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RECEIPT

APPELLATE TRIBUNAL FOR ELECTRICITY

Core- 4, 7th Floor Scope Complex Lodhi Road New Delhi-110003

DFR- 221/2025 DATE OF FILING : 24/06/2025 14:35:41

CASE TYPE:- APL

Appellant Name :- Power Transmission Corporation of Uttarakhand Limited

Respondent Name :- Uttarakhand Electricity Regulatory Commission

MF No	Year	Type Of Recipt	Filed By
2321	2025	Defects Cured Letter	Power Transmission Corporation of Uttarakhand Limited(A-1),

COUNTER ASSISTANT

OPENING SHEET

DFR No.	Date of filing	Appellant(s)	Respondent(s)	Counsel for Appellant	Fee Details	Subject Matter of Dispute (*)	Relief sought – briefly & accurately for permanent record purpose with provisions of law involved
221/2025	11.06.2025	Power Transmission Corporation of Uttarakhand Limited	Uttarakhand Electricity Regulatory Commission	[illegible] Sengupta	DD for Rs. 105000/- (Rupees One Lakh Five Thousand Only) dated 10.06.2025 drawn on Punjab National Bank Transaction Ref. No. 2306250008175 dated 23.06.2025 for Rs. 25/- Bharatkosh	Tariff	(a) Allow the present appeal and set-aside the Impugned Order dated 28.03.2024 issued by the Learned Uttarakhand Electricity Regulatory Commission in Petition No. 49 of 2023 to the extent challenged; and (b) Pass any such further order as this Hon'ble Tribunal may deem necessary in the interest of justice.

BEFORE THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY AT NEW DELHI

APPELLATE JURISDICTION

APPEAL NO. _____ OF 2025

IN THE MATTER OF:

Power Transmission Corporation of Uttarakhand Limited

...Appellant

Versus

Uttarakhand Electricity Regulatory Commission

...Respondent

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Filed by

TRILEGAL
Advocates for the Appellant
1st Floor, Wing A&B,
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Saket, New Delhi – 110017

Place: New Delhi

Date: 11.06.2025

BEFORE THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY AT NEW DELHI

APPELLATE JURISDICTION

APPEAL NO. _____ OF 2025

IN THE MATTER OF:

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VOLUME I

Filed by

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Saket, New Delhi – 110017

Place: New Delhi

Date: 11.06.2025

SYNOPSIS

The present appeal is being filed by Power Transmission Corporation of Uttarakhand Limited (**PTCUL**) impugning the legality, validity and propriety of the order dated 28.03.2024 in Petition No. 49 of 2023 (**Impugned Order**) issued by the Respondent, Learned Uttarakhand Electricity Regulatory Commission (**Ld. UERC**).

PTCUL filed Petition No. 49 of 2023 before Ld. UERC seeking truing up of its transmission tariff for FY 2022-23, along with the Annual Performance Review (**APR**) for FY 2023-24, and the revised Aggregate Revenue Requirement (**ARR**) for FY 2024-25.

That the Impugned Order contains several erroneous disallowances and computations impacting the ARR and resulting in an unfair tariff determination. PTCUL is *inter alia*, challenging the disallowance of additional capitalization and computation of non-tariff income.

That the approach adopted by the Ld. UERC while allowing the capitalization as well as additional capitalization for the FY 2022-23 is erroneous and merits interference by this Hon'ble Tribunal, the approach adopted by the Ld. UERC is as follows:

- Lower of the capitalization claimed in Form 9A and Form 9.5 has been considered instead of justification submitted for the capitalization claim.

- Schemes exceeding the Investment Approval Limit have been restricted to Investment Approval.

- Interest During Construction (**IDC**) for the Schemes have been worked out on Pro-rata Basis by categorizing the delay under controllable and uncontrollable factors for Schemes Capitalized during FY 2022-23.

That the approach taken by the Ld. UERC in allowing capitalization and additional capitalization for FY 2022-23 is erroneous and warrants intervention by this Hon'ble Tribunal. Specifically, the Ld. UERC's method involves considering the lower amount claimed between Form 9A and Form 9.5, rather than evaluating the detailed justifications provided for the capitalization claims. Furthermore, schemes where the claimed cost exceeds the initial investment approval limit have been arbitrarily restricted to that limit which is contrary to the provisions of the UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations 2021 (**MYT Regulations 2021**) [*Regulation 21 (7)*] as per which capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. Additionally, the IDC for capitalized schemes has been calculated on a pro-rata basis, based on a categorization of delays into controllable and uncontrollable factors, while all the factors leading to delay were demonstrably uncontrollable and IDC for the same ought to have been allowed in terms of Regulation 21 (9) of the MYT Regulations 2021. These adopted methods demonstrate a failure by the Ld. UERC to properly consider the specific circumstances and justifications presented, leading to an unfair tariff determination.

That the Ld. UERC was erred in classifying certain revenue streams as non-tariff income, specifically interest on investments made from Return on Equity (**RoE**), forfeited earnest money of deemed Inter-

State Transmission System (**ISTS**) element, and security money, contrary to the MYT Regulations 2021.

Aggrieved by the aspects highlighted above, the present appeal is being filed against the Impugned Order.

LIST OF DATES

Date	Event
31.05.2004	Power Transmission Corporation of Uttarakhand Limited (**PTCUL/ Appellant**) is the State Transmission Utility (**STU**) for the state of Uttarakhand notified vide Government of Uttarakhand notification under Section 39 of the Electricity Act, 2003 (**Act**).
09.06.2004	The Learned Uttarakhand Electricity Regulatory Commission (**Ld. UERC/ Respondent**) vide its order amended the earlier 'Transmission and Bulk Supply License' granted to Uttaranchal Power Corporation Limited (**UPCL**) and Transmission license was vested on PTCUL for carrying out transmission related works in the state. Accordingly, PTCUL is functioning in accordance with the provisions envisaged in the Act and is engaged, within the framework of the Act, in the business of transmission of electricity.
25.08.2004	The UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 (**Tariff Regulations 2004**) were notified, in accordance with which the Ld. UERC issued separate Tariff Orders for PTCUL.

14.09.2021	The Ld. UERC notified UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations 2021 (**MYT Regulations 2021**).
29.11.2023	PTCUL filed Petition No. 49 of 2023 before Ld. UERC seeking truing up of tariff for FY 2022-23, along with the Annual Performance Review (**APR**) for FY 2023-24, and the revised Aggregate Revenue Requirement (**ARR**) for FY 2024-25.
28.03.2024	The Ld. UERC issued the final order in Petition No. 49 of 2023 (**Impugned Order**).
20.06.2024	PTCUL filed review petition bearing Miscellaneous Application No. 45 of 2024 against the Impugned Order.
21.08.2024	The Ld. UERC vide its order dismissed the review petition.
1106.2025	Aggrieved by the Impugned Order, the present statutory appeal is being filed.

F

BEFORE THE APPELLATE TRIBUNAL FOR ELECTRICITY
AT NEW DELHI
(APPELLATE JURISDICTION)

APPEAL NO. OF 2025

IN THE MATTER OF:

Power Transmission Corporation of Uttarakhand Limited

...Appellant

Versus

Uttarakhand Electricity Regulatory Commission

...Respondent

MEMO OF PARTIES

Power Transmission Corporation of Uttarakhand Limited,
Vidyut Bhawan, Near ISBT Crossing,
Saharanpur Road, Majra, Dehradun-248001
Email: md@ptcul.org
Contact: 0135-2643460
Through its Managing Director

...Appellant

Versus

Uttarakhand Electricity Regulatory Commission
"Vidyut Niyamak Bhawan"
Near I.S.B.T., P.O. Majra,

Dehradun, Uttarakhand -248171

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Contact: 91-135-2641115

Through its secretary

...Respondent

Filed by:

TRILEGAL
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1st Floor, Wing A & B, D3,
Prius Platinum, District Centre,
Saket, New Delhi -110017

Place: New Delhi

Date: 11.06.2025

BEFORE THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY AT NEW DELHI

APPELLATE JURISDICTION

APPEAL NO. ____OF 2025

IN THE MATTER OF: *Appeal under Section 111 of the Electricity Act, 2003 impugning the legality, validity and propriety of the order dated 28.03.2024 passed by the Learned Uttarakhand Electricity Regulatory Commission in Petition No. 49 of 2023.*

IN THE MATTER OF:

Power Transmission Corporation of Uttarakhand Limited

...Appellant

Versus

Uttarakhand Electricity Regulatory Commission

...Respondent

APPEAL UNDER SECTION 111 OF THE ELECTRICITY ACT, 2003

TO

THE HON'BLE CHAIRPERSON AND
HIS COMPANION MEMBERS OF THE
HON'BLE APPELLATE TRIBUNAL

The Appellant most respectfully submits as under:

1. Details of Appeal

1.1 The present appeal is being filed by Power Transmission Corporation of Uttarakhand Limited (**PTCUL**) impugning the legality, validity and propriety of the order dated 28.03.2024 in Petition No. 49 of 2023 (**Impugned Order**) issued by the Respondent, Learned Uttarakhand Electricity Regulatory Commission (**Ld. UERC**).

Certified copy of the Impugned Order is annexed herewith and marked as **Annexure A/1**.

1.2 PTCUL filed Petition No. 49 of 2023 before Ld. UERC seeking truing up of its transmission tariff for FY 2022-23, along with the Annual Performance Review (**APR**) for FY 2023-24, and the revised Aggregate Revenue Requirement (**ARR**) for FY 2024-25.

1.3 That the Impugned Order contains several erroneous disallowances and computations impacting the ARR and resulting in an unfair tariff determination. PTCUL is *inter alia*, challenging the disallowance of additional capitalization and computation of non-tariff income.

2. Date on which the order appealed against is communicated and proof thereof, if any.

2.1 The Impugned Order was issued by the Ld. UERC on 28.03.2024 and was communicated to the Appellant on 27.04.2024.

3. The address of the appellant for service is as set out hereunder:

3.1. **Appellant**

Power Transmission Corporation of Uttarakhand Limited,
Vidyut Bhawan, Near ISBT Crossing,

Saharanpur Road, Majra, Dehradun-248001

Email: md@ptcul.org

Contact: 0135-2643460

Through its Managing Director

3.2. **Name and address of Counsel**

Mr. Shankh Sengupta

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4. **The address of the respondent for service of all notices in the appeal is as set out hereunder:**

4.1 Respondent

Uttarakhand Electricity Regulatory Commission

"Vidyut Niyamak Bhawan"

Near I.S.B.T., P.O. Majra,

Dehradun, Uttarakhand -248171

Email: secy.uerc@gov.in

Contact: 91-135-2641115

Through its secretary

5. **Jurisdiction of the Hon'ble Appellate Tribunal**

PTCUL submits that the subject matter of the appeal is within the jurisdiction of this Hon'ble Tribunal in terms of Section 111 of the Electricity Act, 2003 (**Act**).

6. **Limitation**

The Impugned Order was issued by the Ld. UERC on 28.03.2024 and communicated to the Appellant on 27.04.2024. The Appellant, thereafter, filed a review petition on 20.06.2024 and the same came to decided vide order dated 21.08.2024. Therefore, the present appeal filed on 11.06.2025 is not within the limitation prescribed under Section 111(2) of the Act and there is a delay of 395 days in filing the present appeal. An application seeking condonation of delay in filing the appeal has been filed by PTCUL.

7. **Facts of the case**

7.1 PTCUL is the State Transmission Utility (**STU**) for the state of Uttarakhand notified vide Government of Uttarakhand notification dated 31.05.2004 under Section 39 of the Act. Ld. UERC amended the earlier 'Transmission and Bulk Supply License' granted to Uttaranchal Power Corporation Limited (**UPCL**) and Transmission license was vested on PTCUL for carrying out transmission related works in the state vide Ld. UERC's order dated 09.06.2004. Accordingly, PTCUL is functioning in accordance with the provisions envisaged in the Act and is engaged, within the framework of the Act, in the business of transmission of electricity.

7.2 Post the formation of a separate transmission company, the Ld. UERC issued separate Tariff Orders for PTCUL in accordance with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 (**Tariff Regulations 2004**) which were notified on 25.08.2004. Subsequently, the applicability of the regulations was extended until 30.04.2012.

7.3 Considering the provisions in the Tariff Policy, the Ld. UERC replaced the separate regulations for Generation, Transmission and Distribution with a comprehensive MYT Regulation - UERC (Terms and Conditions for Determination of Tariff) Regulations from time to time for separate sections for Generation, Transmission, Distribution and State Load Despatch Centre for different control periods defined by the Ld. UERC from time to time.

7.4 That on 14.09.2021, the Ld. UERC notified UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations 2021 (**MYT Regulations 2021**). The prevailing regulation covers the fourth control period from FY 2022-23 to FY 2024-25. PTCUL filed petition seeking approval of business plan for fourth control period and MYT Petition, the same was approved by the Ld. UERC by its order dated 31.03.2022. Thereafter, in accordance with the provisions of MYT Regulations 2018, PTCUL filed for truing up of FY 2021-22, Annual Performance Review of FY 2022-23 and Revised ARR for the FY 2023-24 against which the tariff order wherein order was issued on 30.03.2023.

7.5 That on 29.11.2023, PTCUL filed Petition No. 49 of 2023 before Ld. UERC seeking truing up of tariff for FY 2022-23, along with the APR for FY 2023-24, and the revised ARR for FY 2024-25. The above Petition was provisionally admitted by the Ld. UERC vide its order dated 28.12.2023. Ld. UERC issued the final order in the petition on 28.03.2024 (Impugned Order).

Copies of Petition No. 49 of 2023 (operative portion) filed by PTCUL along with the submissions made under the petition are collectively annexed herewith and marked as **Annexure A/2 (Colly)**.

7.6 Thereafter, PTCUL filed review petition bearing Miscellaneous Application No. 45 of 2024 against the Impugned Order. The Ld. UERC vide its order dated 21.08.2024 dismissed the review petition.

Copy of Miscellaneous Application No. 45 of 2024 (operative portion) filed by PTCUL is annexed herewith and marked as **Annexure A/3**.

Copy of Ld. UERC's order 21.08.2024 is annexed herewith and marked as **Annexure A/4**.

7.7 That the Impugned Order contains several erroneous disallowances and computations impacting the ARR and resulting in an unfair tariff determination. PTCUL challenges the disallowance of additional capitalization and computation of non-tariff income.

7.8 Aggrieved by the aspects highlighted above, the present statutory appeal is being filed.

8. (a) **Facts in issue**

As detailed in paragraph 7 above.

(b) **Questions of law**

A. Whether the Ld. UERC erred in disallowing certain capitalization claims, and is this disallowance consistent with the MYT Regulations 2021, and the principles of natural justice?

B. Whether the Ld. UERC was correct in classifying certain revenue streams as non-tariff income, specifically interest on investments made from Return on Equity (**RoE**), forfeited earnest money of deemed Inter-State Transmission System (**ISTS**) element, and security money, and does this classification align with the MYT Regulations 2021?

9. Grounds raised with legal provisions

A. Erroneous Disallowance of Capitalization:

9.1. That the approach adopted by the Ld. UERC while allowing the capitalization as well as additional capitalization for the FY 2022-23 is erroneous and merits interference by this Hon'ble Tribunal, the approach adopted by the Ld. UERC is as follows:

- Lower of the capitalization claimed in Form 9A and Form 9.5 has been considered instead of justification submitted for the capitalization claim.
- Schemes exceeding the Investment Approval Limit have been restricted to Investment Approval.
- Interest During Construction (**IDC**) for the Schemes have been worked out on Pro-rata Basis by categorizing the delay under

controllable and uncontrollable factors for Schemes Capitalized during FY 2022-23.

That the approach taken by the Ld. UERC in allowing capitalization and additional capitalization for FY 2022-23 is erroneous and warrants intervention by this Hon'ble Tribunal. Specifically, the Ld. UERC's method involves considering the lower amount claimed between Form 9A and Form 9.5, rather than evaluating the detailed justifications provided for the capitalization claims. Furthermore, schemes where the claimed cost exceeds the initial investment approval limit have been arbitrarily restricted to that limit which is contrary to the provisions of the MYT Regulations 2021 [*Regulation 21 (7)*] as per which capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. Additionally, the IDC for capitalized schemes has been calculated on a pro-rata basis, based on a categorization of delays into controllable and uncontrollable factors, while all the factors leading to delay were demonstrably uncontrollable and IDC for the same ought to have been allowed in terms of Regulation 21 (9) of the MYT Regulations 2021. These adopted methods demonstrate a failure by the Ld. UERC to properly consider the specific circumstances and justifications presented, leading to an unfair tariff determination.

OPGW Connectivity:

9.2. That the Ld. UERC approved a capitalization of Rs. 5.99 crore for FY 2022-23 under REC II, however, has failed to consider Rs. 0.08

crore for replacing old battery banks with new VRLA battery banks for one UPS and one DC power supply. Furthermore, the Ld. UERC under the Impugned Order has at one place while noting PTCUL's claim towards capitalization under the present scheme as Rs. 6.12 crore has just thereafter noted the claim to be as Rs. 6.07 crores. This inherent contradiction in the Impugned Order demonstrates non-application of mind by the Ld. UERC and passing of the Impugned Order in a mechanical manner.

9.3. That PTCUL had claimed the capitalization towards the capex scheme as Rs. 6.07 crore and had also submitted the details of the same along with audited accounts as herein below:

Sl. No.	Name of Work		Amount Claimed	Approved by Hon'ble UERC	Remarks
	FY 2022-23				
1	"OPGW connectivity in PTCUL under Phase-II of the ULDC Projects"	AG-14 (work in progress) transferred to AG-10 (assets)	5.716	05.99	**Rs. 05.99 Cr** are towards "OPGW connectivity in PTCUL under Phase-II of the ULDC Projects" and capitalization has been approved by Hon'ble Commission.
		GST differential amount	0.276		
		Sub-Total (A)	05.99		
2	Replacement of old battery banks with new VRLA Battery Banks for one UPS and one DC Power supply at State Load Despatch Centre (**SLDC**), Dehradun		0.080	Nil	**Rs. 0.080 Cr** are towards "Replacement of old battery banks with new VRLA Battery Banks for one UPS and one DC Power supply at SLDC, Dehradun". The work was awarded to M/s Prostarm Info System Ltd., Navi Mumbai vide EE

				SCADA, D.Dan LOA no. 295/EE(SCADA)/PTCUL dated 28.07.2022 amounting Rs. 06.25 Lacs (GST extra) (copy of LOA enclosed).
	Sub-Total (B)	0.050	-	
	Total (A+B)	06.07	05.99	

Copy of details of OPGW Connectivity in PTCUL under Phase II of the ULDC projects is annexed herewith and marked as **Annexure A/5**.

9.4. That PTCUL under its petition while claiming capitalization for FY 2022-23 reduced an amount of Rs. 0.13 crore from its total capitalization on account of the same being the assets of SLDC such as furniture, fixtures, batteries, etc. While the Ld. UERC justifies the reasons for not deducting the aforesaid amount, on account of no separate balance sheet for PTCUL and SLDC, but fails to give the correct treatment to entire claimed amount. That the correct treatment of aforesaid amount was to simpliciter permit the claim based on prudence check. While the veracity of the aforesaid amount has neither been disputed nor rejected by the Ld. UERC, the same for best reasons known to it has not been approved. It is significant to highlight that out of total amount of Rs. 0.13 crore, an amount of Rs. 0.05 crore towards furniture and fixtures has been allowed as O&M expenses, the Ld. UERC has completely lost sight of an amount of Rs. 0.08 crore incurred by SLDC towards the replacement of old battery banks with new VRLA battery banks for one UPS and one DC power supply. The Ld. UERC in a mechanical manner without appreciating the claim made by PTCUL and the documents placed on record has in an overly simplistic and non-speaking manner has allowed only Rs. 5.99 crores as capitalization completely disregarding the cost of replacement of batteries.

220/33 kV Substation at Piran Kaliyar:

9.5. The Ld. UERC vide its investment approval order dated 23.02.2015 had provided in principle approval for the project at a cost of Rs. 49.50 crore. The Ld. UERC during the True-up of FY 2018-19 had allowed Rs. 43.88 crore against PTCUL's claim of Rs. 46.01 crore. Further, during True Up of FY 2019-20 and FY 2020-21, the Ld. UERC had further approved the additional capitalization of Rs. 2.34 crore and Rs. 2.21 crore respectively. PTCUL in the petition had claimed the additional capitalization of Rs 1.45 crore wherein PTCUL had submitted that the additional capitalization is on account of civil work towards construction of residential colony and development work at 220 kV S/s, Piran Kaliyar.

9.6. The Ld. UERC observed that PTCUL had claimed the additional capitalization against the project under Regulation 22 of the MYT Regulations 2021. The Ld. UERC further observed that the project was capitalized during FY 2018-19 and that the cut-off date for the project falls during FY 2020-21.

9.7. That the Ld. UERC disallowed Rs. 1.45 crore of additional capitalization, citing it as beyond the cut-off date and not qualifying under Regulation 22(2) of the MYT Regulations 2021. However, the Ld. UERC has completely lost sight of the definition of cut-off date and the proviso contained therein. The proviso to the cut-off date allows extensions in the cut-off date for reasons beyond the project developer's control.

9.8. That the capitalization towards the aforesaid capex scheme was incurred in accordance with the MYT Regulations 2021, which defines the cut-off date as herein below:

> *"Cut-off Date" means 31st March means of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation;*
>
> ***Provided that the cut-off date may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalization could not be done within the cut-off date for reasons beyond the control of the project developer;***

Copy of MYT Regulations 2021 is annexed herewith and marked as **Annexure A/6**.

9.9. That the additional capitalization was claimed by PTCUL in view of the aforesaid highlighted provision of the MYT Regulations 2021 and detailed justification for the same was provided to the Ld. UERC. The reasons and justification necessitating extension in the cut-off date for reasons beyond the project developer's control (i.e., PTCUL's control) are enumerated herein after.

9.10. That the 220/33 kV substation project, initially planned for a 3.41-hectare site in Imlikhera (Pirankaliyar), Roorkee, faced immediate challenges due to the undulating terrain with 4-8 meter level differences. Despite this, PTCUL prioritized establishing the substation and switchyard on the designated land. The initial contract, awarded to M/s Safety Control & Devices Pvt. Ltd. on 14.10.2014, encompassed five 220 kV bays, nine 33 kV bays, and two 50 MVA 220/33 kV transformers.

9.11. To strengthen the 132 kV transmission network, PTCUL's operational requirements necessitated incorporating a 220/132 kV switchyard within the same substation. This expansion, covered by a separate agreement with M/s Telmos Electronics on 12.10.2015, added two 220 kV feeder bays, two 100 MVA 220/132 kV transformer bays, and five 132 kV bays.

9.12. Consequently, the scope of work for M/s Safety Control & Devices Pvt. Ltd. was revised to include nine 220 kV bays, five 132 kV bays, nine 33 kV bays, two 100 MVA 220/132 kV transformers, two 50 MVA 220/33 kV transformers, and the integration of the 220 kV D/C Puhana-Pirankaliyar line. The layout of the switchyard and control room dictated the subsequent planning of the residential colony on the remaining land.

9.13. That the Detailed Project Report initially proposed one Type-IV, six Type-III, nine Type-II, and six Type-I residences as per PTCUL norms. This was later revised on 19.04.2017, to one Type-IV, six Type-III, and eight Type-II residences based on operational needs and available space. Administrative and financial approvals for the residential colony construction and development were granted on 03.06.2017.

9.14. Following the tender process initiated on 28.06.2018, the Letter of Award (**LOA**) for the civil works was issued on 08.03.2019, marking the official start date of the residential colony construction. This work was separate from the substation construction agreement. The significant level differences (4-8 meters) on the substation land necessitated approximately 100,000 cubic meters of earth filling for the substation and switchyard area. The residential colony site itself was situated 7 meters below the finished ground level, requiring an additional 15,964 cubic meters of earth filling. This, in turn, required statutory approval from the District Administration, leading to the contractor seeking mining approval for sourcing the earth.

9.15. Following mining approvals received on 26.12.2019, and 17.02.2020, the earth filling process commenced, involving layered spreading and compaction. This process, along with the statutory and technical requirements imposed by the site conditions, resulted in a 381-day delay.

9.16. The global COVID-19 pandemic and the subsequent lockdown imposed in late March 2020 significantly disrupted construction activities, causing a further delay of 193 days.

9.17. Following the easing of pandemic restrictions and the return of the workforce, construction resumed. However, the process of filling and compacting the remaining earth, combined with the construction of 9-meter deep substructures for the building foundations, added another 143 days to the project timeline.

9.18. That the resurgence of COVID-19 in 2021, coupled with monsoon season and labour shortages, caused additional disruptions, leading to a further delay of 214 days.

9.19. The project faced significant delays due to site complexities, regulatory requirements, and the impact of the COVID-19 pandemic.

Copy of a report highlighting the delay in implementation of the 220/33 kV Substation at Piran Kaliyar is annexed herewith and marked as **Annexure A/7.**

9.20. That the Ld. UERC has failed to consider the submissions and documents placed on record by PTCUL and has thus disallowed the capitalization restricting the same to be allowed up to the cut-off date only. That the Ld. UERC under the Impugned Order has not deliberated on which of the reasons submitted do not deserve consideration in accordance with the provisions of the MYT Regulations 2021. Accordingly, the Impugned Order deserves to be set aside.

220 kV Lakhwar to Dehradun Line (REC VIII):

9.21. The Ld. UERC vide its investment approval order dated 28.04.2015 had provided in principle approval for the project with total cost of Rs. 146.52 crore and directed PTCUL to submit complete executed cost on the completion of the project. PTCUL had claimed the capitalization of Rs. 137.42 crore in its petition towards the project

(Capitalization of Rs. 130.27 Crore plus Additional Capitalization of Rs. 7.15 Crore) in Form 9A and Form 9.8.

9.22. That the Ld. UERC approved a capitalization of Rs. 132.94 crore for FY 2022-23 and allowed IDC of Rs. 8.22 crore on a pro-rata basis. However, Ld. UERC has failed to adequately consider PTCUL's force majeure submissions and arbitrarily categorized delays (Four Years Eight Months/1694 Days), including delays in forest clearances, RoW issues, COVID-19 impacts, and weather conditions into uncontrollable, partially controllable and uncontrollable. The finding rendered by the Ld. UERC violates natural justice and lacks rationale and transparency, hence are arbitrary and deserve to be set aside by this Hon'ble Tribunal.

9.23. The project, awarded to M/s BTL (Contract Nos. 835 & 836 dated 11.05.2015), had a stipulated completion period of 27 months.

However, numerous factors contributed to delays, as outlined below:

Delays Related to Forest Clearances:

Joint Inspection with Forest Officials: Joint inspections with Forest and Revenue Departments, necessary for land classification and preparation of the forest case proposal, were delayed due to scheduling conflicts. PTCUL's requests (letter dated 28.11.2015) were followed by the DM Dehradun's directive (letter dated 10.02.2016) to SDMs for joint inspections. This process, expected to conclude by 28.01.2016, was completed on 11.04.2016, resulting in a two-month delay attributable to the Forest Department.

Forest Rights Act (FRA) Compliance: Obtaining FRA certificates from the District Magistrate, a prerequisite for forest clearance, involved Gram Sabha meetings and NOCs, as mandated by the FRA 2006. PTCUL's request to the DM (letter dated 04.03.2016) initiated this process. Agitation in Kedarwala village further delayed the required meeting and NOC acquisition until 31.03.2017. Subsequent Sub-Divisional and Divisional Committee meetings culminated in the DM issuing the FRA certificate on 03.04.2017. This 13-month delay, significantly exceeding the anticipated two months, was largely due to RoW issues.

Civil Soyam Land Identification for Compensatory Afforestation: The Principal Approval from Ministry of Environment and Forest (**MOEF**) required 73.36 hectares of Civil Soyam land for compensatory afforestation. PTCUL's request to the DM (letter dated 26.05.2016) was hampered by the lack of available land bank in Dehradun. After discussions with the DFO, Kalsi, who confirmed land availability on 15.09.2016, the proposal for compensatory afforestation was prepared on 29.10.2016. This process, expected to take two months, spanned five months due to the initial land availability challenges.

Transfer of Land for Compensatory Afforestation: Transferring the 73.36 hectares to the Forest Department, as per the MOEF's Principal Approval, involved a three-month process following PTCUL's request to the DM (letter dated 14.09.2017).

Delays Attributable to Nodal Office and Online Submission Process:

Nodal Office Queries and Delays: The online submission of the forest case on 29.10.2016, was met with repeated queries from the Nodal Office, Dehradun, on 10.10.2016, and 07.12.2016. This iterative process, despite prompt responses from PTCUL and the Conservator of Forest, delayed the submission to the Government of Uttarakhand (**GoU**) until 28.01.2017, resulting in a four-month delay.

Withdrawal and Resubmission of Online Forest Case: Following MOEF's query on 22.02.2017, regarding the inclusion of Civil Soyam Forest land, a revised joint inspection and land classification revealed an additional 2.61 hectares of Civil Soyam Forest land. The Nodal Office directed PTCUL to withdraw the initial proposal and submit a fresh one, leading to resubmission on 13.04.2017. This, along with subsequent queries from the Nodal Office and final submission to GoU on 05.07.2017, resulted in a five-month delay beyond PTCUL's control.

Delays Related to Work Permissions:

Delayed Permission for Work in Forest Area: Despite obtaining Principal Approval on 11.09.2017, and submitting a compliance report on 27.01.2018, the Forest Department delayed permission to work in forest areas until after the GoU issued the GO on 13.08.2018. This contradicted MOEF guidelines allowing work commencement after Principal Approval and compliance.

Severe RoW Issues at Multiple Locations

Several locations experienced significant RoW issues, requiring extensive negotiations and revisions to the tower placement.

- **Locations AP 18 and AP 19/2**: Landowners at these locations requested tower repositioning to minimize farmland impact. Despite PTCUL's efforts, an agreement was reached only after M/s BTL submitted a revised tower schedule, approved by PTCUL on 06.07.2019.

- **Locations AP 20/2 and AP 20/3**: Landowners, identifying themselves as members of the Boksha Scheduled Tribe, halted foundation work after partial completion, citing concerns about their livelihood. Despite PTCUL's engagement, the landowners formally requested the line's relocation.

9.24. PTCUL undertook various measures to address the RoW challenges, which led to further project revisions.

- **Resolution for AP 20/2 and AP 20/3**: Following a site visit with the Gram Pradhan and revenue officials, an alternate route was identified and approved by the Chief Engineer (Project) on 03.07.2019 (note and order no. 901/CE(P)/PTCUL). A revised profile and tower schedule, approved by SE(PI) on 06.07.2019 (letter no. 649/SE(PI)/PTCUL/L-20), were implemented.

  Copy of note and order dated 03.07.2019 is annexed herewith and marked as **Annexure A/8.**

  Copy of PTCUL's letter dated 06.07.2019 is annexed herewith and marked as **Annexure A/9**.

- **Challenges at AP 01**: RoW issues at AP 01 also affected adjacent foundations (AP2 and AP 2A). Despite repeated requests from M/s BTL (emails dated 15.01.2020, 26.02.2020 and 06.05.2020) and PTCUL's continuous engagement, the landowner remained uncooperative until a site meeting on 28.05.2020.

  Copies of M/s. BTL's emails dated 15.01.2020, 26.02.2020 & 06.05.2020 are collectively annexed herewith and marked as **Annexure A/10 (Colly.)**.

- **Relocation and Redesign for AP 01**: After extensive discussions, the landowner agreed to relocate AP 01. However, the proposed relocation created an unacceptable angle (57°-58°) between AP 01 and AP 2. A subsequent site visit on 26.06.2020, resulted in a decision to add a tower to mitigate the angle issue. The revised tower profile, submitted by M/s BTL and approved by PTCUL on 13.07.2020 (SE(PI) letter no. 253/SE(PI)/PTCUL), was further delayed due to heavy rains and rising water levels in the Tons River.

9.25. RoW issues at multiple locations necessitated tower relocations, design revisions, and extensive stakeholder engagement, contributing significantly to project delays.

First Wave Lockdown Impacts (2020)

9.26. The initial COVID-19 lockdown, imposed in March 2020 following Government orders (GoU order dated 22.03.2020, and Government of India (**GoI**) order dated 24.03.2020), brought construction to a halt. While the SDM Vikasnagar granted permission for work resumption on 25.04.2020 (endorsement pass no. 120), subject to specific guidelines, progress remained hampered by labour shortages due to migration and restrictions. This lockdown period resulted in a 98-day delay (22.03.2020 to 30.07.2020).

Copy of GoI order dated 24.03.2020 is annexed herewith and marked as **Annexure A/11**.

Copy of GoUJ order dated 22.03.2020 is annexed herewith and marked as **Annexure A/12**.

9.27. The Ministry of Finance, GoI, issued a circular (No. F.18/4/2020-PPD dated 13.05.2020) instructing government agencies to grant extensions of three to six months for projects affected by the pandemic, recognizing COVID-19 as a force majeure event, without imposing penalties.

Copy of GoI's circular dated 13.05.2020 is annexed herewith and marked as **Annexure A/13**.

Second Wave Impacts and UPCL Shutdown Issues (2021)

9.28. The second wave of the pandemic, beginning in March 2021, further compounded the project delays due to unavailability of shutdowns of 33/11KV feeders from UPCL and subsequent prioritizing of power supply to oxygen plants and hospitals.

- **Stringing Delays between AP 21 and AP 22**: Despite PTCUL's requests (letters dated 11.12.2020, and 16.01.2021), UPCL initially denied and subsequently revoked the shutdown required for stringing between AP 21 and AP 22 due to overloading concerns.

This work was eventually completed on 09.02.2021, after multiple requests and coordination.

Copies of PTCUL's letters dated 11.12.2020 and 16.01.2021 are collectively annexed herewith and marked as **Annexure A/14 (Colly)**.

- **Stringing Delays between AP 13 and AP 14**: Similar challenges arose for stringing between AP 13 and AP 14, requiring shutdowns of PTCUL's 132 KV lines and UPCL's 33/11 KV lines. UPCL's inability to grant the required shutdown, due to it being the sole power source for a major industrial area (UPCL letter dated 28.08.2021), and subsequent prioritization of power supply to hospitals and oxygen plants during the second wave (order dated 03.05.2021), led to significant delays. This delay extended to June 2021 (11.12.2020 to 30.06.2021).

  Copy of order dated 03.05.2021 is annexed herewith and marked as **Annexure A/15**.

Second Wave Impacts on Material Supply and Labor Availability (2021)

9.29. The second wave also severely disrupted material supply and labour availability.

- **Tower Material Delays**: The pandemic hampered third-party inspections of tower materials, impacting delivery timelines. Delays also arose due to COVID-19 cases at Good Luck India Ltd. and subsequent labour migration. Dispatch instructions for tower stubs were issued on 27.03.2021, with materials arriving on 01.04.2021.

Dispatch instructions for tower structures were issued on 10.05.2021, with materials arriving by 20.05.2021.

- **Labor Migration and Material Shortages**: The second wave triggered another wave of reverse migration, affecting labour availability at the construction site. Additionally, sourcing construction materials became difficult, further hindering progress (03.03.2021 to 20.05.2021).

Unapproachable Roads to working sites due to Road Blockages caused by Heavy Rainfall and Cloud bursts during Monsoon Season:-

9.30. Unprecedented heavy rainfall and cloud bursts during the monsoon season caused significant road blockages, severely impacting access to work sites and causing substantial project delays.

9.31. Despite deploying all available manpower and resources, the project experienced significant disruptions due to extreme rainfall and cloud bursts in the hilly regions. The unprecedented rainfall caused extensive damage to access roads, including washouts, landslides, fallen trees, and deep gullies. These conditions severely hampered material transportation and resource mobilization, significantly impacting project progress.

9.32. Heavy rains continued throughout the monsoon season, further exacerbating the situation. The widespread and intense rainfall across Uttarakhand caused substantial damage and further hindered work progress.

9.33. M/s BTL informed PTCUL of the road blockages and cloud burst incidents (emails dated 13.08.2021, 25.08.2021, 28.08.2021, 06.09.2021, 14.09.2021, and 20.09.2021), highlighting the severe damage and work stoppages.

Copies of M/s. BTL's emails dated 13.08.2021, 25.08.2021, 28.08.2021, 06.09.2021, 14.09.2021 and 20.09.2021 are collectively annexed herewith and marked as **Annexure A/16 (Colly)**.

9.34. The road blockages, as documented in photographs submitted by M/s BTL, significantly impacted construction activities, including foundation work, erection, and stringing.

9.35. SE(PI) Lakhwar-Vyasi line formally requested the EE PWD Dehradun to clear the blocked roads (letter dated 14.09.2021), emphasizing the difficulties in transporting heavy machinery and materials to the site.

9.36. That the PWD and local villagers cleared the roads by 15.10.2021, allowing for partial resumption of construction activities. However, intermittent rainfall continued to cause disruptions and road blockages, impacting project progress. The total delay attributable to road blockages caused by heavy rains and cloud bursts was 62 days (13.08.2021 to 15.10.2021).

9.37. Heavy rainfall, cloud bursts, and subsequent road blockages significantly impacted the project timeline, causing major disruptions to material transportation and construction activities.

Delay in Tree Marking/Chappan by Forest Department in Hill Section:-

9.38. While tree marking and felling were underway in the hill section, the pace of these activities by the Forest Department and Uttarakhand Van Vikas Nigam was insufficient to maintain the project schedule. Heavy rainfall and cloud bursts further hampered progress. To expedite the process, EE(PI) formally requested intervention from the DFO Kalsi (letter dated 30.09.2021).

9.39. The DFO instructed the Range Officer to address the delays (letter dated 30.09.2021). Following the completion of tree marking, the DFO submitted the final tree cutting lots to Uttarakhand Van Vikas Nigam on 16.12.2021. Tree cutting finally commenced in the first week of December 2021 (03.12.2021), causing a 64-day delay (30.09.2021 to 03.12.2021) and impacting stringing work.

9.40. Despite the delays, PTCUL completed the 220 KV D/C (Twin Zebra) transmission line from Uttarakhand Jal Vidyut Nigam **(UJVN's)** Vyasi (120 MW) project to Dehradun on 28.03.2022, obtaining the electrical inspector's certificate on the same date. The line was energized in two phases: the section to Jhajra PTCUL (Dehradun) on 13.04.2022, and the section to Sherpur Power Grid Corporation of India Limited (**PGCIL**) (Dehradun) on 07.05.2022, synchronized with the commissioning of UJVN's generation units. Importantly, the transmission line's completion preceded the power generation at Vyasi, thus preventing any generation losses due to project delays.

9.41. Despite delays in tree cutting, the transmission line was completed ahead of the Vyasi power plant's commissioning, avoiding generation losses.

Copy of a report highlighting the delay in implementation of the 220/33 kV D/C line on Twin Zebra Conductor from Lakhwar to Dehradun and its LILO 220/33 is annexed herewith and marked as **Annexure A/17.**

9.42. That the Ld. UERC under the Impugned Order has acknowledged the fact that PTCUL has submitted the details of IDC capitalized along with reasons of delay in execution of the scheme in chronological order. Based on the same, the Ld. UERC has also observed the reasons of delay as due to Forest Case preparation activities like Joint Inspection with Forest and Revenue Officials, delay in obtaining FRA 2006 Certification, delay in allotment of land for compensatory afforestation, RoW Issues, Covid-19 first wave, unavailability of Shutdown of 33/11 kV feeders from UPCL, Covid-19 second wave, unapproachable road due to inclement weather conditions and delay in tree marking by Forest Department in Hill Section.

9.43. Accordingly, since all the factors leading to delay were demonstrably uncontrollable, IDC for the same ought to have been allowed by the Ld. UERC in terms of Regulation 21 (9) of the MYT Regulations 2021. It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

9.44. Without prejudice to the above, the Ld. UERC has classified the reasons of delay within the bucket of controllable, partially controllable and uncontrollable (*force majeure events*), however, the Ld. UERC has failed to identify the controllable reasons. At best, the Ld. UERC ought to have identified the controllable reasons and based on that reduced the allowable IDC quantum. However, under the Impugned Order, the Ld. UERC has adopted an approach whereby it has deducted the IDC across all such activities. This indicates that even the activities which according to Ld. UERC led to a delay on account of force majeure events and for reasons beyond the control of PTCUL have been disregarded by the Ld. UERC, while allowing the IDC. While PTCUL's case is that all the factors as acknowledged by the Ld. UERC were uncontrollable in nature and consequently, the IDC capitalization on account of the said delay should have been allowed completely given that all the documents and justifications were provided before the Ld. UERC.

9.45. That the findings rendered by the Ld. UERC violates natural justice and lacks rationale and transparency, hence are arbitrary and deserve to be set aside by this Hon'ble Tribunal.

Ranikhet Control Room Road (REC 9995):

9.46. The Investment approval of Rs. 0.37 crore for the project was accorded vide internal approval dated 03.09.2016. LoA for the said work was issued on 08.07.2019. The value of the order was Rs. 0.40 crore inclusive of all taxes [excluding Goods & Services Tax (GST)]. PTCUL during Truing Up for FY 2021-22 had submitted the project cost amounting to Rs. 0.47 crore (inclusive of all taxes and GST) for the project. Keeping in view the fact that awarded amount was exclusive of GST, the Ld. UERC after considering GST of 18% over the investment approval of Rs. 0.37 crore arrived at the cost of Rs. 0.43 crore. That the Ld. UERC had restricted the capitalization to Rs. 0.43 crore and approved the capitalization of Rs. 0.43 crore towards the project during FY 2021-22. PTCUL had claimed the additional capitalization of Rs. 0.000745 crore in its petition towards the project.

9.47. That the Ld. UERC disallowed additional capitalization of Rs. 0.000745 crore. The re-tendering, which led to the cost escalation, was necessary due to the initial contractor's non-responsiveness and was a prudent measure to save time and further increase in costs.

9.48. That the Ld. UERC under the Impugned Order has erred in restricting the capitalization up to the investment approval (post adjustment due to impact of GST) for the aforesaid scheme and has erred in ignoring the reasons for cost escalation.

9.49. That the Ld. UERC has failed to take into consideration the fact that PTCUL by terminating the tender because of non-responsiveness of the contractor, has saved crucial time for execution of the project and prevented unnecessary increase in cost. It is ironical that the marginal cost increase resulted due to the aforesaid has resulted in disallowance of the claimed amounts, which is nothing but a punishment for the prompt and prudent step taken by the field officials of PTCUL.

9.50. That restricting the capitalization up to investment approval (post adjustment due to impact of GST) not only breaches the own directive of the Ld. UERC which accords investment approval and directs to provide detailed justification for cost deviation from the investment approval but also ignores the ground implementation challenges faced by PTCUL while executing the project.

40 MVA Transformer at Laksar (REC 10760):

9.51. The Ld. UERC had approved the project cost of Rs. 5.73 crore for the project vide its investment approval order dated 01.03.2017. The Ld. UERC during the True-up of FY 2021-22 had allowed capitalization of Rs. 5.61 crore in line with PTCUL's claim of Rs. 5.61 crore.

9.52. That PTCUL in its petition had claimed the additional capitalization of Rs. 0.65 crore wherein PTCUL had submitted that the additional capitalization is on account of price variation of Transformer.

9.53. That the Ld. UERC approved an additional capitalization of Rs. 0.12 crore for FY 2022-23, restricting the total project cost to Rs. 5.73 crore (*i.e., the initial investment approval amount*), but ignored PTCUL's justification for cost overruns.

9.54. The project to supply, erect, and commission the 40 MVA (132/33) kV transformer and associated bay at the 132 KV Substation Laksar experienced significant delays due to several factors, primarily related to force majeure.

