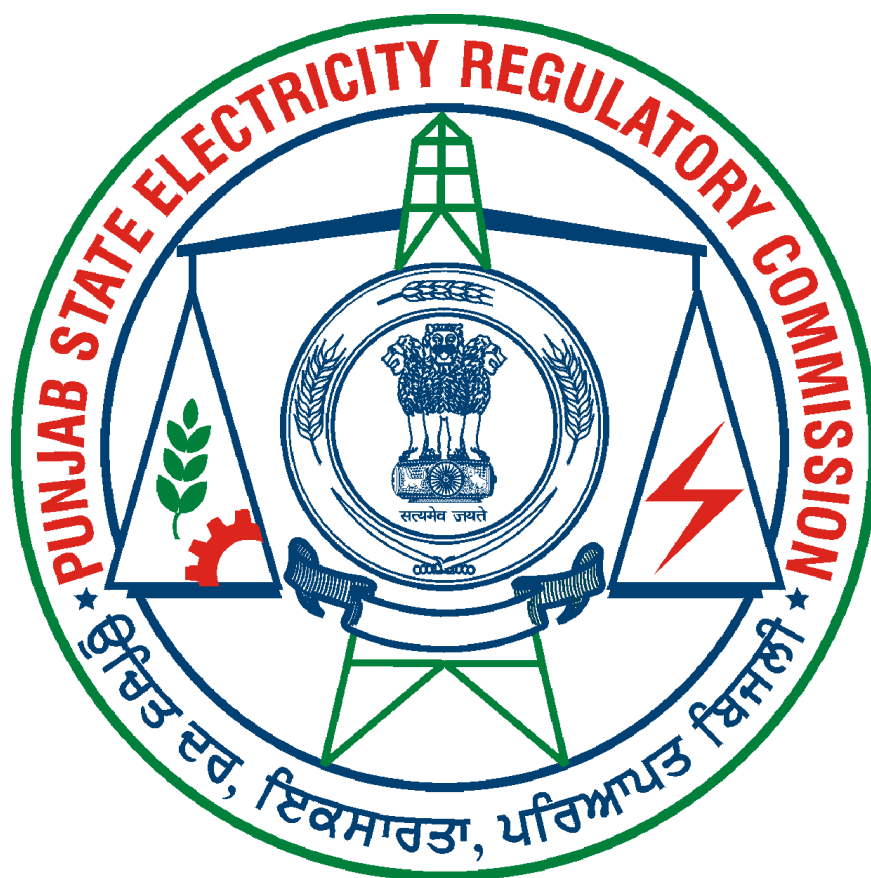


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PUNJAB STATE ELECTRICITY REGULATORY COMMISSION



PSPCL

TARIFF ORDER FOR FY 2023-24

AND

ARR FOR 3rd MYT CONTROL PERIOD

FY 2023-24 to FY 2025-26

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG,
CHANDIGARH**



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PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

PETITION NO. 74 OF 2022 FILED BY PUNJAB STATE POWER CORPORATION LIMITED FOR TRUE UP OF FY 2021-22, ANNUAL PERFORMANCE REVIEW FOR FY 2022-23 and APPROVAL OF ARR FOR THE CONTROL PERIOD FROM FY 2023-24 TO FY 2025-26 AND DETERMINATION OF TARIFF FOR FY 2023-24.

COMMISSION: **Sh. Viswajeet Khanna, Chairperson**
 Sh. Paramjeet Singh, Member

Date of Order: 15th May, 2023

ORDER

The Punjab State Electricity Regulatory Commission (Commission), in exercise of the powers vested in it under the Electricity Act, 2003 (Act), passes this order for the True up of ARR for FY 2021-22, Annual Performance Review (APR) for FY 2022-23, Approval of ARR for the 3rd MYT Control Period from FY 2023-24 to FY 2025-26 and Determination of Tariff for FY 2023-24 for generation and supply of electricity by the Punjab State Power Corporation Limited (PSPCL) to the consumers of the State of Punjab. The petition filed by PSPCL, facts presented by PSPCL in its various submissions, objections received by the Commission from consumer organizations and individuals, issues raised by the public in the public hearings held at Ludhiana, Jalandhar, Gobindgarh, and Chandigarh, the observations of the Government of Punjab (GoP) and the responses of PSPCL to the objections in this respect have been considered. The State Advisory Committee constituted by the Commission under Section 87 of the Act has also been consulted and all other relevant facts and material on record have been considered before passing this Order.

1.1 Background

The Commission has in its previous Tariff Orders determined tariff in pursuance to the ARR and Tariff Applications submitted by erstwhile Punjab State Electricity Board (the Board) for the years 2002-03 to 2006-07, 2008-09 to 2010-11 and by PSPCL for FY 2011-12 to FY 2022-23. The Tariff Order for FY 2007-08 had been passed by the Commission in suo-motu proceedings.

PSPCL has submitted that the Government of Punjab vide notification No. 1/9/08-EB (PR) 196 dated 16.04.2010 restructured and unbundled the

erstwhile Punjab State Electricity Board (PSEB), into two successor companies, viz, Punjab State Power Corporation Limited to undertake generation and distribution business and Punjab State Transmission Corporation Ltd. to undertake transmission of electricity alongwith operation of SLDC functions. Hence, PSPCL is left with the Distribution, Generation and allied activities of the erstwhile PSEB.

The Commission notified the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail supply Tariff) Regulations, 2019 which are in force w.e.f from 1st April, 2020. The Commission notified the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail supply Tariff) Regulations, 2022 (PSERC MYT Regulations 2022) vide notification no. PSERC/Secy/Regu.165 dated 27.10.2022. These regulations have been followed while passing the present Tariff Order for the relevant years.

1.2 True up for 2021-22, Annual Performance Review for FY 2022-23 and ARR for the 3rd MYT Control Period from FY 2023-24 to FY 2025-26 and determination of tariff for FY 2023-24.

PSPCL has filed the present petition for approval of True up of ARR for FY 2021-22, Annual Performance Review for FY 2022-23, under Section 62,64 & 86 of the Electricity Act, 2003 read with Regulation 12 & 13 of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations 2019 as amended from time to time and approval of ARR for the 3rd MYT Control Period from FY 2023-24 to FY 2025-26 and determination of Tariff for FY 2023-24 under Section 62,64 and 86 of the Electricity Act, 2003 read with Regulation 10 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail supply Tariff) Regulations, 2022. The petitioner has prayed the Commission to:

- Admit the Petition seeking approval of MYT Petition for its Generation and Distribution business for the 3rd MYT Control Period from FY 2023-24 to FY 2025-26 in accordance with Regulation 10 of the PSERC MYT Regulations, 2022;

- Allow True Up of FY 2021-22 along with the carrying cost and revised estimate of expenses projected for FY 2022-23;
- Allow the progressive funding of the Terminal Benefit Trust, in line with the judgment of Hon'ble APTEL;
- Approve the subsidy amounts for the true up year of FY 2021-22 and also for the pending year of FY 2020-21, so that the balance amount due from the State Government can be determined. It is also prayed that the subsidy amounts for FY 2022-23 and FY 2023-24 be estimated;
- Approve the MYT Petition for its Generation and Distribution Business for Control Period from FY 2023-24 to FY 2025-26 as proposed by the Petitioner in the Petition;
- Condone any inadvertent omissions/errors/shortcomings and permit PSPCL to add/change/modify/alter this filing and make further submissions as may be required during the course of these proceedings;
- Pass such Order, as the Commission may deem fit and appropriate keeping in view the facts and circumstances of the case submitted by the Petitioner.

The petition was admitted vide Order dated 21.12.2022. The deficiencies observed in the petition by the Commission were conveyed to PSPCL vide Order dated 21.12.2022, letter No. PSERC/Reg./177 dated 13.01.2023, order dated 18.01.2023 and letter PSERC/Reg./331 dated 08.02.2023. The reply to the deficiencies was furnished by PSPCL vide memo No. 768 dated 30.12.2022, memo No. 34 dated 05.01.2023, memo No. 174 dated 24.01.2023, memo No. 175 dated 24.01.2023, memo No. 194 dated 31.01.2023, memo No. 317 dated 10.02.2023, memo No. 332 dated 13.02.2023, mem No. 380 dated 17.03.2023 and memo No. 389 dated 21.03.2023. Various meetings were taken with PSPCL on the data submitted in the ARR. The relevant correspondence between the Commission and PSPCL has been placed on the website of the Commission.

1.3 Objections and Public Hearings

A public notice was published by PSPCL in The Tribune (English), Punjab Kesari (Hindi), Jagbani (Punjabi), Rozana Chardikala (Punjabi) on 27.12.2022 and Dainik Jagran (Hindi) on 28.12.2022 inviting objections from the general public and stake holders on the said petition filed by PSPCL. Corrigendum to

the public notice with regard to some of the figures as mentioned in the public notice was published on 28.12.2022 and 01.01.2023 respectively. Copies of the Petition including deficiencies pointed out by the Commission alongwith reply of PSPCL to the deficiencies were made available in the offices of the Chief Engineer/ARR & TR, PSPCL, F-4 Shakti Vihar, Patiala, in the offices of all the Chief Engineer(s) (Operation) and all the Superintending Engineer(s) incharge of the Operation Circles of PSPCL. Soft copies of the same were made available on the website www.pspcl.in of PSPCL & www.pserc.gov.in of PSERC. In the public notice dated 27.12.2022, the objectors were advised to file their objections with the Secretary of the Commission within 21 days of the publication of the notice, with an advance copy to PSPCL. The public notice also indicated that the Commission, after perusing the objections, may invite such objector(s) as it considers appropriate for hearing on the dates to be notified in due course.

The Commission decided to hold public hearings at Ludhiana, Jalandhar, Gobindgarh, and Chandigarh as per details here under:

Venue	Proposed Date & time of public hearing	Category of consumers to be heard
LUDHIANA Multi Purpose Hall, Power Colony, PSPCL, Opp. PAU Ferozepur Road, Ludhiana	January 09, 2023 (Monday) 11:30 AM onwards	All consumers/organizations of the area
JALANDHAR Conference Room, office of Chief Engineer/Operation (North), PSPCL, Shakti Sadan, G.T. Road, Near Khalsa College, Jalandhar.	January 12, 2023 (Thursday) 11:30 AM onwards	All consumers/organizations of the area including consumers/organizations of Amritsar area
GOBINDGARH Golden Grain Club, Bullepur Road, Khanna.	January 16, 2023 (Monday) 12:00 PM onwards	All consumers/organizations of the area
CHANDIGARH Commission's office i.e. Site No 3, Sector 18-A, Madhya Marg, Chandigarh – 160018.	January 19, 2023 (Thursday) 11.30 AM onwards	All consumers/ organizations
	12.30 PM onwards	Officers'/ Staff Associations of PSPCL and PSTCL

A public notice to this effect was published in various newspapers on 31.12.2022 and was also uploaded on the website of the Commission. All the objectors who had filed their objections and other persons/organizations interested in presenting their views /suggestions were invited to participate in the public hearings.

- 1.4** The Commission held public hearings as per schedule from 09.01.2023 to 19.01.2023 at Ludhiana, Jalandhar, Gobindgarh & Chandigarh. The views of PSPCL on the objections/comments received from public and other stakeholders were heard by the Commission on 28.02.2023. PSPCL submitted additional submissions/suggestions regarding power purchase cost, employee cost, depreciation, disbursement of subsidy on quarterly basis, amendments in Time of Day Tariff, introduction of ToD tariff (surcharge) for morning peak hours during winter months, revision of special night tariff for industrial consumers and reduction in the cross subsidy levels. PSPCL has submitted the additional submissions after the due date for submission of suggestions/objections and when the public hearings in this regard have already been completed. The Commission has decided that since the additional submissions submitted by PSPCL have been made at a very belated stage as such same are not being considered now and will be considered in the next ARR.
- 1.5** The Government of Punjab was approached by the Commission vide DO letter No. 01 dated 04.01.2023, DO No. 369-70 dated 13.02.2023 and DO letter No. 562-563 dated 17.03.2023 seeking its views in Petition No. 74 of 2022 filed by Punjab State Power Corporation Limited. In response, Government of Punjab, vide memo No POWER PR012 /1/ 2022- OSD POWER/268 dated 31.03.2023, submitted its comments/observations on the same. Vide DO No. 248 dated 25.01.2023, the Govt. of Punjab was requested to convey its decision in respect of subsidies to various categories of consumers for FY 2023-24 and Govt. of Punjab submitted its reply vide memo No. 13/01/2023-PE2/1947 dated 31.03.2023.
- 1.6** The Commission, in all, received 33 written objections including the comments of Government of Punjab. The Commission considered all these objections. The number of objections/comments received from consumer groups, organizations and others are detailed below:

Sr. No.	Category	No. of Objections
1.	Apex Chamber PHD	1
2.	Industrial Associations	16
3.	Industry	9

Sr. No.	Category	No. of Objections
4.	Govt. of Punjab	1
5.	Others	06
6.	Total	33

The complete list of objectors is given in **Annexure- V** to this Tariff Order. PSPCL submitted its comments on the objections to the Commission. PSPCL was directed to send its response to the respective objectors. A summary of issues raised in the objections, the response of PSPCL and the views of the Commission are contained in **Annexure- VI** to this Tariff Order.

1.7 State Advisory Committee

A meeting of the State Advisory Committee constituted under Section 87 of the Act was convened on 16.02.2023 for taking its views. The minutes of the meeting of the State Advisory Committee are enclosed as **Annexure–III** to this Order.

1.8 In addition, all subsequent and relevant correspondence between the Commission and PSPCL was also put on the website of the Commission. The Commission has, thus, taken the necessary steps to ensure that due process, as contemplated under the Act and the Regulations framed by the Commission, is followed and adequate opportunity is given to all stakeholders in presenting their views.

1.9 Compliance of Directives

In its previous Tariff Orders, the Commission issued certain directives to PSPCL in the public interest. A summary of directives issued during previous years, status of compliance along with the directives of the Commission in these petitions is given in **Chapter- 6** of this Tariff Order.

Chapter 2

True up for FY 2021-22

2.1 Background

The Commission had approved the ARR of PSPCL for FY 2021-22 in the Tariff Order dated 28.05.2021 on the basis of expenses and income projected by the licensee for its Generation and Distribution businesses. Subsequently, in the Tariff Order for FY 2022-23, the Commission reviewed and re-determined the same on the basis of revised estimates submitted by PSPCL during APR of FY 2021-22. In the present petition, PSPCL has submitted the True up for FY 2021-22 stating that the same is based on the audited accounts for the year.

This Chapter contains the True up for FY 2021-22, based on a prudence check of the figures submitted by PSPCL in the Petition.

2.2 Energy Sales

2.2.1 Metered Energy Sales

A. Metered Energy Sales within the State

PSPCL's submission:

PSPCL submitted that the metered category wise energy sales within the state were approved as 38748 MWh for FY 2021-22 in Tariff Order dated 28th May 2021, whereas energy sale in FY 2021-22 as per actuals is of 39906 MWh (excluding AP pumpset units of 1.34 MWh and unadjusted units of 725.94 Units)

The category-wise sales submitted by PSPCL for the True up is as follows:

Table 1: Category-wise sales for FY 2021-22 (MkWh)

Sr. No.	Consumer Category	Approved by the Commission in T.O. for FY 2021-22	Revised in Review by the Commission in TO for FY 2022-23	Submitted by PSPCL for True-up of FY 2021-22
I	II	III	IV	V
1	Domestic	14472	14305	14538.39
2	Non-Residential	3910	3948	3613.53
3	Small Power Ind.	1052	1261	970.61
4	Medium Supply Ind.	2381	3540	1936.90
5	Large Supply Ind.	15562	17003	17377.43
6	Public Lighting	140	131	161.36
7	Bulk Supply	749	660	641.75
8	Railway Traction	0	0	2.86
9	AP High Tech/ High Density Farming	1	0.1	0.02
10	Compost/ Solid waste Management Plants/ Rural Water Supply	148	139	225.90

Sr. No.	Consumer Category	Approved by the Commission in T.O. for FY 2021-22	Revised in Review by the Commission in TO for FY 2022-23	Submitted by PSPCL for True-up of FY 2021-22
I	II	III	IV	V
11	Start-up Power for generators/CPPs	185	167	185.63
12	Golden Temple & Durgiana Mandir, Sri Amritsar Sahib	7	11	7.88
13	Temporary Supply	141	220	244.20
14	AP Pumpset			1.34
15	Unadjusted Units			725.94
15	Total	38748	41385.1	40633.75

Commission's Analysis:

PSPCL in its Petition submitted the category wise/sub-category wise number of consumers, sanctioned load / demand, sales for FY 2021-22. On perusal of the same it was observed that in Format D25 of FY 2021-22, PSPCL has mentioned kWh sale of "Railways" as 2.86 MWh while the kVAh sales was shown as 8.79 MVAh, thus making power factor for 'Railways' as 0.33 which seemed incorrect. Accordingly, PSPCL was asked to review and resubmit the sales and power factor for Railways. PSPCL vide Memo No.768/ARR/Dy.CAO/265/Deficiencies-Vol-I dated 30.12.2022 submitted that power factor of Railway Traction is as per the actual consumption of the consumers and lower power factor is due to less recording of kWh consumption. The Commission notes that power factor of 0.33 is very low for HT consumers like Railways. The low recording of kWh consumption has resulted in lower sales shown by PSPCL in its petition. **Accordingly, for working out the sales of "Railways" in kWh the Commission decides to consider power factor of Railways as 0.95 which is same as that approved for Railways in the True-up of FY 2020-21 on their KVAh sales of 8.79 MVAh submitted by PSPCL in its present Petition.**

The Commission observed that in Format D24 of the Petition and Annexure-1 of the replies dated 24.01.2023, PSPCL has shown NIL energy consumption for AP High Tech/ High Density Farming. In reply to the Commission's query regarding confirmation that there are no consumers, sanctioned load/contract demand and energy consumption under this consumer category, PSPCL vide Memo No.332/ARR/Dy.CAO/265/Deficiencies-Vol-I dated 13.02.2023 submitted that there were 2 no. of AP High Tech consumers whose data had already been included in the AP category consumers. The details are as follows:

Table 2: AP High Tech consumers data submitted by PSPCL

Sr. No.	Category	Billed Consumers (No.)	Sanctioned Load (kW)	Contract Demand (kVA)	Energy Sales billed (kWh)	Energy Sales billed (kVAh)
I	II	III	IV	V	VI	VII
1.	Agricultural/ Mushroom Farming (AP High Tech)	2	275.901	276.661	18980	24948

The Commission notes that AP High Tech Consumer category is different from AP consumption and cannot be a part of it. Hence the Commission considers the same separately and accordingly reduces AP Consumption by 0.02 M kWh in para 2.2.2.

Further, PSPCL has submitted AP consumption of 1.34 M kWh of 110 consumers whereas AP consumption of 12533 M kWh has been submitted separately in the petition. In reply to the deficiencies pointed out by the Commission, PSPCL in its replies dated 30.12.2022 and 24.01.2023 submitted that the 110 Consumers pertain to the AP metered category in SAP. Further, vide reply dated 31.01.2023, PSPCL submitted that these consumers have been billed according to commercial circular no. 39/2017. As per the aforesaid circular, connections to such consumers ought to be released from the nearest AP feeders by installing AMR meters to assess the energy consumption under HVDS by installing individual transformer of appropriate category. Vide reply dated 10.02.2023, PSPCL has also confirmed that the consumption of these 110 no. AP consumers shown as 1.338612 M kWh is included in the total AP consumption quantum of 12,532.53 M kWh. Thus, it can be inferred that the consumption of 1.338612 M kWh is included in the total AP consumption quantum of 12,532.53 M kWh. Further, as per commercial circular no. 45/2021, the past and future bills of these consumers have been subsidised by GoP. Accordingly, consumption of 1.338612 M kWh is not being considered in the metered energy sale separately.

Further, PSPCL, vide Memo No. 768/ARR/Dy.CAO/265/Deficiencies-Vol-I dated 30.12.2022, submitted the details of category/sub-category wise units adjusted for theft/under assessment and the unbilled Revenue units as under:

Table 3: Category-wise theft detected and unbilled/adjusted units submitted by PSPCL (M kWh)

Sr. No.	Category	Theft	Short Assessment	Unbilled Units Adjustment	Total Units
I	II	III	IV	V	VI
1.	Domestic	88.76	78.97	386.70	554.44
2.	NRS	24.42	26.93	87.54	138.89
3.	Small Power	3.55	7.82	-2.55	8.82
4.	Medium Supply	8.04	14.99	-17.11	5.92

Sr. No.	Category	Theft	Short Assessment	Unbilled Units Adjustment	Total Units
5.	Large Supply	11.59	8.43	-11.51	8.50
6.	Public Lighting	0.56	6.31	-1.08	5.79
7.	Bulk Supply	0.02	0.99	-4.66	-3.65
8.	Railway	0.16	-	1.28	1.44
9.	Agriculture	5.60	0.18	-	5.79
10.	Total	142.70	144.63	438.61	725.94

PSPCL has further submitted the methodology adopted for the calculation of category/Sub-category, units adjusted for theft, UUE, as follows:

- On detection of any theft/wrong metering and any other case: To penalize the consumer as per instructions of the Corporation, the amount is charged by the sub divisional offices on the checking reports of the Enforcement wing and DS staff or short assessment detected by audit parties. Then the charged amount is divided by average unit rate of that particular connection's category to calculate approximate equivalent units of energy leakage by concerned Enforcement wing, sub divisional offices or by audit wing as the case may be.

Accordingly, the Adjusted Units considered by the Commission are 725.94 MkWh.

In response to the Commission's observations regarding Category wise sales submitted in Format D24 of the Petition for FY 2021-22 vis-a-vis Audited Accounts, PSPCL vide Memo No. 175 dated 24.01.2023 submitted the reconciliation of category wise sales as shown in the petition with that contained in the audited accounts.

