

BEFORE THE HON'BLE HIMACHAL PRADESH  
ELECTRICITY REGULATORY COMMISSION,  
SHIMLA.

Review Petition No. 206 of 2025

IN THE MATTER OF:

HIMACHAL PRADESH POWER TRANSMISSION  
CORPORATION LIMITED, HIMFED BHAWAN, PANJARI,  
SHIMLA-171005.

.....PETITIONER

VERSUS

HIMACHAL PRADESH STATE ELECTRICITY BOARD  
LIMITED, VIDYUT BHAWAN, SHIMLA-171004. AND ORS.

.....RESPONDENTS

**INDEX**

| Sr.<br>No. | Particulars                                                                                       | Page<br>No. |
|------------|---------------------------------------------------------------------------------------------------|-------------|
| 1.         | Amended Review Petition alongwith Affidavit                                                       | 1-105       |
| 2.         | Copy of ADB Project Agreement(s) dated 15.12.2011, 29.09.2014 and 16.11.2018-Annexure-11/A(Colly) | 106-129     |

Shimla

Date: 21/11/25 Through Counsel

✓  
Petitioner  
General Manager (C&D)  
HPPTCL, Shimla-5

Vikas Chauhan

Mob: 9736237549

BEFORE THE HON'BLE HIMACHAL PRADESH  
ELECTRICITY REGULATORY COMMISSION,  
SHIMLA.

Review Petition No. 206 of 2025

IN THE MATTER OF:

**PETITION UNDER SECTION 94 (1) (F) OF THE  
ELECTRICITY ACT, 2003 READ WITH  
REGULATION 7(5) & REGULATION 70 OF  
HPERC (CONDUCT OF BUSINESS)  
REGULATIONS, 2024 SEEKING REVIEW OF THE  
ORDER DATED 22.01.2025 PASSED BY THE  
HON'BLE COMMISSION ALONG WITH  
SUPPORTING AFFIDAVIT.**

AND IN THE MATTER OF:

HIMACHAL PRADESH POWER TRANSMISSION  
CORPORATION LIMITED, HIMFED BHAWAN, PANJARI,  
SHIMLA-171005.

.....PETITIONER

VERSUS

HIMACHAL PRADESH STATE ELECTRICITY BOARD  
LIMITED, VIDYUT BHAWAN, SHIMLA-171004. AND ORS.

.....RESPONDENTS

Respectfully Sheweth,

**1. Details of Petition/Application**

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This Petition is being filed under Section 94 (1) (f) of

the Electricity Act, 2003 read with Regulation 7(5) & Regulation 70 of HPERC (Conduct of Business) Regulations, 2024 seeking Review of the Order dated 22.01.2025 passed by the Hon'ble Commission in Petition No. 30 of 2024 seeking approval of the Five-Year Business Plan and MYT Petition for the Fifth Control Period from FY 2024-25 to FY 2028-29 under Sections 62, 64 and 86 of the Electricity Act, 2003.

A copy of the Order dated 22.01.2025 passed by this Hon'ble Commission and received on 29.01.2025 vide its letter dated 27.01.2025 is attached hereto and marked as **Annexure-1**.

**2. Date of communication of tariff order being challenged and proof thereof:**

The Petitioner submits that this Petition has been filed seeking Review of the Hon'ble Commission's Order in Petition No. 30 of 2024 dated 22.01.2025 and received vide HPERC letter dated 27.01.2025 on dated 29.01.2025.

**3. The address of the Petitioner/Applicant for service is as set out hereunder:**

(i) Postal address: Himachal Pradesh Power  
Transmission Corporation

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Limited, Himfed Bhawan,  
Panjari, Shimla-171005

(ii) Email: [gmc.d.tcl@hpmail.in](mailto:gmc.d.tcl@hpmail.in),  
[smcomm.tcl@hpmail.in](mailto:smcomm.tcl@hpmail.in)

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

(i) Postal address: Himachal Pradesh State  
Electricity Board Limited,  
Vidyut Bhawan, Shimla-  
171004

(ii) Email: [cesysohpsebl@gmail.com](mailto:cesysohpsebl@gmail.com),  
[ceso@hpseb.in](mailto:ceso@hpseb.in),  
[seinterstate@gmail.com](mailto:seinterstate@gmail.com)

**5. Jurisdiction of the Commission**

The Review has been filed on the issue dealt by the  
Hon'ble Commission in its Tariff Order dated  
22.01.2025 and therefore the subject matter of this  
Review Petition is within the jurisdiction of this  
Hon'ble Commission.

**6. Limitation and Condonation of Delay**

6.1. This Petition has been filed in line with Section 94 (1)  
(f) of the Electricity Act, 2003 read with Regulation

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7(5) & Regulation 70 of HPERC (Conduct of Business) Regulations, 2024. As per Section 94 (1) (f) of the Electricity Act, 2003 the Appropriate Commission shall have the same powers as are vested in a Civil Court under Code of Civil Procedure, 1908. Neither Section 114 nor Order 47 of Code of Civil Procedure, 1908 specify any period of limitation for filing of Review Petition. Similarly, Section 94 of Electricity Act, 2003 do not specify any time limit within which a Review Petition has to be filed. However, Regulation 70 of HPERC (Conduct of Business) Regulations, 2024, stipulates that a review shall be filed within thirty days from the date of receipt of copy of the Order.

6.2 Hon'ble HPERC has issued Order for approval of the Five-Year Business Plan and MYT Petition for the Fifth Control Period from FY 2024-25 to FY 2028-29, vide its Order dated 22.01.2025. However, same was received by Petitioner on 29.01.2025 vide HPERC letter dated 27.01.2025 in Petition No. 30/2024 and as per Limitation Act, 1963, the review Petition in the said matter was required to be filed by 28.02.2025. Said Order was analysed by HPPTCL for its impact and in-principle approval for filing of review Petition was received from competent authority of HPPTCL on 28.02.2025.

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6.3 Accordingly, post issuance of said approval work for preparation of draft Petition was started/initiated. However, there were number of issues involved in the Order and several of them were complex and required detailed analysis to carry out the impact analysis and arrange for supporting documents. Further, there were some parallel regulatory proceedings going under which would have a bearing on the review and hence leading to delay in filing said Review.

6.4 Detail of important developments which required analysis before being incorporated into said Review are as under: -

(i) HPERC Order dated 23.01.2025 issued in Petition No. 46/2021 in the matter of quashing the invoices dated 14.09.2021, 01.10.2021 and 08.11.2021 raised by the Respondent towards the transmission charges on account of wheeling of 100 MW power through the 220 kV D/C Charor – Banala Transmission Line

(ii) CERC Order dated 20.03.2025 issued in Petition bearing No. 38/MP/2023 in the matter of Petition for inclusion of 400/220/66kV GIS Pooling Station Wangtoo under POC mechanism for recovery of Transmission charges under CERC (Sharing of Inter-State Transmission Charges and Losses)

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6  
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HPPTCL, Shimla-5

Regulations, 2020.

- (iii) HPERC Order dated 28.04.2025 issued in Petition No. 11/2025 in the matter of Petition seeking direction to HPSEBL to pay transmission charges in accordance with the charges determined by this Commission vide its Order dated 01.11.2021 under Petition No. 98 of 2020 for 33/220 kV, 50/63 MVA GIS Substation at Karian (Asset-1) and 220 kV Transmission line from Karian GIS Substation to PGCIL Pooling Substation at Chamera-II (Rajera) (Asset-2) read with Hon'ble CERC order dated 18/05/2024 under Petition No. 05/MP/2022.

6.5 With regard to above, it is submitted that the Petitioner felt the necessity to include the outcome of Orders mentioned at Para No. 6.4 above as these issues merit review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., discovery of new and important matter of evidence.

6.6 Considerable time was required to review these developments and carry out an impact analysis before filing a Review which has resulted in the delay.

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7  
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6.7 In addition to the above, there were several documents that were required to be arranged with regards to funding of loans which also took considerable time. It is further submitted that the Applicant/Petitioner being a State Government Undertaking is bound by mandatory internal procedures and protocols which are to be followed without any deviation. Hence, inadvertently, despite taking the matter in the most expeditious manner, a delay of 98 days has occurred in filing the present Review Petition.

6.8 In view of the above, the Applicant/Petitioner is seeking a condonation of delay 98 days in filling of the present Review Petition in terms of provisions of Regulation 75 of the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 read with Section 5 of the Indian Limitation Act, 1963.

## **7 Facts of the case**

The facts of the case are given below:

7.1. The Petitioner – Himachal Pradesh Power Transmission Corporation Limited (HPPTCL), had filed Petition No. 30 of 2024 before this Hon'ble Commission seeking approval of the Five-Year

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Business Plan and MYT Petition for the Fifth Control Period from FY 2024-25 to FY 2028-29.

7.2. In the course of proceedings in the matter, the Petitioner also filed additional submissions and clarifications as sought by the Hon'ble Commission from time to time. Hon'ble Commission vide its Order dated 22.01.2025 disposed of Petition No. 30 of 2024. A snapshot of the events involved in the due process of issuing of the Order by the Hon'ble Commission is as follows:

| S. No. | Event/Particular                                                                                                                          | Date        |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1      | Submission of Petition                                                                                                                    | 15-Jan-24   |
| 2      | Publication of Public Notice by HPPTCL in the following Newspapers viz. Amar Ujala and The Tribune as per direction of Hon'ble Commission | 24-Feb-24   |
| 3      | Publication of Public Notice by Hon'ble HPERC in the following Newspapers viz. Amar Ujala and Hindustan Times                             | 28-Feb-24   |
| 4      | Physical Public Hearing at the Hon'ble Commission's Office                                                                                | 28-Mar-24   |
| 5      | Submission of Reply in response to the Hon'ble Commission's Deficiency Note dated 22.02.2024                                              | 26-March-24 |
| 6      | Submission of Reply in response to the Hon'ble Commission's Deficiency Note dated 30.4.2024                                               | 19-Jul-24   |
| 7      | Submission of Reply in response to the Hon'ble Commission's Deficiency Note dated 5.8.2024                                                | 16-Sep-24   |
| 8      | Issuance of Order by the Hon'ble Commission in Petition No. 30 of 2024                                                                    | 22-Jan-25   |

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9  
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7.3. HPPTCL had claimed Capital Investment for 38 transmission Assets in FY 2024-25 to FY 2028-29 which were part of the following schemes:

1. Himachal Hydro Power and Renewable Power Development Programme (to be funded by World Bank)
2. Green Energy Corridor Phase II (to be funded under loan from Domestic Funding and grant in the form of Central Financial Assistance from MNRE, GoI)
3. Funding through Deposit Works
4. Domestic Funding
5. Asian Development Bank
6. KfW Funded Projects

7.4. The Summary of the Capitalisation for FY 2024-25 to FY 2028-29 and Funding as claimed by HPPTCL vis-à-vis as approved by the Hon'ble Commission is summarised in the following table:

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| Sr. No.                   | Name of the Transmission Line & Associated Substations                                                                                                             | Funding Agency   | Claimed     |            |          |            |           | Approved    |            |          |            |           | Remarks                                                      |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------|------------|----------|------------|-----------|-------------|------------|----------|------------|-----------|--------------------------------------------------------------|
|                           |                                                                                                                                                                    |                  | Cost        | COD        | Debt (%) | Equity (%) | Grant (%) | Cost        | COD        | Debt (%) | Equity (%) | Grant (%) |                                                              |
| <b>I.</b>                 | <b>400 kV Lines &amp; Substations</b>                                                                                                                              |                  |             |            |          |            |           |             |            |          |            |           |                                                              |
| 1                         | Construction of S/C LILO of 400kV Lahal to Rajera (Chamera Pooling Station) Transmission line of HPPTCL at Kutehr HEP (240MW)                                      | Domestic Funding | 8.03        | FY 2024-25 | 90%      | 10%        | Nil       | 0.00        | -          | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided. |
| <b>TOTAL (II) (400kV)</b> |                                                                                                                                                                    |                  | <b>8.03</b> |            |          |            |           | <b>0.00</b> |            |          |            |           |                                                              |
| <b>II.</b>                | <b>220 kV Lines &amp; Substations</b>                                                                                                                              |                  |             |            |          |            |           |             |            |          |            |           |                                                              |
| 1                         | 220/132 kV, 2x100 MVA GIS Substation at Paonta Sahib by D/C LILO of Khodri - Mazri line                                                                            | World Bank^      | 117.24      | FY 2026-27 | 70%      | 30%        | Nil       | 117.23      | FY 2028-29 | 19.60 %  | 8.40%      | 72.00 %   |                                                              |
| 2                         | 220 kV D/C line from (Tower No. 61) at Jamta to Giri transmission line by dismantling of existing 132 kV S/C Jamta LILO Point (T.No.-61) to Giri Transmission line | World Bank^      | 52.34       | FY 2025-26 | 70%      | 30%        | Nil       | 52.34       | FY 2027-28 | 19.60 %  | 8.40%      | 72.00 %   |                                                              |

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11

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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                                                                  | Funding Agency        | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|---------|
|         |                                                                                                                                                                                                                         |                       | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |         |
| 3       | Construction of 220/132 kV, 2x80/100 MVA Sub-Station nearby Una alongwith LILO of 132 kV S/C Pekhubela Solar to Tahliwal line with panther equivalent HTLS (CCC) conductor at proposed 220/132 kV substation nearby Una | World Bank^           | 88.22   | FY 2025-26 | 70%      | 30%        | Nil       | 88.21    | FY 2027-28 | 19.60 %  | 8.40%      | 72.00 %   |         |
| 4       | Construction of 220 kV D/C (Twin Zebra) line from 220/132 kV Nehrian Substation to proposed 220/132kV Substation nearby Una                                                                                             | CFA & REC/ PFC/ IREDA | 97.94   | FY 2025-26 | 47%      | 20%        | 33%       | 97.95    | FY 2027-28 | 60.30 %  | 6.70%      | 33.00 %   |         |
| 5       | Construction of 220/132 kV, 80/100 MVA Sub-Station Tahliwal by S/C LILO of 220 kV D/C Bhakra to Jamalpur line                                                                                                           | Domestic Funding      | 31.66   | FY 2024-25 | 90%      | 10%        | Nil       | 31.66    | FY 2026-27 | 45%      | 5%         | 50%*      |         |

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12  
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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                        | Funding Agency        | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                                                            |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|----------------------------------------------------------------------------------------------------|
|         |                                                                                                                                               |                       | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                                                                    |
| 6       | Construction of 220 kV Pooling Station Sujampur by D/C LILO of 220 kV Dehan-Hamirpur Line                                                     | Domestic Funding      | 53.87   | FY 2025-26 | 90%      | 10%        | Nil       | 0.00     | -          | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided.                                       |
| 7       | LILO of 220kV D/C Bajoli Holi to Lahal Transmission line at 220/66kV Heiling Substation alongwith 220/66 kV, 2×80/100 MVA, Heiling Substation | KfW/ Domestic Funding | 90.60   | FY 2024-25 | 40%      | 40%        | 20%       | 0.00     | -          | -        | -          | -         | In principle approval given – Cost not considered as associated network considered as Inter-State. |
| 8       | 220/132 kV GIS Substation Mazra along with 132 kV LILO of Kurthala-Bathri at Mazra                                                            | ADB                   | 88.93   | FY 2023-24 | 80%      | 20%        | Nil       | 88.93    | FY 2024-25 | 22.75 %  | 9.75%      | 67.50 %   |                                                                                                    |
| 9       | 220/132 kV, 2×80/100 MVA, Substation, Kala-Amb, Distt. Sirmaur along with 132/33 kV Substation, 2×25/31.5 MVA, Kala-Amb, Distt. Sirmaur       | Domestic Funding      | 66.47   | FY 2023-24 | 90%      | 10%        | Nil       | 0.00     | -          | -        | -          | -         | Inadvertent repetition. Not considered                                                             |