9.55. The project, commencing on 04.03.2019, and concluding on 28.12.2021, experienced a 1020-day delay attributed to the following force majeure events:

1. Delays Related to Transformer Supply:

M/s CG Power, the approved transformer vendor, experienced financial difficulties, leading to significant delays in transformer delivery. Attempts to procure the transformer from other manufacturers like ABB also involved long lead times and potential forfeiture of advance payments made to CG Power. (743 days)

Copies of documents demonstrating financial difficulties faced by the manufacturer are collectively annexed herewith and marked as **Annexure A/18 (Colly.)**.

2. Delays Related to COVID-19 Pandemic:

Work was significantly delayed due to the first and second waves of the COVID-19 pandemic. (143 days)

Copies of GoI's orders are collectively annexed herewith and marked as **Annexure A/19 (Colly.)**

3. Delays Related to Monsoon Season:

Work was delayed due to the heavy rainfall during the 2021 monsoon season. (13 days)

Copies of letters highlighting delay due to heavy rains are collectively annexed herewith and marked as **Annexure A/20 (Colly.)**.

4. Delays Related to Load Management and Power Supply Continuity:

Although the new 40 MVA transformer arrived on 05.08.2021, installation was postponed due to high loads (420-450 Amps) on existing transformers during the summer season. The delay prioritized uninterrupted power supply to consumers in the Laksar area. (120 days)

9.56. The 1020-day delay in the Laksar substation project was primarily caused by force majeure events, including manufacturing delays, the COVID-19 pandemic, monsoon season, and load management requirements.

Copy of a report highlighting the delay in supply, erection, and commissioning of 40 MVA 132/33 kV Transformer and 132 kV and 33 kV Transformer Bay at 132 kV S/s Laksar is annexed herewith and marked as **Annexure A/21**.

9.57. That the Ld. UERC under the Impugned Order has erred in disallowing the additional capitalization of Rs. 0.53 crore by restricting the total capitalization up to the investment approval of Rs. 5.73 crore for the aforesaid capex scheme.

9.58. That restricting the capitalization up to the investment approval not only breaches the own directive of the Ld. UERC which accords investment approval and directs to provide detailed justification for cost deviation from the investment approval but also ignores the ground implementation challenges faced by PTCUL while executing the project.

9.59. That the detailed justification was provided to the Ld. UERC as part of the tariff filing, however, the same has been ignored by the Ld. UERC, which is discernible from the fact that there has been no discussion on which reasons are not found prudent for consideration by the Ld. UERC. The Ld. UERC in an overly simplistic manner without analysing the claim of PTCUL has remarked that in absence of suitable justification, the additional capitalization claim should be restricted to the original investment approval amount. Such findings also underscore that the Ld. UERC is well aware of the fact that in case of suitable justifications, cost escalation can be granted. However, it is reiterated that the Ld. UERC has in the first instance itself failed to analyse the detailed justifications for cost overrun put forth for its consideration by PTCUL. Accordingly, the Impugned Order being non-speaking is liable to be set aside by this Hon'ble Tribunal.

9.60. To such extent the Impugned Order is not reasoned and non-speaking. It is a settled principle of law that any order passed by a quasi-judicial authority or even an administrative body must be a speaking. It cannot be like the inscrutable face of a sphinx. In this regard, reliance is placed upon Hon'ble Supreme Court's judgment in the case of ***Kranti Associates (P) Ltd. v. Masood Ahmed Khan***, reported as **(2010) 9 SCC 496**. Especially when an order is subject to appellate scrutiny, such as the order of the Ld. UERC which is subject to appellate scrutiny before this Hon'ble Tribunal, it has been emphasized time and again under the Hon'ble Supreme Court's precedents that reasons must be recorded in writing. The rule requiring reasons to support quasi-judicial orders has been held to be as basic as following principles of natural justice. A reference was made to the Latin maxim, *cessante ratione legis cessat ipsa lex*, meaning reason is the soul of the law and reason of a particular law ceases, so does the law itself.

9.61. It is settled law that giving of reasons is an essential attribute of judicial and judicious disposal of matters. Giving of reasons is the only indication to know about the manner and quality of judicial exercise undertaken as also the fact that a court actually applied its mind. Thus, while deciding an issue, courts are duty bound and obligated to record reasons for the conclusions arrived. The absence of reasons renders an order indefensible/ unsustainable particularly, when it is subject to challenge before higher forums. In this regard, reliance is placed upon the judgment of the Hon'ble Supreme Court in the case of ***Secretary & Curator, Victoria Memorial Hall v. Howrah Ganatantrik Nagrik Samity & Ors.*** reported as **(2010)3 SCC 732** where the aforesaid settled principles of law were enumerated upon analyzing a catena of past precedents.

9.62. Additionally, reliance is placed on the judgment of the Hon'ble Supreme Court in the case of ***Vishnu Dev Sharma v. State of U.P.***

reported as **(2008) 3 SCC 172** where it has been held that reasons introduce clarity in an order. Therefore, their absence renders a judgment unsustainable. Failure to give reasons amounts to denial justice. Reasons are the live links between the mind of the decision taker to the controversy in question and the decision or conclusion arrived at. Reasons substitute subjectivity by objectivity. The emphasis on recording reasoning is that if the decision reveals the inscrutable face of the sphinx, it can, by its silence, render it virtually impossible for the appellate courts i.e., such as this Hon'ble Tribunal, to perform their function or adjudge the validity of a decision. In fact, the right to reason has been held to be an indispensable part of a sound judicial system. Such reasons should be at least sufficient to disclose application of mind. The other rationale is that disclosure of reasons equips the affected party as to why a decision has gone against it. Thus, spelling out the reasons for arriving at a conclusion is one of the salutary requirements of the principles of natural justice which inheres in every judicial or quasi-judicial proceeding. Disclosure of reasons has been held to be the hallmark of a judgment and exercise of judicial power by a judicial forum. The same has been consistently insisted upon as one of the fundamentals of sound administration justice-delivery system.

9.63. In view of the above, it is significant to note that the Ld. UERC tariff regulations itself provide that the approved capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. It is also significant to highlight that prudence check includes scrutiny of the capital expenditure, financing plan, interest during construction, incidental expenditure during construction for its reasonableness, use of efficient technology, cost over-run and time over-run, competitive bidding for procurement and such other matters as may be considered appropriate by the Ld. UERC for determination of tariff. Therefore, that being the position in terms of the tariff regulations it was incumbent upon the Ld. UERC to consider the cost over-run and time over-run aspect which the project has suffered while its implementation. The relevant extract from MYT Regulations 2021 is excerpted herein below:

> "*21. Capital Cost and capital structure*
>
> *(7) The approved Capital Cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the Project Cost, the same may be considered by the Commission subject to prudence check:*
>
> ...
>
> *Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the capital expenditure, financing plan, interest during construction, incidental expenditure during construction for its reasonableness, use of efficient technology, cost over-run and time over-run, competitive bidding for procurement and such other matters as may be considered appropriate by the Commission for determination of tariff.*"

9.64. It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

132 kV Haridwar to Jwalapur Line (RCRM 9025):

9.65. The Ld. UERC had approved the project cost of Rs. 9.67 crore for the project vide its investment approval order dated 01.03.2017. PTCUL in its petition had claimed the additional capitalization of Rs. 0.95 crore. The Ld. UERC during the Truing Up of FY 2021-22 had approved the capitalization Rs. 7.26 crore along with capitalization of Rs. 1.51 crore disallowed vide tariff order dated 31.03.2022. (Total Approval was of Rs. 8.77 crore).

9.66. That under the Impugned Order, the Ld. UERC approved additional capitalization of Rs. 0.90 crore, restricting the total project cost to Rs. 9.67 crore i.e., the original investment approval amount, despite acknowledging the timely claim made by PTCUL i.e., the claim being within the cut-off date. This is contradictory to the Ld. UERC's own findings with respect to other projects under the Impugned Order whereby the Ld. UERC has failed to approve capitalization claims beyond the cut off date, be that as it may, with respect to the present scheme as well, the Ld. UERC has ignored the detailed justification for cost overruns.

9.67. That the 132 KV line project from 220 KV S/s SIDCUL Haridwar to 132 S/s Jwalapur experienced a cost overrun due to a change in scope from single circuit (S/C) to double circuit (D/C) towers and other unforeseen expenses. The following clarifies the project's cost evolution and the reasons for the overrun.

9.68. Initially, the project involved constructing a 132 KV S/C line. However, the design was later changed to D/C towers due to technical reasons, resulting in a significant cost increase. The cost progression is as follows:

Initial DPR (23.07.2015): Rs. 4.77 Crore for a 132 KV S/C line, including bay construction at both ends.

Contract/LOA Issued: For the initial S/C line design.

Copy of LOA issued is annexed herewith and marked as **Annexure A/22**.

Amendment to Contract/LOA: Issued to reflect the change to D/C towers.

Copy of amendment to LOA is annexed herewith and marked as **Annexure A/23**.

Revised DPR (01.03.2017): Rs. 9.67 Crore for the 132 KV S/C line on D/C towers.

Copy of revised DPR is annexed herewith and marked as **Annexure A/24**.

9.69. That several factors contributed to the cost overrun beyond the initial scope change:

Price Variation of Tower Structure: Rs. 44.29 Lakh due to price fluctuations not accounted for in the original DPR. This was covered under the Price Variation (PV) clause in the contract.

UPCL Shifting Charges: Rs. 23.08 Lakh paid to UPCL for shifting 33 KV lines, an expense not included in the original DPR.

Increased IDC due to Time Overrun: The project experienced delays due to reasons beyond the control of PTCUL, contributing to increased IDC. Bharat Heavy Electricals Limited (**BHEL**) issued the NOC for construction on their premises on 18.07.2020.

9.70. The cost overrun on the 132 KV line project stemmed from the change in scope from S/C towers to D/C towers due to technical reasons, price variations in tower structures, UPCL Line shifting charges, and increased IDC due to project delays due to the reasons beyond control of PTCUL.

Copy of a report detailing the reasons for cost overrun is annexed herewith and marked as **Annexure A/25**.

9.71. That the Ld. UERC under the Impugned Order has erred in disallowing the additional capitalization of Rs. 0.05 crore towards the aforesaid capex scheme. Against the claimed capitalization of Rs. 0.95 crore, the Ld. UERC has approved the capitalization of Rs. 0.90 crore citing the investment approval limit while allowing the cumulative capitalization against aforesaid capex scheme.

9.72. That restricting the capitalization up to the investment approval not only breaches the own directive of the Ld. UERC which accords investment approval and directs to provide detailed justification for cost deviation from the investment approval but also ignores the ground implementation challenges faced by PTCUL while executing the project. Furthermore, it is significant to note that the Ld. UERC tariff regulations itself provide that the approved capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. [*Refer Regulation 21(7) of the MYT Regulations 2021*] It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

9.73. That the detailed justification was provided to the Ld. UERC as part of the tariff filing, however, the same has been ignored by the Ld. UERC, which is discernible from the fact that there has been no discussion on which reasons are not found prudent for consideration by the Ld. UERC. Even on this count, the Impugned Order is non-speaking and not reasoned. In this regard, reliance placed on the judgments of the Hon'ble Supreme Court in the cases of Kranti Associates Private Limited (*Supra*), Victoria Memorial (*Supra*) and Vishnu Dev Sharma (*Supra*) are reiterated and not repeated to avoid prolixity. Therefore, the Impugned Order merits interference by this Hon'ble Tribunal.

Intra-state ABT Metering (REC 10148):

9.74. The Ld. UERC had approved the project cost of Rs. 44.04 crore for the project vide its investment approval order dated 06.05.2016.

9.75. That PTCUL in its petition had initially claimed the capitalization of Rs. 13.26 crore. The Ld. UERC vide its letter dated 22.01.2024 directed PTCUL to clarify the reason for claiming Project Cost of the Scheme as Rs. 11.45 crore in Form 9.5 and Rs. 13.26 Crore in Form 9A. PTCUL vide its letter dated 30.01.2024 submitted that the amount claimed in the Petition is Rs. 11.45 crore as per revised Form 9.5, whereas in old Form 9.5 the Project Cost was Rs. 13.26 crore. PTCUL further submitted that amount of Rs. 2.3 crore had to be deducted due to reversal of excess capitalization on 29.08.2023. The amount of Rs. 1.29 crore is an additional capitalization on account of payment of Final Erection Bill and Annual Maintenance Contract (**AMC**) for hardware supplied in FY 2023-24 against Online Monitoring and Data Acquisition of contract. IDC is Rs. 0.80 crore which has not been considered at this stage. PTCUL submitted that as per the details submitted, the Final Project Cost works out as Rs. 11.45 crore (Rs. 13.26 crore – Rs. 2.3 crore + Rs. 1.29 crore - Rs. 0.80 crore).

9.76. That the Ld. UERC approved capitalization of Rs. 10.25 crore for FY 2022-23 after deducting AMC expenses. Further, denying capitalization for the revised amount submitted post-technical validation to rectify a typographical error is arbitrary.

9.77. That the Ld. UERC under the Impugned Order has erred in disallowing the additional capitalization of Rs. 1.20 crore against the aforesaid capex scheme. That PTCUL had claimed the capitalization of Rs. 13.26 crore as per Form 9A and had also submitted that capitalization claim for the FY 2022-23 to be considered as Rs. 12.15 crore. The reasons for delay in project execution was also cited as part of the Petition. Pertinently, the revised Form 9.5 was submitted post technical validation session, rectifying the inadvertent typo error and the capitalization of Rs. 11.45 crore was made towards the aforesaid capex scheme.

9.78. That the Ld. UERC while passing the Impugned Order has erred in disallowing the AMC part of the scheme amounting to Rs. 1.19 crore on the ground that the AMC is the maintenance contract being signed by PTCUL for the upkeep and maintenance of the Software and Hardware involved in Availability Based Tariff (**ABT**) Metering System, and hence, the same does not form the part of physical hardware being capitalized under the scheme. Accordingly, the Ld. UERC has opined to consider the same as part of the normative R&M expenses. That since it is a specific work and its AMC is essential for proper management of ABT metering system, the Ld. UERC should have capitalized it or allowed R&M expenses on actual basis instead of normative basis.

9.79. That the aforesaid act of the Ld. UERC is in violation of its own investment approval granted in Petition No. 11 of 2016 vide order dated 06.05.2016. The said order was issued by the Ld. UERC taking cognizance of the detailed cost estimate submitted for consideration of the Ld. UERC while giving in-principal approval for the same. In the said approval, the Ld. UERC has neither opined nor directed to exclude the AMC cost from the total approved cost nor has specified to undertake the AMC as part of the normative R&M expenses. It is significant to note that the purchase order for the aforesaid capex scheme was awarded through open tender only after the investment approval and in same manner as projected in the detailed project report and detailed project cost.

Copy of the Ld. UERC's order dated 06.05.2016 issued in Petition No. 11 of 2016 is annexed herewith and marked as **Annexure A/26**.

9.80. That the Ld. UERC has failed to take into consideration its own investment approval order and the facts placed on record by PTCUL. That the denial of the capitalization from its original scheme in-principally approved by the Ld. UERC is contrary to the well settled legal principles.

PFC Schemes (System Improvement):

9.81. That the Ld. UERC approved capitalization for various PFC (SI) schemes with adjustments, including Rs. 17.76 crore for the 160 MVA transformer at Kashipur, Rs. 28 crore for the Padartha substation, and Rs. 21.69 crore for the Chila-Nazibabad line. The Ld. UERC disallowed part capitalization of Rs. 0.14 crore for the 132 kV bay at Kashipur, shifting it to FY 2024-25, and restricted the Piran Kaliyar-Puhana line cost to Rs. 19.08 crore due to lack of justification. Ld. UERC's categorization of delays as controllable, partially controllable, and uncontrollable, despite PTCUL's force majeure submissions, is arbitrary and violates natural justice. The findings rendered by the Ld. UERC lacks rationale and transparency.

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

9.82. The Ld. UERC vide its investment approval order dated 07.02.2017, had approved the project cost of Rs. 18.39 crore for the project. PTCUL in its petition had claimed the capitalization of Rs. 18.24 crore and IDC as Rs. 0.73 crore.

9.83. That the Ld. UERC has erred in restricting the capitalization for the aforesaid capex scheme as Rs. 17.76 crore instead the claim of Rs. 18.24 crore submitted along with detailed justification for the cost escalation due to time and cost overrun. That the Ld. UERC has itself acknowledged the reasons of delay as delay due to Covid-19 Pandemic, delay due to Soil Filling permission for land development at 400 kV Sub-station at Kashipur, delay due to non-availability of Shutdown of 220 kV and 132 kV Bus at 400 kV Substation at Kashipur, and delay due to Charging Clearance from Electrical Safety Department. While the Ld. UERC has itself acknowledged the reasons for time overrun and has found that part of the delay could be considered as delay not attributable to PTCUL, the Ld. UERC has erroneously gone ahead and disallowed the capitalization purportedly on account of higher IDC than computed by it citing that the other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at PTCUL's end. Since all the factors leading to delay were demonstrably uncontrollable, IDC for the same ought to have been allowed by the Ld. UERC in terms of Regulation 21 (9) of the MYT Regulations 2021. It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions. Such findings or rather stray remarks rendered by the Ld. UERC are based on conjectures without considering the ground challenges faced by PTCUL while implementing the project. Accordingly, such findings rendered in ignorance of the factual background put forth by PTCUL for the Ld. UERC's consideration are unsustainable and ought to be set aside.

Copy of a report justifying reasons for delay is annexed herewith and marked as **Annexure A/27**.

9.84. That the justification for delay submitted along with the Petition and during the technical validation session interactions were self-explanatory and sufficient to allow the capitalization as none of the same could be attributable to PTCUL.

9.85. That the Ld. UERC tariff regulations itself provide that the approved capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. [*Refer Regulation 21(7) of the MYT Regulations 2021*] It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under

Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

9.86. Ld. UERC's categorization of delays as controllable and uncontrollable factors, despite PTCUL's force majeure submissions, is arbitrary and violates natural justice. The findings rendered by the Ld. UERC lacks rationale and transparency.

Construction of 132/33 kV S/s Padartha (Patanjali), Haridwar

9.87. That the Ld. UERC has erred in disallowance of the capitalization for the aforesaid capex scheme on the mere fact that corrected information was submitted on 26.02.2024. PTCUL submitted the completed cost of the project of the scheme as Rs. 32.96 crore in Form 9.5 and Rs. 29.76 Crore in Form 9A and Form 9.8. The Ld. UERC vide its letter dated 21.02.2024 directed PTCUL to submit revised form 9.5 and 9A. Accordingly, PTCUL vide its letter dated 26.02.2024 submitted revised form 9.5 and 9A with project cost as Rs. 32.96 crore. However, the Ld. UERC has retained the information submitted on 30.01.2024 as Rs. 29.76 crore instead of correct information provided by PTCUL on 26.02.2024 resulting in a loss of Rs. 3.2 crore in capitalization of the project. That it is imprudent for a statutory body like the Ld. UERC to ignore any information submitted which has significant commercial impact on a business entity like PTCUL while undertaking tariff determination.

9.88. That the construction of the 132 kV Substation at Padartha (Patanjali), Haridwar, faced several delays due to various factors, including land preparation, regulatory approvals, seasonal weather conditions, and project scope changes.

9.89. The Padartha substation project encountered substantial delays due to a combination of factors outlined below:

Land Preparation and Soil Filling:

The substation land required significant filling (approximately 10,000 cubic meters) to raise the ground level for proper drainage. M/s SNS Techno Corp. Pvt Ltd. the contractor of PTCUL applied for soil permission from the local administration (DM Office) on multiple occasions (27.03.2018; 16.05.2018; and 06.05.2019). The required permissions were received on 14.06.2018, 20.07.2018 and 24.12.2019, respectively, resulting in significant delays.

Disruptions Due to Kavad Mela:

The Kavad Mela resulted in a complete ban on heavy vehicle entry into Haridwar, disrupting material supply and impacting substation construction. (Period: 28.07.2018 to 09.08.2018)

Monsoon Season Impacts:

Heavy monsoon rains caused site submergence and further work disruptions, impacting construction activities for approximately 63 days. (Period: 15.07.2018 to 15.09.2018)

Project Scope Change - Substation Automation System (SAS):

The SAS is a utility to monitor, control, protection, data acquisition and coordinate the Sub-Station Equipment remotely and it is also used in DSM scheme of data acquisition of energy meters at SLDC, Dehradun. The SAS Scheme was also implemented/installed at various Sub-Station of PTCUL and to automate the Sub-Station & efficient use of manpower, the SAS was required as per site requirement. A decision to incorporate a SAS, not included in the original scope, added approximately eight months to the project timeline. This involved manufacturing, inspection, installation, and commissioning activities. The amendment for the SAS was issued on 07.12.2019. (Period: 07.12.2019, to 06.07.2020)

Copy of site inspection report is annexed herewith and marked as **Annexure A/28**.

Copy of PTCUL's letter dated 07.12.2019 is annexed herewith and marked as **Annexure A/29**.

Copy of letter accepting amendment for SAS is annexed herewith and marked as **Annexure A/30**.

Associated Transmission Line Construction Delays:

The associated transmission line construction, particularly the 3.5 km segment involving four well foundations in the river Ganga and forest region, faced multiple challenges: Forest and revenue department approvals for the forest case; Variations in well foundation design based on site conditions; Access restrictions due to high water currents in the Ganga; Work stoppages due to the COVID-19 pandemic; Monsoon season and Ganga river floods (November 2019 to May 2022); Changes in well foundation depth due to rocky strata; & RoW issues at certain tower locations.

9.90. The delays in the Padartha substation project were caused by various interconnected factors, including regulatory approvals for soil filling, event-specific transportation restrictions, monsoon-related disruptions, the addition of the SAS to the project scope, and challenges in constructing the associated transmission line.

Copy of a report justifying reasons for delay at Padartha substation is annexed herewith and marked as **Annexure A/31**.

9.91. That while the Ld. UERC has itself acknowledged the reasons for time overrun and has found that part of the delay could be considered as delay not attributable to PTCUL, the Ld. UERC has erroneously gone ahead and disallowed the capitalization purportedly on account of higher IDC than computed by it citing that the other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at PTCUL's end. As a result of which, Ld. UERC has erroneously disallowed IDC of Rs. 1.77 crore. Since all the factors leading to delay were demonstrably uncontrollable, IDC for the same ought to have been allowed by the Ld. UERC in terms of Regulation 21 (9) of the MYT Regulations 2021. It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions. Such findings or rather stray remarks rendered by the Ld. UERC are based on conjectures without considering the ground challenges faced by PTCUL while implementing the project. Accordingly, such findings rendered in ignorance of the factual background put forth by PTCUL for the Ld. UERC's consideration are unsustainable and ought to be set aside.

9.92. That the justification for delay submitted along with the Petition and during the technical validation session interactions were self-explanatory and sufficient to allow the capitalization as none of the reasons for delay could be attributable to PTCUL.

9.93. Ld. UERC's categorization of delays as controllable, partially controllable and uncontrollable factors, despite PTCUL's force majeure submissions, is arbitrary and violates natural justice. The findings rendered by the Ld. UERC lacks rationale and transparency.

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

9.94. That the Ld. UERC has erred in disallowance of the capitalization for the aforesaid capex scheme on the mere fact that corrected information was submitted later. PTCUL submitted the completed cost of the project of the scheme as Rs. 20.19 crore in Form 9.5 and Rs. 22.61 crore (including additional capitalization of Rs. 2 Crore) in Form 9A and Form 9.8. The Ld. UERC vide its letter dated 22.01.2024 directed PTCUL to clarify reasons for claiming the project cost. Accordingly, PTCUL vide its letter dated 30.01.2024 reiterated that cost claimed under Form 9.5 is Rs. 20.19 crore only and revised the value of additional capitalization claimed under Form 9.8 to Rs. 2.44 crore. Further, PTCUL vide its letter dated

26.02.2024 submitted that value of Form 9A was Rs. 20.19 crore. However, the Ld. UERC has considered the project cost as Rs. 22.19 crore including additional capitalization of Rs. 2 crore, resulting in a loss of Rs. 0.44 crore in capitalization of the project. That it is imprudent for a statutory body like the Ld. UERC to ignore any information submitted which has a significant commercial impact on a business entity like PTCUL while undertaking the tariff determination exercise.

9.95. PTCUL faced several legitimate delays in the project, including those caused by awaiting regulatory approvals, the COVID-19 pandemic, and RoW issues.

Forest Land Transfer Approval:

- **Initial Steps:** PTCUL initiated the process for forest land transfer approval in March 2018. The proposal was forwarded through various levels of the forest department, reaching the Ministry of Environment & Forest in January 2019.

  Copy of PTCUL's letter dated 31.03.2018 is annexed herewith and marked as **Annexure A/32**.

- **Delays:** The process was delayed due to the Model Code of Conduct, causing the Regional Empowered Committee (**REC**) meeting to be rescheduled. Stage-1 approval was finally received in August 2019. Further approvals from the DFO allowed work to begin in October 2019. This process delayed the project by approximately 19 months (March 2018 - October 2019).

COVID-19 Pandemic (First Wave):

- **Lockdown Impact:** The nationwide lockdown imposed in March 2020 halted construction activities. Although permission to resume work was granted in April 2020, work was further delayed due to the unavailability of construction materials and labour migration. Work resumed gradually after May 2020, as material availability and labour returned. This caused a delay of roughly two months (March 2020 - May 2020).

  Copy of PTCUL's letter dated 23.04.2020 is annexed herewith and marked as **Annexure A/33**.

Realignment of Tower Location:

- **RoW Dispute:** A RoW dispute at location No. 3, situated on land owned by M/s Patanjali Food and Herbal Park, caused a delay starting in September 2019. A stay order from the court further complicated the issue.

- **Resurvey and Realignment:** For resolving RoW issue, resurvey was carried out, leading to the need for additional tower stubs and approvals. The new tower design was approved in June 2020, and the new stubs were delivered in August 2020. The overall delay caused by this issue is estimated to be around 21 months (September 2019 - August 2020, including COVID-19 related slowdowns in manufacturing and deliveries).

Unprecedented Rain:

Heavy monsoon rains from July to September 2020 caused waterlogging and difficult site conditions, hampering construction activities and further delaying the project by approximately three months.

Delay in Construction of Well Foundations:

- **Forest Approval and COVID-19:** Although in-principle approval for well foundations was granted in August 2019, work could only start in November 2019 after fulfilling forest department requirements including compliance of forest clearance. The COVID-19 lockdown and subsequent monsoon season further delayed completion.

- **Difficulties in Sinking Wells:** The expected completion date of March 2021 was not met due to difficulties in sinking the well foundations. The revised completion date was February 2022, which was further delayed to May 2022. This contributed to a delay of approximately 16 months (April 2021-May 2022).

RoW Issue at Location No. 4:

- **Landowner Dispute:** A RoW issue at location No. 4 emerged in February 2021, causing further delays. After negotiations with the landowner and revenue authorities, consent was obtained in March 2021, with a minor shift in the foundation location. This added roughly one month of delay to the project.

COVID-19 Pandemic (Second Wave):

- **Renewed Restrictions and Labor Migration:** The second wave of the pandemic in 2021 led to renewed restrictions and another wave of reverse migration of workers. This further impacted the project's timeline.

RoW Issues During Stringing (Location 6-7):

- **Landowner Objections:** In July 2022, landowners between locations 6 and 7 raised objections, halting stringing work.

- **Administrative Intervention:** PTCUL sought assistance from the District Administration of Haridwar to resolve the RoW issues.

- **Resolution:** With the help of district authorities, the ROW issue was resolved, and stringing work was completed. This delay spanned approximately 28 days (01.07.2022 – 28.07.2022).

High Water Level in River Ganga:

- **Well Foundation Completion and Initial Delay:** Although one well foundation was ready by 15.06.2021, high flood levels in the Ganga River prevented tower erection at location 17 from 16.06.2021 to 31.10.2021.

- **Post Well Foundation Completion Delays (2022):** After all four well foundations were completed in May 2022, high water levels during the pre-monsoon and monsoon seasons again hampered material transport and labour access.

- **Stringing Challenges:** Tower erection was completed by June 2022. However, stringing was delayed due to flooding and inaccessibility of the river crossing locations.

- **Unconventional Solutions and Resolution:** PTCUL coordinated with the district administration, police, and SDRF to access the flooded locations using motorboats and rafts. With assistance from Jal Police Haridwar, stringing was completed on 12.08.2022 and the line was energized on 16.08.2022. This period caused a delay of about 46 days (01.07.2022 – 15.08.2022).

  Copy of a report justifying reasons for delay for the 132 kV Chila-Nazibabad LILO Line is annexed herewith and marked as **Annexure A/34**.

9.96. That the detailed justification for the delay was submitted along with the original Petition and inadvertent typo error was corrected in the subsequent submissions. That the Ld. UERC is mandated to take into consideration every submission made by PTCUL before exercising its discretion to allow or disallow any cost impact in tariff. The perusal of the Impugned Order reflects that the Ld. UERC has taken note of the revised submissions, however, has failed to take cognizance thereof on arbitrary and untenable reasons. That the Ld. UERC has not only erred in denying the capitalization against IDC but has also erred in denying the principal amount. That while the revised form 9.8 and form 9.5 for the scheme were submitted, the Ld. UERC has failed to take the same into account while allowing the capitalization. As a result of which, Ld. UERC has erroneously disallowed IDC of Rs. 0.49 crore.

9.97. That while the Ld. UERC has itself acknowledged the reasons for time overrun and has found that part of the delay could be considered as delay not attributable to PTCUL, the Ld. UERC has erroneously gone ahead and disallowed the capitalization purportedly on account of higher IDC than computed by it citing that the other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at PTCUL's end. Since all the factors leading to delay were demonstrably uncontrollable, IDC for the same ought to have been allowed by the Ld. UERC in terms of Regulation 21 (9) of the MYT Regulations 2021. It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions. Such findings or rather stray remarks rendered by the Ld. UERC are based on conjectures without considering the ground challenges faced by PTCUL while implementing the project. Accordingly, such findings rendered in ignorance of the factual background put forth by PTCUL for the Ld. UERC's consideration are unsustainable and ought to be set aside.

9.98. That the Ld. UERC tariff regulations itself provide that the approved capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. [*Refer Regulation 21(7) of the MYT Regulations 2021*] It is a well settled law that regulations framed by the State

Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

9.99. That the Ld. UERC's categorization of delays as controllable, partially controllable and uncontrollable factors, despite PTCUL's force majeure submissions, is arbitrary and violates natural justice. The findings rendered by the Ld. UERC lacks rationale and transparency.

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

9.100. The Ld. UERC had approved the project cost of Rs. 6.03 crore for the project vide its investment approval order dated 10.02.2017. PTCUL in its petition had claimed the additional capitalization of Rs. 0.61 crore.

9.101. That the Ld. UERC has erred in disallowing the capitalization towards the aforesaid capex scheme. That the additional capitalization claimed by PTCUL was within the cut-off date and the Ld. UERC had previously approved the capitalization of Rs. 5.83 crore up to FY 2021-22 for the said scheme. However, considering the capitalization claimed for FY 2022-23, i.e. Rs. 0.61 crore, total project cost for the scheme sums up to Rs. 6.52 crore up to FY 2022-23 which exceeds the total approved cost of Rs. 6.03 crore and thus the Ld. UERC has restricted the project cost of the scheme to Rs.

6.03 crore and has restricted the capitalization claimed during FY 2022-23 to Rs. 0.20 crore.

9.102. That PTCUL experienced cost and time overruns due to variations in civil works, unforeseen price increases, transformer delivery delays, and the COVID-19 pandemic.

Reasons for Cost Overrun:

Civil Works Variations: Initial civil work quantities were tentative and based on old drawings. Changes during detailed engineering and site conditions led to increased work and material requirements for various components, including foundations, transformer plinths, trenches, and cable laying. These variations were handled as per the variation clause (Clause 18) of the contract.

Copy of contract for supply, erection, testing & commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal is annexed herewith and marked as **Annexure A/35**.

Power Transformer Price Variation: A price increase of 63.49 Lakh for the 40 MVA power transformer was not included in the original DPR. However, the contract included a price variation (PV) clause based on Indian Electrical and Electronics Manufacturers' Association (**IEEMA**) guidelines, making this a legitimate cost overrun.

Third-Party Inspection: An unforeseen cost of 7.375 Lakh for third-party inspection by Central Power Research Institute **(CPRI)** was incurred, which was not budgeted in the original DPR.

Copy of CPRI letter dated 19.02.2021 is annexed herewith and marked as **Annexure A/36**.

Copy of PTCUL's letter dated 26.02.2021 is annexed herewith and marked as **Annexure A/37**.

Reasons for Time Overrun:

Transformer Delivery Delays: M/s CG Power, the approved transformer vendor, experienced financial difficulties, leading to significant delays in transformer delivery. Attempts to procure the transformer from other manufacturers like ABB also involved long lead times and potential forfeiture of advance payments made to CG Power. (Period 18.01.2019 – 23.12.2020)

COVID-19 Pandemic: The second wave of the COVID-19 pandemic resulted in partial restrictions on movement, impacting labour availability and access to service engineers from equipment manufacturers. This period is considered a force majeure event. (Period 24.12.2020 – 13.07.2021)

Rainy Season: Work was further delayed due to the rainy season. Although the transformer was charged on 22.07.2021, remaining punch points and civil works were completed only by 11.10.2021. (Period 14.07.2021 – 11.10.2021)

Copy of a report justifying reasons for delays in work related to Bindal S/s is annexed herewith and marked as **Annexure A/38**.

9.103. That the Ld. UERC approved part of the additional capitalization claimed, restricting the total project cost to the original investment approval amount, despite acknowledging the timely claim made by PTCUL i.e., the claim being within the cut-off date. This is contradictory to the Ld. UERC's own findings with respect to other projects under the Impugned Order whereby the Ld. UERC has failed to approve capitalization claims beyond the cut off date, be that as it may, with respect to the present scheme as well, the Ld. UERC has ignored the detailed justification for cost overruns.

9.104. That restricting the capitalization up to the investment approval not only breaches the own directive of the Ld. UERC which accords investment approval and directs to provide detailed justification for cost deviation from the investment approval but also ignores the ground implementation challenges faced by the Petitioner while executing the project.

9.105. That the detailed justification was provided to the Ld. UERC as part of the tariff filing, however, the same has been ignored by the Ld. UERC, which is discernible from the fact that there has been no discussion on which reasons are not found prudent for consideration by the Ld. UERC. Even on this count, the Impugned Order is non-speaking and not reasoned. In this regard, reliance placed on the judgments of the Hon'ble Supreme Court in the cases of Kranti Associates Private Limited (*Supra*), Victoria Memorial (*Supra*) and Vishnu Dev Sharma (*Supra*) are reiterated and not repeated to avoid prolixity. Therefore, the Impugned Order merits interference by this Hon'ble Tribunal.

9.106. That the Ld. UERC tariff regulations itself provide that the approved capital cost shall be considered for tariff determination and if sufficient justification is provided for any escalation in the project cost, the same may be considered by the Ld. UERC subject to prudence check. [*Refer Regulation 21(7) of the MYT Regulations 2021*] It is a well settled law that regulations framed by the State Commission are binding upon it and once they occupy the field framing of the terms and conditions for determination of tariff under Section 61 of the Act has to be in consonance with them. Tariff determination has to be in accordance with such terms and conditions.

Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line

9.107. That the Ld. UERC vide its investment approval order dated 09.10.2015, had approved Rs. 11.18 crore for construction of 220 kV Piran Kaliyar-Puhana (PGCIL) single circuit line on double circuit towers (Zebra Conductor). Further, the Ld. UERC vide investment approval order dated 01.12.2017, had approved the revised capital cost of Rs. 19.08 crore for stringing of double circuit line on double circuit towers along with EHV cabling work. PTCUL in its petition had claimed the additional capitalization of Rs. 0.32 crore during FY 2022-23. That the Ld. UERC has erred in disallowing the capitalization towards the aforesaid capex scheme.

9.108. That PTCUL's cost overruns were primarily driven by increases in tower numbers, the need for a pile foundation, higher crop and land compensation, and increased IDC due to project delays. The reasons are enumerated herein below:

Increased Number of Towers:

Three additional towers and tower extensions were required due to site conditions and approved drawings for the 220kV monopoles. This contributed to cost overruns in materials, labour, and foundation work.

Pile Foundation at Tower Location 8:

Due to the location of tower 8 in the Solani river course, a pile foundation was necessary, adding to the project's cost.

Increased Crop and Land Compensation:

RoW issues raised by farmers, including court cases, led to increased crop and land compensation to resolve these disputes.

Increased IDC (Interest During Construction):

Project delays caused by RoW issues, court cases, and the COVID-19 pandemic resulted in an extended construction period, leading to higher IDC.

Copy of a report justifying reasons for delay in construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line is annexed herewith and marked as **Annexure A/39**.

9.109. That the detailed justification was provided to the Ld. UERC as part of the tariff filing, however, the same has been ignored by the Ld.

UERC, which is discernible from the fact that there has been no discussion on which reasons are not found prudent for consideration by the Ld. UERC. Even on this count, the Impugned Order is non-speaking and not reasoned. In this regard, reliance placed on the judgments of the Hon'ble Supreme Court in the cases of Kranti Associates Private Limited (*Supra*), Victoria Memorial (*Supra*) and Vishnu Dev Sharma (*Supra*) are reiterated and not repeated to avoid prolixity. Therefore, the Impugned Order merits interference by this Hon'ble Tribunal.

9.110. The Ld. UERC has found that the project implementation was impacted due to time overrun factors, however, has failed to take this finding to a logical sequitur viz. time overrun leads to cost overrun. The Ld. UERC has in an overly simplistic manner observed that cost overrun claimed by PTCUL has not been linked to time overrun factors. Such observations underscore abdication of Ld. UERC's statutory duties, which it is mandated to fulfil in terms of Section 86 of the Act.

Other Schemes (System Strengthening):

9.111. That the Ld. UERC approved a capitalization of Rs. 9.11 crore but excluded Rs. 0.05 crore claimed for Furniture & Fixtures for SLDC, treating it as an O&M expense. This violates accounting principles for asset categorization based on useful life, shifting additions from the balance sheet to the P&L statement and creating a discrepancy between PTCUL's asset base and regulatory asset base.

9.112. That the capitalization of Rs. 0.05 crore towards Furniture & Fixtures, and Office Equipment for SLDC for the FY 2022-23 has been disallowed. The Ld. UERC has taken a view that since these expenses are towards minor assets, they need to be considered as part of O&M expenses and thus the Ld. UERC has disallowed the same as capitalization during FY 2022-23.

9.113. That the present approach adopted by the Ld. UERC is erroneous since it violates the basic principle of categorization of asset based on its useful life as recognized under the accounting principle rather than its value. The Impugned Order is also erroneous from the perspective that it shifts the asset addition from the balance sheet to the P&L and furthermore, provisions related to such treatment do not exist in applicable regulations i.e., MYT Regulations 2021.

9.114. That such an approach adopted by the Ld. UERC has led to disallowance of asset capitalization which in turn has been categorized as a regulatory asset. This treatment is fallacious and leads to under recovery of tariff by PTCUL.

Misclassification of Non-Tariff Income:

9.115. That the Ld. UERC approved non-tariff income of Rs. 48.70 crore for FY 2022-23, including interest income, forfeited earnest money, and other charges. Treating interest on investments, forfeited earnest money, and security money as non-tariff income contradicts MYT Regulations 2021.

9.116. That while filing the tariff petition, the revenue realised from sale of scrap, sale of tender documents, registration fee, connectivity charges, fee for load flow study, etc are considered as non-tariff income as per the provisions of MYT Regulations 2021.

9.117. That PTCUL in line with MYT Regulations 2021, had submitted the non-tariff income as Rs. - 0.05 crore which included the negative adjustment of Rs. 2.62 crore of supervision charges and prayed the Ld. UERC to approve the same

9.118. PTCUL submitted that actual non-tariff income had been negative for the FY 2022-23 for the specific reason that supervision charges received from third party and claimed as income in past year had been refunded amounting to Rs. 2.79 crore on behalf of Bluedenz Industries Pvt ltd as the project was cancelled. Accordingly, PTCUL had submitted the table for revenue to be considered as part of non-tariff income as below:

Table: Non-Tariff income for FY 2022-23

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Interest on TDRs through Sweep Accounts	7.13			Not considered as income from investment from RoE
Interest on FDRs	14.92			

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Interest from Banks & Other Advances	**22.05**			
Deferred Revenue Grants written off against funding under Deposit & PSDF Schemes.	**11.04**			Since depreciation claimed excluding grants hence not considered
Profit On Sale of Store	1.20	1.20	0.00	
Sale of Scrap	0.00	(0.00)	0.00	
Sale of Tender Form	0.13	0.13	-	
Registration Fees	0.08	0.08	-	

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Forfeited Earnest Money / Security Money	26.17	-	-	The encashment related to Interstate transmission line and hence ought not to be considered for deduction by Hon'ble UERC for Intra-state system of the Petitioner
Connectivity Charges	0.10	0.10	-	
Load Flow Study (Power	0.01	0.01	0.00	

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Evacuation)				
Balance Misc. Receipts	0.01	0.01	-	
Misc Receipt (Penalty)	0.00	0.00	-	
Interest on Income Tax Refund	0.63	-	-	Since included in the normative working capital calculation, hence not claimed
Recoveries for transport facilities	0.20	0.20	-	
Income from Inspection	0.01	0.01	-	

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
house				
Supervision Charges from Third Party	(2.62)	(2.62)	-	
Surcharge by CTUIL	0.67	0.67	-	
Rental from Staff	0.04	0.04	-	
Rental From Contractors	0.01	0.01	-	
Recovery for Transport & Vehicles Expenses (Other than recoveries from Staff)	0.00	(0.00)	0.00	

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Penalties for delay in Supplies/Execution of works	0.11	0.11	0.00	
Receipt of Fees under Right to Information Act-2005	0.00	0.00	-	
Miscellaneous Receipts	**26.74**	**(0.05)**	**0.00**	
Total Non-Tariff income	**59.84**	**(0.05)**	**0.00**	

9.119. That the Ld. UERC has erred in considering the other income as Rs. 59.84 crore which includes the revenue accrued pertaining to the following:

- Interest from banks and other advances of Rs. 22.05 crore, which resulted due to interest on RoE earned by PTCUL over the years,
- Deferred Revenue Grants written off against funding under Deposit & PSDF Schemes of Rs. 11.04 crore, and

- Revenue resulting due to forfeited earnest money and security money of Rs. 26.16 crore for the scheme pertaining to the deemed ISTS lines which is not under the jurisdiction of the Ld. UERC.

9.120. That the MYT Regulations 2021, specifically provides that the revenue resulting due to 'Interest earned from the investments made out of return on Equity corresponding to the regulated business of the Transmission Licensee shall not be included in Non-Tariff Income'. That in the past tariff orders, the Ld. UERC considered interest earned from investments made out of RoE as part of non-tariff income on account of the fact that there was no documentary evidence confirming if the FDR is made through its earning from RoE. However, in the tariff petition filed, as part of the data gap raised by the Ld. UERC, documentary evidence from the statutory auditor specifying that out of the total fund invested of Rs. 441.28 crore as on 31.03.2023, the fund amounting to Rs. 259.95 crore pertains to the revenue earned against UITP projects and Rs. 107.05 crore is on account of bank guarantees against UITP Projects encashed for the FY 2022-23. This results in total balance towards RoE as Rs. 74.28 crore. On the basis of above facts, it was prayed to the Ld. UERC, that Other Income amounting to Rs. 48.70 crore pertaining to interest on investment in FDRs/TDR's and forfeited bank guarantees related to UITP Projects and balance against RoE shall not be considered as Non-Tariff Income as the same pertains to

UITP scheme under deemed ISTS and Interest earned on RoE funds. However, the Ld. UERC under the Impugned Order has erroneously ignored the documentary evidence substantiating the claims of interest accrued on RoE to be deducted while considering the non-tariff income in accordance with the provisions of the MYT Regulations 2021.