In view of the above, the category-wise sales submitted by PSPCL and figures now worked out by the Commission for True-up of FY 2021-22 are tabulated below:

Table 4: Category-wise metered sales approved by the Commission for True up

Sr. No.	Consumer Category	Sales submitted by PSPCL (MkWh)	Approved by the Commission for True up of FY 2021-22				Total Sales (MkWh)
			Units Billed in kWh (MkWh)	kVAh Billing		kWh for Units Billed in kVAh (MkWh)	
				Units Billed in kVAh (MkVAh)	Power Factor		
I	II	III	IV	V	VI	VII	VIII
1	Domestic	14538.39	14293.47	254.40	0.96	244.91	14538.39
2	Non-Residential	3613.53	2194.49	1476.30	0.96	1419.04	3613.53
3	Small Power Ind.	970.61		1028.52	0.94	970.61	970.61
4	Medium Supply Ind.	1936.90		2015.17	0.96	1936.90	1936.90
5	Large Supply Ind.	17377.43	-	17694.99	0.98	17377.43	17377.43
6	Public Lighting	161.36	161.36	-	-	-	161.36
7	Bulk Supply	641.75	-	661.12	0.97	641.75	641.75
8	Railway Traction	2.86	-	8.79	0.95	8.35	8.35
9	AP High Tech/ High Density Farming	0.02		0.025	-	0.019	0.02

Sr. No.	Consumer Category	Sales submitted by PSPCL (MkWh)	Approved by the Commission for True up of FY 2021-22				Total Sales (MkWh)
			Units Billed in kWh (MkWh)	kVAh Billing		Total Sales (MkWh)	
				Units Billed in kVAh (MkVAh)	Power Factor		
I	II	III	IV	V	VI	VII	VIII
10	Compost/ Solid waste Management Plants / Rural Water Supply	225.90	0.00	254.92	0.89	225.90	225.90
11	Start-up Power for generators/CPPs	185.63	-	192.23	0.97	185.63	185.63
12	Golden Temple & Durgiana Mandir, Sri Amritsar Sahib	7.88	7.88	-	-	-	7.88
13	Temporary Supply	244.20	210.73	36.34	0.92	33.47	244.20
14	AP Pumpset	1.34*					-
15	Adjusted Units	725.94	-	-	-	-	725.94
16	Total metered Sales (within the State)	40633.74	16867.93	23622.81		23044.01	40637.90

PSPCL in its replies has confirmed that 1.34 MkWh is already included in the AP consumption of 12532.53 MkWh. Hence the Commission has reduced the same from Metered sales

The Commission approves 40637.90 MkWh as metered energy sales within the state for Truing-up of FY 2021-22.

B. Common Pool/Outside State Sales

PSPCL has submitted the figures of Common Pool and Outside State Sales as 301 MkWh and 54.39 MkWh respectively for True-up of FY 2021-22. In response to the query raised by the Commission, PSPCL, vide reply dated 30.12.2022 also submitted the breakup of entity wise sales outside the State as under:

Table 5: Source-wise outside State sales submitted by PSPCL for FY 2021-22

Sr. No.	Source/Trader	FY 2021-22
		MkWh
I	II	III
1	IEX Day Ahead Market	25.44
2	IEX Real Time Market	27.50
3	PXIL Day Ahead Market	0.30
4	PXIL Term Ahead Market	1.15
5	IEX Term Ahead Market	0
6	Total	54.39

Accordingly, the Commission accepts 301 MkWh and 54.39 MkWh as Common Pool and Outside State sales respectively for Truing-up of FY 2021-22.

2.2.2 AP Consumption

In the Tariff Order for FY 2021-22, the Commission had approved the projected AP consumption of 11931 MkWh for FY 2021-22. Further, in the Tariff Order for FY 2022-23, the Commission revised the estimate of AP consumption for FY 2021-22 to 11956 MkWh.

PSPCL's Submissions:

PSPCL has submitted that it has computed the AP consumption as 12532.53 MWh based on the pumped energy methodology adopted by the Commission. The AP consumption submitted by PSPCL for true up of FY 2021-22 is given in the following table:

Table 6: AP Consumption submitted by PSPCL for True up of FY 2021-22

Sr. No.	Category	MWh
I	II	III
1	Energy pumped in case of 3 Phase 3 Wire AP feeders	13167.35
2	Energy pumped in case of 3 Phase 4 Wire AP feeders	5.30
3	Energy pumped in case of Kandi area mixed feeders	617.78
4	Energy pumped in case of Kandi area pure AP feeders	31.51
5	Total Energy pumped	13822.23
6	Less: losses @9.55% for Apr-May 2021 and @ 10.49% for June to March 2021	1439.88
7	Net AP consumption for FY 2021-22	12382.36
8	Metered AP consumption	150.17
9	Total AP Consumption	12532.53

Commission's Analysis:

- i) The Commission also estimates the AP consumption based on the methodology of pumped energy. However, in order to minimize the error on account of human intervention, the Commission had issued a directive to PSPCL in the Tariff Orders to ensure supply of monthly AMR data of AP feeders regularly to the Commission. In compliance thereof PSPCL had started submitting the monthly AMR data. However, since the data for FY 2021-22 is available only up to July 2021 and that too for about 1400 to 2500 No. AP feeders against a total of about 6500 AP feeders, it cannot be used to accurately estimate the AP consumption of the State as a whole. The Commission reiterates its directive to PSPCL to ensure that AMR on the AP feeders on which AMR system has already been provided but is not functional be made functional within 3 months of issue of this Tariff Order. For the remaining AP feeders, the AMR facility be made operational within one year from issue of this Tariff Order failing which the Commission would be constrained to revisit and adopt a more stringent methodology for computing AP consumption. **This year, the Commission decides to continue with the estimation of AP consumption on the basis of pumped energy data supplied by PSPCL, after prudence check.**
- ii) **3 Phase 3 wire feeders:** The 3 phase 3 wire consumption, as per ledger data submitted, comes out to be 13,164.35 MWh. Further sample check on three phase

three wire AP feeders was also conducted and the field data was found to be matching the Ledger Data. In case of Bhagwanpur feeder under DS division Bhikhiwind, the actual pumped energy is 5,26,718 units instead of 13,08,408 units shown in the Ledger Data. The same was confirmed by Dy. Chief Engineer, P&M circle, PSPCL, Amritsar vide memo No. 622 dated 09.02.2023. Thus, a deduction of 7,81,690 units (13,08,408-5,26,718) on this account has been considered by the Commission. Accordingly, after prudence check the Commission considers the AP consumption from 3 phase 3 wire feeders as **13,163.57MkWh** (13,164.35-0.78) for truing up of FY 2021-22. Also, for 3-phase 4-wire AP feeders, the Commission consider AP consumption of **5.30 MkWh**.

iii) Kandi Area Mixed Feeders: For assessment of AP consumption fed from Kandi Area mixed feeders, the pumped energy for agriculture load is being considered as 30% of the total pumped energy as submitted by PSPCL.

iv) Kandi Area Pure AP Feeders:

PSPCL submitted that energy of 31.51 MkWh has been pumped from Kandi Area pure AP feeders. The Commission got the pumped energy of these feeders sample checked/validated from the Committee. During validation, the Committee observed that excess AP Pumped Energy has been shown in segregated new feeders and recommended deduction as under:

Table 7: Excess AP Consumption booked on Kandi Pure Feeders

Sr. No	Proposed Deduction (kWh)	Remarks
I	II	III
1.	4,89,692	Excess AP Pumped Energy shown in Jalalpur Kandi Pure AP Feeder under DS division Lalru
2.	2,24,588	Excess AP Pumped Energy shown in Jastna Kandi Pure AP Feeder under DS division Lalru
3.	4,11,495	Excess AP Pumped Energy shown in Malakpur Kandi Pure AP Feeder under DS division Lalru
4.	16,320	Excess AP Pumped Energy shown in Bahora Kandi Pure AP Feeder under DS division Lalru
5.	13,470	Excess AP Pumped Energy shown in Chadiala Kandi Pure AP Feeder under DS division Lalru
6.	1,67,606	Pro-rata deduction due to presence of non-AP load on Dhada Feeder under DS division Mahilpur
7.	12,625	Pro-rata deduction due to presence of non-AP load on Rajpur Feeder under DS division Mahilpur
8.	4,927	Difference in ledger & field data and pro-rata deduction due to presence of non-AP load on Rawalpindi Feeder under DS division Garhshankar
TOTAL	13,40,723	= 1.34MkWh

The proposed deductions in respect of Sr. No. 1 to 5 are on account of A.P. consumption booked in the feeder after bifurcation date whereas, on site, bifurcation date was either wrong or at a later date than shown in the data resulting in over booking of energy due to the presence of non AP load for Sr. No. 6 to 8. Accordingly, after prudence check, the Commission considers the AP consumption from Kandi area pure AP feeders as 30.17 M kWh (31.51 M kWh -1.34 M kWh) for truing up of FY 2021-22.

v) AP load fed from urban feeders:

PSPCL in its Petition has submitted metered AP consumption of 150.17 M kWh in respect of metered AP consumers. PSPCL was directed to provide consumer wise readings to justify its submission. In response to the Commission's query, PSPCL vide letter dated 24.01.2023 submitted the data of around 8401 consumers with 100494 monthly readings having cumulative consumption of 155.58 M kWh. The readings submitted by PSPCL were sorted as per meter status. On perusal of the same, it was observed as under:

- a) 64,469 No. meter readings with 77.07 M kWh consumption are for the meters for which meter status is ok.
- b) For the balance 36,025 monthly readings, the meters are defective, lost, not at site, burnt etc.

Accordingly, the Commission considers 64,469 (1,00,494-36,025) monthly readings having energy consumption of 77.07 M kWh. The monthly consumption works out to be 1195.45 units per meter per consumer per month. Applying this on 1,00,494 readings submitted by PSPCL, the AP consumption comes out to be **120.14 M kWh** against PSPCL submission of 150.17 M kWh. Therefore, the Commission approves the AP consumption of **120.14 M kWh for AP load fed from urban feeders.**

The directive for 100% metering of all AP connections fed from urban feeders is pending for full compliance since FY 2013-14. The Commission, while reiterating its directions in Directive 5.5(c) of the Tariff Order for FY 2018-19, has stated that after due validation, consumption of only metered AP consumers fed from urban feeders shall be considered while computing AP consumption. The said directive was also reiterated in the Tariff Orders for FYs 2020-21 to FY 2022-23. The Commission reiterates its directive to meter all AP consumers being fed from urban feeders without any further delay.

vi) Assessment of T&D losses on AP feeders: To arrive at a more accurate conclusion regarding distribution losses in the AP sector, the Commission, in the Tariff Orders for FY 2015-16 and FY 2016-17, issued directions to PSPCL to cover at least

5% of the AP feeders under 100% metering spread across the State and to calculate T&D losses of these feeders on a regular basis. However, in the Tariff Order for FY 2017-18, the Commission, on PSPCL's request, reduced the size of sample feeders to 1% and issued directions as under:

“The Commission directs PSPCL to ensure completion of the work of providing 100% meters on at least 1% AP feeders and computation of T&D losses by engaging an independent agency within time period allotted by the Commission. In case of delay in completing the job in the allotted time, the Commission shall assess the losses of AP sector for calculating AP consumption as the basis of data/information available with the Commission.”

The above directive was also reiterated in Tariff Orders for FY 2019-20 to FY 2022-23. During processing of ARR for FY 2020-21, PSPCL submitted that installation of 100% meters on 1% AP Feeders has been completed and engagement of 3rd party to compute T&D losses on 1% feeders is under progress and will be finalized shortly. The Commission, in the Tariff Order for FY 2021-22 and FY 2022-23, has directed PSPCL that till the engagement of an independent agency for the subject cited assignment, monthly readings of AP consumers on 1% sample feeders covered under 100% metering be recorded departmentally and the computation of losses based on the same be provided to the Commission along with the data of monthly pumped energy. However, PSPCL has not submitted the computed losses of the sample feeders.

As PSPCL has failed to implement the directions of the Commission and demonstrate T&D losses on the AP feeders, the Commission shall continue with the assumption of losses of AP feeders (11 kV and below) in accordance with Regulation 30(2) of the PSERC (Terms & Conditions of Intra-state Open Access) Regulations, 2011, which specifies that the customers availing supply at 33/66 KV shall bear 15% of the distribution losses in addition to transmission losses. Accordingly, losses for AP Feeders (11kV and below) have been considered as 85% of the target distribution losses.

Accordingly, the Commission determines the AP consumption for Truing-up of FY 2021-22 as under:

Table 8: AP consumption determined by the Commission for FY 2021-22

Sr. No.	Description	MkWh
I	II	III
1.	Energy pumped during the year:	
	i) 3-phase 3-wire AP feeders	13,163.57
	ii) 3-phase 4-wire AP feeders	5.30
	iii) Kandi Area mixed feeders feeding AP load	^a 617.78
	iv) Kandi Area pure AP feeders	30.17
	Total	13816.82
2.	Less losses @10.49% (85% of 12.34)	^b 1449.38

Sr. No.	Description	MkWh
I	II	III
3.	Net AP consumption (1-2)	12367.44
4.	Urban Feeders Metered AP consumption	120.14
5.	Less: AP high density consumption booked in AP load (as per para 2.2.1)	0.02
6.	Total AP consumption for FY 2021-22	12487.56

^aCalculated by assuming the AP load on Kandi area mixed feeders feeding mixed load, as 30%.

^bThe loss @10.49% (11 kV and below) for FY 2021-22 has been worked out as per the target of distribution loss of 12.34% fixed in the Tariff Order for FY 2021-22

Thus, the Commission approves the AP Consumption of 12487.56 MkWh for True-up of FY 2021-22.

2.2.3 Total Energy Sales

The total energy sales submitted by PSPCL and approved by the Commission for True up for FY 2021-22 is as under:

Table 9: Total Energy Sales for FY 2021-22

(MkWh)			
Sr. No.	Particulars	Submitted by PSPCL	Approved by the Commission for True-up
I	II	III	IV
1.	Metered sales within State (Table 4)	40633.73	40637.90
2.	AP consumption (Table 8)	12532.23	12487.56
3.	Total sales within State	53165.96	53125.46
4.	Common pool sale	301.00	301.00
5.	Outside State sale	54.39	54.39
6.	Total	53521.35	53480.85

2.3 Transmission and Distribution (T&D) Loss Target PSCPL's submission:

The Commission in its Order dated 28.05.2021 for ARR of FY 2021-22 had considered the actual distribution loss of 12.94% observed in FY 2018-19 as the baseline figure for setting the distribution loss trajectory for FY 2020-21 and FY 2021-22. Accordingly, the Commission approved distribution loss target of 12.94% for FY 2020-21 and 12.34% for FY 2021-22. Further, the Commission had approved the transmission loss target as 2.46% for FY 2021-22.

PSPCL has submitted that from its past years' performance, it is evident that earnest efforts are being made towards reduction of line losses and commercial losses to plug the revenue loss. PSPCL has achieved Distribution loss level of 12.59% in FY 2021-22.

Various concerted efforts have been made in the past years for improvement in billing and collection efficiency along with assuring the quality of supply. Intensive drives for replacement of electromechanical/defective meters have been undertaken to improve metering accuracy. Aggressive vigilance drives have also been conducted to curb

power thefts and pilferages of energy.

PSPCL is further working extensively on strengthening of sub transmission and distribution network under Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Integrated Power Development Scheme (IPDS). Under these Schemes, the overloaded feeders are being bifurcated and trifurcated along with creation of new 33 kV Substations. Works under these schemes are at their closure and the full impact of these works will reflect in the performance of PSPCL in the ensuing years.

PSPCL has further submitted that significant measures have also been taken for improvement of collection efficiency in the past years. PSPCL has provided online payment facilities to the consumers for payment of electricity bills. PSPCL has, from time to time, introduced various schemes for recovery of accumulated defaulting amounts. PSPCL has conducted special campaigns to disconnect the regular defaulters, consumer indexing at DT level and sizing and sequencing of the consumer binders have been carried out to minimise the bill distribution time.

PSPCL is also working on Demand Side Management; various measures like distribution of LED Lights, energy efficient fans and installation of energy efficient agriculture pump-sets have been undertaken. These measures will reduce the energy requirement at LT network and eventually reduce the loss level of PSPCL.

PSPCL submitted that it has added 1.91 lakh consumers in FY 2021-22, 2.02 Lakhs consumers in FY 2020-21, 2.34 Lakhs consumers in FY 2019-20 and 2.18 Lakhs consumers in FY 2018-19, which is quite on the higher side. In spite of increase in number of consumers at LT network, PSPCL has been able to consistently reduce the losses over the past years

PSPCL have been endeavouring its best to reduce the technical and commercial loss levels in concurrence with the Commission's directives. PSPCL has constituted Theft Detection Teams to reduce commercial leakages through theft/ pilferage. The outstanding arrears from connected/ disconnected consumers are also being recovered by launching arrear recovery drives/ schemes and by assigning arrear recovery targets to the sub-divisions. PSPCL endeavours to achieve the loss targets fixed by the Commission and works aggressively towards it. Initiatives undertaken by PSPCL are long term in nature and their impact will be visible after completion of the works which are under progress.

Commission's Analysis:

For working out the energy requirement of PSPCL, the Commission decides to consider the actual transmission losses of 1331.89 MWh as approved for the True-up of FY 2021-22 in the Tariff Order of FY 2023-24 of PSTCL (Petition No. 73 of 2022) while retaining the target distribution loss of 12.34% for Truing up of FY 2021-22. In

response to the Commission's query regarding the quantum of NRSE generation available at 66/11 kV of its distribution system, PSPCL vide Memo No. 768/ARR/DY.CAO/265/Deficiencies-Vol-I dated 30.12.2022 submitted that out of the total 2243 MWh NRSE generation, the NRSE Power available at 66/11kV within Punjab is 1866 MWh while that at 132kV is 377 MWh. PSPCL in its Petition has reduced NRSE generation of 1866 MWh available at 66/11 kV of its distribution system for computing the transmission losses. PSPCL vide reply dated 30.12.2022 also submitted the reconciliation of energy inflow and outflow with that of PSTCL for FY 2021-22 wherein PSPCL submitted that a total of 724 MWh of Energy was exported to PSTCL's system. Further vide reply dated 24.01.2023, PSPCL clarified that 724 MWh is inclusive of energy generated from NRSE at 132 kV and above i.e. 377 MWh. Accordingly, the Commission decides to consider 1519 MWh (2243 MWh-724 MWh) as NRSE Generation available at 66 kV and below for FY 2021-22.

2.4 Energy Requirement of PSPCL

The energy requirement for FY 2021-22 as approved in the Tariff Order for FY 2022-23 and that submitted by PSPCL in the petition and determined by the Commission after prudence check is as under:

Table 10: Energy Requirement of PSPCL determined by the Commission for FY 2021-22

Actual losses computed by the Commission for FY 2021-22 (MkWh)						
Sr. No.	Particulars		Approved in Review by the Commission in T.O. for FY 2022-2022-23	Submitted by PSPCL in the True-up of FY 2021-22	Determined by the Commission with target T&D losses	Actual losses computed by the Commission
I	II		III	IV	V	VI
1	Energy Sales within the State (Table 9)		53341	53165.98	53125.46	53125.46
2	Target Distribution Loss	%	12.34%	12.59%	12.34%	12.68%
		MkWh	7509	7657.70	7478.53	7711.05
3	Input Energy Required		60850	60823.66	60603.99	60836.51
4	Gen. available at 66/11 KV		1884	1866.00	1519.00*	1519.00*
5	Input Energy Required (excluding Gen. available at 66 KV and below)		58966	58957.66	59084.99	59317.51
6	Target Transmission Loss	%	2.46%	2.21%	-	-
		MkWh	1487	1332.41	1331.89	1331.89
8	Total Energy Input Required (excluding NRSE Gen available at 66 KV and below)		60453	60290.09	60416.88	60649.40
9	Total Energy Input Required		62337	62156.07	61935.88	62168.40
10	Sales to Common pool consumers		301	301.00	301.00	301.00
11	Outside State Sales		70	54.39	54.39	54.39
12	Energy available from M/s Winsome and M/s Nahar industries (0.526 MkWh) and Net-metering (13.16 MkWh), the actual energy requirement			13.69		
13	Total Requirement (Table 15)		62708	62525.14***	62291.27	62523.79**

*After excluding 724MkWh from total NRSE generation of 2243 MWh

**Trued-up Energy Availability (Actual Energy Input) as per Table 15

*** There is a slight variation in the calculation of Energy requirement from that submitted by PSPCL in the Petition due to absolute value of distribution losses of 7655 MWh considered by PSPCL in the Petition instead of 7657.70 MWh.

Accordingly, the Commission approves the total energy requirement of PSPCL at State periphery as 62291.27 M kWh for True-up of FY 2021-22. However, the actual energy requirement as asked by PSPCL works out to 62525.14 M kWh, which is slightly different from the trued-up energy requirement of 62523.79 M kWh on account of minor variation in true-up of hydel generation and the absolute value of distribution losses which works out to 7657.70 M kWh considering loss of 12.59% on the sales of 53165.98 M kWh instead of 7655 M kWh considered by PSPCL in the Petition. Further, considering the trued-up figure of 53125.46 M kWh as Sales within the State, the actual distribution losses of PSPCL works out to be 12.68% against the target losses of 12.34%. And, considering the absolute transmission loss of 1331.89 M kWh, the T&D losses work out to 14.55%. The impact of the same is discussed in **Para 2.7** and **Para 2.10.1**.

