

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION
Petition No. 63 of 2025

In the matter of:

Review Petition in the matter of Order dated April 11, 2025, in Petition No. 10 & 11 of 2025 of Power Transmission Corporation of Uttarakhand Limited for approval of Business Plan for fifth Control Period from FY 2025-26 to FY 2027-28 and True-up of FY 2023-24, Annual Performance Review (APR) for FY 2024-25 and Multi Year Tariff for fifth Control Period from FY 2025-26 to FY 2027-28.

AND

In the matter of:

Power Transmission Corporation of Uttarakhand Ltd. (PTCUL)
Vidyut Bhawan, Majra, Dehradun.

..... Petitioner

CORAM

Shri M. L. Prasad
Shri Anurag Sharma

Chairman
Member (Law)

Date of Hearing: July 31, 2025
Date of Order: October 14, 2025

ORDER

This Order relates to the Review Petition filed by Power Transmission Corporation of Uttarakhand Ltd. (herein after referred to as “PTCUL” or “the Petitioner”) for Review Petition in the matter of Order dated April 11, 2025, in Petition No. 10 & 11 of 2025 of Power Transmission Corporation of Uttarakhand Limited for approval of Business Plan for fifth Control Period from FY 2025-26 to FY 2027-28 and True-up of FY 2023-24, Annual Performance Review (APR) for FY 2024-25 and Multi Year Tariff for fifth Control Period from FY 2025-26

to FY 2027-28 under Section 94(1)(f) of the Electricity Act, 2003 (herein after referred to as “the Act”), Regulation 10 and 54 of the Uttarakhand Electricity Regulatory Commission (Conduct of Business), Regulations, 2014 (herein after referred to as “UERC CBR”).

1. Background

- 1.1 The Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2021 (hereinafter referred to as “MYT 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. In accordance with the provisions of the MYT Regulations, 2021 the Commission had carried out trueing up for 2023-24, Annual Performance Review for FY 2024-25 vide its Order dated 11.04.2025.
- 1.2 Further, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 (hereinafter referred to as “UERC Tariff Regulations, 2024”) for the Fifth Control from FY 2025-26 to FY 2027-28 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC.
- 1.3 On 27.11.2024 the Petitioner had filed Petition for True-up for FY 2023-24, Annual Performance Review (APR) for FY 2024-25, Aggregate Revenue Requirement (ARR) for FY 2025-26, and Multi Year Tariff for FY 2025-26 to FY 2027-28
- 1.4 The Commission disposed the said Petition vide its Tariff Order dated April 11, 2025, whereby the Commission had approved the Business Plan and Multi Year Tariff for the Fifth Control Period (FY 2025-26 to FY 2027-28), Annual Performance Review for FY 2024-25, and True-up for FY 2023-24 for PTCUL (hereinafter referred to as “Tariff Order”) based on the Petitions as well as the subsequent submissions made by the Petitioner during the proceedings.
- 1.5 Aggrieved by the Commission’s aforesaid Tariff Order dated 11.04.2025, the Petitioner filed a Review Petition on 26.06.2025 before the Commission.
- 1.6 The Petitioner has broadly filed its instant Review Petition seeking review of the following:
 - i. Disallowances in Capitalization of PTCUL for FY 2023-24.

- ii. Consideration of Rate of Interest of Working Capital of PTCUL for FY 2023-24.
 - iii. Consideration of interest income from FDR and TDR in Non-Tariff Income for FY 2023-24.
 - iv. Non-consideration of schemes/ works in Capitalization of PTCUL for FY 2024-25 (APR).
 - v. Computation of "k" factor in R&M Expense in PTCUL during the 5th MYT Period i.e. FY 2025-26 to FY 2027-28.
 - vi. Employee Expense of PTCUL for FY 2025-26 to FY 2027-28.
 - vii. Non-Consideration of Schemes/Works proposed by PTCUL during the 5th MYT Period i.e. FY 2025-26 to FY 2027-28 (Business Plan).
 - viii. Non-consideration of intra-state transmission losses as proposed in Business Plan.
- 1.7 For admissibility of the review Petition filed by PTCUL, the Commission decided to hold a hearing in the matter. Accordingly, a hearing was held on 31.07.2025 and the Commission reserved the judgment vide order dated 31.07.2025.

2. Petitioner's Submission

A- Disallowances in Capitalization of PTCUL for FY 2023-24

REC VII Scheme: 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)

- 2.1 The Petitioner submitted that in its Petition for True-up for FY 2023-24, it had claimed the capitalization of the "132 kV Single Circuit line on D/C Tower from Pithoragarh to Champawat (Lohaghat)" in FY 2023-24. The Petitioner submitted that the Commission, in its Order dated 28.03.2024 while carrying out the Annual Performance Review for FY 2023-24, disallowed the claim because PTCUL had not yet planned the downstream asset (i.e., Sub-station at Lohaghat). The Commission, vide its letter dated 10.03.2021, had given in-principal approval to PTCUL for charging the said line at a 33 kV voltage level temporarily till the construction of the 132 kV GIS Sub-station at Lohaghat is completed. This was done to address low voltage and frequent power interruptions in the Champawat and Lohaghat area.

Accordingly, the Petitioner submitted that it had informed the Commission about the energization of the line at 33 kV on 24.06.2023.

- 2.2 To substantiate its claim, the Petitioner submitted a “Commercial Utilisation certificate” from UPCL dated 21.08.2023, which certified that the line was put to commercial use on 11.06.2023 at 33 kV and had considerably improved power quality and reliability. The Petitioner further submitted that as per CERC and UERC Tariff Regulations, 2021, “Rated Voltage” includes a lower voltage at which a transmission line is charged in consultation with customers. The Petitioner cited precedents where Hon’ble CERC had allowed capitalization for PGCIL lines that were energized at lower voltage levels.
- 2.3 The Petitioner submitted that the matter was also raised in its review Petition dated 20.06.2024 on Tariff Order for FY 2024-25, but the Commission, vide its order dated 21.08.2024, deferred the matter, stating that it would be reviewed during the Truing Up exercise of FY 2023-24. The Petitioner submitted that it had again provided the necessary supporting documents with its Petition dated 27.11.2024, but the Commission did not consider the submissions.
- 2.4 The Petitioner submitted that this disallowance is an error apparent on the face of the record and requested the Commission to allow the capitalization of the above mentioned asset.

REC (System Improvement): Construction of 220 kV Pirankaliyar - Puhana (PGCIL) Line:

- 2.5 The Petitioner submitted that the Commission had disallowed the Additional Capitalisation of Rs. 0.05 Crore claimed against the “Construction of 220 kV Pirankaliyar-Puhana (PGCIL) Line” for FY 2023-24. The reason cited for the disallowance was the Petitioner’s failure to submit appropriate justifications for the cost increase over the approved project cost.
- 2.6 The Petitioner submitted that during the Technical Validation Session (TVS), the Commission’s query was limited to whether the claimed capitalization was beyond the cut-off date. The Petitioner submitted that it had duly clarified that the claim was beyond the cut-off date and had provided all requisite information sought by the Commission. The Petitioner further submitted that the Commission had not

asked any specific query seeking justifications for the cost overrun, which the Petitioner would have provided if asked.

2.7 The Petitioner submitted that the cost overruns were primarily driven by factors beyond its control, which included:

- The requirement for three additional towers and extensions due to site conditions.
- The necessity of a pile foundation for a tower located in a river course.
- Increased crop and land compensation resulting from Right of Way (RoW) issues and farmer court cases.
- Higher Interest During Construction (IDC) due to project delays caused by RoW disputes and the COVID-19 pandemic.

2.8 The Petitioner further submitted that the expenditure incurred was prudent and in the best interest of consumers and system reliability. Therefore, the Petitioner requested the Commission to allow the capitalization, stating the disallowance was an error apparent on the face of the records.

RCRM-5534: Capital R&M of S/s line of O&M Division, Chamba / Srinagar, Garhwal Zone

2.9 The Petitioner submitted that the Commission had disallowed capitalization claimed of Rs. 0.14 Crore for the project "Capital R&M of S/s of O&M Division, Chamba/Srinagar, Garhwal Zone". The reason provided for the disallowance was that the Petitioner had not submitted a revised and duly filed Form 9A.

2.10 The Petitioner submitted that it had furnished all information specifically requested by the Commission. The Petitioner stated that during the Technical Validation Session (TVS), the Commission had raised a query identifying missing documents for this scheme, namely Form F-9.5 and the associated Work Order. In response, the Petitioner, vide letter dated 07.02.2025, provided all the requisite information, including the requested Form F-9.5 and Work Order copy.

2.11 The Petitioner submitted that the Commission has not asked it to submit a revised Form F-9A. Therefore, the Petitioner submitted that the Commission erred in disallowing the expenditure based on the non-submission of a document that was

never requested. Accordingly, the Petitioner requested the Commission to allow the capitalization, citing the disallowance as an error apparent on the face of the records.

Other Schemes (System Strengthening): Work of supply and installation of additional 110 V battery bank and battery charger at 132 kV Sub-station Bazpur& 132 kV Substation Ramnagar:

- 2.12 The Petitioner submitted that the Commission had disallowed the capitalization of Rs. 0.46 Crore for the installation of an additional 110 V battery bank and charger at the 132 kV Substations in Bazpur and Ramnagar. The disallowance was based on the Commission's view that since a battery bank was already operational at these locations, the new one was an unapproved spare.
- 2.13 The Petitioner submitted that the Commission made an inadvertent error by mischaracterizing the asset. The Petitioner clarified that the new battery bank was not procured as a spare but was installed as an additional operational unit. It stated that the new bank is currently running in parallel with the existing one at both substations, a standard practice to enhance system reliability and mitigate emergencies.
- 2.14 To support its position, the Petitioner cited specific regulations from the Central Electricity Authority (CEA) – namely the general guidelines for substations and the CEA (Technical Standards for Construction) Regulation 2022 which both stipulate that substations should be equipped with two 100% redundant sets of battery banks. The Petitioner also mentioned this is a standard practice among other State Transmission Utilities.
- 2.15 The Petitioner submitted that the expenditure was prudent, aligned with regulatory norms, and essential for consumer service and system reliability. Therefore the Petitioner requested the Commission to allow the capitalization, stating the disallowance was an error apparent on the face of the records.

Other Schemes (System Strengthening): Commissioning of Solar Power Plant installed at roof of Head Quarter Building, Dehradun.

- 2.16 The Petitioner submitted that the Commission had disallowed an Additional Capitalisation claimed of Rs. 0.48 Crore for the “Commissioning of Solar Power

Plant installed at roof of I lead Quarter Building, Dehradun". The reason for the disallowance from the Commission was the non-submission of "critical information/documents" by the Petitioner.