Copy of the Auditor's Report is annexed herewith and marked as **Annexure A/40**.

9.121. That the Ld. UERC has specifically excluded allowing any claim of expenditure pertaining to deemed ISTS lines as the same falls beyond the jurisdictional aegis of the Ld. UERC. That the Ld. UERC has adopted a selective approach in considering the other revenues from deemed ISTS business as non-tariff income, which is not regulated by the Ld. UERC, however, refrains from allowing the claims of related expenditure observing that the same belongs to jurisdiction of the Learned Central Electricity Regulatory Commission (**Ld. CERC**).

9.122. That Ld. UERC has erred in considering the revenue accrued due to forfeited earnest money and security money of Rs. 26.16 crore on account of the UITP schemes under deemed ISTS. That this scheme pertained to UITP scheme under deemed ISTS and thus need to be excluded from the non-tariff income as the same will be excluded from Inter-State Project ARR by the Ld. CERC resulting in the double financial impact to PTCUL.

9.123. That the Ld. UERC ought to have taken cognizance of the fact that such revenue items beyond the regulatory jurisdiction of MYT Regulations 2021, should have been reduced from the non-tariff income and claim of PTCUL should have been allowed.

10. Matters not previously filed or pending with any other Court –

10.1 The appellant declares that they have not previously filed any Writ Petition or Suit before any court or any other authority regarding the matter in respect of which this Appeal is preferred. To the best of their knowledge, as on date, no Writ Petition or Suit or Review Petition is/are pending before any forum.

11. Specify below explaining the grounds for such relief(s) and the legal provisions, if any, relied upon –

11.1 The appellant craves the leave of this Hon'ble Tribunal to refer to and rely upon the contents of Paragraph 9 above.

12. Details of Interim Application, if any, preferred along with this Appeal –

12.1 The appellant has preferred the following applications-

(i) Application seeking condonation of delay in filing the appeal.

(ii) Application for Exemption from filing translated/typed/ clear/ legible copies of the annexures

13. Details of Appeal/s, if any preferred before this Hon'ble Appellate Tribunal against the same Impugned Order/Direction, by Respondents with numbers, dates and Interim Order, if any passed in that Appeal (if known) –

13.1 To the best of the Appellant's knowledge, no appeal has been filed against the same Impugned Order by the Respondent.

14. Details of the Index –

14.1 An index containing the details of the documents relied upon is enclosed at the beginning of the present Appeal.

15. Particulars of fee payable and details of bank draft in favour of Pay and Accounts Officer, Ministry of Power, New Delhi –

15.1 **Demand Draft No. dated drawn on for an amount of payable to** DD No. 221178 dated 10.06.2025 drawn on PNB Rs. 1,05,000/- in favour of Pay & Accounts Officer, Ministry of Power, New Delhi and Transaction Ref. No. 2306250008175 dated 23.06.2025 for Rs. 25/- Bharatkosh

16. List of enclosures

As per Index

17. Whether the order appealed against as communicated in original is filed? If not, explain the reason for not filing the same –

17.1 The certified copy of the Impugned Order has been filed along with the present appeal.

18. Whether the Appellant is ready to file Written Submissions/Arguments before the first hearing after serving the copy of the same on Respondents –

18.1 Appellant craves the leave of this Hon'ble Tribunal to file the Written Submissions/Arguments at the appropriate stage upon directions from the Hon'ble Tribunal.

19. Whether the copy of Memorandum of Appeal with all enclosures has been forwarded to all Respondents and all interested parties, if so, enclose postal receipt/ courier receipt in addition to payment of prescribed fee –

19.1 The appellant shall serve the copy of appeal along with all annexures and applications upon issuance of notice by this Hon'ble Tribunal.

20. Any other relevant or material particulars/ details which the Appellant(s) deem necessary to set out –

20.1 The Appellant will rely upon all such documents/submissions, which may be necessary for the proper adjudication of the issues involved in the present appeal.

21. Reliefs sought –

21.1 In view of the aforesaid, the Appellant prays for the following reliefs–

A. Allow the present appeal and set-aside the Impugned Order dated 28.03.2024 issued by the Learned Uttarakhand Electricity Regulatory Commission in Petition No. 49 of 2023 to the extent challenged; and

(b) pass such further order or orders as this Hon'ble Tribunal may deem just and proper in the circumstances of the case.

Dated at Dehradun on this 9th day of June 2025.

Trilegal
Advocates for Appellant

Appellant
Chief Engineer
(Commercial & Regulatory)
PTCUL, Vidyut Bhawan, Majra,
Dehradun

DECLARATION BY APPELLANT

The Appellant above named hereby solemnly declare(s) that nothing material has been concealed or suppressed and further declare(s) that the enclosures and typed set of material papers relied upon and filed herewith are true copies of the original(s)/ fair reproduction of the originals/ true translation thereof.

Verified at Dehradun on this 9th day of June 2025.

Trilegal
Advocates for Appellant

Appellant
Chief Engineer
(Commercial & Regulatory)
PTCUL, Vidyut Bhawan, Majra,
Dehradun

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VERIFICATION

I, Illa Chandra, S/o Sh. Nandan Prasad, the Authorized Representative of the Appellant herein, verify that the contents of the Para Nos. 1 to 7 are true to my personal knowledge/ derived from official record and Para Nos. 8 to 21 are believed to be true on legal advice and that I have not suppressed any material facts.

Appellant
Chief Engineer
(Commercial & Regulatory)
PTCUL, Vidyut Bhawan, Majra,
Dehradun

Date: 09-06-2025
Place: Dehradun

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BEFORE THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY AT NEW DELHI

APPELLATE JURISDICTION

APPEAL NO. _____ OF 2025

IN THE MATTER OF:-

Power Transmission Corporation of Uttarakhand Limited ...**Appellant**

Versus

Uttarakhand Electricity Regulatory Commission ...**Respondent**

AFFIDAVIT

I, Hla Chandra, S/o Sh. Nandan Prasad, aged about 49 years, working as Chief Engineer (Commercial & Regulatory) with the Appellant, Power Transmission Corporation of Uttarakhand Limited (PTCUL) having office at "Vidyut Bhawan", Near-ISBT Crossing, Saharanpur Road, Majra, Dehradun- 248002, do hereby solemnly affirm and state on oath as follows:

1. I am the authorized representative of the Appellant, and I am fully conversant with the facts and circumstances of the case. I have been duly authorized and am, therefore, competent to affirm this Affidavit.

2. That I have read and understood the contents of the accompanying Appeal and I say and submit that the facts stated therein are true and correct to the best of my knowledge based on the records maintained by the Appellant and the submissions made therein are on legal advice which I believe to be true. No part of it is false and nothing material has been concealed therefrom.

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3. I say that the annexures to the accompanying Appeal are true and correct copies of their respective originals.

DEPONENT

Chief Engineer
(Commercial & Regulatory)
PTCUL, Vidyut Bhawan, Majra,
Dehradun

VERIFICATION

I, Illa Chandra, the above named deponent do hereby verify that the contents of this Affidavit are true and correct to my knowledge, no part of it is false and nothing material has been concealed therefrom.

DEPONENT

Chief Engineer
(Commercial & Regulatory)
PTCUL, Vidyut Bhawan, Majra,
Dehradun

Verified at Dehradun on this 9th day of June 2025.

Identified by
(CE Tech)
(C&R)
PTCUL

NOTARY
Rajender Singh Negi
Dehradun
GOVT. OF UTTARAKHAND

This affidavit sworn before me by
Shri... Illa Chandra...
who is identified by Shri...
at Dehradun on...
9/6/25
(Rajender Singh Negi)
Advocate & Notary, Dehradun

Annexure A/1

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उत्तराखण्ड विद्युत नियामक आयोग

'विद्युत नियामक भवन'

निकट आई.एस.बी.टी., पो0ऑ0–माजरा, देहरादून

फोन–0135–2641115 फैक्स–2641314

TEL 0135-2641115 FAX- 2641314 Website www.uerc.gov.in E-mail- secy-uerc@gov.in

पत्रांक:यूईआरसी/7/टी.एल.–676/2023–24/103 दिनांक:26–अप्रैल, 2024

सेवा में, 12/B Uerc 27/4/24

प्रबन्ध निदेशक,
पावर ट्रांसमिशन कॉरपोरेशन ऑफ उत्तराखण्ड लिमि0
विद्युत भवन, आई.एस.बी.टी. क्रॉसिंग के समीप,
सहारनपुर रोड, माजरा,
देहरादून–248002

27/4/24

महोदय,

पावर ट्रांसमिशन कॉरपोरेशन ऑफ उत्तराखण्ड लिमि0 की याचिका पर प्रदेश में वर्ष 2024–25 के लिए पारेषण दरों का निर्धारण करने हेतु माननीय आयोग द्वारा विस्तृत आदेश दिनांक 28.03.2024 को पारित किया गया है। सम्बन्धित आदेश की प्रति सूचनार्थ संलग्न कर प्रेषित की जा रही है।

संलग्नक : *Order on True up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24 & Aggregate Revenue Requirement (ARR) for FY 2024-25 for Power Transmission Corporation Uttarakhand Ltd.*

भवदीय,

(नीरज सती)
सचिव

858
29/04/2024

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Order

on

True up for FY 2022-23,

Annual Performance Review for FY 2023-24

&

ARR for FY 2024-25

For

Power Transmission Corporation of Uttarakhand Ltd.

March 28, 2024

Uttarakhand Electricity Regulatory Commission

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

Dehradun - 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 49 of 2023

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2022-23, Annual Performance Review for FY 2023-24 and Revised Aggregate Revenue Requirement for FY 2024-25.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.

Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT,

Dehradun-248001, Uttarakhand.

...Petitioner

Coram

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

Shri M. L. Prasad Member (Technical)

Date of Order: March 28, 2024

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 1 - Background and Procedural History.

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

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

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

Chapter 5 - Commission's Directives.

Chapter 6 - Annexures

1 Background and Procedural History

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

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

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

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

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

d) To provide open access.

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

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Transmission and Load Despatch, on May 31, 2004. In view of re-structuring of functions of UPCL and creation of a separate company for looking after the transmission related works, the Commission amended the earlier 'Transmission and Bulk Supply License' granted to 'Uttarakhand Power Corporation Limited' and transmission license was given to PTCUL for carrying out transmission related works in the State vide Commission's Order dated June 5, 2004.

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

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

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

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

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

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

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

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

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

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

Table 1.1: Publication of Notice

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

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

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

Table 1.2: Schedule of Hearing

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

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

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

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

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

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

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

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on January 18, 2024, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/7/CL/592/Petition No. 49 of 2023/1129 dated January 22, 2024, for its response. Further, additional information was sought from PTCUL vide letter no. UERC/7/CL/Petition No. 49 of 2023/1247 dated February 21, 2024.

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

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

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

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

2.1 System Strengthening

2.1.1 *Stakeholder's Comments*

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

2.1.2 *Petitioner's Response*

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

Sr. No.	Name of Project	Remarks/Status
1	400 kV GIS Substation Landhora (2X315 MVA)	Tendering process is underway
2	220 kV AIS Substation Manglore (2X160 MVA & 2X80 MVA)	Tendering process is underway
3	132 kV GIS Substation Dhaulakhera (2X40 MVA)	Tendering process is underway
4	132 kV GIS Substation Bharuna-II (2X40 MVA)	Tendering process is underway
5	132 kV AIS Substation Sarvarkhera, US Nagar (2X40 MVA)	Tendering process is underway
6	220 kV GIS Substation Srinagar (2X50 MVA)	Tendering process is underway
7	132 kV GIS Substation Lohaghat (2X20 MVA)	Tendering process is underway
8	132 kV GIS Substation Araghar (2X40 MVA)	Tendering process is underway

2.1.3 Commission's Views

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

2.2 System Losses

2.2.1 Stakeholder's Comments

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

2.2.2 Petitioner's Response

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

2.2.3 Commission's Views

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

2.3 Delay in construction of Baram and Brahmwari Sub-station

2.3.1 Stakeholder's Comments

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

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun, submitted that the past experience shows that PTCUL officers do not take adequate timely actions to ensure timely completion of project. This results in cost overrun and increases cost to consumers. In present times, for faster completion of projects, all clearances should be first taken by PTCUL and then only the contract should be awarded. This will reduce time in completion. He further submitted that Baram Sub-station in Pithoragarh should be completed early as this will help in better availability and evacuation.

2.3.2 *Petitioner's Response*

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

2.3.3 *Commission's Views*

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

2.4 AI and Machine Learning Based Analytics Technologies

2.4.1 Stakeholder's Comments

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

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

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

2.4.2 *Petitioner's Response*

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

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

2.4.3 *Commission's Views*

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

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

2.5.1 *Stakeholder's Comments*

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

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

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

2.5.2 *Petitioner's Response*

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

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

2.5.3 *Commission's Views*

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

2.6 Capitalization of New Assets

2.6.1 *Stakeholder's Comments*

Shri Pankaj Gupta, President, Industries Association of Uttarakhand (IAU), Mohabewala Industrial Area, Dehradun submitted that a trend is being noticed wherein all utilities are projecting very high cost in Capitalisation as that gives them better returns. As stakeholders, we are vehemently against such practice and would therefore request the Hon'ble Commission to scrutinize any addition in Capitalisation very carefully. It should be seen with the perspective of intended utilization and the benefit the additional capitalisation will give to the consumers. Commission is requested to continue with the earlier order of allowing only the minimum of approved cost and the actual cost as per audit report submitted by the Petitioner.

2.6.2 *Petitioner's Response*

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

2.6.3 *Commission's Views*

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

2.7 Return on Equity on account of Power Development Fund

2.7.1 *Stakeholder's Comments*

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

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

Equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in form of a cess.

The Hon'ble Appellate Tribunal of Electricity (ATE) in judgement dated May 15, 2015, in R.P. No. 2 of 2015 in appeal No. 165 of 2015 had issued directions to allow the RoE on the amount invested by the State Government if the amount has not been provided as grant. The relevant extract from the judgement is reproduced below:

> *"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF toward capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2006 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly, this issue is decided in favour of the Petitioner."*

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

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

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

2.7.2 *Petitioner's Response*

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

2.7.3 *Commission's Views*

The Commission has taken note of issue raised by the stakeholder and the response submitted by PTCUL. The Commission in line with the approach adopted in the earlier orders and as deliberated in earlier orders has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening Equity Base excluding the Equity from PDF at the rate of 15.50%. The same has been detailed in subsequent chapters of this Order.

2.8 True Up for Previous Years

2.8.1 *Stakeholder's Comments*

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

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

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

2.8.2 *Petitioner's Response*

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

2.8.3 *Commission's Views*

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

2.9 Issues Raised During Meeting of State Advisory Committee

2.9.1 *Stakeholder's Comments*

During the State Advisory Committee meeting held on March 06, 2024, the Members made the following suggestions on the Petitions filed by PTCUL.

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

2.9.2 *Petitioner's Response*

The Petitioner submitted the following replies on the queries raised:

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

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

2.9.3 Commission's Views

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding on the Petitioner's claims in the Petition filed for approval of true-up of FY 2022-23, APR for FY 2023-24 and Annual Transmission Charges for FY 2024-25 as detailed in subsequent Chapters of this Order.

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

3.1 Annual Performance Review

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

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

3.2 Value of opening assets

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

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

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

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

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

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

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

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

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

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

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

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

The Commission received the Government of Uttarakhand Notification No 263/1(2)/2022-05-20/2007-TC dated March 8, 2022 vide GoU letter dated March 9, 2022. As per the said notification, the GoU has approved the opening Gross Fixed Assets amounting to Rs 1058.15 Crore transferred from Uttar Pradesh Power Corporation Limited (UPPCL) to Uttarakhand Power Corporation Limited (UPCL).

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

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

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

3.3 Additional capitalization for FY 2022-23

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

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

i. Lower of the capitalisation claimed in Form 9A and Form 9.5 has been considered.

ii. Schemes exceeding the Investment Approval Limit have been restricted to Investment Approval.

iii. IDC for the Schemes have been worked out on Pro-rata Basis by categorizing the delay under controllable and uncontrollable factors for Schemes Capitalized during FY 2022-23.

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

"22. Additional capitalization and De-capitalization:

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

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

a) Undischarged liabilities;

b) Works deferred for execution;

c) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 21(11);

d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

e) On account of change in Law.

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

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

a) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

b) Change in Law;

c) Works deferred for execution within the original scope of work;

d) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

e) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

…"

Further, Regulation 3(19) of the UERC Tariff Regulations, 2018 defines cut-off date as under:

"(19) "Cut-off Date" means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is

declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation."

In the subsequent paras, the Commission has discussed the scheme wise capitalization for FY 2022-23 claimed by the Petitioner and approved by the Commission.

3.3.1 REC II Scheme

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

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

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

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

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

It is observed that SLDC has failed to completely separate the accounts of SLDC and PTCUL during FY 2022-23 and has further not submitted the separate balance sheet for SLDC during FY 2022-23. In view of the same, the Commission has not taken up truing-up of SLDC separately and has considered the same as a part of overall true-up of STU. Accordingly, the Commission has considered the capitalization of Rs 6.07 Crore claimed by SLDC towards *"OPGW connectivity in PTCUL under Phase II of the ULDC Projects"* Scheme under REC II Scheme for PTCUL for FY 2022-23 Truing Up. With regard to the said scheme, the Commission during TVS has directed the SLDC to clarify reasons for claiming capitalization of Rs. 6.07 Crore only when LoA was issued for Rs. 31.20 Crore. In response, SLDC vide Letter dated January 30, 2024 submitted the details of Year wise capitalization wherein the Petitioner submitted that the Capitalization for FY 2022-23 is Rs. 5.99 Crore.

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

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

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

3.3.2 REC VI Scheme

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

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

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

3.3.2.1 220/33 kV Substation at Piran Kaliyar

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

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

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

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

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

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

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

3.3.3 REC VIII Scheme

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

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

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

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

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

With regard to the said Scheme, the Commission after scrutiny of the documents observed that the work for execution of Scheme was awarded to M/s. BTL EPC Ltd. as per LOA No. 835 & 836 (Supply and Erection) ICE(C&P)/PTCUL) ITL-18/2014-15 dated 11.05.2015. The work for the said scheme was to be completed within 27 months from the date of LOA i.e. by 10.08.2017. However, the work for the said scheme could be completed only by 31.03.2022 with a delay of Four

Years Eight Months (1694 Days).

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

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

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

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

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

3.3.4 REC 9995

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

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

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

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

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

Keeping in view the fact that awarded amount was exclusive of GST, the Commission after considering GST of 18% over the investment approval of Rs. 0.37 arrived at the cost of Rs. 0.43 Crore. Accordingly, the Commission had restricted the capitalization to Rs. 0.43 Crore and approved the capitalization of Rs. 0.43 Crore towards "Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet" during FY 2021-22. The Petitioner has again claimed the additional capitalization of Rs. 0.000745 Crore in the said scheme. Further, the Petitioner in the instant Petition has also submitted the reasons for escalation in Project Cost and has requested to allow the disallowance of Rs. 0.04 Crore in the capitalization of FY 2021-22 True Up. The Petitioner has submitted that due to the non-responsiveness of the firm the first contract awarded to contractor at Rs. 0.29 Crore had to be cancelled and re-tendering had to be done wherein the contract was awarded at Rs. 0.47 Crore.

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

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

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

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

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Const. of Approach road for Control Room and Residential Building at 132 kV S/s Ranikhet	0.43 (0.37 plus GST)	FY 2021-22	0.43	0.000743	0.00	0.43
Total	0.43		0.43	0.000743	0.00	0.43

3.3.5 REC 10760

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

Table 3.9: Capitalization claimed for REC 10740 Scheme in FY 2022-23 (Rs. Crore)

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

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

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

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

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

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

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

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

3.3.6 REC 10949

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

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

Project	Year of first-time capitalization	Amount
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/55-14/2017-18	FY 2021-22	0.10
Total		0.10

3.3.6.1 Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/55-14/2017-18"

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

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

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

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

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

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/55-14/2017-18"	4.27	FY 2021-22	4.07	0.10	0.10	4.17
Total	4.27		4.07	0.10	0.10	4.17

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3.3.7 REC 10950

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

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

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

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

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

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

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

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

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

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

3.3.8 RCRM 9025

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

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

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

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

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

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

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

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

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

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

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission upto FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total Capitalization approved till FY 2022-23
Const. of 132 kV S/C Overhead Line from 220 kV S/s SIDCUL Haridwar to 132 kV S/s Jwalapur & Const. of 132 kV Bay(s) at both ends for 132 kV Overhead line from 220 kV Substation SIDCUL Haridwar to 132 kV S/s Jwalapur	9.67	FY 2021-22	8.77	0.95	0.90	9.67
Total	9.67		8.77	0.95	0.90	9.67

3.3.9 REC 10148

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.3.10 PFC (System Improvement)

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

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

Project	Approved Cost	Year of first-time capitalization	Amount
Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur	18.39	FY 2022-23	18.24
Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar	60.51	FY 2022-23	29.76
132 kV Chilla-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chilla-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)		FY 2022-23	20.61
Construction of 220/33 kV S/s Jafarpur	44.05	FY 2020-21	0.76
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jafarpur	12.08	FY 2020-21	0.06
Construction of 132/33 kV GIS S/s at Bageshwar	70.99	FY 2019-20	0.46
Supply Erection and Testing & Commissioning of 40 MVA 132/33 kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal	6.00	FY 2021-22	0.41
Supply Erection & Testing & Commissioning of 01 no 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jaiharikhal/Satpuli Kotdwar (Pauri Garhwal)	6.94	FY 2021-22	0.90
Const. of 01 no. 132 kV Bay and extension of bus for 132 kV Bazpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	2.57	-	0.14
Total	221.03		73.15

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

The Commission vide its Investment Approval Order dated February 07, 2017, had approved the project cost of Rs. 18.39 Crore for the project "Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur". PTCUL in the present Petition has claimed the Capitalization of Rs. 18.24 Crore.

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

The Commission further observed that PTCUL has claimed IDC of Rs. 0.75 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TVS Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observes that the reasons of delay in the execution of "Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur" include Delay due to Covid-19

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

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

The Commission approves the capitalization of Rs. 17.76 Crore towards "Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur".

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

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

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

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

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

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

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

The Commission further observed that PTCUL has claimed IDC of Rs. 4.31 Crore towards the Scheme. Accordingly, the Petitioner was directed to submit the details of IDC capitalized along with reasons of delay in execution of the scheme in chronological order. The Petitioner submitted the required details vide TV5 Reply dated January 30, 2024.

Based on the details submitted by the Petitioner, the Commission observes that the reasons of delay in the execution of "Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar" include Delay in obtaining permission for Soil Filling of Land for Construction of Sub-station, No Entry of Heavy Vehicle during Kavad Mela, Heavy Rain, Amendment (New Item - SETC of SAS) in Contract Agreement Dated 13.10.2017 vide letter no. 890/SE(C&P-II)/PTCUL/56-22/2016-17 dated 07.12.2019, and Delay in construction of associated transmission line (LILO of 132 kV Chilla-Nazibabad line) due to delay in approval of Forest case, Delay in construction of Well foundations in River Ganga. The Commission observes that while the part of the delay could be considered under force majeure or delay not attributable to the Petitioner, however, it would be unreasonable to consider that each individual activity led to a situation which was beyond the control of the Petitioner, and it led to the overall delay of Four Years Eight Months in project execution. The Commission is of the view that other activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at the Petitioner's end. In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided.

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

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

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

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

PTCUL in the present Petition has initially claimed the Capitalization of Rs. 20.61 Crore. The Commission vide TVS Letter dated January 22, 2024 directed the Petitioner to clarify the reason for claiming Project Cost of the Scheme as Rs. 20.19 Crore in Form 9.5 and Rs. 20.61 Crore in Form 9A. PTCUL vide Letter dated January 30, 2024 reiterated that the cost claimed under Form 9.5 is Rs. 20.19 Crore only. However, PTCUL revised the values of Additional Capitalization claimed under Form 9.8 to Rs. 2.44 Crore and submitted the revised Form 9.8 without providing any justifications. The Commission further observed that the Petitioner vide Letter dated February 26, 2024 revised the Values of Form 9 A to Rs. 20.19 Crore aligning the cost claimed under Form 9.5 in contrast to the submissions made in the Petition without providing any justifications.

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

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

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

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

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

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

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

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

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

The Commission vide Investment Approval Order dated February 28, 2014 accorded in principle approval to the project for total cost of Rs 44.01 Crore and had directed the Petitioner to submit the completed cost and financing of the Scheme after completion of the project. The Commission in its order dated March 31, 2022 observed that the project was commissioned on March 31, 2021. However, no details were submitted by the Petitioner before the Commission as directed. The Commission in its order dated March 31, 2022 approved the capitalisation of Rs. 41.63 Crore. Further, the Commission in the True-up of FY 2021-22, has approved the additional capitalization of Rs. 0.0064 Crore on account of miscellaneous fabrication and plantation expenses. PTCUL in the present Petition has claimed the additional capitalization of Rs. 0.76 Crore.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"With regard to the said work, the Commission vide Letter No. UERC/7/CL/590/Petition No. 48 of 2022/2022-23/1316 dated January 17, 2023 had asked PTCUL to provide the reason for capitalizing the aforesaid work as the asset is not in "put to use" condition when works for stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor is still in progress. In response, the Petitioner vide Letter dated February 03, 2023 submitted that 132 kV Bay is presently energised which can be utilized as and when required. After completion of second circuit line (expected to be completed in August 2025), the bay shall be put into use as regular Bay by the end of August 2025.

The Commission has noted the submissions of the Petitioner. As discussed under the earlier Scheme "Const. of 01 no. 132 kV Bay for 132 kV Substation Bazpur", the scheme "Stringing of *second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with construction of 132 kV bay at 132 kV S/s Bazpur" is expected to achieve COD during FY 2025-26. The Commission observes that PTCUL is claiming part capitalization during FY 2021-22 wherein the major part of the asset is expected to be put into commercial operation during FY 2025-26. The Commission further observes that there is huge mismatch and spillage of upto 4 to 5 Years in planning of assets and aligning the commercial operation of assets by the PTCUL which is leading to underutilization of complete potential of the Transmission Network of PTCUL as well as leading to lower achievement of capitalization against the capitalization approved during each year of the Control Period.*

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

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

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

Project	Approved Cost	Year of first-time capitalization	Total capitalization approved by the Commission up to FY 2021-22	Capitalization claimed by PTCUL in FY 2022-23	Capitalization approved for FY 2022-23	Total capitalization approved till FY 2022-23
Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur.	18.39	FY 2022-23	0	18.34	17.76	17.76
Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar	68.51	FY 2022-23	0	29.74	28.00	28.00
132 kV Chila-Nazibabad LILO Line at 132 kV Substation, Padartha (Including Construction of Well foundation at various location of LILO of 132 kV Chila-Nazibabad line at Ganga River near village Sajanpur Pili, Haridwar)		FY 2022-23	0	22.61	21.69	21.69
Construction of 220/33 kV S/s Jaffarpur	48.01	FY 2020-21	41.63	0.76	0.76	42.39
LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV S/s Jaffarpur	12.00	FY 2020-21	9.56	0.06	0.06	9.62
Construction of 132/33 kV GIS S/s at Bageshwar	70.44	FY 2019-20	63.94	0.46	0.46	64.40
Supply Erection and Testing & Commissioning of 40 MVA 132/kV Transformer & 132 kV & 33 kV Transformer Bay at 132 kV S/s Bindal	6.03	FY 2021-22	5.85	0.41	0.20	6.05
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	6.99	FY 2021-22	5.70	0.30	0.30	6.00
Const. of 01 no. 132 kV Bay and extensions of bus for 132 kV Barpur Ckt-2 Transmission Line at 400 kV Substation Kashipur	3.57	FY 2021-22	0	0.14	0.00	0.00
Total	221.05		126.66	73.15	69.83	196.06

3.3.11 REC (System Improvement)

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

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

Project	Approved Cost	Year of first-time capitalization	Amount
Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) Line	19.08	FY 2020-21	0.32
Total	19.08		0.32

3.3.11.1 *Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) Line*

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

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

"The commission vide order dated March 31, 2022 has approved the capitalization of Rs. 7.95 Crore for FY 2020-21 and has limited the capitalisation to Rs. 11.16 Crore for FY 2021-22 against the claimed amount of Rs. 12.78 Crore. In this regard, the Commission remarked that the Commission will re-examine the approved cost for the project alongwith capitalisation of this project either during the truing up of FY 2021-22 or once the project is completed for final capitalisation.

The Commission observes that the Petitioner has again claimed the capitalization of Rs. 12.78 Crore for the said scheme without providing any justifications for the same. In the absence of any suitable justification, the Commission is not inclined to approve the capitalization claimed by the Petitioner and limits the capitalization for FY 2021-22 to Rs. 11.16 Crore restricting the project Cost to Investment Approval. The Commission will re-examine the approved cost for the project alongwith capitalisation of this project once the project is completed for final capitalisation and petitioner submits the suitable justifications for increase in cost over the approved cost."

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

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

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

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

3.3.12 Other Schemes (System Strengthening)

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

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

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

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

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

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

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Table 3.23: Works carried out under Other Schemes

S. No.	Particulars	FY 2022-23 (Rs. Crore)	
		Claimed by PTCUL	Allowable
Others including Internal Resources			
1.	Augmentation from (1X40 MVA +1X 20 MVA) to (2X 40 MVA + 1 X 20 MVA) at 132 kV Substation Purkul Dehradun.	6.70	6.70
2.	Other Assets (including T&P items under 220 kV O&M Division Mahuakheraganj at 220 kV S/s, Mahuakheraganj	2.31	2.30
3.	Furniture & Fixtures, and Other Equipment claimed by SLDC	0.08	0.05
	Total	9.09	9.05
Works carried out under deposit and PSDF Schemes			
4.	Shifting of Tower no 76 of 220 kV Rishikesh-Dharasu Line	0.04	0.04
5.	Extension of 132 kV Transmission tower at NH58 on Roorkee Bypass at 168.700 Km.	0.02	0.02
	Total	0.06	0.06
	Total	9.15	9.11
	Grand Total	9.15	9.11

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

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

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

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

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

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

Sr. No.	Name of the Scheme	Capitalization Sought in Petition (Rs. Crore)	Capitalization approved Tariff Order (Rs. Crore)	Amount claimed in this Petition (Rs. Crore)
	FY 2019-20			
1	IDC disallowance in 132 kV S/C Ranikhet-Bageshwar Line for project delay	1.98		1.98
2	IDC disallowance in Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line for project delay	0.09		0.09
	FY 2020-21			
3	IDC disallowance in Construction of 220/33 kV Substation at Jafarpur for project delay	0.90		0.90
4	Disallowance of capitalization for Bay at 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories	0.45		0.45
	FY 2021-22			
5	Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 kV & 33 kV Transformer Bay at 132 kV S/s Jashodharpur Kotdwar (Pauri Garhwal)	5.84	5.70	0.14
6	220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi. (Construction of Pile foundations and wire mesh crate protection works at different tower locations of 220 kV Twin Zebra Lakhwar -Vyasi transmission line Dehradun.)	6.96	-	6.96
7	Const. of Approach Road for Control Room and Residential Building at 132 kV S/s Ranikhet	0.47	0.43	0.04
8	LILO of 220 kV S/C Roorkee(Haridwar)- Puhana line at 220/33 kV substation Pirankaliar	0.52	-	0.14
9	Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 kV S/s Kichha	3.96	3.87	0.09
10	Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line	12.78	11.34	1.44
11	Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh	3.01	0.00	3.01
12	Construction of 1 No. Type -IV, 4 Nos. Type-III & 10 Nos. Type-II Residences &Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station Baram	5.24	0.00	5.24
	Total	41.98	20.84	21.16

With regard to the submissions by the Petitioner made against the disallowance, the Commission observes that PTCUL in the Present Petition has reiterated the facts as stated in the earlier Petitions. Further, the Commission also observes that the reasons of delay reiterated by PTCUL for certain schemes where the capitalization was disallowed are partially controllable and partially uncontrollable in nature. Further, PTCUL has not been able to provide any substantial evidence to prove that the delay was uncontrollable in nature. It is further observed that based on the documents provided by PTCUL in support of its claim and the submissions made by PTCUL, the Commission has already decided the capitalization for the said schemes. Therefore, the Commission is not inclined to revisit the capitalization disallowed for the schemes in the Final True Up of FY 2019-20, FY 2020-21 and FY 2021-22.

3.4 Gross Fixed Assets including additional capitalization

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

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

S. No.	Particulars	Approved in MYT Order dated 31.03.2022	Claimed for True Up	Allowable
1	Opening value	1947.34	1803.65	1803.65
	Claim against Disallowances of Previous Tariff Orders	0.00	87.38	0.00
	Addition			
2	RSC II	271.56	6.07	5.96
3	RSC VI		1.40	0.00
4	RSC VIII		137.42	132.56
5	RSC XIII		0.00	0.00
6	RSC XIV		0.00	0.00
7	RSC [illegible]		0.00	0.00
8	RSC [illegible]		0.00	0.12
9	RSC [illegible]		0.10	0.10
10	RSC [illegible]		0.40	0.40
11	RSC [illegible]		0.03	0.03
12	[illegible]		0.95	0.95
13	RSC [illegible]		25.26	18.25
14	System Improvement Works			
	[illegible]		0.32	0.00
	[illegible]		73.12	69.43
15	Deposit works		0.06	0.06
16	NABARD		0.05	0.05
17	Others		9.05	9.05
18	Total Addition During the year	271.56	262.98	229.39
19	Less Deletions during the year	0.00	0.03	0.15
20	Net Addition during the year	271.56	262.95	229.24
21	Closing value	2219.10	2153.60	2032.89

3.5 Capital Structure

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

"(1) For a project declared under commercial operation on or after 1.4.2022, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as normative loan. Where

actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

…

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

For Schemes capitalised prior to FY 2022-23, the Commission has considered the Debt-Equity ratio as approved earlier for the respective Schemes. For new Schemes, the Commission has considered the Debt-Equity Ratio of 70:30 as approved in the Investment Approval for the respective Scheme based on the actual funding. The capital structure considered by the Commission for true up for FY 2022-23 is shown in the Table given below:

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

S. No.	Particulars	Grants	Debt	Equity	Total
1.	REC VI	0%	70%	30%	100%
2.	REC VIII	0%	70%	30%	100%
3.	REC 10760	0%	70%	30%	100%
4.	REC 10949	0%	70%	30%	100%
5.	REC 10950	0%	70%	30%	100%
6.	RCRM 9025	0%	70%	30%	100%
7.	REC 10548	0%	70%	30%	100%
8.	MYT Works	0%	70%	30%	100%
9.	System Improvement works	0%	70%	30%	100%
10.	Deposit Works & Grants	100%	0%	0%	100%
11.	System Strengthening	0%	70%	30%	100%

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

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

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

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

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

3.6 Annual Transmission Charges

Regulation 57 of the UERC Tariff Regulations, 2021 specifies as follows:

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

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

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;

(b) Lease Charges;

(c) Interest and Finance Charges on Loan Capital;

(d) Return on equity capital;

(e) Income tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and

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

minus

(h) Non-Tariff Income;

(i) Short-Term Open Access Charges; and

(j) Income from Other Business to the extent specified in these Regulations:

…"

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3.6.1 O&M expenses

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenses on staff, administration and repairs & maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2021 specifies as follows:

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

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2017-18, shall be approved based on the formula given below:-

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

Where –

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

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

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

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

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

Where –

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

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- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate;*

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

3.6.1.1 Employee expenses

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

The actual employee expense for FY 2022-23 is Rs. 135.44 Crore as against Rs. 92.45 Crore in FY 2021-22. The Commission directed the Petitioner to submit the reason for increase in employee expenses. In response, the Petitioner submitted that employee expenses have increased mainly because of the statutory increase in Basic Salary due to an annual increment of 3% for all employees of PTCUL during the FY 2022-23, increase in D.A. from 34% to 42%, other allowances and retirement benefits as per GoU directions and implementation of ACP which was accepted by Government of Uttarakhand vide order no. 12/I(2)/2021-06(2)-02/2015 T.C.-1 dated 06.01.2022 and implemented by PTCUL vide office Order No. 508 dated 06.04.2022.

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

The Commission finds that while the Petitioner has been submitting ambitious recruitment plans at the time of projections, however, in actual, the actual recruitments have been consistently lower and number of employees retiring is outpacing the number of employees being recruited resulting in the number of employees reducing year on year till FY 2017-18. In years FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22 and FY 2022-23 the number of employees has increased but is still lower than the Petitioner's ambitious recruitment plan. The Commission finds that this is not a healthy position on account of (1) the posts becoming vacant due to the retiring employees not being filled up and (2) the adequate number of employees required for construction and operation of the new assets being created is not maintained. The Petitioner is expected to maintain the adequate number of employees for its sustained operations.

The Petitioner has considered EMPn-1 as Rs. 138.10 Crore for the computation of employee expenses as approved by the Commission for FY 2021-22. The Commission has worked out the normative employee expenses for FY 2022-23 considering the EMPn-1 as Rs. 138.10 Crore as approved during FY 2021-22 in accordance with the UERC Tariff Regulations, 2021.

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

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

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

Particulars	FY 2022-23		
	Approved in Order dated 31.03.2022	Claimed for True Up	Allowable
EMPn-1	139.34	138.10	138.10
Gn	6.86%	2.42%	3.26%
CPIinflation	6.00%	5.89%	5.89%

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

Particulars	FY 2022-23		
	Approved in Order dated 31.03.2022	Claimed for True Up	Allowable
EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)	158.06	149.78	150.97
Capitalisation rate	26.38%	14.33%	14.75%
Capitalised employee expenses	41.69	21.43	22.26
Net employee expenses	116.37	128.35	128.71
Impact of VII Pay Revision	0.00	0.0000	0.0000
Total employee expenses	116.37	128.35	128.71

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

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

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

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

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

Particulars	Approved in the Tariff Order dt. 31.03.2022	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
Employee expenses	116.37	128.36	128.71	132.92	127.95

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

3.6.1.2 R&M expenses

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

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

The actual R&M expenses as per the audited accounts for FY 2022-23 are Rs. 45.15 Crore. The actual R&M expenses for FY 2022-23 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual R&M expenses attributable to UITP projects are Rs. 0.76 Crore. Therefore, the actual R&M expenses for non-UITP projects work out to Rs. 44.38 Crore.

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

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

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

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

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

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

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

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

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

3.6.1.3 A&G expenses

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

In its Tariff Order dated February 27, 2019, April 18, 2020, April 26, 2021, March 31, 2022 and March 30, 2023 the Commission had considered the expenses towards the security personnel and increase in Licensee Fee being of uncontrollable nature as the said expenses towards security personnel have been increasing substantially in the recent years and, accordingly, had allowed the same at actuals. The Commission has adopted the same methodology in the present proceedings for true-up for FY 2022-23. The Commission in this Order has revised the WPI Inflation based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 5.32% for FY 2022-23. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 5.32%.

With regard to capitalisation rate, the Commission has determined the capitalisation rate for FY 2022-23 for PTCUL after reducing the expenses towards Security Expenses, CSR, and License fee. Further, the Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2022-23 in addition to the normative A&G expenses. The actual A&G expenses as per the audited accounts for FY 2022-23 are Rs. 37.06 Crore. The actual A&G expenses for FY 2022-23 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual A&G expense attributable to UITP projects is Rs. 0.54

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

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

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

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

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

3.6.1.4 O&M expenses

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

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

S. No.	Particulars	Approved in the Tariff Order dt. 31.03.2022	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
1.	Employee expenses	116.57	128.35	128.71	132.92	127.05
2.	R&M expenses	42.32	45.05	42.88	44.39	44.43
3.	A&G expenses	26.00	30.36	29.56	36.52	34.83
	Total	184.89	203.79	201.15	213.83	206.31

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

3.6.2 *Interest and Finance Charges*

Regulation 27 of the UERC Tariff Regulations, 2021 specifies as follows:

"(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2022 from the approved gross normative loan.

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

...

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

...

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

..."

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

The Commission has considered the approved closing normative loan for FY 2021-22 as the opening normative loan for FY 2022-23. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2022-23 based on the approved means of finance. The repayment of loans has been considered as equivalent to the

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depreciation worked out by the Commission on the approved GFA for FY 2022-23. The Commission directed the Petitioner to submit the details of the long-term borrowing for FY 2022-23 along with the actual interest charges separately for UITP and non-UITP projects. The Petitioner in its response has submitted the same. The actual weighted average interest rate works out to 9.50% based on the long terms borrowings and corresponding interest pertaining to Non-UITP projects.

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

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

Particulars	Approved in the Tariff Order dt. 31.03.2022	Claimed by PTCUL	Approved
Opening Loan balance	418.41	405.44	405.44
Normative Loan Addition on account of capitalisation disallowed in Previous Tariff Orders allowed during FY 2022-23 True Up	-	63.06	-
Drawl during the year	182.95	153.95	160.46
Repayment during the year	93.12	105.05	91.39
Closing Loan balance	508.24	517.41	474.51
Interest Rate	11.39%	9.65%	9.50%
Interest	57.43	47.49	44.49

3.6.3 *Return on Equity*

Regulation 26 of the UERC Tariff Regulations, 2021 specifies as follows:

"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.5% for thermal generating stations, transmission licensee SLDC and…"

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

With reference to "Return on Equity on opening Equity as on the date of creation of PTCUL", the Petitioner submitted that in the past Tariff Orders, the Commission had not allowed return on equity on entire opening equity base approved by the Commission in the respective Tariff Orders. The return on opening equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in the form of a cess.

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

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

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

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

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

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

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

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

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated March 31, 2022 had already approved RoE on Equity portion of Opening Capital Reserve of an amount of Rs. 78.65 Crore till FY 2020-21 from FY 2004-05. The opening capital reserve for FY 2022-23 is considered same as the closing capital reserve of FY 2021-22. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective year. In line with the Tariff Order dated March 31, 2022, the RoE on Opening Equity approved by the Commission for FY 2022-23 is shown in the Table given below:

Table 3.34: RoE on Opening Equity approved for FY 2022-23 (Rs. Crore)

Particulars	Opening unfunded assets/Capital Reserve	Deduction	Closing unfunded assets/Capital Reserve	Equity portion of opening unfunded assets/Capital Reserve	Rate of RoE	RoE
RoE on Opening Equity	78.65	0.00	78.65	23.60	15.50%	3.66

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

3.6.4 Depreciation

Regulation 28 of the UERC Tariff Regulations, 2021 specifies as follows:

"(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that the depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

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

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....

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

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

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

The Commission had approved the depreciation of Rs. 93.12 Crore in the MYT Tariff Order dated March 31, 2022 for FY 2022-23. As against the same, the Petitioner has claimed depreciation of Rs. 103.05 Crore for true up of FY 2022-23.

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

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

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	93.12	103.05	91.38

3.6.5 *Income Tax*

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

"*34. Tax on Income*

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

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

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

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

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

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

3.6.6 *Interest on Working Capital*

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

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

3.6.6.1 One Month O&M expenses

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

3.6.6.2 Maintenance Spares

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

3.6.6.3 Receivables

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

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

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

Particulars	Tariff Order dated 31.03.2022	Claimed by PTCUL	Approved
O&M expenses for 1 month	15.43	16.91	16.91
Maintenance Spares	27.73	30.44	30.43
Receivables for 2 months	50.71	50.72	47.39
Working Capital	93.86	98.07	94.72
Rate of Interest on Working Capital	10.50%	11.30%	10.50%
Interest on Working Capital	9.85	11.08	9.95

The actual interest on working capital as per Audited Accounts for FY 2022-23 is Nil. As interest on working capital is controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2021 as elaborated in Para 3.8 of this Order.