2.5 PSPCL's Net Thermal Generation

PSPCL's Submissions:

PSPCL has submitted the figures of actual net thermal generation during FY 2021-22 as 3372.66 M kWh for True-up as follows:

Table 11: Net Generation submitted by PSPCL for FY 2021-22

Sr. No.	Station	Installed Capacity (MW)	Generation Net (M kWh)	PLF
I	II	III	IV	V
1.	GGSSSTP	210X4=840	1558.96	23.57%
2.	GHTP	250X2 + 210X2= 920	1813.71	24.91%
3.	Total	1760	3372.66	

PSPCL has submitted that in order to cater to the additional demand supply during paddy season which goes upto approximately 13000 MW, these thermal generating units are to be kept as back up units in view of the universal supply obligation under Electricity Act, 2003 for uninterrupted power supply to the consumers of Punjab. PSPCL has further submitted that as the power requirement from GHTP is only during the paddy season, periodic renovations are being carried out at regular intervals with nominal expenditure for better efficiency and to utilize the full span of the units.

Commission's Analysis:

The Commission notes that the net energy submitted by PSPCL has been validated by SLDC vide its Memo No. 1928/CEC-101 (for GHTP) and Memo No. 1929/CEC-101 (for GGSSSTP) dated 27.12.2022. SLDC has given net generation for GHTP as 1813.71 M kWh and GGSSSTP as 1558.96 M kWh respectively. Further, as per the validation conducted by the Commission, the actual generation of GGSSSTP for FY 2021-22 was 1558.94 M kWh and 1813.71 M kWh for GHTP. Accordingly, the Commission has considered net generation of 1558.94 M kWh and 1813.71 M kWh for GGSSSTP and GHTP respectively for True-up of FY 2021-22.

Table 12: Net Generation approved by the Commission for FY 2021-22

Sr. No.	Station	Installed Capacity (MW)	Generation Net (MkWh)
I	II	III	IV
1.	GGSTP	210X4=840	1558.94
2.	GHTP	250X2 + 210X2= 920	1813.71
3.	Total	1760	3372.65

2.6 PSPCL's Hydel Generation

PSPCL's Submissions:

PSPCL submitted the station-wise net hydro generation for FY 2021-22 in its Petition. With regard to the Commission's observation on low hydel generation for FY 2021-22, PSPCL vide Memo No. 768/ARR/DY. CAO/265/Deficiencies-Vol-I dated 30.12.2022 submitted the same data of generation from its hydel plants linking with average water discharge as follows:

Table 13: Average Water Discharge submitted by PSPCL for FY 2021-22

S. No.	Generating Station	Type of Plant	FY	Average Discharge during the entire year (in Cusecs)	Total Gen. (MkWh)
I	II	III	IV	V	VI
1.	Shanan PH Joginder Nagar	Hydro	2020-21	500	503.07
			2021-22	521	521.91
2.	MHP, Talwara	Hydro	2020-21	9222	1407.52
			2021-22	6388	966.47
3.	RSD, Shahpur Kandi	Hydro	2020-21	6174	1518.94
			2021-22	5614	1162.96
4.	ASHP, Anandpur Sahib	Hydro	2020-21	5369	565.99
			2021-22	3601	396.36
5.	UBDC, Malikpur	Hydro	2020-21	3721	394.083
			2021-22	2998	314.122

On the basis of the data depicted above, the reasons for lower generation are as under:

1. Shanan Power House, Joginder Nagar: The total generation of Shanan Power House, Joginder Nagar during FY 2021-22 is more than the generation during FY 2020-21.

2. RSD, Shahpurkandi: The total generation of RSD, Shahpurkandi has decreased in FY 2021-22 as compared to generation achieved during FY 2020-21 due to the following reasons:

- The Average inflow of water at RSD during FY 2021-22 was 5614 Cusecs which is the lowest since FY 2009-10.
- All the machines at RSD were under shutdown from 05.10.2021 to 13.10.2021, 15.01.2022 to 19.01.2022 and 22.01.2022 to 27.01.2022 (total 20 days) due to construction works of the new dam for 206 MW Shahpurkandi Power Project.
- The water discharge in the downstream of RSD PH was restricted up to 5500 cusecs by the Department of Water Resources (WRD) as a result of which only 1

no. machine was able to run at RSD from 14.10.2022 up to 25.03.2022. Further, from 26.03.2022 to 31.03.2022, water discharge downstream of RSD PH was restricted upto 9500 cusecs by WRD, as a result of which only 2 no. machines were able to run at RSD.

All the above mentioned factors led to lower generation in FY 2021-22 as compared to FY 2020-21. Further, the operation of machines at RSD is controlled by Power Controller as per demand of electricity, water demand (as per Irrigation Indent) and availability of water in the reservoir.

3. MHP, Talwara: The total generation of MHP, Talwara has decreased in FY 2021-22 as compared to generation achieved during FY 2020-21 due to the following reasons:

- i. The total generation for FY 2021-22 has decreased due to decrease in average water discharge as per Table 13.
- ii. Further M/c no. 2 (15MW) at P.H-1 also remained under planned shutdown from 10.03.2021 to 11.11.2021 for the work of renewal and replacement of wound stator, replacement of existing rotor poles with new poles having F-class insulation and capital maintenance of machine by M/s BHEL which resulted in nearly 23.24 MU loss of generation in FY 2021-22.

All above mentioned factors led to lower generation at MHP, Talwara in FY 2021-22 as compared to FY 2020-21.

4. ASHP, Anandpur Sahib: Anandpur Sahib Hydel Project is a Run of River (ROR) project that is completely dependent on the discharge level of AHC (Anandpur Sahib Hydel Channel). The availability of water in the channel is decided by BBMB Authority. The total generation for FY 2021-22 has decreased due to decrease in average water discharge as depicted in Table 13.

5. UBDC, Malikpur: The total generation for FY 2021-22 has decreased due to decrease in average water discharge as depicted in Table 13.

Commission's Analysis:

In view of the submissions made by PSPCL, the station-wise installed capacity, generation approved in Review by the Commission in the Tariff Order for FY 2022-23 now submitted by PSPCL for true-up and approved by the Commission for True-up of FY 2021-22 is as under:

Table 14: PSPCL's Hydel Generation for FY 2021-22

Sr. No.	Hydel Station	Installed capacity in MW	Approved in Review by the Commission in TO for FY 2022-23	Submitted by PSPCL for True-up	MkWh
					Approved by the Commission for True-up
I	II	III	IV	V	VI
1.	Own Generation				
	i) Shanan	110.00	486	521.91	521.91
	ii) UBDC	45.00	163	122.88	122.88
		46.35	174	191.24	191.24
	iii) RSD	600.00	1209	1162.96	1162.96
	iv) MHP	207.00	1026	883.52	883.52
		18.00	90	82.95	82.95
	v) ASHP	134.00	552	396.36	396.36
	vi) Micro hydel	5.60	3	5.49	5.49
	vii) Others	-	-	-	-
	Total	1165.95	3703.00	3367.31	3367.31
2.	Less: Auxiliary consumption and Transformation losses		30	29.86	27.41*
3.	Less: HP share in RSD		56	53.50	53.50
4.	Less: Royalty to HP from Shanan		53	52.13	52.13
5.	Net own generation		3564.00	3231.82	3234.27
	Share from BBMB (Net)				
6.	i) PSPCL's share	1161.00	3278	3429.28	3429.28
	ii) Common pool share		301	301	301
	Total Share from BBMB		3579.00	3730.28	3730.28
7.	Total hydro generation (Net) (Own + BBMB)		7143.00	6962.10	6964.55

*Transformation losses @0.5%, auxiliary consumption @0.5% for RSD & UBDC stage-1 (having static exciters) and @0.2% for others.

Accordingly, the Commission approves PSPCL's net Hydel Generation as 6964.55 MkWh for True-up of FY 2021-22, as shown in the Table above.

2.7 Energy Balance/ Power Purchase

The Commission observes that PSPCL has shown Rs. 0.02 Crore and Rs. 0.01 Crore as 'PSTCL Transmission charges' for M/s Winsome and M/s Nahar industries respectively. With regard to quantum of energy, PSPCL vide reply dated 24.01.2023 submitted that 2% Energy over injection by NRSE OA Generators in lieu of Transmission & wheeling Charges for FY 2021-22 is 0.49 MkWh which may be considered in availability of PSPCL. During the power purchase validation, it was observed that 0.036912 MkWh of M/s Nahar industries was not taken in FY 2021-22 as the bill of this month was received in May-22. On the recommendation of power purchase validation report, the Commission considered and approved 0.036912 MkWh in FY 2021-22. Accordingly, the Commission has considered 0.526 MkWh in the energy availability of PSPCL for True-up of FY 2021-22.

With regard to the Commission's query on the quantum of energy received by PSPCL on account of net metering, PSPCL, vide reply dated 24.01.2023, submitted that the

net metering units as on 30.09.2022 are 13.16 M kWh. Net metering units left unused by the consumers under net metering are settled on 30th September of every year. Accordingly, the Commission has considered 13.16 M kWh of net-metering units in the energy availability of PSPCL for FY 2021-22.

In view of the above energy requirement, availability and purchase determined by the Commission in the Tariff Order of FY 2022-23, submitted by PSPCL and approved by the Commission for True-up of FY 2021-22, is as under:

Table 15: Approved Energy Balance/Power Purchase for FY 2021-22

(M kWh)

Sr. No.	Particulars	Approved by the Commission in APR of FY 2021-22 in TO FY 2022-23	Submitted by PSPCL for True-up	Approved by the Commission for True-up
I	II	III	IV	V
A.	PSPCL's Energy requirement (Table 10)	62708	62525.14	62291.27
B.	Energy Available			
	i) PSPCL's own Thermal (Table 12)	3328.00	3372.66	3372.65
	ii) PSPCL's own Hydro (Including from BBMB) (Table 14)	7143.00	6962.10	6964.55
	iii) Open Access UI		0.21	0.21
	Total B (i+ii+iii)	10471.00	10334.97	10337.41
C.	Power Purchase (A-B)	52237.00	52186.38*	51953.86
D.	Excess power purchase made by PSPCL	(52186.38 – 51953.86) =232.52		
E.	Actual Energy Input (A+D)	62523.79**		

*PSPCL in format D6 has submitted power purchase of 52172.69 M kWh against 52173.18 M kWh in format D3 (Table 23). Accordingly, for the purpose of energy balance the Commission has considered power purchase of 52172.69 M kWh. Further after including 13.69 M kWh on account of energy available from M/s Winsome & M/s Nahar industries (0.526 M kWh) and Net-metering (13.16 M kWh) the new power purchase works out to 52186.38 M kWh

** as discussed in Para 2.4 above there is a variation in Energy Requirement and Actual Energy Input is due to minor calculation difference in the absolute value of distribution losses submitted by PSPCL in the Petition.

The balance energy i.e. the (net) requirement for purchase of power from outside sources works out to 51953.86 M kWh for FY 2021-22 against the actual outside purchase of 52186.38 M kWh made by PSPCL. The difference of 232.52 M kWh is attributable to the under achievement of Distribution loss target (refer para 2.3 & 2.4). The issue of disallowance for the same is discussed in para 2.10.1.

2.8 Norms for Operation of Generating Station

2.8.1 Auxiliary Consumption, Station Heat Rate (SHR) and Secondary fuel consumption

PSPCL's submission:

Regulation 35 of the PSERC MYT Regulations, 2019 specifies that the performance parameters for PSPCL's Generating stations shall be as per norms specified by CERC in its Tariff Regulations or as determined by the Commission.

As regards Plant Availability Factor, PSPCL has submitted that the actual Plant Availability for FY 2021-22 for all own thermal generating stations is more than the normative availability of 85%.

Actual plant load factor for GGSSTP and GHTP is low during FY 2021-22 because of partial load operation and backing down. PSPCL has submitted that frequent stop/start after reserve shutdown and running of units under backing down affects the performance of units. During backing down, power generation is reduced, but most of the auxiliaries remain running at nearly full load, which results in an increase in actual auxiliary consumption.

Furthermore, Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 provides for the compensation for auxiliary consumption and Station Heat Rate on account of part load operations. In view of CERC Order dated May 5, 2017, Central Generating Stations have been granted relief on account of part load operation & multi start/stop of units and accordingly are claiming compensation charges. In fact, PSPCL is also paying compensation charges to Central Generating Stations on this account. However, the same relief has not been granted to its own thermal generating stations.

Section 61 of the Act stipulates that the Commission's terms and conditions of tariff shall be guided by the principles and methodologies specified by the Central Commission for determination of tariff applicable to generating companies. CERC has already specified methodologies for providing compensation for partial load operation. PSERC MYT Regulations, 2019 do not specify performance parameters for Thermal Generating Stations. These parameters are linked to CERC Tariff Regulations. CERC in its Tariff Regulations, 2019 has incorporated the provisions related to compensation in performance parameters. Note to Regulation 49 (B) (c) of CERC Tariff Regulations, 2019 specifies that:

“The normative gross station heat rate above is exclusive of the compensation specified in Regulation 6.3 B of the Grid Code. The generating company shall, based on unit loading factor, consider the compensation in addition to the normative gross heat rate above.”

In view of this, PSPCL requested the Commission to invoke powers under Regulation 66 and 67 of PSERC MYT Regulations, 2019 for relaxation in Station Heat Rate, Auxiliary Consumption and Secondary Fuel Oil Consumption in view of partial load operation.

Accordingly, PSPCL requested the Commission to approve actual plant-wise performance parameters i.e., Auxiliary Consumption, Station Heat Rate, Transit loss and Secondary Fuel Oil Consumption as shown in the following table:

Table 16: Performance Parameters submitted by PSPCL for true up of FY 2021-22

Sr. No.	Station		Aux. Consumption.	SHR (kCal/ kWh)	Sp. Oil Consp. (ml/kWh)
I	II		III	IV	V
1	GGSSTP		10.13%	2697	2.60
2	GHTP	Unit 1 to 3	9.64%	2603	1.59
		Unit 4			

Commission's Analysis:

- i) The Commission observes that, Proviso (vi) to the Regulation 6.3 B of IEGC provides that “the compensation so computed shall be borne by the entity that has caused the plant to be operated at schedule lower than corresponding to Normative Plant Availability Factor up to technical minimum based on the compensation mechanism finalized by the RPCs”. Since, PSPCL has tied up 100% of the generation of its plants for its own use and PSPCL also manages both the businesses of generation and distribution in the State, as such, PSPCL itself is responsible for the coordinated operation of its plants as well as scheduling of power from the same.
- ii) Also, PSPCL has entered into PPAs with other generators including IPPs being well aware of its own generation capacity and consumer demand. PSPCL also purchases power from outside sources (including short-term power) even at the cost of backing / shutting down its own units after evaluating all commercial aspects including deterioration of operating parameters of its own units.
- iii) Moreover, it is observed that PSPCL's own thermal plants being low on MOD are used as peaking units only i.e. they are required to run continuously at almost full load during the Paddy season only and remain shut down during the remaining part of the year.
- iv) The Commission also observes that Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 is an amendment in the Indian Electricity Grid Code Regulations not in the Tariff Regulations and the same has not been adopted by the Commission in its State Grid Code. Hon'ble APTEL, in its Judgment dated 22.08.2016 in Appeal No. 34 of 2016 in the matter of Jaiprakash Power Ventures Limited versus Madhya Pradesh Electricity Regulatory Commission and others, has held that there is no legal mandate as per IEGC for an Intra-State Generating Station to maintain the Technical Minimum as per the provisions of IEGC and in the absence of any such mandatory provisions the obligation to schedule power is traceable only to PPA entered between the parties. The relevant extract is as under:

“...In the absence of any mandatory provision either under the IEGC notified by the Central Commission or the State Grid Code notified by the State Commission or under any other statutory Regulation, the obligation of Respondent No. 3 to schedule power is traceable only to the PPA executed between Respondent No. 3 and the Appellant. Clause 6.3B (4) of the IEGC also affirms the above in respect of the generating stations other than the Central Sector Generating Stations and Inter State Generating Stations

The provisions of the PPA do not contain any mandate on Respondent No. 3 to schedule a specific quantum of electricity, though it provides for payment of fixed charges for any unscheduled available capacity within the contracted capacity. On the other hand, Clause 7.1.1 of the PPA specifically provides that the Appellant shall be responsible to operate and maintain the generating station in accordance with the legal requirements and in particular, the Grid Code.

As per IEGC 2016, in order to claim compensation because of lower schedule, provision under Clause 6.3 B (4) provides that

“In case of a generating station whose tariff is neither determined nor adopted by the Commission, the concerned generating company shall have to factor the above provisions in the PPAs entered into by it for sale of power in order to claim compensations for operating at the technical minimum schedule”

In view of above, in the absence of any statutory requirement or PPA conditions mandating the Respondent No. 3 to schedule minimum quantum of power from the generating unit of the Appellant, the Respondent No. 3 cannot be compelled to schedule at near constant load or the quantum of power to reach the Technical Minimum of 140 MW for the generating unit of the Appellant to operate. The Appellant must have made necessary arrangements for sale of balance power (other than the contracted capacity of 70 % with the Respondent No 3) so as to avoid any such situations where the unit has to operate below technical minimum causing difficulties in the operation of the Unit and causing financial distress to the Appellant.

We do not find any error on the related issues raised by the Appellant in the Impugned Order issued by the State Commission.

Hence all the issues as above are decided against the Appellant...

- v) With regard to PSPCL's request to invoke powers under Regulation 66 and 67 of the PSERC MYT Regulations, 2019 for relaxation of norms, the Commission notes that Hon'ble APTEL, vide its judgment dated 18.09.2015 in Appeal No. 196 of 2014 and 326 of 2013 in the matter of Haryana Power Generation Corporation Ltd. versus Haryana Electricity Regulatory Commission and others, has observed as under:

“..... Further if the relaxation of the norms is not in public interest the same is bound to be rejected. Further, if the said contention of the appellant is accepted it will result in further increase in tariff which will cause additional burden on the respondents and ultimately the end consumers of the electricity. ...In the case in hand the State Commission has rightly and legally refused to exercise the power to relax in favour of the appellant on this aspect while passing the impugned order....

No doubt discretionary power is vested with the State Commission but the discretion should be exercised judicially and judiciously that needs recording of special reasons in writing for the exercise of such power to relax.”

- vi) The Commission refers to PSERC Tariff Regulations, 2019 which specifies as under:

“35. NORMS FOR PERFORMANCE PARAMETERS

The norms for performance parameters for a Generating Company i.e. availability, load factor, station heat rate, specific oil consumption, auxiliary consumption etc. shall be as per the CERC norms or as determined by the Commission...”

- vii) With regard to exercise of Power to Remove Difficulties the Commission has perused judgments of Hon’ble APTEL, which clearly specify that this power to remove difficulty is exercisable only to give effect to the provisions of the Statute and not to make any departure which the Statute does not expressly warrant for. The Hon’ble APTEL in its judgment dated 14.12.2012 in Appeal No.137 of 2012 in the matter of Western Electricity Supply Co. Ltd. (Wesco) vs Orissa Electricity Regulatory Commission and others has clearly specified as under:

“36. Argument was placed that the ‘power to remove difficulty’ clause is a wide power which the Commission can exercise at any given situation and at any point of time. Fundamentally, this is not correct. In every modern statute, such clause appears which is exercisable normally by the Executive for removal of difficulty by general or special order. This power to remove difficulty is exercisable only to give effect to the provisions of the Statute and not to make any departure which the Statute does not expressly warrant for. If the law is clear and unambiguous and can be applied in a given situation, there is no scope to say that this power to remove difficulty clause can be invoked by the Commission to reach a decision which is expressly contrary to the law. Ordinarily, this power is exercised when the operation of a Statute is at a nascent stage. There was no difficulty to give effect to provisions of the Electricity Act and those of the Supply Code, 2004.

37. Again, if the Statute has provided for exercise of inherent power which is different from the 'Power to remove difficulties Clause' and which is a judicial power, then it can be exercised only to advance the cause of justice and to prevent the abuse of the process of law. Further, such inherent power is not at all exercisable when there is specific provision of law to address a remedy. When there is no specific provision in a given situation inherent power can be exercised 38. The Commission said in the impugned order that their order would serve the overall interest of all consumers of the State. It is common knowledge that law cannot be a case-specific, it is generic and the law makers while making the law do not fail to notice of the welfare of the people. Therefore, by distraction from the law welfare of the people is not achieved."

viii) Also, Hon'ble APTEL in its judgment dated 24.03.2015 in Appeal No. 55 of 2013 in the matter of BSES Yamuna Power Limited, Delhi vs Central Electricity Regulatory Commission and others clearly specifies as under:

"18.3. We have gone through the judgment of Hon'ble Supreme Court, in Madeva Upendra Sinar Vs. Union of India (supra), in which the Hon'ble Supreme Court held that 'power to remove difficulty' may be exercised when there is a difficulty arising in giving effect to the provisions of the Act and not of any extraneous difficulty. This Appellate Tribunal in the case of NTPC Ltd. Vs. Madhya Pradesh State Electricity Board reported in 2007 ELR (APTEL), held that the power comprised in Regulation 13 of 2004 Tariff Regulations is essentially a 'power to relax'. In case, any Regulation causes hardship to a party or works injustice to him or application thereof leads to unjust result, the Regulation can be relaxed. The exercise of power under Regulation 13 of 2004 Tariff Regulations is minimized by the requirement to record the reasons in writing by the Commission before any provision of the Regulations is relaxed. This Appellate Tribunal in the reported case clearly held that there is no doubt that the Commission has the power to relax any provision of the Regulations. Such power has to be exercised only in exceptional cases and where non-exercise of the discretion would cause hardship and injustice to a party or lead to unjust result. Further, it has to be established by the party seeking exercise of 'power to remove difficulties' or 'power to relax' that the circumstances are not created due to act of omission or commission attributable to the party claiming the relaxation."

