determined by the Commission in the present Order, during the year, do not exceed the fixed charges

as determined herein.

Further, in case of annual PLF of any unit, including deemed generation, is lower than the normative PLF approved in the order, the recoverable annual fixed charges shall get reduced on pro-rata basis. In view of above, it is ordered that HPGCL shall recover monthly fixed charges in line with the provision of MYT Regulations, 2019, subject to the condition that total recovered fixed charges for a Unit up to the end of a month shall not be more than the admissible approved fixed charges for that Unit as worked out corresponding to the cumulative PLF (after including deemed generation) up to the end of that month. For example, at the end of 3<sup>rd</sup> month, if the deemed PLF is 80% and the normative PLF is 85%, the admissible approved fixed charges would be  $AFC/4 (0.80/ 0.85)$  where AFC are the approved annual fixed charges. In case cumulative PLF at the end of 3<sup>rd</sup> month is more than the normative PLF, the admissible approved fixed charges will be  $AFC/4$ .

Technical Minimum schedule for HPGCL's Power Plants other than PTPS shall be implemented in line with Central Generating Stations (CGS) for larger integration of renewable energy.

**All other terms and conditions, not explicitly dealt with in this order, shall be as per the relevant provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.**

**The Generation Tariff approved for the FY 2024-25 shall be implemented w.e.f. 01.04.2024.**

**The present petition is accordingly disposed of. The petitioner is directed to take necessary actions for implementing the instant order.**

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 20.02,2024.

Date: 20.02.2024  
Place: Panchkula

(Mukesh Garg))  
Member

(Naresh Sardana)  
Member

(Nand Lal Sharma)  
Chairman