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3.6.7 *Non-Tariff Income*

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

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

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

In the matter, as discussed above, the BGs pertains to UITP schemes, accordingly, the Commission analysed the Trial Balance for FY 2017-18 of UITP projects and observed that no amount is shown under the head of FDRs and only Rs. 1.83 Crore entry appears in Trial Balance of UITP Schemes or Current Account in the said Trial Balance. Further, as far as meeting the expenditure towards UITP Scheme's projects through PTCUL funds is concerned, it is pertinent to mention that *the Commission allows depreciation which is a non-cash item used to meet repayment of Loans, normative O&M and Interest on Loan to meet its respective expenses. Further, approved amount pertaining to RoE retained with the Petitioner which is being invested in the form of FDRs as per the submissions of the Petitioner. However, in contrary, the Petitioner submitted the expenditure pertaining to 400 kV Srinagar S/s and associated transmission lines are met through funds of PTCUL. Moreover, UPCL delayed payments towards transmission charges of 400 kV Srinagar S/s & associated lines.*

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

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

3.6.8 *Revenue from Short Term Open Access*

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

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

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

3.6.9 *Revenue from Natural ISTS Lines*

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

3.7 Transmission Availability Factor

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

From the audited accounts for FY 2022-23, the Commission observed that the Petitioner has received an incentive of Rs. 3.50 Crore on account of higher Transmission Availability Factor for FY 2022-23. As per UERC Tariff Regulations, 2021, the variation in performance parameters is a controllable factor and the gain on efficiency in performance parameters is to be shared with the consumers. Accordingly, the Commission has considered the sharing of the amount of Rs. 3.50 Crore in accordance with the UERC Tariff Regulations, 2018.

3.8 Sharing of gains and losses

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

"12. *Annual Performance Review*

...

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(5) The "uncontrollable factors" shall include such of the factors which are beyond the control of, the applicant, as determined by the Commission. Some examples of uncontrollable factors are as follows:

...

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

...

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

...

f) Variations in working capital requirements;

...

j) Variation in operation & maintenance expenses.

...

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

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

b) The approved aggregate gain or loss to the Applicant on account of controllable factors and sharing of such gains or such losses that may be shared in accordance with Regulation 14;

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

The surplus/deficit determined by the Commission in accordance with these Regulations on account of truing up of the ARR of Applicant shall be carried forward to the ensuing financial year, alongwith carrying cost at the rate of interest applicable for the year of the tariff period, determined in accordance with the Regulation 33 of these Regulations."

Regulation 13 of the UERC Tariff Regulations, 2021 specifies as under:

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

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

..."

Regulation 14 of the UERC Tariff Regulations, 2021 specifies as follows:

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

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

a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant."

Hence, in accordance with UERC Tariff Regulations, 2021, the O&M expenses, Interest on Working Capital and gain on efficiency in performance parameters (i.e., Availability) are controllable factors and any gain or loss on account of the controllable factors is to be dealt in accordance with the provisions of Regulation 14.

The sharing of gains and losses on account of controllable factors approved by the Commission for FY 2022-23 is as shown in the Table given below:

Table 3.37: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Actual	Trued up (Normative)	Aggregate Gain/(Loss)	Rebate in Tariff/ (Recovery through Tariff)	Entitlement of the Petitioner
	A	B	C=B-A	D=1/3 x C	E=B-D
O&M expenses	206.31	201.15	(5.16)	(1.72)	202.87
Interest on Working Capital	0.00	9.95	9.95	3.32	6.63
Gain on Efficiency in Performance Parameter (Availability)	0.00	3.50	3.50	1.17	2.33

3.9 Aggregate Revenue Requirement

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

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

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

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

Particulars	Approved in Tariff Order dated 30.03.2022	Claimed for True Up	Approved
O&M expenses	184.84	202.95	202.87
Interest on loan	57.43	47.49	44.49
Return on Equity	48.47	65.97	44.16
Income tax	0.00	3.25	3.49
Depreciation	93.12	105.05	91.70
Interest on working capital	9.83	11.08	8.63
Aggregate Revenue Requirement	**393.72**	**433.77**	**393.03**
Add:			
True up of previous years	(57.00)	(49.80)	(49.80)
Minus:			
Non-Tariff Income	13.00	-0.05	48.70
Revenue from STOA charges	2.44	7.69	7.69
Revenue from Natural ISTS Lines	1.16	1.36	1.36
Sharing of Availability incentive	0.00	1.17	1.17
Net ARR including SLDC Charges	**320.12**	**373.80**	**284.31**
Minus: SLDC Charges	15.82	0.00	0.00
Net ARR excluding SLDC Charges	**304.30**	**373.80**	**284.31**

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

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

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

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

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

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

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

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

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

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

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

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

4.1 Annual Performance Review

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

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

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

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);

c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of sharing of gains and losses on account of controllable factors for the previous year."

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

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

4.2 Capitalization for FY 2023-24

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

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

Sr. No.	Name of the Scheme	Scheme	Amount capitalized till Sep. 23 (Rs. Crore)	Date of Completion
Projects other than deposit work/Grant				
1.	132 kV Single Circuit line on D/C Tower from Pithoragarh to Champawat (Lohaghat)	REC-VI	80.64	31-05-2023
2.	Supply of T&P items for maintenance of substation and transmission lines under 132 kV O&M Division Kashipur at 132 kV S/s, Kashipur	Capital Internal Resources	0.06	02-05-2023
3.	Supply of Tools for maintenance of substation equipment and 400 kV line at 400 kV S/s Kashipur	Capital Internal Resources	0.06	22-02-2023
4.	Construction of 2 Nos. 33 kV bays at 220 kV Substation, Jhajhra	O&M Capital Works	0.43	26-12-2020
5.	Providing and fixing cameline water mist and CAF low pressure trolley mounted fire extinguisher 6 ltr. capacity 50 ltr. Model CF 600782 at 220 kV S/s Jhajhra	Capital Internal Resources	0.11	05-08-2023
6.	Work of replacement of 110 Volt 300 AH Battery Set and 220 Volt Battery Charger at 132 kV Substation, Purkul	Capital Internal Resources	0.22	18-07-2023

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

Sr. No.	Name of the Scheme	Scheme	Amount capitalized till Sep. 23 (Rs. Crore)	Date of Completion
7.	Work of replacement of old 132 kV Circuit Breaker (782) & old 33 kV VCB Circuit Breaker (1&4) at 132 kV Substation Bindal	Capital Internal Resources	0.84	01-06-2023
8.	Work of providing and fixing of 33 kV Lightning Arrester at all 33 kV feeders fed from 220 kV S/s Jhajra	Capital Internal Resources	0.12	11-06-2023
9.	work of procurement and erection work of 33 kV surge arresters at 132 kV S/s Bindal	Capital Internal Resources	0.09	07-07-2023
10.	Work of prevention of soil erosion at tower no. 67, DA+25 of 400 kV Kashipur-Moradabad and 400 kV Kashipur-Nehtaur D/C Line (Protection wall).	Capital Internal Resources	0.58	09-03-2023
11.	132 kV S/C line on D/C tower from Pithoragarh (PGCIL) - Champawat (Lohaghat)	REC-VI	4.27	02-06-2023
12.	Const. of 132/33 kV S/s Padartha (Patanjali), Haridwar	PFC-3059	-0.01	29-08-2022
13.	LILO of 132 kV Chilla-Nazibabad Line at 132 kV S/S Padartha (Patanjali), Haridwar		0.31	16-08-2023
14.	220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi	REC-VIII	9.60	07-05-2022
15.	Const. of 132 kV GIS S/s at Bageshwar (PFC3013)	PFC-3013	2.98	08-01-2020
16.	Supply, Erection & Testing and commissioning of 160 MVA 220/132 kV Transformer and its associated 220 kV and 132 kV Bays at 400 kV S/s Kashipur.	PFC-3027	2.94	09-02-2023
17.	Supply Erection & T&C of 40 MVA Transformer at 132 kV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-II/35-34/2017-18	REC-11948	1.62	27-04-2023
18.	Supply, Erection and Testing & Commissioning of 132/33 kV Transformer and its associated 132 kV and 33 kV bays including extension and bisection of 33 kV main bus at 220 kV S/s Kamlaaganja, Haldwani.	REC-11951	1.30	07-02-2022
19.	Supply, Erection and Testing & Commissioning of 132/33 kV Transformer and its associates 132 kV and 33 kV Bays including extension and bisection of 33 kV main bus at 132 kV S/s Jaspur	REC-11950	0.80	24-03-2022
20.	Implementation of Intra-state ABT metering scheme for unifacing of ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun	REC-11148	0.25	24-04-2022
21.	Const. of 220 kV Piranklaliyar - Puhana (PGCIL) Line	REC-IX	0.00	19-09-2020
	Sub-Total		106.82	
Projects under deposit work				
22.	Construction of a 220 kV, 2 Phase Bay at 220 kV s/s Jafarpur for IRCON	Deposit	1.32	26-05-2023
23.	Construction of 220 kV, 2 Phase Line from 220 kV S/s Jafarpur to TSS Rudrapur of IRCON	Deposit	27.40	26-05-2023
	Sub-Total		28.72	
	Total		135.54	

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

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

Sr. No.	Name of the Scheme	Scheme	Proposed capitalization (Rs. Crore)	Expected Date of Completion
Projects other than Deposit Work/ Grant				
1.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10389)	19.45	31-03-2024
2.	Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh	REC-XII	84.11	31-12-2023
3.	Work of Supply and Erection and Commissioning of 1 Nos. - 33/415 kV Substation Transformer including civil work with complete accessories at 220 kV Substation Bajpur	Capital Internal Resources	0.27	10-11-2023
4.	Work of strengthening of 220 Volt 500 AH Battery Set (VRLA) at 220 kV Substation Bajpur	Capital Internal Resources	0.25	10-11-2023
5.	Work of Replacement of old 33 kV Vacuum Circuit Breaker For 80 MVA Transformer -1, 2 LV side at 220 kV Substation Bajpur	Capital Internal Resources	0.11	10-02-2024
6.	Supply & Erection for replacement of old 110 Volt 300 AH lead acid Battery Set and cells of 110 Volt, 300AH VRLA battery bank at 132 kV Substation, Bindal	Capital Internal Resources	0.19	25-11-2023
7.	Procurement of 132 kV & 33 kV Current Transformer at 132 kV S/s Bindal	Capital Internal Resources	0.12	06-11-2023
8.	Replacement of tower No. 108+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.29	28-02-2024
9.	Replacement of tower No. 88+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.40	06-03-2024
10.	Work of Strengthening of 220 Volt 500AH Battery Set (VRLA) and Replacement of old 33 kV Vacuum Circuit Breaker for 33 kV Feeders at 220 kV Substation Bajpur	Capital Internal Resources	0.33	25-03-2024
11.	Construction of 1 No 33 kV Bay at 132 kV Bindal	Capital Internal Resources	0.16	25-03-2024
12.	Work of making protection wall for safety of tower no. 93 of 400 kV D/c Kashipur-Dhampur line at 400 kV sub-station, Kashipur	Capital Internal Resources	0.42	07-03-2024
13.	Work of construction of new boundary wall around substation campus at 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.24	31-03-2024
14.	Work of construction of new approach road at 132 kV Sub-Station, Kashipur & 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.22	31-03-2024
15.	Work of erection of Jack Bus bay at 132 kV S/s Bindal	Capital Internal Resources	0.12	25-12-2023
16.	Providing and Installation of Electric Fencing in 400 kV & 220 kV Switch yard at 400 kV Substation Rishikesh	Capital Internal Resources	0.27	00-10-2023
17.	Procurement of 33 kV Different Ratio Single Phase (5 Core) CTs for 132 kV S/S Majra, Dehradun	Capital Internal Resources	0.09	31-03-2024
18.	Procurement of 145 kV 400-200/1 Amp Single Phase (5 Core) CTs and 200/100/1Amp Single Phase (5 Core) CTs at 132 kV S/S Majra, Dehradun	Capital Internal Resources	0.08	31-03-2024
19.	Work of Replacement of old 33 kV VCB Circuit Breaker at 132 kV Substation Majra	Capital Internal Resources	0.26	30-07-2023
20.	Supply and Installation of MS SF Fire Extinguisher with unique and Automatic discharge mechanism at 220 kV GIS S/s SIP, Harrawala Dehradun	Capital Internal Resources	0.11	24-04-2023
21.	Work of Providing, Fixing and installation of Indoor and Outdoor Distribution Panels and cabling work to provide 400 Amp 415 volt 4 pole MCCB supply in outside area near Transformers for doing various works like centrifuging, Testing, etc at 220 kV GIS Substation SIP Harrawala	Capital Internal Resources	0.07	31-03-2024
22.	Work for providing, Fixing, Commissioning and Installation of	Capital Internal	0.10	31-03-2024

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

Sr. No.	Name of the Scheme	Scheme	Proposed capitalization (Rs. Crore)	Expected Date of Completion
	Transformer Oil Online Dry Out System at 132 kV S/s, Majra, Dehradun	Resources		
23.	Work of Strengthening of AC LT and Illumination System at 132 kV Substation Majra	Capital Internal Resources	0.18	31-03-2024
	Sub-Total		108.71	
Projects under deposit work				
24.	Construction of 132 kV Switching S/s at M/s Gold plus Premium Landhora	Deposit	4.50	30-11-2023
	Sub-Total		4.50	
	Total		113.21	

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

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

Table 4.3: Actual Physical Progress submitted by PTCUL

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized (Rs Crore)	Revised expected date of Completion as submitted by the Petitioner dated 30.01.2024	Revised actual Physical Progress submitted by the Petitioner dated 30.01.2024 (in %)
1.	Work of Replacement of old 33 kV Vacuum Circuit Breaker For 80 MVA Transformer -I, -II LV side at 220 kV Substation Jhajhra	Capital Internal Resources	0.11	28-03-2024	0%
2.	Supply & Erection for replacement of old 220 Volt 300 AH lead acid Battery Set and cells of 220 Volt, 300AH VRLA battery bank at 132 kV Substation, Bindal	Capital Internal Resources	0.19	15-01-2024	100%
3.	Replacement of tower No. 188-A of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.29	31-03-2024	10%

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Table 4.3: Actual Physical Progress submitted by PTCUL

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs Crore)	Revised expected date of Completion as submitted by the Petitioner dated 30.01.2024	Revised actual Physical Progress submitted by the Petitioner dated 30.01.2024 (in %)
4.	Replacement of tower No. 89-A of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital Internal Resources	0.43	31-05-2024	15%
5.	Work of Strengthening of 220 Volt 300AH Battery Set (VRLA) and Replacement of old 33 kV Vacuum Circuit Breaker for 33 kV Feeders at 220 kV Substation Majra	Capital Internal Resources	0.08	31-12-2024	0%
6.	Construction of 1 No 33 kV Bay at 132 kV Bindal	Capital Internal Resources	0.39	No Revised Date Provided by PTCUL	0%
7.	Work of making protection wall for safety of tower no. 93 of 400 kV d/c Kashipur-Dhampur line at 400 kV sub-station, Kashipur	Capital Internal Resources	0.47	31-03-2024	50%
8.	Work of construction of new boundary wall around substation campus at 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.24	28-02-2024	60%
9.	Work of construction of new approach road at 132 kV Sub-Station, Kashipur & 132 kV Sub-Station, Bazpur	Capital Internal Resources	0.52	31-05-2024	0%
10.	Work for providing, fixing, commissioning and installation of transformer oil online dry out system at 132 kV S/s Majra, Dehradun	Capital Internal Resources	0.09	31-03-2024	75%
	Sub-Total		3.21		

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

Further, the commission observes that the Petitioner has proposed to capitalize Scheme "Construction of 132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV Sub-station Lohaghat (Champawat) of PTCUL" during FY 2023-24. The Commission observes that although Scheme has achieved substantial progress, however, PTCUL has not planned the downstream asset (i.e. Sub-station at Lohaghat) yet. The Commission vide its letter No. UERC/7/CL/460/2020-21/1388 dated 10.03.2021 had given in-principle approval to PTCUL for charging the said line at 33 kV voltage level temporarily till construction of 132 kV GIS S/s at Lohaghat. With regard to capitalization of the line consequent to its charging at 33 kV i.e. at voltage lower than the intended voltage (132 kV), the Commission had held that the decision shall be taken at the time of filling of Tariff/ARR Petition. The Commission feels that the proposed 132 kV line has been charged at a lower voltage and is not been put to its intended use. The Commission in line with the decisions taken in its earlier Orders, is not inclined to approve the capitalization of Rs. 84.93 Crore claimed against the said line. There is a huge mismatch in planning of downstream asset. **The Petitioner is directed to ensure proper planning of assets which form part of a single scheme in future and take up the implementation of such assets simultaneously to avoid mismatch in CoD of such assets.**

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

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

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

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

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

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

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

4.3 Capitalization during FY 2024-25

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

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

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

S. No.	Name of Scheme/Description of Investment	Expected date	Project updates	Physical Progress (%)	Financial Progress (%)
1.	220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV S/s Rudrapur (Baramwari)	31.05.2024	Foundations 46/52; Tower erection 45/52; Stringing 13.11/15.3 ckm	91%	68.75%
2.	Construction of 220 kV D/C Line from Loc No.1 to 26 of 220 kV D/C LILO Line from Jauljivi PGCIL to Baram to 400 kV S/s PGCIL Jauljivi	21.02.2025	Tower schedule and profile approved. Final Forest Clearance awaited from GOI	60%	39.16%
3.	Stringing of Second circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with Construction of 132 kV Bay at Bazpur	31.05.2024	LOA issued on 28.03.2023	20%	0%
4.	Realignment of 220 kV Kashipur Pantnagar D/C Line near Ginger Hotel Rudrapur (US nagar)*	Nov-2024	LOA awarded on 06.11.2023	NIL	NIL
5.	132 kV Underground D/C Cabling work at Srinagar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	31.12.2025	Work awarded but will start post approval from forest deptt	NIL	NIL
6.	Construction of 132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching S/s) TSS of Rail Vikas Nigam Limited (RVNL)	31.12.2025	Work awarded, pending for approval from forest deptt	NIL	3.47% Mobilisation advance
7.	132kV 2 phase line on d/c towers from 132 kV S/s kichha to TSS Lalkuwan	31.03.2025	Work Awarded Deposit Work	NIL	NIL
8.	Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited (RVNL) at 132 kV S/s, Simli	31.12.2025	Work in action	15%	11.50%
9.	132 kV bay at 132 kV S/s Kichha	01.12.2024	Work Awarded Deposit Work	NIL	NIL
10.	132 kV bay at 132 kV S/s Kashipur	01.07.2024	Work Awarded Deposit Work	15%	NIL

During the TVS Session, PTCUL agreed to PTCUL agreed to re-assess the completion date with respect to physical progress and submit the revised date of capitalization. The Petitioner in its reply dated January 30, 2024 submitted the actual and revised expected date of completion for the projects proposed to be capitalized during FY 2024-25. The details of the same along with the approved Capitalization for FY 2024-25 is shown in the Table below:

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

S. No.	Name of the Scheme	Proposed capitalization in FY 2023-24 (Rs Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs Crore)
1.	Erection and commissioning of new bay for existing 50 MVAR Reactor at 400 kV S/s Rishikesh	1.62	30-09-2024	30-06-2025	0
2.	Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur	17.33	31-03-2025	31-12-2025	0
3.	220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV S/s Rudrapur (Baramwari)	32.08	31-03-2024	31-03-2024	0
4.	Construction of 220 kV D/C Line from Loc. No. 27 (i.e. of LILO of 220 kV DC Dhauliganga Pithoragarh PGCIL line at 220 kV GIS Baram) to 400 kV Substation PGCIL Jauljivi	41.13	21-03-2025	21-02-2025	41.13
5.	Construction of 220 kV D/C Line from Loc No.1 to 26 of 220 kV D/C LILO Line from Jauljivi PGCIL to Baram to 400 kV S/s PGCIL Jauljivi				
6.	Augmentation of Transformer capacity from 1X25+1X50 MVA to 2X50 MVA Transformer (220/33 kV) at 220 kV S/s SIDCUL, Haridwar	10.00	31-03-2025	31-12-2025	0.00
7.	Augmentation of Transformer capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) for procurement, Installation, Testing & Commissioning of 01 no. additional 132/33 kV 40 MVA T/F and Construction of associated 132/33 kV bay at 220 kV S/s Rishikesh.	8.31	31-03-2025	31-06-2025	0.00
8.	Work of replacement of old ACSR panther of 132 kV Kashipur (400)-Kashipur Ckt-I line and 132 kV Kashipur (400)-Kashipur Ckt-II line with High capacity HTLS conductor.	12.81	31-03-2025	31-03-2025	12.81
9.	Stringing of Second circuit of 132 kV S/C line on D/c tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor along with Construction of 132 kV Bay at Bazpur	15.06	31-03-2024	31-03-2024	14.20
10.	Augmentation of Transformer capacity from 3X40 MVA to 2X40+1X80 MVA Transformer (132/33 kV) at 132 kV S/s Jwalapur	10.00	Dec-24	Scheme Removed	0.00
11.	Increasing Capacity of 132 kV Sub-station Bazpur from 1x80+1x40 MVA to 2x80 MVA and of 132 kV S/s	14.96	31-03-2025	31-03-2025	14.96

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

S. No.	Name of the Scheme	Proposed capitalization in FY 2023-24 (Rs Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs Crore)
	Pantnagar from 1x40+1x20 to 2x40 MVA				
12.	Increasing capacity of S/S by 1x40 MVA at 132 kV S/S Manglore.	11.82	25-01-2025	25-12-2025	0.00
Sub-Total		173.94			82.90
Projects under Deposit work					
1.	Realignment of 220 kV Kashipur Pantnagar D/C Line near Ginger Hotel Rudrapur (US Nagar)	2.57	Nov-24	-	2.57
2.	132 kV Underground D/C Cabling work at Srinagar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	2.79	Dec-24	31-08-2025	0
3.	Construction of 132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching S/s) TSS of Rail Vikas Nigam Limited (RVNL)	10.25	Dec-24	31-08-2025	0
4.	132 kV 2 phase line on d/c towers from 132 kV SS Kichha to TSS Lalkuwan	12.45	31-03-2025	31-06-2025	0
5.	Work of shifting of 132 kV UG underground cable of Railway line at 132 kV Jwalapur Railway station.	4.68	Jun-24	31-12-2024	4.68
6.	Supply, Erection, Testing & Commissioning for additional 20 MVA Transformer at 132 kV IDPL S/s Rishikesh.	2.00	31-03-2025	31-08-2025	0.00
7.	Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited (RVNL) at 132 kV S/s Simli	3.72	Dec-24	31-12-2025	0.00
8.	Construction of 132 kV GIS Switching S/s for RVNL at Rishikesh and 132 kV GIS Switching S/s for RVNL at Ranihat (Srinagar)	36.66	Dec-24	31-12-2024	36.66
9.	132 kV bay at 132 kV S/s Kichha	2.16	01-12-2024	31-12-2024	2.16
10.	132 kV bay at 132 kV S/s Kashipur	4.28	01-07-2024	01-07-2024	4.28
Sub-Total		91.56			50.35
Total		265.50			133.25

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

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

a. 132 kV S/C link line between 132 kV S/s Purkul and Bindal

b. Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh

Details of schemes are mentioned below:

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

S. No.	Name of the Scheme	Scheme	Amount approved during FY 2024-25 (Rs. Crore)
1.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10309)	19.65
2.	Construction of 220/33 kV GIS Substation at Baram (Jauljivi), Pithoragarh	REC XIII	84.11
Total			103.76

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

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

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

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

and use for by other persons or purposes."

The Commission in the said Order also ruled as follows:

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

...

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

PTCUL filed the Review Petition on the Commission's Order dated Order dated October 17, 2023 in Petition No. 30 of 2023 and the Commission vide its Order dated February 26, 2024 in Misc. Appl. No. 64 of 2030 has rejected the Review Petition filed by PTCUL.

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

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

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

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

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

4.4 Means of Finance

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

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

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

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

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

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

4.5 Annual Transmission Charges

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

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

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

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;

(b) Lease Charges;

(c) Interest and Finance charges on loan capital;

(d) Return on equity capital;

(e) Income-tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,

Minus:

(h) Non-Tariff Income

(i) Short-Term Open Access Charges and

(j) Income from Other Business to the extent specified in these Regulations.

..."

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

4.5.1 *Operation and Maintenance expenses*

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

"*62. Operation and Maintenance Expenses*

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

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

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period i.e., FY 2021-22 shall be approved based on the formula given below:-

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

Where–

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

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

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

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

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

Where –

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

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> *the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*
>
> *Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."*

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

4.5.1.1 Employee expenses

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

The Petitioner has submitted that the employee expenses for FY 2023-24 and FY 2024-25 have been proposed as per the UERC Tariff Regulations, 2021 considering closing normative employee expenses for FY 2022-23. The Petitioner has escalated EMP_{n-1} for FY 2022-23 with average CPI inflation for last three years (FY 2020-21 to FY 2022-23) and multiplied the same by Growth factor proposed for FY 2023-24 based on actual addition and retirement of employees during FY 2023-24 to arrive at the revised estimates of employee expenses. The capitalization rate has been considered as 15.31% for FY 2023-24 based on the capitalized employee expenses vis-à-vis Gross Employee Expenses for FY 2023-24 (H1). For the calculation of employee expenses of FY 2024-25, the Petitioner has escalated the employee expenses projected for FY 2023-24 with average CPI inflation for last 3 years (FY 2020-21 to FY 2022-23) and multiplied the same by Growth Factor proposed for FY 2024-25 to arrive at the revised estimates of employee expenses. Accordingly, the Petitioner has proposed the employee expenses of Rs. 133.39 Crore and Rs. 157.21 Crore for FY 2023-24 and FY 2024-25 respectively.

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

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

Further, the Petitioner vide Letter dated January 06, 2024 had also submitted that instead of projected recruitment of 111 employees during FY 2024-25, 121 employees may be considered wherein recruitment process for 23 employees is under advanced stage and recruitment of remaining 98 employees out of proposed recruitment of 121 Employees during FY 2024-25 is awaited based on directions of GoU wherein PTCUL has requested GoU to unfreeze 98 posts of PTCUL for the FY 2024-25. Accordingly, based on the submission of the Petitioner, the Commission has considered the recruitment of only 23 employees whose recruitment according to the Petitioner is in advance stage and retirement of 11 employees for FY 2024-25. The Commission at this stage has not considered the employee addition of 98 posts, for which GoU is yet to unfreeze the posts. The Commission is of the view that once GoU unfreezes the post, it will take substantial time for recruitment. The Commision will consider the actual employee addition during FY 2024-25 at the time of truing up.

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

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

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

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

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

The Commission has considered the employee expenses approved in the true up for FY 2022-23 for projecting the employee expense for FY 2023-24 and FY 2024-25 in accordance with the UERC Tariff Regulations, 2021. Further, the Commission has considered the capitalization rate of employee expenses as 14.75% equal to the capitalization rate worked out for FY 2022-23 in the Truing Up Section of this Order. The Commission has considered the closing normative gross employee expenses approved in the true up of FY 2022-23 as the opening gross employee expenses for FY 2023-24. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2023-24 and escalated with CPI Inflation of 5.40% to arrive at the closing normative employee expenses for FY 2023-24. The gross employee expenses so arrived have been considered as the opening gross employee expenses (EMP_{n-1}) for FY 2024-25. The Commission has computed the normative employee expenses for FY 2024-25 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2021 considering the Gn factor approved for the corresponding year and the CPI inflation of 5.40%.

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

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

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

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

4.5.1.2 R&M expenses

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

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

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

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

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

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

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

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

4.5.1.3 *A&G expenses*

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

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

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

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

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

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

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

4.5.1.4 *O&M expenses*

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

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

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

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

4.5.2 *Interest on Loans*

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

Regulation 27 of the UERC Tariff Regulations, 2021 specifies as follows:

"27. Interest and finance charges on loan capital and on Security Deposit

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 01.04.2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2022 from the gross normative loan.

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

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

....

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

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

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

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

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

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

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

4.5.3 *Return on Equity*

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

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

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

PTCUL has further claimed an amount of Rs. 300.42 Crore as RoE on the initial Equity considering the same to be 30% of the approved opening GFA for PTCUL as on the date of its creation, from FY 2005-06 to FY 2023-24. On this issue of RoE on Opening Equity, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the differential RoE on Opening Equity.

As discussed in Chapter 3, the Commission has approved the RoE on opening Equity as approved in the true up of FY 2022-23. Further, the Commission while computing the RoE for FY 2023-24 and FY 2024-25 has included initial equity in the opening Equity. Therefore, the Commission has not separately approved any amount in this regard in FY 2023-24 and FY 2024-25.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2021 specifies as follows:

"*26. Return on Equity*

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on account of allotted equity capital for the assets put to use at the commencement of each financial year.

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

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

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

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

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

Particulars	Approved in MYT	Claimed by PTCUL	Approved
Opening Equity	562.75	536.27	457.82
Addition during the year	81.38	52.18	56.00
Closing Equity	644.13	588.45	513.82
Eligible Equity for return	468.23	562.36	363.20
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	72.58	87.17	56.30

4.5.4 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for FY 2022-23 and FY 2023-24 and the rates of depreciation specified in the UERC Tariff Regulations, 2021. Accordingly, the Petitioner has proposed the depreciation of Rs. 116.75 Crore and Rs. 126.94 Crore for FY 2023-24 and FY 2024-25 respectively.

Regulation 28 of the UERC Tariff Regulations, 2021 specifies as follows:

"28. Depreciation

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

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

...

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

..."

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

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

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Depreciation	106.21	119.18	105.99

4.5.5 *Income Tax*

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

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

"*34. Tax on Income*

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

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

4.5.6 *Interest on Working Capital*

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

The Commission has determined the interest on working capital for FY 2024-25 in accordance with the UERC Tariff Regulations, 2021.

4.5.6.1 *One Month O&M Expenses*

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

4.5.6.2 *Maintenance Spares*

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

4.5.6.3 *Receivables*

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

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

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

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses for 1 month	19.00	20.58	18.87
Maintenance Spares	34.20	37.04	33.96
Receivables equivalent to 2 months	76.07	101.21	60.73
Working Capital	129.27	158.82	113.56
Rate of Interest on Working Capital	10.50%	12.07%	11.30%
Interest on Working Capital	13.57	19.17	12.83

4.5.7 *Non-Tariff Income*

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

4.5.8 *Revenue from STOA charges*

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

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

4.5.9 *Annual Transmission Charges*

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

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

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

4.6 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the responses of the stakeholders in the context of Petitioner's proposals for ARR and the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

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

4.7 Transmission Charges payable by Open Access Customers

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

"(b) For use of intra-State transmission system–Transmission charges payable by an open access customer to STU for usage of its system shall be determined as under:

Transmission Charges = ATC/(PLS T X365) (Rs./MW/day)

Where,

ATC = Annual Transmission Charges determined by the Commission for the State transmission system for the relevant year;

PLST = Peak load served by the State transmission system in the previous year"

The ATC approved by the Commission for FY 2024-25 is Rs. 364.37 Crore and the PLST during FY 2023-24 is 2635 MW. Hence, in accordance with the methodology provided in the aforesaid Regulations, the rate of transmission charges payable by the customers seeking open access to intra-State transmission system for FY 2024-25 shall be:

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

Description	Rs./MW/day
Transmission Charges	3788.51

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

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

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5 Commission's Directives

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

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

5.1.1 *Electrical Inspector Certificate*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.2 *Capital cost of transferred assets*

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

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the progress made in the matter.

The Commission directs the Petitioner to submit the impact of finalization of transfer scheme between UPCL and PTCUL as part of ARR and Tariff Petition for FY 2025-26. The Commission will consider the impact of this notification and final transfer scheme between UPCL and PTCUL after due public process and prudence check in the ARR and Tariff Proceedings for FY 2025-26.

5.1.3 *Ring Fencing of SLDC*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.4 *Capitalisation of partially completed schemes*

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

Petitioner's Submissions

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

Fresh Directive

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

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

5.1.5 *Additional Capitalisation beyond the cut off date*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.6 *Frequent Grid Failures*

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

Petitioner's Submissions

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

Fresh Directive

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

5.2.7 *Transmission System Availability*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.8 *Submission of Completed Cost*

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

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project alongwith** the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works.

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

5.1.9 *Submission of consistent information in proper format*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.10 *ATC of Natural ISTS lines of PTCUL*

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

Petitioner's Submissions

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

Fresh Directive

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

5.1.11 Submission of DPR

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

Petitioner's Submissions

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

Fresh Directions

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

5.1.12 ***Proposed Additional Capitalisation***

During the analysis of the capitalization claimed for FY 2021-22, the Commission observed that in many projects/schemes, the Petitioner has provided different capitalisation amount in different tariff forms for the same project. **In this regard, the Commission directed the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its discretion after prudence analysis based on the available information.**

Petitioner's Submissions

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

Fresh Directions

Though the Petitioner submitted that PTCUL will ensure that the consistency of data shall be maintained in all the requisite formats, but the figures of capitalisation as submitted in Form 9.3 and Form 9A were not matching for the schemes capitalised during FY 2022-23. During the analysis of the capitalisation claimed for FY 2022-23, the Commission observed that in many projects/schemes, the Petitioner has provided different capitalisation amounts in different tariff

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

In this regard, the Commission directs the Petitioner to refrain from such practice and provide firm capitalization amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its discretion after prudence analysis based on the available information.

(M. L. Prasad) Member (Technical)	(D.P. Gairola) Member (Law)-Chairman(I/C)

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AUTH. SIGN.

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6 Annexures

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

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.
(A Govt. of Uttarakhand Enterprise)
"Vidyut Bhawan", Near ISBT Crossing, Saharanpur Road, Majra, Dehradun-248002 [illegible]
[illegible]
Website: www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2024-25

Salient Points of the ARR/Tariff Petition

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission Licensee in the State of Uttarakhand has filed a Petition before the Commission for approval of Truing Up of FY 2022-23 based on audited Accounts & Annual Performance Review (APR) for FY 2023-24 and the Revised ARR for FY 2024-25. The summary of the proposals of the Intra-State network for the aforesaid is given in the following Table:

Summary of True Up, APR & ARR of PTCUL for Intra-State transmission network (₹Crore)

S. No.	Particulars	FY 2022-23 (True Up)		FY 2023-24 (APR)		FY 2024-25 (ARR)	
		Approved (T.O. dt. 31.03.2022)	Claimed for True Up	Approved (T.O. dt. 30.03.2023)	Revised Estimates	Approved (T.O. dt. 31.03.2023)	Proposed
1	Depreciation	85.12	105.55	85.83	155.75	115.56	134.84
2	Interest on Long Term Loans	57.43	47.43	46.88	61.88	74.71	52.08
3	Return on Equity	48.42	55.37	53.08	76.12	72.58	87.17
4	O&M Expenses	184.89	202.93	197.25	215.61	227.99	248.32
5	Interest on Working Capital	9.88	11.38	11.88	13.18	10.67	15.10
6	Income Tax	-	3.25	0.00	0.00	0.00	0.00
7	**Gross Expenditure**	385.71	420.77	405.08	478.40	500.40	555.11
8	Add: True-Up of Previous Years	(55.00)	(55.00)	(16.54)	(16.54)	-	87.22
9	Less: Non Tariff Income	15.00	(0.05)	15.00	8.73	15.00	8.73
10	Less: Sharing of Incentive due to Higher availability	-	1.17	-	-	-	-
11	Less: Revenue from short term open access	2.44	2.03	2.37	5.18	2.44	5.18
12	Less: Revenue from Natural RTS	1.18	1.18	1.20	5.05	1.20	1.20
13	Less: SLDC Charges	16.82	0.00	15.92	-	33.66	-
14	**Net ARR**	384.28	373.88	354.23	446.61	456.48	607.24
15	Revenue Gap/(Surplus) for the year after Truing Up	-	65.01	-	-	-	-
16	Provision for RoE on Initial Equity	-	-	-	-	-	935.42
17	Provision for RoE on equity contribution by GoU through PDF	-	-	-	-	-	573.21

2. PTCUL has proposed a total increase of 71.43% for FY 2024-25 (which includes the truing up impact of FY 2022-23 alongwith the carrying cost on the same) over the approved transmission charges for FY 2023-24. In addition, PTCUL has also claimed Rs. [illegible] Crore on account of Return on Equity on Initial Equity and Equity contributed by the Government of Uttarakhand through PDF and considering this claim, the total increase works out to [illegible]. In case, the entire claim of PTCUL including that of RoE on initial equity and equity contributed through PDF is also accepted by the Commission, an additional increase of [illegible] in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposal can be seen free of cost on any working day at the Commission's office or at the office of the Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand. Relevant extracts can also be obtained from the above mentioned office of the Petitioner.
4. The proposal is also available at the website of the Commission (www.uerc.gov.in) and at PTCUL's website (www.ptcul.org).
5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person or by post at "Vidyut Niyamak Bhawan", Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to [illegible] as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31.01.2024.

RO No.: [illegible]/PTCUL Dated: [illegible]

Managing Director

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6.2 Annexure-2 : List of Respondents

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

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6.3 Annexure-3 : List of Participants in Public Hearings

List of Participants in Hearing at Almora on 19.02.2024

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

List of Participants in Hearing at Rudrapur on 20.02.2024

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A. Siddiqui	Legal Advisor	M/s Kashi Vishwanath Textile Mill (P) Ltd.	House No. T-4, Prakash City, Bazpur Road, Kashipur, Distt. Udham Singh Nagar.
2.	Sh. Sanjay Kumar Adhlakha	Director	M/s AnchalShakti Glass India Pvt. Ltd.	Plot No. 41, Sector-3, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
3.	Sh. Shenkar Sinha	President	SIDCUL Entrepreneur Welfare Society	SHIRDI Industries, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
4.	Sh. Ashok Bansal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar.
5.	Sh. Vicky Sachdeva	-	M/s Bhagwati Alloys	Khasra No. 280/10/2, Bansakhera Road, Village-Vikrampur, Bazpur, Distt. Udhamsingh Nagar.
6.	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
7.	Sh. Mahesh Chand Pandey	-	-	Village-Sufi Bhagwanpur, Lalkuan, Haldwani, Uttarakhand
8.	Sh. Teeka Singh Saini	Block President	Bhartiya Kisan Union	Office-33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
9.	Sh. Mukesh Tyagi	-	SIDCUL Entrepreneur Welfare Society	Plot No. 1, Sector-9, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar.
10.	Sh. Rahul Jain	-	M/s Bhagwati Alloys	Khasra No. 280/10/2, Bansakhera Road, Village-Vikrampur, Bazpur, Distt. Udhamsingh Nagar.
11.	Sh. Balkar Singh Fauzi	-	-	Village-Raipur Khurd, P.O.-Kashipur, Distt. Udhamsingh Nagar
12.	Sh. Baljinder Singh Sandhu	District General Secretary	Bhartiya Kisan Union	Puga Farm, P.O.-Mahuakheraganj, Kashipur, Distt. Udhamsingh Nagar
13.	Shri Kalyan Singh	-	Bhartiya Kisan Union	Village-Gardei, P.O.-Mahuakhera, Kashipur, Distt. Udhamsingh Nagar
14.	Sh. Rajeev Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
15.	Sh. Sanjay Agarwal	Vice President	M/s KVS Castings Pvt.	Works: B-25-28, Industrial Estate, Bazpur Road, Kashipur-244713, Distt.

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Sl. No.	Name	Designation	Organization	Address
			Ltd.	Udhamsingh Nagar.
16.	Sh. Chandresh Agarwal	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
17.	Sh. Rajesh Chand Saxena	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
18.	Sh. Neeraj Bhatt	-	M/s Ashok Leyland Ltd.	Plot No. 1, Sector-12, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar
19.	Shri Rajeev Sharma	-	M/s Varroc Engg. Pvt. Ltd.	Plot No. 30, Sector-9, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
20.	Sh. Ashok Tiwari	-	M/s Roquette India Pvt. Ltd.	Plot No. 12, Sector-9, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
21.	Sh. Bhupinder Singh	-	M/s Roquette India Pvt. Ltd.	Plot No. 12, Sector-9, IIE, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar.
22.	Sh. K.R. Pathak	-	M/s Belrise Industries Ltd.	Plot No. 15, Sector-10, IIE, SIDCUL, Pantnagar, Rudrapur, Distt. Udhamsingh Nagar.
23.	Sh. Ram Kumar Agarwal	-	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, Post Off. -Bazpur-262401, Distt. Udhamsingh Nagar
24.	Sh. Thakur Jagdish Singh	-	-	Village-Dharampur, P.O.-Chhatarpur, Rudrapur-263153, Distt. Udhamsingh Nagar
25.	Sh. Rajesh Mishra	-	SIDCUL Association	Plot No. 1, Sector-9, IIE, SIDCUL, Pantnagar, Rudrapur, Distt. Udhamsingh Nagar.
26.	Sh. Ajay Kumar Agarwal	-	-	D-49, Old Allahabad Bank Lane, Main Market, Rudrapur, Distt. Udhamsingh Nagar
27.	Sh. R.B. Biradar	Sr. General Manager	M/s Radico Khaitan Ltd.	A-1, A-2, B-3, Industrial Area, Bazpur, Distt. Udhamsingh Nagar
28.	Sh. Anil Kumar	-	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar
29.	Sh. Prem Narayan Singh	-	M/s Uttaranchal Ispat (P) Ltd.	Plot No. D-1 to D-4, Pipalia Industrial Area, Village-Jagannathpur, Kashipur, Distt. Udhamsingh Nagar.
30.	Sh. Sanjeev Jindal	-	M/s Vishwanath Papers & Boards Ltd.	Village-Haldaachaha, Patti-Jagatpur, Kashipur-Jaspur Road, Jaspur-244712, Distt. Udhamsingh Nagar.
31.	Sh. Mukesh Kumar Pant	-	RSB Transmission India Ltd.	Plot No. 23, Sector-11, Tata Vendor Park, SIDCUL, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar

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

List of Participants in Hearing at Tehri on 24.02.2024

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Jagjeet Singh Negi	-	-	L-Block, Type - 4, 1/4, New Tehri, Uttarakhand.
2.	Sh. C.P. Dabral	-	-	Sector-4D, II, Building No. 17, Village-Molikhar, Block-Jaunpur, New Tehri, Uttarakhand.
3.	Sh. Arvind Nautiyal	-	-	33/4, C-Block, Type-3, New Tehri, Uttarakhand.
4.	Sh. Kamal Singh Mehar	-	-	308, 7-C, Bauradi, New Tehri, Uttarakhand.
5.	Sh. Kishori Lal Chamoli	-	-	House No. 215, Sector-8B, Bauradi, New Tehri, Uttarakhand.
6.	Sh. Rajesh Vyas	-	-	House No. 300, Sector-7C, Bauradi, New Tehri, Uttarakhand.
7.	Sh. Chandra Mohan	-	-	Near Dheeraj Pundir General Store, Talla Chamba, Tehri Garhwal
8.	Sh. Ayush Kaintura	-	-	C-Block, Type-II, New Tehri, Uttarakhand.
9.	Sh. Rakesh Uniyal	-	-	E-Block, 30/4, New Tehri, Uttarakhand.
10.	Sh. Peetamber Dutt Chamoli	-	-	Village-Pata, P.O. Gyansyun, Tehri Garhwal, Uttarakhand.
11.	Sh. Ajay Gusain	-	-	Gusain Sadan, Near Thana Building, New Tehri, Uttarakhand.
12.	Sh. Vijay Singh Panwar	-	-	House No. 524, Sector-8 E, Bauradi, New Tehri, Uttarakhand.
13.	Sh. Anand Prakash Ghildiyal	-	-	House No. 528, Sector-8 E, Bauradi, New Tehri, Uttarakhand.
14.	Sh. Mukesh Raturi	-	-	J-15/1, Type-2, New Tehri, Uttarakhand.
15.	Sh. Murendra Negi	-	-	J-15/2, Type-2, New Tehri, Uttarakhand.