From the above judgments the Commission is of the opinion that power to remove difficulties is to be exercised when there is difficulty in effecting the Regulations and not when difficulty is caused due to application of the Regulations. The

Commission feels that in the instant case, there is no difficulty in giving effect to the provisions of the PSERC MYT Regulations, 2019. Further, vide Order dated 25.08.2022 in Review Petition No. 05 of 2021 in Petition No. 45 of 2020 the Commission has observed as under:

“Regulation 35 of the PSERC MYT Regulations, 2019 specifies that norms for performance parameters shall be in accordance with CERC norms. Units 4 of GHTP had its COD on 25.01.2010 which is after 01.04.2009, so its normative heat rate is considered as 2387 kCal/kWh. The other units are having COD before 01.04.2009 hence they have been allocated normative heat rate of 2430 kCal/kWh. As the fuel cost is allowed on normative basis, there is no difference in fuel cost whether calculated on single weighted average value or different value.

CERC fixes the normative parameters for Heat rate in respect all the central generating units of the country. The units commissioned before 01.04.2009 Order have been allocated higher normative heat rate than the design heat rate. It is suggested that PSPCL may study the effect of ageing on heat rate and may provide statistical data to back up their claim.

Thus, in view of the above, the Commission is considering the normative parameters for Auxiliary Consumption, Station Heat Rate (SHR) and Secondary fuel consumption as per norms specified by CERC in its Tariff Regulations, 2019 as follows:

Table 17: Performance and Cost Parameters considered by the Commission for FY 2021-22

Sr. No.	Station		Aux. Consumption	SHR (kCal/kWh)	Specific Oil Consumption (ml/kWh)
I	II		III	IV	V
1	GGSSTP		8.5%	2430	0.5
2	GHTP	Unit 1 to 3	8.5%	2430	
		Unit 4		2387	

2.8.2 Transit Loss of Coal PSPCL's Submission:

PSPCL submitted that actual transit loss is negative for all the Thermal generating stations for FY 2021-22. PSPCL further submitted that the same is not within its control being attributable to various reasons such as calibration of measuring instruments, seasonal variation, pilferages during transportation of coal, change in weather conditions during transportation, carpet coal in wagon during unloading at site location, etc. and is beyond the control of PSPCL. In view of the above, PSPCL requested the Commission to approve the actual transit loss for the purpose of True-up for FY 2021-22.

Commission's Analysis:

The PSERC MYT Regulations 2019, provides for transit loss to be considered on normative basis as specified in the CERC Tariff Regulation. Accordingly, the Commission decides to consider the normative transit loss of 0.8% for FY 2021-22.

2.9 Fuel Cost

PSPCL's submission:

The Fuel Cost for FY 2021-22 approved by the Commission in the Tariff Order of FY 2022-23 and submitted by PSPCL for True-up is as under:

Table 18: Fuel Cost submitted by PSPCL for FY 2021-22

Sr. No.	Particulars		Approved by the Commission in T.O. FY 2022-23			Submitted by PSPCL for True- up		
			GGSSSTP	GHTP	Total	GGSSSTP	GHTP	Total
I	II		III	IV	V	VI	VII	VIII
1	Fuel Cost	Rs. Cr.	596.29	758.74	1355.03	643.72	745.62	1389.34
2	Gross Gen.	MkWh	1,800.11	2,014.80	3814.91	1,734.68	2,007.26	3741.94
3	Net Gen.	MkWh	1,647.10	1,843.54	3490.64	1,558.96	1,813.71	3372.67
4	ECR Gross	Rs./kWh	3.31	3.77	3.55	3.71	3.71	3.71
5	ECR Net	Rs./kWh	3.62	4.12	3.88	4.13	4.11	4.12

Commission's Analysis:

Fuel cost being a major item of expense, the Commission thought it prudent to get the same validated. During validation, it was observed that, PSPCL has included the following O&M cost in the Fuel costs of GHTP & GGSSTP:

A. GHTP

- Coal handling contract cost of Rs. 8.37 Crore

B. GGSSTP

- R&M OF Coal Handling Plant Rs. 0.96 Crore

The Commission observes that the above costs do not form part of fuel cost and need to be considered under normative fixed costs. The validated weighted average calorific value and price of oil & coal, and transit loss of coal is as under:

Table 19: Normative/ validated Operational and Cost Parameters for FY 2021-22

Sr. No.	Parameters		GGSSSTP	GHTP
I	II		III	IV
1	GCV of coal*	kCal/kg	3896.00	3973.00
2	CV of Oil	kCal/ltr	9769.00	9787.00
3	Price of Oil	Rs./ KL	47792.16	45619.13
4	Price of coal	Rs./MT	5239.45	5478.32
5	Auxiliary Consumption	%	8.50%	8.50%
6	Transit Loss	%	0.80%	0.80%
7	Oil Consumption	ml/kWh	0.50	0.50
8	Station Heat Rate	kCal/ kWh	2430	**2430
				***2387

*Weighted Average Gross calorific value of coal as received less 85 Kcal/Kg on account of variation during storage at generating station as per Regulation 40 and 43 (2)(a) of the CERC Tariff Regulations, 2019

**GHTP - Unit I II & III

***GHTP - Unit IV

On the above basis, fuel cost for FY 2021-22 worked out by the Commission is given in the following table:

Table 20: Approved Fuel Cost for FY 2021-22

Sr. No.	Item	Derivation	Unit	GGSSTP	GHTP		
					GHTP (Unit I, Unit II & Unit III)	GHTP (Unit IV)	Total
I	II	III	IV	V	VI	VII	VIII
1.	Net Generation	C	MU	1558.94	1340.61	473.10	1813.71
2.	Gross Generation	A	MU	1703.76	1465.15	517.04	1982.19
3.	Auxiliary Consumption	B	%	8.50%	8.50%	8.50%	8.50%
4.	Station Heat Rate	D	kcal/kWh	2430.00	2430.00	2387.00	
5.	Specific oil consumption	E	ml/kWh	0.50	0.50	0.50	0.50
6.	Calorific value of oil	F	kcal/litre	9769.00	9787.00	9787.00	9787.00
7.	Calorific value of coal	G	kcal/kg	3896.00	3973.00	3973.00	3973.00
8.	Overall heat	H= (A x D)	Gcal	4140136.80	3560314.50	1234174.48	
9.	Heat from oil	I = (A x E x F) / 1000	Gcal	8322.02	7169.71	2530.14	
10.	Heat from coal	J = (H-I)	Gcal	4131814.78	3553144.79	1231644.34	
11.	Oil consumption	K=(Ix1000)/F	KL	851.88	732.57	258.52	
12.	Transit loss of coal	L		0.80%	0.80%	0.80%	
13.	Total coal consumption excluding transit loss	M=(J*1000)/G	MT	1060527.41	894322.88	310003.61	
14.	Quantity of coal priced on F.O.R. basis	N	MT	0.00	0.00	0.00	
15.	Quantity of coal other than coal priced on F.O.R. basis	O=M-N	MT	1060527.41	894322.88	310003.61	
16.	Quantity of coal other coal priced on F.O.R. basis, including transit loss	P=O/(1-L/100)	MT	1069080.05	901535.16	312503.64	
17.	Total quantity of coal required	Q=N+P	MT	1069080.05	901535.16	312503.64	
18.	Price of oil	R	Rs./KL	47792.16	45626.87	45626.87	45626.87
19.	Price of coal	S	Rs./MT	5239.45	5478.32	5478.32	5478.32
20.	Total Cost of oil	T=R x K / 10 ⁷	Rs. Crore	4.07	3.34	1.18	4.52
21.	Total Cost of coal	U=Q x S/10 ⁶	Rs. Crore	560.14	493.89	171.20	665.09
22.	Total Fuel cost	V=T+U	Rs. crore	564.21	497.23	172.38	669.61
23.	Per unit Cost (gross)	W=V*10/A	Rs./kWh	3.31	3.39	3.33	3.38
24.	Per unit Cost (Net)	X=V*10/C	Rs./kWh	3.62	3.71	3.64	3.69

The Commission, thus, approves Rs. 1233.82 Crore as the fuel cost for 3372.65 MWh net generation from PSPCL's thermal units for true-up of FY 2021-22.

2.10 Power Purchase Cost

The Power Purchase Cost for FY 2021-22 approved in the Tariff Order of FY 2021-22, revised in Review by the Commission in the Tariff Order for FY 2022-23 and submitted by PSPCL for True-up is as under:

Table 21: Power Purchase Cost submitted by PSPCL for FY 2021-22

Sr. No.	Particulars		Approved in the T.O of FY 2021-22	Revised in Review by the Commission in T.O. FY 2022-23	Submitted by PSPCL for True-up [#]
I	II		III	IV	V
1.	Power Purchase Cost	(Rs. Cr.)	22739	22670	25102.52*
2.	Gross Power Purchase (#Table 22)	(MkWh)	49029	53295	53248.46
3.	Net Power Purchase (#Table 22)	(MkWh)	48188	52237	52173.18
4.	Per Unit Cost Gross	(Rs./kWh)	4.64	4.25	4.71
5.	Per Unit Cost Net	(Rs./kWh)	4.72	4.34	4.81

* including previous year payments of Rs. 345.05 Crore (Para 2.27) and PSTCL Transmission Charges and SLDC Operating Charges of Rs. 1468.82 Crore. Also, in Format D3 Sr. No. 76, PSPCL has shown total cost of SECI 500 MW Hybrid Power PSA (Solar) Rs. 23.92 for while the cost is 23.80 Crore, hence there is variation of Rupees 0.12 Crore in the power purchase cost from that shown in table 22.

PSPCL's Submissions:

PSPCL has submitted as under:

- The demand of power has been met by procurement of power from long term, short term and other alternative sources apart from the state's Own Generation. All efforts have been made to optimise the power purchase cost in FY 2021-22. Merit Order Dispatch is being strictly complied with to meet the power purchase requirement. Power procurement is made from the generating stations under long term agreements approved by the Commission.
- An amount of Rs. 345.05 Crore on account of prior period expenses has been paid by PSPCL during FY 2021-22.
- Average power purchase cost excluding intra-state transmission charges and prior period expenses works out to Rs. 4.47 per unit as per the audited accounts against the average power purchase cost of Rs. 4.72 per unit approved by the Commission for FY 2021-22.
- Actual power purchase quantum is higher than the quantum approved by the Commission for FY 2021-22. Increase in overall power purchase cost is primarily due to prior period expenses on account of change in law for FY 2021-22.
- PSPCL has purchased the power from RE sources to meet RPO obligation during FY 2021-22. For computing net shortfall for purchase, PSPCL has adjusted excess purchase of Solar power against Non-solar purchase shortage.
- PSPCL has availed rebate of Rs. 192 Crore for timely payment of bills of power

purchase and Generation based incentive of Rs. 7.53 Crore for Solar Power. These rebates and incentives have been considered separately under Non-tariff Income as per provisions of PSERC MYT Regulations, 2019, as amended from time to time

vii) Power purchase cost of force majeure during imposition of lockdown, PSPCL has not paid an amount of around Rs. 485 Crore to TSPL, NPL and GVK respectively under force majeure. The matter is pending before the High court, therefore, the Commission is requested to consider the impact of the same as and when the same is ruled on by the Court.

The abstract of Power Purchase cost for FY 2021-22 submitted by PSPCL in D3 format of petition is as follows:

Table 22: Abstract of Power Purchase cost for FY 2021-22 submitted by PSPCL

Sr. No.	Source	Contracted Capacity	Energy Sent out (Scheduled)	External Losses (%)	Energy Received by the Licensee	Variable Cost (VC)	Fixed Cost (FC)	Other Charges	Total Cost	Per Unit Cost (Net)
		MW	MkWh	Inter-state	MkWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs./kWh
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = X/VI
1	NTPC	1065.75	5557.84	3.44%	5366.51	1109.02	702.79	23.50	1835.31	3.42
3	NHPC	584.00	2480.58	3.44%	2395.18	263.95	318.46	145.33	727.75	3.04
4	NPCIL	196.81	1374.27	3.44%	1326.95	464.67	-	0.04	464.71	3.50
5	SJVNL	175.11	809.66	3.44%	781.79	104.05	118.90	2.18	225.13	2.88
6.	THDC	102.44	310.95	3.44%	300.25	64.24	63.51	0.07	127.81	4.26
7	DVC	700.00	4134.51	3.44%	3992.17	1159.47	787.04	0.57	1947.08	4.88
8	Pragati-III Gas Plant Bawana (PPCL)	137.10	255.05	3.44%	246.27	76.61	130.99	0.08	207.68	8.43
9	UMPPs	1033.36	4976.69	3.44%	4805.37	598.82	119.03	78.46	796.31	1.66
10	TRADERS (Long Term Power)	316.55	1195.73	3.44%	1154.57	208.72	232.35	0.59	441.65	3.83
11	IPPs within Punjab	3652.80	19130.42	-	19130.42	6443.82	2755.98	1.62	9201.42	4.81
12	PGCIL		-	-	-	-	1705.27	-	1705.27	-
13	UPPTCL Transmission Charges		-	-	-	-	2.95	-	2.95	-
14	NVVN Bundled Coal power		222.28	3.44%	214.63	74.12	-	-	74.12	3.45
15	NVVN Bundled Solar Power		49.26	-	49.26	52.77	-	-	52.77	10.71
16	NVVN Bundled		-	-	-	6.90	-	-	6.90	-

Sr. No.	Source	Contracted Capacity	Energy Sent out (Scheduled)	External Losses (%)	Energy Received by the Licensee	Variable Cost (VC)	Fixed Cost (FC)	Other Charges	Total Cost	Per Unit Cost (Net)
		MW	MkWh	Inter-state	MkWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs./kWh
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = X/VI
	Power Transmission & SLDC Charges									
17	SECI- Wind Power		1015.67	-	1015.67	265.81	-	2.76	268.57	2.64
18	SECI-Solar		59.27	-	59.27	32.60	-	-	32.60	5.50
19	NRSE Purchase within Punjab-Solar		1298.48	-	1298.48	874.81	-	-	874.81	6.74
20	NRSE Purchase within Punjab-Non Solar		945.41	-	945.41	661.50	-	-	661.50	7.00
21	Short Term (Traders)		3017.27	0.00%	3017.27	898.13	-	-	898.13	2.98
22	Short Term (Exchange)		7420.54	3.41%	7167.85	2990.76	-	-	2990.76	4.17
23	Short Term (NRSE)		436.37	3.14%	422.67	174.64	-	-	174.64	4.13
24	Banking		(916.05)	0.00%	(991.05)	(362.27)	-	-	(362.27)	3.66
25	Open Access Charges		-	-	-	-	-	(14.02)	(14.02)	-
26	UI/Other Charges		(525.76)	-	(525.76)	(4.95)	-	(10.03)	(14.97)	0.28
27	Northern Railway UI					(70.45)	-	-	(70.45)	
28	Purchase of RECs			-	-	-	-	-	-	-
29	NRPC			-	-	-	-	0.10	0.10	-
30	LPS & TDS		-	-	-	-	-	32.27	32.27	-
31	Previous year Payments		-	-	-	-	-	345.05	345.05	-
32	Total Power purchase		53248.46		52173.18	16087.74	6937.26	608.58	23633.58	4.53

NOTE: *The Commission has considered the availability of power submitted by PSPCL for the purpose of Energy balance and power purchase for FY 2021-22 only. The same should not be construed as the Commission's approval for procurement of power on long-term basis.

Commission's Analysis:

The Commission has analysed various parameters of Power purchase cost as below:

i) UI/ Additional UI charges:

In response to the Commission's query PSPCL, vide its Memo No. 768/ARR/DY.CAO./265/Deficiencies/Vol-I dated 30.12.2022, has submitted that it has paid Rs. 20.82 Crore as additional UI charges during FY 2021-22. Further, NIL amount has been paid towards Interest due to delayed payments to UI

account/Regional Pool Account fund for FY 2021-22. In this regard, the Commission would like to emphasize that during day-to-day operations, a utility may take some time to react to a system exigency and there may be marginal over/under draws by it. Accordingly, the Commission allows the UI charges paid by the utility. However, in reference to the additional UI charges:

- a) The Commission is of the firm view that PSPCL needs to control its drawl, when frequency is lower. If no control is exercised by PSPCL, the purpose of the regulations to enforce discipline in the grid will be lost. The additional expenses incurred by the Utility for non-performance regarding the timely action required to stabilize the grid cannot be passed on the consumers
- b) Hon'ble APTEL in its Judgment dated 10.02.2015 in Appeal No. 171 of 2012 in the matter of Tata Power Delhi Distribution Ltd. Versus Delhi Electricity Regulatory Commission has also observed as under:

“We do not want to give any relaxation in decision of the State Commission not allowing the penal UI charges, as we do not want to interfere in the matter relating to security of the grid in real time operation. The Appellant has to take necessary steps required to avert over-drawl under low frequency benchmark. Accordingly, this issue is decided against the Appellant.”

Further, Hon'ble APTEL in its Judgment dated 20.07.2016 in Appeal No. 271 of 2013 in the matter of Tata Power Delhi Distribution Ltd. Versus Delhi Electricity Regulatory Commission) has clearly observed that over-drawal or under-drawal does not depend on the scheduled generation. The relevant extract is reiterated below:

“...We are totally unable to accept the contention of the appellant that the appellant has taken all the necessary steps to ensure compliance with the requirements of UI Regulations, over-drawal from grid below 49.5 Hz frequency is inevitable despite efficient management of the appellant. These are the problems which are to be sorted out by a Discom by making efficient management, proper scheduling of power and procurement etc. What is provided under the Regulation is that the State Commission is bound to follow those Regulations, without giving any dilution or relaxation in the provisions of Act or Rules. We are unable to accept the appellant's contention that over-drawal or under-drawal depends on the scheduled generation available, since, the generation available changes constantly and further due to loss of generation the schedules are affected resulting in overdrawal by Discoms. In view of the above

discussions, we do not find any merit in the contentions of the appellant and hence, this Issue No.8 is decided against the appellant...”

- c) Further, the observations of Hon'ble APTEL in its Judgment dated 30.09.2019 in Appeal No. 246 of 2014 and IA No. 56 of 2015 in the matter of Tata Power Delhi Distribution Ltd. versus Delhi Electricity Regulatory Commission is amply clear that such penal charges ought not be allowed to be passed on the consumers. The relevant extract of the Judgment is reproduced below:

“Having regard to the contentions of both the parties, we note that penal/additional UI charges are applicable only due to severe indiscipline in drawl of power affecting grid frequency/stability which is entirely undesirable. Therefore, we opine that the State Commission has correctly held to not allow such penal charges which are ultimately passed through to the consumers who are at no fault. Hence, the issue is, as such, decided against the Appellant.”

- d) Further, Hon'ble APTEL in the judgment dated 29.04.2022 in Appeal No. 264 of 2014, Appeal No. 173 of 2015 and Appeal No. 277 of 2015 has observed as under:

“106. The drawl of UI power at frequency below 49.5 should be discouraged and only allowed under UI mechanism in case of emergencies and require to be penalized with additional charges for forcing Grid discipline due to unforeseen events occurring, it is desirable that such drawl should be discouraged to the extent possible. Similarly delay in payment to pool is regarded as default which is penalized with interest and should not be allowed.

108. At the same time, the surcharge due to drawl at low frequencies and the interest on delayed payments should be disallowed to bring in efficiency, reasonableness, economics and in the interest of consumers.

109. In view of above the appeal has merit to the extent that the State Commission ought to allow the cost for short term power purchase, to the limit as decided/ notified in advance whereas the UI drawl below the frequency of 49.5 Hz shall be allowed to the extent that it is classified as the urgent need for maintaining the State Grid and requirement of the consumers.

110. We again reiterate that disallowance of surcharge on UI and the interest on delayed payment are the penalties which cannot be allowed to be pass through and the State Commission is justified in rejecting such claims.”

Hon'ble APTEL in its judgment dated 29.04.2022 has also observed that UI drawl below the frequency of 49.5 Hz shall be allowed to the extent that it is classified as the urgent need for maintaining the State Grid and requirement of the consumers. Further, in the aforesaid judgment at para 110, it has explicitly pointed out that surcharge on UI cannot be allowed to be pass through and the State Commission is justified in rejecting such claims. As reiterated above, the Commission is allowing the UI charges incurred by PSPCL on account of UI drawls (overdrawal/underdrawal) irrespective of the frequency as also pointed by the APTEL in its judgment. However, the Commission is not inclined to allow additional

UI charges, which are penal charges, incurred by PSPCL over and above the UI charges for violating the grid discipline in line with various judgements cited above. **Thus, the Commission decides to disallow Rs. 20.82 Crore paid as additional UI charges under Central Electricity Regulatory Commission (Deviation Settlement mechanism and related matters) Regulations, 2014 and its subsequent amendments.**

- ii) **Late Payment Surcharge:** PSPCL has shown Rs. 32.27 Crore paid as Late Payment Surcharge (LPS) and TDS in the Petition.

The Commission observes that it has been allowing working capital to PSPCL in the Tariff Orders. The revenue gap along with carrying cost, if any, is also being allowed in the Tariff Order in a timely manner without creating any regulatory asset. The basic financial principle also says that it is the responsibility of the utility to arrange funds and to make timely payments to the generators based on contracts/regulations especially when all prudent expenses are being allowed by the Commission on a regular basis. Thus, passing of delayed payment surcharge on to the consumers shall be unfair to the consumers. Moreover, by its very nature late payment surcharge is a charge for default in making timely payments and the expenditure incurred on such penal charges cannot be passed on to consumers. **Hence, the Commission disallows payment of LPS of Rs. 32.27 Crore made on account of delayed payment of power purchase bills by the utility.**

- iii) **A&G expenses:** Expense of Rs. 0.10 Crore shown as Northern Region Power Committee (NRPC) fee for holding its meeting, is chargeable under A&G expenses and is dealt under para 2.14.