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13

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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                 | Funding Agency   | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                      |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|--------------------------------------------------------------|
|         |                                                                                                                                                                        |                  | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                              |
| 10      | 220/33kV, 25/31.5 MVA Sub-Station Prini                                                                                                                                | Domestic Funding | 6.51    | FY 2023-24 | 90%      | 10%        | Nil       | 6.51     | FY 2023-24 | 90.00 %  | 10.00 %    |           |                                                              |
| 11      | 220/132 kV, 80/100 MVA SS Charor alongwith Additional 80/100 MVA Trf. at Charor                                                                                        | Mixed#           | 111.00  | FY 2023-24 | 70%      | 30%        | Nil       | 0.00     | -          | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided. |
| 12      | 220/66 kV, 2*63 MVA Addn. Trf at Gumma Substation                                                                                                                      | ADB&             | 45.53   | FY 2023-24 | 0%       | 20%        |           | 0.00     | -          | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided. |
| 13      | 220 kV D/C Transmission Line Mazra -Karian                                                                                                                             | ADB              | 35.06   | FY 2023-24 | 80%      | 20%        | Nil       | 35.06    | FY 2024-25 | 22.75 %  | 9.75%      | 67.50 %   |                                                              |
| 14      | Augmentation of existing 220/132kV Kangoo Substation and stringing of 2nd circuit of 220kV S/C line on D/C towers between Dehar (BBMB) and 132/220kV Kangoo Substation | ADB              | 53.70   | FY 2024-25 | 80%      | 20%        | Nil       | 53.70    | FY 2025-26 | 22.75 %  | 9.75%      | 67.50 %   |                                                              |

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14  
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HPPTCL, Shimla-5

| Sr. No.             | Name of the Transmission Line & Associated Substations                                                                                                        | Funding Agency   | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                                          |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|----------------------------------------------------------------------------------|
|                     |                                                                                                                                                               |                  | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                                                  |
| 15                  | 220/132 kV Substation at Kala-Amb                                                                                                                             | Domestic Funding | 111.92  | FY 2023-24 | 90%      | 10%        | Nil       | 111.1    | FY 2026-27 | 90.00%   | 10.00%     |           |                                                                                  |
| 16                  | Construction of 220/33 kV, 2x50/63 MVA Majholi along with 220 kV Transmission line from Uperla Nangal to Majholi for Medical Devices Park (MDP) at Nalagarh\$ |                  |         |            |          |            |           | 0.00     | -          | -        | -          | -         | Expected COD and the funding agencies for these works are still to be finalized. |
| TOTAL (II) (220 kV) |                                                                                                                                                               |                  | 1050.99 |            |          |            |           | 682.70   |            |          |            |           |                                                                                  |
| III.                | 132 kV and below Lines & Substations                                                                                                                          |                  |         |            |          |            |           |          |            |          |            |           |                                                                                  |

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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                                                                                          | Funding Agency        | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|---------|
|         |                                                                                                                                                                                                                                                 |                       | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |         |
| 1       | 132/33kV, 2x20 MVA new sub-station in Rajgarh area at Charna by LILO of 132 kV Giri-Gaura S/C transmission line. FY 2027-28 84.09 To improve voltage profile of the area and to provide reliable power source for 24x7 continuous power supply. | World Bank^           | 84.09   | FY 2027-28 | 70%      | 30%        | Nil       | 84.10    | FY 2029-30 | 19.60 %  | 8.40%      | 72.00 %   |         |
| 2       | Construction of 132 KV GIS Pooling Substation at Darkunda by LILO of 132 kV Kurthala to Bathri line                                                                                                                                             | CFA & REC/ PFC/ IREDA | 70.95   | FY 2027-28 | 47%      | 20%        | 33%       | 70.95    | FY 2029-30 | 60.30 %  | 6.70%      | 33.00 %   |         |
| 3       | Construction of 132 D/C Transmission line from Darkunda Switching Station to 220/132 kV Mazra Substation                                                                                                                                        | CFA & REC/ PFC/ IREDA | 41.49   | FY 2027-28 | 47%      | 20%        | 33%       | 41.50    | FY 2029-30 | 60.30 %  | 6.70%      | 33.00 %   |         |

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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                                                      | Funding Agency        | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|---------|
|         |                                                                                                                                                                                                             |                       | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |         |
| 4       | Upgradation of existing 132kV S/C line from 132/33 kV Bathri Substation to 220/132 kV Jassore Substation to 132 kV D/C HTLS Transmission line and HTLS reconductoring of 132 kV D/C TL from Mazra to Bathri | CFA & REC/ PFC/ IREDA | 84.38   | FY 2026-27 | 47%      | 20%        | 33%       | 84.38    | FY 2029-30 | 60.30 %  | 6.70%      | 33.00 %   |         |
| 5       | Construction of 132/33 kV, 2x31.5 MVA GIS Substation at Baijnath by LILO of 132 kV Dehan (Patti)-Bassi Transmission line                                                                                    | CFA & REC/ PFC/ IREDA | 87.42   | FY 2027-28 | 47%      | 20%        | 33%       | 87.42    | FY 2029-30 | 60.30 %  | 6.70%      | 33.00 %   |         |
| 6       | Construction of 132/33 kV, 2x31.5 MVA GIS Substation near Dharamshala Substation alongwith 132 kV D/C line from Dehan (Patti) to Proposed substation near Dharamshala                                       | CFA & REC/ PFC/ IREDA | 121.66  | FY 2027-28 | 47%      | 20%        | 33%       | 121.65   | FY 2029-30 | 60.30 %  | 6.70%      | 33.00 %   |         |

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17  
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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                                                                                                         | Funding Agency   | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|---------|
|         |                                                                                                                                                                                                                                                                |                  | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |         |
| 7       | Construction of 132/33 kV, 2x31.5 MVA Substation Ghumarwin alongwith S/C LILO of 132 kV D/C Hamirpur-Kangoo line                                                                                                                                               | Domestic Funding | 64.84   | FY 2025-26 | 90%      | 10%        | Nil       | 64.83    | FY 2027-28 | 90.00 %  | 10.00 %    |           |         |
| 8       | Construction of 132/33kV, 3x50/63MVA & 132/11kV, 25/31.5MVA Substation at Bulk Drug Park at Poilanbeet, Distt. Una alongwith 220kV D/C Transmission Line from proposed sub-station at Una to Bulk Drug Park Substation at Poilanbeet (to be charged at 132kV)* | Deposit Works    | 79.17   | FY 2025-26 |          |            |           | 79.17    | FY 2026-27 | -        | -          | 100% *    |         |

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18  
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| Sr. No. | Name of the Transmission Line & Associated Substations                                         | Funding Agency   | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                                                                                                                           |
|---------|------------------------------------------------------------------------------------------------|------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                                |                  | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                                                                                                                                   |
| 9       | 132/33kV, 63MVA Substation at Barsaini                                                         | ADB              | 71.00   | FY 2024-25 | 80%      | 20%        | Nil       | 0.00     | -          | -        | -          | -         | The APTEL has remanded back the matter to the Hon'ble Commission. Mode of recovery of the transmission charges is under adjudication with the Hon'ble Commission. |
| 10      | 132/33kV, 63 MVA Dharampur Substation alongwith LILO of 132kV Bassi-Hamirpur Transmission line | Domestic Funding | 46.34   | FY 2024-25 | 90%      | 10%        | Nil       | 46.34    | FY 2025-26 | 90.00 %  | 10.00 %    |           |                                                                                                                                                                   |
| 11      | 33kV Palchan-Prini Transmission line                                                           | KfW/ Domestic    | 8.00    | FY 2023-24 | 40%      | 40%        | 20%       | 8.00     | FY 2023-24 | 16.80 %  | 7.20%      | 76.00 %   |                                                                                                                                                                   |

  
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19  
  
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| Sr. No. | Name of the Transmission Line & Associated Substations | Funding Agency | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                                                                                                                           |
|---------|--------------------------------------------------------|----------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                        |                | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                                                                                                                                   |
| 12      | 132kV Barsaini-Charor Transmission line                | ADB            | 53.57   | FY 2024-25 | 80%      | 20%        | Nil       | 0.00     | -          | -        | -          | -         | The APTEL has remanded back the matter to the Hon'ble Commission. Mode of recovery of the transmission charges is under adjudication with the Hon'ble Commission. |
| 13      | 33 kV Switching Station Palchan, Kullu                 | KfW/ Domestic  | 14.11   | FY 2024-25 | 40%      | 40%        | 20%       | 14.11    | FY 2024-25 | 16.80 %  | 7.20%      | 76.00 %   |                                                                                                                                                                   |

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20  
  
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| Sr. No. | Name of the Transmission Line & Associated Substations                                                                                                                                                                                                                                                                                                                 | Funding Agency   | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|---------|
|         |                                                                                                                                                                                                                                                                                                                                                                        |                  | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |         |
| 14      | 132kV Multi Circuit Transmission line on 220kV Multi Circuit Towers with Zebra Conductor from 220/132kV Substation at Andheri to Tower No. 19 of 132kV Jamta-Kala Amb (HPSEBL) Transmission line and stringing & sagging of Panther Conductor on 2nd circuit of 132kV Jamta Kala Amb (HPSEBL) Transmission line on 132kV D/C Towers from T-1(Devani) to T-14(Kala Amb) | Domestic Funding | 58.11   | FY 2024-25 | 90%      | 10%        | Nil       | 58.11    | FY 2024-25 | 90.00 %  | 10.00 %    |           |         |
| 15      | Construction of LILO of 132kV S/C Dehan-Bassi line at 220/132kV Dehan-Substation at Patti of HPPTCL                                                                                                                                                                                                                                                                    | Domestic Funding | 5.94    | FY 2023-24 | 90%      | 10%        | Nil       | 5.94     | FY 2023-24 | 90.00 %  | 10.00 %    |           |         |

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21  
  
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| Sr. No.                    | Name of the Transmission Line & Associated Substations                                                              | Funding Agency        | Claimed       |            |          |            |           | Approved      |     |          |            |           | Remarks                                                                                       |
|----------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|------------|----------|------------|-----------|---------------|-----|----------|------------|-----------|-----------------------------------------------------------------------------------------------|
|                            |                                                                                                                     |                       | Cost          | COD        | Debt (%) | Equity (%) | Grant (%) | Cost          | COD | Debt (%) | Equity (%) | Grant (%) |                                                                                               |
| 16                         | 132 kV D/C Tangnu Romai- Sunda                                                                                      | KfW/ Domestic         | 26.81         | FY 2023-24 | 40%      | 40%        | 20%       | 0.00          | -   | -        | -          | -         | The beneficiary of the Scheme is not known. This work will undergo a separate review process. |
| <b>TOTAL (III) (132kV)</b> |                                                                                                                     |                       | <b>917.88</b> |            |          |            |           | <b>766.50</b> |     |          |            |           |                                                                                               |
| <b>IV. MISC. WORKS</b>     |                                                                                                                     |                       |               |            |          |            |           |               |     |          |            |           |                                                                                               |
| 1                          | Providing 220/33 kV, 50/63 MVA Additional Transformer at 220/33kV 50/63 MVA GIS Karian Substation, Distt. Chamba    | CFA & REC/ PFC/ IREDA | 20.55         | FY 2024-25 | 47%      | 20%        | 33%       | 0.00          | -   | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided.                                  |
| 2                          | Providing 220/132 kV, 80/100 MVA Additional Transformer at 220/132kV 80/100 MVA GIS Charor Substation, Distt. Kullu | CFA & REC/ PFC/ IREDA | 43.05         | FY 2024-25 | 47%      | 20%        | 33%       | 0.00          | -   | -        | -          | -         | Not considered as nature of asset – Inter/Intra not decided.                                  |

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| Sr. No.                 | Name of the Transmission Line & Associated Substations                                                   | Funding Agency        | Claimed |            |          |            |           | Approved |            |          |            |           | Remarks                                                                          |
|-------------------------|----------------------------------------------------------------------------------------------------------|-----------------------|---------|------------|----------|------------|-----------|----------|------------|----------|------------|-----------|----------------------------------------------------------------------------------|
|                         |                                                                                                          |                       | Cost    | COD        | Debt (%) | Equity (%) | Grant (%) | Cost     | COD        | Debt (%) | Equity (%) | Grant (%) |                                                                                  |
| 3                       | Providing 132/33 kV, 50/63 MVA Additional Transformer at 132/33kV AIS Kurthala Substation, Distt. Chamba | CFA & REC/ PFC/ IREDA | 14.81   | FY 2024-25 | 47%      | 20%        | 33%       | 14.81    | FY 2028-29 | 60.30 %  | 6.70%      | 33.00 %   |                                                                                  |
| 4                       | Supply, Installation, Testing and Commissioning of Joint Control Center at Kunihar, District Solan       | ADB                   | 29.67   | FY 2024-25 | 80%      | 20%        | Nil       | 29.67    | FY 2024-25 | 22.75 %  | 9.75%      | 67.50 %   |                                                                                  |
| 5                       | Additional 220/132 kV, 200 MVA Transformer bank at Kala Amb Substation at Andheri \$                     |                       |         |            |          |            |           | 0.00     | -          | -        | -          | -         | Expected COD and the funding agencies for these works are still to be finalized. |
| TOTAL (III) MISC. WORKS |                                                                                                          |                       | 108.08  |            |          |            |           | 44.48    |            |          |            |           |                                                                                  |
| GRAND TOTAL             |                                                                                                          |                       | 2084.98 |            |          |            |           | 1493.68  |            |          |            |           |                                                                                  |

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\* *Consumer Contribution*

As against total capitalisation claim of Rs. 2084.98 Crore, the Hon'ble Commission has considered capitalisation of Rs. 1003.68 Crore (for the period from FY 2023-24 to FY 2028-29) while determining the tariff. Further, 6 Nos. of schemes amounting to Rs. 490 Crore have been approved but scheduled after the current Control period i.e. FY 2024-25 to FY 2028-29. 12 Nos. of Schemes amounting to 524 Crore (i.e. S/C LILO of 400kV Lahal to Rajera (Chamera Pooling Station) Transmission line of HPPTCL at Kuther HEP, 220 kV Pooling Station Sujampur by D/C LILO of 220 kV Dehan-Hamirpur Line, LILO of 220kV D/C Bajoli Holi to Lahal Transmission line at 220/66kV Heiling Substation alongwith 220/66 kV, 2x80/100 MVA, Heiling Substation, 220/132 kV, 80/100 MVA Substation Charor alongwith Additional 80/100 MVA Transformer at Charor, 220/66 kV, 2\*63 MVA Additional Transformer at Gumma Substation, 132/33kV, 63MVA Substation at Barsaini, 132kV Barsaini-Charor Transmission line, 132 kV D/C Tangnu Romai- Sunda, providing 220/33 kV, 50/63 MVA Additional Transformer at 220/33kV 50/63 MVA GIS Karian Substation & providing 220/132 kV, 80/100 MVA Additional Transformer at 220/132kV 80/100 MVA GIS Charor Substation, Distt. Kullu) have not been considered as the nature of the assets is assumed to be inter-state or yet to be decided and 1 No. of Scheme amounting to ~Rs. 67 Crore has not been considered as it is an inadvertent repetition.

