

Compendium of HPERC Regulations, March 2021

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1[The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011]

Amended, repealed or otherwise affected by:-

1. *(First Amendment) Regulations, 2012 notified vide the Not. No. HPERC/Dis/479 dated 30th March, 2012 and published in R.H.P. dated 2nd April, 2012 at p. 2-7.*
2. *(Second Amendment) Regulations, 2013 notified vide the Not. No. HPERC/F(5)(3) (Retail) dated 1st November, 2013 and published in R.H.P. dated 4.11.2013 at p. 4579-4596.*
3. *(Third Amendment) Regulations, 2018 notified vide the Not. No. HPERC-F(1)-1/2018 dated 22nd November, 2018 and published in R.H.P. 27th November, 2018 at p.6265-6277.*
4. *(Fourth Amendment) Regulations, 2021 notified vide the Not. No. HPERC-F(1)-1/2021 dated 30th January, 2021 and published in R.H.P. 4th February, 2021 at p.7133-7135.*

NOTIFICATION

Shimla, the 1st April 2011

No. HPERC/Dis/479.- Whereas section 61 of the Electricity Act, 2003 (36 of 2003), provides that the Appropriate Commission shall specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the National Tariff Policy formulated under the said Act;

And Whereas the Himachal Pradesh Electricity Regulatory Commission has framed the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007;

And Whereas subsequent to the framing of regulations by the Commission, changes have been made in the National Tariff Policy;

And Whereas the Himachal Pradesh Electricity Regulatory Commission is making an exercise to determine the tariff for distribution licensees for the next control period starting from 1st April, 2011 and keeping in view the changes in the National Tariff Policy and methodologies of the Central Commission, amongst others it has become necessary to amend/modify the existing regulations;

Now, therefore, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181, read with sections 61, 62 and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission makes the following regulations for determination of wheeling tariff and retail supply tariff applicable to the distribution licensees:-

PART-I

PRELIMINARY

(1) **Short title, extent and commencement.-** (1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

1 Published in the R.H.P. on dated 2nd April, 2011 at p. 46-70.

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(2) These regulations shall extend to the whole of the State of Himachal Pradesh.

(3) These regulations shall come into force with effect from 1st April, 2011.

2. Definitions.- In these regulations, unless the context otherwise requires,-

¹[(1) **“accounting statements”** shall mean for each financial year, the balance sheet, the profit and loss statement, the cash flow statement and the report of the statutory auditors together with notes thereto:

Provided that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority;]

(1-a) **“Act”** means the Electricity Act, 2003 (36 of 2003);

(2) **“aggregate revenue requirement” or “ARR”** means the costs pertaining to the licensed business which are permitted, in accordance with these regulations, to be recovered from the tariffs and charges determined by the Commission;

(3) **“allocation statement”** means for each financial year, a statement in respect of each of the businesses (wheeling, retail supply, other business) of the licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc, which has been either -

(a) determined by apportionment or allocation between different businesses of the licensee including the licensed business, together with a description of the basis of the apportionment or allocation; or

(b) charged from or to each such other business together with a description of the basis of that charge;

(4) **“Appendix”** means the appendix to these regulations;

(5) **“base year”** means the financial year immediately preceding first year of the control period and used for the purposes of these regulations;

²[(6) **“change in law”** shall mean the occurrence of any of the following events:—

(i) enactment, bringing into effect or promulgation of any new Indian law, or
(ii) adoption, amendment, modification, repeal or re-enactment of any existing Indian law, or

(iii) change in interpretation or application of any Indian law by a competent Court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application, or

(iv) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project, or

¹ *Ins. clause (1) and renumbered clause (1-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

² *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-*

“(6) “change in law” means occurrence of any of the following events:-

(a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of any law, or (b) change in interpretation of any law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation, or
(c) change by any competent statutory authority, in any consent, approval or licence available or obtained for the project;”

- (v) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for the distribution licensee regulated under these regulations;]
- (7) “**Commission**” means the Himachal Pradesh Electricity Regulatory Commission as referred to in sub section (1) of section 82 of the Act;
- (8) “**Conduct of Business Regulations**” means the Conduct of Business Regulations specified by the Commission under sub-section (1) of section 92 of Act;
- ¹[(8-a) “**consumer**” shall mean any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be, but shall be restricted to such consumers within the State except in border areas with neighbouring Indian States where it is non-feasible to provide connection by the other state(s) licensee, but with the mutual consent of the respective State Government;]
- (9) “**control period**” means a multi-year period fixed, by the Commission, from time to time, for which the principles of determination of revenue requirement and tariff will be laid down;
- (10) “**distribution business**” means authorised business of a distribution licensee to operate and maintain a distribution system for supplying electricity to the consumers in an area of supply;
- (11) “**financial year**” means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
- ²[(11-a) “**force majeure event**” shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:—
- (i) acts of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions, or
- (ii) any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or
- (iii) industry-wide strikes and labour disturbances having a wide impact.;
- (12) “**licence**” means a licence granted under section 14 of the Act;
- (13) “**licensed business**” means the functions and activities, which the licensee is required to undertake in terms of the licence granted by the Commission or being a deemed licensee under the Act;

¹ Ins. clause (8-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

² *Ins. clause (11-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

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(14)“**licensee**” means a person who has been granted a licence and shall include a deemed licensee;

¹[(14-a) “**MCLR**” shall mean One Year Marginal Cost of Funds based Lending Rate;]

(15)“**non-tariff income**” means income relating to the licensed business other than from tariff (wheeling and retail supply), and excluding any income from other business, cross-subsidy surcharge and additional surcharge;

(16)“**other business**” means any business of the distribution licensee other than the licensed business;

²[(16-a) “**performance review**” means the review of performance of the distribution licensee undertaken by the Commission annually for the 2nd and successive years of the control period and this shall include the mid-term performance review carried out for the year after the mid-year of the control period, the annual performance reviews carried out for the years other than the first year, the true-up of the previous control period and true-up of previous years of the control period;]

³[(16-b)“**prudence check**” shall mean scrutiny of the reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff; and]

(17)“**retail supply business**” means the business of sale of electricity by a distribution licensee to the consumers within the area of supply in accordance with the terms of the licence for distribution and retail supply of electricity;

(18)“**retail supply tariff**” means the rate charged by the distribution licensee for supply to non-open access customers and includes charges for wheeling and retail supply;

(19)“**State**” means the State of Himachal Pradesh;

(20)“**trading business**” means the authorised business of an electricity trader in the area of operation allowed under the trading licence granted;

(21)“**trading licence**” means the licence granted under Section 14 of the Act to undertake trading in electricity;

(22)“**wheeling**” means the operation whereby the distribution system and associated facilities of a distribution licensee are used by another person for the conveyance of electricity on payment of charges to be determined under section 62;

(23)“**wheeling business**” means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of the distribution licensee;

(24)“**year**” means a financial year; and

¹ *Ins. Clause (14-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

² *Ins. vide Not. No. HPERC/F (5) (3) (1) (Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579 - 4596.*

³ *Ins. Clause (16-b) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

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(25)¹[the words and expressions occurring in these regulations and not defined herein but defined in the Act or Grid Code or State Grid Code or the Himachal Pradesh Electricity Supply Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code or the Himachal Pradesh Electricity Supply Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code or HP Electricity Supply Code shall have the meanings generally assigned to them in the electricity industry.]

PART-II

GUIDING PRINCIPLES

3. General Approach.- (1) In accordance with the principles laid down in these regulations, the Commission shall determine the tariff for –

- (a) wheeling of electricity, i.e. wheeling tariff;
- (b) retail sale of electricity, i.e. retail supply tariff:

Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Commission may, for promoting competition amongst distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity:

Provided further that where the Commission has permitted open access to any category of consumers under section 42 of the Act, the Commission shall determine the wheeling tariff, cross-subsidy surcharge, additional surcharge and other open access related charges in accordance with these regulations and the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

(2) In accordance with the principles laid down in these regulations, the Commission shall determine the aggregate revenue requirement (ARR) and tariff for – (a) wheeling business; and

(b) retail supply business.

(3) The aggregate revenue requirement (ARR) determined for the wheeling business shall be used in fixation of the wheeling tariff.

(4) The aggregate revenue requirement (ARR) determined for retail supply business shall be used in fixation of the retail supply tariff for retail sale of electricity.

(5) The Tariff determined by the Commission and the directions given in the tariff order made by the Commission shall be quid pro quo and mutually inclusive. The tariff determined shall, within the period specified by it, be subject to the compliance of the directions to the satisfaction of the Commission and their non-compliance shall lead to such amendment, revocation, variations and alterations of the tariff, as may be ordered by the Commission.

(6) The tariff order shall, unless amended or revoked, continue to be in force for such period as may be specified in the tariff order. In the event of failure on the part of the licensee to file the aggregate revenue requirement (ARR) under Part-IV, the tariff determined by the Commission shall cease to operate, unless allowed to be continued for a

¹ *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-*

“the words and expressions used in these regulations and not defined herein but defined in the Act shall have the meanings respectively assigned to them in the Act.”

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further period with such variations, or modifications, as may be ordered by the Commission.

4. Multi Year Tariff (MYT) Framework.- The Commission shall adopt multiyear tariff framework for approval of ARR and expected revenue from tariffs and charges for the control period. The multiyear tariff framework shall be based on the following: -

- (a) **Business plan** of the distribution licensee for the entire control period to be submitted to the Commission for approval, prior to the beginning of the control period;
- (b) **Applicant's forecast of expected wheeling tariff and retail supply** tariff for each year of the control period, based on reasonable assumptions of the underlying financial and operational parameters, as submitted in the business plan;
- (c) **Trajectory for specific parameters** shall be stipulated by the Commission, where the performance of the applicant is sought to be improved through incentives and disincentives;

¹[(cc) **“Uncontrollable parameters”** for a distribution licensee shall *inter-alia* comprise of the following factors, which were beyond the reasonable control of the licensee, and could not be mitigated by the licensee:—

- (a) Force Majeure events,
- (b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission,
- (c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers,
- (d) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission,
- (e) Variation in fuel cost,
- (f) Change in power purchase mix,
- (g) Inflation,
- (h) Transmission Charges,
- (i) Variation in market interest rates for long-term loans,
- (j) Taxes and Statutory levies,
- (k) Taxes on income,
- (l) Income from the realisation of bad debts written off:

Provided that where the applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such applicant may apply to the Commission for inclusion of such variable and the Commission may incorporate the same, under this regulation for such Financial Year:]

²[(d) **annual performance review (APR)** shall be conducted for the variations in performance on account of uncontrollable parameters for each year of the control

¹Subs. vide Not. HPERC-F(1)-I/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-

“Uncontrollable parameters shall include power purchase and power sale by the distribution licensee;”

² Cls. (d) and (dd) subs. for Clause (d) vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579 – 4596 and before its substitution Cls.(d) read as under:-

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period vis-à-vis the ARR approved in the first year of the control period for those years;

(dd) **mid-term performance review (MPR)** shall be conducted for the year after the mid-year of the control period and shall comprise the annual performance review for that year on account of uncontrollable parameters and for the variations in performance on account of controllable parameters for the control period vis-à-vis the ARR approved in the first year of the control period;]

(e) **Profit sharing** shall be applied on the profits arising from the distribution licensee’s better performance vis-à-vis distribution loss targets and targets for the other controllable parameters specified by the Commission. The distribution licensee shall be free to utilise its share in the profit.

¹[(f) **Variation in revenue/cost** on account of uncontrollable parameters shall be tried up annually during the annual performance review.]

5. Segregation of Wheeling and Retail Supply Business.- (1) The distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business. The ARR for wheeling business shall be used to determine wheeling charges and the ARR for retail supply business to determine retail supply tariff.

(2) Till such time there is complete segregation of accounts, the licensees shall prepare an allocation statement to apportion costs and revenues to respective business. The allocation statement, approved by the board of directors/ whole time directors of the licensee, shall be accompanied with an explanation of the methodology which should be consistent over the control period.

²**5-A. Preparation of Accounting Manual and Regulatory Accounts.—**The licensee shall prepare Accounting Manual and Regulatory Accounts as per the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014. The Utility shall submit the Regulatory Audited Accounts every year within seven months of the end of the Financial Accounting Year to the Commission.]