- 2.17 The Petitioner contended that this was an error. It submitted that in response to the Commission's query during the Technical Validation Session, it had explained that this was a first-time capitalization for work completed on 28.02.2018. The capitalization was not claimed in FY 2018-19 due to the absence of conclusive documentation at the time of the closing of accounts. The expenditure was only recently identified as a capital item during a reconciliation of accounts and was accordingly claimed in the True Up of FY 2023-24.
- 2.18 The Petitioner submitted that after providing this explanation, the Commission did not seek any additional, specific information nor did it clarify which "critical information" was requisite to substantiate the claim. The Petitioner submitted that the capitalization was disallowed despite the submission of all information that was requested. Therefore, the Petitioner again requested the Commission to allow the capitalization, stating the said disallowance was an error apparent on the face of the records.

Other Schemes (System Strengthening): Supply, Erection & Commissioning of 110 Volts, 500 AH lead acid Tubular LM Type Battery Set at 220 kV S/s under 220 kV O&M Division, Rishikesh

- 2.19 The Petitioner submitted that the Commission had disallowed an additional capitalization claim of Rs. 0.16 Crore for the "Supply, Erection & Commissioning of 110 Volts, 500 AH lead acid Tubular LM Type Battery Set at 220 kV S/s under 220 kV O&M Division, Rishikesh". The reason provided for the disallowance was the non-submission of "critical information/documents" by the Petitioner.
- 2.20 The Petitioner stated that in response to the Commission's query, it had provided the copy of the Letter of Award (LoA) and the internal approval for the said work. The Petitioner also clarified two key points: first, that the claim was for additional capitalization within the cut-off date, and second, that Forms F-9A and F-9.5 were not applicable for this specific type of claim made under Form F-9.8.

2.21 The Petitioner stated that after it had submitted the applicable documents and procedural clarifications, the Commission did not seek any further specific information, nor did it clarify which "critical information" was still considered missing. The Petitioner further submitted that the capitalization was disallowed despite the submission of all requisite and applicable information. Therefore, Petitioner requested the Commission to allow the capitalization, stating the disallowance was an error apparent on the face of the records.

Other Schemes (System Strengthening): Construction of store shed at 132 kV Substation, Kichha under 220 kV O&M Division, PTCUL, Pantnagar

2.22 The Petitioner submitted that the Commission disallowed the capitalization of Rs. 0.14 Crore for the "Construction of store shed at 132 kV Substation, Kichha". The reason for the disallowance was the alleged non-submission of "critical information/documents" regarding the project. In response to the Commission's query, the Petitioner clarified vide letter dated 07.02.2025 that the work was being capitalized for the first time.

2.23 The Petitioner further submitted that the Commission never sought any additional documents after this response. Furthermore, the Commission didn't specify which "critical information" it considered to be missing. The Petitioner submitted that all requested information was duly furnished and that the expenditure was prudent. Given these points, the Petitioner has requested the Commission to allow the capitalization for the asset.

Other Schemes (System Strengthening): Supply and erection of 250 kV 33/0.415kV, 3 Phase transformer and associated work at 132 kV S/s Kichha

2.24 The Petitioner submitted the Commission disallowed the capitalization of Rs. 0.11 Crore for the "Supply and erection of 250 kV 33/0.415kV, 3 Phase transformer and associated work at 132 kV S/s Kichha". The Commission's reason for this was the alleged non-submission of "critical information/documents" regarding the project. In response to the Commission's query, the Petitioner clarified vide letter dated 07.02.2025, that the work was being capitalized for the first time.

2.25 The Petitioner further submitted that the Commission never sought any additional documents after this initial response. Furthermore, the Commission did not

specify which "critical information" it considered to be missing. Given these points, the Petitioner has requested the Commission to allow the capitalization for the asset.

Capex disallowed on the basis of Line being ISTS and the tariff to be determined by the CERC.

2.26 The Petitioner submitted that it had claimed Rs. 1.59 Crore in the True Up of FY 2023-24 towards the following capital schemes:

1. Work of replacement of various damaged tower parts and strengthening of tower no. 149 & 150 of 400KV D/C Kashipur-Dhampur Line.
2. Work of protection of tower no. 67(DA+25) of 400KV Kashipur-Moradabad and 400KV Kashipur-Nehtaur D/C Line
3. Protection of Tower from heavy flood in Fikka river at location no. 67(DA+25) of 400KV Kashipur-Moradabad-Nehtaur D/C Line
4. Providing and installation of Bird Flight Diverter on 400KV Roorkee-Muzzafernagar and 400KV Rishikesh-Nehtaur Transmission Line.

2.27 The Petitioner submitted that the Commission's has not considered a capitalization claim of Rs. 1.59 Crore for various protection and strengthening works on its 400 kV transmission lines. The Commission's reason was that it considered these assets to be part of the Inter-State Transmission System (ISTS) Network. The Petitioner submitted that it had previously approached the Central Electricity Regulatory Commission (CERC), which declined to allow the recovery of capital costs for these lines, approving only one line for partial O&M expenses and rejecting the others for ISTS tariffs.

2.28 The Petitioner's main argument is based on jurisdiction. The Petitioner submitted that as per CERC's own regulations and past orders, the primary responsibility for determining the tariff and capital costs of lines owned by a State Utility rests with the State Commission, even if those lines carry inter-state power. The Petitioner explained that any revenue earned from the ISTS mechanism is ultimately adjusted against the Annual Revenue Requirement (ARR) approved by the State Commission, creating a situation where the Petitioner cannot recover its legitimate

expenditure. Hence this disallowance is an "error apparent on the face of the records", the Petitioner has requested the Commission to capitalize the assets.

B - Consideration of Rate of Interest of Working Capital of PTCUL for FY 2023-24.

2.29 The Petitioner in its Petition for True up for FY 2023-24, Annual Performance Review for FY 2024-25 and Multi Year Tariff for Fifth Control Period from FY 2025-26 to FY 2027-28 submitted vide letter dated 27.11.2024, claimed Interest on Working Capital with rate of Interest as 12.06% (SBI MCLR plus 350 basis points) as per Regulation 33 of the UERC Tariff Regulations, 2021.

2.30 However, during the True-up of FY 2023-24, the Commission has considered the rate of interest for determining interest on working capital as 11.30% 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 2023-24 for Tariff Determination.*

2.31 The Petitioner further submitted that Commission has erred in allowing the rate of Interest as 11.30%. It is submitted that the Commission has specified the methodology for determination of normative interest on working capital in the UERC Tariff Regulations, 2021. As per Regulation 33 of UERC Tariff Regulation, 2021.

“

33. Interest on Working Capital.

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.

....”

2.32 The Commission has deviated from UERC Tariff Regulations, 2021 which is applicable for True up of FY 2023-24 by considering rate of interest equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date of first time filing of the Tariff Petition of FY 2023-24 for Tariff Determination instead of rate of interest 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.

- 2.33 The Petitioner submitted that it has claimed rate of Interest on Working Capital in line with the provisions and methodology prescribed under the UERC Tariff Regulations, 2021. However, the rate considered by the Commission is not in accordance with the UERC Tariff Regulations, 2021. Therefore, the Petitioner requested the Commission to allow the claim of Interest on Working Capital for FY 2023-24 in line with the applicable UERC Tariff Regulations, 2021.

C- Consideration of interest income from FDR and TDR in Non-Tariff Income for FY 2023-24.

- 2.34 The Petitioner submitted that it had claimed Non-Tariff income of Rs. 17.02 Crore (pertaining to only PTCUL) and Rs. 0.03 Crore (pertaining to only SLDC) in the True up of FY 2023-24 excluding Rs. 33.46 Crores pertaining to Interest on TDRs through Sweep Accounts created out of ROE, Interest on FDRs created out of ROE and amount pertaining to UITP schemes such as BG encashment.

- 2.35 The approach taken was in view of Regulation 63(2) of the UERC Tariff Regulations, 2021 that stipulates 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. The relevant extract of the UERC Tariff Regulations, 2021 is stipulated below:

“.....

63 Non-Tariff Income

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.

.....

Provided that the interest earned from investment made out of Return on Equity corresponding to the regulated business of the Transmission Licensee shall not be included in the NonTariff Income

....”

- 2.36 However, the Commission has considered the actual Interest Income from FDRs and Interest on TDRs through sweep accounts as a part of Non-Tariff income. The Petitioner submitted that the Commission has erred while considering the Interest Income from FDRs and Interest on TDRs made from interest on investment from RoE and UITP funds as Non-Tariff Income.
- 2.37 The Return on Equity, as provided under the applicable Regulations, is intended solely to service the equity capital of the licensee. The manner of deployment or utilization of the return on equity whether through investment in interest-bearing instruments, declaration of dividends to shareholders, or investment in other avenues lies entirely within the discretion of the Petitioner. It is further submitted that once the Return on Equity has been earned and utilized in any such manner, the same cannot subsequently be recharacterized or brought back as income of the Petitioner for the purposes of tariff determination.
- 2.38 Further Non-Tariff income related to UITP Projects, whose ARR is excluded from PTCUL's ARR, shall also not be considered as Non-Tariff Income for PTCUL. Jurisdiction of UITP scheme under deemed ISTS lies with the Hon'ble Central Electricity Regulatory Commission (CERC). The ARR of these UITP assets is determined by Hon'ble CERC.
- 2.39 During FY 2023-24, the interest on TDR/ FDR or BGs encashed pertaining to UITP schemes is Rs 27.24 Crores. These amounts are not considered as part of Non-Tariff Income of PTCUL, by the Petitioner.
- 2.40 It is submitted that, Commission has specifically excluded any claim of expenditure pertaining to deemed ISTS lines as the same falls beyond the jurisdictional aegis of the Commission, however, has considered interest earned from UITP schemes under deemed ISTS as non-tariff income. The Commission has adopted the selective approach in considering the revenues from deemed ISTS business as non-tariff income has resulted into double financial impact to petitioner.

2.41 The Petitioner also submitted that, the Joint Electricity Regulatory Commission (for the state of Goa and Union Territories) vide its Order dated 11.06.2024 of Truing Up for the FY 2022-23, had approved Non-Tariff Income for FY 2022-23 as Rs. 34.12 Crore including the interest income of Rs. 26.85 Crore which was excluded by the Petitioner in the True Up Petition on the basis of auditor certificate. The Joint Electricity Regulatory Commission corrected the same vide its Review Order dated 10.12.2024. The relevant extract of the Order is as follows:

“

Submission of the Review Petitioner

...