- iv) **Prior Period Expenses:** PSPCL in its Petition had submitted prior period expenses of Rs. 345.05 Crore. On the Commission's query regarding detailed break-up of the same, PSPCL vide Memo No. 768/ARR/DY.CAO/265/Deficiencies/Vol-I dated 30.12.2022 submitted the detailed break up of prior period expenses of Rs. 345.05 Crore. In response to the Commission's query regarding prior period payment made with respect to GVK, PSPCL vide Memo No. 175/ARR/DY.CAO/265/Deficiencies/Vol-I dated 24.01.2023 submitted that the arrear amounting to Rs. 233.01 Crore for FY 2020-21 due to revision in AFC as per the Commission's order dated 26.10.2021 in Petition No. 14 of 2020 was paid in FY 2021-22.

As per the practice followed in the past, the prior period expenses of Rs. 345.05 Crore are not considered under the head Power Purchase and are dealt under Prior Period income/expenses in para 2.27.

v) Disputed Amount of Durgapur STPS, Raghunathpur TPS & Pragati-III Power Stations:

PSPCL, in Format D3 of the Petition, has submitted that it has disputed Rs. 76.30 Crore (Rs. 27.20 Crore and Rs. 49.11 Crore for Durgapur STPS & Raghunathpur TPS respectively) for the month of April 2020 and May 2020 in view of Force Majeure Notice being issued to DVC due to nation-wide lockdown implemented by GoI due to Covid-19 Pandemic. PSPCL submitted that the said amount was included in the power purchase cost of FY 2020-21. Further, PSPCL released the amount of Rs. 57,73,32,799/- (Rs. 20.5945 Crore out of Rs. 27.20 Crore toward Durgapur STPS and Rs. 37.1476 Crore (corrected amount) out of Rs. 49.11 Crore toward Raghunathpur TPS) after availing 25% rebate on fixed charges for the lockdown period. PSPCL also submitted that the Commission vide its order dated 31.03.2022 for Tariff Order FY 2022-23 considered amount of Rs. 51.74 Crore as prior period expenses in FY 2021-22. PSPCL requested that the amount of Rs. 57,73,32,799/- (correct amount) be considered as prior period expenses in FY 2021-22 in the current ARR.

PSPCL vide Memo No. 332/ARR/DY.CAO/265/Deficiencies-Vol-I dated 13.02.2023 reconfirmed that PSPCL has released the amount of Rs. 57,73,32,799. Hence, the correct amount is Rs. 57.74 Crore instead of Rs. 51.74 Crore and the said amount is not included in the power purchase cost of FY 2021-22.

The Commission notes that out of the total amount of Rs. 76.31 Crore related to DVC Durgapur and Raghunathpur for FY 2020-21, PSPCL in the ARR of FY 2022-23 has inadvertently claimed an amount of Rs. 51.74 Crore instead of Rs. 57.74 Crore which was allowed by the Commission in the prior period for FY 2021-22. PSPCL in this petition has now claimed that it had made actual payment of Rs. 57.74 Crore in FY 2021-22. Accordingly, the Commission decides to consider an amount of Rs. 57.74 Crore towards payments made to DVC Durgapur and Raghunathpur. However, since, the amount pertains to FY 2020-21, the same will be considered as prior period expenses in FY 2021-22.

vi) Power Purchase cost for RE generators:

PSPCL has submitted that Rs. 23.97 Crore and Rs. 12.40 Crore have been paid in FY 2021-22 and FY 2022-23 respectively on account of 5% covid rebate and force majeure payment. However, the Commission observed that in the Review Petition No. 05 of 2022, PSPCL has claimed that Rs. 32.42 Crore (Rs. 10.42 Crore of covid rebate and Rs. 22 Crore of Force Majeure) was paid in FY 2021-22. In reply to the Commission's query with regard to variation in amount of payment

done in FY 2021-22, PSPCL vide Memo No. 332/ARR/DY.CAO/265/Deficiencies-Vol-I dated 13.02.2023 submitted that PSPCL has deducted an amount of Rs. 18.82 Crore from NRSE power suppliers during the Covid period and booked in the power purchase cost of FY 2020-21. However, out of the total amount of Rs. 18.82 Crore, an amount of Rs. 1.98 Crore was recovered from generators as offered by them and retained by PSPCL which was further reduced from the power purchase cost of FY 2020-21. Further, an amount of Rs. 4.44 Crore was refunded to the generators. Accordingly, the balance amount of Rs. 12.40 Crore (i.e., Rs. 18.82 Crore (-) Rs. 6.42 Crore) was refunded to generators as per the Commission's orders dated 24.09.2021 in FY 2021-22.

However, in the review petition no. 5 of 2022, the amount was erroneously written as Rs. 10.42 Crore after deducting Rs. 1.98 Crore again (that was already reduced from the power purchase cost of FY 2020-21) from the pending figure of 12.40 Crore. Accordingly, the actual amount to be claimed is Rs. 12.40 Crore instead of Rs. 10.42 Crore submitted in the Review Petition.

With respect to force majeure payments, PSPCL submitted that out of the total amount of Rs. 30.08 Crore an amount of Rs. 23.97 Crore was paid to generators. (Rs. 22.09 Crore in FY 2021-22 and Rs. 1.88 Crore in FY 2022-23). Accordingly, the actual amount to be claimed is Rs. 23.97 Crore.

The Commission notes that with respect to 5% covid rebate, PSPCL has made an actual payment of Rs. 12.40 Crore in FY 2021-22. In respect to force majeure, PSPCL has made actual payments of Rs. 22.09 Crore in FY 2021-22. Since, the amount pertains to FY 2020-21, the same shall be considered as prior period expenses in FY 2021-22. Accordingly, the Commission allows Rs. 34.49 Crore (Rs. 12.40 Crore + Rs. 22.09 Crore) to be considered as prior period of FY 2021-22. The balance amount shall be considered in the year in which the payments are made.

2.10.1 Incentive/disincentive for under achievement of target/ normative parameters

Commission's Analysis:

As discussed in para 2.4, PSPCL has under-achieved the Distribution loss level vis-à-vis the target approved by the Commission. Further, as brought out in para 2.7, the under achievement of target distribution losses/normative parameters has resulted in additional power purchase of 232.52 MWh.

The Commission observes that, Regulation 30 of the PSERC Tariff Regulations, 2019 specifies that, the entire loss on account of underachievement of the target set by the Commission is to be borne by the licensee. Accordingly, the Commission decides to disallow 232.52 MWh of

excess power purchased on account of under achievement of target/ normative parameters at the average rate of short-term power i.e. Rs. 3.83/kWh. Accordingly, a sum of Rs. 89.07 Crore of power purchase is disallowed.

2.10.2 Total Power Purchase Cost

In view of the above, the cost of power purchase for FY 2021-22 worked out by the Commission for True-up of FY 2021-22 is as under:

Table 23: Power Purchase Cost approved by the Commission

Sr. No.	Description	Submitted by PSPCL for True-up of FY 2021-22	Approved by the Commission for True-up
I	II	III	IV
1	Power Purchase (Net) (MkWh) (Table 15)	52173.18	51953.86
2	External Losses (MkWh)	1075.28	1070.76
3	Power Purchase (Gross) (1+2) (MkWh)	53248.46	53024.62
4	Power Purchase Cost Excluding Transmission and SLDC Charges (Table 22)	23633.70	23633.58*
5	Less: Previous payments made during FY 2021-22 (to be accounted separately under Previous receipt/payment)	345.05	345.05
6	Less: Additional UI charges paid by PSPCL during FY 2021-22	-	20.82
7	Less: NRPC Fee	-	0.10
8	Less: late payment surcharge paid during FY 2021-22	-	32.27
9	Net Power Purchase Cost	23288.65	23235.34
10	Excess power purchase on account of higher T&D Losses (MkWh)	-	232.52
11	Short Term Power Purchase as per Format D3 (MkWh) (Short Term Traders+Exchange+NRSE)	-	10607.78
12	Cost of Short-Term Power Purchase as per Format D3 (Rs. crore) (Short Term Traders+Exchange+NRSE)	-	4063.53
13	Per unit cost of Short-Term Power	-	3.83
14	Less Adjustment/disallowance of Power Purchase on account of higher T&D losses (Rs. crore) (10*13/10)	-	89.07
15	Net Power Purchase cost (Rs. crore) (9-14)	23288.65	23146.27
16	REC Cost (Refer Para 2.10.3)	-	-
17	Total Power Purchase Cost including REC (15+16)	23288.65	23146.27
18	Per Unit Power Purchase cost Gross (17/3*10)	4.37	4.37
19	Per Unit Power Purchase cost Net (17/1*10)	4.46	4.46

** In Format D3 Sr. No. 76, PSPCL has shown total cost of SECI 500 MW Hybrid Power PSA (Solar) Rs. 23.92 for while the cost is 23.80 Crore. Accordingly, 0.12 Crore has been reduced from power purchase cost.*

Accordingly, the Commission approves the power purchase cost (excluding intra-State Transmission and SLDC charges) of **Rs. 23146.27 Crore** for True-up of FY 2021-22.

2.10.3 Status of Renewable Purchase Obligation (RPO) Compliance for FY 2021-22

The Commission vide notification dated 02.01.2019 has specified the RPO Targets for FY 2021-22 in the State as 8% for Non-Solar and 6.5% for Solar. However, in petition no. 36 of 2021 filed by PSPCL, keeping in view the difficulties faced by the obligated entities as well as consumers of the Punjab on account of the lockdowns imposed to prevent the spread of COVID Pandemic, the Commission vide Order dated 13.10.2021 has allowed the PSPCL's prayer to carry forward the surplus after compliance of RPO of FY 2020-21 to FY 2021-22 and reduction in RPO targets for FY 2021-22 by 0.3 % for Non-Solar and 1.5% for Solar.

Accordingly, with the revised RPO targets for FY 2021-22 as 7.7% (8.0%-0.3%) for Non-Solar and 5% (6.5%-1.5%) for Solar, the status of RPO Compliance by PSPCL is worked out as under:

Table 24: Status of RPO compliance submitted by PSPCL

Sr. No.	Description	FY 2021-22	
I	II	III	
1.	Consumption/Energy Input in PSPCL System (excluding met from Hydro sources)	48492 (MkWh) (60604 - 12112)	
2.	Targets for the year	%	MkWh
	i. Non-Solar	7.70	3734
	ii. Solar	5.00	2425
3.	Compliance for the year		
	i. Non-Solar	5.59	*2710
	ii. Solar (including 475.24 MkWh from Solar Rooftop)	4.12	1998
4.	Shortfall/surplus (-) for the year (2-3)		
	i. Non-Solar		1024
	ii. Solar		427
5.	Shortfall/surplus (-) upto FY 2020-21 (True up)		
	i. Non-Solar		(-) 107
	ii. Solar		(-) 332
6.	Cumulative shortfall/surplus (-) upto the year (4+5)		
	i. Non-Solar		917
	ii. Solar		95

**The figure of 422.67 MkWh (received at its periphery) has been considered for the inter-State Short term NRSE power in place of 436.37 MkWh (available at generator end) considered by PSPCL.*

Further, the Commission, vide its Order dated 06.01.2023 in petition no. 30 of 2022, has allowed the carry forward of PSPCL's RPO shortfall of FY 2021-22 to the next year. Accordingly, the cumulative RPO shortfall upto FY 2021-22 is carried over to the next year.

2.11 Capital Expenditure for FY 2021-22

For FY 2021-22, the Commission approved Capital Investment Plan (CIP) of Rs. 2078.62 Crore for PSPCL in the 2nd MYT control period Order dated 03.12.2019 in Petition No. 18 of 2019. While approving the CIP, Shahpur Kandi Power Project (SKPP) was not considered by the Commission with the observation that PSPCL may approach the Commission on commencement of operations for the same. Further, in the Tariff Order for FY 2020-21, the Commission observed as under:

“The Commission provisionally approves the Capital Expenditure and Capitalisation for the 2nd MYT Control Period as per Table 31 and 32 above. However, in view of the extraordinary situation prevailing across the country due to COVID 19 outbreak and consequent likely difficult economic situation, PSPCL is directed to curtail Capital Expenditure by 20% during the 2nd MYT Control Period.”

In the Tariff Order for FY 2021-22 dated 28.05.2021, the Commission had provisionally approved the Capital Expenditure of Rs. 1662.90 Crore (Rs. 446.36 Crore for Generation Business and Rs. 1216.54 Crore for Distribution Business) for FY 2021-22.

In the Tariff Order for FY 2022-23 dated 31.03.2022, the Commission had provisionally approved the Capital Expenditure of Rs. 1583.68 Crore (Rs. 337.22 Crore for Generation Business and Rs. 1246.46 Crore for Distribution Business) for FY 2021-22.

PSPCL's Submissions:

PSPCL has claimed Capital Expenditure of Rs. 1347.88 Crore for True up of FY 2021-22. PSPCL has submitted that the capital expenditure during FY 2021-22 was on account of system reliability and quality of supply to the consumers in line with its universal supply obligation as a distribution licensee as per Electricity Act 2003.

PSPCL has further submitted that in line with instructions received from Govt. of Punjab, PSPCL has incurred an expenditure on Shahpur Kandi Project to the tune of Rs. 313.13 Crore during FY 2020-21 against the payment made to Water Resources

Departments, civil works, R&M works and consultancy fee. Therefore, PSPCL has prayed to the Commission to approve the expenditure on account of the Shahpur Kandi Hydel Project.

PSPCL has further submitted that it has been making earnest efforts to improve system reliability and quality of supply to the consumers. PSPCL has been aggressively working on strengthening of its distribution network. The work of bifurcation/trifurcation of over loaded feeders and creation of new substations has been undertaken under various schemes like DDUGJY and IPDS Scheme. Further the strengthening of LT system is being undertaken in feeder sanitisation and Loss Reduction Plan in rural and urban areas respectively. PSPCL has also undertaken the preventive maintenance of distribution transformers which has significantly reduced the distribution transformer failure rate in urban areas.

PSPCL submitted revised capital expenditure of Rs. 1684.38 Crore (Generation Rs. 357.45 Crore + distribution Rs. 1326.93 Crore) vide its e-mail dated 24.01.2023 while replying to the deficiencies dated 18.01.2023.

In its petition PSPCL has submitted capital expenditure of Rs. 11.27 Crore on account of other works & SYL. PSPCL, vide letter No. 332 dated 13.02.2023, submitted that out of Rs. 11.27 Crore, Rs. 5.05 Crore is the amount spent on BBMB and Rs. 6.22 Crore is for compensation paid as per Court award for land acquired for SYL.

Commission's Analysis:

From the perusal of scheme wise details, the Commission observes that PSPCL has submitted Capital expenditure of Rs. 1684.38 Crore including Rs. 313.13 Crore for Shahpur Kandi Power Project (SKPP), Rs. 5.05 Crore on account of BBMB, Rs. 6.22 Crore is towards compensation paid as per Court award for SYL land acquisition and Rs. 17.12 Crore for its Pachwara captive mine.

As stated by the Commission in its earlier Orders, the Capital expenditure on SKPP will be considered upon commencement of the project. However, it will be accounted for separately at the time of true up at the end of 2nd MYT Control period after due prudence check. As the SYL project is closed, the expenditure pertaining to SYL shall be considered while deciding the issue of its impairment loss. Coal Mining being a separate business, the expenditure on the mine cannot be considered as part of distribution or generation business. Further, Capital Expenditure for BBMB (Rs. 5.05 Crore) was not included in the Capital Expenditure approved for 2nd MYT Period in CIP order dated 03.12.2019. Hence, the Commission decides to consider the same during FY 2021-22 subject to the final prudence check at the end of the Control period.

Accordingly, Capital Expenditure of PSPCL for FY 2021-22 works out to Rs. 1347.91 Crore (Rs. 1684.38 Crore – Rs. 313.13 Crore – Rs. 17.12 Crore - Rs. 11.27 Crore + Rs. 5.05 Crore), which the Commission provisionally considers for Truing up of FY 2021-22. The details of the same are as under:

Table 25: Capital Investment Plan/ Capital Expenditure Provisionally considered by the Commission

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22
I	II	III
1	Generation Business	15.93
2	Distribution Business	
	i. Spill over schemes	257.65
	ii. New schemes	1069.28
3.	BBMB	5.05
	Total Capital Expenditure	1347.91

The true up of the Capital expenditure shall be carried out after prudence check at the end of the 2nd MYT Control Period as per regulation 9.15 of PSERC MYT Regulations 2019.

2.12 Capital Works in Progress and its funding

The Commission works out the provisional closing capital works in progress (as on 31.3.2022) based on the provisionally approved capital expenditure of Rs.1347.91 Crore as under:

Table 26: Capital Work in Progress for FY 2021-22 as provisionally approved by the Commission

(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1	Opening Capital WIP	1886.26
2	Add: Capital Expenditure during the year	1347.91
3	Less: Transferred to Gross Fixed Assets	
	i. Spill over schemes	505.95
	ii. New schemes	1278.49
4	Closing Capital Work in Progress	1449.73

PSPCL has submitted that Capital Expenditure during FY 2021-22 shall be completely financed through loans. Therefore, the Commission has considered the same for funding of approved Capital Expenditure. During the 2nd Capital Investment Plan, the Financing Plan was given as per the Capital expenditure approved by the Commission. As per the approach followed in the MYT Order, since the funding of assets is to be approved for PSPCL only after the assets are put to use, the Commission has considered to fund the new schemes as per Capitalization and in order to avoid funding

of the Spill over schemes twice, the Commission has considered funding of the Spill over Schemes as per capital expenditure for FY 2020-21 to FY 2022-23. The Commission shall retain separate methodologies for spill over and new schemes until the time all spill over schemes as on 01.04.2021 are capitalized. After the capitalization of all such spill over schemes, the closing value of loans, equity and depreciation for spill over schemes shall be added to the opening value of loans, equity and depreciation respectively for new schemes in the subsequent year. PSPCL has submitted that it has received consumer contribution of Rs. 1618.17 Crore during FY 2021-22 as per annual audited accounts. Based on approved amount of capital expenditure and capitalization as mentioned in the table above, the Commission determines funding requirement of PSPCL for FY 2021-22 as under:

Table 27: Provisional Funding of Spill over schemes for FY 2021-22

(Rs. Crore)		
Sr. No.	Particulars	FY 2021-22
I	II	III
Generation Business		
1	Loan requirement of Generation Business (Table 25 Generation plus BBMB)	20.98
Distribution Business		
1	Loan requirement of Distribution Business (Table 25)	257.65
2	Less: Consumer Contribution and Grants	1300.78
3	Loan requirement (Distribution Business)	-1043.13

Table 28: Provisional Funding of New schemes for FY 2021-22

(Rs. Crore)		
Sr. No.	Particulars	FY 2021-22
I	II	III
Generation Business		
1	Loan requirement of Generation Business	0.00
Distribution Business		
1	Loan requirement of Distribution Business (capitalized)(Table 26)	1278.49
2	Less: Consumer Contribution and Grants	317.39
3	Total loan requirement	961.10

Table 29: Requirement of Long-term Loan as provisionally determined by the Commission for Generation and Distribution Business for FY 2021-22

(Rs. Crore)				
Sr. No.	Particulars	Generation	Distribution	TOTAL
I	II	III	IV	V
1	Capital expenditure approved by the Commission for spill over works	20.98	-1043.13	-1022.15
2	Capitalization of works of new schemes	0.00	961.10	961.10
3	Net Requirement of Long-term Loans	20.98	(-)82.03	(-)61.05

2.13 Employee Expenses

PSPCL's Submissions:

PSPCL has submitted that the 'Employees cost' includes the expenses incurred towards the employees who are presently working as well as those who have retired. The cost of working employees includes salary, dearness allowance and other allowances such as HRA, LTC, medical reimbursement etc. However, the employees who will be retiring during the year as those who have been retired, the financial liabilities towards pension, gratuity, leave encashment benefit etc. have to be discharged by the Utility.

PSPCL has submitted that the total employees cost includes Salary expenses of employees of **Rs. 1,466 Crore**, Dearness allowances expense of **Rs. 816 Crore**, terminal benefits of **Rs. 2,704 Crore**, other allowances of **Rs. 200 Crore** and **Rs. 229 Crore** as other associated costs during the FY 2021-22.

The summary of the actual employee expenses including BBMB expenses vis-à-vis the approved expenses for FY 2021-22 is tabulated as under:

Table 30: Employee Expenses for FY 2021-22 (Rs. Crore)

Sr. No	Particulars	Amount
I	II	III
1	Salaries	1,466
2	Overtime	18
3	Dearness Allowance	816
4	Other Allowances	200
5	Bonus/Generation Incentive	2
6	LTC including encashment of EL	14
7	Earned Leave Encashment	164
8	Payment Under Workmen's compensation act	-
9	Medical Expenses reimbursement	16
10	Staff Welfare Expenses	16
11	Terminal Benefits	2,704
12	Less: Expenses Capitalized	152
13	Total	5,264

PSPCL stated that the actual Employee's cost of Rs. 5,264 Crores is higher than the amount of Rs. 5,005 Crores approved by this Commission for FY 2021-22 due to application of 6th Pay Commission directives on salaries. PSPCL requested that this Commission may kindly allow the actual employee's expense for FY 2021-22.