6. Determination of Baseline.- The baseline values (operating and cost parameters) for the base year of the control period shall be determined by the Commission and shall be based on the approved values by the Commission, the latest audited accounts, estimate of the actuals for the relevant year, prudence check and other factors considered appropriate by the Commission:

Provided that in case of substantial difference between the estimates earlier provided/considered for determination of baseline values and the actual audited accounts, the Commission may re-determine the baseline values for the base year.

³**7. Targets for Controllable Parameters.—**The Commission shall set targets for each year of the control period for the items or parameters that are deemed to be

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

¹Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution Cls. (f) read as under:-

“(f) Variation in revenue/cost on account of uncontrollable factors like sales and power purchase shall be tried up annually.”

2Ins. clause (5-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

3 Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-

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“controllable”. The “Controllable parameters” for a Distribution Licensee shall comprise of the factors which were within the control of the Licensee, shall *interalia* include—

- (a) Variations in Capitalisation on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;
- (b) Variation in Financing cost which includes cost of debt and cost of equity;
- (c) Variations in Distribution losses which will include both technical and commercial losses of Distribution Licensee and shall be measured as the difference between total energy input for sale to all its consumers and sum of the total energy billed in its licence area in the same year;
- (d) Variations in performance parameters;
- (e) Failure to meet the standards specified in HPERC (Distribution Performance Standards) Regulation, 2010;
- (f) Variations in labour productivity;
- (g) Variation in Bad and doubtful debts, in accordance with the provisions of Regulation 34-A;
- (h) Variation in Operation and Maintenance Expenditure which includes employee expenses, repairs and maintenance expenses, administration and general expenses and other miscellaneous expenses *viz.* audit fees, rents, legal fees etc.; and
- (i) Variation in Depreciation:

Provided that the Commission may, while setting the targets, also incorporate suitable mechanisms for automatic adjustments in these targets in case of substantial changes in the basic assumptions/inputs taken into account and may also provide for the requirements in respect of such components of the O&M expenditure as it may consider appropriate as per actual:

Provided further that, based upon abnormal variations in controllable parameters (distribution losses, operation and maintenance expenditure, financing cost and depreciation) and for reasons beyond the control of the distribution licensee, the Commission may, at the time of mid-term performance review, review the approved expenditure *vis-a-vis*

“Targets for Controllable Parameters.-

The Commission shall set targets for each year of the control period for the items or parameters that are deemed to be “controllable” and which will include-

- (a) **Distribution losses**, which shall be measured as the difference between total energy input for sale to all its consumers and sum of the total energy billed in its licence area in the same year;

- (b) **Operation and Maintenance Expenditure** which includes employee expenses, repairs and maintenance expenses, administration and general expenses and other miscellaneous expenses viz. audit fees, rents, legal fees etc;
- (c) **Financing cost** which includes cost of debt including working capital (interest), cost of equity (return); and
- (d) **Depreciations**[Provided that the Commission may, while setting the targets, also incorporate suitable mechanisms for automatic adjustments in these targets in case of substantial changes in the basic assumptions/inputs taken into account and may also provide for the requirements in respect of such components of the O&M expenditure as it may consider appropriate as per actual:

Provided further that, based upon abnormal variations in controllable parameters (distribution losses, operation and maintenance expenditure, financing cost and depreciation) and for reasons beyond the control of the distribution licensee, the Commission may, at the time of mid-term performance review, review the approved expenditure vis-à-vis the actual expenditure for these controllable parameters and revise the targets set for the balance years of the control period.”

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the actual expenditure for these controllable parameters and revise the targets set for the balance years of the control period.]

8. Sales Forecast.-The Commission, based on the licensee’s filings, shall examine the forecast for reasonableness and consistency, and shall approve the sales forecast for each year of the control period.

- (1) Sales shall be treated as uncontrollable:

Provided that the open access transactions shall not form part of sales.

- (2) Power purchase quantum and cost for any financial year shall be computed on the basis of distribution loss targets and the estimated sales.

9. Capital Investment.- (1) The Commission shall approve capital investment plan of the licensees for the control period commensurate with load growth, rural electrification, system extension, distribution loss reduction and quality improvement proposed in the business plan.

(2) The distribution licensee shall be required to take scheme wise approval for capital investment for creation of new assets at 33 kV and above, but for creation of new assets below 33 kV and network augmentation approval will be required as block of scheme.

(3) Capital investment plan submitted by the licensee shall also provide details of ongoing projects that will spill into the control period and new projects for creation of new assets at 33 kV and above that will commence during the control period but may extend beyond the control period.

(4) The investment plan shall be scheme-wise and with respect to each circle/scheme shall include-

- (a) purpose of investment (i.e. replacement of existing assets, meeting load growth, technical loss reduction, non-technical loss reduction, meeting reactive energy requirements, customer service improvement, improvement in quality and reliability of supply, etc) ;
- (b) Capital Structure;
- (c) Capitalisation Schedule;
- ¹[(d) Financing plan showing the details for funding of the proposed investment i.e. through loan from financial institutions, equity grants and subsidies and consumer contribution, if any, for the specific work and utilization of other capital receipts as per provisions of HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012;]

(e) Cost-benefit analysis; and

(f) Improvement in operational efficiency envisaged in the control period, etc.

(5) For the Annual Performance Review, the distribution licensee shall submit the actual capital expenditure incurred and capitalisation during the year under review along with the Annual Performance Review Filing.

¹ Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579 – 4596 and before its substitution Clause (d) as under:

“(d) Financing Plan; ”

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1[(6)The Commission may review the capital expenditure incurred and capitalization at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) on yearly basis during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization made vis-à-vis approved capital investment plan (capital expenditure and capitalization), shall be done during the mid-term performance review and at the time of end of control period true up.]

(7) In case the capital expenditure is required for emergency work which has not been approved in the Capital Investment Plan, the licensee shall submit an application, containing all relevant information along with reasons justifying emergency nature of the proposed work, seeking approval by the Commission. The licensee shall take up the work prior to the approval of the Commission provided that the emergency nature of the scheme has been certified by its Board of Directors.

2[(8) The licensee shall submit a report for every quarter detailing the progress of the capital expenditure and capitalisation undertaken against that proposed in the Capital Investment Plan, on or before the last Day of the month succeeding the respective quarter for review by the Commission.]

10. Quality of Supply and Customer Service.-The quality of supply and the customer service parameters shall be monitored as per the norms to be laid down by the Commission separately from time to time. For certain parameters as mentioned in regulation 0 of these regulations, the Commission shall monitor licensee’s performance with respect to the targets specified.

3[**11. True Up.**- (1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:-

¹ Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579-4596 and before its substitution sub-regulation (6) read as under:

“(6) The Commission shall review the actual capital expenditure incurred and capitalisation at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalisation schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and capitalisation schedule) during the control period and adjustment to depreciation, interest on capital loan and return on equity for the actual capital expenditure incurred and capitalisation vis-à-vis approved capital investment plan (capital expenditure and capitalisation) shall be done at the end of the control period.”

² Ins. sub-regulation 8 vide Not. HPERC-F(1)-I/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

³ Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. No 4579 to 4596 and before its substitution regulation 11 read as under:

“(11) True Up

- (1) The true up across various controllable and uncontrollable parameters shall be conducted as per principles stated below: -
- (a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:
- Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;;
- Provided further that under business as usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap / trued-up costs in the subsequent control period's ARR instead of including in the year succeeding the relevant year of the control period after providing for transition financing arrangement or capital restructuring.
- (b) for controllable parameters -

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(A) at the times -

- (i) for the previous years of the previous control period for which true-up has not been carried out and/or for the previous control period:- true up shall be done along with the MYT/APR petition(s) filed for/during the control period;
- (ii) for the previous years of the control period:- true up shall be done along with the annual performance reviews (APRs) filed during the control period;
- (iii) for the control period and/or for the years of the control period for which true-up is not carried out during the control period- true up shall be done along with the MYT/APR petition(s) filed for/during the next control period;

Provided that the Commission may entertain true up proposals even prior to the above times if the accounts of the licensee are finalized;

(B) as per principles –

- (a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy:

Provided further that under business as usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap/trued-up costs in the subsequent control period's ARR instead of including in the year succeeding the relevant year of the control period after providing for transition financing arrangement or capital restructuring;

(b) for controllable parameters -

- (i) any surplus or deficit on account of the O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;
- (ii) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the consumers in accordance with these

regulations;

(iii) during mid-term performance review and during the end of the control period true up –

-
- (i) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be trued up in ARR; and
 - (ii) at the end of the control period –
 - I. the Commission shall review actual capital investment vis-à-vis approved capital investment.
 - II. depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/ audited information and prudence check by the Commission.

(2) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of *force majeure* factors after adjusting for proceeds from any insurance scheme, if any, shall be passed on as an additional charge or rebate in ARR over such period as may be mentioned in the order of the Commission.”

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- (i) O&M expenses treated as uncontrollable may be trued-up on the basis of actual/ audited information and prudence check by the Commission;
- (ii) any surplus or deficit on account of variations in the costs and targets of distribution losses treated as uncontrollable, may be trued-up on the basis of actual/audited information and prudence check by the Commission and shall be shared between the licensee and the consumers in accordance with these regulations;
- (iii) the Commission shall review the actual capital investment vis-à-vis approved capital investment;
- (iv) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/ audited information and prudence check by the Commission.

1[(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate.]

(3) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties after adjusting for proceeds from any insurance scheme, if any, shall be passed on as an additional charge or rebate in ARR over such period as may be mentioned in the order of the Commission.

12. Contingency Reserve.- (1) For maintaining tariff stability and passing the benefits achieved to the consumers under the multiyear tariff framework via contingency reserve, the licensee shall create a contingency reserve at the beginning of the control period and the revenue surplus, if any, generated by the licensee in and up to FY 2010-11 shall be transferred to contingency reserves at the beginning of the control period.

(2) The licensee shall maintain separate accounts in their books and reflect the balance in the contingency reserve account in the balance sheet. There shall be yearly additions and drawls to/from these contingency reserve account based on the annual review and performance of the licensee.

(3) Fund under contingency reserve shall be kept in a separate bank account and shall be effectively invested and managed to earn returns based on market conditions ensuring adequate liquidity. This fund shall not be utilized for speculative purposes. The use of these funds in any other manner shall be only with the prior approval of the Commission.

¹ *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-*

“(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate.”

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112-A Treatment of Regulatory Assets.- (1) While determining ARR of the Licensee, the regulatory assets shall not be created as matter of course except where it is justifiable in accordance with the tariff policy and recovery of the such regulatory assets shall be time bound and within the period not exceeding three years:

Provided that the carrying cost of regulatory asset so created shall be allowed to the Licensee in the ARR.

(2) The amortization schedule corresponding to the regulatory asset, including the carrying cost, shall be prepared and put in effect along with creation of the regulatory asset.

(3) The carrying cost of the regulatory asset shall be in line with the State Bank Advance Rate (SBAR) for the tenure for which regulatory asset has been created.]

PART-III

PRINCIPLES FOR DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR)

13. ARR for Distribution Business.- The aggregate revenue requirement of the distribution licensees for each year of the control period shall contain the following items: -

- (a) cost of power procurement including own generation;
 - (b) transmission and load dispatch charges;
 - (c) operation and maintenance expenses;
 - (d) financing cost which includes cost of debt including working capital (interest), cost of equity (return);
 - (e) depreciation; and
 - (f) income tax;
- Less:
- (i) non-tariff income;
 - (ii) cross subsidy surcharge and additional surcharge; and
 - (iii) income from other business.

14. Cost of Power Procurement.- (1) The licensee shall forecast sales for each customer category and sub-categories for all years of the control period as well as the

¹ *Added vide Not. No. HPERC/dis/479 dated 30th March, 2012 published in the R.H.P. dated 2nd April, 2012 at p. 02-07.*

² *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution regulation 14 read as under:-*

“14. Cost of Power Procurement.-

(1) The licensee shall forecast sales for each customer category and sub-categories for all years of the control period in their business plan filings, for the Commission’s review and approval. The approved category-wise sales forecast shall

be applied alongwith distribution loss trajectory for estimating the licensees' power procurement requirement for each year of the control period.