II. That the Commission has approved the Non-Tariff Income for FY 2022-23 as Rs. 34.12 Crore, including the interest income of Rs. 26.85 Crore. Which was excluded by the review Petitioner in its True Up Petition.

III. That in the True up Petition for FY2022-23, Review Petitioner has submitted Rs. 8.73 Crore as Non-Tariff Income (NTI) which excluded interest income of Rs. 26.85 Crore earned from Return on Equity (RoE). The same was not included in the NTI on account of Regulation 44.2 of the MYT Regulation, 2021, which explicitly states the following:

"Provide that the interest / dividend earned from investment made out of Return on Equity corresponding to the Licensed Business of Transmission Licensee shall not be included in the Non-Tariff Income."

.....

Commission Analysis

The Commission has considered the submission made by the Review Petitioner at length. It has also examined the records placed before it along with the relevant provisions of the Electricity Act, 2003 and Rules and Regulations made thereunder.

.....

Rectification of Non-Tariff Income in True UP of FY 2022-23

In the Impugned tariff order dated 11/06/2024, the Commission included Rs. 26.85 Core of interest income as part of NTI for FY 2022-23 as inadvertently the Commission

did not consider the submission of the review Petitioner forwarded vide email dated 13.02.2024 wherein it was clearly stated that the interest income has been derived from the investment of the RoE and there are no other source of income for the Review Petitioner.

This has resulted in wrong calculation of ARR for the FY 2022-23 as this interest income has been included in the NTI which should not have been considered in the NTI. At the same time, the Commission has relied on the proviso of Regulation 44.2 of the MYT Regulation, 2021 which explicitly states that interest/dividend income earned from investments made out of RoE corresponding to the Licensed Business of the Transmission Licensee should not be included in the NTI.

....

In light of the evidence and in accordance with the regulatory framework, the Commission infers that including the Interest income of Rs. 26.85 Crore as part of NTI was an error on the part of Commission. Therefore, the Commission rectifies the same by excluding the interest income from NTI for FY 2022-23.

.....”

- 2.42 It is submitted that the Petitioner had also submitted requisite information as directed by the Commission vide letter dated 07.02.2025 in favour of its claim that the actual Interest Income from FDRs and Interest on TDRs earned is an investment by the Petitioner made out of Return on Equity allowed by the Commission.
- 2.43 Henceforth, the Petitioner requested the Commission to allow Non-Tariff Income excluding Rs. 33.46 Crores pertaining to Interest on TDRs through Sweep Accounts created out of ROE, Interest on FDRs created out of ROE and amount pertaining to UITP schemes such as BG encashment etc.

D- Non-consideration in Capitalization of PTCUL for FY 2024-25 (APR)

- 2.44 The Petitioner has submitted that, in the Annual Performance Review of FY 2024-25, the Commission has approved Rs. 186.79 Crore against the claimed capitalisation of Rs. 255.89 Crore. Additionally, in some cases, the Commission did not disallow the schemes but shifted their capitalization to subsequent years.

Further, out of the total capitalization proposed in Form F-9A for the period of FY 2024-25, the Commission has approved the few capital schemes as mentioned below:

- a) PTCUL has claimed Rs 2.89 Crore for “Construction of a 132 kV bay at Kashipur Substation” whereas the Commission approved Rs. 1.43 Crore. With regards to the above-mentioned scheme, the Petitioner vide its replies dated 03.01.2025 and 07.02.2025 has submitted supporting documents such as Form 9A, Form 9.5, LOA for the claim of Rs 2.89 Crore. However, the Commission has not considered the claimed capital cost and has only allowed Rs. 1.43 Crore.
- b) PTCUL has claimed Ra 2.43 Crore. for stringing of second circuit of 132 KV Kashipur (400)-Bazpur line along with construction of 132 KV bay at 132 kV S/S Bazpur whereas the Commission approved Rs. 1.86 Crore.

With regards to above mentioned scheme the Petitioner submitted that, Commission has erred in approving the capital cost. The scheme consists of two works i.e. Construction of 01 No. of 132 kV bay for 132 kV Sub-station Bazpur (Rs 0.57 Crore) and Stringing of second circuit of 132 KV Kashipur (400)-Bazpur line (Rs 1.86 Crore). Combined value of both the works is Rs 2.43 Crore. The Petitioner vide its replies dated 3.01.2025 and 07.02.2025 has submitted supporting documents such as Form 9A, Form 9.5, LOA for the claim of Rs 2.43 Crore. However, the Commission has approved value of only Stringing of second circuit of 132 KV Kashipur (400)-Bazpur line i.e. Rs 1.86 Crore without any detailed justification.

Considering the submissions made by the Petitioner, the Petitioner submitted that all requisite information, documents, and justifications were duly submitted to the Commission for kind consideration. Hence the Commission is requested to kindly reassess the capitalization approved for FY 2024-25 considering the submission of all the requisite information and documents as desired by the Commission.

**E- Computation of “k” factor in R&M Expense in PTCUL during the 5th MYT Period
i.e. FY 2025-26 to FY 2027-28.**

2.45 The Petitioner submitted that in its Petition the R&M expenses has been claimed as per UERC Tariff Regulations, 2024. The Petitioner considered the K Factor as 2.13%, same as approved by the Commission in the Order dated 28.03.2024 for the FY 2024-25.

2.46 The Commission in its Tariff Order dated 11.04.2025 has approved the R&M expenses for the 5th Control Period i.e. from FY 2025-26 to FY 2027-28 as detailed below:

As per Regulation 62 (3) of UERC Tariff Regulations, 2024,

“.....

62. Operation and maintenance expenses

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

.....

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

.....

• ‘K’ is a constant specified by the Hon’ble Commission in %. Value of K for each year of the Control Period shall be determined by the Hon’ble Commission in the MYT Tariff order based on Transmission Licensee’s filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-a-vis GFA approved by the Hon’ble Commission in past and any other factor considered appropriate by the Hon’ble Commission;

.....”

2.47 The Commission has computed the percentage of actual R&M expenses over approved opening GFA for each year of FY 2021-22 to FY 2023-24. Thereafter, the Commission has considered the average of such percentages as “K” factor as 1.98%. However, the Petitioner is of the view that the average of such percentages from FY 2021-22 to FY 2023-24 works out to be 2.07% instead of approved 1.98%.

2.48 Hence, based on the above facts, the Petitioner requested the Commission to allow “K” factor as 2.07% instead of 1.98%.

F- Employee Expense of PTCUL for FY 2025-26 to FY 2027-28

2.49 The Petitioner has submitted that, in its Petition the employee expenses claimed for FY 2025-26 to FY 2027-28 is as per Regulation 100 of the UERC Tariff Regulations, 2024 stated as below:

" (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."

2.50 It is submitted that the Commission has considered average of actual expenses for last three years only (FY 2021-22 to FY 2023-24) instead of considering average of Actual expenses for last five years (FY 2019-20 to FY 2023-24) as per UERC Tariff Regulations, 2024. The Commission has cited Regulation 103(2) of the UERC Tariff Regulations, 2024 for the deviation, which stipulates as under:

".....

(2) Nothing in these Regulations shall bar the Hon'ble Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Hon'ble Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters.

...."

2.51 The Petitioner submitted that the Commission in the methodology adopted for approval of normative employee expenses for the fifth Control Period (FY 2025-26 to FY 2027-28) has deviated from the provisions stipulated in the UERC Tariff Regulations, 2024.

2.52 As per the provisions of the UERC Tariff Regulations, 2024, normative employee expenses are required to be computed based on the average of actual employee expenses of the immediately preceding five years, duly escalated by appropriate inflation indices and adjusted by the growth factor (Gn). However, the Commission, while approving the expenses for the fifth Control Period, has considered the average of actual employee expenses of only the last three financial years (FY 2021-22 to FY 2023-24) instead of last five years.

2.53 In addition, the Petitioner submitted that the inflation rate i.e. Consumer Price Index (CPI) considered by the Commission for projecting employee expenses during the Control Period has been taken as 4.84%, whereas, based on the latest available trends and methodology followed in past tariff orders, a rate of 5.46% would be more representative.

2.54 Henceforth, the Petitioner requested the Commission to consider the submissions and revise employees expenses.

G- Non-Consideration of Schemes/Works proposed by PTCUL during the 5th MYT Period i.e. FY2025-26 to FY2027-28 (Business Plan).

2.55 The Petitioner submitted that its proposed capital works are based on the 'Uttarakhand Transmission Network Planning' policy, which was approved by the Government of Uttarakhand (GoU) via an order on 02.09.2024. This Government-approved plan directs the Petitioner to implement a wide range of transmission infrastructure projects in the public interest. Accordingly, the Petitioner included these schemes in its Business Plan Petition, submitted on 27.11. 2024, detailing the projects planned for the fifth Control Period.

2.56 Despite this Government directive, the Commission has not considered the capitalization for several of these crucial schemes as proposed by the Petitioner. The Petitioner has categorized its arguments against the Commission's non-consideration of these schemes as follows:

- i. Schemes/Works where no detailed justification is provided by the Commission for Non-consideration.
- ii. Schemes/Works considered under ISTS by the Commission
- iii. Schemes/Works to be considered under TBCB as per the Commission.
- iv. Schemes/Works, where cost considered as per original DPR (as per SOR of previous years).

(i) Schemes/Works where no detailed justification is provided by the Commission for Non-consideration:

The Petitioner submitted that the Commission has not considered certain schemes in the Business Plan for the fifth Control Period. Further, no detailed

reasoning has been provided in support of it. The year wise list of schemes is as below:

Table 2.1: List of Schemes submitted by the Petitioner

Sl. No.	Name of the Scheme	Amount (Rs in Crore)			Total
		FY 2025-26	FY 2026-27	FY 2027-28	
1.	Construction of LILO of 220 kV NHPC (Tanakpur)-CB Ganj Line at proposed 220 kV substation Banbasa (Tanakpur)		3.53		3.53
2.	Augmentation of Transformation Capacity by replacement of 220/33kV, 25 MVA T/F with 220/33 kV, 50 MVA Transformer and associated works at 220 kV Substation, Chamba under 220 kV O&M Division, Chamba (Tehri Garhwal).		19.65		19.65
3.	Estimate of Construction of "Establishment of NABL Accredited Specialized Equipment Test Laboratory (SETL) with associated office, Project Management and Monitoring office buildings with Transit hostel at 132 kV S/S Kathgodam		14.46		14.46
4.	LILO of 132 kV Bhagwanpur-LSM line at proposed 220/132/33 kV SS Raipur, Roorkee and underground line			45.52	45.52
Total		-	37.64	45.52	83.16

It is submitted that despite submissions of all the requisite information/documents to the Commission, the Commission has not considered the Capitalization.