PSPCL further stated that as per Government of Punjab Notification NO 1/4/04-EB(PR)/620 dated 24-12-2012, the terminal benefit trusts are to be progressively funded by Powercom and Transco in the ratio of 88.64% & 11.36% respectively, over a period of 15 financial years commencing from 1st April ,2014. The terminal benefits liability accruing during the period of progressive funding and thereafter, shall be shared in the same ratio by both corporations. However, the Commission has not allowed the progressive funding of the terminal benefits in the tariff order for the year 2015-16 against which PSPCL has filed an Appeal No. 173 of 2015 before Hon'ble APTEL. The Tribunal vide its order dated 29-04-2022 has decided the matter in favour of the company. Accordingly, an application has been filed in the Commission for implementation of the judgement of APTEL. As the matter is still pending before the Commission, therefore, no provision has been made during the year. The total liability on account of terminal benefits as on 31-03-2022 is Rs. 46,960.67 Crore. Accordingly, the share of PSPCL's liability of this as on 31-03-2022 @ 88.64% is Rs. 41,625.93 Crore. If the trust is to be funded in the next 15 years the total annual contribution comes to Rs. 3,350 Crore.

Commission's Analysis:

Terminal benefits

The Terminal benefits expenses are to be determined as per Regulation 26.1 of PSERC MYT Regulations, 2019. Relevant extract of Regulation 26 of MYT Regulations, 2019 are reproduced below for reference:

"Note-4: Terminal Liabilities such as death-cum-retirement gratuity, Ex-Gratia, pension including family pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of the State PSU / Government pensioners will be approved as per the actuals paid by the Applicant.

...

Note 9: With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of 'pay as you go'. The Commission shall not allow any other amount towards creating fund for meeting unfunded past liability of pension and gratuity."

The Commission in its order dated 08.02.2023 in Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 on Remand vide Order dated 29.04.2022 by Hon'ble APTEL had decided as under regarding progressive funding of terminal benefits:

PSPCL during true up for FY 2014-15, FY 2015-16 and FY 2016-17 has not claimed progressive funding of terminal benefits. Further, no booking/provision of

progressive funding has been actually made in the annual audited accounts for these years. As such even PSPCL has not proceeded further to give any effect to its scheme and claim any allocations as per APTEL's order. Unfunded Terminal liability has not been reflected in the opening balance sheet dated 16.04.2010. PSPCL was to operationalize Pension & Gratuity Trust w.e.f. 01.04.2014 for 15 years. The Commission is allowing Terminal benefits as per actuals, therefore there is no financial loss to PSPCL on account of disallowance of progressive funding, therefore, nothing is allowable to PSPCL on this issue. However, if and when PSPCL actually operationalizes the pension trust, the same will be examined and considered as per the decision of the Hon'ble APTEL.

PSPCL has not operationalized the pension trust and has not made any provision for progressive funding of terminal benefits. Therefore, the Commission allows terminal benefits of Rs. 2867.49(2703.77+163.72) Crore as per annual audited accounts which includes terminal benefits and earned leave encashment for FY 2021-22 as per regulations.

Other Employee Cost

The Employee Costs are determined as per Regulation 26.1 of PSERC MYT Regulations, 2019. Relevant sections of Regulation 26.1 of MYT Regulations, 2019 are reproduced below for reference:

“26.1. The O&M expenses for the nth year of the Control Period shall be approved based on the formula shown below:

$$\mathbf{O\&Mn = (R\&Mn + EMPn + A\&Gn) \times (1-Xn)}$$

Where,

- *R&Mn –Repair and Maintenance Costs of the Applicant for the nth year;*
- *EMPn –Employee Cost of the Applicant for the nth year;*
- *A&Gn –Administrative and General Costs of the Applicant for the nth year;*

It should be ensured that all such expenses capitalized should not form a part of the O&M expenses being specified here. The above components shall be computed in the manner specified below:

....

$$\mathbf{(ii) EMPn = EMPn + A\&Gn = (EMPn-1 + A\&Gn-1) \times (INDEX\ n / INDEX\ n-1)}$$

INDEXn - Inflation Factor to be used for indexing the Employee Cost and

Administrative and General Costs for nth year. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) of nth year and shall be calculated as under:-

$$INDEX_n = 0.50 * CPI_n + 0.50 * WPI_n$$

‘WPI_n’ means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the nth year.

‘CPI_n’ means the average rate (on monthly basis) of Consumer Price Index (Industrial workers) over the year for the nth year.”

The Commission observes that the Employee expenses for BBMB as per audited accounts are Rs. 271.69 Crore as given by PSPCL in its petition and these are being allowed separately in this true up Order.

The Commission also considers Rs.8.37 Crore as part of employee cost of GHTP of coal handling labour contract expenses, not allowed as part of fuel cost of GHTP.

Further, the Commission has calculated the **INDEX** as under:

Table 31: Calculation of INDEX

Sr. No.	Particulars	FY 2020-21	FY 2021-22	Increase (%)
I	II	III	IV	V
1	CPI	338.694	356.064	5.129
2	WPI	123.375	139.408	12.996

$$INDEX_n / INDEX_{n-1} = (0.5 * 5.129) + (0.5 * 12.996) = \mathbf{9.06206\%}$$

For determining the normative value of other employee cost, the Commission has escalated the actual cost for FY 2020-21 i.e., Rs. 2145.29 Crore. The normative employee cost works out to Rs. 2339.70 (2145.29 x 9.06206%) Crore.

The Commission, therefore, approves the Employee cost of Rs.5215.56 (2867.49+2339.70+8.37) Crore for FY 2021-22 for Generation and Distribution Business.

The break-up of employee expenses and project-wise allocation is given in the following tables:

Table 32: Employee cost approved by the Commission (excluding employee cost of BBMB) for FY 2021-22

(Rs. Crore)

Sr. No	Particulars	Amount
I	II	III
1	Terminal Benefits including earned leave encashment	2867.49
2	Other Employee Cost	2339.70
3	Expenses related to coal handling contract (transferred from fuel cost of GHTP)	8.37
4	Total Employee Cost	5215.56
5	Allocated to Generation	683.62
6	Allocated to Distribution	4531.94

Table 33: Project wise Employee Cost- Hydro & Thermal (Generation Business) approved by the Commission for FY 2021-22

(Rs. Crore)

Sr. No	Projects	Amount
I	II	III
1	Shanan	25.83
2	UBDC	39.10
3	RSD	32.62
4	MHP	41.85
5	ASHP	31.49
6	Micro	0.00
7	Total (Hydro)(A)	170.89
8	GGSTP	299.47
9	GHTP	213.26
10	Total (Thermal)(B)	512.73
11	Total Generation(A+B)	683.62
12	Total Distribution	4531.94

2.14 Repair & Maintenance (R&M) and Administrative & General (A&G) Expenses

PSPCL's Submissions:

PSPCL has submitted that Repair and Maintenance cost is meant for upkeep of the distribution network. Further, as every asset requires repair and maintenance at some point, to keep the system healthy and reliable the Petitioner has to infuse certain amount of funds on R&M activities. PSPCL is trying its best to ensure the uninterrupted

supply of power and accordingly making necessary expenditure on R&M activities to keep the system healthy and reliable as per the power quality indices.

Summary of actual A&G and R&M expenses incurred during FY 2021-22 including BBMB expenses are given in the table below:

Table 34: Actual R&M and A&G expenses as claimed by PSPCL for FY 2021-22
(Rs. Crore)

Sr. No	Particulars	Approved	Actual
I	II	III	IV
1	A&G expenses	200.00	172.00
2	R&M expenses	416.00	479.00
3	Total A&G and R&M expenses	616.00	651.00

PSPCL prayed that the Commission may kindly allow actual A&G and R&M Expenses of **Rs. 651.00 Crore** for FY 2021-22.

Commission's Analysis:

The R&M and A&G expenses are to be determined as per Regulation 26.1 of PSERC MYT Regulations, 2019.

For determining the normative value of R&M expenses, the average GFA of BBMB is excluded by the Commission as R&M expenses of BBMB are allowed based on actuals separately. The average GFA of BBMB (Rs. 642.69 Crore) is considered as per the Fixed Asset Register submitted by PSPCL.

The Commission has further observed that the asset of GNDTP amounting to Rs. 3350.59 Crore comprising of Rs. 3265.65 Crore of land (not in use) and Rs. 84.94 Crore of other assets pertains to Generation Business.

Further, the Commission has considered the 'K' factor for FY 2021-22 as approved in the true up of FY 2020-21 in Tariff Order for FY 2022-23 (para 3.14) i.e., 0.476% and 0.780% for Generation business and Distribution business respectively. The actual WPI increase of 12.996% in FY 2021-22 over FY 2020-21 (computation provided in para 2.13) is considered to compute the normative value of R&M expenses for FY 2021-22. The computation of the same is detailed below:

Table 35: Normative R&M expenses allowed by the Commission for FY 2021-22
(Rs. Crore)

Sr. No	Particulars	Generation	Distribution	Total
I	II	III	IV	V
1	Opening GFA (Including BBMB)	20666.27	31193.16	51859.43
2	Net Addition during the Year	91.15	1693.29	1784.44

Sr. No	Particulars	Generation	Distribution	Total
I	II	III	IV	V
3	Closing GFA	20757.42	32886.45	53643.87
4	Average GFA (including BBMB)	20711.85	32039.80	52751.65
5	Average GFA of BBMB	682.92	-	682.92
6	Average GFA (Excluding BBMB)	20028.93	32039.80	52068.73
7	K factor	0.476%	0.780%	
8	Escalation factor	12.996%	12.996%	
9	R&M Expenses	107.73	282.39	390.12

The Commission has therefore considered the normative R&M Expenses of Rs. 390.12 Crore for FY 2021-22. In addition to the above, the Commission allows R&M expenses of Rs. 0.96 Crore transferred from Fuel Cost of GGSSTP (expenditure on Loco Shunters and other CHP machinery). The project-wise allocation of R&M expenses is made by the Commission based on the allocation statement submitted by PSPCL for FY 2021-22. Accordingly, the project-wise R&M expenses approved for FY 2021-22 are given in the following table:

Table 36: Project wise R&M Expenses – Hydro & Thermal (Generation and Distribution) allowed by the Commission for FY 2021-22
(Rs. Crore)

Sr. No	Projects	Amount
I	II	III
1	Shanan	1.37
2	UBDC	1.68
3	RSD	2.24
4	MHP	5.24
5	ASHP	1.29
6	Micro	0.00
7	Total (Hydro) (A)	11.82
8	GGSTP (including Rs.0.96 Crore)	37.98
9	GHTP	58.89
10	Total (Thermal) (B)	96.87
11	Total Generation (A+B)	108.69
12	Total Distribution	282.39
13	Total R&M Expenses	391.08

A&G expenses

The Commission has considered the baseline value as Rs.173.76 Crore for FY 2021-22 as approved in true up of FY 2020-21 in tariff order of FY 2022-23. The INDEXn for FY 2021-22 is calculated as **9.06206%** in para 2.13.

Further, Note 7 of Regulation 26.1 of PSERC MYT Regulations 2019 states as under:

“ ...

Note 7: Any expenditure on account of license fee, initial or renewal, fee for determination of tariff and audit fee shall be allowed on actual basis, over and above the A&G expenses approved by the Commission.”

The Commission has considered the Audit and license fees as submitted by PSPCL.

Further, the Commission has also considered the NRPC fees as per actuals.

Accordingly, the A&G expenses for FY 2021-22 are calculated as follows:

Table 37: A&G Expenses approved by the Commission for FY 2021-22
(Rs. Crore)

Sr. No.	Particulars	FY 2021-22
I	II	III
1.	Baseline A&G Expenses (FY 2020-21)	173.76
2.	INDEXn	9.06206%
3.	A&G Expenses	189.51
4.	Audit fees	0.60
5.	License fees	17.03
6.	NRPC fees	0.10
7.	Total A&G Expenses	207.24
8.	Generation Business	24.25
9.	Distribution Business	182.99

The project-wise allocation of A&G expenses is made by the Commission based on the allocation statement submitted by PSPCL for FY 2021-22. Accordingly, the project-wise A&G expenses approved for FY 2021-22 are given in the following table:

Table 38: Project-wise A&G expenses approved by the Commission for FY 2021-22
(Rs. Crore)

Sr. No	Projects	Amount
I	II	III
1.	Shanan	0.97
2.	UBDC	1.20
3.	RSD	1.48
4.	MHP	1.45

Sr. No	Projects	Amount
5.	ASHP	0.86
6.	Micro	0.00
7.	Total (Hydro) (A)	5.96
8.	GGSTP	6.59
9.	GHTP	11.70
10.	Total (Thermal) (B)	18.29
11.	Total Generation (A+B)	24.25
12.	Total Distribution	182.99
13.	Total A&G Expenses	207.24

2.15 PSPCL's share in BBMB

PSPCL, in the true-up for FY 2021-22, has claimed O&M expenses (Employee cost of Rs. 271.69 Crore + R&M expenses of Rs.32.85 Crore + A&G expenses of Rs. 4.35 Crore) on account of its share in BBMB amounting to Rs.308.89 Crore for Generation Business as pass through subject to determination /true-up of BBMB expenses for FY 2021-22 by Central Electricity Regulatory Commission.

The Commission approves O&M expenses of PSPCL's share in BBMB as Rs. 308.89 Crore for Generation Business for FY 2021-22 subject to approval by CERC. After approval of CERC, appropriate adjustments will be done in the subsequent years based on the final amount approved by CERC. Further, till date no orders has been passed by CERC, therefore, no adjustment has been made.

The Commission approves the O&M expenses including BBMB as under:

Table No. 39: O&M Expenses approved by the Commission for FY 2021-22 (Rs.Crore)

Sr. No	Particulars	PSPCL (excluding BBMB)	BBMB	Total
I	II	III	IV	V
1	Employee cost	5215.56	271.69	5487.25
2	R&M Expenses	391.08	32.85	423.93
3	A&G Expenses	207.24	4.35	211.59
4	Total	5813.88	308.89	6122.77

2.16 Depreciation Charges

PSPCL's Submissions:

PSPCL stated that this Commission had allowed depreciation of Rs. 1,420.13 Crore to PSPCL, after adjusting the depreciation on consumer contribution for FY 2021-22 vide its Tariff Order dated 28th May, 2021. As per the audited accounts of PSPCL for FY 2021-22, depreciation has been calculated on the basis of Opening & Closing GFA amounting to Rs. 55,849 Crore and Rs. 56,057 Crore respectively. The GFA has been

adjusted with consumer contribution and grants work, and resultant depreciation has been determined at Rs. 1,280 Crore for PSPCL during FY 2021-22.

Table No. 40: Depreciation for FY 2021-22

(Rs. Crore)

Sr.No	Particulars	Approved in ARR		Actuals FY 2021-22		
		Gen.	Dist.	Gen.	Dist.	Total
I	II	III	IV	V	VI	VII
1	Opening GFA	20653.00	34504.00	24930.00	30919.00	55849.00
2	Addition of GFA	301.00	1217.00	(912.00)	1120.00	208.00
3	Closing GFA	20954.00	35721.00	24018.00	32039.00	56058.00
4	Depreciation	398.00	1022.00	283.00	997.00	1280.00

PSPCL further stated that the actual depreciation is less than the amount approved by this Commission for FY 2021-22. PSPCL requested that this Commission may kindly allow the actual depreciation expenses for FY 2021-22.

Commission's Analysis:

Regulation 21 of the PSERC MYT Regulations, 2019 specifies as under:

"21.1. The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided that the land, other than the land held under lease and land for reservoir in case of hydro generating station, shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets:

Provided further that Government. grants and consumer contribution shall also be recognized as defined under Indian Accounting Standard 20 (IND AS 20) notified by the Ministry of Corporate Affairs.

21.2. The residual/salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset:

Provided that I.T. Equipment and Software shall be depreciated 100% with zero salvage value.

21.3. The Cost of the asset shall include additional capitalization.

21.4. The Generating Company, Transmission and Distribution Licensee shall provide the list of assets added during each Year of the Control Period and the list of assets completing 90% of depreciation in the Year along with Petition for Annual Performance Review, true-up and tariff determination for ensuing Year.

21.5. Depreciation for Distribution, generation and transmission assets shall be calculated annually as per straight line method over the useful life of the asset at the

rate of depreciation specified by the Central Electricity Regulatory Commission from time to time:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation/ put in use of the asset shall be spread over the balance useful life of the assets:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the asset.

21.6. Depreciation shall be chargeable from the first year of commercial operation/asset is put in use. In case of commercial operation of the asset/put in use of asset for part of the year, depreciation shall be charged on pro rata basis.”

The Commission determines the depreciation for FY 2021-22 as per the Regulation 21 stated above. The Opening GFA for the Spillover schemes as well as for new schemes is considered as per the Closing GFA for FY 2020-21 as approved by the Commission in Tariff Order for FY 2022-23.

Further, the Commission has not considered the depreciation on account of assets of Rs. 3350.59 Crore transferred from GNDTP. Accordingly, the same has been deducted from the Opening GFA for the Spillover schemes of Distribution Business.

The Commission has considered the addition of GFA as discussed in table No. 26. Based on the actual project-wise rate of depreciation as submitted by PSPCL, the depreciation for Spillover and New Schemes is as follows:

Table 41: Depreciation approved by the Commission for Spill over Schemes for FY 2021-22
(Rs. Crore)

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2021-22)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3945.19	4872.40	150.19	903.84	8077.90	1374.98	659.99	29.57	644.24	20658.30	30032.40	50690.70
2.	Addition during the Year	3.54	6.38	0.04	0.53	0.00	3.31	0.00	0.00	77.35	91.15	414.80	505.95
3.	Closing GFA	3948.73	4878.78	150.23	904.37	8077.90	1378.29	659.99	29.57	721.59	20749.45	30447.20	51196.65
4.	Average GFA	3946.96	4875.59	150.21	904.11	8077.90	1376.64	659.99	29.57	682.92	20703.89	30239.80	50943.69
5.	Average GFA of Land	2419.55	743.13	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.28	6736.10	11995.38
6.	Average GFA (Net of Land)	1527.42	4132.47	98.46	230.21	7748.63	854.14	148.28	22.10	682.92	15444.61	23503.70	38948.33
7.	Depreciation Rate (%)	1.43%	1.79%	3.30%	1.45%	1.87%	3.21%	0.68%	1.11%	2.13%		3.9035%	
8.	Depreciation	21.84	73.80	3.25	3.34	145.22	27.45	1.01	0.25	14.53	290.69	917.48	1208.17

Table 42: Depreciation approved by the Commission for New Schemes for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Depreciation for New Schemes (FY 2021-22)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	0.15	3.17	0.00	0.00	0.01	4.66	0.00	0.00	0.00	7.99	1160.76	1168.75
2.	Addition during the Year	0.00	0.00	0.00	-	-	-	-	-	0.00	0.00	1278.49	1278.49
3.	Closing GFA	0.15	3.17	0.00	0.00	0.01	4.66	0.00	0.00	0.00	7.99	2439.25	2447.24
4.	Average GFA	0.15	3.17	0.00	0.00	0.01	4.66	0.00	0.00	0.00	7.99	1800.01	1808.00
5.	Average GFA of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Average GFA (Net of Land)	0.15	3.17	0.00	0.00	0.01	4.66	0.00	0.00	0.00	7.99	1800.01	1808.00
7.	Depreciation Rate (%)	1.43%	1.79%	3.30%	1.45%	1.87%	3.21%	0.68%	1.11%	2.13%		3.9035%	
8.	Depreciation	0.00	0.06	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.21	70.25	70.46

Table 43: Depreciation approved by the Commission for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Total Depreciation (FY 2021-22)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3945.34	4875.57	150.19	903.84	8077.91	1379.64	659.99	29.57	644.24	20666.29	31193.16	51859.45
2.	Addition during the Year	3.54	6.38	0.04	0.53	-	3.31	-	-	77.35	91.15	1693.29	1784.44
3.	Closing GFA	3948.88	4881.95	150.23	904.37	8077.91	1382.95	659.99	29.57	721.59	20757.44	32886.45	53643.89
4.	Average GFA	3947.11	4878.76	150.21	904.11	8077.91	1381.30	659.99	29.57	682.92	20711.87	32039.81	52751.69
5.	Average GFA of Land	2419.01	743.13	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.27	6736.10	11995.37
6.	Average GFA (Net of Land)	1527.57	4135.64	98.46	230.21	7748.64	858.80	148.28	22.10	682.92	15452.60	25303.71	40756.33
7.	Depreciation	21.84	73.86	3.25	3.34	145.22	27.60	1.01	0.25	14.53	290.90	987.73	1278.63

2.17 Interest and Finance Charges

The Commission, in the Tariff Order for FY 2021-22, had approved Rs.43.41 Crore and Rs. 722.44 Crore as interest and finance charges for Generation and Distribution Business respectively. The same was revised to Rs.44.98 Crore and Rs.417.87 Crore for Generation and Distribution Business respectively in the Tariff Order for FY 2022-23 during the review of FY 2021-22.

PSPCL's Submission

PSPCL submitted that this Commission had allowed Rs.765.85 Crore to PSPCL towards the interest liability on long-term borrowing for FY 2021-22. However, as per the audited accounts the gross interest liability towards long term borrowing is Rs. 800.80 Crore. After adjusting interest capitalisation Rs. 192.48 Crores, the net interest cost of PSPCL on long-term loans works out to Rs. 608.32 Crore for FY 2021-22. Actual interest of PSPCL on long term borrowing is on lower side as compared to approved by this Commission in Tariff Order dated 28th May 2021. PSPCL requested to approve the actual interest cost on long-term borrowing for FY 2021-22.