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7.5 The Hon'ble Commission has considered the funding of 6 different schemes as discussed below:

- **Himachal Hydro Power and Renewable Power Development Programme (World Bank):** The Hon'ble Commission has considered the funding as 72% from Grant (90% of the 80% funded through World Bank), and the remaining amount to be funded through 70% debt (19.60%) and 30% through equity (8.40%) against the claim of 70% debt and 30% equity.
- **Green Energy Corridor Phase II (Domestic with Central Financial Assistance):** The Hon'ble Commission has considered the funding of 33.00% from Grant, and the remaining amount to be funded through 90% debt (60.70%) and 10% through equity (6.70%) against the claim of 33% Grant, 47% debt & 20% as equity.
- **Deposit Works:** The Hon'ble Commission has considered the funding pattern of 100% deposit works for Construction of 132/33kV, 3×50/63MVA & 132/11kV, 25/31.5MVA Sub-station at Bulk Drug Park at Poilanbeet along with 132kV D/C Transmission Line from proposed sub-station at

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Una to Bulk Drug Park Sub-station at Poilanbeet. Further, 50% deposit works, 45% debt and 5% equity have been considered for Construction of 220/132 kV, 80/100 MVA Sub-Station Tahliwal by S/C LILO of 220 kV D/C Bhakra to Jamalpur line – As proposed by HPPTCL.

- **Domestic Funding:** The Hon'ble Commission has considered the funding pattern of 90% through debt and 10% through equity as proposed by HPPTCL.
- **Asian Development Bank:** The Hon'ble Commission has considered the funding of 67.50% from Grant (90% of the 75% funded through ADB), and the remaining amount to be funded through 70% debt (22.75%) & 30% through equity (9.75%) against the proposal of 80% debt and 20% equity.
- **KfW Funded Projects:** The Hon'ble Commission has considered the funding of 76% from Grant (40% from NCEF and 90% of the 40% funded through KfW), and the remaining amount to be funded through 70% debt (16.80%) and 30% through equity (7.20%) against the claim of 40% Grant, 40% debt and 20% equity.

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7.6 The Hon'ble Commission has arrived at the revised

funding except for those proposed through domestic funding and Deposit works which is not in line with the actual loan documents and the approvals.

7.7 The breakup of GFA as claimed as on 1.4.2024 by the Petitioner vis-à-vis as approved by the Hon'ble Commission is summarised in the table below. The Hon'ble Commission has considered the GFA of Rs. 19.54 Crore against the Old Assets transferred from HPSEBL as claimed by HPPTCL.

7.8 In addition to the assets inherited, the Hon'ble Commission with regards to 41 schemes amounting to Rs. 3049.81 Crore that were considered by HPPTCL as part of Opening GFA as on 01.04.2024 has allowed 11 schemes amounting to Rs. 549.78 Crore which include those assets for which tariff orders has been issued by the Hon'ble Commission and for which nature of assets have been decided as Intra State. With regard to balance schemes, the Hon'ble Commission has stated that the same shall be allowed post deciding the Petitions that have been filed.

7.9 The summary of opening GFA of Existing Assets as claimed by HPPTCL vis-à-vis as approved by the Hon'ble Commission is as below:

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(amount in Rs Crores)

| Asset                                                                                 | GFA Claimed | GFA Approved |
|---------------------------------------------------------------------------------------|-------------|--------------|
| 220/66 kV Pooling Station at Bhoktoo                                                  | 54.19       | 54.21        |
| 220 kV D/C Kashang-Bhabha Transmission Line                                           | 71.89       | 71.89        |
| 400/220/66 kV GIS Pooling Station at Wangtoo                                          | 451.94      |              |
| 33/132kV GIS substation at Pandoh                                                     |             | 41.52        |
| Additional 33/132 kV, 31.5 MVA Transformer with associated GIS at 33/132 kV at Pandoh | 49.63       | 15.10        |
| 220 kV D/C Charor-Banala Transmission Line                                            | 76.43       |              |
| 33/132kV GIS Sub-Station at Chambi                                                    | 54.56       | 54.56        |
| 132kV Dehra-Kangra Transmission line                                                  | 26.17       | 26.17        |
| 33/220 kV Substation at Phojal                                                        |             |              |
| 220kV Transmission Line from Patlikul - Phojal                                        | 98.90       | 83.41        |
| 33/220 kV GIS Substation at Karian                                                    |             |              |
| 33/220 kV GIS Substation Karian alongwith 220 kV Karian- Rajera Transmission Line     | 51.02       |              |
| 220 kV S/C Transmission Line from Lahal to Budhil HEP                                 | 7.38        |              |
| 400/220/33kV pooling station at Lahal                                                 | 101.92      |              |
| 220 kV D/C Bajoli Holi HEP- Lahal Transmission Line                                   | 92.20       |              |
| 220 kV Dehan Substation                                                               | 54.03       |              |
| 66 kV Bagipul-Kotla Transmission Line                                                 | 40.42       | 40.28        |
| 66 kV GIS Substation Urni                                                             | 35.79       | 33.36        |
| 220 kV Dehan Hamirpur Transmission Line                                               | 110.65      |              |
| 400 kV D/C Lahal Chamera Transmission Line                                            | 396.13      |              |
| 400/220 kV Substation Gumma                                                           | 247.05      |              |
| 66/22 kV Bagipul Substation                                                           | 41.47       | 40.88        |
| 66 kV D/C Urni-Wangtoo Transmission Line                                              | 30.21       | 27.30        |

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28  
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| Asset                                                                                                                                   | GFA Claimed    | GFA Approved  |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| 220 kV Hatkoti- Gumma D/C Transmission Line                                                                                             | 146.72         |               |
| 220 kV Snail- Hatkoti D/C Transmission Line                                                                                             | 28.39          | 35.88         |
| 220 kV GIS Switching Station at Hatkoti                                                                                                 | 57.70          |               |
| 220 kV D/C Sunda- Hatkoti Transmission Line                                                                                             | 129.77         |               |
| 66/220 kV Addl. Transformer at Sunda                                                                                                    | 37.94          |               |
| 220 kV LILO of Panchkula-Kunihar Transmission Line                                                                                      | 5.24           | 4.79          |
| 220 kV Bays at Sunda Substation                                                                                                         | 45.90          |               |
| 132 kV D/C Tangnu Romai- Sunda Transmission line                                                                                        | 26.81          |               |
| 132 kV D/C Transmission line Dehan Bassi-Kangra                                                                                         | 5.94           | 5.94          |
| 220/132 kV Substation at Kala-Amb                                                                                                       | 111.92         |               |
| 220/33kV, Sub-Station Prini                                                                                                             | 6.51           | 6.51          |
| 33kV Palchan-Prini Transmission line                                                                                                    | 8.00           | 8.00          |
| 220/132 kV GIS Sub-station Mazra & 132 kV LILO of Kurthala-Bathri at Mazra                                                              | 88.93          |               |
| 220/132 kV Substation at Charor                                                                                                         | 74.53          |               |
| Additional 80/100 MVA Transformer at Charor                                                                                             | 36.47          |               |
| 220/132 kV, 2×80/100 MVA, Substation, Kala-Amb, Distt. Sirmaur along with 132/33 kV Substation, 2×25/31.5 MVA, Kala-Amb, Distt. Sirmaur | 66.47          |               |
| 220/66 kV, 2*63 MVA Additional Transformer at Gumma Substation                                                                          | 45.53          |               |
| 220 kV D/C Transmission Line Mazra - Karian                                                                                             | 35.06          |               |
| <b>Total</b>                                                                                                                            | <b>3049.81</b> | <b>549.78</b> |

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7.10 The Commission has not considered the following two

29  
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works for CAPEX and capitalization approval in this Tariff Order as the expected Commercial Operation Date (COD) and the funding agencies for these works are still to be finalized: -

- a) Construction of 220/33 kV, 2x50/63 MVA Majholi along with 220 kV Transmission line from Uperla Nangal to Majholi for Medical Devices Park (MDP) at Nalagarh
- b) Additional 220/132 kV, 200 MVA Transformer bank at Kala Amb Sub-station at Andheri

7.11 Considering the above, the Commission has approved year wise transmission ARR for the Control Period as follows: -

**Table: ARR claimed vis-à-vis approved by the Hon'ble Commission (Rs. Crore)**

| Financial Year | ARR Claimed by HPPTCL | ARR Approved by the Commission |
|----------------|-----------------------|--------------------------------|
| 2024-25        | 612.56                | 93.73                          |
| 2025-26        | 679.11                | 112.17                         |
| 2026-27        | 718.04                | 128.39                         |
| 2027-28        | 753.23                | 154.50                         |
| 2028-29        | 763.80                | 174.23                         |

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7.12 As regards the recovery of Transmission Charges, the

Hon'ble Commission has held as under:

*"6.10.2 The ARR approved by the Commission shall be recovered by HPPTCL based on the norms as specified in Regulation 45 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023.*

*6.10.3 Further, the ARRs approved subsequently by the Commission in any of its future orders, for intra- state transmission asset(s) which has not been considered in this Order, shall also be recoverable along with this ARR, in the form of monthly transmission charges as per the norms defined in the prevailing HPERC Transmission Tariff Regulations as mentioned above."*

7.13 As regards the STOA Transmission Charges, the Hon'ble Commission has held as under: -

*"6.11.1 For determining and approving the transmission charges for short-term open access customers, the Commission has considered the energy required for sales to the Consumers of the State as approved by the Commission in the MYT Order for Fifth Control Period (FY 25 – FY 29) of HPSEBL dated 15th March 2024. The transmission charges for*

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31  
General Manager (C&D)  
HPPTCL, Shimla-5

*the short-term open access customers based on the approved ARR of HPPTCL for Fifth Control Period is tabulated below:*

...

*6.11.2 Further, the Petitioner shall be entitled to recover additional STOA charges as worked out by the Commission in the future tariff order(s) for the intra-state transmission asset(s) which has not been considered in this Order."*

7.14 It is respectfully submitted that the impugned Order dated 22.01.2025 is subject to the Review jurisdiction of the Hon'ble Commission as per Regulation 7(5) & Regulation 70 of HPERC (Conduct of Business) Regulations, 2024 on account of the following;

- 1) Upon the discovery of new and important matter of 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 direction, decision or order was passed;
- 2) On account of some mistake or error apparent on the face of the record;
- 3) For any other sufficient reasons desires to obtain a

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Review of the directions, decision or order.

7.15 The Petitioner has preferred the present Petition for Review of the Order dated 22.01.2025 under Section 94(1)(f) of the Electricity Act, 2003 read with Regulation 7(5) & Regulation 70 of HPERC Conduct of Business Regulations, 2024 as it has been gravely prejudiced by the approach adopted by the Hon'ble Commission on some of the key issues which has been submitted in detail in the subsequent sections of this Petition.

## **8. Facts in issue/ Question of law**

**8.1.** The present Review has been filed on the following issues:

1. Review of the Rate of RoE and Income Tax.
2. Review of the non-consideration of the intra-state assets based on the APTEL Judgment dated 12.04.2024
3. Review of the non-consideration of assets whose COD and Capital Cost had not firmed up at the time of the proceedings in the Petition
4. Recovery of Transmission Charges of 400/220/66 kV GIS Pooling Sub-Station Wangtoo (Sherpa Colony) pursuant to issuance of CERC Order in  
Petition No. 38/MP/2023

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HPPTCL, Shimla-5

5. Recovery of Transmission Charges of 33/220 kV GIS Sub-station at Karian and 220 kV Transmission Line from Karian Sub-station-Chamera II Pooling Station
6. Review of the Funding of Assets
7. Review of the Determination of Transmission Charges for Short Term Open Access Consumers

*In addition to non-consideration of Charor-Banala Transmission lines alongwith associated assets(Issue-2), 400/220/66 kV GIS Pooling Sub-Station Wangtoo (Sherpa Colony) pursuant to issuance of CERC Order in Petition No. 38/MP/2023(Issue-4) & 33/220 kV GIS Sub-station at Karian along with associated 220 kV Transmission Line(Issue-5) as intrastate, it is submitted that HPPTCL vide letter dated 02.07.2024 has submitted recommendation for certification of following assets as interstate based on Regulation 93 of CERC(Terms and Conditions of Tariff) Regulations,2024.*

- (a) 220kV D/C Bajoli Holi-Lahal Transmission Line
- (b) 220/33kV portion of 33/220/400kV Lahal Substation along with 220kV Lahal-Budhil Transmission line
- (c) 400/220kV portion of 33/220/400kV Lahal Substation along with 400kV Lahal-Chamera Transmission line

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*However, on account of non-finalisation of guidelines/methodology by CEA in said matter as on date, HPPTCL being Transmission Utility in the State of H.P. is facing difficulty to sustain its operations due to non-realization of approved assets. Therefore, it is humbly prayed before Commission that said assets as referred above may also be considered in intrastate pool of Transmission Charges for 5<sup>th</sup> MYT Period.*

### **Issue 1: Review of the Rate of RoE and Income Tax**

**8.2.** The Hon'ble Commission has dealt with this aspect in the order dated 22.01.2025 as under: -

*"6.8.1 Regulation 35 of the HPERC MYT Transmission Regulations, 2023 provides as under:*

*"(1) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:*

*Provided that assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Transmission Licensee as per book value shall be considered as perpetual and shall be used for computation in this Regulation: Provided, that accumulated depreciation, over and above debt repayment, shall be used to reduce the equity*

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35  
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HPPTCL, Shimla-5

*base for return on equity after debt repayment is over.*

*(2) The return on the equity invested in working capital shall be allowed from the date of start of commercial operation.*

*(3) Transmission Licensee shall be allowed 14% post-tax return on equity.*

*6.8.2 Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the transmission system;"*

*6.8.3 Accordingly, the Commission has computed the Return on Equity in accordance with the approved Opening, Addition and Closing Equity as shown in Para 6.8 above.*

*6.8.4 The Commission has considered rate of return @14.00% for approval of RoE for the Fifth Control Period."*

**8.3.** It is submitted that the Hon'ble Commission has wrongly considered the base rate of RoE as 14% instead of 14.5% as per Regulation 34 of HPERC

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36  
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Tariff Regulations, 2023. Further, the Hon'ble Commission has not considered any income tax on the RoE approved. The relevant clauses of the HPERC Transmission Tariff Regulations, 2023(**Annexure-2**) are reproduced below:

*"34. Return on Equity Capital.- (1) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:*

...

*(3) Transmission Licensee shall be allowed 14.5% post-tax return on equity:*

*Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the transmission system.*

35. Tax on Return on Equity.- (1) **Income tax for Transmission Licensee for the regulated business shall be allowed on Return on Equity,** through the tariff charged to the Beneficiary/ies, subject to the conditions stipulated in Regulation 34 of these Regulations:

*Provided that no Income Tax shall be considered on the amount of efficiency gains and incentive*

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General Manager (C&D)  
HPPTCL, Shimla-5

*approved by the Commission, irrespective of whether or not the amount of such efficiency gains and incentive are billed separately:*

*Provided further that no Income Tax shall be considered on the income from any source that has not been considered for computing the Aggregate Revenue Requirement:*

*Provided further that the deferred tax liability attributable to the regulated business, only before 31st March, 2024 shall be allowed by the Commission, whenever they get materialised, after prudence check.*

*(2) Income tax, if any, on the licensed business of the Transmission Licensee shall be treated as expense and shall be recoverable from consumers through tariff. However, tax on any income other than that through its licensed business shall not be a pass through, and it shall be payable by the Transmission Licensee itself.*

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

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

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38  
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HPPTCL, Shimla-5

consumers.

- (4) The Income Tax actually payable or paid shall be included in the ARR. The actual assessment of Income Tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.
- (5) Tax on income, if any, liable to be paid shall be limited to tax on Return on Equity. However, any tax liability on incentives due to improved performance shall not be considered.”