The Petitioner further submitted that DPR of Construction of LILO of 220 kV NHPC (Tanakpur)-CB Ganj Line at proposed 220 kV substation Banbasa (Tanakpur) amounting to Rs 3.53 Crore proposed to be completed in FY 2026-27 was approved by Commission vide order dated 16.08.2024. However, the Commission has not considered the same in Business Plan for the 5th control period, although, the Commission has approved associated 220/33 kV Substation, Banbasa in the Business Plan for the 5th control period.

Also, the Petitioner submitted that work of augmentation of Transformation capacity by re-placement of 220/33kV, 25 MVA T/F with 220/33 kV, 50 MVA Transformer and associated works at 220 kV Substation, Chamba under 220 kV O&M Division, Chamba (Tehri Garhwal) is a high priority scheme approved by Government of Uttarakhand in PTCUL's transmission network plan. The same was also submitted for the Commission consideration as of the TVS replies dated 07.02.2025. However, the Commission has not considered the same in Business Plan for the 5th Control Period. Hence, the Petitioner requested the Commission to consider the same in the Business Plan and corresponding financial year ARR.

(ii) Schemes/Works considered under ISTS by the Hon'ble Commission.

The Petitioner submitted that the Commission has not considered certain schemes in the Business Plan for the 5th Control Period considering that the scheme or its related portion belongs to the inter-state transmission system (ISTS). The year wise list of schemes is submitted below:

Table 2.2: List of Scheme submitted by the Petitioner

Sl. No.	Name of the Scheme	Amount (Rs in Crore)			Total
		FY 2025-26	FY 2026-27	FY 2027-28	
1.	Construction of Well foundation of 400 kV Kashipur-Moradabad-Nehtaur Transmission Line, Kashipur	7.37	-	-	7.37

As per the Electricity Act, 2003 and Tariff Policy, all lines which are incidental to interstate flow of power are to be considered as ISTS. In view of above, State utilities whose lines have been certified by respective RPC to be considered under PoC. In this case, Hon'ble CERC in its order on dated 25.11.2021, did not consider 400 kV Kashipur-Nehtaur line as natural ISTS even when the line was approved in 26th meeting of the Standing Committee on Transmission System Planning of Northern RPC held on 13.10.2008. The Hon'ble CERC vide order on dated 25.11.2021, allowed only O&M expenses for 400 kV Kashipur-Moradabad transmission line for 2019-24 tariff period where as 400 kV Kashipur-Nehtaur line was not considered as natural ISTS.

The Petitioner submitted that the capital expenditure to be incurred is a prudent expense forming part of PTCUL's GFA, and disallowance of the same will lead to financial hardship for the Petitioner. Moreover, these lines are being maintained by the Petitioner for providing uninterrupted power supply in the system. It is submitted before the Commission that Hon'ble CERC in its order dated 23.09.2015 for the determination of tariff its Transmission System has been shown below: -

"....17. We have not carried out any due diligence of the tariff of these lines (for consideration of PoC calculations) as the jurisdiction to determine the tariff of the lines owned by STU rests with the State Regulatory Commission. We have considered the ARR of the STU as approved by the State Regulatory Commission and have adopted the methodology as discussed in paras 15 and 16 of this order for the purpose of calculation of PoC charges and apportionment of transmission lines and charges to the transmission system of different configurations of the STU.

This methodology shall be adopted uniformly for the lines owned by other STUs used for inter-State transmission of power duly certified by respective RPCs for the purpose of inclusion in the PoC mechanism".

Further, sub-clause (n) of clause (1) of Regulation 7 of 2010 Sharing Regulations provides as under:

"Provided further that in case of non-ISTS lines (lines owned by STUs but being used for carrying inter-State power as certified by respective RPCs), the asset-wise tariff as approved by the respective State Commission shall be considered. Where asset-wise tariff is not available, the tariff as computed by the Commission based on the ARR of the STUs (as approved by respective State Commissions) by adopting the methodology similar to the methodology used for ISTS transmission licensees shall be considered. The transmission charges received by the concerned STU on this account shall be adjusted in its approved Annual Revenue Requirement."

The basic philosophy of consideration the Natural/Non-ISTS lines owned by STU (Part of ISTS) carrying ISTS Power under PoC Mechanism is that prime responsibility of determination of tariff lines with State Commission as these assets are part of their GFA. Accordingly, transmission charges recovered by STU against these Natural ISTS lines under PoC Mechanism are adjusted from the approved ARR of STUs.

Despite submissions of all the requisite information/documents to the Commission, the Commission has not considered the Capitalization based on the above-mentioned remarks. The Petitioner submitted that the work is of capital nature and requested the Commission to consider the same in the Business Plan and corresponding financial year ARR.

(iii) Schemes/Works to be considered under TBCB as per the Commission

The Petitioner submitted that the Commission had not considered certain schemes in the Business Plan for the 5th Control Period. It was stated that the Commission disallowed these schemes, with costs above the threshold limit of Rs. 100 Crore, on the grounds that they were to be executed through the Tariff Based Competitive Bidding (TBCB) mode in accordance with Regulation 58.1 of the UERC Tariff Regulations, 2024. The year wise list of schemes is as below:

Table 2.3: List of Schemes submitted by the Petitioner

Sl. No.	Name of the Scheme	Amount (Rs. in Crore)			Total
		FY 2025-26	FY 2026-27	FY 2027-28	
1.	220/132/33 kV AIS Substation Khurpiya Farm, Kichha		331.81		331.81
2.	LILO of 132 kV Kichha Rudrapur Line at Proposed 220/132/33 kV Substation Khurpiya Farm (4.0 kM)		10.82		10.82
3.	LILO of 400 kV Bareilly-Kashipur line at proposed 400 kV Substation Khurpiya Farm (24.0 KM)			233.96	233.96
4.	400/220 kV AIS Substation Khurpiya Farm, Kichha			339.98	339.98
5.	Extension of 400 kV Switching Sub-station Pipalkoti to 400/132 kV substation GIS Pipalkoti (3x20 MVA) (with 1x20 MVA spare)			156.62	156.62
6.	220 kV DC line from 400/220 kV substation Puhana to proposed 220/132/33 kV SS Raipur and underground line.			115.53	115.53
7.	220/132/33 kV AIS Substation Raipur (2x160 MVA (220/132 kV) and 2x80 MVA (132/33 kV)			283.1	283.1
8.	132/66/33 kV S/s Pipalkoti (3x20 MVA)			257.95	257.95
9.	Supply and Erection Substation Automation System (SAS) at 39 Substations of PTCUL.			283.15	283.15
	Total	-	342.63	1670.29	2012.92

The Petitioner further submitted that as per Section 108 of the Electricity Act, 2003, the State Commission shall be guided by directions given by the State Government in writing on matters of policy involving public interest. In this regard, the Petitioner stated that the Secretary (Energy), Government of Uttarakhand, vide letter no. 674/1 (2)/2024-07(03)-06/2019 dated 15.10.2024, had submitted before the Commission a proposal to increase the threshold limit for the development of the Intra-State Transmission System through PTCUL to Rs. 1000 Crore and that projects above Rs. 1000 Crore may be allowed through the TBCB mode.

The Petitioner highlighted that the State Government's submission was based on the following reasons:

- a) **Renewable Energy Targets and Growth Potential:** To leverage Uttarakhand's potential in hydro, solar, and pump storage to meet national renewable energy targets for 2030.
- b) **National Défense and Security Considerations:** To ensure a reliable and secure power supply in strategically important border areas with China and Nepal.
- c) **Cost Implications due to Geographical Challenges:** To address the augmented cost structure required for developing disaster-resilient transmission infrastructure in the difficult and disaster-prone terrain of Uttarakhand.

- d) **Role of PTCUL in Industrial Development:** To facilitate robust transmission infrastructure to support economic growth, referencing the investment commitments made during the Uttarakhand Global Investors Summit 2023.
- e) **Advantage and Experience of PTCUL:** To utilize PTCUL's experienced manpower, state-of-the-art technology, and deep understanding of the state to meet long-term power demand.
- f) **Cost Savings:** To save costs associated with the TBCB mode, such as the creation of a Special Purpose Vehicle (SPV) and Bid Process Coordination Charges.
- g) **Difficulty in Attracting Private Investment:** It was submitted that private investors may find insufficient incentive to undertake projects in the tough terrain and low-load regions of Uttarakhand, which would reduce the anticipated benefits of the TBCB approach compared to the Cost Plus/RTM framework.

The Petitioner stated that in line with the Government of Uttarakhand's submission, it had proposed the projects costing more than Rs. 100 Crore in its Business Plan and had submitted copies of the relevant letters with its TVS Replies.

In view of the above, the Petitioner requested the Commission to include the disallowed projects in the PTCUL's Business Plan, provide an exemption for carrying out these projects under the TBCB mode, and to consider the same in the Business Plan and the corresponding financial year's ARR.

(iv) Schemes/Works, where cost considered as per original DPR (as per SoR of previous years)

The Petitioner submitted that the Commission had approved certain schemes after reducing the capital expenditure claimed in the Business Plan for the 5th Control Period. It was stated that the Commission had done so on the grounds that the Petitioner proposed a higher capital cost in the Business Plan than the capital cost approved in the respective investment approval by the Commission.