(2) The distribution licensee shall be allowed to recover the cost of power it procures from sources approved by the Commission, viz. intra-State and inter-State trading licensees, bilateral purchases, bulk suppliers, State generators, independent power producers, Central generating stations, renewable and co-generation sources, generation business of the distribution licensee and others, assuming maximum normative rebate available from each source for payment of bills through letter of credit on presentation of bills in accordance with the tariffs approved from time to time by the Appropriate Commission for supply to consumers of retail supply business:

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corresponding source wise power procurement in their business plan filings, for the Commission's review and approval. The category-wise sale forecast shall be applied alongwith distribution loss trajectory for estimating the licensees' power procurement for each year of the control period:

Provided that, such sales forecast and power procurement planning proposed by the licensee for providing unrestricted/ round the clock supply to the consumers, shall take into consideration factors such as past trends and various econometric factors giving due consideration to economic condition, anticipated development and growth in the State, etc. using appropriate methodologies and techniques.

(2) The distribution licensee shall be allowed to recover the cost of power it procures in the most economical manner from sources approved by the Commission (viz. intra-State and inter-State trading licensees, bilateral purchases, bulk suppliers, State generators, independent power producers, Central generating stations, renewable and co-generation sources, generation business of the distribution licensee and other sources) at tariff rates approved by the appropriate Commission from time to time:

Provided that the distribution licensee shall propose the cost of power procurement taking into account the fuel adjustment formula specified for the generating stations and net revenues/ costs through bilateral exchanges and unscheduled interchange (UI) transactions:

Provided further that, where the licensee utilizes a part of the power purchase approved or bulk supply allocated or contracted for the retail supply business for its trading business, the distribution licensee shall provide an allocation statement clearly specifying the cost of power purchase that is attributable to such trading activity:

Provided also that, to facilitate round-the-clock supply to all the consumers in the State, the licensee shall in accordance with these regulations, prepare a detailed power procurement plan comprising reasonable contingent surplus.

(3) While approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order of power purchase. All power purchase costs will be considered legitimate unless it is established that the merit order principle has been materially violated or power has been purchased at unreasonable rates.

(4) The renewable purchase obligation of the distribution licensee will be as per the relevant regulations made by the Commission.

1[(5) The licensee shall avail maximum rebate available from each source for early payment of power purchase bills such as through letter of credit:

Provided that the distribution licensee shall propose the cost of power procurement taking into account the fuel adjustment formula specified for the generating stations and net revenues through bilateral exchanges and unscheduled interchange (UI) transactions:

Provided further that where the licensee utilises a part of the power purchase approved or bulk supply allocated or contracted for the retail supply business for its trading business, the distribution licensee shall provide an allocation statement clearly specifying the cost of power purchase that is attributable to such trading activity.

(3) While approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order schedule and despatch based on a ranking of all approved sources of supply in the order of their variable cost of power purchase. All power purchase costs will be considered legitimate unless it is established that the merit order principle has been materially violated or power has been purchased at unreasonable rates.

(4) The renewable purchase obligation of the distribution licensee will be as per the relevant regulations made by the Commission.”

¹ *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution it stood as under:-*

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Provided that, 50% of the maximum normative rebate available to the licensee shall be allowed to be retained by him and the remaining 50% of the maximum normative available rebate shall be adjusted in the Power Procurement Cost:

Provided further that, the delayed payment surcharge, if any, paid by the licensee against the Power Purchase Bills shall be to the account of the licensee.]

14-A Treatment of Incremental Power Procurement Cost.-

(1) Identification of Incremental cost and process of recovery.- (i) The distribution licensee shall recover the incremental cost incurred due to the following:-

- (a) Variation in fuel surcharge rate;
- (b) Incremental power required over and above or within the quantum of power purchase approved by the Commission;
- (c) Revision of tariff of generating stations, tariff of intra-State and inter-State transmission system as approved by the Appropriate Commission after notification of retail supply tariff.

(ii) The incremental cost on account of variation in fuel surcharge shall be computed and charged on the basis of actual variation in fuel surcharge rate vis-a-vis the cost approved in the tariff order for each project and shall not be computed on the basis of estimated or expected variation in fuel surcharge.

(iii) The incremental cost due to:-

- (a) incremental power purchase on account of short term requirement of power by the distribution licensee over and above the quantum as approved by the Commission to be computed as the differential of the cost as approved in the tariff order and the actual purchases and/or
- (b) within the quantum approved by the Commission and if such requirement is on account of any factor beyond the control of the licensee (shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God), to be computed as a differential of average power purchase cost and weighted average price of power exchange rates and bilateral market purchases.

shall be computed and charged.

“(5) The licensee shall avail maximum rebate available from each source for early payment of power purchase bills such as through letter of credit:

Provided that, 25% of the maximum normative rebate available to the licensee shall be allowed to be retained by him and the remaining 75% of the maximum normative available rebate shall be adjusted in the Power Procurement Cost:

Provided further that, the delayed payment surcharge, if any, paid by the licensee against the Power Purchase Bills shall be to the account of the licensee.”

1 *Added vide Not No. HPERC/Dis/479 dated 30th March, 2012 published in the R.H.P. dated 2nd April, 2013 at p. 02-07.*

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Provided that the cost of such power shall be allowed at the weighted average price of power exchange rates of the Northern Region and bilateral market purchases for the same quarter.

Provider further that the distribution licensee shall inform the Commission the purchase of power over and above approved quantum or increase in Short Term Power Purchase within the approved quantum, with all the supporting documents. Unless the Commission is satisfied that the aforesaid power is capped by weighted average price of power exchange rates and bilateral market purchases for the same quarter, it may, in the true up orders, disallow the cost which is over and above weighted average price of power exchange rates of the Northern Region and bilateral market purchases in the same quarter.

(iv) The incremental cost due to revision of tariff of generating stations and tariff of inter-State and/or intra-State transmission system as approved by appropriate Commission shall be computed and charged if such revision takes place after the notification of retail supply tariff by the Commission .

(v) The incremental cost incurred for the quarter due to incremental power purchase for reason stipulated in 14-A (1) shall be computed on the basis of formula given in sub-regulation (2) of regulations 14-A, and shall be charged to the consumer from the first month of the following quarter itself, in accordance with sub-regulation (3) of regulation 14-A without prior approval of the Commission.

(vi) The distribution licensee shall submit details of the incremental cost incurred and to be charged to all consumers for the entire quarter, along with the detailed computations and supporting documents as may be required for verification by the Commission within first 28 days of the quarter end.

(vii) The Commission shall examine the incremental cost charged by the Distribution Licensee against supporting documents as submitted:

Provided that discrepancies, if any, shall be notified to the Distribution Licensee before the end of the second quarter:

Provided further that the distribution licensee shall adjust for the discrepancy notified by the Commission in third quarter's charge computation.

(viii) In case the distribution licensee is found guilty of charging unjustified adjustment cost to the consumers on regular basis, the Commission shall adjust the unjustified additional cost along with interest on the same.

Provided that the interest rate shall be in accordance with the State Bank Advance Rate (SBAR) as on the date on which the application of determination of tariff is made and benefits shall be passed on to the consumers.

(ix) The distribution licensee shall ensure appropriate accounting of Incremental Cost (IC) by upgrading the billing and IT software within three months from the notification of these regulations.

(2)Formula for computation of Incremental cost.- The formula for calculation of the incremental cost will be as under:-

Variables shall be in `crores unless otherwise stated

$$IC_{q1} = C_{q1} + F_{q4} + A_{q3}$$

IC_{q1} = Incremental Cost incurred in quarter q_1 to be recovered in quarter q_2

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Explanation.- For the purpose of IC_{q1} , incremental power purchase cost shall include all the bills paid or bills received and payable, and credits received by the distribution licensee, to the suppliers of power, during the quarter q_1 irrespective of the period to which they pertain. This shall include arrears and refunds, if any, not settled earlier.

C_{q1} = Incremental cost in quarter q_1 due to factors specified under regulation 14-A(1)

F_{q4} = Carry forward factor for over-recovery / under-recovery of incremental cost of quarter q_3 (IC_{q3}) to be recovered in quarter q_4 of previous year but could not be fully recovered.

Explanation.- For the purpose this regulation over recovery/ under recovery of incremental cost of a quarter (IC_q) shall be on account of the incremental cost adjustment ceiling as specified under clause (iii) of sub-regulation (3) of this regulation, if any, and the differential of amount worked out on the basis of estimated sales of the quarter and the recovery affected on account of actual sales in that quarter.

A_{q3} = Adjustments on the basis of the Commission's order pertaining to discrepancies, if any, in computation of IC_{q3} from previous year in accordance with the Clause (vi) of sub-regulation (1) of regulation 14-A and any other adjustment as ordered by the Commission

Similarly IC for respective quarters will be computed.

q = quarter of a year

**(3)Computation of Incremental cost per unit (IC`/kWh) of electricity consumption.-** (i) Calculation of IC `/kWh for a quarter shall be as per the following formula:

$$IC \text{ (`/kWh)}_q = (IC_q / (\text{estimated sales within the State for the next quarter as approved by the Commission in the tariff order excluding the sales to BPL consumer category})) * 10$$

Where IC_q is in ` lakhs and Unit sales are in Million units

(ii) The per unit Incremental cost (IC `/kWh) shall be recovered from all categories of consumers in addition to the tariff notified in the tariff order of the Commission except from the Below Poverty Line (BPL) consumers.

(iii) The incremental per unit adjustment to be carried out in a quarter shall be upto ceiling of 10% of average per unit power purchase rate for the year as per tariff order approved by the Commission and any under or over recovery shall be carried forward to the next quarter which shall further be subject to ceiling of 10% of average per unit power purchase rate.

Provided that the Commission, may by order, modify ceiling of incremental rates that can be recovered from the consumers on monthly basis.

Example: 1

(a)	Average per unit power purchase rate as per the tariff order of the Commission for a financial year	=	Say 37.5 p/kWh
(b)	10% ceiling as per Regulation 14.A(3) (iii)	=	30 p/kWh
(c)	Incremental cost of quarter q_1 (IC_{q1}) due to factor specified under regulation 14.A (1) & (2)	=	Say 75 crores
(d)	Estimated sales for the quarter q_2 excluding BPL consumers	=	=Say 2000 MUs
(e)	Per unit incremental cost i.e. IC_{q1} /kWh chargeable from the consumers in quarter q_2 to recover incremental cost	=	37.5 p/kWh

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	IC_{q1} in accordance with sub-regulation (2) and clause (i) of sub regulation (3) of regulation 14.A		
(f)	Per unit incremental cost recoverable after applying ceiling of 10%	=	30p/kWh
(g)	Under recovery of IC_{q1} to be carried forward and to be recovered in quarter q_3	=	7.5x2000=15 Crore
(h)	Incremental cost in quarter q_2 (IC_{q2}) due to factor specified under regulation 14.A (1) excluding the under recovery of IC_{q1} to be recovered in quarter q_3	=	Say 25 crores
(i)	Incremental cost in quarter q_2 (IC_{q2}) in accordance with formula under regulation 14.A(2) including under recovery of IC_{q1}	=	25+15=40 crores
(j)	Estimates sales for quarter q_3 excluding BPL consumers	=	Say 2000 MUs
(k)	Per unit incremental cost IC_{q2} /kWh for quarter q_2 to be recovered in quarter q_3 in accordance with sub-regulation (2) and clause (i) of sub regulation (3) of regulation 14.A including under recovery of IC_{q1}	=	20 p/kWh

Example: 2

(a)	Average per unit power purchase rate as per the tariff order of the Commission for a financial year	=	Say 37.5 p/kWh
(b)	10% ceiling as per Regulation 14.A(3) (iii)	=	30 p/kWh
(c)	Incremental cost of quarter q_1 (IC_{q1}) due to factor specified under regulation 14.A (1) & (2)	=	Say 60 crores
(d)	Estimated sales for the quarter q_2 excluding BPL consumers	=	=Say 2000 MUs
(e)	Per unit incremental cost i.e. IC_{q1} /kWh chargeable from the consumers in quarter q_2 to recover incremental cost IC_{q1} in accordance with sub-regulation (2) and clause (i) of sub regulation (3) of regulation 14.A	=	30 p/kWh
(f)	Actual sales of quarter q_2 available in first two months of quarter q_3	=	1500 MU
(g)	Recovery effected in quarter q_2 @ 30p/kWh	=	45 crore
(h)	Under recovery of IC_{q1} on account of differential between the estimated sales of q_1 and actual of quarter q_2 , to be carried forward and to be recovered in q_4	=	60- 45=15 crores

Note.- Any over recovery on account of higher actual sales of quarter q_2 shall be considered as credit received by the licensee as specified in sub-regulation (5) of regulation 14-A.