Summary of interest and finance charges as per the audited accounts to PSPCL for FY 2021-22 is shown in table given as under:

Table 44: Total Interest & Finance Cost for FY 2021-22
(Rs Crore)

Sr. No	Particulars	Approved	FY 2021-22
I	II	III	IV
1	Interest on Long Term Loans		
2	Long term Loans		
3	REC Limited		
4	T&D Scheme Loans		287.34
5	Commercial Banks		
6	Long term Loans		308.23
7	PFC Limited		
8	T&D Schemes		47.50
9	CSS Loans		
10	GoP Loans		1.51
11	R-APDRP		27.18
12	IPDS		6.77
13	Interest on Working Capital Loans		
14	Working Capital Loan		596.46
15	Other Interest Cost		
16	Interest to Consumers		127.62
17	GPF		59.00
18	Interest on Shahpur Kandi		58.00
19	Total		
20	Add: Guarantee Fee		39.20
21	Less: Interest Capitalized		192.48
22	Add: Others		82.98
23	Total Interest & Finance Charges	1,062.00	1449.00

Commission's Analysis:

The Commission determines the Interest on loan capital for the 2nd MYT Control Period as per Regulation 24 of the PSERC MYT Regulations, 2019. It is reproduced as under:

"24.1. For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the actual rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable (other than working capital loans) on loans by the Licensee.

24.2. Interest and finance charges on the future loan capital for new investments shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI as may be applicable as on 1st April of the relevant year, plus a margin determined on the basis of current actual rate of interest of the capital expenditure loan taken by the Generating Company, Licensee or SLDC and prevailing SBIMCLR.

24.3. There payment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalization.

24.4. The Commission shall allow obligatory taxes on interest, finance charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost.

24.5. The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders.

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

The Opening of loan for the Spillover schemes and New Schemes is considered as per the Closing approved by the Commission in the True-up of FY 2020-21 in Tariff Order of FY 2022-23.

The Commission has considered the approved addition of loan as given in Table-44. As per regulation 24.3 of PSERC MYT Regulation 2019, the repayment of loan is considered equal to depreciation allowed for the corresponding year.

The weighted average interest on loan is considered as 8.6037% for Generation and Distribution Businesses of PSPCL, as PSPCL has not submitted business-wise

segregation for the same. Further, interest on GPF Liability is discussed separately. The Commission determines the opening and closing balances of Loans (other than working capital Loans) along with actual weighted average interest for Generation Business and Distribution business for FY 2021-22 as shown in the following tables:

Table 45: Interest and finance charges approved by the Commission for Spill-over Schemes for FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2021-22)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Opening Loan	80.68	0.00	18.82	18.00	0.00	125.78	2.63	0.00	156.92	402.83	5163.17	5566.00
2	Addition during the year	3.76	1.41	2.48	1.37	0.74	5.54	0.63	0.00	5.05	20.98	257.65	278.63
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1300.78	1300.78
4	Less: Repayment during the year	21.84	1.41	3.25	3.34	0.74	27.45	1.01	0.00	14.52	73.56	917.48	991.04
5	Closing Loan	62.60	0.00	18.05	16.03	0.00	103.87	2.25	0.00	147.45	350.25	3202.56	3552.81
6	Average Loan	71.64	0.00	18.43	17.02	0.00	114.82	2.44	0.00	152.18	376.53	4182.87	4559.40
7	Rate of Interest on Loan	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%
8	Interest & Finance Charges	6.17	0.00	1.59	1.46	0.00	9.88	0.21	0.00	13.09	32.40	359.88	392.28

Table 46: Interest and finance charges approved by the Commission for New Schemes for FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for New Schemes (FY 2021-22)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Opening Loan	0.15	3.12	0.00	0.00	0.01	4.59	0.00	0.00	0.00	7.87	879.80	887.67
2	Addition during the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1278.49	1278.49
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	317.39	317.39
4	Less: Repayment during the year	0.00	0.06	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.21	70.26	70.47
5	Closing Loan	0.15	3.06	0.00	0.00	0.01	4.44	0.00	0.00	0.00	7.66	1770.64	1778.30
6	Average Loan	0.15	3.09	0.00	0.00	0.01	4.52	0.00	0.00	0.00	7.77	1325.02	1332.79
7	Rate of Interest on Loan	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%
8	Interest & Finance Charges	0.01	0.27	0.00	0.00	0.00	0.39	0.00	0.00	0.00	0.67	114.02	114.69

Table 47: Interest and finance charges approved by the Commission for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Interest and finance charges (FY 2021-22)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Opening Loan	80.83	3.12	18.82	18.00	0.01	130.37	2.63	0.00	156.92	410.70	6042.97	6453.67
2	Addition during the year	3.76	1.41	2.48	1.37	0.74	5.54	0.63	-	5.05	20.98	1536.14	1557.12
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,618.17	1,618.17
4	Less: Repayment during the year	21.84	1.47	3.25	3.34	0.74	27.60	1.01	0.00	14.52	73.79	987.74	1061.53
5	Closing Loan	62.75	3.06	18.05	16.03	0.01	108.31	2.25	0.00	147.45	357.90	4973.20	5331.10
6	Average Loan	71.79	3.09	18.43	17.02	0.01	119.34	2.44	0.00	152.18	384.30	5508.08	5892.38
7	Interest & Finance Charges	6.18	0.27	1.59	1.46	0.00	10.27	0.21	-	13.09	33.07	473.90	506.97

2.18 Interest on GPF

PSPCL stated that actual interest paid on GPF in FY 2021-22 is Rs. 58.79 Crores, being a statutory payment on account of GPF. PSPCL prayed to approve the same.

The Commission approves Interest on GPF of Rs.58.79 Crore for FY 2021-22.

2.19 Capitalization of Interest Charges

In the True up Petition of FY 2021-22, PSPCL has claimed Rs. 192.48 Crore towards capitalization of interest charges based on Audited Annual Accounts for FY 2021-22.

The Commission approves capitalization of interest of Rs.192.48 Crore for FY 2021-22.

2.20 Finance Charges and Guarantee fee

PSPCL has claimed finance charge and Guarantee fee of Rs.99.42 (60.22+39.20) Crore, based on Audited Annual Accounts for FY 2021-22.

Accordingly, the Commission approves finance charges and Guarantee fee as Rs. 99.42 Crore for FY 2021-22.

The total interest and finance charges for Distribution Business are approved as detailed as under:

Table 48: Interest and Finance charges for Distribution Business

(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1	Interest on Loan (Distribution) as per Table 47	473.90
2	Add: Interest on GPF	58.79
3	Add: Finance Charges & guarantee fee	99.42
4	Less: Capitalization of Interest charges	192.48
5	Interest & Finance charges (Distribution)	439.63

Accordingly, the Commission approves Interest & Finance charges of Rs. 439.63 Crore for Distribution and Rs. 33.07 Crore for Generation Business for FY 2021-22.

2.21 Interest on Consumer Security Deposit

PSPCL submitted that this Commission had allowed Rs. 157.90 Crore as interest on consumer security deposit for FY 2021-22 vide its Tariff Order dated 28th May, 2021. However, the actual expenses incurred by PSPCL is Rs. 127.62 Crore during FY 2021-22, which is less than the expenses approved by this Commission. PSPCL requested that this Commission may kindly allow the actual interest on consumer security deposit to PSPCL for FY 2021-22.

Commission's Analysis

In the true up of FY 2021-22, PSPCL has claimed Rs.127.62 Crore towards interest on consumer security deposit on the basis of Annual Audited Accounts for FY 2021-22. The details of the same are given in the following table:

Table No. 49: Interest on Consumer Security Deposit as submitted by PSPCL for FY 2021-22

(Rs. Crore)

Sr. No	Particulars	Amount
I	II	III
1	Opening Security Deposit	3674.94
2	Closing Security Deposit	3902.58
3	Average Security Deposit	3788.76
4	Interest on Security Deposit	127.62

The Commission allows the interest of Rs. 127.62 Crore on consumer security deposit as claimed by PSPCL for FY 2021-22. As PSPCL utilises the consumer security deposit for its working capital requirements, the same has been deducted from its normative working capital requirements for Distribution Business as discussed in para 2.22.

2.22 Interest on Working Capital

PSPCL's Submission

PSPCL submitted that this Commission has allowed interest cost on working capital on normative basis. Interest cost on working capital to PSPCL was allowed as Rs 138.68 Crores for FY 2021-22 vide its Tariff Order dated 28th May, 2021. This Commission has worked out the same by considering an interest rate of 10.13% on normative working capital requirement for FY 2021-22. However, as per the audited accounts, actual interest cost of PSPCL is Rs. 596.45 Crore for FY 2021-22 (True-up). It is submitted that the actual working capital for PSPCL distribution business amounting to Rs. 7984.02 Crores on which actual interest rate @8.01% has been worked out. PSPCL request to allow the actual interest on working capital to PSPCL for FY 2021-22.

Commission's Analysis:

The Commission determines interest on working capital as per Regulation 33 and Regulation 43 of the PSERC MYT Regulations, 2019. These regulations allows deduction of one month power procurement cost including associated cost from total working capital requirement. The interest on working capital is allowed on normative basis as per the regulations and not on working capital loans taken by the utility as per the annual audited accounts. The Commission works out weighted average rate of interest of short-term loans as 8.013% p.a., the Commission determines and approves the Interest on working capital as follows:

Table 50: Interest on working Capital approved by the Commission for FY 2021-22
(Rs. Crore)

Sr. No	Particulars	FY 2021-22											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Cost of Fuel for 2 months (Table no.20, sr.no 22)	94.04	111.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	205.64	0.00	205.64
2	O&M Expenses for 1 month (Table no.39)	28.59	23.65	2.35	3.50	3.03	4.05	2.80	0.00	0.00	67.97	416.44	484.41
3	Maintenance spares @ 15% of the O&M expenses (Table no 39).	51.46	42.58	4.22	6.30	5.45	7.28	5.05	0.00	0.00	122.34	749.60	871.94
4	Receivables equivalent to 2 months (Table no.57,58 & 60)	172.36	191.01	6.09	11.020	61.75	18.12	8.18	0.13	58.86	527.52	5270.34	5797.86
5	Less: Consumer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3788.76	3788.76

Sr. No	Particulars	FY 2021-22											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
	Security Deposit (Table no.49)												
6	Less: Power procurement cost including associated cost for 1 month (Table no.23)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1928.84	1928.84
7	Total Normative Working Capital	346.45	368.84	12.66	20.82	70.23	29.45	16.03	0.13	58.86	923.47	718.78	1642.25
8	Interest on Working Capital (%)	8.0132	8.013	8.0132	8.013	8.013	8.013	8.013	8.013	8.013	8.0132%	8.0132%	8.0132%
9	Interest on Working Capital	27.76	29.56	1.01	1.67	5.63	2.36	1.28	0.01	4.72	74.00	57.60	131.60

Accordingly, the Commission approves the Interest on Working Capital of Rs.74.00 Crore for FY 2021-22 for Generation Business and Rs. 57.60 Crore for FY 2021-22 for Distribution Business.

2.23 Return on Equity

PSPCL's Submission

PSPCL has submitted that it has considered the opening equity including the share application money pending for allotment as per the audited accounts to calculate the admissible opening equity eligible for FY 2021-22.

PSPCL further submitted that as per the audited accounts, an amount of Rs. 15,628.26 Crores on account of GoP Loans under UDAY were converted into equity on 31.03.2020. However, PSPCL would like to apprise this Commission that out of the total UDAY loans, Rs. 2,246.77 Crore were capital expenditure loans and Rs. 13,381.49 Crore were working capital loans, out of which Rs. 2,346.19 Crore of working capital loans were diverted for capital expenditure funding which is already being approved by this Commission. Thus, PSPCL has considered the amount of Rs. 4,592 Crore (Rs. 2,346.19 Crore+ Rs. 2,246.77 Crore) in addition to amount of Rs. 6,081 Crore to admissible equity for return.

PSPCL has considered a return rate of 15.78% on average admissible equity of amount Rs. 10,674 Crore to work out Return on Equity for FY 2021-22.

PSPCL stated that on the basis of the above methodology, Return on Equity works out to be Rs 1,684 Crores against Rs. 975 Crores allowed by this Commission to PSPCL for FY 2021-22. Detailed calculation of Return of Equity is tabulated as under:

Table 51: Return on Equity submitted by PSPCL for FY 2021-22

(Rs Crore)		
Sr. No	Particulars	Amount
I	II	III
1.	Opening Equity	10,674
2.	Addition of Equity (on 31.03.2021)	-
3.	Closing Equity	10,674
4.	Return on Equity (%)	15.78%
5.	Return on Equity	1,684

PSPCL requests to allow Return on Equity at the rate of 15.78% on the basis of the audited account for FY 2021-22.

Commission's Analysis:

The Commission determines the Return on Equity for the Control Period in accordance with Regulation 20 of PSERC MYT Regulations, 2019 which is reproduced as under:

"20. Return on equity

Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid-up equity capital determined in accordance with Regulation 19:

Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:

Provided further that asset funded by consumer contributions, capital subsidies/Government. grants shall not form part of the capital base for the purpose of calculation of Return on Equity."

Further, Regulation 19 of PSERC MYT Regulations, 2019 is reproduced as under:

"19.1. Existing Projects - In case of the capital expenditure projects having Commercial Operation Date prior to the effective date, the debt-equity ratio shall be as allowed by the Commission for determination of tariff for the period prior to the effective date:

Provided that the Commission shall not consider the increase in equity as a result of revaluation of assets (including land) for the purpose of computing return on equity.

19.2. New Projects – For capital expenditure projects declared under commercial operation on or after the effective date:

(a) A Normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;

(b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;

(c) In case, the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;

(d) The premium, if any raised by the Applicant while issuing share capital and investment of internal accruals created out of free reserve, shall also be reckoned as paid up capital for the purpose of computing return on equity subject to the normative debt-equity ratio of 70:30, **provided such premium amount and internal accruals are actually utilized for meeting capital expenditure of the Applicant's business.**

...

(Emphasis added)

In para-3.20 of the Tariff Order for FY 2022-23 issued on 31st March, 2022, the Commission has not allowed the addition of Rs. 4592 Crores towards Equity, relevant para is reproduced as under:

“The Commission has not considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore+ Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs.2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans of prior period”.

Hence, the Commission has considered the opening equity for FY 2021-22 as the approved closing of equity from the True-up of FY 2020-21 and accordingly, determines Return on Equity for FY 2021-22 which is as under:

Table 52: Return on equity approved by the Commission for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22												
		GGSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Wires Business	Retail Supply Business	Total
I	II	III	IV	V	VI	VII	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Opening Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3311.77	367.97	6081.43
2	Addition during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Closing Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3311.77	367.97	6081.43
4	Average Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3311.77	367.97	6081.43
5	Return on Equity (%)	15.50%	15.50%	16.50%	16.50%	16.50%	16.50%	16.50%	15.50%	16.50%		16.00%	16.00%	
6	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98	529.88	58.88	974.74

2.24 Other Debits and Extraordinary Items

PSPCL has submitted that as per the audited accounts, Rs. 56.95 Crore has been incurred by PSPCL as Other Debits during FY 2021-22. The major portion of Rs. 56.95 Crore consists of expenditure on account of retrospective changes in material cost

variances, compensation, Bad & Doubtful debt written off, revenue amount refunded and miscellaneous losses.

PSPCL requests to allow the expenditure due to other debits as per the audited accounts for FY 2021-22. PSPCL vide memo no. 768/ARR/Dy.CAO/256/Deficiency Vol. I dated 30.12.2022 submitted that the amount of bad debts written off during the year is Rs. 36.67 Crore which mainly includes the waiver under OTS scheme to Water Resources Department, RSD Shahpurkandi.

Commission's Analysis:

Regulation 47 of PSERC MYT Regulations 2019 for Distribution Business is reproduced as under:

"47. BAD AND DOUBTFUL DEBTS AND OTHER DEBITS

47.1. Bad and doubtful debts shall be allowed to the extent the Distribution Licensee has identified/actually written off bad debts, subject to a maximum of 1% of annual sales revenue excluding subsidy, and according to a transparent policy approved by the Commission. In case, there is any recovery of bad debts already written off, the recovered bad debts will be treated as Other Income.

47.2. Other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account of flood, cyclone, fire etc. shall be considered by the Commission."

PSPCL claimed other debts as per audited accounts of FY 2021-22 as per detail given below:

Table 53: Other debts claimed by PSPCL for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1	Bad & Doubtful Debts written off	36.37
2	Provision for Bad & doubtful debts	(-) 22.00
3	Miscellaneous losses & written off	9.48
4	Loss on sale of fixed assets	32.80
	Total	56.95

The Commission observes that the amount of Rs. 36.67 Crore was considered as non-tariff income from Department of Water supply & sanitation under one-time settlement scheme in previous years on account of late payment surcharges and interest thereon. The Commission has now considered the same as reversed. Accordingly, the Commission disallows the same from Bad & doubtful debts and removed the amount of Rs.36.67 Crore from non-tariff income.

Accordingly, the Commission allows Rs. 20.28 (56.95-36.67) Crore as other debits and extraordinary items for FY 2021-22.

2.25 Charges payable to GoP on RSD

PSPCL has claimed Rs.21.90 Crore for FY 2021-22 as royalty charges payable to Government of Punjab on power from RSD (under Generation Business).

The Commission approves royalty charges of Rs.21.90 Crore for FY 2021-22 as claimed by PSPCL.

2.26 Non- Tariff Income

PSPCL's submission:

PSPCL submitted that actual Non-Tariff income of PSPCL for FY 2021-22 is Rs.1,069 Crore against Rs 821 Crore approved by this Commission in Tariff Order dated 28th May, 2021. PSPCL further submitted that it has considered 50% of rebate towards timely payment for power purchase bills as part of Non-Tariff income for FY 2021-22.

Table 54: Non-Tariff Income submitted by PSPCL for FY 2021-22

		(Rs. Crore)
Sr. No.	Particulars	Amount
I	II	III
1	Other Income	2102.81
2	Meter/service rent	114.70
3	Misc. charges (except PLEC)	22.93
4	Total Other Income	2240.44
5	Less: Carrying Cost on Delayed Payment of Subsidies	1129.22
6	Less: Financing Cost of Late payment charges from consumers	145.50
7	Less: Revenue grant from GoP under UDAY Scheme	-
8	Add: 50% of Rebate on timely payment for Power Purchase	96.00
9	Add: Generation based incentive for Solar Power	7.53
10	Net Non-tariff Income	1069.25

PSPCL requested to allow the Non-Tariff Income of Rs.1069.25 Crores to it for FY 2021-22.

Commission's Analysis:

- PSPCL has considered the generation-based incentive of Rs. 7.53 Crore for Solar Power as part of power purchase cost. The Commission has considered the same as part of Non-Tariff Income.
- As per Agreement between M/s Atlantic Power Ltd, PSPCL is entitled to share of power @30% of power sold to it. The value of such share of Rs.0.53 Crore has been considered as Non-Tariff Income.

- iii) PSPCL has considered financing cost of late payment charges from consumers as Rs. 145.50 Crore. The Commission has considered the same as Rs.145.50 Crore and has deducted it from total Other Income (as per Audited Accounts).
- iv) The Non-tariff income is reduced by Rs.36.67 Crore as explained in Para 2.24.
- v) Carrying cost on delayed payment of subsidies is deducted from total Other Income as the same has been received on account of the interest paid by PSPCL due to non-availability of funds/ timely subsidies. The interest subsidy for REC is also deducted from total Other Income.

Accordingly, the Commission has taken Other Income of Rs. 2116.91 Crore (as per Audited Annual Accounts of FY 2021-22) for the purpose of computation of Non-Tariff Income and approves Rs. 1033.11 Crore as Non-tariff Income. The computation of the same is tabulated below:

**Table 55: Non-Tariff Income approved by the Commission for FY 2021-22
(Rs. Crore)**

Sr. No.	Particulars	Non-Tariff Income
I	II	III
1	Interest on Staff Loans & advances	0.63
2	Carrying Cost on Delayed Payment of Subsidies	1129.23
3	Interest from banks (other than fixed deposit)	6.08
4	Delayed payment charges from consumers	420.90
5	Lease money received from leased power plants	0.55
6	Rental for hiring PSPCL poles by Cable TV network - Broadband Operators - Third Parties	12.81
7	Rental - Others	6.39
8	Income from Sale of scrap etc.	3.35
9	Gain on sale of assets	51.63
10	Sale of tender forms	0.21
11	Sundry credit balance written back	22.31
12	Penalty for delay in delivery/ completion of work etc.	32.99
13	Income from outside parties for imparting training by PSPCL	0.50
14	Other income	122.98
15	Interest received on refund of Income Tax	6.23
16	Receipt on account of damaged meters	9.22
17	Commission for collection of octroi	22.33
18	Processing Fees	8.03
19	Other income transferred from consumer contribution (Transferred from Note 19A)	246.45
20	Interest subsidy for REC	14.09
21	Total Other Income (as per Audited Accounts)	2116.91
27	Add: Meter rent/Service Line Rental	114.70
28	Add: Misc. charges from consumers	22.93
29	Add: Rebate for timely payment of power purchase	96.00
30	Add: Generation based incentive	7.53
31	Add: PSPCL share of Free power (M/s Atlantic power	0.53
32	Less: Interest subsidy for REC	14.09

Sr. No.	Particulars	Non-Tariff Income
33	Less: Financing Cost of Late payment charges from consumers	145.50
34	Less: Carrying Cost on Delayed Payment of Subsidies	1129.23
35	Less: Amount receivable from Department of water supply and sanitation under One-time settlement scheme written off	36.67
36	Total Non-Tariff Income	1033.11

The Commission accordingly approves Non-Tariff Income of Rs.1033.11 Crore for FY 2021-22 in Distribution Business.

2.27 Prior Period Income/Expenditure

PSPCL's Submission

PSPCL submitted that this Commission vide its Tariff Order dated 31st March, 2022 approved an amount of Rs. 535.09 Crore on account of amount paid to NPL and TSPL in compliance to Hon'ble Supreme Court Order dated 09.03.2021 along with disputed amount of Durgapur STPS and Raghunathpur TPS Power Stations. The power purchase cost of prior period expenses allowed by Commission is tabulated as under:

Table 56: Prior Period Expenses allowed by Commission for FY 2021-22

(Rs. Crore)

Sr. No	Particulars	Amount
I	II	III
1	Amount paid to NPL and TSPL in compliance to Hon'ble SC order dated 09.03.2021	440.87
2	5% covid rebate and force majeure payable to generators	34.49
3	Disputed amount of Durgapur STPS and Raghunathpur TPS Power Stations	57.74
4.	Amount paid during FY 2021-22 related to prior period	345.05
	Total	878.15

PSPCL prays to approve the prior period expenses as tabulated above in addition to the actual power purchase cost of FY 2021-22.