The year wise list of schemes is as below:

Table 2.4: List of Schemes submitted by the Petitioner

Sl. No.	Name of the Scheme	Cost of Work Claimed in Business Plan(in Rs. Crore)	Cost considered by the Commission (in Rs. Crore)	(Difference)
1.	Procurement & erection of 125 MVAR reactor alongwith its associated bay and related work at 400KV S/S Kashipur	36.2	14.75	21.45
2.	220/33 kV S/S, Banbasa	212.08	209	3.08
3.	Construction of 220/33 kV Substation Selaqui, Dehradun	130.19	72.09	76.08
4.	Construction of LILO of 220 kV KhodriJhajra line at proposed 220 kV Substation Selaqui Dehradun with Underground Cable	17.98		
5.	220 kV Sub Station Manglore (2x160 MVA and 2x40 MVA)	140.32	116.05	24.27
6.	LILO of 220 kV Roorkee - Nara Line at 220 kV Sub Station Manglore	4.7	0	4.7
7.	LILO of 132 kV Manglore-Asahi line & Manglore - Air Liquide Line at 220 kV	2.55	0	2.55
8.	Construction of 132/33 KV, 2x40 MVA AIS substation, Sarvarkhera, US Nagar	148.93	69.05	97.83
9.	LILO of 132 kV of Kashipur -Mahuakeraganj Line at 132 kV substation at Sarvarkhera	17.95		
10.	Construction of 132/33 KV, 2x40 MVA GIS substation, Araghar	86.68	84.43	31.04
11.	LILO of 132 kV Majra-Laltappar at proposed 132 kV S/s Araghar Dehradun through 132 kV Underground Cable	29.39		
12.	Construction of 132/33 KV, 2x40 MVA GIS substation, Dhaulakhera	90.60	55.61	36.03
13.	LILO of 132 kV Kathgodam- Rudrapur at 132 kV substation, Dhaulakhera	1.04		
14.	Construction of 132/33 KV, 2x40 MVA GIS substation, Khatima	95.85	61.26	36.33
15.	LILO of 132 kV Khatima - Sitarganj Line at 132/33 kV substation at Khatima II	1.74		
16.	Construction of 132/33 KV, 2x40 MVA GIS substation, Lohaghat	94.74	52.11	42.63
17.	Construction of 66 kV D/C line for LILO of 66 kV Karanprayag - Kothiyalsain line at 132 kV Substation, Simli	9.92	5.24	4.68
18.	Construction of 132 kV and 66 kV Bays and installation of 3x20 MVA 132/66 kV T/F at 132 kV Substation, Simli.	37.49	12.92	24.57
19.	Upgradation of Substation Automation System (SAS) at 400 kV, Substation, Srinagar (G), 220 kV Substation, Kamaluaganja, and 220 kV Substation, Jafarpur	17.48	11.03	6.45
20.	Augmentation of Transformer capacity from 2x160MVA (220/132 kV) to 3x160 MVA (220/132 kV) by supply, Erection, Testing & Commissioning of 01 no. additional 160 MVA (220/132 kV) Transformer at 220 kV Substation Jhajhra.	63.75	47.99	15.76
21.	Augmentation of Transformer capacity from 2x80 MVA (132/33 kV) to 3x80 MVA (132/33 kV) by supply, Erection, Testing & Commissioning of 01 no. additional 80 MVA (220/132 kV) Transformer at 220 kV Substation Jhajhra.			
22.	220/33 kV S/S Rudrapur(Baramwari)	210.92	103.17	107.75
	Total	1450.5	914.7	535.8

The Petitioner submitted that the Commission has approved the schemes with reduced capital expenditure. It was stated that the Detailed Project Reports (DPRs) of various schemes approved by the Commission were based on the Schedule of Rates (SoR) of previous years. The Petitioner further submitted that it

had subsequently submitted revised DPRs for various schemes based on the latest SoR for FY 2024-25 for approval to the Commission, and the status of these approvals was also submitted for the Commission's consideration vide replies dated 07.02.2025. The Petitioner stated that the Commission had inadvertently not considered the revised DPR costs, which had already been submitted. The Petitioner requested the Commission to consider the revised DPR cost while approving the capital expenditure for the aforementioned works.

The Petitioner further submitted that all requisite information and documents had been duly furnished for all project categories. Therefore, the Petitioner requested the Commission to consider the submissions and allow the following in the Business Plan and corresponding financial year's ARR:

- i. Schemes/works not considered by the Commission.
- ii. Schemes/work considered under ISTS.
- iii. TBCB exemption for schemes/works having an estimated capital cost above Rs 100 Crore.
- iv. Schemes/Works as per the revised DPR (SoR FY 2024-25) submitted to the Commission.

H- Non-consideration of intra-state transmission losses as proposed in Business Plan.

2.57 The Petitioner submitted in its Petition for the Business Plan for the 5th Control Period from FY 2025-26 to FY 2027-28 submitted vide letter dated 27.11. 2024 has proposed the intra-state transmission loss as 1.08% in FY 2025-26, 1.11% in FY 2026-27 and 1.13% in FY 2027-28.

2.58 However, the Commission considering the actual Intra-State transmission losses for FY 2023-24, approved the transmission losses as 1.03% for each year of the 5th Control Period from FY 2025-26 to FY 2027-28.

2.59 The Petitioner in its Petition dated 17.11.2024 had submitted that the continuously growing electricity demand has resulted into increase in the total energy transmitted through the network. The transmission system is being upgraded by adding new substations, transformers, and lines to maintain reliable power supply, but it has and will also result in some unavoidable technical losses. Hence, the intra-state transmission losses are envisaged as 1.08% in FY 2025-26, 1.11% in FY 2026-27 and 1.13% in FY 2027-28.

2.60 The Petitioner submitted the historical data analysis, methodology, and projected loss for FY 2025-26 to FY 2027-28, incorporating anticipated system upgrades such as new transformer installations and replacement of conventional conductors with High-Temperature Low Sag (HTLS) conductors for the consideration of the Commission.

a. The actual transmission losses from FY 2021-22 to FY 2024-25 are as follows:

Table 2.5: Actual Transmission losses submitted by the Petitioner

Year	Energy Import(MWh)	Energy Export(MWh)	Energy Loss(MWh)	Loss(%)
2021-22	1,87,27,556	18537981	1,89,575	1.010
2022-23	1,96,14,211	19614211	2,00,380	1.011
2023-24	2,07,12,620	20499495	2,14,125	1.034
2024-25	2,15,52,962	21332335	2,20,627	1.024

b. Projected Loss for FY 2025-26

- Energy import for FY 2025-26 is based on previous trend i.e. 5% increase in energy import.
- Loss Estimation: Theoretically energy is directly proportional to current, and losses are proportional to square of the current. Therefore, 5% increase in energy corresponds to 10.25% increase in losses of previous year i.e. 2024-25.

c. Projected Loss for FY 2026-27

- Based on growth trend in energy import it is assumed that the energy Import will increase by approx. 4% in FY 2026-27 considering the increase in local solar installations.
- Loss Estimation: Theoretically energy is directly proportional to current, and losses are proportional to square of the current. Therefore, 4% increase in energy corresponds to approx. 8.16.% increase in losses of previous year i.e. 2025-26.

d. Projected Loss for FY 2027-28

- Based on growth trend in energy import it is assumed that the energy import will increase by approx. 1.5% in FY 2027-28 considering the exponential increase in local solar installations.

- Loss Estimation: Theoretically energy is directly proportional to current, and losses are proportional to square of the current. Therefore, 1.5% increase in energy corresponds to approx. 3% increase in losses of previous year i.e. 2026-27.

2.61 The Regulation 9 (1) of UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 also states that trajectory should be based on past performance. The relevant part is reproduced below:

“ ...

9. Specific Trajectory for Certain Variables

*1) The Commission shall stipulate **a trajectory for certain variables having regard to the past performance** as also the performance of similarly situated licensees/generating companies:*

...”

2.62 In view of above, the Petitioner requested the Commission to consider the submission and revise the transmission losses as 1.08% for FY 2025-26, 1.11% for FY 2026-27 and 1.13% for FY 2027-28.

3. Commission Observations, Views & Decision.

3.1 Powers of the Commission and Grounds for Review

3.1.1 Limitation – A Threshold Issue

The present Petition has been filed with a delay of 17 days and the Petitioner has requested to condone the delay, therefore, before taking up the matter on merit, Limitation (delay), being a threshold issue for considering a review application, is being taken up first, prior to an examination of the substantive grounds raised in support of the review petition. Accordingly, request of condonation of delay is dealt hereunder:

As per the mandate of Regulation 54 of the *UERC (Conduct of Business) Regulations, 2014*, a review petition is required to be filed within 60 days from the date of issuance of the order sought to be reviewed. The impugned Tariff Order was issued on 11.04.2025, and hence, the limitation period for filing a review petition expired on

10.06.2025. However, the present review petition was filed only on 27.06.2025, with a delay of almost 17 days.

In justification of the delay, the Petitioner has submitted that because a Review petition is to be filed along with the resolution of Board of Directors and as the Board Meeting could not be conducted in time so the Petitioner could not submit review Petition timely before the Commission and thus has requested to condone delay of 17 days in submission of the Review Petition. It is observed that the Board Meeting was conducted on 26.06.2025, and the Review Petition was immediately filed the next day of the Board Meeting i.e. on 27.06.2025, the delay in filing the Review Petition is only of 17 days.

In this regard, the Commission is of the view that as the justification provided by the Petitioner seems acceptable. Hence, the Commission has accepted the request of the petitioner for condonation of delay and admitted the Petition for detailed scrutiny on grounds of review as discussed in the subsequent paras below.

3.1.2 Statutory Power of Review

Before considering the grounds of review given in the petition, it is necessary to delineate the scope of the Commission's power of review. For the purpose it is relevant to refer to statutory provisions regarding power of review, Section 94(1)(f) of the Electricity Act, 2003 as reproduced hereunder:

" ...

Section 94. (Powers of Appropriate Commission): --- (1) The Appropriate Commission shall, for the purposes of any inquiry or proceedings under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 in respect of the following matters, namely: -

...

(f) reviewing its decisions, directions and orders;

..."

The aforesaid section empowers the Commission to undertake review of its decisions in the same manner as a Civil Court deals with the power of review under Section 114 read with Order XLVII of the Code of Civil Procedure, 1908, the relevant

provisions of Section 114 of the Code of Civil Procedure, 1908 of the section is reproduced, it provides as under:

“

...

Section 114 – Review

Subject as aforesaid, any person considering himself aggrieved –

(a) by a decree or order from which an appeal is allowed by this Code, but from which no appeal has been preferred,

(b) by a decree or order from which no appeal is allowed by this Code, or

(c) by a decision on a reference from a Court of Small Causes,

may apply for a review of judgment to the Court which passed the decree or made the order, and the Court may make such order thereon as it thinks fit.

...”

Further, Order XLVII of the Code of Civil Procedure, 1908, specifies the three grounds for the purpose of considering review, the said Order provides:

“ ...

Order XLVII – Review

R. 1. Application for review of judgment-*(1) Any person considering himself aggrieved –*

(a) by a decree or order from which an appeal is allowed, but from which no appeal has been preferred

(b) by a decree or order from which no appeal is allowed, or

(c) by a decision on a reference from a Court of Small Causes,

and who, from the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the decree was passed or order made, or on account of some mistake or error apparent on the face of the record, or for any other sufficient reason, desires to obtain a review of the decree passed or order made against him, may apply for a review of judgment to the Court which passed the decree or made the order.

(2) A party who is not appealing from a decree or order may apply for a review of judgment notwithstanding the pendency of an appeal by some other party except

where the ground of such appeal is common to the applicant and the appellant, or when, being respondent, he can present to the Appellate Court the case on which he applies for the review.

...

Therefore from above provisions, it is evident that, a review of an order is primarily tested on the veracity of the following grounds:

- (i) **Discovery of new and important matter or evidence** which, despite due diligence, was not within the knowledge of the applicant or could not be produced at the time of the order.
- (ii) **Mistake or error apparent on the face of the record.**
- (iii) **Any other sufficient reason** interpreted to mean reasons analogous to (i) and (ii).