- (iv) All consumers shall have to pay the incremental cost as determined under clause (i) of sub-regulation (3) of regulation 14-A.

Provided in case the State Government decides to provide subsidy on Incremental Power Purchase cost to any class or classes of consumers then, it shall do the same as per the provisions of Section 65 of Electricity Act, 2003. It shall be the responsibility of the licensee to seek prior approval of the State Government in this regard and maintain appropriate record of the same.

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- (v) The licensee shall within two months of the quarter end, provide information related to Incremental cost per unit of electricity consumption and under recovery/ over recovery so as to enable the Commission to expedite the process of validation of IC recovered from the consumers within a month for any discrepancy to be taken into account in the next quarter or as per Commission's directions.

(4) The variation in power purchase cost due to UI and other unapproved purchases shall not be covered under Incremental Power Purchase adjustment.]

15. Distribution Losses.- (1) The target for the distribution loss levels to be achieved by the distribution licensee during the control period and the year-wise loss reduction trajectory for the control period shall be fixed in the multi-year tariff order:

Provided that the Commission may, based upon the actual information submitted by the licensee in respect of variations in the mix of consumers or sales at various voltage levels vis-à-vis that already approved, at the time of mid-term performance review, review the costs approved vis-à-vis the actual on account of the distribution loss and revise the targets set for the distribution loss for the balance years of the control period:

Provided further that, the mechanism for pass-through of gains or losses on account of variations in the distribution loss as a result of revision in costs and targets vis-à-vis that approved shall be as follows:-

- (a) The approved aggregate gain to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner:-
 - (i) 40% of the amount of such gains shall be adjusted in ARR over such period as may be stipulated in the Order of the Commission;
 - (ii) the balance 60% of such gains, may be utilized at the discretion of the distribution licensee;
- (b) The approved aggregate loss to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner:-
 - (i) 40% of the amount of such loss may be passed on in the ARR over such period as may be stipulated in the Order of the Commission; and

¹ Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579 to 4596 and before its substitution regulation 15 read as under:

"15. Distributions Losses.-

(1) The target distribution loss levels for the State to be achieved by the distribution licensees at the end of control period and year-wise loss reduction trajectory for the control period shall be fixed for the distribution licensee in the multiyear tariff order:

Provided that profits arising from achieving loss level better than specified in the loss reduction trajectory for the State shall be shared in the ratio of 60:40 with the licensee and the contingency reserve:

Provided further that any financial loss on account of underperformance with respect to distribution loss targets shall be to the licensee's account.

- (2) The licensee shall propose circle-wise baseline distribution loss levels and loss reduction trajectory for each year of the control period. The Commission shall examine the filings made by the licensee for the distribution loss trajectory for each year of the control period and approve the same with modification as it may consider necessary.
- (3) The distribution licensee shall also propose voltage-wise losses for each year of the control period for the determination of voltage-wise cost of supply and determination of voltage-wise wheeling tariff. The Commission shall examine the filings made by the licensee for the voltage wise distribution loss trajectory for each year of the control period and approve the same with modification as it may consider necessary: Provided that till the actual data on voltage wise losses are not available, the distribution licensee shall submit best estimates of the voltage wise losses.”

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(ii) the balance 60% of amount of such loss shall be absorbed by the licensee;

- (c) Gains and losses on account of controllable factors during the control period shall be shared in the aforesaid manner at the time of mid-term Performance Review and also at the time of tariff determination process of the next control period;
- (d) The gain or loss on account of controllable factors other than the distribution loss, unless otherwise specifically provided by the Commission in these Regulations, shall be to the account of the distribution licensee.

(2) The licensee shall also propose circle-wise baseline distribution loss levels and loss reduction trajectory for each year of the control period. The distribution licensee shall also propose voltage-wise losses for each year of the control period for the determination of voltage-wise cost of supply and determination of voltage-wise wheeling tariff:

Provided that, till the actual data on voltage wise losses is not available, the distribution licensee shall submit best estimates of the voltage-wise losses.

(3) The Commission may fix circle-wise and voltage-wise losses with suitable mechanism and modifications as it may consider necessary. On the basis of circle-wise distribution loss, the Commission may fix circle-wise differential tariff by way of separate and distinct distribution loss surcharge.]

16. Transmission and Load Despatch Charges.- The distribution licensee shall be allowed to recover net transmission and load despatch charges payable to the transmission licensees (Central Transmission Utility, State Transmission Utility etc.) and System Operators (Regional Load Despatch Centre, State Load Despatch Centre etc.) for access to and use of the inter-State transmission system, intra-State transmission system and availing load despatch services assuming maximum normative rebate available from each source for payment of bills through letter of credit on presentation of bills in accordance with the tariffs approved, from time to time, by the Appropriate Commission.

17. Operation and Maintenance (O&M) Expenses.- (1) Operation and Maintenance (O&M) expenses shall include: -

- (a) salaries, wages, pension contribution and other employee costs;
- (b) administrative and general expenses;
- (c) repairs and maintenance expenses; and
- (d) other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

1[(1-a) O&M Norms -

- (i) The licensee shall propose separate trajectories of norms for each of the components of O&M expenses viz., employee cost, R&M expense and A&G expense;

- (ii) Norms shall be defined in terms of combination of number of personnel for various activities such as per 1000 consumers and number of personnel per substation, line length alongwith annual expenses per personnel for Employee expenses combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;

¹ *Ins. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R. H.P. dated 4th November, 2013 at p. 4539-4596.*

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- (iii) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions and interim relief etc., shall be excluded from the norms in the trajectory;
- (iv) The expenses beyond the control of the distribution licensee such as dearness allowance, pension liabilities and terminal benefits in Employee cost etc., shall be excluded from the norms in the trajectory;
- (v) The One-time expenses and the expenses beyond the control of the Distribution Licensee as per sub-regulations (c) and (d) above shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check;
- (vi) The norms in the trajectory shall be proposed over the control period with due consideration to productivity improvements and commercial viability;
- (vii) The norms shall be proposed at constant prices of base year and escalation on account of inflation shall be over and above the baseline;
- (viii) The Distribution Licensee shall also carry out absolute and relative analysis while proposing the norms;
- (ix) In absolute analysis, Distribution Licensee's audited accounts of operations for last three years, expenses claimed for control period, historically approved cost, and prudence check shall be used by the Commission to estimate values of norms;
- (x) In relative analysis, performance parameters of other Distribution Licensees within the same state or in other states shall be considered by the commission to estimate norms:
Provided that other Distribution Licensees so chosen shall have similar profile as that of the Distribution Licensee under consideration in terms of consumer mix, type of license area (city, state, etc.) type of distribution networks, viz, underground/overhead, HT-LT ratio, etc;
- (xi) Suitable average of outcomes of absolute and relative analysis may be taken by the licensee while proposal the norms over the control period for the distribution licensee;
- (xii) Based on the proposal submitted by the licensee, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;
- (xiii) Till such time the norms are fixed by the Commission, the trajectories of various components of O&M expenses shall be submitted by the licensee and determined by the Commission on the basis of the actual costs for the previous years in accordance with the provisions of these regulations.

(2) The distribution licensee shall submit the O&M expenses for the control period as laid down in the multiyear tariff filing procedure. The O&M expenses for the base year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the distribution licensee, estimates of the actuals for the base year, prudence check and any other factors considered appropriate by the Commission.

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¹[(3) The O&M expenses for the n^{th} year of the control period shall be approved based on the formula given as follows:-

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

Where -

$$R\&M_n = K \times GFA_{n-1} ;$$

$$EMP_n = [(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision(EMP) ;$$

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

‘K’ is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee’s filing, benchmarking of R&M expenses, approved R&M expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

EMP_{n-1} & EMP_n – employee costs of the distribution licensee for the $(n-1)^{th}$ and n^{th} year; (employee cost for the base year would be adjusted for provisions for $(n-1)^{th}$ year for the items corresponding to clauses (iii), (iv) and (v) of sub-regulation (1-a) of regulation 17);

¹ Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579 - 4596 and before its substitution sub-regulation(3) read as under:

“(3) The O&M expenses for the n^{th} year of the control period shall be approved based on the formula given below:-

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

Where -

$$R\&M_n = K * GFA_{n-1}$$

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

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

‘K’ is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee’s filing, benchmarking of R&M Expenses, approved R&M Expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years before the base year;

EMP_n – employee costs of the distribution licensee for the n^{th} year;

$A\&G_n$ – administrative and general costs of the distribution licensee for the n^{th} year;

$R\&M_n$ – repair and maintenance costs of the distribution licensee for the n^{th} year;

GFA_{n-1} – Gross Fixed Asset of the distribution licensee for the $n-1^{th}$ year;

G_n is a growth factor for the n^{th} year. Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee’s filings,

benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that R&M expenses determined shall be utilised towards R&M works only.”

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Provision(Emp): Provision corresponding to clauses (iii), (iv) and (v) of sub-regulation (1-a) of regulation 17, duly projected for relevant year for expenses beyond control of the distribution licensee and expected one-time expenses as specified above;

A&G_{n-1} & A&G_n – administrative and general costs of the distribution licensee for the (n-1)th and nth year;

Provision (A&G): Cost for initiatives or other one-time expenses as proposed by the distribution licensee and validated by the Commission;

R&M_{n-1} R&M_n – repair and maintenance costs of the distribution licensee for the (n-1)th and nth year;

GFA_{n-1} – Gross Fixed Asset of the distribution licensee for the (n-1)th year;

G_n is a growth factor for the nth year. Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee’s filings, benchmarking, and approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that, R&M expenses determined shall be utilised towards R&M works only;

Note: After the fixation of norms of various components of O&M expenses as per these regulations, the above formulae shall be suitably modified in line with the provisions.]

¹[(4) The distribution licensee shall submit the detail of sharing of the terminal benefits including pension of its employees as per the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Sharing of Cost of Terminal Benefits of Personnel of the Erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015.]

[218. Asset Base.— (1) The Commission shall determine the asset base for each year of the control period at the beginning of the control period, which shall be Sum of — (a)

The asset base of the base year as determined by the Commission, considering the most recent audited accounts, estimates of actuals during the base year after doing prudence check and any other factors considered appropriate by the Commission, and

¹ Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

² Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution sub-regulation(3) read as under:

“**Asset Base.**—The Commission shall determine the asset base for each year of the control period at the beginning of the control period, which shall be-

Sum of -

(a)The asset base of the base year as determined by the Commission, considering the most recent audited accounts, estimates of actuals during the base year checked for prudence and any other factors considered appropriate by the Commission, and

(b)Proposed capitalisation during the year, checked for prudence covering-

(i)schemes for which Commission’s approval has been granted,

(ii)schemes which have been submitted for Commission’s approval, and

(iii) schemes not requiring Commission’s approval;

Less-

Assets proposed to be retired during the year.

(2) The interest on loan capital and return on equity shall be computed on the financing of the cost of the schemes included in the asset base.”

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(b) Proposed capitalisation during the year after exercising prudence check shall be—

- (i) schemes for which Commission’s approval has been granted,
- (ii) schemes which have been submitted for Commission’s approval, and
- (iii) schemes not requiring Commission’s approval;

Less—

Assets proposed to be retired during the year.

The net value of such retired assets shall be calculated as follows:

Net Value of retired Assets = OCFA – AD – CC

Where;

OCFA: Original capital cost of Replaced Assets

AD: Accumulated depreciation pertaining to the Replaced Assets

CC: Total Consumer Contribution pertaining to the Replaced Assets:

Provided that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

(2) The interest on loan capital and return on equity shall be computed on the financing of the cost of the schemes included in the asset base.]

1[18-A. Consumer Contribution, Deposit Work, Grant and Capital Subsidy.—(1) The works carried out by the distribution licensee after obtaining the estimated cost from the users shall be classified as Deposit Works.

(2) Capital works undertaken by the distribution licensee utilising grants received from the State and Central Governments, including funds under various schemes shall be classified under the category of Grants.

(3) The works carried out with any other grant of similar nature or such amount received without any obligation to return the same and with no interest costs attached to such subvention shall also be classified as works performed through consumer contribution, deposit work, capital subsidy or grant.