**[Emphasis Added]**

8.4. The Petitioner humbly submits that the Petitioner had claimed income tax at the rate of 23.83% in accordance with the above Regulation, however, the Commission has not allowed the same without assigning any reasons. The Petitioner humbly requests the Hon'ble Commission to allow the same.

8.5. In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., error apparent on the face of the record. The Petitioner therefore humbly request to allow review of the same and approve the RoE and Income Tax based on the HPERC Transmission Tariff Regulations, 2023.

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**Issue 2: Review of the non-consideration of the intra-state assets on account of the HPERC Judgement dated 23.01.2025 issued in Petition No. 46/2021 in pursuance to APTEL Judgment dated 12.04.2024**

**8.6.** The Hon'ble Commission has dealt with this aspect in the order dated 22.01.2025 as under:

*“• To enable evacuation of power in the Parvati Valley while optimizing corridor usage, a 132 kV D/C line is proposed.*

*• This line will accommodate the power capacity of existing Small and Medium Hydro Projects in the valley, along with additional hydro capacity planned.*

*• The Commission, in its Order dated August 12, 2021, has classified the associated Asset i.e. Charor-Banala Transmission Line as Inter-state. However, the Hon'ble CERC in its Order dated 04.05.2023 has not considered the Charor- Banala Asset as Inter-State. Thereafter, this Commission vide Order dated 12.04.2024 had given direction to the Petitioner to recover the complete ARR from the direct beneficiary(ies) of the system which at the present is M/s Everest Power Pvt. Ltd. only. This decision of the Commission was challenged by M/s Everest Power Pvt. Ltd. in the Hon'ble Appellate Tribunal for*

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40  
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*Electricity. The Hon'ble APTEL in its judgement dated 27.08.2024 has remanded back the matter to the Commission to consider it afresh. Accordingly, this issue of mode of recovery of the transmission charges is under adjudication with the Commission. Therefore, till the disposal of the matter, the Commission will not classify this asset for the purpose of pooling mechanism and will also not include it in the projected ARR of the Fifth control period.*

*•The Commission is of the view that the Petitioner may proceed with the work. However, the Petitioner must ensure that it executes the LTA/MTOA agreement with the system beneficiaries. Thereafter, the Commission will decide it separately in case a suitable Petition is filed by the Petitioner specific to the Project at an appropriate time.*

*”*

**8.7.** The Commission on account of the above has not considered the following assets while determining the year wise transmission tariff for the 5<sup>th</sup> control period:

1. 220kV D/C Charor-Banala Transmission line.
2. Construction of 33/132kV Pooling Substation at Barsaini.
3. 220/132kV Charor (ADB funded) along with

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Addl. 220/33kV Transformer at Charor (GEC-I funded).

4. 132kV D/C Barsaini-Charor Transmission line.

**8.8.** Subsequently, the Petition has already been decided by the Hon'ble State Commission vide its Order dated 23.01.2025(**Annexure-3**) wherein it has ruled as under: -

*"86. In view of the above, the Petitioner has not been able to establish on record that the Petitioner is not liable to pay the transmission charges for the entire capacity of the transmission line i.e. 289 MW or that the Petitioner is liable to pay the transmission charges for 86 MW upto 12.07.2024 and 80 MW from 13.07.2024 onwards from its project i.e. Malana-II HEP. Similarly, the Petitioner has not been able to establish on record that the provisional bills dated 14.08.2021, 01.10.2021 and 08.11.2021 demanding the transmission charges for the entire capacity of the transmission line i.e. 289 MW and subsequent bills and disconnection notice dated 11.08.2023 are also illegal and null and void. The Petitioner has also not been able to establish on record that the minutes of meeting held on 21.10.2021 are also wrong and illegal. Point No. 1 is accordingly decided against the Petitioner.*

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42  
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*We also direct the HPPTCL/ Respondent to sign the transmission service agreements with all those power producers to whom the system/ transmission line was conceived and their projects have been commissioned/ under construction as per the detail appended to the tariff order dated 12.08.2021 in Petition No. 97 of 2020 so that the transmission charges are shared accordingly. The file after needful be consigned to the records."*

**8.9.** As per the above, the assets have been considered as Intra-State and therefore it is humbly requested that the Hon'ble Commission may kindly revise the Transmission charges approved for the fifth control period after factoring in the transmission charges of these assets.

**8.10.** The Petitioner humbly requests the Hon'ble Commission that the impact of the above four transmission asset is considerable and therefore delayed recovery of these charges shall severely impact the financial position of the Petitioner and therefore the review may kindly be allowed.

**8.11.** In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., Upon the

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43/  
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discovery of new and important matter of 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 direction, decision or order was passed. The Petitioner therefore humbly request to allow review of the same and approve the funding as claimed in the Petition considering the relevant documentary evidence submitted.

**Issue 3: Review of the non-consideration of assets whose COD and Capital Cost had not firmed up at the time of the proceedings in the Petition**

**8.12.** The Hon'ble Commission has dealt with this aspect in the order dated 22.01.2025 as under:

*"5.6.5.33 Schemes proposed but not considered by the Petitioner in the ARR of Fifth Control Period: Out of the 38 schemes proposed by the Petitioner for the Fifth Control Period, the Petitioner has not provided corresponding detailed estimates for CAPEX or capitalization for the below mentioned works. The Petitioner has indicated that the expected Commercial Operation Date (COD) and the funding agencies for these works are still to be finalized. As a result, the necessary financial details for inclusion of the same in the tariff computation are currently unavailable. Accordingly, the Commission has decided not to*

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*consider these two works for CAPEX and capitalization approval in this Tariff Order.*

- a) Construction of 220/33 kV, 2x50/63 MVA Majholi along with 220 kV Transmission line from Uperla Nangal to Majholi for Medical Devices Park (MDP) at Nalagarh*
- b) Additional 220/132 kV, 200 MVA Transformer bank at Kala Amb Sub-station at Andheri”*

**8.13.** The details of 2 No. Schemes i.e. Construction of 220/33 kV, 2x50/63 MVA Majholi along with 220 kV Transmission line from Uperla Nangal to Majholi for Medical Devices Park (MDP) at Nalagarh & Additional 220/132 kV, 200 MVA Transformer bank at Kala Amb Sub-station at Andheri are enclosed as **Annexure-4**. The Hon’ble Commission is humbly requested to consider the same.

**Issue 4: Recovery of 440/220/66 kV GIS Pooling Sub-Station Wangtoo (Sherpa Colony) based on the CERC Order in Petition No. 38/MP/2023**

**8.14.** The Hon’ble Commission has dealt with this aspect in the order dated 22.01.2025 as under:

*“6.4.2 For determining the Opening Gross Fixed Assets (GFA), the Commission has considered existing*

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*and proposed assets as part of Intra-state transmission network as detailed below:*

...

*C. Schemes commissioned but not approved: The Commission notes that the schemes commissioned but not approved will undergo a separate review process. At this stage, the Commission has not included such projects in the projected ARR of the Fifth control period.”*

**8.15.** Subsequently, CERC vide its Order dated 20.03.2025 in Petition No. 38/MP/2023 (**Annexure-5**) has ruled as under:

*“41. We observe that the instant substation was planned to evacuate the power of intra-State generating stations and draw/injection of HPSEBL. As recorded in minutes and submitted by CTUIL, it was Petitioner’s proposal to construct the substation as an intra-State transmission system for which it had tied up ADB funding. We observe that Petitioner has developed 9 bays under 400 kV, and interconnecting 400 kV transmission lines provides an evacuation path to intra-State generating stations. Further, as per HPERC analysis, the maximum capacity that can be*

*handled by Wangtoo 400/220 kV substation is 315 MVA with n-1 contingency condition, and HSEBL has*

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46  
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already utilized approx. 316 MW of peak power from Wangtoo substation. We note that Petitioner has developed the instant substation as an intra-State transmission system with intra-State generating stations as its beneficiaries and does not qualify as inter-State transmission system. We do not agree with Petitioner's contention that the substation should be recovered under POC since actual power flow from three HEPs-Karcham Wangtoo/ Baspa/ Naphtha Jhakri may flow on an inter-state basis through the Subject Asset. We observe that load flow varies in a transmission system on a continuous basis depending on the load-generation balance scenarios. A transmission system planned as an intra-State transmission system cannot be termed as inter-State for one month and then intra-State for another month. There are cases where intrastate power flows through inter-State lines where such inter-State lines cannot be declared as intra-State. **Since the network is meshed, it is not appropriate to identify an intra-State transmission system as inter-State and levy its transmission charges on beneficiaries of other States. We are of the considered opinion that the instant substation cannot be included for the sharing of transmission charges under the 2020 Sharing Regulations, and such charges cannot be levied on**

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*beneficiaries on an all India basis. In view of the above, discussions, the prayers of the Petitioner cannot be acceded to.” (Emphasis Provided)*

8.16. In view of the above decision of Hon’ble CERC, the Petitioner humbly requests the Hon’ble Commission to consider the same as the part of the Intra-State Transmission Assets and allow the Petitioner to recover transmission charges approved by the Hon’ble Commission for FY 2023-24 till further orders.

8.17. The Petitioner humbly requests the Hon’ble Commission that the impact of the above transmission asset is considerable and therefore delayed recovery of these charges shall severely impact the financial position of the Petitioner and therefore the review may kindly be allowed.

8.18. In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., discovery of new and important matter of evidence which, after the exercise of due diligence. The Petitioner therefore humbly request to allow review of the same and approve the recovery of Tariff for the abovementioned assets.

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48  
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**Issue 5: Recovery of 33/220 GIS Sub-station at Karian and 220 kV Transmission Line from Karian Sub-station to Chamera II Pooling Station based on the Order in Petition No. 11 of 2025**

**8.19.** The Hon'ble Commission has dealt with this aspect in the order dated 28.04.2025(**Annexure-6**) issued in Petition No. 11/2025 as under:

*"52. In view of the aforesaid discussions and findings, the Petition partly succeeded and partly allowed. The Respondent is directed to pay the transmission charges for both the Assets for the period from 01.04.2020 to 31.03.2024 and for the period from COD to 31.03.2020 in respect of 33/220 kV, 50/63 MVA GIS Karian Substation (Asset-1) in accordance with this Commission's Order dated 01.11.2021 in Petition No. 98/ 2020 to the Petitioner, as per the provisions of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time. However, in case the Petitioner has signed the Transmission Service Agreements with the other beneficiaries of the transmission system, such charges shall be recovered from the Respondent and the beneficiaries of the system as per Regulations.*

*53. However, the Petition for allowing recovery of transmission charges for the period prior to*

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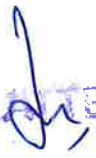
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*01.04.2019 for Asset-1, recovery of balance half of transmission charges for Asset-2 for the period 01.04.2019 to 31.03.2020 and for allowing carrying cost is dismissed. “*

**8.20.** In view of the above decision of the Hon'ble Commission, the Petitioner humbly requests the Hon'ble Commission to consider the same as the part of the Intra-State Transmission Assets and allow the Petitioner to recover transmission charges approved by Hon'ble Commission for FY 2023-24 till further orders.

**8.21.** The Petitioner humbly requests the Hon'ble Commission that the impact of the above transmission asset is considerable and therefore delayed recovery of these charges shall severely impact the financial position of the Petitioner and therefore the review may kindly be allowed.

**8.22.** In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., discovery of new and important matter of evidence which, after the exercise of due diligence. The Petitioner therefore humbly request to allow review of the same and approve the recovery of Tariff for the

  
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abovementioned assets.

## **Issue 6: Review of the Funding of Assets**

**8.23.** The Hon'ble Commission has dealt with this aspect in the order dated 22.01.2025 as under:

***“I. Himachal Hydro Power and Renewable Power Development Programme (to be funded by World Bank):***

...

*5.6.5.4 The Commission is of the firm view that the GoHP cannot change the status of Grant into equity as the GoHP has received 90% of the Capital as grant from the GoI since Himachal Pradesh is a special category State. Therefore, for the purpose of assessing the funding pattern with respect to schemes funded by the World Bank, the Commission after reducing the amount of grant from the total approved capital cost, has considered debt:equity ratio as 70% debt and 30% equity for the balance amount in line with Regulation 31(2)(b) of the HPERC Tariff Regulations, 2023 which specify the following:*

*“(b)the debt:equity ratio shall be considered in accordance with Regulation 32, after deducting the amount of financial support received;”*

*5.6.5.5 Based on the said regulation, the Commission*

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*has evaluated 72% of the total funding as a grant (i.e., 90% of 80%). The remaining project cost has been structured as a typical financing mix, with 70% funded through debt and 30% through equity contributions.*

...

***II. Green Energy Corridor Phase II (to be funded under loan from Domestic Funding and grant in the form of Central Financial Assistance from MNRE, GoI):***

...

*5.6.5.9 The Petitioner shall receive grant to the tune of 33% of the total cost as Central Financial Assistance (CFA) from the Government of India under this Scheme. To cover the remaining project costs, the Petitioner has the option to avail debt financing from recognized financial institutions such as the Rural Electrification Corporation (REC) and the Power Finance Corporation (PFC). This arrangement enables the project to leverage external funding sources to meet its financial requirements effectively. For the remaining 67% of the funding that is not covered by the CFA, the Petitioner had initially considered the standard 70:30 ratio as debt equity for meeting the financing of the Scheme. However, during the Technical Validation Session, the Petitioner clarified that this remaining 67% of funding shall be in*

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5  
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*accordance with the lending norms of the financial institutions namely, REC and PFC, which prescribes for a ratio of 90% debt and 10% equity. Accordingly, the Commission has finalized distribution of the remaining 67% of the funding with 90:10 debt-equity ratio.*

...

### ***III. Funding through Deposit Works***

...

*5.6.5.15 The Commission in the current MYT Petition accepts the funding pattern of the schemes provided by the Petitioner funded through Deposit subject to scrutiny at the time of truing up.*

...

### ***IV. Domestic Funding***

...

*5.6.5.19 During the Technical Validation Session, the Petitioner informed that the domestic funded projects are proposed to be financed through Equity provided by the Government of Himachal Pradesh (GoHP) and loan raised from Rural Electrification Corporation Limited (REC). For the total project, the Petitioner stated that the equity component of 10% is proposed to be met through GoHP's equity and the loan component of 90% through REC funding. Accordingly, the*

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*Commission has accepted the Petitioner submission with regard to the funding pattern of the domestically funded schemes.*

...

#### ***V. Asian Development Bank***

...

*5.6.5.25 The Commission has provisionally considered the capital availed from the GoHP under the ADB scheme as 90% grant and 10% debt. Further, after reducing such amount of grant from the total approved capital cost, the Commission has considered debt:equity ratio as 70% debt and 30% equity for the balance amount in line with Regulation 31(2)(b) of the HPERC Tariff Regulations, 2023 which specify the following:*

*“(b)the debt:equity ratio shall be considered in accordance with Regulation 32, after deducting the amount of financial support received;”*

*5.6.5.26 Based on this restructuring, the Commission has evaluated 67.5% of the total funding as a grant (i.e., 90% of 75%), with the balance classified in a 70:30 debt-equity structure.*

...

#### ***VI. KfW funded projects***

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54  
  
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5.6.5.29 Based on the documents submitted, the Commission observes that the project is proposed to be funded through HPPTCL's Internal Resources (IR), grant from the National Clean Energy Fund (NCEF), and soft loan from KfW. The financing of the scheme proposed by the Petitioner has been in the ratio of 20:40:40. The equity component (20%) is planned to be financed through Internal Resources (IR), while the loan component (40%) is proposed to be sourced through the KfW and the grant component (40%) is to be funded by NCEF.