List of Participants in Hearing at Dehradun on 26.02.2024

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

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Sl. No.	Name	Designation	Organization	Address
21	Sh. Vijay Mohan Mishra	-	M/s Jubilant Generics Limited	Sikandarpur Bhainswal, Bhagwanpur, Roorkee, Haridwar.
22	Sh. Sunil Uniyal	President	M/s Uttarakhand Industrial Welfare Association	222/3, Gandhi Gram, Dehradun-248001, Uttarakhand
23	Sh. D.K. Maajhi	-	M/s Indian Extrusions Pvt. Ltd.	Address-1393, Langha Road, Industrial Area, Chharba-248142, Dehradun.
24	Sh. Mukesh Sharma	-	M/s Uttarakhand Industrial Welfare Association	222/3, Gandhi Gram, Dehradun-248001, Uttarakhand

ANNEXURE A/2

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED

PTCUL

PETITION
FOR
TRUE-UP FOR FY 2022-23,
ANNUAL PERFORMANCE REVIEW FOR FY 2023-24
AND
ANNUAL REVENUE REQUIREMENT FOR FY 2024-25

SUBMITTED TO:
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

True Copy

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Executive Director
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POWER TRANSMISSION CORPORATION
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(MANAGING DIRECTOR)
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

1 Introduction

1.1 Background

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

1.1.2 Meanwhile, Electricity Act 2003 was enacted by the Parliament of India on June 10, 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Electricity Act 2003, therefore, the Government of Uttaranchal through transfer scheme dated May 31, 2004 first vested all the interests, rights and liabilities related to power transmission and load dispatch of "Uttaranchal Power Corporation Limited" into itself and thereafter, re-vested them into a new company, i.e. "Power Transmission Corporation of Uttaranchal Limited", now "Power Transmission Corporation of Uttarakhand Limited" (hereinafter referred to as "PTCUL") after change of name of the State. The State Government, under Section 39 of the Electricity Act 2003, further vide another notification dated May 31, 2004, declared PTCUL as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

- To undertake transmission of electricity through intra-state transmission system
- To discharge all functions of planning and co-ordination relating to intra-state transmission system
- To ensure development of an efficient, coordinated, and economical system of intra-state transmission lines
- To allow open access

1.1.3 A new company in the State was thus, created to look after the functions of intra-State transmission and load dispatch with effect from May 31, 2004. In view of re-structured function of UPCL and creation of a separate company for looking after the transmission of power and related activities, the Uttarakhand Electricity Regulatory Commission (hereinafter referred to as the 'Hon'ble Commission' or the "UERC" or the 'State Commission' or the 'Commission') amended the earlier 'Transmission and Bulk Supply

POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

License' granted to UPCL and Transmission license was vested on PTCUL for carrying out transmission related works in the state vide Commission's order dated June 9, 2004.

1.1.4 Post the formation of a separate transmission company, the Hon'ble Commission issued separate Tariff Orders for PTCUL in accordance with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 (hereinafter referred to as "UERC Tariff Regulations, 2004") which were notified on August 25, 2004. Subsequently, the applicability of these Regulations was extended until April 30, 2012.

1.1.5 Considering the provisions in the Tariff Policy, the Commission replaced the separate Regulations for Generation, Transmission and Distribution with a comprehensive MYT Regulation - UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred as "MYT Regulation 2011"), having separate sections for Generation, Transmission, Distribution and SLDC for first Control Period of three years starting from April 1, 2013, to March 31, 2016. The Hon'ble Commission had subsequently issued the MYT Order dated May 6, 2013 being the first MYT Order under the prevailing first MYT Regulations 2011. Subsequent to this, the Hon'ble Commission has undertaken the Annual performance review for the respective years of the control period i.e., for FY 2013-14, FY 2014-15 and FY 2015-16, vide its Tariff Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

1.1.6 Further to the above, the Hon'ble Commission has notified UERC (Terms and Conditions for Determination of Tariff) Regulations, 2015 (hereinafter referred as "MYT Regulation 2015") for the second Control Period of three financial years from April 1, 2016, to March 31, 2019. In accordance with the provisions of the MYT Regulations 2015, the Petitioner has submitted the business plan for the control period and Multi-Year Tariff petition, which was approved by the Hon'ble Commission vide its Order dated April 5, 2016. The Petitioner subsequent to the MYT order filed Annual Performance Review for the respective years of the second control period and the same was approved by the Hon'ble Commission vide its Tariff Orders dated March 29, 2017, March 21, 2018 and February 27, 2019.

1.1.7 Further, in accordance with the relevant provisions of the Act, the Hon'ble Commission specified the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (hereinafter referred as "MYT Regulation, 2018") for third Control Period of three financial years from April 1, 2019 to March 31, 2022. The Petitioner as per the provisions of the MYT Regulations 2018, submitted the business plan petition and MYT Petition for the third control period and the Hon'ble Commission approved the same vide its Order dated February 27, 2019. Hon'ble Commission vide its Order dated April 24, 2021 approved the True-up for FY 2019-20, Annual Performance Review (APR) for FY 2020-21 and Revised Aggregate Requirement (ARR)/Tariff for FY 2021-22.

1.1.8 The Hon'ble Commission has issued new tariff regulations i.e., UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations 2021 (hereinafter referred

DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

to as "MYT Regulations 2021") vide Notification dated September 14, 2021. The prevailing regulation covers for the fourth control period from FY 2022-23 to FY 2024-25. The Petitioner filed for approval of business plan for fourth control period and MYT Petition, the same was approved by the Hon'ble Commission by its Order dated March 31, 2022. Subsequent to the aforementioned, in accordance with the provisions of MYT Regulations 2018, the Petitioner filed for truing up of FY 2021-22 and filed for the Annual Performance Review of FY 2022-23 and Revised ARR for the FY 23-24 against which the Tariff Order was issued vide dated March 30, 2023.

1.1.9 Further PTCUL is filing the present Petition for true-up of past financial year viz. FY 2022-23 and Annual Performance Review of FY 2023-24 and Revised ARR for the FY 2024-25, in accordance with Regulation 13 and Regulation 16 of MYT Regulations 2021. The Petitioner prays to the Hon'ble Commission to consider its submission for true up of FY 2022-23, review of ARR for FY 2023-24 and revised ARR for FY 2024-25.

(MANAGING DIRECTOR)
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

2 True-up for FY 2022-23

2.1 Background

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

2.1.2 PTCUL has further filed an Annual Performance Review under Regulation 12(1) of the UERC Tariff Regulations, 2021, which specifies that under the MYT framework, the performance of the Transmission licensee shall be subject to Annual Performance Review. Regulation 12(3) of the UERC Tariff Regulations, 2021 specifies as under:

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

(a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors.

(b) Categorization of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors).

(c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year.

(d) Computation of the sharing of gains and losses on account of controllable factors for the previous year."

2.1.3 The Hon'ble Commission vide its order dated March 31, 2022 had approved the Annual Performance Review for FY 2021-22 and determined the ARR for Fourth Control Period of FY 2022-23 to FY 2023-24.

2.1.4 PTCUL has further filed the Petition for True-up for FY 2021-22, Annual Performance Review for FY 2022-23 and revised ARR for FY 2023-24 on 11 November 2022 in compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2021. In accordance with the provisions of the UERC Tariff

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Regulations, 2021, the Hon'ble Commission had carried out True-up for FY 2021-22 and Annual Performance Review (APR) for FY 2022-23 & ARR of FY 2023-24, vide its Tariff Order dated March 31, 2023.

2.1.5 The Petitioner hereby submits that the since FY 2022-23 has been completed and audited accounts are available, PTCUL is submitting the truing-up for FY 2022-23 as per the provisions of UERC Tariff Regulations, 2021. The Petitioner hereby submits that the Hon'ble Commission, in its directives as part of the previous tariff orders, has emphasised for ring-fencing of the SLDC from PTCUL. Accordingly, the Petitioner, for the FY 2022-23, has undertaken the audit of accounts recording the revenue and expenses separately for SLDC and segregated the same from PTCUL accounts to arrive at the standalone ARR determination for PTCUL and SLDC. Further, the truing-up for FY 2022-23 has been prepared based on the relevant provisions of MYT Regulations, 2021 and audited accounts. The detailed format, as per the MYT Regulations, 2021, has also been attached to the Petition.

2.2 Gross Fixed Assets - Disallowed capitalisation for previous years

2.2.1 This is to be submitted that the Hon'ble Commission while issuing the true-up for the FY 2016-17 has considered for disallowance of additional capitalisation amount of Rs 66.09 Crore. The Hon'ble Commission considered such disallowance on account of lacking reasons for cost and time over-runs. The Petitioner aggrieved by such directive, preferred to file Appeal No 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalization for some of the projects and the matter is sub-judice before the Hon'ble APTEL.

2.2.2 The Petitioner hereby wish to highlight that such capitalisation was disallowed not on account of lacking proof for assets put to use as part of such capitalisation but for want of lacking justification for reasons of cost and time over runs. The Petitioner wish to highlight that such disallowance not only adversely affects the finances of the company but also cause grave prejudice to the end consumers as the same if considered on merits by the Hon'ble APTEL, may lead to tariff burden due to additional carrying cost over and above the principal capitalisation amount. In addition to this, the Petitioner is forced to continue its legal case due to legitimate claim with Hon'ble APTEL, which entails to additional A&G expenses which otherwise could've been avoided.

2.2.3 The table below includes projects for which the capitalization was not allowed/partially disallowed by the Hon'ble Commission in true up of FY 2020-21 in MYT Order dated March 31, 2022. The Petitioner prays to the Hon'ble Commission to allow capitalization against these projects in the True-Up Order for FY 2021-22.

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Table 2-1: Capitalisation sought in FY 2021-22 for projects capitalised in FY 2020-21 (INR Crore)

S.No.	Name of the Scheme	Capitalisation Sought in FY 2020-21 (INR Cr)	Capitalisation approved for FY 2020-21 (INR Cr)	Amount claimed in the Petition (INR Cr)
1	Construction of 220/33kV Substation at Jafferpur	42.33	41.43	0.90
2	Increasing capacity of 220/33 kV S/s Pirgpur from 2x40 MVA to 2x80 MVA along with associated accessories	6.18	5.75	0.43
	Total			1.33

2.2.4 Further to the above, the Hon'ble Commission has disregarded the capitalisation claim of Rs 1.33 Crore as part of the true-up of FY 2020-21.

2.2.5 Further to the aforementioned, the Hon'ble Commission while passing its Order dated March 30, 2023 has disallowed capitalisation to the tune of Rs. 20.95 Crore citing reasons for lack of justification for the said schemes. The Petitioner hereby submits that the Hon'ble Commission sought for additional justification and kept the capitalisation of Rs 10.84 Crore due for capitalisation in FY 2022-23. The Petitioner is reiterating their claim on the disallowed capitalisation with additional justification for the Hon'ble Commission for reconsideration on the said claim amount and accordingly to allow the same in FY 2022-23.

2.2.6 Accordingly, the Petitioner requests the Hon'ble Commission to kindly allow the below mentioned capitalisation as part of the present truing up exercise.

Table 2-2: Previous years disallowed capitalisation (INR Crore)

Name of the Project	Amount Claimed	Amount Approved	Amount Disallowed to be claimed
FY 2016-17			
Disallowance in True up of FY 2016-17 for capitalisation	66.09		66.09
FY 2019-20			
IDC disallowance in 132 kV D/C [illegible] Line for project delay	7.58		7.58
IDC disallowance in Stringing of Second Circuit of 132 kV D/C [illegible] Transmission Line for project delay	0.09		0.09
FY 2020-21			
IDC disallowance in Construction of 220/33 kV Substation at Jafferpur for project delay	0.90		0.90
Disallowance of capitalisation for Bay at 220/33 kV S/s Pirgpur from 2x40 MVA to 2x80 MVA along with associated accessories	0.43		0.43
FY 2021-22			
Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 KV & 33KV Transformer Bay at 132KV S/s Satpuli/Kotdwar (Pauri Garhwal)	5.84	5.70	0.14
220KV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi. (Construction of Pile foundations and wire mesh crate protection works at different tower locations of 220 kV Twin Zebra Lakhwar - Vyasi transmission line Dehradun.)	6.96	-	6.96
Const. of Approach Road for Control Room and Residential Building at 132	0.47	0.43	0.04

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Name of the Project	Amount Claimed	Amount Approved	Amount Disallowed to be claimed
KV S/s Bandhan			
LILO of 220KV S/C Khodri(Rishikesh)- Puhana line at 220/33KV substation Piran Kaliar	0.33	-	0.14
Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 KV S/s Kichha	3.86	3.27	0.59
Construction of 220KV Roorkee-Puhana (PGCIL) Line	12.78	11.14	1.64
Construction of Boundary & Protection wall at 220 kV GIS Sub-station Baram (Jauljibi) Pithoragarh	3.01	0.00	3.01
Construction of 1 No. Type-IV, 4 Nos. Type-III & 10 Nos. Type-II Residences & Development works and construction of development of terraces, protection wall, CC road, drain & water supply main for colony at 220 kV GIS Sub-station Baram	3.24	0.00	3.24
Total Capitalisation disallowed in Previous years claimed in FY 2022-23	**108.07**	**20.84**	**87.23**

2.2.7 The Petitioner's submissions in respect of allowance of disallowed capital cost in respect of each of the above projects is presented below.

I. Disallowance in Truing up of FY 2016-17

The Petitioner submits that the table below includes projects for which the capitalization was not allowed/partially disallowed by the Hon'ble Commission in true up of FY 2016-17 in Tariff Order dated March 21, 2018. The Petitioner prayed to the Hon'ble Commission to allow the said capitalization in the true-up order of FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21, and FY 2021-22 but the Hon'ble Commission had not considered the disallowed capitalisation during True-up for FY 2016-17 citing the pendency of Appeal No. 247 of 2018 in APTEL. The Petitioner again prays to the Hon'ble Commission to allow capitalization against these projects in FY 2022-23.

The Petitioner, however, requests the Hon'ble Commission to reconsider the reasons attributable for delay and allow the capitalization as part of the present truing up exercise.

Table 3.3: Capitalisation sought in FY 2021-22 for projects capitalised in FY 2016-17 (INR Crore)

S. No.	Name of the Scheme	Capitalisation Sought in FY 2016-17 (INR Cr)	Capitalisation approved for FY 2016-17 (INR Cr)	Amount claimed in this Petition (INR Cr)
1	REC (MIII) 132 kV D/C Srinagar-Simli Line	122.13	84.69	37.46
2	132 kV S/s Simli	13.07	12.71	0.36
3	REC (X) LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II	1.20	-	0.55
4	REC (I) LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation	2.78	-	2.78
5	REC (IV) 220 kV LILO line for Dehradun (LILO of 220 kV Khodri-Rishikesh Line)	1.13	-	2.88

S. No.	Name of the Scheme	Capitalisation Sought in FY 2016-17 (INR Cr)	Capitalisation approved for FY 2016-17 (INR Cr)	Amount claimed in this Petition (INR Cr)
6	REC (XII) 220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun	11.81	10.51	1.30
7	REC (IV) 132 kV Dhalipur- Parkal LILO Line for Dehradun	3.71	3.48	0.23
8	REC(IV) 132 kV Rishikesh - Majra LILO Line at Dehradun	3.29	3.10	0.21
9	REC (XI) Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar	0.17	-	0.17
	Total			64.89

2.2.8 The Petitioner's submissions in respect of allowance of disallowed capital cost in respect of each of the above projects is presented below.

1. 132 kV D/C Srinagar-Simli Line

The Petitioner had claimed the capital expenditure of Rs. 122.15 Crore (in Form 9.3) and capitalization of Rs. 122.73 Crore in FY 2016-17, which included additional capitalization during the year amounting to Rs. 22.34 Crore. However, the Hon'ble Commission had only allowed Rs. 64.69 Crore, citing delay in completion of the project. The Petitioner in various replies submitted in response to the Hon'ble Commission's queries had submitted the detailed reasons for cost overrun, including a chronological order of events for obtaining the forest clearance. The line passes through difficult hilly terrain of three districts namely Pauri, Rudraprayag and Chamoli and consequently, about 22 nos. of Forester, 8 nos. of Rangers of Forest Department and 12 nos. of Patwari, 8 nos. of Tehsildars of Revenue Department were involved in joint inspection, a precursor to preparation of case for grant of forest clearance. Despite repeated follow-ups, there was delay in joint inspection by the employees of these departments, which lead to delay in preparation of forest case. The forest clearance could only be obtained in June 2013. It is pertinent to note that all activities leading to forest clearance were taken in parallel by the Petitioner and not sequentially as can be observed from the sequence of activities submitted already before the Hon'ble Commission. In view of the above, the kind attention of the Hon'ble Commission is drawn to the judgement of CERC in Petition No. 79/MP/2014 in the matter of Jabalpur Transmission Company Vs others dated October 16, 2015, wherein the time overrun in the completion of the Project due to Forest Clearance has been considered as Force Majeure. The relevant extract of the order is stipulated as below: -

"*In our view, the petitioner was prevented from discharging its obligations under the TSA on account of delay in grant of Forest Clearance is covered under force Majeure in the TSA.*" Further, due to natural disaster in June 2013 in Rudraprayag and Chamoli Districts, tree cutting work could not be started by the Forest Department due to deployment of

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officers for flood relief work. The tree cutting work was completed in March 2016. For delay in tree cutting forest department was responsible.

Further, due to severe Right of Way (RoW) problems by the villagers/concerned landowners, construction work was interrupted. The route of Line passes through very difficult hilly terrain and most of the tower locations are about 3 to 5 km away from road site, which caused delay in tree cutting. Difficult hilly terrain with hard rocks caused substantial increase in time taken to construct tower foundations. As submitted before the Hon'ble Commission, these events are beyond the control of Petitioner.

The Petitioner had claimed a hard cost of Rs. 104.35, against which the Hon'ble Commission allowed only Rs. 60.85 Crore. The hard cost allowed by the Hon'ble Commission against the amount claimed by the Petitioner is shown in the table below.

Table 2-4: Hard Cost of 132 kV Srinagar-Simli Line approved by the Commission (INR Crore)

Particulars	Claimed by Petitioner	Approved by Commission Tariff order dated March 21, 2018
Preliminary works	28.49	22.21
Supply	15.03	10.47
Erection, Testing & Commissioning	26.47	16.58
Price Variation on Supply & ETC	20.29	5.41
Taxes & Duties	1.86	2.50
Overheads	13.01	3.70
Total	**104.35**	**60.85**

The Hon'ble Commission had partially disallowed the amounts expended by the Petitioner under the heads of NPV, compensatory afforestation and plantation of small variety trees (preliminary works) by limiting the compensation rates to those applicable in the year 2008, even though the forest clearance was awarded in 2013 with no delay on part of the Petitioner.

The original LoA for Supply and erection, testing and commissioning of Rs. 22.52 Crore in the year 2005 was revised to Rs. 37.07 Crore in the year 2011. The Hon'ble Commission in its Tariff Order dated March 21, 2018, had stipulated that:

> *"The Commission does not find it appropriate to consider the revised of Rs. 37.07 Crore as such price has not been discovered through competitive means more so when the original LoA provided for quantity variation to the extent of 20% of the original ordering cost."*

It is pertinent to note that the original BoQ of the line was prepared on the basis of preliminary survey without using any survey tools and carried out prior to formation of PTCUL. After award of work detailed survey of line was carried out in hilly terrain and BoQ was finalized as per the site conditions. After detailed survey on actual basis, the quantities of different items were find out and amendment of quantity variation was issued

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after obtaining approval from the competent authority of PTCUL, accordingly, the revised cost was submitted to the Hon'ble Commission for truing up. The reasons for quantity variation were also submitted to the Hon'ble Commission for justification of quantity variation. Thus, the Hon'ble Commission is humbly requested to reconsider the justifications submitted along with documentary evidence submitted by the Petitioner for quantity variation and thus allow the capitalisation.

The Hon'ble Commission limited the price variation to Rs. 5.41 Crore against actual price variation of Rs. 20.29 Crore, stating that *"the Petitioner vide the second amendment to the LoA, provided that price variation shall be allowable till the actual Completion time"*. Here, it is important to note that the actual completion date was linked to forest clearance and complete felling of trees lying on the way of the said line, which as explained above was beyond the control of Petitioner. Accordingly, it is not prudent to limit the price variation. The Hon'ble Commission had also partially disallowed taxes and duties paid by the Petitioner and overheads, citing time delays in the project, even though the Petitioner has explained that the reasons for delay were beyond the control of the Petitioner. In view of the facts and justifications mentioned as above, it is humbly requested to the Hon'ble Commission to consider all the expenses of 132kV Srinagar-Simli Line as claimed by the Petitioner in true up of FY 2016-17. In addition, considering the fact that the delay in completion of line was due to delay in forest clearances by relevant agencies of state and central government and due to severe RoW issues by locals during construction of line and for justification of the same, details of different activities of forest clearance and RoW issues in chronological order was already submitted along with supporting documents, to the Hon'ble Commission. The Hon'ble Commission is humbly requested to reconsider the all the expenses including IDC, PV etc in construction of line.

As regards to the disallowance of major portion of capital cost of the said line is considered, judgement of Hon'ble APTEL in appeal no. 72 of 2010 in the matter of Maharashtra Power Generation Company Vs MERC others may be referred to. The relevant para is stipulated as below: -

> *"Subject to prudence check by the Commission, the actual expenditure incurred on completion of the project shall form basis for determination of the original cost of the project. The original cost of the project shall be determined based on the approved Capital Expenditure actually incurred up to the date of Commissioning of the generating station and shall include capitalized spares subject to following ceiling norms as a percentage of the cost as on the cut-off date…"*

Thus, the capital cost shall be on the basis of actual expenditure incurred on completion of the project, subject to prudence check by the State Commission. There is no dispute on the capital cost incurred, what is disputed is the cost which has been disallowed mainly due to time overrun. It is humbly reiterated that the cost approved by the Hon'ble UERC for the said line was Rs 89.31 Crore in their Tariff Order dated April 5, 2016, which was also intimated to the Hon'ble Commission earlier while filing ARR/Tariff Petition for FY 2013-14 to FY 2015-16 and vide letter No. 1756/MD/PTCUL dated November 14, 2011 in

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response to the information required by the Expert Committee for validation of Capital Investment Schemes of PTCUL. The Expert Committee had given go through to execute the work of line as per revised DPR of Rs.89.51 crore. The Hon'ble Commission has ignored this fact and changed stand while carrying out the prudence check of the Capital Expenditure incurred in said line. On similar lines of the above-referred judgement, the approved cost of the said line was Rs 89.51 Crore, which is actually the Hard Cost, and prudence check should be done on the cost escalation beyond this value of approved Hard Cost due to time over run.

It is submitted before the Hon'ble Commission that if the cost of the line which has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. The delay in execution of project and variation in cost was beyond the control of the Petitioner. All the necessary details in this regard have been furnished before the Hon'ble Commission. An appeal in said matter has been filed by the Petitioner in Hon'ble APTEL in appeal no. 247 of 2018. However, the Petitioner humbly submits before the Hon'ble Commission that the present Petition is without prejudice to the rights and contentions of the Petitioner in the aforesaid cases pending before the Hon'ble APTEL and requests the Hon'ble Commission to allow the complete cost claimed by the Petitioner, considering the facts presented above and details submitted already to the Hon'ble Commission. Further, it is submitted that the methodology adopted by the Hon'ble Commission to disallow the hard cost, overhead expenses, and IDC despite submitting the proof that the delay was not intentional and beyond the control of the Petitioner. It is humbly submitted that that due to this methodology the financial health of the Petitioner company would suffer thereby having a major impact on the credit ratings of the company, which in effect may cause a default in repayment of loans or may increase the burden of interest on term loan. Both will directly affect the tariff, which would result in cost of services becoming dearer for the consumers.

2. 132 kV S/s Simli

The Petitioner had claimed the capitalisation of Rs. 13.07 Crore for 132 kV S/s Simli in true-up Petition for FY 2016-17. The project was completed in FY 2011-12. The Hon'ble Commission while carrying out the final true-up for FY 2011-12 had not allowed the capitalisation of 132 kV S/s Simli as the associated transmission line, i.e., 132 kV Srinagar-Simli Line was not complete and hence, the 132 kV S/s Simli, although completed was not put to use. Since, the associated Line was completed only in FY 2016-17, the Hon'ble Commission decided to consider the project for capitalisation. However, the Hon'ble Commission in Tariff Order dated March 21, 2018, did not allow complete IDC for the project, citing delay in completion and limited the approved capital cost to the 'allowable cost' of Rs. 12.71 Crore as approved by the Hon'ble Commission in its Tariff Order dated April 11, 2015, on final true-up for FY 2011-12 as against Rs. 13.07 Crore claimed by the Petitioner. As explained above, the reason for delay were beyond the control of Petitioner and hence the IDC may be allowed based on actuals in accordance

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with Hon'ble ATE's judgement in MSPOCL vs. MERC & others in appeal no 72 of 2010. Further, it is submitted before the Hon'ble Commission that if the cost of the line which has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Accordingly, the Petitioner prays to the Hon'ble Commission to allow the cost disallowed in the Tariff order dated March 21, 2018, along with true up of FY 2021-22. The Petitioner hereby reiterates to this Hon'ble Commission to consider justification already submitted as part of previous tariff filings by the Petitioner regarding time and cost over run of the substation and accordingly allow the full capitalisation claimed by the Petitioner.

3. *LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II*

The Hon'ble Commission while carrying out the truing up for FY 2011-12 had allowed Rs. 0.96 Crore against the said project. Further, Petitioner had claimed Rs. 1.78 towards the said project in true up Petition for FY 2015-16, against which the Hon'ble Commission had allowed only Rs. 0.27 Crore. While disallowing the cost in Tariff Order dated March 21, 2018, the Hon'ble Commission has stated that – "*The Petitioner has not submitted details of cost overrun in the prescribed format in accordance with the regulations and from the justifications submitted for the cost overrun by the Petitioner is not satisfactory. Hence, the cost has been restricted to the approved cost.*"

However, the Petitioner had provided detailed reasoning for cost overrun in the projects as below:

> "*Initially a 132/33 kV Srinagar II S/s was proposed in Srinagar area and DPR of line was prepared accordingly. After revised system requirement 132/33 kV S/s Srinagar-II was cancelled and a 400/220/132 kV S/s Srinagar was proposed and orientation of 132 kV Switchyard layout was changed accordingly. The route of line is required to be finalized as per orientation of 400/220/132 kV S/s Srinagar. After finalization of layout of 400/220/132 kV S/s Srinagar and orientation of gantry of 132 kV switchyard of S/s, route of line was finalized.*"

Considering the facts presented above and details provided in the form 9.5, the Petitioner prays to the Hon'ble Commission to allow the additional cost of Rs. 0.55 Crore (Rs. 1.78 Crore – 1.23 Crore). The Petitioner submits that if the cost of the line that has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Further, such disallowance of prudent cost incurred by the Petitioner may cause a default in repayment of loans or may increase the burden of interest on term loan. Both will directly affect the company and its ability to invest in future projects and as well as the Consumers in the State. The Petitioner prays to the Hon'ble Commission to take cognizance of the facts presented before it and allow the cost disallowed to the Petitioner in the Tariff Order dated March 21, 2018, along with the true up of FY 2021-22. The Petitioner hereby reiterates to this Hon'ble Commission to consider justification already submitted as part of previous tariff filings by the Petitioner

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regarding time and cost-over run of the line and accordingly allow the full capitalisation claimed by the Petitioner.

4. LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation

The Hon'ble Commission in its Tariff Order for FY 2018-19 had disallowed the additional capitalization claimed by the Petitioner on following grounds:

> *"The Commission had given its detailed reasoning for disallowing the additional capitalization of LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL) in the final true-up of FY 2015-16. Further, the Commission, taking cognizance of the submission of the Petitioner in Review Petition, had reviewed the capital cost of the asset and had approved Rs. 1.57 Crore on account of price variation vide Review Order dated 11.07.2016. Accordingly, the Commission does not find it prudent to allow the additional capitalization of Rs. 2.79 Crore claimed by the Petitioner in FY 2016-17."*

The detailed reasons for cost variation along with the supporting documents have already been submitted to the Hon'ble Commission in the review Petition dated April 5, 2016.

The Petitioner vide its submission dated January 20, 2016, had furnished the reasons for the delay of the project, which were attributable to: i) Severe Right of Way problem; ii) Re-routing of line due to ROW problems. The Petitioner had further submitted that the consequent to the District Magistrate letter dated August 13, 2010, directing it for shifting/re-routing of line after a joint meeting of all the stakeholders and consequently the resurvey work was conducted and the alternate route was adopted. The fresh forest clearance was granted vide letter dated April 15, 2011. After the grant of forest clearance, the land transfer was informed for the said line vide letter dated February 29, 2012. Accordingly, the Petitioner submitted that the delay and resulting increase in cost due to price variation was not attributable to any reason within the reasonable control of PTCUL.

It is submitted to the Hon'ble Commission that such a disallowance has a recurring impact that is accumulating every year in terms of disallowed GFA and thus it is severely impacting the financial health of the Petitioner. The Petitioner thus humbly prays to the Hon'ble Commission to allow the Capitalization that was earlier disallowed (Rs 2.79 Crore).

An appeal in said matter has been filed by the Petitioner in Hon'ble APTEL in appeal no. 247 of 2018. However, the Petitioner humbly submits before the Hon'ble Commission that the present Petition is without prejudice to the rights and contentions of the Petitioner in the aforesaid case pending before the Hon'ble APTEL and requests the Hon'ble Commission to allow the complete cost claimed by the Petitioner, considering the facts presented above and details submitted already to the Hon'ble Commission. Further, it is submitted that the methodology adopted by the Hon'ble Commission to disallow the hard cost, overhead expenses and IDC despite submitting the proof that the delay was not

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intentional and beyond the control of the Petitioner. It is humbly submitted that that due to this methodology the financial health of the Petitioner company would suffer thereby having a major impact on the credit ratings of the company, which in effect may cause a default in repayment of loans or may increase the burden of interest on term loan. Both will directly affect the tariff, which would result in cost of services becoming dearer for the consumers.

5. *220 kV LILO line for Dehradun (LILO of 220 kV Khodri-Rishikesh Line)*

The Petitioner in true up of FY 2013-14 had claimed a capitalization of Rs. 2.71 Crore against which the Hon'ble Commission had only allowed Rs. 1.73 Crore, limiting the capitalization to approved cost. Further, the Petitioner had claimed Rs. 0.79 Crore in true up of FY 2014-15, which was disallowed by the Hon'ble Commission. In true up of FY 2015-16, the Petitioner had claimed Rs. 1.13 Crore towards additional capitalization, which was also disallowed by the Hon'ble Commission. The Petitioner had again claimed the same along with true up of FY 2016-17. However, the Hon'ble Commission had disallowed the same in Tariff Order dated March 21, 2018, stating that –

> *"While issuing the Investment Approval vide Order dated November 24, 2011 the Commission had directed the Petitioner to submit the complete cost and financing of the said works. Further, the Project was completed in FY 2013-14, however, no compliance to the said order was done. Accordingly, the Commission does not find it prudent to allow the additional capitalisation of Rs. 1.13 Crore in FY 2016-17 that was disallowed in the final true-up for FY 2015-16."*

Accordingly, the Petitioner requests the Commission to allow the claimed capitalization towards the said project.

6. *220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun*

The Hon'ble Commission while approving the cost of said project in true-up of FY 2016-17 in Tariff order dated March 21, 2018, partially disallowed overheads, citing delay in completion of project. Further, the Hon'ble Commission allowed IDC only corresponding to the scheduled completion time of the project. This line was commissioned on 12.01.2017 from 220 kV substation Jhajra before commissioning of 400 kV substation Sherpur of PGCIL which was commissioned on 04.02.2017. It is submitted before Hon'ble Commission that it is pertinent to allow hard cost incurred by the Petitioner in construction of the project. The Petitioner submits that the reasons of the time over-run i.e., due to right of way which were beyond control of the Petitioner, were already submitted before the Hon'ble Commission. If the cost of the line that has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Further, such disallowance of prudent cost incurred by the Petitioner may cause a default in repayment of loans or may increase the burden of interest on term

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loan. Both of these will directly affect the company and its ability to invest in future projects and as well as the Consumers in the State. Further, the cost of the project is well within the approved cost of Rs. 15.12 Crore (investment approval dated February 28, 2014). Accordingly, the Petitioner prays to the Hon'ble Commission to allow the cost disallowed along with true up of FY 2019-20. Further, it is submitted that the methodology adopted by the Hon'ble Commission to disallow the hard cost, overhead expenses and IDC despite submitting the proof that the delay was not intentional and beyond the control of the Petitioner. It is humbly submitted that due to this methodology the financial health of the Petitioner company would suffer thereby having a major impact on the credit ratings of the company, which in effect may cause a default in repayment of loans or may increase the burden of interest on term loan. Both of these will directly affect the tariff, which would result in cost of services becoming dearer for the consumers. Hon'ble Commission is humbly requested to consider the justification regarding time over-run of the project and allow full capitalisation claimed by the Petitioner.

7. ***132 kV Dhalipur- Purkul LILO Line for Dehradun***

The Hon'ble Commission while approving the cost of said project in true-up of FY 2016-17 in Tariff order dated March 21, 2018, partially disallowed overheads, citing delay in completion of project. Further, the Hon'ble Commission allowed IDC only corresponding to the scheduled completion time of the project. The Petitioner had provided detailed reasoning to the Hon'ble Commission for delay in the project.

The DPR for the line was prepared taking into consideration of land for construction of Substation at Sehaspur. However, the proposal of land at Sehaspur was cancelled and new land for construction of substation was proposed in Jhajra. The preliminary walk over survey was carried out by it in the month of April 2010 for floating tender for construction of the line. As per walk over survey, length of LILO of 132 kV Dhalipur-Purkul line was estimated 2.45 km. with nine towers. The work of the line could only be commenced in year 2013 since, during the intervening period, heavy residential & commercial/institutional construction development took place in the area, because of which the earlier proposed corridor was not available for the construction of the line. Further, the Petitioner had to realign the said line for resolving severe RoW problems in another under-construction 220 kV LILO of Khodri-Rishikesh Line at 220 kV S/s Dehradun passing nearby, increasing total towers on said line to 11 nos. The firm started construction work of above line as per approved profile, but the local Villagers stopped the work. They also approached Hon'ble Chief Minister for shifting of the line from proposed route and suggested alternate route. The Petitioner further submitted that as per consent of villagers and to resolve RoW issues, the line route was changed and the line length increased to 2.654 km with 12 nos. of towers, of which 6 nos. towers were falling in riverbed, which required extra concreting and M.S. bars for reinforcement.

The above events, which were beyond the control of Petitioner led to increase in cost of the line as well delay the project. Thus, attributing the delay to the Petitioner and

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disallowing the hard cost and IDC would not be prudent under these circumstances. Accordingly, IDC may be allowed based on actuals in accordance with Hon'ble APTEL's judgement in MSPGCL vs. MERC & others in appeal no 72 of 2010 The Petitioner submits that if the cost of the line that has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Further, such disallowance of prudent cost incurred by the Petitioner may cause a default in repayment of loans or may increase the burden of interest on term loan. Both of these will directly affect the company and its ability to invest in future projects and as well as the Consumers in the State. The Petitioner prays to the Hon'ble Commission to take cognizance of the facts presented before it and allow the cost disallowed to the Petitioner in the Tariff Order dated March 21, 2018, along with the true up of FY 2021-22.

8. 132 kV Kulhal - Majra LILO Line at Dehradun

The Petitioner had claimed the additional capitalisation of Rs. 3.35 Crore in FY 2016-17, which was inclusive of the amount of Rs. 2.06 Crore disallowed by the Hon'ble Commission in the final true up for FY 2015-16 and additional capitalisation of Rs. 1.29 Crore in FY 2016-17. The additional capitalisation of Rs. 1.29 Crore claimed in FY 2016-17 was towards the civil works of wire mesh protection for preventing the towers from falling into the riverbed.

It may be noted that the Petitioner vide letter 1692/Dir. (Projects)/PTCUL/ARR dated 30.08.2017 submitted the detailed reasons of cost overrun to the Hon'ble Commission, including Form 9.3. Subsequently, taking cognizance of letter no. UERC/7/CL/378/2017-18/992 of the Hon'ble UERC, dated 11/09/2017, the Petitioner has also submitted the required details of the said project vide letter no. 1829/Dir/ (Projects)/PTCUL/ARR dated 27/09/2017. However, the Hon'ble Commission partially disallowed the capital cost and allowed Rs. 3.16 Crore in the last Tariff Order dated March 21, 2018, against Rs. 3.35 Crore claimed by the Petitioner, without providing any workings in relation to the same.

The Petitioner submits that if the cost of the line that has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Further, such disallowance of prudent cost incurred by the Petitioner may cause a default in repayment of loans or may increase the burden of interest on term loan. Both of these will directly affect the company and its ability to invest in future projects and as well as the Consumers in the State. The Petitioner prays to the Hon'ble Commission to take cognizance of the facts presented before it and allow the cost disallowed along with the true up of FY 2021-22.

9. Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar

The Hon'ble Commission in Tariff order dated March 21, 2018, had not allowed Rs. 0.17 Crore in respect of the said project as the amount was towards part capitalization, which is

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not allowed by the Hon'ble Commission. Accordingly, the Petitioner prays to the Hon'ble Commission to allow the amount claimed by the Petitioner in true up of FY 2016-17 dated March 21, 2018, along with true up of FY 2021-22.

The Petitioner hereby submits that the aforementioned capitalisations were disallowed by the Hon'ble Commission as part of the truing up for the FY 2016-17 of Rs 66.09 Crore.

II. IDC disallowance in 132 kV S/C Ranikhet-Bageshwar Line for project delay

The Petitioner had claimed the Rs 49.66 Crore and the reasons for cost-overrun was submitted on account of delay of 44 months in completion of project as RoW issues, route diversion, weather conditions. Though the Petitioner submitted the relevant evidence/ document of communication regarding the resolving of RoW issue starting from October 2018 after 28 Months from scheduled completion date i.e., May 2016. However, Hon'ble Commission felt the reasons were pertinent to justify the delay of only 30 months and allows the IDC for the same duration. Accordingly, the Hon'ble Commission approves the total cost of Rs. 47.67 Crore after deducting the disallowed IDC of Rs. 1.98 Crore from the Petitioner's claim of Rs. 49.66 Crore.

The Petitioner hereby wish to submit additional reasons for the time overrun as part of the Annexure VIII. The Petitioner wish to submit that the Hon'ble Commission must acknowledge the severe RoW issues that stalled the project from the very beginning of the project. From Feb 2017 to March 2017 the project was completely stalled on account of fire raging in the forest of Bageshwar encompassing the large area of forest leading to smoke and ash from the burning trees. This created not only hostile but dangerous working condition for the workers at site leading to stalling of the construction activities. Further to this line stringing work was stopped between 19.11.2016 to 21.11.2017, on account of the judicial proceeding due to approach road closed by the judiciary department. The Petitioner requests this Hon'ble Commission to take cognizance of the documentary evidence submitted in this regard and reconsider the decision to disallow the IDC for the aforementioned capitalisation.

III. IDC disallowance in Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line for project delay

The Petitioner hereby submits that the actual capitalisation for the subject mentioned scheme was Rs 4.13 Crore, against which the Hon'ble Commission has allowed the capitalisation of Rs 4.06 Crore. The Hon'ble Commission stated that there was delay of 21 months for completion of the project from the scheduled completion date and the Petitioner didn't provide the suited justification to allow the same and accordingly deducted 50% of the IDC component for the delay period.

The Petitioner wish to plead to this Hon'ble Commission to take into cognizance of the

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following to reconsider its decision of allowing the disallowed capitalisation of Rs 0.09 Crore.

- The Petitioner request the Hon'ble Commission that post GST implementation on 01.07.2017, the successful bidder because of lacking provisions w.r.t. billing and taxation and the contract was required to be amended to align with GST provisions. The impact of the GST has led not only to increase the cost of the project but the required changes to amend the contract led to cost-over run as well. The Petitioner request this Hon'ble Commission to appreciate that the new statute adoption do requires careful adoption to avoid any audit observations and legal implications so the marginal delays are ought to happen and is not unique with the petitioner.

- Delays due to RoW issues on tower installation at Tower Location No. 156 – 157, Tower Location No. 160 – 164, Tower Location No. 14 – 15, Tower Location No. 89 – 93, Tower Location No. 102 – 103 due to crop compensation issues with farmers combined with RoW issues caused due to forest clearance for passing the line from the dense forest area of Lansdown Forest Division which is notified as Elephant Corridor and under Conservation Assured Tiger Standards (CATS) scheme also. The Forest department's delayed permission to tree cuttings for the line stringing has led to delay the project.

The Petitioner requests the Hon'ble Commission to kindly take note of the **Annexure IX** for their due consideration and accordingly allow the disallowed IDC to the extent of Rs 0.09 Crore.

IV. Construction of 220/33kV Substation at Jafferpur

The Petitioner had claimed the capitalisation of Rs. 42.53 Crore for Construction of 220/33 kV Sub-station at Jafferpur in true-up Petition for FY 2020-21. The project was completed in FY 2020-21. Further the Petitioner has claimed the actual IDC of Rs. 5.64 Crore and with regard to the same the Hon'ble Commission has directed the Petitioner to submit year wise IDC detail for the Project. In reply to the same the Petitioner has submitted the year wise break up IDC amounting to Rs. 5.64 Crore for the project. However, the Hon'ble Commission while carrying out the truing up for FY 2020-21 has allowed IDC of Rs. 4.74 Crore against the claimed IDC of Rs. 5.64 Crore in the Tariff Order dated March 21, 2022, stating that –

> *"The Commission observed that almost all the reasons for delay are completely beyond the control of the Petitioner except few like delay due to 'Line Survey and change in layout of 220 kV S/s by 90 degrees, which lead to delay in soil testing, delay in construction of transmission line which has been already discussed above under para 4.3.5.4 of this Order which could have been managed with proper planning. With regard to Line survey and change in layout of 220 kV S/s by 90*

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degrees, the Petitioner submitted that there was delay of 75 days (from January 22, 2017, to April 07, 2017). In the matter, the Commission directed the Petitioner to submit all the correspondence with NHAI w.r.t. expansion of NH-74. In response, the Petitioner submitted the letter dated May 08, 2017, of NHAI informing about the expansion of NH-74. No other correspondence has by the Petitioner in this regard. The Commission observed that the period of delay, i.e., 75 days, is prior to the receipt of NHAI letter. Further, soil mining work could have been completed prior to the Hon'ble High Court order w.r.t. ban on mining in the State. Hence, the Commission treats these reasons as mixed reasons which are partially controllable and partially uncontrollable in nature. Therefore, the allowable IDC works out to Rs. 4.74 Crore against IDC of Rs. 5.64 Crore."

The reason for delay was beyond the control of Petitioner, as after executing the lease deed by PTCUL EE (Civil projects) with the Forest Department, PTCUL handed over the Land to the Contractor dated 21.01.2017 and accordingly the contractor had commenced the work. However, NHAI, Rudrapur vide letter No. 287/EE/P(C)/W-1 dated 10.03.2017 informed to shift the layout from 17.5 Meter to 22.5 Meter due to widening of National Highway-74. In this regard approval for the revised substation layout location as per the survey of the incoming line was received on dated 07.04.2017. With the revised layout of the sub-station, 2.0 Meter land filling in the sub-station land was required for levelling. During the same period the Hon'ble Uttarakhand High court has banned the mining activities in the state based on Writ Petition (PIL) No-16 of 2016 of Navin Chandra Pant & others Vs Uttarakhand State & Other. Due to above reasons construction works of several activities was delayed. However, on exploration of various avenues it was found that soil for land filling can be obtained from the adjoining state Uttar Pradesh and with regard to this permission to bring the soil from U.P was obtained on 21.04.2018. The above details are provided at **Annexure-VI** and hence the IDC may be allowed. Further, it is submitted before the Commission that if the cost of the line which has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Accordingly, the Petitioner prays to the Hon'ble Commission to allow the cost in the True up of FY 2021-22, which was disallowed to the Petitioner in the Tariff Order dated March 31, 2022.