(4) The expenses on such capital expenditure shall be treated as follows:—

- (a) normative O&M expenses as specified in these regulations shall be allowed. However, any departmental charges taken by the licensee against deposit works and which are executed departmentally shall be adjusted in the employee cost;
- (b) the debt to equity ratio shall be considered in accordance with regulation 19, after deducting the amount of financial support provided through consumer contribution, deposit work, capital subsidy or grant;
- (c) depreciation to the extent of works performed through consumer contribution, deposit work, capital subsidy or grant shall not be allowed as specified in regulation 23;

1Ins. regulation (18-a) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

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- (d) provisions related to return on equity, as specified in regulation 20, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant;
- (e) provisions related to interest and finance charges, as specified in regulation 21, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant.]

19. Debt-Equity Ratio.- For the purpose of determination of the tariff, the equity and outstanding debt shall be determined for the base year by the Commission taking into consideration the licensee's proposals, previous years debt-equity details and other relevant factors. However, for any fresh capitalisation of assets, the Commission shall apply a debt-equity ratio of 70:30 on the capitalized amount as approved by the Commission for each year of the control period:

Provided that where equity employed is in excess of 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. The interest rate applicable on the equity in excess of 30% treated as loan has been specified in regulation 0. Where actual equity employed is less than 30%, the actual equity shall be considered.

20. Return on Equity.- Return on equity for the distribution licensee (sum of return on equity for wheeling business and return on retail supply business) shall be computed on the paid up equity capital determined in accordance with regulation 0 and shall be 16% per annum (post tax):

Provided that return on equity invested in works in progress shall be allowed from the date of commercial operation.

21. Interest and Finance Charges.- (1) Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of repayment, and the interest rate, in accordance with the terms and conditions of relevant agreements of loan, bond or non-convertible debentures. Exception can be made for the existing or past loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects. For the purpose of tariff determination, the outstanding debt at the end of each year of the control period shall be taken as-

Outstanding debt at the end of the n^{th} year = Outstanding debt at the end of the $(n-1)^{\text{th}}$ year + (plus) sum of amount of debt related to assets capitalized under each investment scheme during the n^{th} year – (minus) debt repaid during the n^{th} year;

For the first year of the control period, the $(n-1)^{\text{th}}$ year shall be the base year;

Amount of debt related to assets capitalized under an investment scheme during the n^{th} year = (70% or actual, whichever is higher) X (multiply) (amount of capitalisation approved by the Commission for such scheme in the n^{th} year):

Provided that all loans considered for this purpose shall be identified with the assets created:

Provided further that the interest and finance charges of re-negotiated loan agreements shall not be considered, if they result in higher charges:

Provided further that the interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost:

Provided further that neither penal interest nor overdue interest shall be allowed for computation of aggregate revenue requirement.

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¹[(2) The interest rate on the amount of equity in excess of 30% treated as notional loan shall be the weighted average rate of the loans of the respective years and shall be further limited to the rate of return on equity specified in these regulations:

Provided that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 200 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.; and]

(3) In case any moratorium period is availed of in any loan, depreciation provided for in the tariff during the years of moratorium shall be treated, as notional repayment of loan during those years and interest on loan capital shall be calculated accordingly.

(4) The distribution licensee shall make every effort to refinancing the loan as long as it results in net benefit to the consumers. The cost associated with such refinancing shall be borne by the consumers and any benefit on account of refinancing of loan and interest on loan shall be shared in the ratio 50:50 between the licensee and the contingency reserve. The licensee shall submit the calculation of such benefit to the Commission for its approval.

(5) In respect of foreign currency loans, variation in rupee liability due to foreign exchange rate variation, towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of such foreign exchange rate variation and is not attributable to the licensee or its suppliers or contractors.

²[(6) The licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the distribution system, in part or in full at its discretion.

(7) The licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant Year as an expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt.

(8) To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant Year shall be allowed subject to prudence check by the Commission.]

³**[22. Interest Charges on Working Capital.—**Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall

¹ Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:

“(2) The interest rate on the amount of equity in excess of 30% treated as notional loan shall be the weighted average rate of the loans of the respective years and shall be further limited to the rate of return on equity specified in these regulations.”

² Add.sub. regulation 6,7, & 8 vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.

³ Subs. vide Not. HPERC-F(1)-1/2021 dated 30th January, 2021 published in R.H.P. dated 4th February, 2021 at p. 7133-7135. Before its substitution read as under:

“22. Interest Charges on Working Capital.—Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal one (1) Year State Bank of India (SBI) MCLR/ any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points. The interest on working capital shall be

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be equal one (1) Year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan including rate of interest based on the normative figures. The Commission shall calculate working capital requirement for wheeling and retail supply business in accordance with these regulations to arrive at working capital requirement of distribution licensee.]

23. Depreciation.—(1) Depreciation shall be calculated for each year of the control period, on the amount of original cost of the fixed assets of the corresponding year:

Provided that depreciation shall not be allowed on assets funded by capital subsidies/grants ¹[and consumer contributions:]

Provided further that provision for replacement of such assets shall be made in the capital investment plan.

(2) Depreciation for each year of the control period shall be determined based on the methodology as specified in these regulations along with the rates and other terms specified in the Appendix to these regulations.

(3) Depreciation shall be calculated annually, based on the Straight Line Method, over the useful life of the asset. The base value for the purpose of depreciation shall be original cost of the asset.

(4) The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

²[(4-a) The salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.]

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

(6) In addition to allowable depreciation, the distribution licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder: -

AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these regulations:

Provided that advance against depreciation shall be permitted only if the cumulative repayment upto a particular year exceeds the cumulative depreciation upto that year:

payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures. The Commission shall calculate working capital requirement for wheeling and retail supply business in accordance with these regulations to arrive at working capital

- ¹ requirement of distribution licensee.”
Ins. vide HPERC/Dis/479 dated 30th March, 2012 published in the R.H.P. dated 2nd April, 2012 at p.02-07.
- ² *Ins. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

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Provided further that advance against depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that year:

(7) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

24. Corporate Income Tax.- Income tax, if any, on the licensed business of the distribution licensee shall be treated as expense and shall be recoverable from consumers through tariff. However, tax on any income other than that through its licensed business shall not be a pass through, and it shall be payable by the distribution licensee itself.

(2) Any under-recoveries or over-recoveries of tax on income shall be adjusted every year on the basis of income-tax assessment, under the Income Tax Act, 1961, as certified by the statutory auditors:

Provided further that the benefits of tax-holiday as applicable in accordance with the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

(3) The income tax actually payable or paid shall be included in the ARR. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

(4) Tax on income, if any, liable to be paid shall be limited to tax on return on equity. However, any tax liability on incentives due to improved performance shall not be considered.

25. Non tariff income.—(1) All incomes being incidental to electricity business and derived by the licensee from sources, including but not limited to profit derived from disposal of assets, rents, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers but excluding delayed payment surcharge and income to licensed business from the other business of the distribution licensee shall constitute non tariff income of the licensee.

(2) The amount of non tariff income as approved by the Commission shall be deducted from the Aggregate Revenue Requirement of the distribution licensee:

Provided that the distribution licensee shall submit full details of its forecast of non tariff income to the Commission along with its application for determination of tariff.

(3) The indicative list of items under non-tariff income of licensee shall *inter-alia* include:

- (a) Income from rent of land or buildings;
- (b) Income from statutory investments;
- (c) Income from interest on contingency reserve investment;
- (d) Interest on advances to suppliers/contractors;
- (e) Rental from staff quarters;
- (f) Rental from contractors;
- (g) Income from hire charges from contractors and others;
- (h) Income from advertisements, etc.;

¹ *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:*

“25. Non-tariff Income.-[(1) All incomes being incidental to electricity business and derived by the licensee from sources, including but not limited to profit derived from disposal of assets, rents, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers but excluding delayed payment surcharge and income to licensed business from the other business of the distribution licensee shall constitute non-tariff income of the licensee.]

(2) The amount received by the licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such licensee.”

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- (i) Meter/metering equipment/service line rentals;
- (j) Service charges;
- (k) Consumer charges;
- (l) Recovery for theft and pilferage of energy;
- (m) Rebate availed on account of timely payment of bills;
- (n) Miscellaneous receipts;
- (o) Deferred Income from grant, subsidy, etc., as per Annual Accounts; (p) Miscellaneous receipts;
- (q) Excess found on physical verification;
- (r) Prior period income.]

1[26. Other Income of the Licensee.- (1) Where the licensee is engaged in any other business, the income from such business will be calculated in accordance with the Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees) Regulations, 2005 and shall be deducted from the aggregate revenue requirement in calculating the revenue requirement of the licensee.

²[(2) The licensee shall maintain separate accounts and sub balance sheets for each of the other business including Generation (individual stations wise), Survey and Investigation of new power projects, investments in the existing and new projects etc.:

Provided that the licensee shall follow a reasonable basis for allocation of all joint and common costs between the distribution business and the other business and shall submit the Accounting Statements, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the licensee on account of such other business.]

27. Net Aggregate Revenue Requirement.- (1)The net aggregate revenue requirement of the licensee eligible for recovery during each year of the control period shall be determined after deducting from the aggregate revenue requirement, the non-tariff

¹ *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579- 4596and before its substitution regulation 26 read as under:*

“26. Other Income of the Licensee

Where the licensee is engaged in any other business, the income from such business will be calculated in accordance with the Himachal Pradesh Electricity Regulatory Commission (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees) Regulations, 2005 and shall be deducted from the aggregate revenue requirement in calculating the revenue requirement of the licensee:

Provided that the licensee shall follow a reasonable basis for allocation of all joint and common costs between the distribution business and the other business and shall submit the allocation statement, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the licensee on account of such other business.”

² *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p.*

6265-6277. Before its substitution read as under:

“(2) The licensee shall maintain separate accounts and sub balance sheets for each of the other business such as Generation (existing stations), Survey & Investigation of new power projects, investments in the existing new projects etc.

Provided that the licensee shall follow a reasonable basis for allocation of all joint and common costs between the distribution business and the other business and shall submit the allocation statement, as approved by its board of directors, to the Commission alongwith his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such other business exceeds the revenues from such other business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the licensee on account of such other business.”

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income and other income, less: receipts on account of cross subsidy surcharge and additional surcharge from open access customers.

¹[Provided that, to promote cogeneration and generation of electricity from renewable energy sources, the Commission while determining the wheeling charges shall give due consideration to the Renewable Purchase Obligation of the distribution licensee:

Provided further that the Commission based upon high energy consumption of commercial, industrial and any other consumer category may determine the threshold of such high consumption and levy a green charge in the form of surcharge upon such consumers.]

²[(2) The distribution licensee shall maintain separate books of accounts for wheeling and retail supply business. For such period until accounts are segregated and separate books of accounts are maintained, the Commission shall stipulate the ratio of allocation of all expenses and return component, based on data obtained from the distribution licensee.]

28. Aggregate Revenue Requirement (ARR) for Wheeling Business.- The ARR for the wheeling business of the distribution licensees for each year of the control period, shall contain the following items: -

- (a) operation and maintenance expenses;
- (b) financing cost which includes cost of debt including working capital (interest), cost of equity (return);
- (c) depreciation;
- (d) income tax; and
- (e) interest on consumer security deposit.

Less:

- (i) non-tariff income; and
- (ii) income from other business.

29. Return on Equity for Wheeling Business.- Return on equity shall be computed on the paid up equity capital determined ³[in accordance with these regulations] and shall be 16% per annum (post tax):

Provided that return on equity, invested in work in progress shall be allowed from the date of commercial operation.

4[30. Working Capital for Wheeling Business.—The Commission shall calculate the working capital requirement for the wheeling business containing the following components:

¹Provision added vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579- 4596.

² Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution sub-regulation (2) read as under:

“(2) For determination of wheeling charges for open access customers, the ARR for the distribution licensee shall be

3 segregated into ARR for wheeling business and ARR for retail supply business.”
Subs. for the words and figure “in accordance with regulation 19”, vide notification No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596.
 4 *Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:*

“Working Capital for Wheeling Business.- The Commission shall calculate the working capital requirement for the wheeling business containing the following components: -
 (a) O&M expenses for one month;
 (b) receivables for two months of the wheeling charges;
 (c) maintenance spares @ 40% of R&M Expenses for one month; and

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- (a) O&M expenses for one month;
- (b) receivables for two months of the wheeling charges;
- (c) maintenance spares @ 15% of O&M expenses for one month;

Provided that for working out maintenance spares requirement under working capital any provisions, terminal benefits & any arrears payment made shall not be considered. and Less consumer security deposit, if any.]