5.6.5.30 The KfW funding is classified as an externally aided project, which is similar to the other multilateral funding agencies like ADB etc as discussed above in this Order. The funds are made available through GoI, which are first routed to the GoHP and thereafter to the Petitioner. HP being a special category State, 90% of the funding is available as grant and the remaining 10% as loan to the State Government. However, the GoHP has extended the grant component also as loan to the Petitioner. The Commission is of the firm view that the GoHP cannot change the funding pattern as sourced from GoI. Accordingly, for computing the funding of schemes financed through KfW, the Commission has considered the grant component to be 76% of the total project cost, comprising of 40% grant

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*from NCEF and the remaining 36 % (90% of the 40%) of KfW funds. The treatment of the remaining 24% of the funding has been considered as per the regulatory guideline of a 70:30 debt-equity ratio, with 70% raised as debt and 30% contributed as equity.*

... ”

**8.24.** The Hon'ble Commission has not considered the funding of Assets claimed in the Capitalisation Plan in line with the Debt: Equity Ratio as per the Original Scheme documents/ loan agreements between HPPTCL and the GoHP. The Summary of the Funding of different Schemes considered in the Capitalisation Plan as claimed by HPPTCL and as approved by the Hon'ble Commission is summarised below:

| <b>Scheme Name</b> | <b>Debt: Equity: Grant Claimed</b> | <b>Debt: Equity: Grant Approved</b>                       |
|--------------------|------------------------------------|-----------------------------------------------------------|
| World Bank         | 70%:30%:0%                         | 19.6%:8.4%:72                                             |
| GEC Phase II       | 47%:20%:33%                        | 60.3%:6.7%:33%                                            |
| Deposit Works      | Project Specific                   | Approved as claimed in Technical Validation Session (TVS) |
| Domestic Funding   | 90%:10%:0%                         | 90%:10%:0%                                                |
| ADB                | 80%:20%:0%                         | 22.75%:9.75%:67.5%                                        |
| KfW                | 40%:20%:40%                        | 16.8%:7.2%:76%                                            |

**8.25.** Further, as regards the loan amount of the existing

projects as on 31.3.2024, the Hon'ble Commission has dealt as under:

*"6.4 Opening Gross Fixed Assets*

...

*B. HPERC approved schemes: For schemes that have been approved, the Commission has considered the Closing GFA, Loan, Equity, and Grants as of March 31, 2024, in accordance with the capex orders of the respective transmission assets. The following assets have been considered as part of Intra-state transmission assets and details are presented in the table below:*

...

*The total closing debt for all HPERC-approved Intra-state transmission lines amounts to ₹200.14 crores. As of March 31, 2024, ₹119.75 crores of the total debt was funded through ADB. In line with the loan restructuring plan, the GoHP vide letter dated 04.03.2023 has conveyed approval for restructuring of the ADB loan as 80% of disbursed loan to be converted into interest free loan, 10% of disbursed loan to be kept as interest bearing loan @10% and remaining 10% of disbursed loan to be converted to equity. It is observed that as per the GoHP letter, while partial relief has been provided to the consumers but relaxation of interest on 80% of the loan amount, the entire terms*

*and conditions have not been adopted resulting in additional equity consideration towards the project. The Commission is of the considered view that the debt equity considered against each scheme during the funding stage should be retained and necessary conversion as per the special category status of the State should be continued.*

*Accordingly, the Commission has considered 90% of loans as grants and the remaining amount of multilateral funding has been considered for the purpose of calculating the opening loan balance as per the Regulations.*

*... ”*

**a) ADB Loan**

**8.26.** It is submitted that the Petitioner, vide its Letter No. HPPTCL/C&M/HPERC Correspondence/207413 dated 19.06.2023 had apprised the Hon'ble Commission regarding the Restructuring of ADB loan and provided the GoHP approval letter dated 04.03.2023. The Petitioner had further apprised the Hon'ble Commission about the revised "On-lending Agreement" signed by the Petitioner with GoHP on dated 04.07.2024 regarding the restructuring of ADB loans along with its terms & conditions in its Letter No. HPPTCL/C&M/HPERC Correspondence/5646-53

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58  
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dated 08.08.2024 (**Annexure-7**).

**8.27.** The Hon'ble Commission, taking into cognisance of the revised terms of the on-lending agreement vide its Interim Order dated 19.07.2023 in Petition No. 41 of 2023 (**Annexure-8**) had even directed the Petitioner to restructure the loan received from KfW in line with the restructured loan agreement with ADB. Hon'ble Commission, however, while computing the annual transmission charges in the Order in Petition No. 116 of 2024 (Petition for approval of Capital Cost and determination of tariff for 4th Control Period from CoD to FY 2023-24 for 66/22 kV Substation Nirmand (Bagipul) (Asset-1) and 66 kV D/C Nirmand – Kotla Transmission Line (Asset-2)) has not considered the terms of debt as per the Restructuring of ADB loan which it had directed to be emulated in case of KfW vide its interim order dated 19.07.2023.

**8.28.** The Petitioner humbly submits that in compliance to the directions of the Hon'ble Commission, HPPTCL has already written to the GoHP for revision in the terms. A copy of the letter dated 12.08.2024 is attached herewith as **Annexure-9**. Further, GoHP has issued a letter dated 12.12.2024 to Hon'ble HPERC to review the Orders and consider the Terms of Financing of Transmission Projects being developed by H.P. Power Transmission Corporation Ltd. (HPPTCL) through

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59  
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multilateral agencies in line with the "On Lending Agreement" executed between the Government of Himachal Pradesh and H.P. Power Transmission Corporation Ltd. (HPPTCL) while determining the transmission tariff of such Transmission Projects (Annexure-10).

8.29. It is further submitted that the Petitioner has to repay its debt as per the terms of revised on-lending agreement and if such costs are not included in the transmission charges, HPPTCL will not be able to discharge its liabilities which includes debt repayment, financial charges and upkeep of its transmission assets. The approach adopted by the Hon'ble Commission is in contravention to the terms of loan as per the Agreement dated 04.07.2024 and has caused grave prejudice to the financial health of HPPTCL. If the transmission charges approved by Hon'ble Commission do not include the liability to be discharged, it is apprehended that it will severely affect the credit rating of the company which will further increase the cost of future fundings.

8.30. The terms and conditions of the loan provided as per the "On-lending Agreement" between GoHP and HPPTCL dated 04.07.2024 is re-iterated as below:

"...

*Rate of interest shall be 10% per annum for 10% of all*

*disbursements.*

*Interest on 10% of the total disbursed amount shall start immediately from the date of disbursement which shall be payable by HPPTCL to GoHP.*

*10% of all disbursement shall be infused as equity by GoHP.*

*80% of all disbursement shall be interest free loan*

*... ”*

**8.31.** It is quite evident from the revised on-lending agreement that out of the total loan disbursements, 80% of the loan has been transferred by GoHP as interest free loan however, the same needs to be paid back. 10% of the loan is to be converted to equity and the balance 10% of the debt is to be repaid along with 10% rate of interest.

**8.32.** It is further submitted that HPPTCL has executed the Agreement with GoHP and therefore it is bound by the contract.

**8.33.** It is further submitted that non consideration of actual loan terms is not in accordance with Regulations 31 and 36 (1) of the HPERC Transmission Tariff Regulations, 2023, which as specifies as follows:

*“31. Debt-equity ratio.- For a Capital Investment Scheme declared under commercial operation on or*

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after 1st April, 2024, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission, after prudence check for determination of Tariff:

Provided that the Transmission Licensee shall substantiate such investment of equity and debt through documentary evidence:

Provided further that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Transmission Licensee for determination of tariff:

Provided further that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of tariff:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

...

36. Interest on Loan Capital.- (1) The Transmission Licensee shall provide detailed loanwise, project-wise and utilization-wise details of all the pending loans.

...

(7) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan

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62  
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*portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures:*

*Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable:*

*Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest:*

**Provided further that exception shall be made for the existing loans which may have different terms as per the agreements already executed, if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.”**

8.34. Hence, the Petitioner humbly requests the Hon'ble Commission to reconsider the approach and revise the cost of funding based on the restructured loan agreement dated 04.07.2024 as considering 90% of the loan as grant shall severely affect the finances of the Petitioner, since the Petitioner is bound by the “On-lending Agreement” to pay 10% interest on 10% of the loan disbursement and has to also repay 80% of the loan. It is also submitted that the interest accrued till 31.12.2021 as per the original on-lending agreements

 A blue ink stamp of a Notary Public. It features a stylized signature at the top, followed by the word "TESTED" in a bold, sans-serif font. Below this, the text "NOTARY PUBLIC" and "Shimla H.P. INDIA" is printed in a smaller, sans-serif font.

53  
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HPPTCL, Shimla-5

has to be paid by HPPTCL to the Government as per the conditions of the restructuring.

**8.35.** It is humbly submitted that by considering grant at 90% of the Debt, Hon'ble Commission has also reduced the equity component leading to double impact on the Petitioner.

**8.36** In addition to the above, it is humbly submitted that some of the assets that were initially envisioned to be funded under ADB Tranche- III, had to be alternatively funded through HP State Co-operative Bank due to uncontrollable delay in execution of works beyond the Tranche closure date of 29.09.2021. List of said assets is as under: -

- (a) 400 kV D/C Transmission Line from Lahal to Chamera
- (b) 220 kV D/C Transmission Line from Bajoli Holi to Lahal
- (c) 132kV D/C Transmission Line from Barsaini to Charor
- (d) 132 kV LILO of Kurthala-Bathri Transmission line at Mazra
- (e) 66 kV D/C Nirmand(Bagipul)-Kotla Transmission Line
- (f) 220/132kV, 2x80/100MVA Substation at Mazra
- (g) 33/132 kV 2x31.5MVA GIS Sub-station at

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Shimla H.P. INDIA

64  
  
General Manager (C&D)  
HPPTCL, Shimla-5

Barsaini

- (h) 220/66 kV, 2x50/63 MVA Substation at Gumma,  
Distt. Shimla
- (i) 220/132 kV, 80/100 MVA, Substation Charor,  
Distt. Kullu
- (j) 220/132 kV, 2x80/100 MVA, Substation at Sunda,  
Distt. Shimla
- (k) 66/22 kV Substation, 25 MVA at Bagipul, Dist.  
Kullu
- (l) Augmentation of existing 220/132 Kangoo S/s  
and stringing of 2nd circuit of 220kV S/C TL on  
D/C towers from Dehar to Kangoo
- (m) Supply, Testing, Installation and commissioning  
of Joint Control Center for remote operation and  
control of Sub-stations of HPPTCL.
- (n) Residential quarters at Wangtoo Sub-station
- (o) Residential quarters at Chambi Sub-station
- (p) Residential quarters at Charor Sub-station

**8.36.** During the time of closure of ADB Tranche-III loan as some of the projects were under construction stage, in order to complete balance works DPR was prepared for total project cost of Rs 196.19 Crores for completion of Spill Over Works of Himachal Pradesh Clean Energy Transmission Investment Programme

  
NOTARY PUBLIC  
SHIMLA H.P. INDIA

65  
General Manager (C&D)  
HPPTCL, Shimla-5

(HPCETIP) for financing of 90% of DPR cost i.e Rs 176.57 Crores against total fund requirement of Rs 158.61 Crores excluding DC, IDC, contingency, Labor cess & GST etc.

**8.37.** The matter for arranging the said funds was taken up with GoHP and it was advised vide GoHP letter dated 06.08.2021 to arrange the funds from open market without Government guarantee. Accordingly, the said matter for arranging the funds to meet said expenses from domestic financial institutions at competitive rate of interest towards Spill Over Works of HPCETIP against collateral security was placed for approval in 56<sup>th</sup> BOD Meeting and same was approved.

**8.38.** After completion of various codal formalities, the loan amounting to Rs 176.57 Crores was tied up with HP State Co-operative Bank (HPSCB) and the Bank sanctioned the same on 02.01.2024 w.r.t HPPTCL Application dated 11.10.2023.

**8.39.** As per requirement of sanction issued in favour of HPPTCL for the said term loan, the matter was processed vide letter dated 05.02.2024 for mortgage deed of 400/220/66kV Gumma for availing the loan. Initially, HPSCB was requested vide letter dated 20.01.2024 to waive off the condition of insurance of Plant and Machinery Offer as Collateral Security against Sanction term loan and further allow drawl of

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66  
General Manager (C&D)  
HPPTCL, Shimla-5

loan. However, HPSCB vide letter dated 09.02.2024 did not waive off the same. HPPTCL vide letter dated 18.09.2024 submitted the requisite documents alongwith mortgage deed and insurance copy for availing said loan. Finally, HPPTCL vide letter dated 29.10.2024 requested HPSCB for release of Rs 106.57 Crores in HPPTCL account against term loan of Rs 176.57 Crores.

**8.40.** HPPTCL has to service this loan as per terms & conditions of Agreement executed between HPPTCL and HP State Co-operative Bank and therefore the Petitioner requests the Hon'ble Commission to consider the same while determining the transmission charges. Supporting documents in support of above are enclosed as **Annexure-11**.

***8.40.01 The review of the Order dated 22.01.2025 has been sought on account of the error apparent on the face of the record, in terms of the following:***

***That, the Hon'ble HPERC vide its order dated 22.01.2025 in Petition No. 30/2024 has held vide Paras:***

***"Para 5.6.5.23 As per the terms and conditions of the loan, 75% of the total project cost is funded by the Asian Development Bank and the remaining 25%***

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67  
General Manager (C&D)  
HPPTCL, Shimla-5

*would be available as Equity. Subsequently, the GoHP has amended the terms and conditions of the financial assistance for extending it to the HPPTCL. While the entire multilateral funds were received by the State in the ratio of 90% grant and 10% loan from the Govt. of India but the same was extended by GoHP to the Petitioner as loan carrying interest rate of 10% per annum.*

*Para 5.6.5.24 The Commission, in its previous Orders, had directed the Petitioner to re-negotiate with GoHP and align the terms and conditions of the Loan Agreements in line with the tripartite agreement among Govt. of HP, ADB and HPPTCL. In compliance, the Petitioner has provided a GoHP letter dated 04.03.2023 where the GoHP has conveyed approval for restructuring of the ADB loan as 80% of disbursed loan to be converted into interest free loan, 10% of disbursed loan to be kept as interest bearing loan @10% and remaining 10% of disbursed loan to be converted to equity. It is observed that as per the GoHP letter, while partial relief has been provided to the consumers but relaxation of interest on 80% of the loan amount, the entire terms and conditions have not been adopted.*

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68  
  
General Manager (C&D)  
HPPTCL, Shimla-5

*Para 5.6.5.25 The Commission has provisionally considered the capital availed from the GoHP under the ADB scheme as 90% grant and 10% debt. Further, after reducing such amount of grant from the total approved capital cost, the Commission has considered debt:equity ratio as 70% debt and 30% equity for the balance amount in line with Regulation 31(2)(b) of the HPERC Tariff Regulations, 2023 which specify the following: “(b)the debt:equity ratio shall be considered in accordance with Regulation 32, after deducting the amount of financial support received;*

*Para 5.6.5.26 Based on this restructuring, the Commission has evaluated 67.5% of the total funding as a grant (i.e., 90% of 75%), with the balance classified in a 70:30 debt-equity structure.*

*Para 7.6.2 In its previous Orders, the Commission had directed the Petitioner to renegotiate the terms of the loan with GoHP to align them with the tripartite agreement between the Government of Himachal Pradesh, ADB and HPPTCL. In response, the Petitioner submitted that GoHP, through a letter dated 04.03.2023, approved the restructuring of the ADB loan. As per this restructuring, 80% of the disbursed loan would be converted into an interest-*

