

**THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**

**SHIMLA**

**NOTIFICATION**

Shimla, the 10<sup>th</sup> November, 2020

**No.HPERC-F(1)-1/2020-** Whereas section 61 of the Electricity Act, 2003 (36 of 2003), provides that the Appropriate Commission shall specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the National Tariff Policy formulated under the said Act;

**AND WHEREAS** the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “ the Commission”) has framed the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred as “ the regulations” or “the said regulations”) and has determined the tariff for the distribution licensee i.e. HPSEBL for the 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> MYT Control Periods from 2011 to 2014, 2014 to 2019 & 2019 to 2024;

**AND WHEREAS** it has become necessary-

- (a) to review the existing provisions to align them with the change in the National Tariff Policy, 2016, change in methodologies of the Central Commission,
- (b) to address certain gaps and discrepancies in the regulations;

**AND WHEREAS** the Himachal Pradesh Electricity Regulatory Commission is making an exercise to determine the tariff for distribution licensee for the 2<sup>nd</sup> Annual Performance Review (APR) for the 4<sup>th</sup> control period starting from 1st April, 2021 and keeping in view the regulatory developments after making of the aforesaid regulations and also the experience gained over the period, the National Tariff Policy and methodologies of the Central Commission, amongst others, it has also felt necessary to amend/ modify the existing regulations;

**NOW, THEREFORE**, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181, read with sections 61, 62 and 86, of the Electricity Act, 2003 (hereinafter referred as “the Act” or “the said Act”) and with section 21 of the General Clauses Act, 1897 (10 of 1897), and all other powers enabling it in this behalf, the Commission proposes to amend the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and, as required by sub-section (3) of section 181 of the said Act and rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, publishes the draft amendment regulations for the information of all the persons likely to be affected thereby; and notice is hereby given that the said draft amendment regulations will be taken into consideration after the expiry of twenty one (21) days from the date of publication of this notification in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may, within the aforesaid period, be received in respect thereto

The text of the aforesaid draft amendments is available on the website of the Commission i.e. <http://www.hperc.org>.

The objections or suggestions specifically relating to proposed draft amendment regulations should be addressed to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Vidyut Aayog Bhawan, Block-37, SDA Complex, Kasumpti-171009 (HP).

### **DRAFT REGULATIONS**

**1. Short title and commencement.**- (1) These regulations may be called Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Fourth Amendment) Regulations, 2020.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh

2. **Substitution of regulation 22.** – For existing regulation 22 of the said regulations, the following regulation 22 shall be substituted, namely:-

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

3. In 1. Appendix: Depreciation Schedule table after Sr. No. (O), following Sr. No. (P) shall be added as under:-

Sr. No.	Asset Class	Useful Life (Years)	Rate (%)
(P)	IT equipment including software	7	15

Note: -

- i) In case the useful life of a particular asset is less than the useful life prescribed under these regulations, then the useful life of such a particular asset shall be considered as per the Companies Act, 2013 and subsequent amendment thereto.
- ii) IT equipment including software has been allowed to be depreciated upto 100%. Therefore, the rate of depreciation for the 7<sup>th</sup> year shall be 10%.

**By order of the Commission**

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**Secretary**