And the import of these grounds can be better understood through authoritative judicial exposition by higher courts in India. In this regard, it is relevant to refer to certain judicial pronouncements by the higher courts on these grounds in the following paras:

1. Discovery of New Evidence

It is relevant to refer to the order of the Hon'ble Supreme Court in the case of *State of West Bengal and Others v. Kamal Sengupta and Another*, [(2008) 8 SCC 612] wherein it was held that:

"...

At this stage it is apposite to observe that where a review is sought on the ground of discovery of new matter or evidence, such matter or evidence must be relevant and must be of such a character that if the same had been produced, it might have altered the judgment. In other words, mere discovery of new or important matter or evidence is not sufficient ground for review ex debito justitiae. Not only this, the party seeking review has also to show that such additional matter or evidence was not within its knowledge and even after the exercise of due diligence, the same could not be produced before the Court earlier.

..."

Therefore, from the above it is evident that it is incumbent upon the party seeking review to establish/demonstrate that the additional matter or evidence was not within its knowledge earlier and, despite the exercise of due diligence, could not have been produced at the time when the order was passed. Failure to meet these strict tests disentitles a party from seeking review.

In this regard, for review on the ground of discovery of new evidence, the applicant must conclusively establish:

1. The evidence was genuinely not within knowledge despite due diligence.
2. The evidence is of such materiality that its absence would cause miscarriage of justice.
3. The evidence, if considered, could potentially alter the judgment.

2. Error Apparent and Miscarriage of Justice

In *Col. Avatar Singh Sekhon v. Union of India* [(1980) Supp SCC 562], the Court emphasised that review cannot be undertaken unless the error is manifest on the face of the order and such error undermines its soundness or results in miscarriage of justice. The relevant para of the said order is reproduced hereunder:

“ ...

A review is not a routine procedure. An earlier order cannot be reviewed unless the Court is satisfied that material error manifest on the face of the order undermines its soundness or results in miscarriage of justice. A review of a judgment is a serious step and resort to it is proper only where a glaring omission or patent mistake or like grave error has crept in earlier by judicial fallibility. In the instant case the relief of review is not justified.

...”

Further, in the Order of *Parsion Devi v. Sumitra Devi* [(1997) 8 SCC 715], wherein it was further observed that a review is not an appeal in disguise, relevant para of the said order is reproduced hereunder:

" ...

9. Under Order 47 Rule 1 CPC a judgment may be open to review inter alia if there is a mistake or an error apparent on the face of the record. An error which is not self evident and has to be detected by a process of reasoning, can hardly be said to

be an error apparent on the face of the record justifying the court to exercise its power of review under Order 47 Rule 1 CPC. In exercise of the jurisdiction under Order 47 Rule 1 CPC it is not permissible for an erroneous decision to be "reheard and corrected". A review petition, it must be remembered has a limited purpose and cannot be allowed to be "an appeal in disguise".

... "

Similarly, in *Lily Thomas v. Union of India* [(2000) 6 SCC 224], the Court clarified that the error contemplated must be "self-evident" and not one that requires a process of reasoning, the Hon'ble Supreme Court had observed that, *"...Error contemplated under the rule must be such which is apparent on the face of the record and not an error which has to be fished out and searched. It must be an error of inadvertence..."*

In this reference, relevant part of para 43 of the aforesaid order is reproduced hereunder:

" ...

Error apparent on the face of the proceedings is an error which is based on clear ignorance or disregard of the provisions of law. In T.C. Basappa v. T. Nagappa this Court held that such error is an error which is a patent error and not a mere wrong decision.

..."

Similarly, in the matter of *Jain Studios Ltd. v. Shin Satellite Public Co. Ltd.* (2006) 5 SCC 501, the Hon'ble Supreme Court has held that:

" ...

So far as the grievance of the applicant on merits is concerned, the learned counsel for the opponent is right in submitting that virtually the applicant seeks the same relief which had been sought at the time of arguing the main matter and had been negatived. Once such a prayer had been refused, no review petition would lie which would convert rehearing of the original matter. It is settled law that the power of review cannot be confused with appellate power which enables a superior Court to correct all errors committed by a subordinate Court. It is not rehearing of an original matter. A repetition of old and overruled argument is not enough to reopen concluded adjudications. The power of review can be exercised with extreme care, caution and circumspection and only in

exceptional cases.

...”

In the case of *State of West Bengal and Others v. Kamal Sengupta and Another*, (Supra) the Hon’ble Supreme Court had held that:

“ ...

The term “mistake or error apparent” by its very connotation signifies an error which is evident per se from the record of the case and does not require detailed examination, scrutiny and elucidation either of the facts or the legal position. If an error is not self-evident and detection thereof requires long debate and process of reasoning, it cannot be treated as an error apparent on the face of the record for the purpose of Order 47 Rule 1 CPC or Section 22(3)(f) of the Act. To put it differently an order or decision or judgment cannot be corrected merely because it is erroneous in law or on the ground that a different view could have been taken by the Court/Tribunal on a point of fact or law. In any case, while exercising the power of review, the concerned Court/Tribunal cannot sit in appeal over its judgment/decision.

...”

3. Any Other Sufficient Reason

The phrase “any other sufficient reason” under Order XLVII CPC has been judicially interpreted to mean reasons analogous to discovery of new evidence or error apparent. It cannot be expanded to include every conceivable reason. (*Lily Thomas, supra*).

In *Ajit Kumar Rath vs. State of Orissa and Others* [1999 (9) SCC 596], the Hon’ble Supreme Court has held that:

“ ...

A review cannot be claimed or asked for merely for a fresh hearing or arguments or correction of an erroneous view taken earlier, that is to say, the power of review can be exercised only for correction of a patent error of law or fact which stares in the face without any elaborate argument being needed for establishing it. It may be pointed out that the expression “any other sufficient reason” used in Order 47 Rule 1 means a reason sufficiently analogous to those specified in the rule. Any other attempt, except an attempt to correct an apparent error or an attempt not based on any ground set out in Order 47, would amount to an abuse of

the liberty given to the Tribunal under the Act to review its judgment.

... "

It is relevant to refer to the judgement of the Hon'ble Supreme Court. In *Kamlesh Verma v. Mayawati & Ors.* [(2013) 8 SCC 320], the Hon'ble Court referring to various judgments culled out the grounds when the review will be maintainable and when it will be not. Relevant para of the said judgment is reproduced hereunder:

" ...

20. Thus, in view of the above, the following grounds of review are maintainable as stipulated by the statute:

20.1. When the review will be maintainable:

- (i) Discovery of new and important matter or evidence which, after the exercise of due diligence, was not within knowledge of the petitioner or could not be produced by him;*
- (ii) Mistake or error apparent on the face of the record;*
- (iii) Any other sufficient reason.*

The words "any other sufficient reason" has been interpreted in Chajju Ram vs. Neki¹⁷, and approved by this Court in Moran Mar Basselios Catholicos vs. Most Rev. Mar Poulose Athanasius & Ors.¹⁸ to mean "a reason sufficient on grounds at least analogous to those specified in the rule". The same principles have been reiterated in Union of India v. Sandur Manganese & Iron Ores Ltd. & Ors. ²⁵ ,.

20.2. When the review will not be maintainable: -

- (i) A repetition of old and overruled argument is not enough to reopen concluded adjudications.*
- (ii) Minor mistakes of inconsequential import.*
- (iii) Review proceedings cannot be equated with the original hearing of the case.*
- (iv) Review is not maintainable unless the material error, manifest on the face of the order, undermines its soundness or results in miscarriage of justice.*
- (v) A review is by no means an appeal in disguise whereby an erroneous decision is re-heard and corrected but lies only for patent error.*
- (vi) The mere possibility of two views on the subject cannot be a ground for review.*
- (vii) The error apparent on the face of the record should not be an error which has to be fished out and searched.*

(viii) The appreciation of evidence on record is fully within the domain of the appellate court, it cannot be permitted to be advanced in the review petition.

(ix) Review is not maintainable when the same relief sought at the time of arguing the main matter had been negatived.

Moreover, error referred to by Petitioner for seeking review is far from being the 'error' that invokes reviewing jurisdiction. Therefore, the Review Petition cannot be entertained and is rejected as non-maintainable. In view of the same there is no error apparent on the face of record and hence issue do not qualify for review.

..."

As evident from the above, a review against any Order/Judgment lies only to correct a patent error apparent on the face of the record; it cannot be treated as an appeal or a rehearing, and the expressions 'any other sufficient reason' must be analogous to the specified grounds.

3.1.3 In light of the above settled legal position, grounds of review raised by the Petitioner shall be examined. The Commission have gone through the present Petition and ground of the review raised therein. At the outset, it is observed that the grounds now raised in the Review Petition had already been raised in the original Petition. The Commission, while passing the impugned Order, had specifically dealt with those grounds. For the sake of convenience, the issues raised and the Commission's views thereon are set out below.

3.1.4 With regard to issue at Para 2.1 of this order, the Commission in the impugned Order has held as under:

"...

The Petitioner has claimed the capitalisation 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)" amounting to Rs. 85.09 Crore during FY 2023-24. It is observed that the Commission in its previous Tariff Order for FY 2024-25 dated 28 March, 2024 has already provided its detailed view on the capitalisation of this scheme and for clarity the same is again repeated below:

"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 capitalisation 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 capitalisation 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."

As the downstream asset is yet to be capitalised, in line with the approach adopted by the Commission in its previous Order, the Commission is not allowing capitalisation of this scheme in FY 2023-24. The Petitioner is again directed to ensure synchronized planning and implementation of interconnected assets to avoid CoD discrepancies. Further the Petitioner has proposed the capitalisation of "132/33 kV Sub-station Lohaghat (Champawat)" in fifth Control Period in Business plan. Therefore, the Petitioner should approach the Commission for capitalisation of the line and its associated work with the capitalisation of Substation (downstream asset) once the proper utilisation of asset is ensured.

..."

The Commission while issuing the Tariff Order has elaborately mentioned the reasons for not considering the capitalisation of the aforesaid scheme in FY 2023-24 and has directed the Petitioner to approach the Commission for capitalisation of the line and its associated work with the capitalisation of Substation (downstream asset), as the issues has already been decided after due deliberation and considering all the relevant facts and provisions of law, review cannot be a appeal in disguise, it is not a second relook into the matter, hence does not qualify as ground . Hence there is no error apparent on the face of the record and the issue does not qualify for review.