  
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Shimla H.P. INDIA

59  
  
General Manager (C&D)  
HPPTCL, Shimla-5

*free loan, 10% would remain as an interest-bearing loan at 10%, and the remaining 10% would be converted into equity. While the letter from GoHP provides some relief by converting the majority of the loan into an interest-free amount, but the complete terms and conditions, as outlined in the tripartite agreement, have not been fully implemented. This has led to additional equity requirements for the project. The Commission is of the view that the GoHP cannot use the grant money given by the GoI to GoHP for earning any profit/ return on this capital. This grant has been given to the HP, being a special category State and the hardship being faced by the people of the State due to difficult terrain etc. The Commission believes that the debt-equity ratio established at the time of funding each scheme should be maintained, reflecting the special category status of the State.”*

*That the said observation/order of the Hon'ble HPERC is in complete variance to the HPERC Tariff Regulations, 2023 for the reason that the Regulation 30 (1) and 30(2)(b) only refers to the “Consumer Contribution, Deposit Work, Grant and Capital Subsidy”. Therefore, the funds as received by the HPPTCL from the Government of H.P as Loan amount in terms of the On-Lending Agreement(s)*

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NOTARY PUBLIC  
Shimla H.P. INDIA

70  
General Manager (C&D)  
HPPTCL, Shimla-5

*[dated 20.04.2012 at page 451 to 453 of the Review Petition, 03.12.2014 at page 454 to 456 of the Review Petition & 04.07.2024 at page 458 to 467 of the Review Petition- all these agreements are attached collectively at Annexure-9] executed between the Govt. Of H.P & the HPPTCL shall not fall under the said Regulation 30(1) and 30(2)(b) [wrongly stated as Regulation 31(2)(b) in Para 5.6.5.25 of the impugned order dated 22.01.2025 of the Hon'ble HPERC] as it states "the debt to equity ratio shall be considered in accordance with Regulation 31, after deducting the amount of financial support received;". Meaning thereby in the given case of HPPTCL the Loan amount received from the GoHP should not have had been deducted by the Hon'ble Commission while considering the debt to equity ratio in accordance with the Regulation 31 for the purposes of determination of the tariff. Therefore, the order of the Hon'ble Commission treating the Loan received by HPPTCL from the Govt. Of H.P as grant is in divergence to its own regulations which nowhere allows the HPERC to treat the Loan amount as a grant and that too in absence of any such regulation in the said regard.*

*8.40.02 The Hon'ble Commission vide its order dated 22.01.2025 has erred to not take into account*

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H.P. INDIA

*the terms of the initial On-Lending Agreement(s) executed [dated 20.04.2012 at page 451 to 453 of the Review Petition, 03.12.2014 at page 454 to 456 of the Review Petition - all these agreements are attached collectively at Annexure-9] between the GoHP & HPPTCL and also the amended On-Lending Agreement dated 04.07.2024, the copy whereof is already attached collectively at Annexure-9, specifically at page 458 to 467 of the Review Petition.*

*The initial On-Lending Agreement(s) dated 20.04.2012 & 03.12.2014 specifically stipulates the following terms & conditions: -*

*“3. The second party hereby agrees that: -*

- i) Rate of Interest shall be 10% per annum for all disbursements.*
- ii) Interest on 10% of the total disbursed amount will start immediately from the date of disbursement which will be payable by second party to the First Party annually.*
- iii) The Second Party will be given a grace period of 5 years in case of interest on the 90% of the total disbursed amount. Interest on this amount will start immediately at the end of 5th year which will be payable annually thereafter.*

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**Shimla H.P. INDIA**

72  
  
**General Manager (C&D)**  
**HPPTCL, Shimla-5**

*iv) Principal repayment will be made in 15 equal annual installments with a moratorium of 5 years."*

*Further, the restructured On-Lending Agreement(s) specifically stipulates as under: -*

*- "The second party hereby agreed that: -*

- i. Rate of Interest shall be 10% per annum for 10% of all disbursements.*
- ii. Interest on 10% of total disbursed amount shall start immediately from the date of disbursement which will be payable by HPPTCL to the GoHP.*
- iii. 10% of all disbursement shall be infused as equity by GoHP.*
- iv. 80% of all disbursement shall be interest free loan.*
- v. Principal repayment for 90% of total disbursed amount will be made in 15 equal annual instalments with a moratorium period of 5 years.*
- vi. The interest will be repaid as due in January of each financial year. The amount of the interest will be calculated on the above rate and terms up to last day of the preceding month in which the payment is due i.e. 31st December."*

  
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SHIMLA H.P. INDIA

73  
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HPPTCL, Shimla-5

8.40.03 *The Hon'ble Commission also erred to not take into Consideration the terms and conditions of the Loan Agreement(s) executed between the GoI and the ADB more specifically Article III - Use of Proceeds of the Loan under Section 3.01 (b) which is as under:*

*"Subject to the provisions of the FFA, the Borrower shall cause the State to make the proceeds of the Loan available to HPPTCL under an Onlending Agreement on terms and conditions mutually acceptable to ADB. The Borrower shall submit, or cause the State to Submit, the Onlending Agreement to ADB within one month from the Effective Date."*

8.40.04 *The Hon'ble Commission again erred to not acknowledge the terms of the Project Agreement(s) executed between the ADB on the one Part and the State of H.P & HPPTCL on the other part, wherein the terms categorically state that the loan be made available to the State and HPPTCL and the same agree to undertake certain obligations towards the ADB as mentioned in the said Project Agreement(s). Moreso, the Clause 2.13 & 2.14 categorically stated:*

*"Section 2.13 Except as ADB may otherwise agree, the State and HPPTCL shall apply the proceeds of the Loan to the financing of expenditures on the Project*

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74  
General Manager (C&D)  
HPPTCL, Shimla-5

*in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the project.*

*Section 2.14 Except as ADB and the Borrower may otherwise agree, the State and HPPTCL shall duly perform all their obligations under the Onlending Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Onlending Agreement.”*

*The copy of ADB Project Agreement(s) dated 15.12.2011, 29.09.2014 and 16.11.2018 are annexed as Annexure-11/A (Colly) respectively for the kind perusal of this Hon’ble Commission.*

*8.40.05 That the impugned order dated 22.01.2025 passed by the Hon’ble Commission is in complete variance to the material on record as well as the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023 as amended upto date, the Onlending Agreement(s), Loan Agreement(s) and the Project Agreement(s). Keeping into consideration the above, there was no occasion*

*for the Hon'ble Commission to treat the funds as received by the HPPTCL as grant instead of a Loan.*

8.41. In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., error apparent on the face of the record and discovery of new and important matter of evidence which, after the exercise of due diligence. The Petitioner therefore humbly request to allow review of the same and approve the funding as claimed in the Petition considering the relevant documentary evidence submitted.

**b) World Bank Loan**

8.42. The Petitioner would like to submit that as per the Loan Agreement entered between Government of India and the World Bank (**Annexure-12**), the following has been agreed with regard to the Loan and Interest Rates:

*"ARTICLE II — LOAN*

*2.01. The Bank agrees to lend to the Borrower the amount of two hundred million Dollars, (\$200,000,000), as such amount may be converted from time to time*

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Shimla H.P. INDIA

70  
  
General Manager (C&D)  
HPPTCL, Shimla-5

*through a Currency Conversion ("Loan"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").*

*2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.*

*2.03. The **Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.***

*2.04. The **Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.***

*2.05. The **interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.***

*2.06. The **Payment Dates June 15 and December 15 in each year.***

*2.07. The **principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement."***  
***(Emphasis Provided)***

  
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**General Manager (C&D)**  
**HPPTCL, Shimla-5**

The Petitioner would like to submit that as per the Program Agreement entered between World Bank and the State of HP, HPPCL, HPSEBL, HPPTCL, HimUrja and HPSLDC (**Annexure-13**), the following has been agreed: -

“

#### *ARTICLE II-PROGRAM*

*2.01 The Program Implementing Entity and the Implementing Agencies declare their commitment to the objectives of the Program. To this end, the Program Implementing Entity shall and shall cause the Implementing Agencies to carry out the Program in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide and/or cause the Implementing Agencies to provide, promptly as needed, the funds, facilities, services and other resources required for the Program.*

”

8.2. For the fact that HPPTCL is one of the Implementing Agencies alongwith State of Himachal Pradesh being Program Implementing Entity, loan amount received by GoHP was further routed to Implementing

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78  
General Manager (C&D)  
HPPTCL, Shimla-5

Agencies in the State of H.P including HPPTCL. In the said matter, GoHP vide letter dated 20.06.2022(**Annexure-14**) based on the advice from Finance Department, has intimated as under: -

“

*1. The grants received from Government of India under the EAP may be passed on as Equity to the Utilities.*

*2. The Loan received from Government of India under this EAP and the State Share may be given as loan to the Utilities to be returned by them to State Government*

”

**8.1.** Hence, HPPTCL has to service this loan as per terms & conditions of Program Agreement executed between World Bank and the State of HP, HPPCL, HPSEBL, HPPTCL, HimUrja and HPSLDC in addition to GoHP letter dated 20.06.2022 and therefore the Petitioner requests the Hon'ble Commission to consider the same while determining the transmission charges.

**8.2.** In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., error

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NOTARY PUBLIC  
Himachal Pradesh, INDIA

apparent on the face of the record and discovery of new and important matter of evidence which, after the exercise of due diligence. The Petitioner therefore humbly request to allow review of the same and approve the funding as claimed in the Petition considering the relevant documentary evidence submitted.

***8.2.01 The review of the Order dated 22.01.2025 has been sought on account of the error apparent on the face of the record, in terms of the following:***

***That, the Hon'ble HPERC vide its order dated 22.01.2025 in Petition No. 30/2024 has held vide Paras:***

***"Para 5.6.5.4: The Commission is of the firm view that the GoHP cannot change the status of Grant into equity as the GoHP has received 90% of the Capital as grant from the GoI since Himachal Pradesh is a special category State. Therefore, for the purpose of assessing the funding pattern with respect to schemes funded by the World Bank, the Commission after reducing the amount of grant from the total approved capital cost, has considered debt:equity ratio as 70% debt and 30% equity for the balance amount in line with Regulation 31(2)(b) of the HPERC Tariff Regulations, 2023 which specify the following:***

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80  
General Manager (C&D)  
HPPTCL, Shimla-5

*“(b) the debt:equity ratio shall be considered in accordance with Regulation 32, after deducting the amount of financial support received;*

*Para 5.6.5.5: Based on the said regulation, the Commission has evaluated 72% of the total funding as a grant (i.e., 90% of 80%). The remaining project cost has been structured as a typical financing mix, with 70% funded through debt and 30% through equity contributions.”*

*That the said observation/order of the Hon’ble HPERC is in complete variance to the HPERC Tariff Regulations, 2023 for the reason that the Regulation 30 (1) and 30(2)(b) only refers to the “Consumer Contribution, Deposit Work, Grant and Capital Subsidy”. Therefore, the funds as received by the HPPTCL from the Government of H.P in terms of Loan Agreement (Annexure-12); Program Agreement (Annexure-13) and Letter dated 20.06.2022 (Annexure-14) shall not fall under the said Regulation 30 (1) and 30(2)(b) [wrongly stated as Regulation 31(2)(b) in Para 5.6.5.25 of the impugned order dated 22.01.2025 of the Hon’ble HPERC] as it states “the debt to equity ratio shall be considered in accordance with Regulation 31, after deducting the amount of financial support received;”. Meaning thereby in the given case of*

  
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81  
General Manager (C&D)  
HPPTCL, Shimla-5

*HPPTCL the Loan amount received from the GoHP should not have had been deducted by the Hon'ble Commission while considering the debt to equity ratio in accordance with the Regulation 31 for the purposes of determination of the tariff. Therefore, the order of the Hon'ble Commission treating the Loan received by HPPTCL from the Govt. Of H.P as grant is in divergence to its own regulations which nowhere allows the HPERC to treat the Loan amount as a grant and that too in absence of any such regulation in the said regard.*

**c) KfW Loan**

**8.3.** The Petitioner would like to submit that unlike the arrangement of ADB loans, KfW loan is not interest free even for the State Government and therefore the treatment done towards KfW loan is incorrect and needs to be reviewed. A copy of Loan Agreement is attached herewith as **Annexure-15**. The loan agreement between KfW and the Government of India dated 05.10.2015 states that GoI shall channel the Loan in full in accordance with the back-to-back on lending guidelines of the Indian Ministry of Finance, Department of Economic Affairs (DEA), and at the same terms and conditions of this Loan Agreement through the State of Himachal Pradesh to the Project-

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NOTARY PUBLIC  
Shimla H.P. INDIA

Executing Agency. The interest rate shall be at 1.72% per annum as per the abovementioned agreement. The relevant clauses of the Loan Agreement signed between KfW and the Government of India is reproduced as below:

***"Article 1***

***Amount and Purpose of the Loan***

*1.1 KfW will extend to the Borrower a Loan not exceeding a total of...*

*1.2 The Borrower shall channel the Loan in full in accordance with the back-to-back on lending guidelines of the Indian Ministry of Finance, Department of Economic Affairs (DEA), and at the same terms and conditions of this Loan Agreement through the State of Himachal Pradesh to the Project-Executing Agency. The Borrower shall ensure that the Project-Executing Agency uses the Loan exclusively to finance transmission infrastructure for evacuation of additional renewable energy capacity, especially small hydropower for Intra State Transmission System in Himachal Pradesh under the Green Energy Corridors Project (the "Project"). The Project-Executing Agency and KfW shall determine the details of the Project as well as the goods and services to be financed from the Loan in a*

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**SHIMLA H.P. INDIA**

*separate agreement.*

...

### **Article 3**

#### ***Fees and Interest***

3.1 *The Borrower will pay a non-refundable commitment fee of 0.25% p. a. on undisbursed Loan amounts which shall be calculated as follows.*

...

3.5 *The Borrower shall pay interest on the Loan at a rate of 1.72% p.a., ("Fixed Interest Rate"). The rate of interest thus fixed shall be binding for the entire term of the loan."*

8.4. Further, Project Agreement (**Annexure-16**) signed between KfW, State of Himachal Pradesh & HPPTCL state as under-

*"Article 1*

#### ***Purpose of the Loan***

1.1 *The Loan shall be channelled by the Borrower in full through the State of Himachal Pradesh to the Project-Executing Agency in accordance with the conditions set forth in Article 2. The Project-Executing Agency shall use the Loan exclusively to finance transmission infrastructure for*

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Shimla H.P.