V. *Increasing capacity of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories*

The Petitioner had claimed the capitalization of Rs. 6.18 Crore for Increasing capacity of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA along with associated accessories in true-up Petition for FY 2020-21. The project was completed in FY 2020-21. Further the Petitioner has claimed that the total supply cost for 1 transformer was Rs. 5.36 Crore, Erection cost is Rs. 0.38 Crore and expenditure against construction of 02 Nos. 33 kV bays at Sub-stations as Rs. 0.43 Crore, amounting to total cost of Rs. 6.18 Crore. However, the Hon'ble Commission while carrying out the truing up for FY 2020-21 has disallowed the

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construction of 02 Nos. 33 kV bays at Sub-stations cost of Rs. 0.43 Crore citing the reason that the construction of bay was not in the scope of work and approved the total cost of project as Rs. 5.75 Crore against the claimed total cost of project of Rs. 6.18 Crore in the Tariff Order dated March 31, 2022.

The Petitioner submit that the construction of 02 Nos. 33 kV bays at Sub-stations was claimed as the associated accessories for the augmentation of 220/33 kV S/s Jhajra from 2x40 MVA to 2x80 MVA. With Regard to the same Administrative Approval has been obtained to execute the work and accordingly the contract Agreement and Electrical Inspector Certificate has been enclosed as **Annexure-VII** of this Petition. Further, it is submitted before the Hon'ble Commission that if the cost of the bays, which has already been incurred by the Petitioner is not allowed, it will become very difficult for the Petitioner to function and discharge its duties. Accordingly, the Petitioner prays to the Commission to allow the cost in the True up of FY 2021-22, which was disallowed to the Petitioner in the Tariff Order dated March 31, 2022.

VI. Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 KV & 33KV Transformer Bay at 132KV S/s Jashodharpur Kotdwar (Pauri Garhwal)

The Petitioner hereby submits that the approved capital cost for the subject mentioned scheme is Rs 6.98 Crore out of which the actual capitalisation of Rs 3.84 Crore has been achieved in FY 2021-22 and the same was claimed by the Petitioner during truing up of FY 2021-22. However, the Hon'ble Commission has approved the capitalisation of Rs 3.70 Crore and disallowed Rs 0.14 Crore. Hon'ble Commission considered the executed cost based on Letter of Award dated September 28, 2018.

This is to be noted that the actual cost is based on the audited accounts for FY 2021-22 and the submissions in Form 9.5 are based on submissions shared from the field staff and thus while considering the truing-up, the Hon'ble Commission ought to take submissions matching with audited accounts. Accordingly, the Petitioner requests the Hon'ble Commission to approved the disallowed capitalisation.

VII. 220 kV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & it's LILO at Vyasi. (Construction of Pile foundations and wire mesh crate protection works at different tower locations of 220 kV Twin Zebra Lakhwar -Vyasi transmission line Dehradun.)

The Petitioner submits that during the Truing up of FY 2021-22, the Petitioner has claimed the capitalisation of Rs 6.96 Crore. The Hon'ble Commission was of the view that the cost of miscellaneous works such as pile foundations etc cannot be considered for capitalisation until the scheme has been put to use. Hence, the Commission decided to shift the claimed

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capitalization of Rs. 6.96 Crore to FY 2022-23 when the scheme has been put to use.

The Petitioner submits that the scheme was capitalized during the FY 2021-22 as part of the audited accounts and accordingly requests the Hon'ble Commission to allow the same as part of the present truing up exercise for the FY 2022-23.

VIII. Const. of Approach Road for Control Room and Residential Building at 132 KV S/s Ranikhet.

The Petitioner hereby submits that the Rs 0.47 Crore were claimed in Capitalisation of the FY 2021-22, however, the Hon'ble Commission has restricted the capitalisation to Rs 0.43 Crore, same as approved as part of investment approval. Hon'ble Commission while passing the order observed that the Petitioner were not able to provide either the actual cost break up for cost claimed or the justification for claiming cost higher than the approved cost for the said scheme.

The Petitioner in this regard, hereby submits the detailed justification combined with cost-breakup as **Annexure X**, as solicited by this Hon'ble Commission. The Petitioner requests the Hon'ble Commission to take cognizance of the revised submissions and accordingly allow the disallowed capitalisation of Rs 0.04 Crore as part of the Truing up.

IX. LILO of 220KV S/C Roshnabad(Haridwar)- Puhana line at 220/33KV substation Piranklaliar

The Petitioner hereby submits that the Hon'ble Commission as part of the subject mentioned capitalisation already approved the Rs. 2.16 Crore during the capitalization in FY 2018-19 and Rs. 0.06 Crore as Additional Capitalisation for similar compensation during FY 2020-21 True Up. However, the Hon'ble Commission stated that due to lack of substantiate evidence to its claim of Additional Capitalisation of Rs. 0.32 Crore with proper justifications and supporting documents, the Hon'ble Commission is not inclined to approve the Additional Capitalisation beyond the Approved Cost of Rs. 10.63 Crore and restricts the capitalisation to Rs. 10.63 Crore only.

The Petitioner pleads the Hon'ble Commission to take cognizance of the ground implementation challenges w.r.t. ROW and line stringing with towers implementation, the partial delay in project completion are pragmatic realities. However, non-consideration of the pertinent reasons of delay leading disallowance of capitalisation adversely affects the balance sheet of the Petitioner, making it difficult to raise finances for the future projects. In view of the above, the Hon'ble Commission is requested to kindly consider allowing the disallowed capitalisation as part of the ongoing Truing up for the FY 2022-23. The Petitioner hereby submits the detailed justification in this regard as **Annexure X-A**.

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X. *Supply, Erection, Testing & Commissioning of 01 No 40 MVA Transformer at 132 KV S/s Kichha*

The Petitioner hereby submits that the Hon'ble Commission as part of the subject mentioned capitalisation approved Rs 3.27 Crore against the actual claim of Rs 3.96 Crore as per audited books of accounts. While passing the order the Hon'ble Commission stated that it will take a fresh view on the issue once the time extension case is approved and Price Variation is approved by PTCUL Management.

The Petitioner submitting the **Annexure XI** for the consideration of the Hon'ble Commission and accordingly requests the Hon'ble Commission to allow the disallowed capitalisation of Rs 0.59 Crore.

XI. *Construction of 220KV Pirankaliyar-Puhana (PGCIL) Line*

The Petitioner hereby submits that the Hon'ble Commission has approved the capitalisation of Rs. 7.95 Crore in FY 2020-21 out of investment approval of Rs. 19.08 Crore. The Hon'ble Commission has restricted to the remaining investment approval cost of Rs. 11.14 Crore for FY 2021-22 and allowed the same.

The Petitioner submits that the actual capitalisation for the subject mentioned scheme was Rs 12.78 Crore out of which the Hon'ble Commission has put Rs 1.64 Crore on hold for want of justification that led to increase the capitalisation more than its investment approval.

The Petitioner hereby submits the **Annexure XII** for the kind consideration of the Hon'ble Commission and wish to plead to the Hon'ble Commission that the delay caused due to judicial proceedings handling the ROW issues shouldn't be considered as part of the controllable factors. Accordingly, requests the Hon'ble Commission to allow the disallowed capitalisation of Rs 1.64 Crore as part of the present truing up exercise for the FY 2022-23.

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

The Petitioner hereby submits that the Hon'ble Commission has viewed in its Order that the actual capitalisation of this scheme pertains towards the associated capitalisation scheme of Baram Project with respect to 220 kV GIS substation at Baram. The Hon'ble Commission has viewed since the capitalisation pertaining towards the 220 kV GIS substation is not yet completed, all the associated scheme cannot be considered capitalised.

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Accordingly, Construction of Boundary & Protection is a part of the said main project, which is yet to be commissioned hence the Capitalisation was not considered for this project during FY 2020-21 and allowing the liberty to Petitioner to approach the Commission for the said claim in the year of capitalisation of the main project, i.e., 220/33 kV GIS Sub-station, Baram (Jauljibi), Pithoragarh.

However, the Petitioner submits that the test of capitalisation can either be considered could be the fundamental principle of whether the specific asset created out of the capitalisation is put on use or not. This is to be submitted that the capitalisation qualified the compliance of accounting standard AS 10 and has been under use for developing the entire project, hence, the scheme ought to be considered completed and capitalised.

Accordingly, the Petitioner submits that the disallowed capitalisation ought to be considered as per the books of audited accounts since FY 2020-21, however, this requires deviating from the opening GFA approved by the Hon'ble Commission for the FY 2022-23. Therefore, the disallowed capitalisation has been considered as part of the truing up of FY 2022-23.

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

The Petitioner hereby submits that the actual audited capitalisation as considered in the books of accounts, qualified by both the internal and statutory auditor while testing the capitalisation against accounting standard AS 10. This is to be noted that the residences, colony development are mandatory pre-project activities that ought to be completed whether the project completed on time or not.

Accordingly, the Petitioner submits that the disallowed capitalisation ought to be considered as per the books of audited accounts since FY 2020-21, however, for the sake of simplicity of going against the GFA approved by the Hon'ble Commission for the FY 2022-23, the Petitioner has considered the impact of disallowed capitalisation as part of the truing up of FY 2022-23.

2.2.9 The Petitioner requests the Hon'ble Commission to take due cognizance of the aforementioned submissions and accordingly allow the capitalisation from their respective years of disallowances and re-work the opening GFA while allowing the truing up for the FY 2022-23.

2.2.10 The Petitioner submits that the Hon'ble Commission while evaluating the capitalisation, the status of pendency of appeals ought not to be ignored with Hon'ble APTEL. This is to

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be noted that the cases pending before the Hon'ble APTEL if allowed against their merits, may lead to create additional cost burden of carrying cost along with principal amount, which can easily be avoided while revaluating the submissions made by the Petitioner in the present petition.

2.3 Gross Fixed Assets for FY 2022-23

2.3.1 The details of GFA addition as booked in the Petitioner's accounts can be found in the Audited Balance Sheets for FY 2022-23 being submitted as **Annexure-I** for the perusal of the Hon'ble Commission.

2.3.2 The corresponding Trial Balances for FY 2022-23 are also being submitted as **Annexure - II**. In addition, the electrical inspector certificate for all the relevant projects as mentioned above are being submitted as **Annexure-III** for the perusal of the Hon'ble Commission. The Letter of Award/Agreement/Internal approval for the completed projects in FY 2022-23 is being submitted as **Annexure IV**.

2.3.3 Further, with respect to 220 kV GIS substation Baram, the capitalization of Rs. 84.11 Crore on account of completion of Construction of 220 KV S/s Baram on 31.8.2022 booked in books of accounts on 31.1.2023. However, in compliance to the audit observation that 220 kV S/s Baram has been capitalized in books on Jan, 2023 (completed on 31.8.2022) without being commissioned and commercial operated, the same is expected to be commercial operated in second half of FY 2023-24 and the same will be claimed in FY 2023-24.

2.3.4 The detailed list of assets capitalized in FY 2022-23 is provided in the table below:

Table 2-8: Project Wise Capitalisation in FY 2022-23 (INR Crore)

S. No.	Name of the Project	Scheme	Amount
Projects other than deposit work/grant			
1.	220KV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi	REC VII	121.83
2.	220 KV GIS Substation Baram	REC XIII	84.11
3.	Const. of 132/33 KV S/s Padartha (Patanjali), Haridwar	PFC-2019	39.76
4.	Supply, Erection & Testing and commissioning of 160 MVA 220/132 KV Transformer and its associated 220 KV and 132 KV Bays at 400 KV S/s Kashipur	PFC-2017	18.24
5.	Implementation of intra-state ABT metering scheme for online ABT meters to be installed at interface points for energy accounting and transmission level energy auditing under PTCUL, Dehradun	REC-10148	13.28
6.	LILO of 132 KV Chilla - Nazibabad Line at 132 kV S/S Padartha (Patanjali), Haridwar	PFC-2019	11.18
7.	Const. of well foundation at various locations of LILO of 132KV Chilla-Nazibabad line at Ganga River near village Bijaypur Pili, Haridwar	PFC-2018	9.43
8.	Augmentation from (1 X 40 MVA + 1 X 20 MVA) to (2 X 40 MVA-1 X 20 MVA) at 132 KV S/s Purkul	PTCUL	6.70
9.	OPGW Connectivity in PTCUL under Phase-II of ULDC Projects	REC II	5.59

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S. No.	Name of the Project	Scheme	Amount
10.	(2X25MVA) 220/33 KV Substation at Pirgo Kaliyar	REC VI	1.45
11.	Const. of 132 KV S/C Overhead Line from 220 KV S/s SIDCUL, Haridwar to 132 KV S/s Jwalapur & Const. of 132KV Bay(s) at both ends for 132 KV Overhead line from 220 KV Substation SIDCUL, Haridwar to 132 KV S/s Jwalapur	RCRM-9029	0.95
12.	(PFC-09302014) Const. of 220/33 KV Jaffarpur	PFC	0.76
13.	Supply, Erection and Testing & Commissioning of 40 MVA, 132/33 KV Transformer and 132 KV and 33 KV Transformer Bay at 132 KV S/s Lohaa	REC-10780	0.65
14.	Supply, Erection and Testing & Commissioning of 40MVA 132/KV Transformer & 132KV & 33KV Transformer Bay at 132KV S/s Bindal	PFC-3030	0.61
15.	Supply Erection & Testing & Commissioning of 01 no. 40 MV Transformer 01 no 132 KV & 33KV Transformer Bay at 132KV S/s Jashodharpur, Kotdwar (Pauri Garhwal)	PFC-3032	0.58
16.	Const. of 132 KV GIS S/s at Bageshwar(3162013)	PFC-3013	0.48
17.	Supply, Erection and Testing & Commissioning of 132/33kv Transformer and its associated 132kv and 33kv Bays including extension and bisection of 33kv main bus at 132kv S/s Jaspur	REC-13918	0.43
18.	Const. of 220 KV D/C Rudrapur(Baramkari)-Srinagar Line (package I Srinagar - Chaurasthu)	PFC-3040	0.44
19.	Const. of 220 KV Pimalkoti - Pithoro (PGCIL) Line	RCRM-9200	0.32
20.	Const. of 01 no. 132 KV Bay and extension of bus for 132 KV Bazpur Ckt-2 Transmission Line at 400 KV Substation Kashipur	PFC-3036	0.14
21.	Supply Erection & T&C of 40 MVA Transformer at 132 KV S/s Pithoragarh "against tender Specification No. PTCUL/E-Tender/C&P-8508-14/2017-18	REC-10949	0.10
22.	(PFC-4080019) LILO of 220 KV Kashipur-Pantnagar line at proposed 220 KV S/s Jaffarpur	PFC	0.06
23.	Const. of Approach Road for Control Room and Residential Building at 132 KV S/s Ranikhet	REC-9999	0.00
24.	Supply, Erection and Testing & Commissioning of 132/33KV Transformer and its associated 132KV and 33 KV bays including extension and bisection of 33 Kv main bus at 220 KV S/s Ramnagarpur, Haridwar	REC-13911	(0.02)
25.	400 KV Substation, Kashipur	NABARD	(0.14)
26.	220KV D/c kashipur -Bhikeri Line	REC II	(0.20)
27.	400 Kv S/s Srinagar	ADB-PFR-3	(0.77)
	Sub-Total (Scheme)		308.27
Projects under Deposit Works & Grant			
28.	Shifting of Tower, no 36 of 220KV Rishikesh-Dharasu Line	DEPOSIT	0.08
29.	Extension of 132KV transmission tower at NH-58 on Roorkee bypass at 168.290km	DEPOSIT	0.04
30.	Renovation & Upgradation of protection system of 220 KV HALDWANI	PSDF	0.02
31.	Renovation & Upgradation of Protection System of 132KV S/s Majra	PSDF	0.00
32.	1/8 Ton Star Inverter Split AC Make with stabilizer and pipe Lloyd	SPDF	(0.00)
	Sub-Total (Consumer contribution, Grant, and Subsidies)		0.14
33.	Tools and Plants		0.72
34.	Hydraulic Assets		0.54
35.	Building		0.46
36.	IT Equipment & Computers		0.42
37.	Furniture & Fixtures		0.13
	Sub-Total (Other assets)		2.27
	Total Capitalisation of PTCUL including SLDC		310.68

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S.No	Name of the Project	Scheme	Amount
38.	OPGW Connectivity in PTCUL under Phase-II of ULDC Project	REC II	2.99
39.	Other SLDC assets – Furniture, AC, Batteries, etc		0.13
	Less: Sub-Total Assets belonging to SLDC		6.12
40.	220 KV GIS Substation Baram (Asset Put to use in FY November 2023)	REC XII	84.11
	Less: Assets capitalised in FY 2022-23 and put to use in FY 2023-24		84.11
	Total Capitalisation of PTCUL		220.45

2.4 Gross Fixed Assets capitalised for FY 2022-23

2.4.1 The closing GFA as approved by the Hon'ble Commission for FY 2021-22 has been considered as opening GFA for FY 2022-23. In accordance with the actual capitalisation for FY 2022-23, closing GFA considered for true up of FY 2022-23 is shown in table below.

Table 2-6: Opening and Closing GFA for true-up of FY 2022-23 (Figures in INR Crore)

S. No	Particular	MYT Order dated 31 March 2022	Tariff Order dated 30 March 2023	True-Up for FY 2022-23
1	Opening GFA	1,847.14	1,863.63	1,863.63
2	Claim against previous years disallowance in Capitalisation			87.23
3	Opening GFA			1,950.86
4	Add: Capitalisation of the Assets	271.59	211.67	304.61
5	Less: Deletion of Assets			0.05
6	Less: Asset put to use in FY 2023-24			84.11
7	Asset Addition claimed in FY 2022-23 (4-5-6)			220.45
8	Less: UITP asset Addition			0.51
9	Closing GFA = (3+7-8)	2,118.73	2,075.30	2,170.80

2.4.2 The Petitioner requests the Hon'ble Commission may kindly note that there could be variation in capitalisation in Form 9A and 9.5 of respective years. The Petitioner hereby submits that the Form 9.5 is the cost based on accrued expenditure towards the respective capitalisation of schemes and Form 9A is based on actual expenses incurred till the time of booking. The Petitioner hereby requests that since the Indian Accounting System follows the accrual-based accounting provisions, the same need to be reflected in regulatory practices and therefore the Hon'ble Commission is requested to allow the capitalisation to as per Form 9.5.

2.4.3 The Petitioner humbly requests the Hon'ble Commission to approve the stated GFA values for the FY 2022-23.

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2.5 Means of Finance

2.5.1 The Petitioner hereby submits that the Regulation 24 of UERC Tariff Regulations, 2021 specifies as under:

> "(1) For a project declared under commercial operation on or after 1.4.2022, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations."

2.5.2 The above-mentioned projects have been funded through various schemes, deposit works, grants, PSDF fund, LDCD fund etc. Further, capital structure for projects that are not funded though deposits, grants etc. have been considered in normative debt-equity ratio of 70:30. The following table provides the breakup of capitalisation for FY 2022-23 funded through various avenues:

Table 2-7: Capital Structure for FY 2022-23 (INR Crore)

S. No	Particular	Submitted
1	Debt	151.99
2	Equity	65.98
3	Deposit Works	0.08
4	Grants	-
5	**Total Capitalisation (less UTTP addition)**	**219.99**

2.6 Operation and Maintenance Expenses

2.6.1 The Petitioner hereby submits that the O&M expenses have been computed based on the methodology specified in the UERC Tariff Regulations, 2021.

2.6.2 The Regulation 62 of UERC MYT Regulations, 2021 provides the components of O&M expenses and methodology for computation of each of the components:

"62. ***Operation and Maintenance Expenses***

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

(2) The O&M expenses for the n^{th} year and also for the year immediately preceding the Control Period, i.e. FY 2021-22, shall be approved based on the formula given below: -

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

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Where –

- *$O\&M_n$ – Operation and Maintenance expense for the n^{th} year.*
- *EMP_n – Employee Costs for the n^{th} year.*
- *$R\&M_n$ – Repair and Maintenance Costs for the n^{th} year.*
- *$A\&G_n$ – Administrative and General Costs for the n^{th} year;"*

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

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

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

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

Where –

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

Provided that repair & maintenance expenses determined shall be utilized towards repair & maintenance works only."

2.6.3 Accordingly, the O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2021, the

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normative O&M expenses for FY 2022-23 shall be determined considering the base normative O&M expenses of the previous years and any other factors as specified in the Regulations.

2.6.4 Employee Expenses

2.6.4.1 As provided in the UERC MYT Regulations, 2021, the employee expenses for n^{th} year of the Control Period are calculated as follows:

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

2.6.4.2 The table below provides the Consumer Price Index for previous years:

Table 2-8: Consumer Price Index Inflation

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average														[illegible]

*From Sept 2016, as per new base of 2016 with base conversion factor of [illegible]

2.6.4.3 Thus, it can be observed that average increase in inflation over past three years from FY 2019-20 to FY 2021-22 has been 5.89%.

2.6.4.4 Considering the grade wise employee recruitment plan for FY 2022-23 (submitted in Form 8.1 with Petition), the Growth Factor for number of employees has been calculated based on the Opening no. of employees, recruited, and retired during FY 2022-23. Accordingly, the employee Growth Factor for the year has been considered as 3.24%.

Table 2-9: Employee Growth factor (Gn) for PTCUL for FY 2022-23

Particulars	FY 2022-23		
	PTCUL (Whole)	PTCUL	SLDC
Opening no. of Employees	864	826	38
Employees recruited	44	36	8
Retirement	16	16	-
Closing No. of Employees	892	846	46
G_n	3.24%	2.42%	21.05%

2.6.4.5 The gross employee expenses for FY 2022-23 have been computed by escalating the EMP_{n-1} with growth rate and average CPI inflation for last three years. The Petitioner hereby submits that the actual employee expense charged to capital works as per Note 27 of the audited account is Rs 22.64 Crore against the Gross actual employee expense of Rs

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158.28 Crore. The capitalisation rate accordingly has been calculated at 12.53% from the annual audited accounts of FY 2022-23.

2.6.4.6 The computations for the employee expenses for FY 2022-23 are shown in the table below:

Table 2-10: Employee expenses claimed for FY 2022-23 (INR Crore)

S. No	Particular	MYT Order dated 31 March 2022	True-Up for FY 2022-23
1	EMP_{n-1} (including capitalised expenses)	139.34	138.19
2	G_n	4.80%	2.42%
3	$CPI_{inflation}$	6.00%	5.89%
4	$EMP_n=(EMP_{n-1})\times(1+G_n)\times(1+CPI_{inflation})$	158.56	149.78
5	Capitalisation rate	26.30%	14.31%
6	Less: Employee expenses capitalised	41.70	21.43
7	Net Employee expenses	116.87	128.35

2.6.4.7 The Petitioner wish to highlight that the growth factor for the FY 2022-23 based on the actual employee structure vis-à-vis as approved by the Hon'ble Commission. The Petitioner hereby submits that it had repeatedly requesting the Hon'ble Government of Uttarakhand for direct recruitment since November 2022, however, the vacancy proposed was freeze on account of recommendation of 7th Pay Commission. This is to be noted that the Hon'ble Commission while undertaking truing up for the FY 2021-22 in its query raised on employee recruitment status. The Petitioner submitted in its response dated 10.01.2023 that it had proposed new employee recruitment of 35 and retirement of 5 employees. The Petitioner further submitted that as the vacancy has been put on hold on instructions from the Government of Uttarakhand, it is unlikely that recruitment process will be get over in FY 2022-23.

2.6.4.8 The Petitioner prays to the Hon'ble Commission to allow the normative employee expenses claimed by it for FY 2022-23.

2.6.4.9 Further with respect to the actual employee expenses, the same have been considered as Rs. 125.91 Crore as per the Audited Account for FY 2022-23. Various components of employee expenses are given in details in the form 8.1 of petition format.

2.6.4.10 Further, as per Regulation 12 (6) of the MYT Regulations, 2021, variation in O&M expense corresponding to approved value is categorized as controllable expenses and hence sharing is calculated in the subsequent section of the instant petition.

2.6.5 Repair and Maintenance Expenses

2.6.5.1 As provided in the UERC MYT Regulations, 2021, the Repair and Maintenance

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expenses for n^{th} year of the Control Period are calculated as follows:

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

2.6.5.2 The table below provides the Wholesale Price Index (WPI) for previous years.

Table 2-11: Wholesale Price Index Inflation

Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average	Inflation
FY 2019-20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2020-21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2021-22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average														[illegible]

2.6.5.3 The average WPI inflation for last three years (FY 2019-20 to FY 2021-22) was 5.32%.

2.6.5.4 'GFA_{n-1}' is the closing value of GFA as approved for last year i.e., FY 2021-22. Accordingly, the same has been considered as approved by the Hon'ble Commission in Tariff Order for true up of FY 2021-22 dated March 30, 2023.

2.6.5.5 As specified in the Regulations 62 (3) of MYT Regulations 2021, the Value of K as determined by the Hon'ble Commission in the MYT Tariff is to be considered. Accordingly, the value of K Factor has been considered as 2.13% as approved by the Hon'ble Commission in the Order dated March 31, 2022. Considering the above factors, the R&M expenses claimed for FY 2022-23 are as provided in the table below.

Table 2-12: R&M expenses claimed for FY 2022-23 (INR Crore)

Sr. No.	Particulars	MYT Order dated 31 March 2022	True-Up for FY 2022-23
1	K	2.13%	2.13%
2	GFA_{n-1}	1,847.34	1,950.90
3	$WPI_{inflation}$	5.43%	5.32%
4	**$R\&M_n = K \times (GFA_{n-1}) \times (1+WPI_{inflation})$**	**41.50**	**43.77**
5	R&M expenses capitalised for 66 kV asset transferred from UPCL		1.26
6	**Total R&M Expenses capitalised**	**41.50**	**45.03**

2.6.5.6 Further PTCUL submits that with regard to compliance of order no. UERC/5/Tech/Pet.No. 10 of 2019/71 dated 10[th] April 2019 issued by Hon'ble Commission in the matter of "Suo-moto proceeding initiated by the Hon'ble commission in the matter of transfer of 66 KV Substation and Lines from UPCL to PTCUL". In the aforementioned the Hon'ble Commission has ordered that 66 kV Sub-stations and the Lines currently under operation and being maintained by Distribution Licensee shall be transferred to Transmission Licensee latest by December 31, 2021.

2.6.5.7 In compliance of above order of the Hon'ble Commission, 66kV Substation

Karnprayag, 66kV Substation Kothiyalsain, 66kV Substation Joshimath and 66kv Srinagar -Joshimath line have been physically taken over by PTCUL from UPCL on dated 30.12.2021 & 31.12.2021. Subsequently the hand over and take-over between UPCL and PTCUL for the abovementioned assets has been submitted as **Annexure-V** for the Perusal of the Hon'ble Commission.

2.6.5.8 In this regard, the operation & Maintenance and to maintain the healthiness of the 66kV assets at Srinagar and Thibki Substation and associated lines, the various works has been undertaken by PTCUL and accounted in the audited accounts. The Petitioner requests the Hon'ble Commission to kindly allow the same on actual basis against the R&M expenses for the 66kV assets at Srinagar and Thibki substation and associated lines as the same are not included in the base normative expenses. Accordingly, the Petitioner submits that the additional R&M expenses claimed are towards the respective 66 kV substation at Thibki, Karnprayag, Kothiyalsain, Joshimath and 66kV Srinagar -Joshimath Line and its associated lines and the same has been claimed as per the books of audited accounts.

2.6.5.9 The Petitioner prays to the Hon'ble Commission to allow the normative R&M expenses alongwith the R&M expenses towards the 66kV assets transferred from UPCL as claimed by for FY 2022-23.

2.6.5.10 Further with respect to the actual R&M expenses, the same have been considered as Rs. 42.24 Crore as per the Audited Account for FY 2022-23. Various components of R&M expenses are given in details in the form 8.2 of petition format.

2.6.5.11 Further, as per Regulation 12 (8) of the MYT Regulations, 2021, variation in O&M expense corresponding to approved value is categorized as controllable expenses and hence sharing is calculated in the subsequent section of the instant petition.

2.6.6 Administrative and General Expenses

2.6.6.1 As provided in the UERC MYT Regulations, 2021, the Administrative and General expenses for nth year of the Control Period are calculated as follows:

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

2.6.6.2 As calculated above in Table 2-11, the average WPI inflation for last three years (FY 2019-20 to FY 2021-22) was 5.32%.

2.6.6.3 '$A\&G_{n-1}$' has been considered as approved for FY 2022-23 by the Hon'ble Commission in the MYT Order dated March 31, 2022. The capitalization rate has been considered as 8.88% at actuals as per the annual audited accounts for FY 2022-23 which is considered post exclusion of CSR expenses from the gross A&G expenses.

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2.6.6.4 The Petitioner submits that the while computing the normative A&G expenses to be allowed as part of the truing up for the FY 2022-23, the Petitioner has adopted the approved methodology by this Hon'ble Commission in its Order in Case No 24/2020 dated November 20, 2020. As per the aforementioned Order, the Hon'ble Commission has directed as herein below:

"….

In the matter, the Commission would like to mention that expenses pertaining to License Fee and security expenses have been approved based on actuals. Normative A&G expenses for the previous year are escalated with the WPI inflation of the current year. The License fee is excluded from the normative gross A&G expenses while taking the impact of WPI inflation because License fee is to be paid in accordance with the UERC (Fee and Fine Regulations) (Second Amendment), 2018 and has nothing to do with WPI inflation. Further, as far as security expenses are concerned, the Commission vide Tariff Order dated 27.02.2019 had explicitly mentioned that there was significant increase in security personnel expenses due to construction of new SS in the State of Uttarakhand. The Commission taking cognizance of the fact the aforesaid expenses are of uncontrollable nature, therefore, allowed the same at actuals.

Further, it cannot be denied that license fee and security expenses are paid by the licensee for the entire business which includes commissioned projects as well as projects under construction. Accordingly, the capitalisation rate is to be calculated considering the aforesaid expenses. The Commission has adopted the same methodology in Tariff Order dated 27.02.2019 while determining the approved normative A&G expenses. The relevant extract of the Tariff Order dated 18.04.2020 is as follows:

> *"5.6.4 … The Commission during the proceedings of true-up of FY 2017-18 had observed that the expenses towards security personnel have been increasing substantially in the recent years. Considering the expenses towards the security personnel and increase in License Fee being of uncontrollable nature, the Commission had allowed the same at actuals. The Commission has adopted the same methodology in the present proceedings for true-up for FY 2018-19…"*

The Commission reiterates that the Commission has adopted the same methodology as adopted in the previous years. Security expenses have not been excluded from the total capitalisation as these expenses are incurred for the projects under construction also and excluding the same from the capitalised expenses will outrightly depict the wrong capitalisation rate. Further, as security expenses have been increased substantially in the recent years, that is why the same has been allowed on actual basis."

2.6.6.5 The Petitioner hereby submits that to determine the normative A&G expenses for the previous year i.e., $A\&G_{n-1}$, the following methodology as prescribed by the Hon'ble Commission is considered.

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Table 2-13: A&G expenses for FY 2021-22 (INR Crore)

S. No.	Particulars	Value
1	Normative A&G expenses approved in FY 2021-22	37.27
2	Security expenses for FY 2021-22	11.88
3	License Fee for FY 2021-22	8.61
4	Net A&G Expenses	6.89
5	Capitalisation rate for FY 2021-22*	26.59%
6	$A\&G_{n, approved}$ for FY 2021-22	9.38

Note: * [illegible]

2.6.6.6 Accordingly, the A&G expenses claimed for FY 2022-23 is shown in the table below:

Table 2-14: A&G expenses claimed for FY 2022-23 (INR Crore)

S. No.	Particular	MYT Order dated 31 March 2022	True-Up for FY 2022-23
1	$A\&G_{n-1}$	9.54	9.28
2	$WPI_{inflation}$	2.42%	5.32%
3	Gross A&G expenses	9.77	9.78
4	Provision	-	-
5	A&G Expenses - $A\&G_n = (A\&G_{n-1}) \times (1+WPI_{inflation})$ + Provision	9.77	9.78
6	Capitalization rate	26.59%	9.79%
7	Less: A&G expenses capitalized	2.60	0.97
8	**Net A&G expenses**	7.17	**8.81**
9	Add: Security expenses	10.26	12.18
10	Add: License Fee	8.57	9.36
11	**Total A&G Expenses**	**26.00**	**30.35**

2.6.6.7 The Petitioner submits that while claiming the Security Charges and licensee fees, the same though has been bifurcated for SLDC in the audited accounts, accordingly, the same has been considered while computing the A&G expenses for the SLDC and PTCUL separately.

2.6.6.8 The Petitioner prays to the Hon'ble Commission to allow the normative Administrative and General expenses claimed for FY 2022-23.

2.6.6.9 Further with respect to the actual A&G expenses, the same have been considered as Rs. 201.79 Crore as per the Audited Accounts for FY 2022-23. Various components of A&G expenses are given in details in the form 8.3 of petition format.

2.6.6.10 Further, as per Regulation 12 (6) of the MYT Regulations, 2021, variation in O&M expense corresponding to approved value is categorized as controllable expenses and hence sharing is calculated in the subsequent section of the instant petition.

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2.6.7 Operation and Maintenance Expenses

2.6.7.1 The Regulations 14 of MYT Regulations 2021 provides the sharing mechanism for controllable factor:

"14. Sharing of Gains and Losses on account of Controllable factors:

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

a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant.

2.6.7.2 Further, as per Regulation 12 (6) of the MYT Regulations, 2021, variation in O&M expense corresponding to approved value is categorized as controllable expenses and hence sharing is calculated whereby the gain or loss with regard to the same is shared with the consumers.

2.6.7.3 Considering the above three expenses, the total normative Operation and Maintenance (O&M) expenses as computed as per Regulations 62 of MYT Regulations 2021 and the actual expenses incurred by the Petitioner as per Audited Accounts for FY 2022-23 are summarized in Table as below along with the impact of sharing of gains/loss.

Table 2-15: O&M Expenses claimed for FY 2022-23 (INR Crore)

S. No	Particulars	MYT Order	Tariff Order	Actual	Normative	Gain/(Loss)	PTCUL Share	Consumer Share	Claimed for FY 2022-23
1	Employee Expenses	138.37	131.52	133.19	130.23	2.36	2.11	1.05	127.30
2	R&M Expenses	41.32	41.81	42.24	45.03	2.79	1.86	0.93	44.10
3 a)	Net A&G expenses	7.17	7.38	13.37	8.81		0.00	0.00	8.81
3 b)	Add: Security expenses & license fee	18.83	20.47	21.54	21.54			0.00	21.54
3	A&G expenses	26.00	27.85	33.91	30.35	-3.56	-2.38	-1.19	31.53
4	Total O&M expenses	184.89	185.18	211.35	203.75	2.38	1.59	0.79	202.93

2.6.8 The Hon'ble Commission is requested to approve the sharing of the gain/loss and O&M expenses for FY 2022-23 as per the table above, computed in accordance with the UERC Tariff Regulations, 2021.

2.7 Interest on Loan

2.7.1 For computation of interest and finance charges, the closing balance of loans for FY 2021-22 as approved by the Hon'ble Commission in its Tariff Order for true up of FY 2021-22

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dated March 30, 2023, has been considered as the opening loan balance for FY 2022-23.

2.7.2 The loan addition has been considered as 70% of the capitalization during the year as per the funding plan for various schemes and as specified in para 2.5 of this petition. Further, the Petitioner hereby submits that as per the MYT Regulations 2021, the loan repayment has been considered equal to the depreciation for FY 2022-23. The interest cost for FY 2022-23 has been computed considering the weighted average interest of 9.65% on the gross loans (Excluding UITP projects) as per the audited accounts. The weightage average interest rate has been calculated by dividing the total interest expenses (including IDC) by average of opening and closing loan for the year. The Loan MIS for FY 2022-23 has been submitted as **Annexure-XIII** of this Petition.

2.7.3 The Petitioner has computed and claimed interest on normative loan as per Regulations 27 of MYT Regulations 2021 as stated under:

"27. ***Interest and finance charges on loan capital and on Security Deposit***

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2022 from the gross normative loan.

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

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

...

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

..."

2.7.4 The computation of interest charges for FY 2022-23 is provided in the following table:

Table 2-46: Interest charges for FY 2022-23 (INR Crore)

S. No	Particulars	MYT Order dated 31 March 2022	True-Up for FY 2022-23
1	Net Normative Loan - Opening	668.41	405.44
1.2	Normative loan addition on account of disallowed capitalization in previous years		61.08
2	Loan Drawl during the year	182.95	153.95

S. No	Particular	MYT Order dated 31 March 2022	True-Up for FY 2022-23
3	Less: Repayment of Normative Loan during the year	98.12	103.05
4	Net Normative Loan - Closing	338.24	317.41
5	Average Normative Loan	313.33	491.98
6	Weighted Average Rate of Interest	11.19%	9.65%
7	**Interest on Normative Loan**	**97.43**	**47.49**

2.7.5 The Petitioner prays to the Hon'ble Commission to allow the interest expenses claimed by the Petitioner for FY 2022-23. The details of the loans and the interest of loan for FY 2022-23 have been provided in Form F-14, 15.1, 15.2 and 15.3 of Petition Formats.

2.8 Return on Equity

2.8.1 Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2021 specifies as follows:

"26. Return on Equity

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24

Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.

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

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

2.8.2 This is to be submitted that the aforementioned regulations allow the return on equity on pro-rata basis for the additional capitalisation during the year out of the equity capital. The Petitioner hereby submits that as the details related to asset put to use and relevant commissioning certificates are being provided for the asset's addition during the FY 2022-23, there is rightful claim of the petitioner on the return on equity for the asset addition during the year on pro-rata basis.

2.8.3 The Petitioner has considered the computation of Return on Equity (RoE) for truing up for the FY 2022-23 based on the aforementioned regulation. Accordingly, the return on equity of 15.50% has been considered as per the provisions of the UERC MYT Regulations,

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2021.

2.8.4 Accordingly, the closing equity as approved by the Hon'ble Commission in true up of FY 2021-22 in the tariff order dated 30 March 2023 has been considered as opening equity for FY 2022-23. The normative equity addition has been considered as 30% of the capitalization during the year as per the funding plan for various schemes.

2.8.5 The table below shows the computation of return on equity for true up for FY 2022-23:

Table 2-17: Return on Equity for FY 2022-23 (INR Crore)

S. No	Particulars	MYT Order dated 30th March, 2023	True-Up for FY 2022-23
1	Opening Equity	406.94	379.51
1.1	Normative addition on account of disallowed capitalization in previous years		30.18
2	Equity Addition	78.41	61.98
3	Closing Equity	485.35	471.66
4	Average Equity	446.15	425.59
5	Eligible equity for return	312.41	425.59
6	Rate of RoE	15.50%	15.50%
7	**Return on Equity**	**48.42**	**65.97**

2.8.6 The Petitioner hereby submits that on the perusal of the previous orders, it has been observed that the claim of Return on Equity on asset addition during the year has been inadvertently been missed out by the Petitioner. The Petitioner further submits that the since there are pending claims on assets disallowed during the previous years, and the Petitioner as part of the present petition has requested this Hon'ble Commission to reconsider allowing. The Petitioner finds the present truing up exercise prudent enough to requests the Hon'ble Commission to consider allowing the return on equity on asset addition during the year in accordance with the provisions of the MYT Regulations 2021.

2.8.7 In the previous Tariff Orders, the Hon'ble Commission has not allowed Return on Equity on entire equity base approved by the Hon'ble Commission in the respective Tariff Orders. The Return on Equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in form of a cess.

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

"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF toward capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable

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to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly, this issue is decided in favour of the Petitioner."

2.8.9 The Additional Secretary vide Letter No 337/I (2)/2011-04-(01)/84/2008 dated February 11, 2011, conveyed the directions of the Government of Uttarakhand to the Hon'ble Commission that the amount contributed by the Government from PDF fund is from the Consolidated fund of the state. Accordingly, the letter asked the Hon'ble Commission to consider the amount as equity and allow the Return on Equity on the said amount to the Petitioner. The same has been submitted has **Annexure-XIV** along with this Petition. In view of the same, the Petitioner submits to the Hon'ble Commission that the Return on Equity be allowed on the equity contribution of Government of Uttarakhand.

2.8.10 The Petitioner submits that the capitalisation disallowances or deferred acceptance adversely affects the Petitioner not only in terms of time value of money but also for audit concerns and credit profile of the PTCUL to raise debt from borrowers and thus the consequentially impacts the development of transmission assets. Therefore, PTCUL humbly requests the Hon'ble Commission to consider the proposal with regard to Return on Equity as submitted in this Petition.

2.8.11 The Petitioner requests the Hon'ble Commission to approve the Return on Equity for FY 2022-23. The details of the Return on Equity for FY 2022-23 have been provided in Form F-2 of Petition Formats.

2.9 Depreciation

2.9.1 The Petitioner submits that the asset wise depreciation has been computed considering the asset capitalised during the FY 2022-23 and submitted in para 0 of this petition and the rates of depreciation specified in the UERC Tariff Regulations, 2021.

2.9.2 The Petitioner submits that the Regulation 28 of the UERC Tariff Regulations, 2021 specifies as follows:

> *"28. Depreciation*
> *(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*
> *Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.*
> *(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*
> *...*
> *(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.*
> *..."*

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2.9.3 Accordingly, the Petitioner has computed the depreciation for full year on opening GFA and asset class wise rates of depreciation specified in UERC Tariff Regulations, 2021. The depreciation has been calculated at rates specified in the UERC Tariff Regulations, 2021. The opening GFA for FY 2022-23 has been considered equal to closing GFA approved by the Hon'ble Commission in true up of FY 2021-22 in Tariff Order dated March 30, 2023.

2.9.4 The opening GFA for FY 2022-23 has been apportioned between various asset categories in ratio of actual assets in books of the Petitioner. The cumulative value of assets created out of consumer contribution, grants and subsidies has been deducted from the opening GFA to compute the GFA eligible for depreciation. The closing GFA has been determined by adding capitalization in the year, net of consumer contribution, grants, and subsidies. The depreciation expense has been calculated on average GFA during the year. The proposed depreciation expense for truing up of FY 2022-23 has been shown in the table below:

Table 2-18: Depreciation expense for FY 2022-23 (INR Crore)

S. No.	Particulars	Dep. rate	Opening GFA as per audited accounts	Opening GFA	Addition	Deletion	Previous Claim	Closing GFA	Average	Depreciation
1	Land	0.00%	4.30	4.32	2.60	-	-	6.92	5.62	-
2	Land (Lease Rights)	3.34%	64.38	64.79	0.11	-		64.90	64.85	2.17
3	Buildings	3.34%	95.41	92.71	1.83	-		94.55	93.63	3.13
4	Hydraulic Works	5.28%	4.86	4.87	0.54			5.41	5.14	0.27
5	Other Civil Works	3.34%	11.30	21.27	0.00	-		21.27	21.27	0.71
6	Plant & Machinery	5.28%	853.84	821.39	52.58	(5.00)	87.12	968.24	896.72	47.35
7	Lines & Cable Network	5.28%	854.57	843.28	158.24	-		1,001.61	922.08	48.68
8	Vehicles	9.50%	0.35	0.35	-	-		0.35	0.35	0.03
9	Furniture and Fixtures	6.33%	3.67	3.68	0.27	(0.00)		3.95	3.82	0.24
10	Office Equipment	6.33%	1.64	1.65	0.11	0.01		1.75	1.70	0.11
11	Computers & IT Equipment	15.00%	2.11	2.13	0.45	0.03		2.56	2.35	0.35
12	Total		1,897.44	1,862.44	199.51	0.06	87.29	2,139.58	2,017.22	103.05

2.9.5 The Petitioner prays to the Commission to allow the depreciation expense claimed for true up of FY 2022-23 as shown in the table below:

Table 2-19: Depreciation expense for PTCUL for FY 2022-23 (INR Crore)

S. No.	Particular	MYT Order dated 31 March, 2022	True-Up for FY 2022-23
1	Depreciation	93.12	103.05

2.9.6 The details of the Depreciation for FY 2022-23 are provided in Form F-10.2 of the Petition Formats, submitted along with this filing.