- 3.1.5 With regard to issue at Para 2.5 of this order, the Commission in the impugned Order has held as under:

" ...

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, 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. The Petitioner has claimed the capitalisation of Rs. 0.05 Crore during FY 2023-24.

During the TVS, the Commission asked the Petitioner whether the additional capitalisation is claimed within the cut-off date is not clear from the Petitioner submission. In reply, the Petitioner vide letter dated February 07, 2025, that the claimed additional capitalisation is within the cut-off date.

The Commission observed that the PTCUL has failed to submit the appropriate 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 capitalisation claimed by the Petitioner.

..."

The Commission observed that the Petitioner's argument that the Commission did not specifically ask for cost-overflow justifications during the Technical Validation Session (TVS) is not a valid ground for review. The onus is always on the Petitioner to proactively and comprehensively justify any expenditure that exceeds the last-approved capital cost. The Commission is not obligated to prompt the Petitioner for every piece of information that should have been provided. The Petitioner in its Review Petition also has merely mentioned some broad reasons for increase in cost without the quantification of increase in costs due to each reasons and supporting documents. The Commission's decision in the impugned order was based on the information on record at the time. In the absence of any justification for the cost overrun, the Commission has not allowed the same. Hence, there is no error apparent on the face of the record and issue does not qualify for review.

- 3.1.6 With regard to issue at Para 2.9 of this order, the Commission in the impugned Order has held as under:

" ...

The Petitioner has claimed the capitalisation of Rs. 0.14 Crore for the project

"Capital R&M of S/s of O&M Division, Chamba/Srinagar, Garhwal Zone"
During the TVS, the Commission directed the Petitioner to submit the complete details of the work. In reply, the Petitioner vide letter dated February 07, 2025, has only submitted the Form 9.5 and work order details of the Scheme. Although the work was capitalised for the first time in FY 2023-24, the Petitioner has not submitted the revised and duly filed Form 9A. Consequently, the Commission has not considered the "Capital R&M of S/s of O&M Division, Chamba/Srinagar, Garhwal Zone" during FY 2023-24."

The Commission observes that the Petitioner is aware of the prescribed forms to be submitted for prudence check of capital expenditure. The responsibility to submit a complete and compliant filing, including all mandatory forms, rests squarely with the petitioner. Form 9A is the primary and mandatory document for claiming capitalization for any new work, a fact well-known to the Petitioner. The decision denying the capitalisation was due to non-supply of necessary documents, which was the responsibility of the Petitioner, which is not an "error apparent" on the part of the Commission.

- 3.1.7 With regard to issue at Para 2.12 of this order, the Commission was in the impugned Order has held as under:

" ...

The Investment approval of Rs. 0.44 Crore for the project "Work of supply and installation of additional 110 V battery bank and battery charger at 132 kV Sub-station Bazpur & 132 kV Sub-station Ramnagar." was accorded vide internal approval dated 02.08.2023. The LoA for the said work was issued on 11.12.2023.

During the TVS, the Commission asked the Petitioner to clarify the difference in amount submitted in F-9A is Rs. 0.46 Crore while the LOA is of amount Rs. 0.37 Crore and also asked to submit the F-9.5. In reply, the Petitioner vide letter dated February 07, 2025, submitted that the agreement value is Rs. 0.38 Crore excluding GST and the GST value is Rs. 0.086 Crore. It is submitted that due to difference in rates received through open tender invited by PTCUL, and as per PTCUL C&P manual vide clause no 14.8(1), 10% cost variation than the approved cost estimation in either side, is allowed. Further, it is submitted that the GST on supply of different material is different. Therefore, the order was placed by applying

GST as applicable. The Petitioner also submitted the F-9.5 of amount Rs. 0.46 Crore.

Further, the Commission clarify the need of the additional battery bank, as there is one battery bank is already in place and in working condition in the aforesaid S/s. In response, the Petitioner during the meeting with the Commission has submitted that they have procured the additional battery bank to mitigate any emergency situation, in case, of failure of the existing battery bank.

In this regard, the Commission opines that as there is one battery bank is already in place and in working condition and the Petitioner has procured the additional battery bank as a spare item, hence, the Commission is not inclined to consider the "Work of supply and installation of additional 110 V battery bank and battery charger at 132 kV Sub-station Bazpur & 132 kV Sub-station Ramnagar" during FY 2023-24.

..."

The Commission observed that during the Tariff Order proceedings, when Petitioner was asked to justify the need for the asset, the Petitioner explicitly stated that the additional battery bank was procured to "*mitigate any emergency situation, in case, of failure of the existing battery bank.*" This explanation led to the logical and judicious conclusion that the asset's primary function was that of a spare. The Petitioner at that time had not justified that the asset was an additional operational unit installed to meet specific redundancy norms as per CEA guidelines. Further, the Petitioner had not provided any justification with regard to installation of additional battery bank on this specific substation only. The Commission's decision was entirely based on the submissions made by the petitioner during the proceedings in the matter. Therefore, the Commission's decision to treat the asset as a spare and disallow its capitalization was a reasoned view based on the information on record and due to lack of any justified reasons for selecting the specific substation for installation of additional battery bank, hence, the issue does not qualify for review.

- 3.1.8 With regard to issue at Para 2.16 of this order, the Commission in the impugned Order has held as under:

"The Petitioner w.r.t. the aforesaid scheme has claimed amounting to Rs. 0.48 Crore in F-9.8. During the TVS, the Commission has directed the Petitioner to

submit the reason for claiming the aforesaid work in F-9.8 and not in F-9A as the nature of scheme seems to be fresh work and also directed to submit the F-9.5 and supporting documents w.r.t. the claimed amount.

In this regard, the Commission is of the view that, as the Petitioner has not submitted the critical information/documents w.r.t. the works. The Commission is not inclined to approve the capitalisation.

...“

The Commission while issuing the tariff Order has reasoned that the critical information has not been submitted by the Petitioner. The Commission is of the view that the Petitioner is well aware of the forms to be submitted for prudence check of capital expenditure. The Commission's decision was based on the absence of a mandatory document from the record, which is not an "error apparent" on the part of the Commission.

- 3.1.9 With regard to issue at Para 2.19 of this order, the Commission in the impugned Order has held as under:

“ ...

The Petitioner w.r.t. the aforesaid scheme has claimed amounting to Rs. 0.16 Crore in F-9.8. During the TVS, the Commission has directed the Petitioner to submit the reason for claiming the aforesaid work in F-9.8 and not in F-9A as the nature of scheme seems to be fresh work and also directed to submit the F-9.5 and supporting documents w.r.t. the claimed amount. In response, the Petitioner has submitted the copy of LoA and internal approval w.r.t. the aforesaid work but fails to provide the F-9.5 & F-9A in support of the capitalisation of the scheme.

In this regard, the Commission is of the view that, as the Petitioner has not submitted the critical information/documents w.r.t. the works. The Commission is not inclined to approve the capitalisation.

...“

The Petitioner during the proceedings of Tariff Order had not clarified as to how the amount claimed is towards additional capitalisation for already commissioned scheme and it is not a fresh scheme. Hence the Petitioner has failed to submit the

information as directed by the Commission and hence the issue does not qualify for review.

3.1.10 With regard to issue at Para 2.22 of this order, the Commission in the impugned Order has held as under:

“ ...

The Petitioner w.r.t. the aforesaid scheme has claimed amounting to Rs. 0.14 Crore in F-9.8. During the TVS, the Commission has directed the Petitioner to submit the reason for claiming the aforesaid work in F-9.8 and not in F-9A as the nature of scheme seems to be fresh work and also directed to submit the F-9.5 and supporting documents w.r.t. the claimed amount. In response, the Petitioner has submitted the copy of LoA and internal approval w.r.t. the aforesaid work but fails to provide the F-9.5 & F-9A in support of the capitalisation of the scheme.

In this regard, the Commission is of the view that, as the Petitioner has not submitted the critical information/documents w.r.t. the works, the Commission is not inclined to approve the capitalisation.

...”

During the Technical Validation Session (TVS), the Commission, upon identifying the project as a "fresh work," issued a clear directive to the petitioner to:

1. Justify why the claim was made in Form F-9.8 and not F-9A.
2. Submit Form F-9.5 and supporting documents.

The “critical information” was, therefore, explicitly identified as Forms F-9A and F-9.5, which are standard requirements for the prudence check of new capital works. The Petitioner's failure to provide these specific forms, as directed, was the reason for the disallowance. The onus was on the petitioner to submit the information as requested by the Commission. Hence, the issue does not qualify for review.

3.1.11 With regard to issue at Para 2.24 of this order, the Commission in the impugned Order has held as under:

“ ...

The Petitioner w.r.t. the aforesaid scheme has claimed amounting to Rs. 0.11 Crore in F-9.8. During the TVS, the Commission has directed the Petitioner to submit the reason for claiming the aforesaid work in F-9.8 and not in F-9A as the nature

of scheme seems to be fresh work and also directed to submit the F-9.5 and supporting documents w.r.t. the claimed amount. In response, the Petitioner has submitted the copy of LoA and internal approval w.r.t. the aforesaid work but fails to provide the F-9.5 & F-9A in support of the capitalisation of the scheme.

In this regard, the Commission is of the view that, as the Petitioner has not submitted the critical information/documents w.r.t. the works, the Commission is not inclined to approve the capitalisation.

... “

As clearly noted in the Tariff Order, the Commission, upon viewing the project as a "fresh work," issued a specific directive during the Technical Validation Session (TVS) for the petitioner to submit Form F-9.5 and other supporting documents, and to justify why the claim was not made in Form F-9A. The "critical information" was, therefore, explicitly identified. The disallowance was a direct consequence of the Petitioner's failure to provide the specific forms requested by the Commission. The Petitioner's interpretation that such forms were not applicable does not constitute an error on the part of the Commission. The Commission's original decision was based on the petitioner's non-submission of required information. Hence, the issue does not qualify for review.

3.1.12 With regard to issue at para 2.26 of this order regarding the Capex disallowed on the basis of Line being ISTS and the tariff to be determined by the CERC, the Commission's original decision to disallow the capitalization of Rs. 1.59 Crore was based on the established principle that the tariff for Inter-State Transmission System (ISTS) assets is to be determined by the CERC. The Petitioner has not submitted any new submission in the review Petition. Hence there is no error apparent on the face of the record and the issue does not qualify for review.

3.1.13 With regard to issue at Para 2.29 of this order, the Commission in the impugned Order has held as under:

“ ...

The Commission had approved the Interest on Working Capital of Rs. 11.86 Crore in the Tariff Order dated March 30, 2023 for FY 2023-24. As against the same, the Petitioner has claimed the normative Interest on Working Capital of Rs. 15.42 Crore in the final true up of FY 2023-24. The Commission has determined the

normative interest on working capital for FY 2023-24 in accordance with the UERC Tariff Regulations, 2021.