84  
General Manager (C&D)  
HPPTCL, Shimla-5

*evacuation of renewable energy capacity, especially small hydro power, for Intra State Transmission System in Himachal Pradesh under the Green Energy Corridors Project ("Project") and primarily to pay the foreign exchange costs. The Project Executing Agency and KfW shall determine the details of the Project and the goods and services to be financed from the Loan by a separate agreement.*

## *Article 2*

### *Channelling of the Loan to the Project-Executing Agency*

*2.1 According to Article 1.2 of the Loan Agreement the Borrower shall channel the Loan in full in accordance with the back-to-back on lending guidelines of the Indian Ministry of Finance, Department of Economic Affairs (DEA), and at the same terms and conditions of the Loan Agreement through the State of Himachal Pradesh to the Project-Executing Agency in accordance with the Borrower's standard arrangements for developmental assistance to the States of India. The State of Himachal Pradesh shall channel the Loan in full and at the same terms and conditions at which it receives the Loan to the Project-Executing Agency. The State of Himachal Pradesh*

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SHIMLA H.P. INDIA

85  
General Manager (C&D)  
HPPTCL, Shimla-5

*will confirm Kfw the terms and conditions under which the funds are passed on to the Project-Executing Agency and of any subsequent change in these arrangements.*

”

8.5. In addition to the above, Separate Agreement & the On-lending agreement have been signed (**Annexure-17**). Whereas On-lending agreement signed between the GoHP and HPPTCL dated 26.11.2016 has the following conditions:

*“i) Rate of Interest shall be 10% per annum for all disbursements.*

*ii) Interest on 10% of the total disbursed amount will start immediately from the date of disbursement which will be payable by second party to the First Party annually.*

*iii) The Second Party will be given a grace period of 5 years in case of interest on the 90% of the total disbursed amount. Interest on this amount will start immediately at the end of 5 year which will be payable annually thereafter.*

*iv) Principal repayment will be made in 15 equal annual installments with a moratorium of 5 years.”*

In addition to above, it is submitted that for the development of Intra State Transmission System under

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Green Energy Corridor project, NCEF Grant is also routed to beneficiary States including State of Himachal Pradesh. MNRE Guidelines for release of Central Financial Grant (**Annexure-18**) is as under: -

“

*a) For under implementation project, 70% (Seventy Percent) of the eligible grant (i.e. 40% of Project DPR Cost or Award of Contract: whichever is less - computed separately for each package) will be released to the State Government designated agency after award of tender as advance of NCEF grant. MNRE will release the funds on receipt of report from CEA and recommendation of PAC, subject to availability of fund.*

*b) Balance 30% will be released after successful commissioning of the project as per the DPR and performance testing of the project which would inter-alia imply operation of the project for three months. A certificate of performance testing to be given by concerned SEB or Transmission Company or independent designated agency such as PGCIL/NPTI or its Regional Office/CEA, etc. will have to be produced to this effect. Second release of 30% of grant amount will be based on following prerequisites:*

*i. Completion of Work.*

87  
General Manager (C&D)  
HPPTCL, Shimla-5

TESTED  
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Shimla H.P. INDIA

- ii. Utilization Certificate (UC)/Statement of Expenditure (SOE) with respect to previous releases.
- iii. Report of Project Appraisal Committee.
- iv. Certificate of synchronization of Grid from designated agency with date of synchronization.

”

Said Guidelines were further revised vide MNRE Letter dated 14.12.2021(**Annexure-19**) and relevant extract regarding same is as under: - “Review of Projects. After a project costing Rs. 100 crore or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rs. 100 crore, it will be at the discretion of the Administrative Ministry/Department to set up a suitable mechanism for review and acceptance of variation within 10% of the approved estimates”

**8.5.01 It is submitted that for the preparation of DPR of GEC-I Schemes, funding was considered on**

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*estimated basis i.e. 40:20:40 (Debt:Equity:Grant) wherein actual funding of the project depends upon the project execution and actual fund available from various sources which may not be necessarily always in line with DPR. Further it is submitted that under GEC-I Scheme, as per MNRE guidelines, HPPTCL is eligible for grant for 11 Nos. transmission assets on the basis of criteria that eligible grant shall be 40% of minimum of DPR cost or Award cost (maximum ceiling up to 110% of original award cost) and not as envisaged in the DPR. The total grant to HPPTCL under GEC-I scheme, is on the basis of said criteria and thus leading to variation w.r.t. that had been envisaged in the DPR. Further since the grant is not received as per requirement of project execution and thus there is variation of grant usage in each transmission asset against eligibility criteria. However consolidated grant under GEC-1 Scheme is being utilized towards the above-mentioned 11 Nos. transmission assets only which form the part of intra-state transmission system of HPPTCL and petitions for the same shall be filed/or have been filed before Hon'ble commission for tariff determination and approval. Thus, the grant is to be allowed on an actual utilization basis at the time of petition filing, rather than as per the approach adopted in earlier*

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SHIMLA H.P. INDIA

82  
General Manager (C&D)  
HPPTCL, Shimla-5

*tariff orders, as said approach of Hon'ble Commission is resulting loss of capitalization/ARR (Aggregate Revenue Requirement) due to reduction in the capital cost.*

*It is further submitted that the grant actually utilized by HPPTCL in respect of a particular GEC-I Scheme may differ from the eligible grant, as part of the grant has been deployed across other GEC-I funded assets in the larger public interest. Accordingly, the actually utilized grant for each of the GEC-I Schemes may be considered, noting that all these transmission assets form part of HPPTCL's intra-state transmission system and the approved ARR towards the same is to be shared among intra-state beneficiaries in accordance with Regulation 45 of the HPERC Transmission Regulations, 2023.*

*8.5.02 Further, the review of the Order dated 22.01.2025 has been sought on account of the error apparent on the face of the record, in terms of the following:*

*That, the Hon'ble HPERC vide its order dated 22.01.2025 in Petition No. 30/2024 has held vide*  
*Paras:*

*"Para 5.6.5.30 The KfW funding is classified as an externally aided project, which is similar to the other*

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*multilateral funding agencies like ADB etc as discussed above in this Order. The funds are made available through GoI, which are first routed to the GoHP and thereafter to the Petitioner. HP being a special category State, 90% of the funding is available as grant and the remaining 10% as loan to the State Government. However, the GoHP has extended the grant component also as loan to the Petitioner. The Commission is of the firm view that the GoHP cannot change the funding pattern as sourced from GoI. Accordingly, for computing the funding of schemes financed through KfW, the Commission has considered the grant component to be 76% of the total project cost, comprising of 40% grant from NCEF and the remaining 36 % (90% of the 40%) of KfW funds. The treatment of the remaining 24% of the funding has been considered as per the regulatory guideline of a 70:30 debt-equity ratio, with 70% raised as debt and 30% contributed as equity.”*

*That the said observation/order of the Hon'ble HPERC is in complete variance to the HPERC Tariff Regulations, 2023 for the reason that the Regulation 30 (1) and 30(2)(b) only refers to the “Consumer Contribution, Deposit Work, Grant and Capital Subsidy”. Therefore, the funds as received by the HPPTCL from the Government of H.P in terms of*

*Loan Agreement dated 05.10.2015 (Annexure-15); Project Agreement dated 05.10.2015 (Annexure-16); On-Lending Agreement dated 26.11.2016 (Annexure-17); Separate Agreement to the Project Agreement dated 05.10.2015 (Annexure-17) shall not fall under the said Regulation 30 (1) and 30(2)(b) [wrongly stated as Regulation 31(2)(b) in Para 5.6.5.25 of the impugned order dated 22.01.2025 of the Hon'ble HPERC] as it states "the debt to equity ratio shall be considered in accordance with Regulation 31, after deducting the amount of financial support received;". Meaning thereby in the given case of HPPTCL the amount of grant received from MNRE should only have had been deducted by the Hon'ble Commission while considering the debt to equity ratio in accordance with the Regulation 31 for the purposes of determination of the tariff and not the loan which HPPTCL has received from GoHP in consonance to agreements at Annexure-15, Annexure-16 and Annexure-17. Therefore, the order of the Hon'ble Commission treating the Loan received by HPPTCL from the Govt. Of H.P as grant is in divergence to its own regulations which nowhere allows the HPERC to treat the Loan amount as a grant and that too in absence of any such regulation in the said regard. As per HPERC Tariff Regulations,*

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*2023 Regulation 30(2)(b) the debt:equity ratio should be considered in accordance with Regulation 31 after deducting the amount of financial support received.*

*It is further humbly submitted that financial support received in the present case is grant from MNRE.*

8.6. Hence, the approval of debt:equity:grant in the ratio 16.8%:7.2%:76% is not in line with the above lending agreements and MNRE Guidelines.

8.7. In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., error apparent on the face of the record. The Petitioner therefore humbly request to allow review of the same and approve the funding as claimed in the Petition considering the on-lending agreement submitted.

**Issue 7: Review of the Determination of Transmission Charges for Short Term Open Access (STOA) Consumers**

8.8. The Hon'ble Commission has dealt with the issue of Transmission Charges of Assets for STOA consumers as under in the Order dated 22.01.2025:

“6.11.1 For determining and approving the

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*transmission charges for short-term open access customers, the Commission has considered the energy required for sales to the Consumers of the State as approved by the Commission in the MYT Order for Fifth Control Period (FY 25 – FY 29) of HPSEBL dated 15th March 2024. The transmission charges for the short-term open access customers based on the approved ARR of HPPTCL for Fifth Control Period is tabulated below:*

...

*6.11.2 Further, the Petitioner shall be entitled to recover additional STOA charges as worked out by the Commission in the future tariff order(s) for the intra-state transmission asset(s) which has not been considered in this Order”*

**8.9.** It is observed that the Hon’ble Commission has arrived at the Transmission Charges for Short Term Open Access Consumers considering the ARR approved for selected schemes and the total energy required for sales to the Consumers of the entire State as approved by the Hon’ble Commission in the MYT Order for Fifth Control Period (FY 25 – FY 29) of HPSEBL dated 15.03.2024 which is erroneous.

**8.10.** Further, the Himachal Pradesh Electricity Regulatory Commission (Short Term Open Access) Regulations,

2010 which stipulates the following regarding the Transmission Charges applicable for STOA consumers:

*“16. Charges for open access in transmission.- The short term open access customers shall, for the use of the transmission system, pay the transmission charges at par with the long term transmission charges in accordance with the terms and conditions for determination of transmission tariff specified by the Commission from time to time.”*

**8.11.** The above regulation specifies that the short term open access consumers should pay the transmission charges at par with the long term open access consumers however, specifying the short term open access charges in Rs./kWh violates the parity principle as the long term charges are recovered on Rs./MW basis irrespective of actual energy being transferred. The approach that has been followed by the Hon'ble Commission discourages signing of Long Term Open Access agreements and wrongly incentivises short term Open Access consumers at the cost of Long term consumers which is principally against the regulations.

**8.12.** It is further submitted that as highlighted above, the energy flow considered for the determination of short

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term open access charges is equal to the energy sales approved within the State of Himachal Pradesh for each Financial Year. However, to arrive at the transmission charges for short term open access consumers, the Hon'ble Commission has considered only part of the assets approved in the instant Order, whereas, the energy considered is consistent with the total energy sales within the State of Himachal Pradesh, which is error apparent on the face of record.

**8.13.** Hence, the Hon'ble Commission is requested to allow HPPTCL to claim Transmission Charges for STOA consumers in Rs./MW/day at par with the Transmission Charges for LTA consumers rather than considering the methodology adopted to arrive at the Transmission Charges for STOA consumers in Rs./kWh.

**8.14.** In view of the above discussion, the issue merits review under Regulation 7(5) & Regulation 70 of Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 i.e., error apparent on the face of the record. The Petitioner therefore humbly request to allow review of the same and allow HPPTCL to claim Transmission Charges for STOA consumers in Rs./MW/day at par with the Transmission Charges for LTA consumers rather than considering the methodology adopted to arrive at the

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Transmission Charges for STOA consumers in Rs./kWh based on the HPERC (Short Term Open Access) Regulations, 2010.

## **9. Grounds raised with legal provisions**

9.1. As submitted in earlier Paras, this Petition has been filed in line with Section 94 (1) (f) of the Electricity Act, 2003 read with Regulation 7(5) & Regulation 70 of HPERC Conduct of Business Regulations, 2024 and in compliance to Hon'ble Commission's letter dated 07.09.2024. The relevant extracts of the above quoted provisions are as follows:

### **Section 94 (1) (f) of the Electricity Act, 2003**

*"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:*

- a. summoning and enforcing the attendance of any person and examining him on oath;*
- b. discovery and production of any document or other material object producible as evidence;*

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**Shimla H.P. INDIA**

- c. receiving evidence on affidavits;
- d. requisitioning of any public record;
- e. issuing commission for the examination of witnesses;
- f. reviewing its decisions, directions and orders;
- g. any other matter which may be prescribed.

(2) The Appropriate Commission shall have the powers to pass such interim order in any proceeding, hearing or matter before the Appropriate Commission, as that Commission may consider appropriate.

(3) The Appropriate Commission may authorize any person, as it deems fit, to represent the interest of the consumers in the proceedings before it.”

### **Regulation 7(5) & 70 of HPERC Conduct of Business Regulations, 2024:**

*“7. Functions and duties of the Secretary.-*

.....

(5) The Commission shall always have the authority, either on an application made by any interested or affected party, or suo motu, to review, revoke, revise, modify, amend, alter or otherwise change any order

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*made or action taken by the Secretary or other officers of the Commission, if the Commission considers it to be appropriate.*

.....

*70. Review of the decision, directions and order.-*

*(1) Any person aggrieved by a direction, decision or order of the Commission, from which –*

*(a) no appeal has been preferred; or*

*(b) from which no appeal is allowed,*

*may, upon the discovery of new and important matter of 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 direction, decision or order was passed or on account of some mistake or error apparent on the face of the record, or for any other sufficient reasons, desires to obtain a review of the direction, decision or order made against him may apply, within thirty days from the date of receipt of copy of such direction, decision or order, for a review of such direction, decision or order, as the case may be, to the Commission.*

*(2) An application for such review shall be filed in the same manner as a petition under these Regulations.*

*(3) When it appears to the Commission that there is no*

*sufficient ground for review, the Commission shall reject such review application.*

*(4) When the Commission is of the opinion that the review application should be granted, it shall grant the same provided that no such application will be granted without previous notice to the opposite side or party to enable him to appear and to be heard in support of the decision or order, the review of which is applied for."*

***[Emphasis Added]***

**10. Matters not previously filed or pending with any other court or authority**

The Petitioner submits that the matter is not previously filed or pending with any other court or authority.

**11. Details of the remedies exhausted**

The Petitioner submits that no remedies have been sought from any other court or forum or any authority in this regard.

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

Same as submissions made in Para 9 above.

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**13. Details of Index**

As set out in Index at the beginning of the Petition

**14. Particulars of fee payable and details of bank draft in favour of the Secretary, Himachal Pradesh Electricity Regulatory Commission, Shimla.**

Name of the Bank PNB, Branch the Mall Shimla  
payable through NEFT No.  
PUNBN62025061353656352 Date 13.06.2025  
amounting to Rs 4,10,000.00 only

**15. List of Enclosures:**

As set out in Index at the beginning of the Petition

**16. Whether the order challenged as communicated in original is filed? If not, explain the reason for not filing the same**

The Petitioner submits that the Order dated 22.01.2025 (received on 27.01.2025 vide HPERC letter dated 23.01.2025) in Petition No. 30 of 2024 has been filed in Original without any modification.

**17. Whether the Petitioner/Applicant is ready to file written submissions/arguments before the first hearing after serving the copy of the same on Respondents**

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The Petitioner submits that Petitioner is ready to file written submissions or arguments after serving the copy of the same on the Respondent.

**18. Whether the copy of Petition/Application with all enclosures has been forwarded to all respondents and all interested parties, if so, enclose postal receipt/courier receipt**

The Petitioner submits that a copy of this Petition with all enclosures has been forwarded to HPSEBL. The Postal or Courier receipts are as follows:

| Sr. No. | Respondent/<br>Interested Parties | Email id                                                            |
|---------|-----------------------------------|---------------------------------------------------------------------|
| 1.      | HPSEBL                            | cesysohpsebl@gmail.com,<br>ceso@hpseb.in,<br>seinterstate@gmail.com |

**19. Any other relevant or material particulars/details which the Petitioner/Applicant deems necessary to set out**

The Petitioner submits that relevant or material particulars/details with regard to the submissions made in above Paras have been provided as Annexures along with this Petition and the Petitioner craves liberty of Hon'ble Commission for submission of any other information as required by the Hon'ble Commission.