2.10 Interest on Working Capital

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2.10.1 The Petitioner has considered working capital base as per Regulation 35(1)(3) of UERC MYT Regulations, 2021 as below:

> *"In case of hydro power generating stations and transmission system and SLDC, the working capital shall cover:*
>
> *(i) Operation and maintenance expenses for one month;*
>
> *(ii) Maintenance spares @ 15% of operation and maintenance expenses; and*
>
> *(iii) Receivables equivalent to two months of the annual fixed charges."*

2.10.2 Further, the interest rate on normative working capital loans has been considered in accordance with the Regulation 33 of the UERC MYT Regulations, 2021 –

> *"Rate of interest on working capital shall be on normative basis and shall be equal to the weighted average of one-year Marginal Costs of funds-based Lending Rate (MCLR) as declared by the State Bank of India from time to time for the financial year in which the application for determination of tariff is made plus 150 basis points."*

2.10.3 Accordingly, the rate of interest is considered on normative basis equal to weighted average of "one year Marginal Cost of funds based Lending Rate (MCLR)" as declared by the State Bank of India plus 150 basis points. The screenshot of SBI website is being submitted as **Annexure-XV** for reference of the Hon'ble Commission in this regard. The detail computation of Rate of Interest on working capital for FY 2022-23 is outlined as below.

Table 2-30: SBI One Year MCLR during FY 2022-23

Details of Interest on Working Capital for FY 2022-23			
Particulars	Date	No. of Days	%
Opening SBI Base Rate / MCLR Rate	01-04-2022	14	7.00%
Revision in Base Rate by RBI	15-04-2022	30	7.10%
Revision in Base Rate by RBI	15-05-2022	31	7.20%
Revision in Base Rate by RBI	15-06-2022	30	7.40%
Revision in Base Rate by RBI	15-07-2022	31	7.50%
Revision in Base Rate by RBI	15-08-2022	31	7.70%
Revision in Base Rate by RBI	15-09-2022	30	7.70%
Revision in Base Rate by RBI	15-10-2022	31	7.95%
Revision in Base Rate by RBI	15-11-2022	30	8.05%
Revision in Base Rate by RBI	15-12-2022	31	8.30%
Revision in Base Rate by RBI	15-01-2023	31	8.40%
Revision in Base Rate by RBI	15-02-2023	28	8.50%
Revision in Base Rate by RBI	15-03-2023	16	8.50%
Closing Rate	31-03-2023	1	8.50%
Weighted Average Rate		365	7.88%
Plus 150 Basis Point			9.38%

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Details of Interest on Working Capital for FY 2022-23			
Particulars	Date	No. of Days	%
Total Weighted Average Rate			**11.30%**
https://www.sbi.co.in/web/interest-rates/mclr-historical-data			

2.10.4 Petitioner has considered the aforementioned methodology specified in the MYT Regulations, 2021 for calculation of IoWC for FY 2022-23. Petitioner has computed IoWC for FY 2022-23 by taking one month's Operation and Maintenance expenses, Maintenance Spares @15% of O&M expenses and 2 months' receivables. For computing receivables, Petitioner has considered the Approved Transmission Charges to be recovered for FY 2022-23 vide MYT Order dated March 30 2023. The table below depicts Interest on Working Capital for FY 2022-23:

Table 2-21: Interest on Working Capital for PTCUL for FY 2022-23 (INR Crore)

S. No	Particulars	MYT Order dated 31 March, 2023	Actual
1	O & M expenses - 1 month	50.71	51.72
2	Spares (15% of O&M Expenses)	27.33	30.44
3	Receivables - 2 months	15.48	16.81
4	**Total Working Capital**	**93.85**	**98.87**
5	Normative Interest Rate (%)	10.50%	11.30%
6	**Normative Interest on Working Capital**	**9.85**	**11.08**

2.10.5 The Petitioner humbly requests the Hon'ble Commission to approve the interest on working capital proposed by the Petitioner for FY 2022-23. The details of the Interest on Working Capital for FY 2022-23 are provided in Form F-17 of the Petition Formats, submitted along with this filing.

2.10.6 The Petitioner hereby claims that since there are no existing actual working capital loans, it is the deployment of internal resources and return on equity that met the requirement of working capital borrowing and offset the dependency of the same to external borrowers.

2.10.7 The Petitioner submits that since there are no actual working capital loans, the very consideration of treating the normative against actual as part of the controllable expense proves to be a fallacy. Accordingly, the sharing of interest on working capital as controllable parameters would lead to nothing but to disallow the return on equity which is used as working capital requirements and thus the guaranteed return on equity on regulated business will effectively be reduced.

2.10.8 The Petitioner requests this Hon'ble Commission to appreciate that by reducing the dependency on external borrowings, the Petitioner has achieved a twin benefit of effectively utilising its internal resources but also has reduced the leveraging of balance sheet and thus effectively improved credit profile for further borrowings either for working capital requirements or for capex borrowings.

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2.10.9 Accordingly, the Petitioner prays to the Commission to allow the Interest on working capital claimed for true up of FY 2022-23 as shown in the table above.

2.11 Income Tax

2.11.1 The UERC MYT Regulations, 2021 provide for recovery of actual income tax paid at the time of truing up of the respective year. The Petitioner hereby submits that the actual income tax paid by PTCUL inclusive of profit not claimed in ARR and SLDC / SCADA profit is Rs 3.89 Crore.

2.11.2 The Petitioner hereby submit that the Hon'ble Commission has repeatedly asked for ring-fencing of the SLDC from PTCUL. It is respectfully that though the complete ring-fencing of SLDC from their respective transmission utilities are not yet ubiquitous across states. However, the PTCUL has initiated the complete ring-fencing of SLDC from PTCUL. As part of the exercise, the accounts of SLDC have first been separated and the staffs has been given additional responsibilities for activities pertaining to SLDC in addition to allocation of staff. As next step, separate office building has been proposed for SLDC and accordingly the contract has been awarded to a government undertaking viz., M/s Braithwaite & Co Ltd.

2.11.3 Further, it is respectfully submitted that the expenditure/income pertaining to SLDC activities is accounted and audited separately in line with the Hon'ble Commission directives for the purpose of regulatory reporting. It is respectfully submitted that there is neither separate filing of Income Tax Returns in respect of SLDC nor allocation/claim of Income Tax towards SLDC by PTCUL. However, the Petitioner hereby submits that since there is now a separate book of accounts for SLDC and SCADA available, there is need to recognise the income of both the businesses and its consequential share of income tax. Accordingly, the income tax for PTCUL and SLDC has been apportioned based on their respective revenue considered in audited accounts.

2.11.4 Further, the income tax is also adjusted on the income tax paid on the revenue which is not claimed under ARR as either the same is from the profit of the RoE invested or against the Inter-State Transmission lines. The Petitioner requests the Hon'ble Commission to approve INR 3.24 Crore which has been estimated based on the pro-rata allocation against the revenue of PTCUL, SLDC and revenue from other sources not claimed in the ARR, against the actual income tax paid for the year FY 2022-23 as outlined below:

Table 2-22: Allocation of Income Tax to PTCUL for FY 2022-23 (INR Crore)

Sr. No.	Particulars	Units	Total
1.	Current Income tax as per Profit & Loss of PTCUL as a whole	Rs. Cr.	3.89
2.	Revenue of PTCUL considered for ARR	Rs. Cr.	331.64
3.	Revenue not claimed in Petition	Rs. Cr.	44.67
4.	Revenue of SLDC	Rs. Cr.	16.27

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5.	Income Tax considered for ARR for PTCUL – (1 / (2+3+4) x 5)	Rs. Cr	3.23

2.11.5 Accordingly, the Petitioner requests the Hon'ble Commission to approve Rs. 3.23 Crore as considered from the audited accounts for the year FY 2022-23, whereby the details of Income tax details are submitted at **Annexure-XVI**.

Table 2-23: Income Tax for FY 2022-23 (INR Crore)

S. No.	Particular	FY 2022-23
1	Income tax	3.23

2.12 Non-Tariff Income

2.12.1 The non-tariff income for FY 2022-23 has been considered as per audited accounts.

2.12.2 The Petitioner hereby submits that revenue realised from sale of scrap, sale of tender documents, registration fee, connectivity charges, fee for load flow study, etc are considered as non-tariff income as per the provisions of UERC MYT Regulations, 2021. In this regard, Regulation 63 of UERC Tariff Regulations, 2021 specifies as below:

"63 Non-Tariff Income

(1) The amount of non-tariff income relating to the Transmission Business as approved by the Commission shall be deducted from the Aggregated Revenue Requirement in determining the Annual Transmission Charges of the Transmission Licensee.

Provided that the Transmission Licensee shall submit full details of his forecast of non-tariff income to the commission in such form as may be stipulated by the Commission from time to time.

(2) The indicative list of various heads to be considered for non-tariff shall be as under:

a) Income from rent on land or building.

b) Income from sale of scrap.

c) Income from statutory investments.

d) Interest on delayed or deferred payment on bills.

e) Interest on advances to suppliers/ contractors.

f) Rental from staff quarters.

g) Rental from contractors.

h) Income from hire charges from contractors and other.

i) Income from advertisement, etc.

j) Miscellaneous receipts.

k) Excess found on physical verification.

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l) Interest on investments, fixed and call deposits and bank balances.

m) Prior Period income.

Provided that the Interest earned from the investments made out of return on Equity corresponding to the regulated business of the Transmission Licensee shall not be included in Non-Tariff Income."

3.12.3 In accordance with the above-mentioned Regulation, the Petitioner submit that Rs (-)0.05 crore as non-tariff income for the FY 2022-23, which includes the negative adjustment of Rs. 2.62 Crores of supervision charges and request the Hon'ble Commission to approve the same.

3.12.4 The Petitioner hereby submits the actual non-tariff income has been negative for the FY 2022-23 for the specific reason of supervision charges received from third party and claimed as income in past year has been refunded of Rs 2.79 Crore on behalf of Bhadana Industries Pvt ltd as the project was cancelled. The breakup of the non-tariff income for the FY 2022-23 is as per the table below:

Table 3-24: Non-tariff income for FY 2022-23 (INR Crore)

Particulars	As per accounts	Claimed in PTCUL	Claimed in SLDC	Remarks
Interest on TDRs through Sweep Accounts	7.13			Not considered as income from investment from RoE
Interest on FDRs	14.92			
Interest from Banks & Other Advances	22.05			
Deferred Revenue Grants written off against funding under Deposit & PSDF Schemes	11.04			Since depreciation claimed excluding grants hence not considered
Profit On Sale of Store	1.20	1.20	0.00	
Sale of Scrap	0.00	(0.00)	0.00	
Sale of Tender Form	0.13	0.13	-	
Registration Fees	0.08	0.08	-	
Forfeited Earnest Money / Security Money	36.17	-	-	The encashment related to interstate transmission line and hence ought not to be considered for deduction by Hon'ble UERC for intra-state system of the Petitioner
Connectivity Charges	0.18	0.18	-	
Load Flow Study (Power Evacuation)	0.01	0.01	0.00	
Balance Misc. Receipts	0.01	0.01	-	
Misc Receipt (Penalty)	0.00	0.00	-	
Interest on Income Tax Refund	0.63	-	-	Since included in the normative working capital calculation, hence not claimed
Recoveries for transport facilities	0.20	0.20	-	
Income from Inspection house	0.01	0.01	-	
Supervision Charges from Third Party	(2.62)	(2.62)	-	
Surcharge by CTUIL	0.87	0.87	-	
Rental from Staff	0.04	0.04	-	
Rental From Contractors	0.01	0.01	-	
Recovery for Transport & Vehicles Expenses (Other than recoveries from Staff)	0.00	(0.00)	0.00	
Penalties for delay in Supplies/Execution	0.11	0.11	0.00	

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Particulars	As per Accounts	Claimed in PTCUL	Claimed in UERC	Remarks
of works				
Receipt of Fees under Right to Information Act 2005	0.00	0.00	-	
Miscellaneous Receipts	**26.74**	**(0.05)**	**0.00**	
Total Non-Tariff Income	**59.84**	**(3.05)**	**0.00**	

2.12.5 Accordingly, the Petitioner requests the Hon'ble Commission to approve aggregated non-tariff income of Rs. (3.05) Crore as considered from the audited accounts for the year FY 2022-23.

2.13 Revenue from Short-term Open Access

2.13.1 The revenue from short-term open access (PTCUL's share) amounting to INR 2.69 Crore as per audited account has been deducted from the revenue requirement for FY 2022-23.

2.14 Revenue from natural ISTS lines

2.14.1 The Petitioner submit that the total revenue to be booked from the natural ISTS lines is Rs. 116.31 Crore and the Hon'ble Commission had already considered the Revenue of Rs. 115.19 Crore. The remaining balance revenue to be considered as Rs. 1.16 Crore for FY 2022-23. The details of revenue from natural ISTS Lines are as shown in the table below:

Table 2-25: Revenue from Natural ISTS Lines (INR Crore)

Sr. No.	Financial Year	Amount Revenue as per Previous Tariff Orders (A)	Amount Revenue as per latest Tariff Order (B)	Difference (B)-(A)	Remarks
1	2011-12	15.28	15.28		Petition No. 215/TT/2013 dated 11.12.2015
2	2012-13	23.62	23.63		
3	2013-14	30.70	30.79		
	Sub- Total	**69.60**	**69.60**		
4	2014-15	9.71	9.71		Petition No. 231/TT/2017 dated 22.04.2018
5	2015-16	9.16	9.16		
6	2016-17	8.95	8.95		
7	2017-18	8.11	8.11		
8	2018-19	7.97	7.97		
	Sub- Total	**43.89**	**43.89**		
9	2019-20	7.97	1.05	-6.92	Petition No. 463/TT/2020 dated 23.11.2021
10	2020-21	7.97	1.09	-6.88	
11	2022-23	0.00	1.12		
12	**Sub- Total**	**15.93**	**3.26**	**-13.80**	
13	**Grand Total**	**129.42**	**116.75**	**-13.80**	

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Sr. No.	Financial Year	Amount Revenue as per Previous Tariff Order (A)	Amount Revenue as per latest Tariff Order (B)	Difference (B)-(A)	Remarks
14	Add: Surcharge upto 31.03.2021		1.29		
15	Less: Rebate upto 31.03.23		1.66		
16	Total revenue to be booked		**116.32**		
17	Less: Revenue already considered by UERC		115.19		
18	**Balance to be considered as Revenue**		**1.12**		

2.14.2 The Petitioner prays to the Hon'ble Commission to allow the revenue from natural ISTS Lines claimed for true up of FY 2022-23 as shown in the above table.

2.15 Sharing of Incentive due to higher Availability

2.15.1 As per the Regulations 13(6)(a) of the UERC Tariff Regulations, 2021, the variations in performance parameters (i.e., Availability) is considered as a controllable factor. Accordingly, as per mechanism of sharing of gains and losses specified in the UERC Tariff Regulations, 2021, one-third of the incentive earned by the Petitioner due to higher availability as per audited accounts of FY 2022-23 has been deducted from the revenue requirement for FY 2022-23.

Table 2-26: Sharing of gain/loss on account of incentive for higher Availability (INR Crore)

S. No.	Particulars	System Availability	[illegible]	Aggregate gain/ (loss)	Rebate in Tariff / (recovery through tariff)
1	Gain on Efficiency in Performance Parameter (Availability)	99.67%	3.50	2.33	1.17

2.16 Trued up ARR for FY 2022-23

2.16.1 Based on the parameters discussed above, the trued up ARR for FY 2022-23 is shown in the table below:

Table 2-27: True-up for ARR of FY 2022-23 (INR Crore)

S. No.	Particular	MYT Order dated 31 March, 2022	True-Up for FY 2022-23
1	O&M Expenses		
1.1	*Employee Expenses*	116.77	127.50
1.2	*R&M Expenses*	42.52	44.55
1.3	*A&G Expenses*	26.50	31.55
	Total O&M Expenses	**184.80**	**203.93**
2	Interest on Loan	57.63	47.69

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S.No.	Particulars	MYT Order dated 31 March, 2022	True-Up for FY 2022-23
3	Return on Equity	48.42	65.97
4	Depreciation	93.12	103.03
5	Interest on Working Capital	5.81	11.08
6	Income Tax		3.23
7	**Annual Revenue Requirement (including SLDC Charges)**	**303.71**	**453.77**
8	Add: True-up of previous years	(35.00)	(55.00)
9	**Total ARR**	**338.71**	**398.77**
10	Less: Non-Tariff Income	(5.00)	(0.03)
11	Less: Revenue from STOA charges	2.44	7.60
12	Less: Sharing of Incentive due to higher availability	-	1.17
13	Less: Revenue from Nepal/ BTS Lines	1.18	1.18
14	Less: SLDC Charges	15.82	8.90
15	**ARR (Excluding SLDC Charges)**	**304.29**	**373.80**

2.17 Revenue Surplus/Gap and Carrying Cost

2.17.1 Based on true up of FY 2022-23, the revenue gap/surplus along with carrying cost to be adjusted in ATC of FY 2024-25 is shown in the table below.

Table 2-28: Revenue gap/surplus for FY 2022-23 to be adjusted in FY 2023-24 (INR Crore)

S.No.	Particulars	FY 2022-23
1	Net ARR (excluding SLDC)	373.80
2	ATC approved in the Tariff Order (Excluding SLDC Charges)	304.29
3	**Revenue Gap/(Surplus)**	**69.51**
4	Cumulative Gap/(Surplus) with carrying cost to be carried over to FY 2023-24	87.22

Table 2-29: Revenue gap/surplus for FY 2022-23 to be adjusted in FY 2023-24 (INR Crore)

S. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	Opening Gap/(Surplus)	-	73.44	82.27
2	Addition	69.51	-	(82.27)
3	Closing Gap/(Surplus)	69.51	73.44	-
4	Interest rate	11.30%	12.00%	12.05%
5	Carrying cost	3.93	8.83	4.95
6	**Cumulative Gap/(Surplus)**	**73.44**	**82.27**	**87.22**

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3 Annual Performance Review of FY 2023-24

3.1 Background

3.1.1 The Hon'ble Commission vide its Order dated March 31, 2022, has approved the business plan and MYT Order for the Control Period from FY 2022-23 to FY 2024-25. In the aforementioned Order the Hon'ble Commission had carried out Annual Performance Review of FY 2021-22 in accordance with provisions of UERC Tariff Regulations, 2018 and Annual Revenue Requirement for the Control Period from FY 2022-23 to FY 2024-25 in accordance with the provisions of UERC Tariff Regulations, 2021.

3.1.2 Further, vide its Order dated March 30, 2023, the Hon'ble Commission has approved the true-up of FY 2021-22 and Annual Performance Review (APR) for FY 2022-23 and Revised Annual Revenue Requirement (ARR) for the FY 2023-24.

3.1.3 Regulation 12(1) of the UERC Tariff Regulations, 2021 specifies that under the MYT framework, the performance of the transmission licensee shall be subject to Annual Performance Review and hence PTCUL is required to file an Annual Performance Review (APR) in line with Regulation 12 of the UERC MYT Regulations, 2021. Further, the Clause (3) of Regulation 12 of UERC MYT Regulations, 2021 states that:

> *"(3) The scope of the Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:*
>
> *(a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors.*
> *(b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors).*
> *(c) Revision of estimates for the current and/ or ensuing financial year, if required, based on audited financial results for the previous financial year.*
> *(d) Computation of the sharing of gains and losses on account of controllable factors for the previous year."*

3.1.4 As the Hon'ble Commission duly acknowledges the fact that Regulation 12(3) of the UERC Tariff Regulations, 2021, the scope of annual performance review does not provide for the revision of estimates for the current year and thus requires to give effect on this account in the revised ARR estimates of the ensuing year i.e., FY 2024-25.

3.1.5 Accordingly, PTCUL is filing for an Annual Performance Review of FY 2023-24. In this

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section, PTCUL has proposed revised estimates for components of ARR for FY 2023-24, considering the performance of first six months of FY 2023-24. However, it is submitted that the figures stated here for first six months are currently provisional audited and subject to change at the end of annual audit process.

3.2 Gross Fixed Assets for FY 2023-24

3.2.1 The Hon'ble Commission in its approved business plan and ARR for three years of the fourth control period had approved the capitalization of Rs. 271.38 Crore for FY 2023-24. However, during the APR of the FY 2022-23, the Petitioner revised the capitalization to Rs 261.21 Crore for the FY 2023-24. However, the Hon'ble Commission in its Order dated March 30, 2023, allowed only Rs 27.23 Crore towards the asset addition projected during the FY 2023-24.

3.2.2 The Petitioner humbly submits that as per the provisional audited accounts during the first six months of the current Financial year, PTCUL has capitalized assets to the tune of INR 127.64 crore. The details of same are presented in the table below:

Table 3-1: Capitalization in first half of FY 2023-24 (INR Crore)

S. No.	Name of the Scheme	Scheme	Date of Completion	Amount capitalized till Sep'23
PTCUL Asset Capitalization				
1	132 KV S/C line on D/C tower from Pithoragarh (PGCIL) - Champawat (Lohaghat)	REC VII	13-06-2023	84.81
2	220KV D/C line on Twin Zebra conductor from Lakhwar to Dehradun & its LILO at Vyasi	REC VII	07-03-2023	9.60
3	Const. of 132 KV GIS S/s at Bageshwar(SS0303.3)	PFC-3013	18-08-2023	2.98
4	Supply, Erection & Testing and commissioning of 160 MVA 220/132 KV Transformer and its associated 220 KV and 132 KV Bays at 400 KV S/s Kashipur	PFC-3037	09-02-2023	2.94
5	Tools & Plants	OTHERS	FY 2022-23	3.42
6	Supply Erection & T&C of 40 MVA Transformer at 132 KV S/s Pithoragarh "against under Specification No. PTCUL/E-Tender/C&P-II/SS-14/2017-18	REC-10969	14-03-2022	1.63
7	Supply, Erection and Testing & Commissioning of 132/33KV Transformer and its associated 132KV and 33 KV bays including extension and bussation of 33 Kv main bus at 220 KV S/s Kashipur, Haldwani	REC-10961	07-03-2023	1.30

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S. No.	Name of the Scheme	Scheme	Date of Completion	Amount capitalized till Sep'23
8	Supply, Erection and Testing & Commissioning of 132/33kv Transformer and its associate 132kv and 33kv Bays including extension and bisection of 33kv main bus at 132kv S/s Jaspur	REC-15950	24-03-2022	0.80
9	Building	OTHERS	FY 2022-23	0.40
10	LILO of 132 KV Chilla - Nazibabad Line at 132 kV S/S Padartha (Patanjali), Haridwar	PFC-3039	16-08-2022	0.25
11	Implementation of Intra-state ABT metering scheme for online ABT meters to be installed at interface points for energy accounting and transmission level emergency auditing under PTCUL, Dehradun	REC-16148	12-04-2022	0.23
12	Furniture & Fixture	OTHERS	FY 2022-23	0.21
13	Office Equipment	OTHERS	FY 2022-23	0.12
14	IT Equipment & Computers	OTHERS	FY 2022-23	0.05
15	Const. of 220 KV Pirankaliyar - Puhana (PGCIL) Line	RCRM-3296	19-09-2020	0.05
16	FURNITURES & FIXTURES	other	12-09-2023	0.01
17	IT Equipment, Computer & Printers	other	05-05-2023	0.00
18	Const. of 132/33 KV S/s Padartha (Patanjali), Haridwar	PFC-3039	17-08-2022	-1.00
Subtotal of PTCUL Capitalisation				**106.98**
	PTCUL Deposit Work Capitalisation			
19	Electrification of 220KV Jafarpur Bodagaon railway line	DEPOSIT	25-05-2023	19.92
20	Shifting of 220 KV [illegible] transmission line on lattice structure tower near Jahappur	DEPOSIT	03-03-2023	1.08
Subtotal of Deposit Work capitalisation				**20.99**
Total Asset Capitalisation for FY 2023-24 (H1) of PTCUL as a whole				**127.97**
Less: Asset capitalised belong to SLDC				**0.33**
Total Asset Capitalisation for FY 2023-24 (H1) of PTCUL as a Transmission licensee				**127.64**

3.2.3 The provisional and unaudited accounts for first half of FY 2023-24, along with Trial Balance is being submitted as **Annexure-XVII** and **Annexure-XVIII** along with this Petition. The electrical inspector certificate for the completed projects is being submitted in **Annexure-XIX** for perusal of the Hon'ble Commission. The Letter of Award/Agreement/Internal approval for the completed projects in FY 2023-24 is being submitted as **Annexure-XX**. The amount being claimed as capitalisation for the current year is as per **Form 9A** submitted along with the Petition.

3.2.4 Also, as specified in the para 3.3.3 of this petition, the asset related to 220 KV GIS Substation Baram of Rs. 44.11 Crore, capitalised in FY 2022-23 has not been claimed by

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Petitioner and hence the deletion of the same in the H1 books of accounts is also not considered in the current petition. The same asset is considered to be capitalised in H2 of FY 2023-24 and hence claimed as addition to the assets in H2 of FY 2023-24.

3.2.5 The Petitioner requests the Hon'ble Commission may kindly note that there could be variation in capitalisation in Form 9A and 9.5 of respective years. The Petitioner hereby submits that the Form 9.5 is the cost based on accrued expenditure towards the respective capitalisation of schemes and Form 9A is based on actual expenses incurred till the time of booking. The Petitioner hereby requests that since the Indian Accounting System follows the accrual-based accounting provisions, the same need to be reflected in regulatory practices and therefore the Hon'ble Commission is requested to allow the capitalisation to as per Form 9.5.

3.2.6 Further, considering the status of ongoing projects, the Petitioner expects to complete the following projects in H2 of FY 2023-24.

Table 3-2: Proposed Capitalization in FY 2023-24 (H2) (INR Crore)

Name of the Scheme	Scheme	Total Expected Expenditure	Status
132 KV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	19.60	Tower Foundations 51/56; Tower erection 31/56 towers; and stringing of 7.99/11 Ckm; work is under progress
Work of Supply and Erection and Commissioning of 1 Nos. - 33/.415 KV Substation Transformer including civil work with complete accessories at 220 KV Substation Jhajhra	Capital	0.27	Work in progress
Work of strengthening of 220 Volt 350 AH Battery Set (VRLA) at 220 KV Substation Jhajhra	Capital	0.23	Work in progress
Work of Replacement of old 33 kV Vacuum Circuit Breaker For 80 MVA Transformer -1, 2 LV side at 220 KV Substation Jhajhra	Capital	0.11	Tendering in progress
Supply & Erection for replacement of old 110 Volt 300 AH lead acid Battery Set and set's of 110 Volt, 300AH VRLA battery bank at 132 KV Substation, Bindal	Capital	0.19	Work under progress
Procurement of 132 kV & 33 kV Current Transformer at 132 kV S/s Bindal	Capital	0.12	Work under progress
Replacement of tower No. 18B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital	0.39	Work under progress
Replacement of tower No. 8B+6 of 132 kV Bindal-Rishikesh-Majra line in Bindal River	Capital	0.43	Work under progress
Work of Strengthening of 220 Volt 500AH Battery Set(VRLA) and Replacement of old 33KV Vacuum Circuit Breaker for 33KV Feeders at 220 KV Substation Jhajhra	Capital	0.53	Pre-tender activities under progress. Work is expected to be completed in March 2024
Construction of 1 No 33 kV Bay at 132kV Bindal	Capital	0.39	Pre-tender activities under progress. Work is expected to be completed in March 2024

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Name of the Scheme	Scheme	Total Expected Expenditure	Status
Construction of 220/33 KV GIS Substation at Baram (Jauljivi), Pithoragarh	REC-XIII	84.11	Expected COD through back charging in HC
Work of making protection wall for safety of tower no. 99 of 400kv d/c kashipur-dhampur line at 400kv sub-station, kashipur	Internal Resources	0.42	Under progress
Work of construction of new boundary wall around substation campus at 132KV Sub-Station, Bazpur	Internal Resources	0.24	Under progress
Work of construction of new approach road at 132KV Sub-Station, Kashipur & 132KV Sub-Station, Bazpur	Internal Resources	0.52	Under progress
Work of erection of Jack Bus bay at 132 kV S/s Sitarganj	Capital	0.13	Under progress
Construction of 132kV Switching S/s at M/s Gold plus Premises Landhora	Deposit	4.5	Under progress and expected COD in Dec 23
Procurement of 33KV Different Ratio Single Phase (3 Core) CTs for 132KV S/S Majra, Dehradun	Internal Resources	0.087	Work under progress
Procurement of 132KV 400-200/1 Amp Single Phase (3 Core) CTs and 200/100/1Amp Single Phase (3 Core) CTs at 132KV S/S Majra, Dehradun	Internal Resources	0.085	Work under progress
Work of Replacement of old 33 kV VCB Circuit Breaker at 132 KV Substation Majra	Internal Resources	0.26	Completed and shall be completed in books of accounts in FY 2023-24
Supply and Installation of MS SP Fire Extinguisher with unique and Automatic discharge mechanism at 220 KV GIS S/s SP, Harrawala Dehradun	Internal Resources	0.115	Completed and shall be completed in books of accounts in FY 2023-24
Work of Providing, Fixing and Installation of Indoor and Outdoor Distribution Panels and cabling work to provide 400 Amp 415 volt 4 pole MCCB supply in outside area near Transformers for doing various works like centrifuging, Testing etc. at 220KV GIS Substation SP Harrawala	Internal Resources	0.071	Work under progress
Work for providing, Fixing, Commissioning and Installation of Transformer Oil Online Dry Out System at 132KV S/s, Majra, Dehradun	Internal Resources	0.090	Work under progress
Total Capitalization			**113.21**

3.2.7 The amount being claimed as capitalization for the current year is as per Form 9A submitted along with the Petition. Based on the above details, the revised estimates for capitalization in FY 2023-24 is presented in the table below:

Table 3-1: Proposed capitalization in FY 2023-24 (INR Crore)

Particular	Tariff Order dt. 30 March 2023	Actual (till Sept)	Estimated (Oct-Mar)	Revised estimate for FY 2023-24
Capitalisation	37.23	177.66	113.21	290.87

3.2.8 The Petitioner is making full efforts and is confident to complete the above listed projects in a timely manner and hence the request the Hon'ble Commission to approve the proposed capitalisation for FY 2023-24.

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3.3 Gross Fixed Assets capitalised for FY 2022-23

3.3.1 The Closing GFA for FY 2022-23 is considered as the Opening GFA for FY 2023-24 and based on the proposed capitalization during FY 2023-24, the revised GFA for FY 2023-24 is shown in the table below:

Table 3-4: Proposed GFA for FY 2023-24 (INR Crore)

S.No.	Particular	Tariff Order dt. 31 March 2022	Tariff Order dt. 30 March 2023	Apr-Sept (2023-24)	Oct-Apr (2023-24)	Revised estimates for FY 2023-24
1.	Opening GFA	2219.10	3076.32	3162.99	3290.23	3162.99
2.	Addition	271.38	27.23	127.64	113.21	240.85
3.	Deletion			-*		0.00
4.	Closing GFA	2490.48	3103.55	3290.23	3407.39	3411.69

*assets deducted in lieu of audited accounts of Rs. 44.11 Crore already deducted in FY 2022-23 in the petition and hence not considered.

3.3.2 The Petitioner humbly requests the Hon'ble Commission to approve the stated GFA values for the FY 2022-23.

3.4 Means of Finance

3.4.1 The above-mentioned projects shall be funded through various schemes, deposit works, grants, PSDF fund, LDCD fund etc. Further, capital structure for projects that are not funded though deposits, grants etc. have been considered in normative debt-equity ratio of 70:30 as per Regulation 24 of UERC MYT Regulations 2021. The following table provides the breakup of proposed capitalization for FY 2023-24 funded through various avenues:

Table 3-5: Capital Structure proposed for FY 2023-24 (INR Crore)

S. No.	Particular	Apr-Sept (2023-24)	Oct-Apr (2023-24)	FY 2023-24
1	Debt	74.63	76.10	150.73
2	Equity	31.99	32.61	64.61
3	Deposit Works	20.99	4.50	25.49
4	Grants	-	-	-
5	Total*	127.64	113.21	240.85

* Includes the claim of past disallowance also.

3.5 Operation and Maintenance Expenditure

3.5.1 The Petitioner hereby submits that the O&M expenses have been computed based on the methodology specified in the UERC Tariff Regulations, 2021.

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3.5.2 The Regulation 62 of UERC MYT Regulations, 2021 provides the components of O&M expenses and methodology for computation of each of the components:

"62. Operation and Maintenance Expenses

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

(2) The O&M expenses for the n^{th} year and also for the year immediately preceding the Control Period, i.e. FY 2021-22, shall be approved based on the formula given below: -

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

Where –

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

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

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

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

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

Where: -

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

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Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking, and any other factor that the Commission feels appropriate:

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

3.5.3 Accordingly, the O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2021, the normative O&M expenses for FY 2023-24 shall be determined considering the base normative O&M expenses of the previous years and any other factors as specified in the Regulations.

3.5.4 Employee Expenses

3.5.4.1 As provided in the UERC MYT Regulations, 2021, the employee expenses for nth year of the Control Period are calculated as follows:

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

3.5.4.2 The table below provides the Consumer Price Index for previous years:

Table 3-6: Consumer Price Index Inflation

Month/ Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average	Inflation
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average														[illegible]

3.5.4.3 Thus, it can be observed that average increase in inflation over past three years has been 5.40%.

3.5.4.4 Considering the grade wise employee recruitment plan for FY 2023-24 (submitted in Form 8.1 with Petition), the Growth Factor for FY 2023-24 has been calculated in the table below:

Table 3-7: Growth Factor (G_n) for FY 2023-24 (for PTCUL excluding SLDC)

Particulars	FY 2022-23	FY 2023-24 (First Half)	FY 2023-24 (Second Half)	FY 2023-24 (Overall)
Opening no. of Employees	828	846	843	846
Employees recruited	36	4	9	13
Retirement	18	7	6	13
Closing No. of Employees	846	843	846	846

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Particulars	FY 2022-23	FY 2023-24 (First Half)	FY 2023-24 (Second Half)	FY 2023-24 (Overall)
G_n	5.42%	0.00%	0.36%	0.00%

3.5.4.5 The Petitioner has considered the 'EMP_{n-1}' as the actual value as computed for FY 2022-23. The Petitioner has escalated the 'EMP_{n-1}' expenses for FY 2023-24 by projected Growth Factor for FY 2023-24 and CPI inflation for past three years (5.49%) to arrive at revised estimates of employee expenses for FY 2023-24.

3.5.4.6 The Petitioner hereby submits that the Capitalisation rate has been considered as 15.51% has been considered for FY 2023-24 based on the capitalised employee expenses vis-à-vis Gross Employee Expenses for the FY 2023-24 (H1). Accordingly, the revised estimate for FY 2023-24 as shown in the following table:

Table 3-8: Revised Estimates for employee expenses for FY 2023-24 (INR Crore)

S. No.	Particulars	Tariff Order dt. 31st March 2022	Tariff Order dt. 31st March 2023	Submitted
1	EMPn-1	158.06	151.47	149.78
2	Gn	8.21%	3.68%	0.00%
3	CPI inflation	4.03%	5.89%	5.49%
4	EMPn=(EMPn-1) x (1+Gn)x(1+CPIinflation)	177.95	166.29	157.87
5	Capitalisation rate	26.38%	26.38%	15.51%
6	Less: Employee expenses capitalised	46.94	43.87	24.48
7	Net Employee expenses	131.01	122.44	133.39
8	Impact of Seventh Pay Commission	-	-	-
9	Total Employee expenses	131.01	122.44	133.39

3.5.4.7 The Petitioner prays to the Hon'ble Commission to allow the revised normative employee expenses claimed for FY 2023-24.

3.5.5 Repair and Maintenance Expenses

3.5.5.1 As provided in the UERC Tariff Regulations, 2021, the repair and maintenance expenses for nth year of the Control Period are calculated as follows:

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

3.5.5.2 The table below provides the Wholesale Price Index (WPI) for previous years:

Table 3-9: Wholesale Price Index Inflation

Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average	Inflation

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Financial Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Average	Inflation
FY 2020-21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2021-22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2022-23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average														[illegible]

3.5.5.3 As evident from above, the average WPI inflation for last three years (FY 2020-21 to FY 2022-23) was 7.90%.

3.5.5.4 'GFA_{n-1}' is the closing value of GFA for last year i.e., FY 2022-23 (i.e., the opening value for FY 2023-24). Accordingly, the same has been considered as derived in the earlier section of this Petition.

3.5.5.5 As specified in the Regulations 62 (3) of MYT Regulations 2021, the Value of K as determined by the Hon'ble Commission in the MYT Tariff is to be considered. Accordingly, the value of K Factor has been considered as 2.13% as approved by the Hon'ble Commission in the Order dated March 31, 2022.

3.5.5.6 Additionally, the Petitioner has claimed the R&M Expenses of Rs. 1.26 Crore for FY 2023-24 towards the upkeep of 66 kV assets at Srinagar and Tehri Sub-station and associated lines transferred from UPCL to PTCUL in compliance of Order No. UERC/5/Tech/Pet. No. 18 of 2019/71 dated April 10, 2019. The Petitioner humbly requests the Hon'ble Commission to allow the provision of R&M expenses towards the 66kV assets transferred from UPCL.

3.5.5.7 The revised estimates for R&M expenses for FY 2023-24 has been shown in the table below.

Table 3-53: Revised estimates for R&M expenses for FY 2023-23 (INR Crore)

S. No.	Particular	Tariff Order dt. 31st March 2023	Tariff Order dt. 31st March 2022	FY 2023-24 - Claimed
1	K	2.13%	2.13%	2.13%
2	GFAn-1	2,219.10	2,071.22	2,170.84
3	WPI inflation	2.42%	3.32%	7.90%
4	R&Mn = K x (GFAn-1) x (1+WPI inflation)	**48.45**	**46.56**	**49.89**
5	Add: R&M Expenses for 66kV Asset transferred from UPCL	-		**1.26**
6	**Total R&M Expenses**	**48.45**	**46.56**	**51.15**

3.5.5.8 The Petitioner humbly requests the Hon'ble Commission to approve the proposed revised normative R&M expenses for FY 2023-24 expenses alongwith the R&M expenses towards the 66kV assets transferred from UPCL.

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3.5.6 Administrative & General Expenses

3.5.6.1 As provided in the UERC MYT Regulations, 2021, the Administrative and General expenses for nth year of the Control Period are calculated as follows:

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

3.5.6.2 As calculated above in Table 3-9, average WPI inflation for last three years (FY 2020-21 to FY 2022-23) was 7.90%. The table below provides the Wholesale Price Index (WPI) for previous years:

3.5.6.3 '$A\&G_{n-1}$' has been considered as the proposed A&G expenses for the true up of FY 2022-23. The capitalisation rate is considered as 8.88% considering the actual A&G expense capitalised vis-à-vis gross A&G expenses.

3.5.6.4 The Petitioner hereby submits that the Hon'ble Commission has been allowing the mandatory security expenses and UERC license fee as per the actual audited accounts of FY 2023-24. Accordingly, the revised A&G expenses for FY 2023-24 based on actual audited A&G expenses for the 2023-24 (H1) is shown in the table below:

Table 3-21: Revised estimates of A&G expenses for FY 2023-24 (INR Crore)

S. No	Particulars	Tariff Order dt. 31st March 2022	Tariff Order dt. 31st March 2023	FY 2023-24 Claimed
1	A&Gn-1	9.77	10.09	9.76
2	WPI inflation	2.47%	3.32%	7.90%
3	Provision	-	-	-
4	A&Gn=A&G0n-1 x (1+WPI inflation) + Provision	10.01	10.58	10.53
5	Capitalisation rate	26.39%	26.39%	9.74%
6	Capitalised A&G expenses	2.66	2.81	1.03
7	Net A&G expenses	7.35	7.77	9.50
8	License Fee	8.57	8.61	9.91
9	Security expenses	10.26	11.86	12.86
10	Total A&G expenses	26.17	28.24	32.27

3.5.6.5 The Petitioner humbly requests the Hon'ble Commission to approve the revised normative A&G expenses for FY 2023-24.

3.5.7 Operation and Maintenance Expenses

3.5.7.1 Considering the submissions of the Petitioner in the preceding sections, the revised estimates for O&M expenses for FY 2023-24 is shown in the following table:

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Table 3-12: Revised estimates for O&M expenses for FY 2023-24 (INR Crore)

S. No	Particulars	Tariff Order dt. 31st March 2022	Tariff Order dt. 31st March 2023	Actual till 30 Sep 2023	Estimated for H2 (Oct 23 - Mar 24)	FY 2023-24 (Claimed)
1	Employee Expenses	131.01	122.44	64.18	69.29	133.39
2	R&M Expenses	48.45	46.58	24.33	26.84	51.17
3	A&G Expenses	26.17	28.24	21.98	11.39	33.37
4	Total O&M expenses	205.63	197.23	110.39	106.43	216.83

3.5.8 The Petitioner prays to the Hon'ble Commission to approve the revised estimate for normative O&M expenses for FY 2023-24, as proposed in the table above.

3.5.9 The details of working for estimating H1 and H2 expenses for employee, A&G and R&M is given in Petition format (Form F8.1, 8.2 and 8.3).

3.6 Interest on Loan

3.6.1 For computation of interest on long-term loans, the closing balance of loans for FY 2022-24 as computed in section 2.7 of this Petition has been considered as the opening loan balance for FY 2023-24.

3.6.2 The loan addition has been considered as 70% of the proposed capitalization during the year as per the funding plan for various schemes. As per the UERC MYT Regulations 2021, the loan re-payment has been considered equal to the estimated depreciation for the FY 2023-24. The interest cost for FY 2023-24 has been considered as weighted average interest of 9.65% as per the actual audited true up for FY 2022-23 as specified in Regulations 27 (1) of MYT Regulations 2021.

> *"27. Interest and finance charges on loan capital and on Security Deposit*
>
> *(1) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of previous year after providing appropriate accounting adjustment for interest capitalized."*

3.6.3 The weightage average interest rate has been calculated by dividing the total interest expenses as per audited accounts for FY 2022-23 (including IDC) by average of opening and closing loan for the year FY 2023-24. The Loan MIS for FY 2022-23 has been submitted as **Annexure-XIII** of this Petition.

3.6.4 Accordingly, the Revised interest charges for the FY 2023-24 are provided in the table below.

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Table 3-13: Revised estimates for Interest expenses for FY 2023-24 (INR Crore)

S. No	Particular	Tariff Order dt. 31st March 2022	Tariff Order dt. 31st March 2023	FY 2023-24 Claimed
1	Net Normative Loan - Opening	558.24	462.68	317.41
2	Increase or Decrease during the year	180.63	4.52	152.75
3	Less: Repayment of Normative Loan during the year	106.21	93.83	118.75
4	Net Normative Loan - Closing	632.66	373.37	351.41
5	Average Normative Loan	595.45	418.03	334.41
6	Weighted Average Rate of Interest	11.19%	11.61%	9.45%
7	**Interest on Normative Loan**	**66.63**	**48.53**	**31.59**

3.6.5 The Petitioner prays to the Hon'ble Commission to approve the revised estimate for interest expense for FY 2023-24, as proposed in the table above. The details of the interest of loan for FY 2023-24 have been provided in Form F-15.3 of Petition Formats.