One Month O&M expenses

The annual O&M expenses approved by the Commission are Rs. 217.96 Crore for FY 2023-24. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 18.16 Crore for FY 2023-24.

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. 32.69 Crore for FY 2023-24.

Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 397.62 Crore for FY 2023-24, which works out to Rs. 66.39 Crore for FY 2023-24. Based on the above, the total working capital requirement of the Petitioner for FY 2023-24 works out to Rs. 117.25 Crore. The Commission has considered the rate of interest on working capital as 11.30% 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 2023-24 Tariff Determination and, accordingly, the interest on working capital works out to Rs. 13.25 Crore for FY 2023-24.

..."

Regulation 33 of UERC Tariff Regulations, 2021 specifies that the rate shall be based on the MCLR "for the financial year in which the application for determination of tariff is made." For a multi-year tariff framework, this refers to the financial year in which the original tariff petition for the particular financial year was filed, not the year in which a subsequent true-up petition is filed. The rate of Interest on Working Capital as 11.30% considered by the Commission was correctly computed as per the methodology prescribed in Regulation 33. As the calculation is substantively correct and is in accordance with the provisions of Regulations, there is no error apparent on the face of the record and issue does not qualify for review.

3.1.14 With regard to issue at Para 2.34 of this order, the Commission in the impugned Order has held as under:

"4.6.8 Non-Tariff Income

The Commission had approved the non-tariff Income of Rs. 15.00 Crore in the Tariff Order dated March 30, 2023 for FY 2023-24. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 15 Crore in the final true up of FY 2023-24. The Commission observes that the actual 'other income' as per the audited accounts is Rs. 67.59 Crore for FY 2023-24 and the Petitioner has not considered the 'other income' pertaining to namely (1) Interest on Investments in FDR (Rs. 26.03 Crore), (2) Interest on TDRs through sweep accounts (Rs. 7.43 Crore), (3) Profit on sale of land (Rs. 1.01 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. Based on the methodology adopted in previous True Up Orders, the Commission has considered the actual Interest Income from FDRs and Interest on TDRs through sweep accounts amounting to Rs. 33.46 Crore as NonTariff income. Further, the Commission has also considered Recoveries for transport facilities, Income from system study, Income from sale of Tree, Plant, Profit on sale of land, O&M charges from PGCIL for bays at 400 kV S/s Kashipur, etc. amounting to Rs. 1.97 Crore as Non-Tariff income. Accordingly, the Commission approves the Non-Tariff income amounting to Rs. 39.44 Crore.

..."

The Commission in the Tariff Order has already clarified the approach adopted by the Commission in the Tariff Order as has been deliberated in earlier Orders. In view of the same there is no error apparent on the face of the record and hence issue does not qualify for review.

3.1.15 With regard to issue at Para 2.44 of this order, the Commission is of the view that the final actual capitalization is approved only during the True-up process, once audited accounts and proof of completion are available.

a) Construction of a 132 kV bay at Kashipur Substation

While the petitioner claimed Rs. 2.89 Crore, the Commission provisionally approved Rs.1.43 Crore. This was based on a review of the project timelines and progress reports, which indicated that only a portion of the total work was likely to be

completed within FY 2024-25. However, the Petitioner can claim the actual amount during the time of True-up of FY 2024-25.

b) Stringing of 132 kV Kashipur-Bazpur line and construction of bay at Bazpur

The Petitioner claimed Rs. 2.43 Crore for two combined works: Line stringing (Rs. 1.86 Crore) and Bay Construction (Rs. 0.57 Crore). The Commission approved Rs. 1.86 Crore because based on the progress of the work it was assessed that only the line stringing work was on track for completion within FY 2024-25. The capitalization for the bay construction was provisionally shifted to the subsequent year, as it was not expected to be completed in the FY 2024-25. However, the Petitioner can claim the actual amount during the time of True-up of FY 2024-25.

3.1.16 With regard to issue at Para 2.45 of this order, the Commission in the impugned Order has held as under:

“R&M expenses

...

The Commission has determined the R&M expenses for the fifth Control Period from FY 2025-26 to FY 2027-28 in accordance with UERC Tariff Regulations, 2024. The Commission has computed the percentage of actual R&M expenses over approved opening GFA for each year of FY 2021-22 to FY 2023-24. Thereafter, the Commission has considered the average of such percentages as K factor which works out to 1.98%.

....”

While computing the k-factor, the Commission has considered the actual R&M expenses as per audited accounts for each year from FY 2021-22 to FY 2023-24 and the Commission has considered the approved opening GFA for each year. The Petitioner in its Review Petition while computing the K-factor has not considered the actual R&M expenses as per accounts but has considered the amount claimed by Petitioner in its Petition.

The computations of k-Factor derived by the Commission based on approach mentioned in the Order is correct and there is no error and hence the issue does not qualify for review.

3.1.17 With regard to issue at Para 2.49 of this order, the Commission in the impugned Order has held as under:

“Employee expenses

...

The UERC Tariff Regulations, 2024 stipulate the normative O&M expenses for the fifth Control Period to be approved taking into account the actual O&M expenses of last five years, i.e. FY 2019-20 to FY 2023-24. The Commission observed that the 7th Pay Commission was implemented w.e.f. January 01, 2016 and the salaries were raised to the level of 7th Pay Commission w.e.f. December 01, 2017. The Commission has considered the impact of VII pay revision while truing up for previous years i.e. FY 2019-20 vide Order dated April 26, 2021; FY 2020-21 vide Order dated March 31, 2022; and FY 2021-22 vide its Order dated March 30, 2023. Hence, there is aberration in last 5 years actual expenses due to impact of Seventh Pay Commission for computation of the normative employee expenses.

In view of the above, the Commission does not find it prudent to approve the normative employee expenses for the fifth Control Period based on the actual employee expenses for FY 2019 20 to FY 2023-24 as the employee expenses in this period include impact of revision in salaries as well as arrears due to the 7th Pay Commission. Regulation 103(2) of the UERC Tariff Regulations, 2024 stipulates as under:

“ (2) Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters.”

In view of the special circumstances in this case, in exercise of powers conferred by the above stated Regulation, the Commission finds it prudent to deviate from the methodology stipulated in the UERC Tariff Regulations, 2024 for approval of normative employee expenses for the fifth Control Period from FY 2025-26 to FY 2027-28 to the extent of consideration of actual employee expenses for the preceding five years.

...”

The Commission in its Tariff Order has given detailed reasons for considering the average of employee expenses for considering the actual employee expenses of 3 years instead of 5 years for approving the Employee expenses for the next Control Period. Hence there is no error apparent and the issue does not qualify for review.

3.1.18 With regard to issue at Para 2.55, the Commission in its Order has carried out the comprehensive analysis of year-wise capital expenditure and capitalisation for the 5th MYT Control Period. i.e., FY 2025-26 to FY 2027-28 including following aspects:

1. DPRs already approved by the Commission
2. DPRs yet to be approved by the Commission but submitted by the Petitioner
3. Cost Benefit Analysis and justification submitted by the Petitioner
4. TBCB Threshold Limit specified by the Commission
5. ISTS Projects
6. Upstream and Downstream schemes
7. Current Progress of the ongoing Schemes

As the Commission has approved the year wise capitalisation after carrying out the detailed analysis based on information submitted by the Petitioner, the issue does not qualify for review. However, the Petitioner can always claim the Capital expenditure and capitalisation based on DPRs approved by the Commission from time to time.

3.1.19 With regard to issue at Para 2.57 of this order, the Commission in the impugned Order has held as under:

“...

During the TVS, the Commission sought the reason for not proposing any reduction in transmission losses during the fifth Control Period even after considering the schemes for transmission loss reduction in Business Plan. In reply, the Petitioner vide letter dated February 07, 2025, submitted that as the electricity demand is continuing to grow, the total energy transmitted through the network will also increase. At the same time, expanding the transmission system by adding new substations, transformers, and lines is essential to maintain reliable power supply, but it also results in some unavoidable technical losses. The stability

of the transmission loss trajectory is a natural outcome of balancing network growth and efficiency improvements.

The Commission noted the submission of the Petitioner. The actual intra-state losses during the past period are as shown in the Table below:

Table: Actual intra-state transmission loss during the past period

<i>Year</i>	<i>Approved Transmission Loss</i>	<i>Actual Transmission loss</i>
<i>FY 2018-19</i>	<i>1.40%</i>	<i>1.27%</i>
<i>FY 2019-20</i>	<i>1.40%</i>	<i>1.21%</i>
<i>FY 2020-21</i>	<i>1.40%</i>	<i>1.10%</i>
<i>FY 2021-22</i>	<i>1.10%</i>	<i>1.01%</i>
<i>FY 2022-23</i>	<i>1.10%</i>	<i>1.01%</i>
<i>FY 2023-24</i>	<i>1.10%</i>	<i>1.03%</i>

As the actual intra-State transmission losses for FY 2023-24 is considerably lower, the Commission has considered the transmission loss level of 1.03% for each year of the fifth Control Period from FY 2025-26 to FY 2027-28. The Petitioner shall strive to achieve transmission loss level lower than that approved by the Commission by implementing the best practices from the past years.

...“

The Commission in its Order has approved the transmission loss trajectory for the 5th Control Period from FY 2025-26 to FY 2027-28 considering the submissions made in the Petition and the Petitioner has not made any new submission in the Review Petition and has failed to demonstrate any error apparent on the face of the record, hence, the issue does not qualify for review.

3.1.20 From the above, it is clear that present Petition does not fall under the scope of Review. As it is evident from the discussion above that the Commission has already deliberated on the issues raised in the review Petition and has already given a reasoned in its impugned order, these reasoned view of the Commission cannot be considered as an error apparent on record on all the issues raised by the Petitioner for seeking review. The reliefs sought by the Petitioner in the review Petition points to dissatisfaction /disagreement of Petitioner with the view of the Commission taken in the impugned order. Mere dissatisfaction over the view of a Court or disagreement with the view of the Court and calling such view erroneous/wrongful, does not open

doors to seek review which has a very narrow and limited scope, as discussed above, a review cannot be an appeal in disguise, it does not provides a second opportunity to reopen the matters again and hence the grounds raised by the Petitioner do not qualify under the scope of review.

3.1.21 In light of the above, the Commission does not find the instant Review Petition filed by PTCUL for review of Tariff Order dated 11.04.2025 as maintainable.

Ordered accordingly.

(Anurag Sharma)
Member (Law)

(M.L. Prasad)
Chairman