31. Aggregate Revenue Requirement (ARR) for Retail Supply Business.- The ARR for the retail supply business of the distribution licensee, for each year of the control period, shall contain the following items;

- (a) cost of power procurement;
 - (b) transmission and load dispatch charges;
 - (c) operation and maintenance expenses;
 - (d) financing cost which includes cost of debt including working capital (interest), cost of equity (return);
 - (e) depreciation;
 - (f) income tax; and (g) interest on consumer security deposit;
- Less:
- (i) non-tariff income;
 - (ii) income from other business; and
 - (iii) Receipts on account of cross subsidy surcharge and additional surcharge from open access customers.

32. Working Capital for Retail Supply Business.—The Commission shall calculate the working capital requirement for the wheeling business containing the following components:

- (a) O&M expenses for one month;
- (b) receivables for two months of revenue from sale of electricity;
- (c) maintenance spares @ 15% of O&M Expenses for one month;

Provided that for working out maintenance spares requirement under working capital any provisions, terminal benefits & any arrears payment made shall not be considered.
 and Less—

- (i) power purchase costs for one month; and
- (ii) consumer security deposit, if any.]

33. Income from Cross-Subsidy Surcharge and Additional Surcharge.- (1)The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time in accordance with

the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, shall be shown

Less

(d) consumer security deposit, if any.”

¹ Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:

“**Working Capital for Retail Supply Business.**- Working capital for retail supply of electricity shall consist of –

(a) O&M expenses for one month;

(b) receivables for two months of revenue from sale of electricity;

(c) maintenance spares @ 40% of R&M Expenses for one month;

Less:

(i) power purchase costs for one month; and

(ii) consumer security deposit, if any.”

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separately against the consumer category that is permitted open access as per the phasing plan.

(2) Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories permitted open access in accordance with the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 and such amount shall be utilized to meet the cross-subsidy requirements of subsidised categories and fixed costs of the licensee arising out of his obligation to supply. The licensee shall provide such details in its annual filings.

1[34. Quality of Supply and Services.- (1)The quality of supply and the customer service parameters shall be monitored as per the norms specified by the Commission from time to time.

(2) The licensee shall propose baseline and performance trajectory for quality parameters for wheeling and retail supply business in its business plan as specified in the Standards of Performance Regulations framed under sub-section (1) of section 57 and sub-section (1) of section 59, read with clauses (za) and (zb) of sub-section (2) of section 181, of the Act.

(3) The Commission shall make an assessment on reliability of baseline data and may prescribe the performance trajectory for each identified parameter for the control period which shall be complied with by the distribution licensee. The Commission shall develop a performance framework to encourage licensees to improve quality of supply and services.

(4) Recovery of the Annual Revenue Requirement determined as per the norms under these regulations shall be based on achievement of the target availability index as follows:-

(a) The Availability index shall be computed for both Wheeling Business and Supply Business of the Distribution Licensee on yearly basis as per following:-

(i)For Wheeling Business:

Wheeling Network Availability Index (%) = $(1 - (\text{SAIDI}/8760)) \times 100$

Where,

SAIDI = calculated under HPERC (Distribution Performance Standards) Regulations, 2010;

(ii)For Supply Business:

The Supply Availability shall be measured on the basis of power

contracted by the Distribution Licensee on a long-term basis as per the power procurement plan under following heads:

Base Load Supply Availability = ((Actual Contracted Base Load Supply (MW)) X (Number of Off-Peak hours))/ ((Base Load in MW) X (Number of Off-Peak hours));

¹ *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution regulation 34 read as under:*

“34. Quality of Supply and Services

- (1) The quality of supply and the customer service parameters shall be monitored as per the norms specified by the Commission from time to time.
- (2) The licensee shall propose baseline and performance trajectory for quality parameters as specified in the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulation, 2010.
- (3) The Commission shall make an assessment on reliability of baseline data and may prescribe the performance trajectory for each identified parameter for the control period which shall be complied by the distribution licensee. The Commission shall develop a performance framework to encourage licensees to improve quality of supply and services.
- (4) The licensee shall submit the performance on each parameter in the form and manner directed by the Commission and the Commission shall conduct periodic reviews on the performance of the licensee with respect to quality parameters.”

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Peak Load Supply Availability=((Actual Contracted Peak Load Supply(MW)) X (Number of Peak hours))/ ((Peak load in MW)X (Number of Peak hours));

Supply Availability Index = 75% of Base Load Supply Availability + 25% of Peak Load Supply Availability;

- (b) The distribution licensee shall maintain data on planned maintenance outages, load shedding, force majeure outages and trippings;
- (c) The incentive/disincentive shall exclude the circumstances when the actual supply differs from the contracted supply due to force majeure situations, weather conditions, extreme monsoon failure, station outages, etc. which are beyond the control of the Distribution Licensee;
- (d) The Commission shall specify progressively increasing normative levels of Availability for Wires and Supply Business of the Distribution Licensee on the basis of past performance over the control period;

Provided that the Availability of Supply Business shall not be lower than 90% and shall gradually increase to 95%;

- (e) The gains and losses in the ARR shall be considered as $\pm 0.2\%$ of ARR or any other percentage as may be determined by the Commission for every percentage point increase/decrease in availability vis-à-vis the normative levels of availability:

Provided that the maximum additional return that can be earned/reduced shall be = $\pm 2\%$ of ROE or any other percentage as may be determined by the Commission.]

1[34-A. Provision for bad and doubtful debts.—The Commission may allow a provision for bad and doubtful debts upto one percent (1%) of the estimated annual revenue of the distribution licensee, subject to actual writing off of bad debts by it in the previous years:

Provided further that where the total amount of such provisioning allowed in previous years for bad and doubtful debts exceed five (5) per cent of the receivables at the beginning of the year, no such appropriation shall be allowed which would have the effect of increasing the provisioning beyond the said maximum.

PART-IV

MULTI YEAR TARIFF FILING PROCEDURE

[35. Multi-Year Filings for the control period.- (1)The multiyear tariff filing shall be in such form and in such manner as may be laid down by the Commission by an order and also as per the provisions of the Conduct of Business Regulations.

(2) The licensee shall also submit the multiyear tariff filing in electronic format to the Commission.

3[36. Beginning of the control period – business plan filings .- In the base year, prior to the filing of multi-year ARR cum Tariff petition, the distribution licensee shall file a

¹ *Ins. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277.*

² *For Orders and Forms see R H.P. dated 6th April, 2011 at p. 209 and R H.P. dated 4th Nov., 2013 at p. 4596-4599.*

³ *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution regulation 36 read as under:*

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business plan approved by its board of directors. The business plan shall be for the entire control period and shall, inter-alia, contain -

- 1[(a) forecast of sales- the distribution licensee shall forecast sales for each consumer category and sub-categories, at different voltage levels, for each Year of the Control Period, for the Commission's review and approval; The forecast shall be based on the actual demand of electricity in previous Years, anticipated growth in demand in coming Years, expected growth in the number of consumers, changes in the pattern of consumption, target distribution losses and other relevant factors; The licensee shall indicate separately the sale of electricity to traders or another licensee and category wise sales to Open Access Consumers;]
- (b) distribution loss reduction trajectory for each year of the control period;
- (c) collection efficiency for each year of the control period;
- (d)2[power procurement plan- the distribution licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply

“36. Beginning of the control period - business plan filings: The distribution licensee shall file, for the Commission's approval, on or before 30th November of the year, preceding the first year of the control period, or any other date as may be directed by the Commission, a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, inter-alia, contain: -

- (a)sales/demand forecast for each customer category and sub-categories for each year of the control period;
- (b)distribution loss reduction trajectory for each year of the control period;
- (c)collection efficiency for each year of the control period;
- (d) power procurement plan based on the sales forecast and distribution loss trajectory for each year of the business plan period; the power procurement plan may also include energy efficiency and demand side management measures;
- (e) capital investment plan: This shall take into account the sales/demand forecast, power procurement plan, distribution loss trajectory, targets for quality of supply, etc. The capital investment plan shall be consistent with the perspective plan drawn by the State Transmission Utility (STU), and shall include the corresponding capitalisation schedule and financing plan. The Commission shall approve capital investment plan of the licensees for the control period commensurate with load growth, distribution loss reduction and quality improvement proposed in the business plan;
- (f) the appropriate capital structure of each scheme proposed and cost of financing (interest on debt and return on equity), terms of the existing loan agreements, etc;
- (g) the Operation and Maintenance (O&M) costs estimated for the base year and two years prior to the base year with complete details, together with the forecast for each year of the control period based on the proposed efficiency in operating costs, norms for O&M cost allowance including indexation and other appropriate mechanism;
- (h) details of depreciation based on the useful life of the asset and capitalisation schedules for each year of the control period;

- (i) a set of targets proposed for other items such as collection efficiency, bad debts, working capital, quality of supply targets, etc. The targets shall be consistent with the capital investment plan proposed by the licensee; (j) proposals for other items such as external parameters used for indexation (inflation, etc);

(k)

other information: This shall include any other details considered appropriate by the distribution licensee for consideration during determination of tariff; and

the filings in addition to the control period data, shall also contain the data for the cost and revenue parameters for the last three years.”

¹Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:

“(a) sales/demand forecast for each customer category and sub-categories for each year of the control period;”

²Subs. vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:

“(d) power procurement plan – comprising monthly/annual Demand (MW) and Energy (MU) requirements, along with economic depictions, based upon the power procurement sources (existing/upcoming), sales forecasts (restricted/unrestricted demand, base load/peak load/off load power requirement) and distribution loss trajectory and may also include energy conservation, energy efficiency and demand side management measures:

Provided that, the licensee may source its primary power requirements from long-term/ medium-term sources and only unforeseen shortfalls may be sourced from short-term sources:

Provided further that, an additional quantum of 5% of the power requirement may be kept as contingent surplus to take care of events resulting in shortfall on account of reasons beyond the control of the licensee:

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and submit such plan to the Commission for approval as a part of Business Plan:

Provided that such power procurement plan may include long-term, medium term and short term sources of power procurement, in accordance with these regulations;

(da) The power procurement plan of the distribution licensee shall comprise of the following:

- (i) a quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;
- (ii) an estimate of the quantity of electricity supply from the identified sources of power purchase, including own generation, if any;
- (iii) measures proposed for energy conservation, energy efficiency, and demand side management;
- (iv) an estimate of availability of power to meet the base load and peak load requirement:

Provided that such estimate of demand and supply shall be on month wise basis in Megawatt (MW) as well as expressed in Million Units (MU);

- (v) standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant regulations of the Commission;
- (vi) the requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on the foregoing items (i) to (v);
- (vii) the sources of power, quantity and cost estimates for such procurement:

Provided that the forecast or estimates for the Control Period shall be prepared for each month over the Control Period:

Provided further that the long-term procurement plan shall be a cost effective plan based on available information regarding costs of various sources of supply;

- (db) the forecast or estimate shall be prepared using forecasting techniques based on past data, sales forecast, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors;
- (dc) where the Commission has specified a percentage of the total consumption of electricity in the area of a distribution licensee to be purchased from cogeneration or renewable sources of energy including solar power, the power procurement plan shall include the plan for procurement from such sources upto the specified level;
- (dd) the distribution licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the transmission system plan;
- (de) the distribution licensee may, as a result of additional information not previously known or available to it at the time of submission of the procurement plan under regulation apply for modification in the power procurement plan for the remaining Control Period, as part of its petition for Mid-term Review;

Provided also that, where the Commission has stipulated a percentage of the total consumption of electricity in the area of a distribution licensee to be purchased from co-generation and renewable sources of energy, the power procurement plan of such distribution licensee shall include the plan for procurement from such sources at least up to the specified level;”

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- (df) the Commission may, as a result of additional information not previously known or available to the Commission at the time of approval of the procurement plan, if it deems appropriate, *suo motu* or on a petition filed by the distribution licensee, modify the procurement plan of the distribution licensee for the remaining Control Period, as part of the Mid-term Review;]
- (e) capital investment plan (CAPEX plan): The Commission shall approve the capital investment of the licensee for the control period, the CAPEX plan being based upon load forecasts, load flow studies/power evacuation plans/plan drawn by the State Transmission Utility (STU), system improvement (distribution loss reduction, reliability/quality of supply etc.) and the corresponding capitalization schedule and financing plan, the appropriate capital structure of each scheme proposed and cost of financing (interest on debt and return on equity), terms of loan agreements, etc:

Provided that, the consumer contributions towards cost of capital assets and the assets so created shall be accounted for separately as per standard accounting principles;

- (f) Operation & Maintenance (O&M): The filing shall be in accordance with the provisions of sub-regulation (1-a) of regulation 17 of these regulations and shall include the fresh recruitments proposed at various levels and the major Repair and Maintenance (R&M) works proposed during each year of the control period along with estimated costs;
- (g) details of depreciation based on the useful life of the asset and capitalization schedules for each year of the control period;
- (h) a set of targets proposed for other items such as collection efficiency, bad debts, working capital, quality of supply targets, etc. The targets shall be consistent with the capital investment plan proposed by the licensee;
- (i) proposals for other items such as external parameters used for indexation

(inflation, etc);

(j) other information: this shall include any other details considered appropriate by the distribution licensee for consideration during determination of tariff; and (k) the filings in addition to the control period data, shall also contain the data for the cost and revenue parameters for the last three years.”