3.7 Return on Equity

3.7.1 The computation of Return on Equity (RoE) has been undertaken as per the stipulations of UERC Tariff Regulations, 2021. A return on equity of 15.50% has been considered as per the provisions of the UERC Tariff Regulations, 2021. The closing equity for FY 2022-23 computed in section 2.8 of the Petition has been considered as the opening equity for FY 2023-24.

3.7.2 The equity addition has been considered as 30% of the proposed capitalization during the year as per the funding plan for various schemes. The table below shows the computation of Return on Equity for FY 2023-24.

Table 3-14: Return on Equity for FY 2023-24 (INR Crore)

S. No	Particular	Tariff Order dt. 31st March 2022	Tariff Order dt. 31st March 2023	Submitted
1	Opening Equity	485.35	441.94	471.86
2	Equity Addition	77.41	1.94	64.41
3	Closing Equity	562.76	443.88	536.27
4	Eligible Equity for return	390.82	345.73	503.97
5	Rate of RoE	15.50%	15.50%	15.50%
6	**Return on Equity**	**60.58**	**53.59**	**78.12**

3.7.3 The Petitioner prays to the Hon'ble Commission to allow the Return on Equity for FY 2023-24 as computed in the table above.

3.7.4 In the past Tariff Orders, the Hon'ble Commission has not allowed Return on Equity on entire equity base approved by the Hon'ble Commission in the respective Tariff Orders. The Return on Equity was disallowed to the extent of equity contributed by the

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Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in form of a cess.

3.7.5 The Hon'ble Appellate Tribunal of Electricity (ATE) in judgement dated May 15, 2015, in R.P. No. 2 of 2013 in appeal No. 163 of 2015 had issued directions to allow the RoE on the amount invested by the State Government, if the amount has not been provided as grant. The relevant extract from the judgement is reproduced below:

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

3.7.6 The Petitioner hereby humbly submits that the return on equity for the APR of FY 2023-24 has been considered based on the average equity for the FY 2023-24 as the same allows inclusion of return on equity for the asset addition during the year as per the provisions of the MYT Regulations 2021.

3.8 Depreciation

3.8.1 The depreciation has been calculated at the rates specified in the UERC Tariff Regulations, 2021. The closing GFA eligible for depreciation for FY 2022-23 has been considered as opening GFA eligible for depreciation for FY 2023-24. The projected addition in GFA for FY 2023-24 has been apportioned between various asset categories in ratio of actual addition in assets for FY 2022-23 in books of the Petitioner.

3.8.2 The closing GFA for FY 2022-23 has been determined by adding capitalization in the year, net of consumer contribution, grants and subsidies. The depreciation expense has been calculated on average GFA during the year. The revised estimates for depreciation expense for FY 2022-23 have been presented in the table below:

Table 3-15: Revised estimates for depreciation expenses for FY 2023-24 (INR Crore)

S.No.	Particulars	Dep rate	Opening GFA	Addition	Deletion	Closing GFA	Average	Depreciation
1	Land	0.00%	6.22	1.96	0.00	8.18	7.20	0.00
2	Land Cover Rights	3.34%	64.93	0.10	0.00	65.03	64.98	2.17
3	Buildings	3.34%	94.53	1.80	0.00	96.33	95.43	3.19
4	Hydraulic Works	5.28%	5.41	0.53	0.00	5.93	5.67	0.30
5	Other Civil Works	3.34%	21.27	0.00	0.00	21.27	21.27	0.71
6	Plant & Machinery	5.28%	968.14	34.24	0.00	1002.38	985.26	52.02
7	Lines & Cable Network	5.28%	1003.43	133.91	0.00	1137.34	1070.38	57.00

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S.No	Particulars	Dep. rate	Opening GFA	Addition	Deletion	Closing GFA	Average	Depreciation
8	Vehicles	9.50%	0.51	0.07	0.00	0.58	0.55	0.05
9	Furniture and Fixtures	6.33%	3.95	0.27	0.00	4.22	4.08	0.26
10	Office Equipment	6.33%	1.71	0.10	0.00	1.81	1.76	0.11
11	Computers & IT Equipment	15.00%	2.54	0.44	0.00	2.98	2.76	0.41
12	Total		2176.79	219.36	0.00	2386.14	2278.46	118.79

3.8.3 The Petitioner prays to the Hon'ble Commission to approve the revised estimate of depreciation expense for FY 2023-24, as proposed in the table above. The details of the Depreciation for FY 2023-24 are provided in Form F-10.1 of the Petition Formats, submitted along with this filing.

3.9 Interest on Working Capital

3.9.1 The Petitioner has considered working capital base as per Regulation 33(1)(b) of UERC Tariff Regulations, 2021 as below:

> *"In case of hydro power generating stations and transmission system and SLDC, the working capital shall cover:*
> *(i) Operation and maintenance expenses for one month;*
> *(ii) Maintenance spares @ 15% of operation and maintenance expenses; and*
> *(iii) Receivables equivalent to two months of the annual fixed charges."*

3.9.2 Further, the interest rate on normative working capital loans has been considered in accordance with the Regulation 33 of the UERC Tariff Regulations, 2021 –

> "Rate of interest on working capital shall be on normative basis and shall be equal to the weighted average of 'one-year Marginal Cost of Funds based Lending Rate (MCLR)' as declared by the State Bank of India from time to time for the financial year in which the application for determination of tariff is made plus 350 basis points"

3.9.3 Accordingly, the rate of interest has considered as equal to the weighted average of one-year Marginal Cost of Funds based Lending Rate (MCLR) as declared by the State Bank of India. The screenshot of SBI website is being submitted as **Annexure-XXI** for reference of the Hon'ble Commission in this regard. The detail computation of Rate of Interest on working capital for FY 2023-24 is outlined as below:

Table 3-16: SBI One-year MCLR for FY 2023-24

Details of Interest on Working Capital for FY 2023-24			
Particulars	Date	No. of Days	%
Opening SBI Base Rate / MCLR Rate	01-04-2023	14	8.50%
Revision in Base Rate by SBI	15-04-2023	30	8.50%

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Details of Interest on Working Capital for FY 2023-24			
Particulars	Date	No. of Days	%
Revision in Base Rate by RBI	15-05-2023	31	8.50%
Revision in Base Rate by RBI	15-06-2023	30	8.50%
Revision in Base Rate by RBI	15-07-2023	31	8.55%
Revision in Base Rate by RBI	15-08-2023	31	8.55%
Revision in Base Rate by RBI	15-09-2023	30	8.55%
Revision in Base Rate by RBI	15-10-2023	31	8.55%
Revision in Base Rate by RBI	15-11-2023	18	8.55%
Revision in Base Rate by RBI	30-11-2023	1	8.55%
Weighted Average Rate		244	8.53%
Plus 350 Basis Point			3.50%
Total Weighted Average Rate			12.03%
[illegible]			

3.9.4 The table below depicts the revised estimate for Interest on Working Capital for FY 2022-23.

Table 3-17: Revised estimate for interest on working capital (INR Crore)

S.No	Particular	Tariff Order dt. 31st March 2023	Tariff Order dt. 31st March 2022	FY 2023-24 Claimed
1	O&M expenses for 1 month	17.14	16.48	18.07
2	Maintenance Spares	30.84	29.59	32.52
3	Receivables equivalent to 2 months	68.08	59.04	59.04
4	Working Capital	116.06	105.06	109.63
5	Rate of Interest on Working Capital	10.50%	11.29%	12.03%
6	Interest on Working Capital	12.19	11.86	13.19

3.9.5 The Petitioner humbly requests the Hon'ble Commission to approve the interest on working capital as proposed for FY 2023-24. The details of the Interest on Working Capital for FY 2023-24 are provided in Form F-17 of the Petition Formats, submitted along with this filing.

3.10 Non-Tariff Income

3.10.1 The non-tariff income for FY 2023-24 for H1 has been considered as per accounts as on 30 September 2023.

3.10.2 The Petitioner submits that the interest earned on the RoE, interest on TDRs is not being considered as non-tariff income as per the provisions of UERC MYT Regulations, 2021. The Petitioner submits that the interest income earned is on the Investment made by PTCUL in the past years from Return on Equity and hence not claimed in the Tariff

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3.10.3 Also, the income recognised under the head deferred revenue grants written off against funding of the schemes under the deposit work and PSDF scheme is not considered. The Petitioner understands that since the expenses depreciation pertaining to deposit works and PSDF schemes are not entitled to be claimed by the Petitioner, the revenue arising out of the same stream of activities shouldn't be part of the non-tariff income.

3.10.4 Accordingly, the Petitioner has proposed non-tariff income for the FY 2023-24 related to Sale of Scrap, Tender, Miscellaneous Receipts, Penalties, etc. as highlighted in the table below. The amount considered is equivalent to amount as per H1 of the annual accounts of FY 2023-24 and for the remaining six months i.e. for October 2023 to March 2024, similar amount has been considered to be accrued as Non-Tariff Income.

3.10.5 Accordingly, the Petitioner prays to the Hon'ble Commission to approve the non-tariff income of INR 6.73 Crore as the revised estimates for the FY 2023-24.

3.11 Revenue from Short-term Open Access

3.11.1 The income from open access (PTCUL's share) for FY 2023-24 has been considered based to the actual audited for the H1 (i.e., Apr 2023 to Sept 2023) and estimates for H2 (Oct 2023 to March 2024) which is considered to be equivalent to H1. Accordingly, the Petitioner request the Hon'ble Commission to consider the revised revenue estimates from short term open access for the FY 2023-24 as Rs 5.16 Crore.

3.12 Revenue from Natural ISTS lines

3.12.1 The Petitioner submit that the total revenue to be booked from the natural ISTS lines has been considered based to the actual audited for the H1 (i.e., Apr 2023 to Sept 2023) and estimates for H2 (Oct 2023 to March 2024) which is considered to be equivalent to H1. Accordingly, the Petitioner request the Hon'ble Commission to consider the revised revenue estimates from natural ISTS lines for the FY 2023-24 as Rs 1.39 Crore.

3.13 Aggregate Revenue Requirement for FY 2023-24

3.13.1 As per the parameters discussed above, the revised estimate for aggregate revenue requirement of PTCUL for FY 2023-24 is summarized in the table below.

Table 3-18: Revised Estimate for ARR for FY 2023-24 (INR Crore)

Sl. No.	Particular	Tariff Order dt. 31st March 2023	Tariff Order dt. 31st March 2023	Submitted
1	O&M Expenses			

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1.1	Employee Expenses	131.86	123.44	133.19
1.2	R&M Expenses	48.61	46.56	51.15
1.3	A&G Expenses	26.17	28.23	32.27
	Total O&M Expenses	**205.63**	**197.23**	**216.61**
2	Interest on Loan	60.67	49.32	51.60
3	Return on Equity	66.18	53.19	78.12
4	Depreciation	136.21	93.83	118.72
5	Interest on Working Capital	12.19	11.86	13.19
6	**Annual Revenue Requirement (ARR)**	**481.21**	**405.06**	**478.45**
7	Add: True up of previous years		(18.54)	(16.54)
8	**Net Aggregate Revenue Requirement**	**491.22**	**388.52**	**455.51**
9	Less: Non Tariff Income	12.00	13.08	6.72
10	Less: Revenue from STOA charges	2.44	2.57	5.16
11	Less: Revenue from Natural ISTS Lines	1.20	1.20	1.20
12	Less: SLDC Charges	24.83	15.22	
13	**Net Aggregate Revenue Requirement**	**448.92**	**356.22**	**446.81**

3.13.2 The Petitioner requests the Hon'ble Commission to approve the revised Aggregate Revenue Requirement of PTCUL for FY 2023-24 as estimated in the table above.

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4 Aggregate Revenue Requirement for FY 2024-25

4.1 Background

4.1.1 The Hon'ble Commission vide its Order dated March 30, 2023, has approved the true-up of FY 2021-22 and Annual Performance Review (APR) for FY 2022-23 and Revised Annual Revenue Requirement (ARR) for the FY 2023-24.

4.1.2 This is to be submitted that the Petitioner is required to file a Petition for Determination of Tariff in line with Regulation 16(2) of the UERC Tariff Regulations, 2021. The clause (2) of Regulation 16 of the MYT Regulations, 2021 states that:

"16(2) An application for determination of tariff for first year of the Control Period shall be made along with the Multi Year Tariff Petition for the Control Period under Regulation 10 and the Petition for determination of Tariff for subsequent years of the Control Period shall be made along with Petition for Annual Performance Review under Regulation 12."

4.1.3 Further, the clause (3) of the Regulation12 of UERC Tariff Regulations, 2021 states that:

"12(3) The scope of the Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors.

b) Categorization of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors).

c) Revision of estimates for the current and/ or ensuing financial year, if required, based on audited financial results for the previous financial year.

d) Computation of the sharing of gains and losses on account of controllable factors for the previous year."

4.1.4 Further, the Regulation 57 of UERC Tariff Regulations, 2021 provide that:

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

Aggregate Revenue Requirement, is the sum of:

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a) Operation and maintenance expenses.

b) Lease Charges.

c) Interest and Finance Charges on loan capital.

d) Return on equity capital.

e) Income-tax.

f) Depreciation.

g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above.

Minus:

h) Non-Tariff Income.

i) Short-Term Open Access Charges and

j) Income from Other Business to the extent specified in these Regulations."

4.1.5 Accordingly, the Petitioner is submitting revised estimates of aggregate revenue requirement for FY 2024-25 based on the past trend, audited financial results of FY 2022-23 and in line with the methodology defined in the UERC Tariff Regulations, 2021.

4.1.6 In the subsequent sections of this Petition, the Petitioner has outlined the broad details of the capital expenditure proposed to be undertaken during FY 2024-25 for Hon'ble Commission's approval. Further, the approach and assumptions adopted by PTCUL for projection of each parameter is detailed in respective section below.

4.2 Gross Fixed Assets

4.2.1 The Petitioner humbly submits that the Hon'ble Commission in its MYT Order dated March 31, 2022, has approved the Business Plan and ARR for three years of the control period. Based on detailed analysis of the submission made by PTCUL in the Business Plan, the Hon'ble Commission had approved the projected capital expenditure as well as capitalisation for each year of the Control Period. The Hon'ble Commission has approved the projected capitalisation for the FY 2024-25 as Rs 271.26 Crore against the estimate submitted by the Petitioner as Rs 335.24 Crore.

4.2.2 The Petitioner proposed to capitalise following assets in FY 2024-25:

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Table 4-1: Assets proposed to be capitalised in FY 2024-25 (INR Crore)

NAME OF THE TRANSMISSION LINE & ASSOCIATED SUBSTATIONS	LENGTH OF LINE / S/S Cap	ESTIMATED COST (Rs Crores)	Date of Completion	Status Update
400 KV SUB STATIONS				
Erection and commissioning of new bay for existing 50 MVAR Reactor at 400KV Substation Rishikesh	50 MVA	1.67	30-09-2024	Tendering activities are in progress.
Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur	1x125 MVAR	17.33	31-03-2025	Tendering in progress under PSDF scheme
220 KV SUB STATIONS				
Augmentation of Transformer capacity from 1x40MVA (132/33KV) to 2x40MVA (132/33KV) for procurement, Installation, Testing & Commissioning of 01 no. additional 132/33 KV 40 MVA T/F and Construction of associated 132/33KV bay at 220KV Substation Rishikesh	2x40 to 3x40 MVA	8.51	31-03-2025	Tendering activities are in progress
Augmentation of Transformer capacity from 2X25+1X50 MVA to 2X50 MVA Transformer (220/33 KV) at 220 KV Substation SIDCUL, Haridwar	10 MVA (220/33 KV)	10	31-03-2025	Tendering activities are in progress
220 KV LINES:				
220 kV D/C Transmission line from Interconnection point of Singoli Bhatwari HEP to Proposed 220 kV Substation Rudrapur (Baramwari)	31 CKM	32.08	31-03-2024	Foundations: 46/51; Tower erection 45/51; Stringing 12.11/13.3 ckm
Construction of 220KV D/C Line from Loc. No. 27 (i.e. of LILO of 220KV DC Dhauliganga Pithoragarh PGCIL line at 220KV GIS Baram) to 400 KV Substation PGCIL Jauljivi	8.438 CKM	46.33	31-03-2025	Tower schedule and profile approved. Final Forest Clearance awaited from GOI
Construction of 220 KV D/C Line from Loc No 1 to 36 of 220 KV D/C LILO Line from Jauljivi PGCIL to Baram to 400 KV Substation PGCIL Jauljivi	16.32 CKM		31-03-2025	35/36 foundations completed by old Contractor. The contract was terminated due to non performance. Price bids of re-tendering opened.
132 KV LINES				
Work of replacement of old ACSR panther of 132 KV Kashipur(400) - Kashipur Ckt-I line and 132 KV Kashipur(400) – Kashipur Ckt-II line with High capacity HTLS	11.35 CKM	12.81	31-03-2025	DPR approved and submitted to PSDF for approval of funding

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NAME OF THE TRANSMISSION LINE & ASSOCIATED SUBSTATIONS	LENGTH OF LINE / S/S. Cap	ESTIMATED COST (Rs Crores)	Date of Completion	Status Update
conductor.				
Stringing of Second circuit of 132 KV S/C line on D/C tower between 400 KV S/s Kashipur to 132 KV Bazpur S/s on HTLS conductor along with Construction of 132 KV Bay at Bazpur	15.28 CKM	13.66	31-03-2024	Work under progress
132 KV SUB STATIONS				
Augmentation of Transformer capacity from 2X40 MVA to 2X40+1X80 MVA Transformer (132/33 KV) at 132 KV Substation Jaspur.	80 MVA (132/33 KV)	10	31-03-2025	DPR prepared and submitted for approval
Increasing Capacity of 132KV Substation Bazpur from 1x80+1x40MVA to 2x80MVA and of 132Kv Substation Ramnagar from 1x40+1x25 to 2x40MVA	60MVA	14.86	31-03-2025	Project approved by Board, UERC granted investment approval. Pre-tender activities are in progress.
Increasing capacity of S/S by 1x80 MVA at 132 KV S/S Manglore	80 MVA	11.82	27-03-2025	Re-tendering activities are in progress
Total Capitalisation under Scheme funded by agencies		173.94		
220 KV LINES:				
Realignment of 220kV Kashipur Pantnagar D/C Line near Ginger Hotel Kashipur (1B range)	0.75 CKM	2.17	Mar-24	Work Awarded Deposit Work
132 KV LINES				
132 kV Underground D/C Cabling work at Srinagar and Rishikesh for Rail Vikas Nigam Limited (RVNL)	0.700 CKm	2.79	Dec-24	Work Awarded Deposit Work
Construction of 132 kV Overhead D/C Transmission Lines at Rishikesh, Srinagar and Sivai for proposed (Traction Switching Substation) TSS of Rail Vikas Nigam Limited (RVNL)	16.216 CKm	19.25	Dec-24	Work Awarded Deposit Work
132kV 2 phase line on D/c towers from 132kv s/s tehri to TSS Lalkuan	19.3km	12.45	31-03-2025	Work Awarded Deposit Work
Work of shifting of 132 kv HT under ground cable of Railway feeder 132 KV Jwalapur Railway station.	2.54 km	4.68	Jun-24	Tendering activities are in progress Deposit Work
132 KV SUB STATIONS				
Extension of 132 kV Switchyard and Construction of 132 kV Bays for Rail Vikas Nigam Limited	Switchyard Extension	3.72	Dec-24	Work Awarded Deposit Work

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NAME OF THE TRANSMISSION LINE & ASSOCIATED SUBSTATIONS	LENGTH OF LINE / S/S. Cap	ESTIMATED COST (Rs Crore)	Date of Completion	Status Update
(RVNL) at 132 kV Substation, Saini				
Construction of 132 kV GIS Switching Substation for RVNL at Rishikesh and 132 kV GIS Switching Substation for RVNL at Nandprayag (Srinagar)	Switching Substation	16.00	Dec-24	Tendering in progress Deposit Work
Supply, Erection, Testing & Commissioning for additional 20MVA Transformer at 132kV (DPL) Substation Rishikesh	1x 12.5 MVA + 1X 20MVA	2	31-03-2025	Tendering activities are in progress Deposit Work
MISC. WORKS				
132kV bay at 132kv S/s Kichha	1 Bay	3.16	01-12-2024	Work Awarded Deposit Work
132kV bay at 132kv S/s Kashipur	1 Bay	4.28	01-07-2024	Work Awarded Deposit Work
Total Capitalisation funded through deposits / grants		81.28		
Total Capitalisation including deposit works		298.5		

4.2.3 Accordingly, the Petitioner prays to the Hon'ble Commission to approve the above capitalisation for FY 2024-25.

4.2.4 The above-mentioned projects shall be funded through various schemes, deposit works, PSDF fund, grants, LCDC funds etc. Further, capital structure for the projects that not funded through deposits, grants etc. have been considered in normative debt-equity ratio of 70:30. The following table provides the break-up of proposed capitalisation for FY 2024-25 funded through various avenues:

Table 4-2: Capital Structure proposed for FY 2024-25 (INR Crore)

S. No.	Particulars	FY 2024-25
1	Debt	121.76
2	Equity	52.18
3	Deposit Works	81.28
4	Grants	0.00

4.2.5 Based on the proposed capitalisation, the opening and closing GFA for FY 2024-25 is shown in the table below.

Table 4-3: Proposed GFA for FY 2024-25 (INR Crore)

S. No	Particulars	Tariff Order dt. 23rd March 2023	Revised estimate for FY 2024-25
1	Opening GFA	1490.48	2411.69
2	Addition	271.16	325.00

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S. No	Particulars	Tariff Order as on 31st March 2023	Revised estimate for FY 2024-25
3	Closing GFA	2761.74	3665.19

4.2.6 The Petitioner humbly requests the Hon'ble Commission to approve the stated GFA values for the FY 2024-25.

4.3 Operation and Maintenance Expenses

4.3.1 The Regulation 62(2) of UERC MYT Regulations, 2021 provides the components of O&M expenses:

> *"62 (2) The O&M expenses for the n^{th} year and also for the year immediately preceding the Control Period, i.e. FY 2021-22, shall be approved based on the formula given below: -*
>
> $O\&M_n = R\&M_n + EMP_n + A\&G_n$
>
> *Where –*
>
> - *$O\&M_n$ – Operation and Maintenance expense for the n^{th} year.*
> - *EMP_n – Employee Costs for the n^{th} year*
> - *$R\&M_n$ – Repair and Maintenance Costs for the n^{th} year.*
> - *$A\&G_n$ – Administrative and General Costs for the n^{th} year."*

4.3.2 Further, the Regulation 62(3) provides the methodology for computation of each of the above components as below:

> *"62 (3) The above components shall be computed in the manner specified below:*
>
> $EMP_n = (EMP_{n-1}) \times (1+G_n) \times (1+CPI_{inflation})$
>
> $R\&M_n = K \times (GFA_{n-1}) \times (1+WPI_{inflation})$ *and*
>
> $A\&G_n = (A\&G_{n-1}) \times (1+WPI_{inflation}) + Provision$
>
> *Where -*
>
> - *EMP_{n-1} – Employee Costs for the $(n-1)^{th}$ year.*
> - *$A\&G_{n-1}$ – Administrative and General Costs for the $(n-1)^{th}$ year.*
> - *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and validated by the Commission.*
> - *'K' is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission.*
> - *$CPI_{inflation}$ – is the average increase in the Consumer Price Index (CPI) for*

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immediately preceding three years.

- *$WPI_{inflation}$ – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years.*
- *GFA_{n-1} – Gross Fixed Asset of the transmission licensee for the (n-1)th year;*
- *G_n is a Growth Factor for the 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 Transmission Licensee's filings, benchmarking, and any other factor that the Commission feels appropriate:*

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

4.3.3 Accordingly, the Petitioner has estimated the O&M expenses for FY 2024-25 as per the aforesaid provisions of UERC MYT Regulations 2021.

4.3.4 Employee Expenses

4.3.4.1 As provided in the UERC MYT Regulations, 2021, the employee expenses for nth year of the Control Period are calculated as follows:

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

4.3.4.2 The table below provides the Consumer Price Index for last few years and the average inflation growth.

Table 4-4: Consumer Price Index Inflation

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]														[illegible]

4.3.4.3 Thus, it can be observed that average increase in inflation over past three years has been 5.40%.

4.3.4.4 In accordance with the UERC Tariff Regulations, 2021, the G_n (Growth Factor) is considered for computation of the employee expenses. The Petitioner hereby submits that the projected employee addition for the FY 2024-25 is 111 as employee recruitment and 11 employees are proposed to be retired during the FY. Considering the grade wise employment recruitment plan for FY 2024-25 the growth factor has been calculated in the table below:

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Table 4-5: Growth Factor (G_n) for FY 2024-25

Particulars	FY 2024-25
Opening no. of Employees	846
Employees recruited	111
Retirement	11
Closing No. of Employees	946
G_n	11.82%

4.3.4.5 Thus, it can be observed that the growth rate for FY 2023-24 shall be 11.82%. Further, the capitalisation rate been considered as 15.51% considering the same as computed for the FY 2023-24.

4.3.4.6 Considering the methodology set by the Hon'ble Commission in the UERC MYT Regulation, 2021 for projecting the revised estimates for the ensuing year, the Petitioner has escalated the 'EMP_{n-1}' with the projected Growth Factor for and CPI Inflation for past three years (5.40%) to arrive at revised estimates of employee expenses for FY 2024-25 as shown in the table below.

Table 4-6: Revised Estimates for employee expenses for FY 2024-25 (INR Crore)

S. No.	Particular	Approved in MYT Order dt. March 28, 2022	Revised estimates for FY 2024-25
1	EMP_{n-1}	177.96	157.87
2	G_n	6.03%	11.82%
3	$CPI_{inflation}$	6.03%	5.40%
4	$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (1+CPI_{inflation})$	200.04	186.06
5	Capitalisation rate	16.38%	15.51%
6	Less: Employee expenses capitalised	32.77	28.85
7	Net Employee Expenses	167.27	157.21

4.3.5 Repair and Maintenance Expenses

4.3.5.1 As provided the UERC Tariff Regulations, 2021, the repair and maintenance expenses for nth year of the Control Period are calculated as follows:

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

4.3.5.2 The table below provides the Wholesale Price Index (WPI) for past years:

Table 4-7: Wholesale Price Index Inflation

Financial Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Average	Inflation

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2020-21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2021-22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2022-23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average														[illegible]

4.3.5.3 As evident from above, the average WPI inflation for last three years (FY 2020-21 to FY 2022-23) was 7.90%.

4.3.5.4 The value of K factor has been considered as 2.13% as approved by the Hon'ble Commission in the MYT Order dated March 31, 2022, for FY 2024-25.

4.3.5.5 Additionally, the Petitioner has claimed the R&M Expenses of Rs. 1.26 Crore for FY 2024-25 (equivalent to amount claimed for FY 2023-24) towards the upkeep of 66 kV assets at Srinagar and Thitbki Sub-station and associated lines transferred from UPCL to PTCUL in compliance of Order No. UERC/5/Tech/Pet. No. 10 of 2019/71 dated April 10, 2019. The Petitioner humbly requests the Hon'ble Commission to allow the provision of R&M expenses towards the 66kV assets transferred from UPCL.

4.3.5.6 Considering the above factors, the proposed R&M expenses has been computed as shown in the table below:

Table 4-8: Revised estimates for R&M expenses for FY 2024-25 (INR Crore)

S. No.	Particulars	Approved in Order dt. March 31, 2022	Revised estimates for FY 2024-25
1	K	2.13%	2.13%
2	GFA_{n-1}	2,490.43	2,411.69
3	WPI inflation	3.42%	7.90%
4	$R\&M_n = K \times (GFA_{n-1}) \times (1+WPI_{inflation})$	54.37	55.43
5	Add: R&M Expenses for 66kV Asset transferred from UPCL	-	1.26
6	**Total R&M Expenses**	**54.37**	**56.69**

4.3.5.7 The Petitioner humbly requests the Hon'ble Commission to approve the proposed revised normative R&M expenses for FY 2024-25 expenses along with the R&M expenses towards the 66kV assets transferred from UPCL.

4.3.6 Administrative and General Expenses

4.3.6.1 As provided in the UERC Tariff Regulations, 2021, the administrative and general expenses for nth year of the Control Period are calculated as follows:

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

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4.3.6.2 As calculated above in Table 3-9, the average WPI inflation for last three years was 7.90%.

4.3.6.3 '$A\&G_{n-1}$' has been considered as the proposed normative A&G expenses for FY 2023-24. The capitalisation rate is considered as 9.74% considering the actual A&G expense capitalised vis-à-vis gross A&G expenses as considered for FY 2023-24. Further the security expenses and UERC licence fee are considered as per the estimates for FY 2023-24.

4.3.6.4 Considering the above factors, the proposed A&G expenses for FY 2024-25 are shown in table below.

Table 4-9: Revised estimates of A&G expenses for FY 2024-25 (INR Crore)

S. No.	Particular	Approved in Order dt. March 31, 2022	Revised estimates for FY 2024-25
1	$A\&G_{n-1}$	10.01	10.53
2	$WPI_{inflation}$	2.47%	7.90%
3	Provision	-	-
4	$A\&G_n = A\&G_{n-1} \times (1+WPI_{inflation})$ + Provision	10.25	11.36
5	Capitalisation rate	26.59%	9.74%
6	Capitalised A&G expenses	2.73	1.11
7	Net A&G expenses	7.52	10.25
8	License Fee	8.57	9.91
9	Security expenses	10.26	12.86
10	**Total A&G expenses**	**26.35**	**33.02**

4.3.6.5 The Petitioner humbly requests the Commission to approve the revised normative A&G expenses for FY 2024-25.

4.3.7 Operation and Maintenance Expenses

4.3.7.1 Considering the submissions of the Petitioner in the preceding sections, the proposed O&M expenses for FY 2024-25 are shown in the table below.

Table 4-10: Revised estimates for O&M expenses for FY 2024-25(INR Crore)

S. No.	Particular	Approved in Order dt. March 31, 2022	Revised estimates for FY 2024-25
1	Employee Expenses	141.27	157.21

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S. No.	Particulars	Approved in Order dt. March 31, 2023	Revised estimate for FY 2024-25
2	R&M Expenses	54.77	56.69
3	A&G Expenses	26.35	33.02
4	Total	227.99	246.92

4.3.8 The Petitioner prays to the Hon'ble Commission to approve the normative O&M expenses for FY 2024-25 as proposed in the table above. The details of working for employee, A&G and R&M expenses is given in Petition format (Form F8.1, 8.2 and 8.3).

4.4 Interest on Loan

4.4.1 The closing loan balance for FY 2023-24 has been considered as opening loan balance for FY 2024-25. The loan addition for FY 2024-25 has been considered as 70% of the proposed capitalization during FY 2024-25 as per the funding plan for various schemes and as specified in para 4.2.4 of this petition. The normative repayment for each year has been considered equal to the depreciation of FY 2024-25. The interest cost for FY 2024-25 has been considered as actual weighted average interest of 9.65% as per the audited accounts of FY 2022-23. The Loan MIS for FY 2022-23 has been submitted as **Annexure-XIII** of this Petition.

4.4.2 The revised estimate for interest on loan charges for FY 2024-25 is shown in the table below:

Table 4.11: Revised estimates for Interest expenses for FY 2024-25 (INR Crore)

S. No.	Particular	Approved in Order dt. March 31, 2023	Revised estimate for FY 2024-25
1	Net Normative Loan - Opening	632.66	551.41
2	Increase or Decrease during the year	189.88	121.76
3	Loan Repayment of Normative Loan during the year	119.55	126.94
4	Net Normative Loan - Closing	702.99	546.23
5	Average Normative Loan	667.83	548.82
6	Weighted Average Rate of Interest	11.19%	9.65%
7	**Interest on Normative Loan**	**74.71**	**52.96**

4.4.3 The Petitioner prays to the Commission to approve the revised estimate for interest expense for FY 2024-25, as proposed in the table above. The details of the interest of loan for FY 2024-25 have been provided in Form F-15.3 of Petition Formats.

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4.5 Return on Equity

4.5.1 The computation of Return on Equity (RoE) has been undertaken as per the stipulations of UERC Tariff Regulations, 2021. A return on equity of 15.50% has been considered as per the provisions of the UERC Tariff Regulations, 2021.

4.5.2 The closing equity for FY 2023-24 has been considered as the opening equity for FY 2024-25. Further, the funding details for the capitalization in FY 2024-25 has been submitted in the earlier sections. The table below shows the computation of Return on Equity for FY 2024-25.

Table 4-12: Return on Equity for FY 2024-25 (INR Crore)

S. No.	Particular	Approved in Order dt. March 31, 2023	Revised estimates for FY 2024-25
1	Opening Equity	562.76	536.27
2	Equity Addition	81.38	52.18
3	Closing Equity	644.14	588.45
4	Eligible Equity for return	468.23	562.36
5	Rate of RoE	15.50%	15.50%
6	**Return on Equity**	**72.58**	**87.17**

4.5.3 The Regulation 24(1) of UERC Tariff Regulations, 2021 states as below:

> *"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.*
>
> *Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.*
>
> *Provided further that, if the generating station/licensees are able to demonstrate the actual date of asset being put to use and capitalized in its accounts of each asset for the purposes of business carried on by it through documentary evidence, including but not limited to 'asset put to use certificate', 'audited accounts' etc., then in such cases, after due satisfaction of the Commission, the RoE shall be allowed on pro-rata basis after considering additional capitalization done during the year out of the equity capital."*

4.5.4 As per Regulation 24(1) of the UERC Tariff Regulations, 2021, the Petitioner requests the Hon'ble Commission to let the Petitioner file the documentary evidence for claiming Return on Equity on pro-rata basis at the time of truing up of the respective year.

4.5.5 The Petitioner requests the Hon'ble Commission to approve the proposed values of Return on Equity for FY 2024-25. The details of the Return on Equity for FY 2024-25 have been provided in Form F- 1 of Petition Formats.

4.6 Return on equity on account of Power Development Fund

4.6.1 The issue of allowing Return on Equity-on-equity amount provided by Government of Uttarakhand through Power Development Fund has been raised in previous tariff petitions to the Hon'ble Commission. However, the same was disallowed by the Hon'ble Commission in its Tariff Orders. The Petitioner has resubmitted the issue before the Hon'ble Commission through a separate Petition vide letter no. 2666/Dir. (Projects)/PTCUL/UERC dated November 12, 2018. The brief facts of the case are presented below.

- PTCUL has been claiming Return on Equity on funds deployed by GoU out of PDF fund since 2004 but the same has not been considered by the Hon'ble Commission while issuing the Tariff Orders in the previous years. The Hon'ble Commission in its Tariff order had stipulated that:

  "The Petitioner clarified that the equity funds for REC and NABARD Schemes have been received from GoU from the Power Development fund (PDF). The PDF is created out of cess collected by GoU on generation from hydel generating Stations of UJVNL and this fund is utilised for funding of generation and transmission assets. Thus, this amount, in a way, is consumer's money and does not qualify for RoE etc. Further, this cess is included in UPCL's Power Purchase cost for purchase of power from UJVNL, and, hence, passed on to consumers. Any investment from PDF is in a way consumer contribution and would not call for RoE, Depreciation etc. therefore, it would not be appropriate on the part of the Commission to allow return to Petitioner on funds provided by GoU out of money recovered from consumer. The Commission has, therefore, decided not to provide any return on equity utilised for creation of assets funded out of PDF.

- In its MYT Petition for the Control Period FY 2013-14 to FY 2015-16, PTCUL had sought final truing up from FY 2004-05 to FY 2010-11 based on the audited accounts for the respective years. PTCUL had again requested the Hon'ble Commission to provide the Return on Equity-on-equity amount contributed by Government of Uttarakhand, which included amount contributed through PDF. However, the Hon'ble Commission continued the practice of not allowing equity on the fund contributed out of PDF.

- The Hon'ble APTEL in its Judgement dated May 15, 2015, in matter of RP No. 02 of 2015 in Appeal No. 163 of 2015 had ruled that:

  "The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF towards capital cost of the project

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We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has treated the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly, this issue is decided in favour of the Petitioner."

- Accordingly, PTCUL had claimed RoE on equity contribution from GoU through PDF since the FY 2004-05 to FY 2016-17 along-with the carrying cost amounting to Rs. 114.84 Crores in its MYT Petition for the Second Control Period FY2016-17 to FY2018-19. The Hon'ble Commission disallowed the same stating that:

  "With regard to the reference of the Order dated May 13, 2015 of Hon'ble ATE in the matter of M/s BHPL and PTC, the Commission reiterates its views expressed at Para 3.3.3 of this Order that the aforesaid Order issued in R. P. No. 2 of 2015 in Appeal No. 163 of 2013 have been issued on a different matter and, accordingly, Return on Equity on the Government contribution from PDF has not been allowed for the past years till FY 2013-14. The Petitioner also submitted that the Order of Hon'ble ATE referred by the Petitioner has been stayed by the Hon'ble Supreme Court of India. Nevertheless, the Hon'ble ATE in its Order had nowhere directed the Commission to reopen the Commission's Orders for the Petitioner for the previous years. Hence, the Commission does not find the claim of the Petitioner in this regard as tenable."

- Subsequently, PTCUL filed a Review Petition dated May 5, 2016, against the Tariff Order issued by the Hon'ble Commission on approval of Business Plan and MYT Petition for FY 2016-17 to FY 2018-19 dated April 5, 2016, before the Hon'ble Commission, challenging the issue.

- The Petitioner submitted that there was an error apparent on record considering the facts recorded in the order of the Hon'ble APTEL and the finding therein because of which the reason of refusal has been against the record causing an error. PTCUL further submitted that the Hon'ble Commission had held that Hon'ble ATE in its Order had nowhere directed the Hon'ble Commission to reopen the Hon'ble Commission's Orders which showed that the Commission itself was considering the matter as per general principle and independently of the same, yet has refused to consider the law and the principle determined by the Hon'ble APTEL by stating that no specific directions were issued to the State Commission to re-open the Commission's order for previous years. PTCUL submitted that no specific directions are required for applying the law of land or the principles determined by the Hon'ble APTEL. Further, no such orders could have been passed in the said matter and the Hon'ble Commission should have considered the same independently as per the clarity given by the Hon'ble APTEL regarding grant of RoE in the said order.

- The Petitioner further submitted that in case the Hon'ble Commission was of the view that the matter was subject to adjudication before the Hon'ble Supreme Court of India

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and it was not proper to dwell upon the said issue, then in such case it was not proper to have kept the matter in abeyance and not to decide the matter till the decision of the Hon'ble Supreme Court but passing a specific and express Order on the issue thereby disallowing the ROE was an apparent error.

- Taking cognizance of the above points the Hon'ble Commission arrived at the opinion that deciding on the issue of Return on equity on PDF while the case is pending in the Supreme Court is barred under Section 11 of the Code of Civil Procedure, 1908 of the Code of Civil Procedure. Accordingly, the Hon'ble Commission also clarified that raising the issue again in the Hon'ble Commission while it is pending in the Hon'ble Supreme Court amounts to Res-Judicata and is not maintainable. The Hon'ble Commission conveyed that it would wait for the Apex Court's Orders on the issue and would decide accordingly. The relevant extract of the Order is reproduced below:

  "However, during the hearing on admission of the Petition, the learned counsel of the Petitioner agreed with the view of the Commission to take a view on the issue of RoE on the PDF once the Hon'ble Supreme Court pass its judgment in this matter. Further, deciding on the issue of Return on equity on PDF while the case is pending in the Supreme Court is barred under Section 11 of the Code of Civil Procedure, 1908 of the Code of Civil Procedure. The Section is reproduced hereunder:

  > *"No Court shall try any suit or issue in which the matter directly and substantially in issue has been directly and substantially in issue in a former suit between the same parties, or between parties under whom they or any of them claim, litigating under the same title, in a Court competent to try such subsequent suit or the suit in which such issue has been subsequently raised, and has been heard and finally decided by such Court."*

  Accordingly, the Commission also clarifies that raising the issue again in the Commission while it is pending in the Hon'ble Supreme Court amounts to Res-Judicata and is not maintainable. The Commission would wait for the Apex Court's Orders on the issue and would decide accordingly."

- The Hon'ble Commission in its Tariff Order dated March 29, 2017, regarding approval of true up for FY 2015-16, Annual Performance Review for FY 2016-17 & ARR for FY 2017-18 had stated as below in respect of this issue:

  "The Commission has gone through the submissions of the Petitioner. The Commission has given its detailed reasons for not allowing the RoE on GoU contribution from PDF in its MYT Order dated April 5, 2016, as well as the Review Order dated July 11, 2016. The Petitioner has not taken recourse applicable to it on the Review Order of the Commission dated July 11, 2016. Hence, the Review Order of the Commission stands attained finality. The Commission finds that the Petitioner has not submitted any new material information that necessitates the

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revision of the Commission's decision on allowing RoE on GoU contribution from PDF. Hence, the Commission finds the prayer of the Petitioner in this regard as not tenable."

- The same Order was passed by the Commission in Tariff order dated March 21, 2018, on approval of true up for FY 2016-17, Annual Performance Review for FY 2017-18 & ARR for FY 2018-19.

4.6.2 It is pertinent to be highlighted before the Hon'ble Commission that the Petitioner is aggrieved by the contention of the Hon'ble Commission as stated above - "*The Petitioner has not taken recourse applicable to it on the Review Order of the Commission dated July 11, 2016. Hence, the Review Order of the Commission stands attained finality.....*", that the Commission has decided the issue without waiting for judgement of the Apex Court.

4.6.3 Accordingly, since the issuing of Judgement of Supreme Court dated May 10, 2018, in the matter of Civil Appeal No. 2368-70, all the pending applications have been disposed of, including the amendment application filed by M/s BHPL against order dated May 15, 2015 in R.P No.2 of 2015 in Appeal No. 163 of 2015. Therefore, the Petitioner humbly requested to the Hon'ble Commission to pass a consequential order in this regard thereby allowing RoE of Rs. 246.67 Crore (including carrying cost) on funds deployed by GoU through PDF since 2004 in the MYT Petition for FY 2019-20 to FY 2022-23. The Hon'ble Commission discarded the claim stating that the tariff Order for FY 2011-12 has attained finality, thus the stated claim does not have any merit.

4.6.4 The Petitioner would like to submit that though the Hon'ble APTEL had issued the judgement in R.P. No. 2 of 2013 in Appeal No. 163 of 2013 in matter of Bhilangana III – Ghansali Line, the observations made by the Hon'ble APTEL were generic in nature. The Hon'ble APTEL had laid down principles relating to allowance of RoE, which are equally applicable to the issue under consideration. The relevant extract of the said judgement is reproduced below:

> "9.... iii) *Furthermore, as per the PDF Act, Cess referred to as 'Duty' are the funds collected by the Government for the purpose of the Act on the saleable energy generated from the existing and notified generating Hydro Power Plants of the generating company of the State of Uttaranchal which have been in Commercial operation for over ten years. It is pertinent to note, that the investment made in the project of the Appellant by GoU is not automatically provided for under the Act. The proceeds of the duty collected under the Act are credited to the Consolidated Fund of the State Government. As per the act, these funds remain under the control of the State Government and are utilised by the State Government in carrying out its functions or in the administration of the Act and / or any fund provided by the State Government for development of Hydro Power Projects, development of electricity evacuation System and extension of Transmission System etc. by the State Government or its agency. Therefore, the funds are utilised for Development of Hydro Power Projects in the State Sector, Development of electricity evacuation*

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