**20. Reliefs Sought**

In view of the facts mentioned in Para 6 and 7 above, points in dispute and questions of law set out in Para 8, the Petitioner prays for the following relief(s):

- a. Admit the Review Petition
- b. Review of the non-consideration of the intra-state assets based on the APTEL Judgment
- c. Review of the non-consideration of assets whose COD and Capital Cost had not firmed up at the time of the proceedings in the Petition
- d. Recovery of 440/220/66 kV GIS Pooling Sub-Station Wangtoo (Sherpa Colony) based on the CERC Order in Petition No. 38/MP/2023
- e. Recovery of 33/220 GIS Sub-station at Karian and 220 kV Transmission Line from Karian Sub-station to Chamera II Pooling Station based on the Order in Petition No. 11 of 2025
- f. Review of the Funding of Assets
- g. Review of the Rate of RoE and Income Tax
- h. Review of the Determination of Transmission Charges for Short Term Open Access Consumers
- i. Pass any further Order or Orders which the Hon'ble Commission may deem fit and proper.

Shimla

  
Petitioner  
General Manager (C&D)  
HPPTCL, Shimla-5

103  
General Manager (C&D)  
HPPTCL, Shimla-5

ATTESTED  
  
PUBLIC HEARING OFFICER  
HPPTCL, Shimla-5

Date:

Through Counsel

Vikas Chauhan

Mob: 9736237549

BEFORE THE HON'BLE HIMACHAL PRADESH  
ELECTRICITY REGULATORY COMMISSION,  
SHIMLA.

Review Petition No. 206 of 2025

**IN THE MATTER OF:**

HIMACHAL PRADESH POWER TRANSMISSION  
CORPORATION LIMITED, HIMFED BHAWAN, PANJARI,  
SHIMLA-171005.

.....PETITIONER

General Manager (C&D)  
HPPTCL, Shimla-5

VERSUS

HIMACHAL PRADESH STATE ELECTRICITY BOARD  
LIMITED, VIDYUT BHAWAN, SHIMLA-171004. AND ORS.

.....RESPONDENTS

**Affidavit**

I, Manoj Kumar S/o Shri Kishan Chand aged about 58 years, presently working as General Manager (C&D), Himachal Pradesh Transmission Corporation Limited, Himfed Bhawan, Shimla-171005, do hereby solemnly affirm and declare as under:

1. That I am duly authorized to file this Amended Review Petition on behalf of Petitioner/Himachal Pradesh Power Transmission Corporation Limited and to swear this affidavit therein.
2. That the accompanying application has been prepared and drafted at my instance and under my instructions. The contents of Amended Review Petition above are true and correct to the best of my knowledge based on official record. No part of it is false and nothing material has been concealed there from.

Verified at Shimla on this <sup>21st</sup> .... day of November, 2025.

**Deponent**

General Manager (C&D)  
HPPTCL, Shimla-5

Manoj Kumar

Leela Bhardwaj

22/11/2025



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LOAN NUMBER 2794-IND

PROJECT AGREEMENT

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 1)

between

ASIAN DEVELOPMENT BANK

and

STATE OF HIMACHAL PRADESH

H. P. POWER TRANSMISSION CORPORATION LIMITED

DATED 15 DECEMBER 2011

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IND 43464

  
General Manager (C&D)  
HPPTCL, Shimla-5

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 15 December 2011 between ASIAN DEVELOPMENT BANK ("ADB") on the one part and the STATE OF HIMACHAL PRADESH, acting by its Governor ("State") and H.P. POWER TRANSMISSION CORPORATION LIMITED ("HPPTCL") on the other part.

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between India ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred thirteen Dollars (\$113,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the State and HPPTCL, and that the State and HPPTCL agree to undertake certain obligations towards ADB set forth herein; and

(B) the State and HPPTCL, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) The State and HPPTCL shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the State and HPPTCL shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State and HPPTCL.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.02. The State and HPPTCL shall make available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the State and HPPTCL shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, the State and HPPTCL shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The State and HPPTCL shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The State and HPPTCL shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The State and HPPTCL shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the State and HPPTCL undertake to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The State and HPPTCL shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, their operations and financial condition.

Section 2.07. (a) ADB, the State and HPPTCL shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The State and HPPTCL shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of their obligations under this Project Agreement or the accomplishment of the purposes of the Loan.

(c) ADB, the State and HPPTCL shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the State, HPPTCL or the Loan.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.08. (a) The State and HPPTCL shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of the State and HPPTCL; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the State and HPPTCL shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 6 months thereafter or such later date as ADB may agree for this purpose, the State and HPPTCL shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the State and HPPTCL of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) The State and HPPTCL shall (i) maintain separate accounts for the Project and for their overall operations; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement and the Project Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language. The State and HPPTCL shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

Section 2.10. The State and HPPTCL shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) HPPTCL shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their operations.

(b) HPPTCL shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

  
General Manager (C&D)  
HPPTCL, Shimla-5

(c) HPPTCL shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, the State and HPPTCL shall not sell, lease or otherwise dispose of any assets which shall be required for the efficient carrying on of their operations or the disposal of which may prejudice their ability to perform satisfactorily any of their obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, the State and HPPTCL shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB and the Borrower may otherwise agree, the State and HPPTCL shall duly perform all their obligations under the Onlending Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Onlending Loan Agreement.

Section 2.15. HPPTCL shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of the constitutional documents of HPPTCL, which, could adversely affect the carrying out of the Project or the operation of the Project facilities. The State and HPPTCL shall afford ADB an adequate opportunity to comment on such proposal.

### ARTICLE III

#### Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify State and HPPTCL of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

  
General Manager (C&D)  
HPPTCL, Shimla-5

**ARTICLE IV****Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

(632) 636-2444  
(632) 636-2338.

For the State

Principal Secretary  
MPP & Power Department  
HP Secretariat  
Shimla – 171002  
Himachal Pradesh

Facsimile Number:

0091- 177- 2622080.

For HPPTCL

Managing Director  
H.P. Power Transmission Corporation Limited  
Borowalias House  
Khalini  
Shimla – 171 002  
Himachal Pradesh

Facsimile Number:

0091-177- 2626284.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement (i) by or on behalf of the State, may be taken or executed by its Principal Secretary, MPP & Power Department; and (ii) by HPPTCL, may be taken or executed by its Managing Director, or, in each case, by such other person or persons as any of them shall so designate in writing notified to ADB.

(b) The State and HPPTCL shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

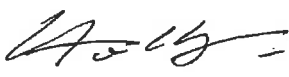
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.



General Manager (C&D)  
HPPTCL, Shimla-5

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By   
 HUN KIM  
 Country Director  
 India Resident Mission

STATE OF HIMACHAL PRADESH

By   
 DEEPAK SANAN  
 Principal Secretary (Power)

H.P. POWER TRANSMISSION  
 CORPORATION LIMITED

By   
 VIJAY KUMAR KAPRATE  
 Director (Planning and Contracts)

  
 General Manager (C&D)  
 HPPTCL, Shimla-5

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LOAN NUMBER 3001-IND

PROJECT AGREEMENT

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 2)

between

ASIAN DEVELOPMENT BANK

and

STATE OF HIMACHAL PRADESH

H. P. POWER TRANSMISSION CORPORATION LIMITED

DATED 29 SEPTEMBER 2014

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IND 43464

  
General Manager (C&D)  
HPPTCL, Shimla-5

3/16

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 29 September 2014 between ASIAN DEVELOPMENT BANK ("ADB") on the one part and the STATE OF HIMACHAL PRADESH, acting by its Governor ("State") and H.P. POWER TRANSMISSION CORPORATION LIMITED ("HPPTCL") on the other part.

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between India ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred ten million Dollars (\$110,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the State and HPPTCL, and that the State and HPPTCL agree to undertake certain obligations towards ADB set forth herein; and

(B) the State and HPPTCL, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) The State and HPPTCL shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the State and HPPTCL shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State and HPPTCL.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.02. The State and HPPTCL shall make available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the State and HPPTCL shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, the State and HPPTCL shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The State and HPPTCL shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The State and HPPTCL shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The State and HPPTCL shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the State and HPPTCL undertake to insure, or cause to be insured, the Goods to be procured included imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The State and HPPTCL shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, their operations and financial condition.

Section 2.07. (a) ADB, the State and HPPTCL shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The State and HPPTCL shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of their obligations under this Project Agreement or the accomplishment of the purposes of the Loan.

(c) ADB, the State and HPPTCL shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the State, HPPTCL or the Loan.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.08. (a) The State and HPPTCL shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of the State and HPPTCL; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the State and HPPTCL shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 6 months thereafter or such later date as ADB may agree for this purpose, the State and HPPTCL shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the State and HPPTCL of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) The State and HPPTCL shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for the imprest account(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 9 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, HPPTCL shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.10. The State and HPPTCL shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) HPPTCL shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their operations.

(b) HPPTCL shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) HPPTCL shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB and the Borrower may otherwise agree, the State and HPPTCL shall not sell, lease or otherwise dispose of any assets which shall be required for the efficient carrying on of their operations or the disposal of which may prejudice their ability to perform satisfactorily any of their obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, the State and HPPTCL shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB and the Borrower may otherwise agree, the State and HPPTCL shall duly perform all their obligations under the Onlending Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Onlending Loan Agreement.

Section 2.15. HPPTCL shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of the constitutional documents of HPPTCL, which could adversely affect the carrying out of the Project or the operation of the Project facilities. The State and HPPTCL shall afford ADB an adequate opportunity to comment on such proposal.

  
General Manager (C&D)  
HPPTCL, Shimla-5

**ARTICLE III****Effective Date; Termination**

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify the State and HPPTCL of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

**ARTICLE IV****Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

**For ADB**

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

**Facsimile Numbers:**

(+63 2) 636-2444  
(+63 2) 636-2338.

  
General Manager (C&D)  
HPPTCL, Shimla-5

For the State

Principal Secretary  
MPP & Power Department  
HP Secretariat  
Shimla – 171002  
Himachal Pradesh

Facsimile Number:

(+91) 177- 2621897.

For HPPTCL

Managing Director  
H.P. Power Transmission Corporation Limited  
Borowalias House  
Khalini  
Shimla – 171 002  
Himachal Pradesh

Facsimile Number:

(+91) 177- 2626284.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement (i) by or on behalf of the State, may be taken or executed by its Principal Secretary, MPP & Power Department; and (ii) by HPPTCL, may be taken or executed by its Managing Director, or, in each case, by such other person or persons as any of them shall so designate in writing notified to ADB.

(b) The State and HPPTCL shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

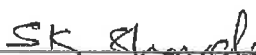
  
General Manager (C&D)  
HPPTCL, Shimla-5

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By   
M. TERESA KHO  
Country Director

STATE OF HIMACHAL PRADESH

By   
SATISH KUMAR SHARDA  
Director (Planning and Contracts)  
H.P. Power Transmission Corporation Limited

H.P. POWER TRANSMISSION  
CORPORATION LIMITED

By   
KESHAV SINGH-ATTARI  
Director (Projects)  
H.P. Power Transmission Corporation Limited

  
General Manager (C&D)  
HPPTCL, Shimla-5

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LOAN NUMBER 3733 - IND

**PROJECT AGREEMENT**

(Himachal Pradesh Clean Energy Transmission Investment Program - Project 3)

between

**ASIAN DEVELOPMENT BANK**

and

**STATE OF HIMACHAL PRADESH**

**HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED**

DATED 16 November 2018

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IND: 43464-027

  
General Manager (C&D)  
HPPTCL, Shimla-5

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 16 November 2018 between ASIAN DEVELOPMENT BANK ("ADB") on the one part and the STATE OF HIMACHAL PRADESH acting by its Governor ("State") and the HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED ("HPPTCL") on the other part.

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between India ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred and five million Dollars (\$ 105,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the State and HPPTCL, and that the State and HPPTCL agree to undertake certain obligations towards ADB set forth herein; and

(B) the State and HPPTCL, in consideration of ADB entering the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. (a) Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) The State and HPPTCL shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the State and HPPTCL shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State and HPPTCL.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.02. The State and HPPTCL shall make available, promptly as needed, and on terms and conditions acceptable to ADB and the Borrower, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the State and HPPTCL shall engage competent and qualified consultants and contractors, consistent with Procurement Guidelines and Consulting Guidelines, to an extent and upon terms and conditions mutually satisfactory to ADB and the Borrower.

(b) Except as ADB may otherwise agree, the State and HPPTCL shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The State and HPPTCL shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods mutually acceptable to ADB and the Borrower. The State and HPPTCL shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The State and HPPTCL shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts, as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the State and HPPTCL undertake to insure, or cause to be insured, the Goods to be procured including imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The State and HPPTCL shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB, the State and HPPTCL shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The State and HPPTCL shall inform ADB through the Borrower, of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Financing Arrangements, or the accomplishment of the purposes of the Loan.

  
General Manager (C&D)  
HPPTCL, Shimla-5

(c) ADB, the State and HPPTCL shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the State, HPPTCL and the Loan.

Section 2.08. (a) In so far as it relates to the Project, the State and HPPTCL shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial status of the State and financial condition HPPTCL; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the State and HPPTCL shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, the State and HPPTCL shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the State and HPPTCL of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) The State and HPPTCL shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards prevalent in the country; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

  
General Manager (C&D)  
HPPTCL, Shimla-5

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, HPPTCL shall (i) provide its annual financial statements prepared in accordance with financing reporting standards prevalent in the country ; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and compliance with the financial covenants of the Loan Agreement; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) HPPTCL shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and HPPTCL and its financial affairs where they relate to the Project with the auditors appointed by HPPTCL pursuant to subsections (a)(iii) and (c)(ii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of HPPTCL, unless HPPTCL shall otherwise agree.

Section 2.10. The State and HPPTCL shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) The State and HPPTCL shall, promptly as required, take all action within its powers to maintain its constitutional and corporate existence respectively, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.

(b) In relation to the Project, the State and HPPTCL shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) In relation to the Project, the State and HPPTCL shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, the State and HPPTCL shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, in relation to the Project, the State and HPPTCL shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 2.14. Except as ADB may otherwise agree, the State and HPPTCL shall duly perform all its respective obligations under the Financing Arrangements, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Financing Arrangements.

Section 2.15. The State and HPPTCL shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of the constitutional documents of HPPTCL which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. The State and HPPTCL shall afford ADB an adequate opportunity to comment on such proposal in taking any action thereon.

### ARTICLE III

#### Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify the State and HPPTCL of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

### ARTICLE IV

#### Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

  
General Manager (C&D)  
HPPTCL, Shimla-5

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

(632) 636-2444  
(632) 636-2388

For the State

Additional Chief Secretary  
MPP & Power Department  
HP Secretariat  
Shimla – 171002  
Himachal Pradesh

Facsimile Number:  
(+91) 177- 2621586

For HPPTCL

Managing Director  
HPPTCL  
Himfed Bhawan  
Panjari  
Tutikandi  
Shimla – 171005  
Himachal Pradesh

Facsimile Number:  
(+91) 177- 2832384

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of (i) the State may be taken or executed by its Additional Chief Secretary, MPP & Power Department; and (ii) by HPPTCL, may be taken by its Managing Director, or in each case, by such other person or persons as any of them shall so designate in writing notified to ADB.

(b) The State and HPPTCL shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

  
General Manager (C&D)  
HPPTCL, Shimla-5

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By K. Yokoyama  
Kenichi Yokoyama  
Country Director

STATE OF HIMACHAL PRADESH

By [Signature]  
Ashutosh Garg  
Special Secretary (Power)

HIMACHAL PRADESH POWER  
TRANSMISSION CORPORATION  
LIMITED

By [Signature]  
Rajesh Singh  
Director (Projects)

[Signature]  
General Manager (C&D)  
HPPTCL, Shimla-5