1[37. Aggregate Revenue Requirement (Multi-year, APR and MPR) and tariff filings during the control period.- (1)The distribution licensee shall file not less than 120

¹ *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution regulation 37 read as under:*

“37. Annual Performance Review (APR) during the control period

- (1) The distribution licensee shall file an application for approval of wheeling tariff and retail supply tariff for each year of the control period, not less than 120 days before the commencement of the first year or subsequent year of the control period or such other date as may be directed by the Commission.
- (2) The wheeling tariff shall be determined for each year of the control period at the beginning of the control period. The licensee shall propose energy based wheeling tariff. The licensee shall also indicate the distribution losses voltage-wise to provide for adjustment of losses in the system.
- (3) The filings for wheeling tariff shall contain the following: -
 - (a) the distribution system or network usage forecast for each year of the control period, consistent with the business plan;
 - (b) proposals for computation of tariffs for wheeling of electricity for each of the years of the control period, including the losses and the procedure thereof;
 - (c) proposals for non-tariff income, with item-wise description and details;
 - (d) proposals in respect of income from other businesses like consultancy services, convergence, training facilities, etc;
 - (e) proposed wheeling tariff (voltage-wise);

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days before the commencement of the first year of the control period or such other date as may be directed by the Commission, an application for approval of multi-year Aggregate Revenue Requirement (ARR) for each year of the control period and determination of wheeling and retail supply tariff for the first year of the control period.

(2) For the subsequent years of the control period, in the APR and MPR filings, the distribution licensee shall file not less than 120 days before the commencement of the respective year of the control period or such other date as may be directed by the Commission, an application for the approval of annual Aggregate Revenue Requirement (ARR) and for determination of wheeling and retail supply tariff for the respective year.

(3) The licensee for the APR shall file for adjustments to multi-year ARR approved in first year of control period on account of uncontrollable parameters and for the MPR shall file for adjustments to approved multi-year ARR on account of both controllable and uncontrollable parameters:

Provided that the during the MPR, the Commission may revise the trajectories for various controllable parameters for the remaining period of the control period and this shall be deemed to give consequential effect to the ARR approved in the first year of the control period.

(4) The filings for wheeling tariff shall contain the following:-

- (a) the distribution system or network usage forecast for each year of the control period, consistent with the business plan;
- (b) proposals for computation of tariffs for wheeling of electricity for each of the years of the control period, including the voltage-wise losses, adjustment of losses in the system and the procedure thereof;

- (c) proposals for non-tariff income, with item-wise description and details;
- (d) proposals in respect of income from other businesses like consultancy services, convergence, training facilities, etc;
- (e) proposed energy based wheeling tariff (voltage-wise);
- (f) expected revenue from the proposed wheeling tariff, including additional surcharge etc.

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- (f) expected revenue from the proposed wheeling tariff, including additional surcharge etc.
 - (4) The filings for retail supply tariff shall contain the following: -
 - (a) the licensee's proposal for retail sale of electricity for the consumers pertaining to retail supply business, which shall include energy sales, tariffs for each consumer category, slab-wise and voltage-wise. The proposed tariff may also be based on energy charges, demand charges, minimum charges, etc alongwith the tariff rationalization measures;
 - (b) proposal for power procurement quantum based upon energy sales and distribution losses, cost of power purchase, transmission and load despatch charges etc;
 - (c) proposals for non-tariff income with item-wise description and details;
 - (d) proposals in respect of income from other businesses like consultancy services, convergence, training facilities, etc;
 - (e) expected revenue from the proposed retail supply tariff, and other matters considered appropriate by the distribution licensee, including incentive schemes to consumers, cross-subsidy surcharge, etc.
 - (5) Each tariff proposal submitted by the distribution licensee shall –
 - (a) be supported with the principles of cost-of-service model allocating the costs of the licensed business to each category of consumers based on voltage-wise costs and losses, and
 - (b) demonstrate that the tariffs are progressively reflecting the cost of supply.
 - (6) The licensee shall furnish to the Commission, such additional information, particulars and documents as the Commission may require from time to time after such filing of revenue calculations and tariff proposals.
 - (7) The licensee shall publish, for the information of the public, the contents of the application in an abridged form in such manner as the Commission may direct and shall host the complete copy of the filing on its website and shall also provide copies of the documents filed with the Commission to any person at a price not exceeding normal photocopying charges."

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- (5) The filings for retail supply tariff shall contain the following:-
 - (a) the licensee's proposal for retail sale of electricity for the consumers pertaining to retail supply business, which shall include energy sales, tariffs for each consumer category, slab-wise and voltage-wise. The proposed tariff may also be based on energy charges, demand charges, minimum charges, etc alongwith the tariff rationalization measures;
 - (b) proposal for power procurement quantum based upon energy sales and distribution losses, cost of power purchase, transmission and load despatch charges etc;
 - (c) proposals for non-tariff income with item-wise description and details;
 - (d) proposals in respect of income from other businesses like consultancy services, convergence, training facilities, etc;
 - (e) expected revenue from the proposed retail supply tariff, and other matters considered appropriate by the distribution licensee, including incentive schemes to consumers, cross-subsidy surcharge, etc;
 - (f) Each tariff proposal submitted by the distribution licensee shall be progressively compliant of the various principles enunciated in the regulation 41-B of these regulations and demonstrate that the tariffs are progressively reflecting the cost of supply.

(6) The licensee shall furnish to the Commission, such additional information, particulars and documents as the Commission may require from time to time after such filing of revenue calculations and tariff proposals.

(7) The licensee shall publish, for the information of the public, the contents of the application in an abridged form in such manner as the Commission may direct and shall host the complete copy of the filing on its website and shall also provide copies of the documents filed with the Commission to any person at a price not exceeding normal photocopying charges.

1[38. Review during the control period.- (1) The distribution licensee shall submit information as part of annual review on actual performance vis-à-vis performance targets approved by the Commission at the beginning of the control period, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets.

(2) The revised estimates shall be required because of trued-up costs on account of variations in uncontrollable parameters in respect of APR and variations in both controllable and uncontrollable parameters in respect of MPR.]

39. Review at the end of the control period.- (1) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission

¹ *Subs. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R H.P. dated 4th November, 2013 at p. 4579- 4596 and before its substitution regulation 38 read as under:*

“38. Review during the control period

(1) The distribution licensee shall submit information as part of annual review on actual performance vis-à-vis performance targets approved by the Commission at the beginning of the control period.

(2) The distribution licensee shall submit the revised ARR and corresponding tariff adjustments 120 days before the commencement of the financial year. The revised estimates shall be required because of trued-up costs on account of uncontrollable variations, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets.”

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shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee’s requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

(2) The end of the control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyse the performance of the licensee with respect to the targets set out at the beginning of the control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period.

40. Disposal of Application.- (1) The Commission shall process the filings made by the distribution licensee in accordance with these regulations and the Conduct of Business Regulations.

(2) Based on the distribution licensees’ filings, objections/suggestions from public and other stakeholders, the Commission may, within 120 days of the receipt of the application, complete in all respects, and after considering all suggestions and objections from public and other stakeholders, -

- (a) issue a tariff order with such modifications and/or such conditions, as may be deemed just and appropriate, containing inter alia targets for controllable items and the approved ARR for the wheeling business and the ARR for the retail supply business alongwith the wheeling charges and retail supply tariff for each year of the control period; or
- (b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and regulations made thereunder or the provisions of any other law for the time being in force.

41. Publication.- The distribution licensee shall publish the tariff approved by the Commission in the newspapers, having circulation in the area of supply, as the Commission may direct. The publication shall, besides such other things as the Commission may require, include a general description of the tariff changes and its effect on the classes of the consumers.

1[41-A. Adherence to Tariff Order .- (1) If the distribution licensee recovers a price or charge exceeding the tariff determined under Section 62 of the Act and in accordance with these regulations, the excess amount shall be recoverable by the person who has paid such price or charge, along with interest equivalent to the one (1) Year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year plus 300 basis points prevailing during the relevant period, without prejudice to any other liability to which such licensee may be subject:

Provided that such interest payable to any party shall not be allowed to be recovered through the Aggregate Revenue Requirement of the licensee:

¹Subs. sub-regulation (1) vide Not. HPERC-F(1)-1/2018 dated 22nd November, 2018 published in R.H.P. dated 27th November, 2018 at p. 6265-6277. Before its substitution read as under:

“(1) If the distribution licensee recovers a price or charge exceeding the tariff determined under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be recoverable by the person who has paid such price or charge, along with interest equivalent to the Base Rate of State Bank of India plus 350 basis points without prejudice to any other liability incurred by the distribution licensee.”

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Provided further that the licensee shall maintain separate details of such interest paid or payable by it, and shall submit them to the Commission alongwith its petition.]

(2) The distribution licensee shall submit periodic returns as may be required by the Commission, containing operational and cost data to enable the Commission to monitor the implementation of its Order.

PART –V

¹[SUBSIDY, COST OF SUPPLY AND CROSS SUBSIDY]

2[41-B. Cost of Supply and Cross Subsidy.- (1) In accordance with the National Electricity Policy and National Tariff Policy, the Commission shall allow recovery of efficient and prudent cost of supply of electricity by the licensee from the consumers to make the power sector sustainable.

(2) The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The Commission shall also continuously endeavour to rationalise the tariff structures to encourage efficient and prudent end use of electricity.

(3) The Commission shall progressively and gradually reduce the existing cross subsidies without giving tariff shocks to any consumer category and to achieve the objective the Commission shall -

- (a) restrict the cross subsidy, while fixing the tariff for 2014-15, for various consumer categories other than the life line domestic consumers, to a level of ($\pm$)20% of the average cost of supply;
- (b) indicate a roadmap for reduction and/or rationalization of cross subsidies in the MYT Orders for the Control Periods starting from 1.4.2014 and thereafter. The road map shall be based on the approach of a gradual reduction/rationalization in cross subsidy, guided by the principles laid down in the National Tariff Policy, with a target that by the end of the control period starting from 1.4.2014 tariffs for the consumer categories, other than the life line category, are within (-)15% to (+) 10% of the average cost of supply and by the end of the subsequent control period, the same are within (-)10% to (+) 5%;
- (c) The life line domestic consumers shall continue to receive a special support through cross subsidy:

Provided that the tariff of the life line domestic consumers shall not be less than 50% of the average cost of supply.

(4) Till such time the overall average per unit tariffs for various categories, other than Life line category, are brought within (-)10% to (+)5% of the average cost of supply as per sub regulation (3) the Commission shall base the tariff fixation exercise during such interim periods on the basis of average cost of supply.

(5) During the interim periods as mentioned as sub regulations (3) and (4), the Commission shall, with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes also carry out suitable exercise based on the available data, suitable assumptions and the concepts as may be considered appropriate.

¹ Subs. for “**SUBSIDY**” vide Not. No. HPERC/ F (5) (3) (1) (Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596.

² Ins. vide Not. No. HPERC/F(5)(3)(1)(Retail) dated 1st November, 2013 published in the R.H.P. dated 4th November, 2013 at p. 4579- 4596.

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The Commission shall broadly follow the following methodologies for allocation of costs for the purpose of cost to serve calculations.

- (a) **Functionalization and classification of Cost** – Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc. Each of the functionalized cost shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting;
- (b) **Allocation of Costs** -

- (i) **Allocation of Demand Costs:** Demand costs various functions shall be allocated among consumer categories on the basis of average estimated demand of the consumer categories during different hours of the day and different seasons of the year;
- (ii) **Allocation of Energy Costs :** Energy related costs of Distribution functions shall be allocated to the consumer categories on the basis of incremental cost of power purchase by following merit order and block approach beyond the minimum common level of load factor:

Provided that the cost of additional 5% power kept as contingent surplus in accordance with these regulations may be allocated to all the consumer categories in proportion to the total electricity consumption of each category:

Provided further that the energy flows from HT system to EHT system during certain situations which are typically prevalent in Himachal Pradesh on account of small hydro projects shall also be duly considered while allocating the distribution losses to various categories of consumers;

- (iii) **Allocation of Customer Costs:** Customer related costs shall be allocated to consumer categories by assigning suitable weights duly taking into account to average consumption per consumer for various categories of consumers.”]

42. Subsidy from the State Government. – (1) The State Government may, at any time as it considers to be appropriate, propose any subsidy to any class or classes of consumers in the tariff determined by the Commission and upon receiving such proposal, the Commission shall determine the amount to be paid as subsidy and the terms and conditions of such payment including the manner of payment of subsidy amounts by the State Government to the person affected by the decision of the subsidy.

(2) While determining the tariff, the Commission shall take into account any subsidies, which the State Government had agreed to give to any class or classes of consumers.

(3) The tariff determined by the Commission shall be published duly taking into account such subsidy offered by the State Government as on the date of the decision of the Commission.

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(4) Notwithstanding anything contained in these regulations, no direction of the State Government shall be operative if the payment is not made by the State Government in accordance with the provisions of section 65 of the act. In the event of such directions being not operative the amount of subsidy to be made by the State Government shall be added in the tariff to be charged by the licensee to the concerned class or classes of consumers.

(5) The consequential orders which the Commission may issue to give effect to the subsidy that the State Government may provide shall not be construed as amendment of tariff notified. The licensee shall, however, give appropriate adjustments in the bills to be raised on the consumers for the subsidy amount in the manner the Commission may direct.

(6) The bills to the consumers shall distinctively display the per unit cost of supply of electricity to the class of consumer as determined by the Commission, the subsidy, if any, given by the State Government applicable to such class of consumers and per unit amount

of such subsidy, the bill amount payable by the consumer and the cross subsidization of the class of the consumer in the tariff made applicable without taking into account of subsidy from the State Government.

(7) The licensee shall be required to furnish documents to the satisfaction of the Commission that the subsidy amount received by the licensee from the State Government is duly accounted for and utilized for the purpose for which the subsidy is given.

PART-VI

MISCELLANEOUS

43. Transitory provisions.- Notwithstanding anything to the contrary contained in these regulations-

- (a) the tariff order issued by the Commission for the control period ending on the 31st March, 2011 shall continue to operate; and
- (b) the proceedings (including review petition) for amendments, revocation, variation or alteration of the said tariff order shall continue to be filed and dealt with as if the repealed regulations in respect of the said tariff determination continue to be in-force, and the provisions of these regulations shall not apply.

44. Issue of Orders and Practice Directions.- (1) Subject to the provision of the Act and these regulations, the Commission may, from time to time, issue orders¹ and practice directions, prescribe formats in regard to the implementation of these regulations and procedure to be followed on various matters, which the Commission has been empowered by these regulations to direct, and matters incidental or ancillary thereto.

(2) Notwithstanding anything contained in these regulations, the Commission shall have the authority, either suo-motu or on a petition filed by any interested or affected person, to determine the tariff of any licensee.

45. Power to remove difficulties.- In case of any difficulty in giving effect to any of the provisions of these regulations, the Commission may, either suo-motu or on an application made to it, do or undertake to do things, or by general or special order direct

¹ For Orders and Formats see R.H.P dated 6th April, 2011 at p. 209 and RHP dated 4th November 2013 at p. 4596-4599.

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the licensee to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing the difficulty.

46. Power of relaxation.- The Commission may, in public interest and for reasons to be recorded in writing, relax any of the provisions of these regulations.

47. Interpretation.- All issues arising in relation to the interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

48. Saving of Inherent Powers of the Commission.- Nothing contained in these regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

49. Enquiry and Investigation. -All enquiries, investigations and adjudications under these regulations shall be done by the Commission in accordance with the provisions of the Conduct of Business regulations.

50. Repeal and savings.- (1)The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 are hereby repealed.

(2) Notwithstanding such repeal-

(a) anything done or any action taken or purported to have been done or taken under the repealed regulations shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) the provisions concerning the tariff order made for the control period ending on the 31st March, 2011 and the provisions for conduct of the proceedings (including review petitions) for its revocations, variation or alternation as, stood before such repeal, shall continue to be in-force.

By Order of the Commission

-Sd-

Secretary

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Appendix: Depreciation Schedule (see regulation O)

S. No		Useful Life (Years)	Rate (%)
1	Land owned under full title	Infinity	0
2	Land held under lease		
(A)	For investment in land	Period of lease or the period remaining unexpired on the assignment of the lease	0
(B)	For cost of clearing site	Period of lease remaining unexpired at the date of clearing the site	0
3	Assets Purchased New		
(A)	Buildings and civil engineering works of a permanent character, not mentioned above:		
(i)	(i) Offices & showrooms	50	1.80
(ii)	(ii) Temporary erection such as wooden structures	5	18.00
(iii)	(iii) Roads other than kutchra roads	50	1.80
(iv)	(iv) Others	50	1.80
(B)	Transformers, transformer (kiosk) sub-station equipment & other fixed apparatus (including plant foundations)		
(i)	(i) Transformers (including foundations) having a rating of 100 kilo volt amperes and over	25	3.60
(ii)	(ii) Others	25	3.60
(C)	(C) Switchgear, including cable connections	25	3.60
(D)	(D) Lightning arrestors:		
(i)	(i) Station type	25	3.60
(ii)	(ii) Pole type	15	6.00

(iii)	(iii) Synchronous condenser	35	2.57
(E)	Batteries	5	18.00
(F)	Underground cable including joint boxes and disconnected boxes	35	2.57
(G)	Cable duct system	50	1.80
(H)	Overhead lines including supports:		
(i)	Lines on fabricated steel operating at nominal voltages higher than 66 kV	35	2.57
(ii)	Lines on steel supports operating at nominal voltages higher than 11 kV but not exceeding 66 kV	25	3.60
(iii)	Lines on steel or reinforced concrete supports	25	3.60
(iv)	(iv) Lines on treated wood supports	25	3.60
(I)	Meters		
	Electro Mechanical	15	6.00

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S. No	Asset Class	Useful Life (Years)	Rate (%)
	Electronic	10	9.00
(J)	Self propelled vehicles	5	18.00
(K)	Air conditioning plants:		
(i)	Static	15	6.00
(ii)	Portable	5	18.00
(L)			
(i)	(i) Office furniture and fittings	15	6.00
(ii)	(ii) Office equipments	15	6.00
(iii)	Internal wirings including fittings and apparatus	15	6.00
(iv)	(iv) Street Light fittings	15	6.00
(M)	Apparatus let on hire:		
(i)	(i) Other than motors	5	18.00
(ii)	Motors	15	6.00
(N)	Communication equipment		
(i)	Radio and higher frequency carrier systems	15	6.00
(ii)	(ii) Telephone lines and telephones	15	6.00
(O)	Assets purchased in second hand and assets not otherwise provided for in the schedule	such reasonable period as the Commission determines in each case having regard to the nature, age and conditions of assets at the time of its acquisition by the owner	
1[(P)	IT equipments including software	7	15

Note:—

(i) In case the useful life of a particular asset is less than the useful life prescribed under these regulations, then the useful life of such particular asset shall be considered as per the Companies Act, 2013 and subsequent amendment thereto.

(ii) IT equipments including software have been allowed to be depreciated upto 100%. Therefore, the rate of depreciation for the 7th year shall be 10%.]

¹ Add. S.No. (P) alongwith Note for vide Not. No. HPERC-F(1)-1/2021 dated 30th January, 2021 published in the R.H.P. dated 4th February, 2021 at p. 7133-7135.

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Notification and Orders under

The Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2013

¹[Fixation of Multiyear Control Period]

NOTIFICATION

Dated: 02.03.2011

No. HPERC/Dis/479 (Reg.)- In exercise of the powers conferred by clause (9) of regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of three years starting from 01.04.2011 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd-
Secretary

²[NOTIFICATION]

Dated: 1st November, 2013

No.HPERC/F(5)(3)(1)- In supersession of this Commission's notification Nos. HPERC/Dis./ 479 dated 2nd March, 2011; HPERC/Gen/479, dated 2nd March, 2011; HPERC/Trans/479 dated 2nd March, 2011 and HPERC/SLDC/479 dated 2nd May, 2011, published in the Rajpatra, Himachal Pradesh dated 7th April, 2011 & 2nd June, 2011 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01.04.2014 as multiyear control period for the purposes of the said regulations.

By order of the Commission
-Sd/-
Secretary

¹ Published in R H.P. dated 7.4.2011 at p. 213.

² Not. Published in the R H.P. 5th Nov., 2013 at p. 4628.

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¹[The HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018]

NOTIFICATION

Shimla, the 22nd November, 2018

No. HPERC-F(1)-1/2018.—Whereas section 61 of the Electricity Act, 2003 (36 of 2003), provides that the Appropriate Commission shall specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the National Tariff Policy formulated under the said Act;

AND WHEREAS the Himachal Pradesh Electricity Regulatory Commission has framed the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and has determined the tariff for the distribution licensee *i.e.* HPSEBL for the 2nd and 3rd MYT Control Periods from 2011 to 2014 and 2014 to 2019;

AND WHEREAS it has become necessary:

- (a) to review the existing provisions to align them with the change in the National Tariff Policy, 2016, change in methodologies of the Central Commission, the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Sharing of Cost of Terminal Benefits of Personnel of Erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015, the Himachal Pradesh Electricity Regulatory Commission (Reporting System on Power Regulatory Accounting) Regulations, 2014,
- (b) to review the norms of operations of the Utilities like linking Interest on Working Capital with Marginal Cost of Funds based Lending Rate instead of base rate,
- (c) to address certain gaps and discrepancies in the regulations;

AND WHEREAS the Himachal Pradesh Electricity Regulatory Commission is making an exercise to determine the tariff for distribution licensee for the next control period starting from 1st April, 2019 and keeping in view the regulatory developments after making of the aforesaid regulations and also the experience gained over the period, the National Tariff Policy and methodologies of the Central Commission, amongst others, it has also felt necessary to amend/modify the existing regulations;

NOW, THEREFORE, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181, read with sections 61, 62 and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, and after previous publication, the Himachal Pradesh Electricity Regulatory Commission makes the following amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, published in the Rajpatra, Himachal Pradesh, dated 2nd April, 2011, namely:—

By order of the Commission

-Sd/-

Secretary

¹ Published in R H.P. dated 27th November, 2018 at p. 6265-6266.

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1[The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Distribution Licensee) Order, 2011]

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

2[The Himachal Pradesh Electricity Regulatory Commission (Formats for Multi Year Tariff Filings by the Distribution Licensee) Order, 2013]

The text of this Order and its Annexures is printed under the Himachal Pradesh Electricity Regulatory Commission (Guidelines and Formats for Tariff Filing) Regulations, 2005.

3[Fixation of Multiyear Control Period]

NOTIFICATION

Shimla, the 29th December, 2018

No. HPERC-F(1)-1/2018.—In supersession of this Commission’s notification No. HPERC /F(5)(3)(1) dated 1st November, 2013, published in the Rajpatra, Himachal Pradesh on 1st November, 2013 and in exercise of the powers conferred by clause (9) of regulation 2 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; clause (13) of regulation 3 of the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011; clause (16) of regulation 3 of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011; and clause (15) of regulation 3 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the Himachal Pradesh Electricity Regulatory Commission hereby fixes the period of five years starting from 01-04-2019 as multiyear control period for the purposes of the said regulations.

By order of the Commission,

Sd/-

Secretary.

¹ Notified vide the Not. No. HPERC (Dis.)/479 (Reg.) dated 2nd April, 2011 published in R H.P. dated 6th April, 2011 at p. 209.

2. Notified vide the Not. No. HPERC (5)(3)(1)(Retail) dated 1st November, 2013 published in R H.P. dated 4th November, 2013 at p. 4596-4599.

³ Published Not. in R.H.P. dated 2nd January, 2019 at p. 7273-7274.