The Commission allows Rs.878.15 Crore as prior period expenses for FY 2021-22.

2.28 Transmission & SLDC Charges payable to PSTCL

The Commission, in its True-up Order of PSTCL of FY 2021-22, determined Annual Revenue Requirement of FY 2021-22 as Rs. 1406.81 Crore as Transmission & SLDC charges payable by PSPCL for FY 2021-22.

Accordingly, Rs. 1406.81 Crore is being included in the true-up of PSPCL for FY 2021-22 as Transmission & SLDC charges.

2.29 Provision for DSM Fund

PSPCL, in its True-up Petition of FY 2021-22, claimed the Provision for DSM Fund of Rs. 3.87 Crore and the same is considered by the Commission as per DSM Regulations.

2.30 Aggregate Revenue Requirement of Generation Projects (Hydro and Thermal) for FY 2021-22

A summary of project wise Aggregate Revenue Requirement (ARR) of Generation Business of PSPCL (consisting of Hydro and Thermal Plants/Projects) for FY 2021-22 has been given the following tables:

Table 57: ARR for Thermal Plants (Generation Business) for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	GGSTP	GHTP	Total
I	II	III	IV	V
1	Fuel Cost (Table no.20)	564.21	669.61	1233.82
2	Employee Cost (Table No.33)	299.47	213.26	512.73
3	R&M Expenses (Table no.36)	37.98	58.89	96.87
4	A&G Expenses (Table no.38)	6.59	11.70	18.29
5	Depreciation	21.84	73.86	95.70
6	Interest Charges	6.18	0.27	6.45
7	Return on Equity	70.16	88.89	159.05
8	Interest on Working Capital	27.76	29.56	57.32
9	Revenue Requirement	1034.19	1146.04	2180.23

Table 58: ARR for Hydro Plants (Generation Business) for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
1	Employee Cost	25.83	39.10	32.62	41.85	31.49	0.00	271.69	442.58
2	R&M Expenses	1.37	1.68	2.24	5.24	1.29	0.00	32.85	44.67
3	A&G Expenses	0.97	1.20	1.48	1.45	0.86	0.00	4.35	10.31
4	Depreciation	3.25	3.34	145.22	27.60	1.01	0.25	14.53	195.20
5	Interest Charges	1.59	1.46	0.00	10.27	0.21	0.00	13.09	26.62
6	Return on Equity	2.51	17.67	161.44	19.97	12.92	0.50	11.92	226.93
7	Interest on Working Capital	1.01	1.67	5.63	2.36	1.28	0.01	4.72	16.68

Sr. No.	Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
8	Royalty Paid by RSD to GoP	0.00	0.00	21.90	0.00	0.00	0.00	0.00	21.90
9	Revenue requirement	36.53	66.12	370.53	108.74	49.06	0.76	353.15	984.89

Table 59: ARR for Generation Business

(Rs. Crore)

Sr.No.	Particulars	Thermal	Hydro	Total
I	II	III	IV	V
1	Fuel Cost (Table 57)	1233.82	-	1233.82
2	Employee Cost (Table 57 & 58)	512.73	442.58	955.31
3	R&M Expenses (Table 57 & 58)	96.87	44.67	141.54
4	A&G Expenses (Table 57 & 58)	18.29	10.31	28.60
5	Depreciation	95.70	195.20	290.90
6	Interest & Finance Charges	6.45	26.62	33.07
7	Return on Equity	159.05	226.93	385.98
8	Interest on Working Capital	57.32	16.68	74.00
9	Royalty Paid by RSD to GoP	-	21.90	21.90
10	Revenue Requirement	2180.23	984.89	3165.12

2.31 Aggregate Revenue Requirement of Distribution Business for FY 2021-22

The Net Revenue Requirement of Distribution Business of PSPCL for FY 2021-22 is given in the following table:

Table 60: ARR of Distribution Business for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
1	Cost of power purchase (Table no.23)		23146.27	23146.27
2	Employee Cost (Table no.33)	1812.78	2,719.16	4531.94
3	R&M Expenses (Table no.36)	254.15	28.24	282.39
4	A&G Expenses (Table No.38)	91.50	91.49	182.99
5	Depreciation	888.97	98.76	987.73
6	Interest & Finance Charges	395.67	43.96	439.63
7	Interest on Consumer Security Deposit	12.76	114.86	127.62
8	Return on Equity	529.88	58.88	588.76
9	Interest on Working Capital	5.76	51.84	57.60
10	Intra-State Transmission Charges		1,406.81	1406.81
11	Provision for DSM Fund		3.87	3.87

Sr. No.	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
12	Prior Period Expense		878.15	878.15
13	Other Debits		20.28	20.28
14	Total Revenue Requirement	3991.47	28662.57	32654.04
15	Less: Non-Tariff Income	103.31	929.80	1033.11
16	Net Revenue Requirement	3888.16	27732.77	31620.93

2.32 Aggregate Revenue Requirement of PSPCL for FY 2021-22

The summary of Net Revenue Requirement for PSPCL as a whole for FY 2021-22 is given in the following table:

Table 61: Net revenue Requirement of PSPCL for FY 2021-22

(Rs. Crore)

Sr. No.	Items of Expenses	Approved by the Commission in Review	Claimed by PSPCL in True-Up	Approved by the Commission		
				Generation	Distribution	PSPCL
I	II	III	IV	V	VI	VII
1	Fuel Cost	1188.52	1388.64	1233.82	0.00	1233.82
2	Power Purchase Cost	22670.08	23663.82	0.00	23146.27	23146.27
3	Employee Cost	5966.14	5261.49	955.31	4531.94	5487.25
4	R&M Expenses	428.27	479.13	141.54	282.39	423.93
5	A&G Expenses	209.38	172.02	28.60	182.99	211.59
6	Depreciation	1345.35	1279.81	290.90	987.73	1278.63
7	Interest & Finance Charges	517.82	725.16	33.07	439.63	472.70
8	Interest on Consumer Security Deposit	123.63	127.62	0.00	127.62	127.62
9	Return on Equity	974.74	1684.08	385.98	588.76	974.74
10	Interest on Working Capital	159.58	596.45	74.00	57.60	131.60
11	Intra-State Transmission Charges	1433.60	1468.82	0.00	1406.81	1406.81
12	Provision for DSM Fund	5.00	3.87	0.00	3.87	3.87
13	Prior Period Expense	535.09	535.09	0.00	878.15	878.15
14	Royalty Paid by RSD to GoP	14.59	21.90	21.90	0.00	21.90
15	Other Debits	0.00	56.95	0.00	20.28	20.28
16	Total Revenue Requirement	35571.79	37464.85	3165.12	32654.04	35819.16
17	Less: Non-Tariff Income	965.69	1069.25	0.00	1033.11	1033.11
18	Net Revenue Requirement	34606.10	36395.60	3165.12	31620.93	34786.05

2.33 Revenue from sale of power

In the True-Up Petition for FY 2021-22, PSPCL has submitted revenue from sale of power at Rs. 33860.83 Crore as per Audited Accounts. PSPCL has not provided the slab wise sale as recorded in the books of accounts. To validate the revenue, the

Commission directed PSPCL to provide the billing data. PSPCL submitted the same vide Memo No. 194/ARR/Dy.CAO/265/Deficiencies/Vol-I dated 31.01.2023.

The Commission observed as under:

1. The revenue from sale of power in the audited accounts was less than shown in the actual billing data. The Commission decided to consider the metered category-wise revenue from fixed charges, energy charges, FCA, surcharge/incentives and sundry charges as per the actual billed data.
2. In response to the Commission's query regarding the Sundry Allowances of Rs. (-) 274.44 Crore as shown in billed data. PSPCL replied that there are various types of adjustments being accounted for through sundry charges and allowances which cannot be quantified. Further, on another query about the sundry charges and allowances booked under 'Compost/ Solid waste Management Plants for Municipalities/ Urban Local Bodies' category amounting to Rs. (-) 118.37 Crore, PSPCL has submitted that some of the sundry allowance are due to a one-time settlement scheme launched by CE/Commercial office vide Memo No.818/25 /DD/SR-56 dated 08.03.2019 and Memo no 801-05/DD/SR-56 dated 19.11.2020 for Rural Water Supply connections of the department of water supply & sanitation (DWSS) for which the sundries have been posted by the sub divisional offices. The approximate amount of the same is Rs.93.17 Crore. Accordingly, the Commission has not considered the Sundry Allowances of Rs. 93.17 Crore as part of Revenue for FY 2021-22.
3. Further, the details regarding loss of revenue from theft and unbilled revenue were submitted by PSPCL vide reply dated 31.01.2023. PSPCL submitted that divisional offices are required to book amount of theft detected by DS, Operation /Enforcement office under Group head "Recoveries from theft of Power" in the books of accounts but it has been noticed that some of that amount is also charged to sundry charges (SOP) in the bills of the consumers, Due to this reason, thefts detected do not commensurate with loss of revenue due to theft.
4. The Commission notes with concern that no standard operating procedure (SOP) has been circulated by PSPCL to deal with, and account for the loss of revenue from theft inspite of repeated directions issued by the Commission. The Commission reiterates its earlier directive and expects PSPCL to not only deal with theft cases sternly but also account for the loss of revenue in a standardized format for which appropriate directions should be circulated to the field offices.

Further, PSPCL has submitted the opening and closing balance of unbilled units and revenue as given below:

Table 62: Details of Unbilled units and revenue as considered by the Commission

Sr. No	Particulars	Units (Mus)	Revenue (Rs. Crore)
I	II	III	IV
1	Opening Unbilled units	1824.01	1254.23
2	Closing Unbilled units	2262.61	1431.23
3	Net (2-1)	438.60	177.00

5. The revenue from AP has been assessed on the basis of energy sales approved for AP in para 2.2.2. The revenue from Common Pool and outside state sales have been considered as per the Audited Annual Accounts.

Accordingly, the Commission approves the revenue from sale of power for FY 2021-22 as follows:

Table 63: Revenue from sale of power approved by the Commission for FY 2021-22

Sr. No.	Category	Sales (MkWh)	Revenue from Fixed Charges (Rs. Crore)	Revenue from Energy Charges (Rs. Crore)	Revenue from FCA (Rs. Crore)	Revenue from Other Charges (Rs. Crore)	Revenue from Theft (Rs. Crore)	Unbilled Revenue (Rs. Crore)	Total Revenue (Rs. Crore)
I	II	III	IV	V	VI	VII	VIII	IX	X
1	Domestic	14538.39	769.85	7618.99	0.16	-98.86	40.15	158.20	8488.49
2	Non-Residential Supply	3,613.53	322.53	2519.20	0.21	29.00	8.22	30.06	2909.22
3	Small Power	970.61	96.70	552.34	0.04	43.15	2.37	-1.62	692.98
4	Medium supply	1936.90	207.53	1146.13	0.34	47.18	1.94	-11.91	1391.21
5	Large Supply	17377.44	1411.51	11045.93	9.21	-284.64	0.09	2.86	12184.96
6	Public Lighting	161.36	5.50	117.78	0.00	11.15	0.00	-1.45	132.98
7	Bulk Supply	641.75	87.09	418.93	0.10	10.10	0.00	-2.24	513.98
8	Railway Traction	8.35	1.95	6.12	0.00	-0.09	0.00	3.10	11.08
9	AP High technology/ High Density farming	0.02	0.00	0.001	0.00	0.00	0.00		0.001
10	Compost/ Solid waste Management Plants for Municipalities/ Urban Local Bodies	225.90	6.89	131.76	0.00	-0.34	0.00		138.31
11	Start-up Power for generators/CPPs	185.63	18.97	121.25	0.00	-9.31	0.00		130.91
12	Golden Temple & Durgiana Mandir, Sri Amritsar Sahib	7.88	0.00	4.82	0.00	-0.19	0.00		4.63
13	Temporary Supply	244.20	8.28	192.39	0.00	-1.89	0.00		198.78
14	Total (metered)	39911.96	2936.80	23875.64	10.06	-254.74	52.76	177.00	26797.52
15	Agriculture	12487.56		7059.28			1.35		7060.63
16	Common Pool	301.00		109.81					109.81
17	Outside State Sales	54.39		45.03					45.03
18	Adjusted units for theft and unbilled units	725.94							
19	Grand Total	53480.85	2936.80	31089.76	10.06	-254.74	54.11	177.00	34012.99

2.34 Impairment Loss of GNDTP

PSPCL's submission:

PSPCL submitted that this Commission vide its Order dated 09.01.2020 in the Petition No. 60 of 2016 had stated that the impairment loss of GNDTP to the tune of Rs. 482.62 Crore will be considered after the submission of final report regarding utilization/disposal of assets.

PSPCL further submitted that disposal of assets of the four units of GNDTP has been completed as on 04.08.2022.

PSPCL prays to allow the impairment loss of Rs. 482.62 Crore along with carrying cost of Rs. 138.00 Crore up to 31st March 2021.

Commission's Analysis

As per disclosure Note-50 of PSPCL Annual Audited Accounts of FY 2017-18, impairment loss of Fixed Assets (P&M) of GNDTP Bhatinda was Rs.492.59 Crore along with CWIP of Rs.55.49 Crore (Total Rs.548.08 Crore).

As per disclosure Note-47 of Audited Annual Accounts FY 2020-21, the management impaired the relevant Assets/CWIP of GNDTP, Bhatinda in 2017-18 and accounted for impairment loss of Rs.54808.32 Lakhs. During the year, an agreement has been entered with M/s HR Commercial Private Limited, Mumbai for Rs.16410-00 Lakhs for dismantling and disposal of old GNDTP, Bathinda power plant. During the year, impairment loss of Rs. 6546.38 Lakhs have been reversed.

The Commission in its order dated 09.01.2020 in Petition no. 90 of 2016 for Petition for ARR & Determination of Tariff filed by PSPCL for MYT Control Period FY 2017-18 to 2019-20 had decided as under: -

“Mawana Sugars Limited argued that impairment loss is to be considered after determining market value of assets. PSPCL has floated a global EOI for disposal of Stage-I unit of GNDTP. The installed equipment at GNDTP unit No.I, II and III is being transferred to other PSPCL generation plants and distribution operation of PSPCL as well as to PSTCL as per requirement. The useable material, spares, scraps, mill reject coal, and oil is also being transferred to other generation plants of PSPCL. PSPCL has indicated that Unit IV of the plant is likely to be converted to a Biomass Plant (predominantly based on paddy straw). Further, setting up of a 100 MW Solar Plant on the ash dyke area of GNDTP is under active consideration of PSPCL. The possibility of developing the vacant area of GNDTP into an Industrial and Business Park in 850 acre land in the ash dyke is being explored for optimum use of land available at GNDTP. Residential buildings are being used by the employees of

PSPCL. The school and hospital are available for use of the residents of the colony. As per the financial statement of PSPCL for FY 2017-18, PSPCL had determined impairment loss of Rs. 492.59 crore, after adjusting recoverable amount of Rs. 84.50 crore (nominal salvage value @ 10%), on account of Plant and Machinery only. Hence, Order in Petition No. 90 of 2016 On Remand by Aptel's Order dated 08.03.2019 40 the actual impairment loss is yet to be determined by PSPCL. The Commission further directs PSPCL to expedite the disposal of all assets in a time bound manner. Accordingly, the Commission has not considered impairment loss in the true-up of FY 2017-18 and will consider the impairment loss of GNDTP after the submission of final report by PSPCL regarding utilization/disposal of assets. Further, PSERC in its Tariff Order dated 27th May, 2019 (True up for FY 2017-18) under para-2.20 has considered and stated that the impairment loss of GNDTP Bhatinda of Rs.548.08(492.59+55.49) Crore will be decided later on."

The Commission observes that PSPCL has not brought out any update on disposal/utilization of the valuable vacant land of GNDTP, or for monetising its value. The Commission also notes that considerable expenditure has been incurred to upgrade/renew the plant in FY 2015-16 for which capex and depreciation has been claimed by PSPCL while the upgraded plants utilisable life and value were not actually realised before PSPCL decided to scrap them. This issue will also need to be examined while working out the impairment cost/surplus when all the assets are disposed off/utilized.

Therefore, the Commission shall consider the issue of impairment after the disposal of all the assets of GNDTP.

2.35 Revenue Gap and Carrying Cost

The gap /(surplus) for FY 2021-22 is determined as under:

Table 64: Revenue Gap for FY 2021-22

(Rs. Crore)

Sr. No.	Items of Expenses	Claimed by PSPCL in True-Up	Finally approved by the Commission
I	II	III	IV
1	Net Revenue Requirement	37017.00	34786.05
2	Revenue from existing tariff	33861.00	34012.99
3	Gap: (Surplus)/Deficit during FY 2021-22	3156.00	773.06

The Commission has determined a deficit of Rs.773.06 Crore in True up of FY 2021-22. The Commission calculates carrying cost as recoverable on the revenue deficit for six months of FY 2021-22, full year of FY 2022-23 and for six months of FY 2023-24@ 8.0132% as additional deficit of Rs. 123.90 Crore. Therefore, the cumulative gap/ (surplus) upto FY 2021-22 is computed as follows:

Table 65: Revenue Gap and Carrying Cost on Revenue Gap for FY 2021-22

(Rs. Crore)		
Sr. No.	Particulars	Finally approved by the Commission
I	II	III
1	Gap: (Surplus)/Deficit during FY 2021-22	773.06
2	Carrying cost on surplus during the year FY 2021-22	123.90
3	Gap: (Surplus)/Deficit upto FY 2020-21	(1669.84)
4	Cumulative Gap: (Surplus)/Deficit upto FY 2021-22	(772.88)

2.36 Subsidy payable by GoP for FY 2021-22

PSPCL in its True-Up Petition has claimed subsidy of Rs 11277.47 Crore for FY 2021-22 based on the Audited Annual Accounts of FY 2021-22. The Commission has now worked out the category wise subsidy payable by GoP for FY 2021-22 as under:

Table 66: Subsidy payable by GoP for different Categories for FY 2021-22

(Rs. Crore)		
Sr. No.	Category	Allowed by the Commission
I	II	III
1.	AP Consumption (including FCA)	7059.08
2.	Scheduled Caste (SC) / Domestic Supply (DS) free power	1331.32
3.	Non-SC/BPL and freedom fighter families	68.82
4.	Backward class DS consumer free power	211.72
5.	DS Consumers concessional power	542.74
6.	Small Power (concessional tariff @ 499 paise per unit)	131.30
7.	Medium Supply Consumers	181.01
8.	LS supply consumers	1726.03
9.	Total	11252.02

Note:

- In case of A.P. consumption, PSPCL records AP Consumption at feeder level and the Commission allows the same by considering normative line losses as per the approved trajectory of losses for computing AP consumption at consumer end. At sr.no. 1. AP Consumption works out as 12487.56 MUs. The AP consumption for two months April 2021 and May 2021 is 986.89 MUs and next ten months from June 2021 to March 2022 is 11500.87 MUs. The subsidy for this consumption comes to Rs. 7059.08 Crore (986.69MUs x 557 paise +11500.87 MUs x 566 paise). Further, Rs. 0.20 Crore has already been accounted for and collected by PSPCL against metered supply sale (AP). Hence, not considered as AP Subsidy.
- Subsidy from Sr. No.2 to 8 has been taken as per audited annual accounts of PSPCL for FY 2021-22.

Interest on delayed payment of subsidy: There was a shortfall of Rs. 7701.22 Crore subsidy paid by GoP as on 1st April, 2021 as per Review Petition no.5 of 2022 in Petition no.68 of 2021. The Commission in its order dated 08.02.2023 in Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 on remand by Hon'ble APTEL vide Order dated 29.04.2022 has allowed Rs.178.82 Crore along with carrying cost (Rs.196.84 Crore) to be recovered from GoP. The total amount recoverable from GoP works out to be Rs. 375.66 Crore (178.82+196.84) upto 31.3.2022.

The GoP has paid Rs.13443.38 Crore subsidy to PSPCL during FY 2021-22 in staggered instalments which includes Rs.1555.00 Crore received during FY 2021-22 on account of waiver of arrears of electricity bills (upto September, 2021) of Domestic Consumers having load upto 2 KW. This was intimated by PSPCL vide e-mail dated 4th March, 2023. Thus, the total subsidy considered for FY 2021-22 is Rs.11888.38 (13443.38-1555.00) Crore.

The Commission observed that there was delay in payment of subsidy to PSPCL in FY 2021-22, therefore with a view to compensate PSPCL on this account, the Commission levies interest on the delayed payment of subsidy @8.0132% (effective rate of interest on working capital loan) which works out to Rs.729.84 Crore.

Accordingly, the subsidy payable for FY 2021-22, inclusive of interest on delayed payment of subsidy, has been determined by the Commission at Rs.20058.74 (7701.22+11252.02+375.66+729.84) Crore against which GoP had paid subsidy of Rs.11888.38 Crore. As such, there is shortfall of payment of subsidy due amounting to Rs. 8170.36 (20058.74-11888.38) Crores ending FY 2021-22 (i.e. as on 31.03.2022).

Chapter 3

Annual Performance Review of FY 2022-23

3.1 Background

PSPCL, in its Petition for Annual Performance Review (APR) of FY 2022-23, has submitted the energy demand/ requirement viz-a-viz availability, expenses/income of its generation & distribution business and the resultant gap; based on actual figures of H1 of FY 2022-23, estimated performance for the H2 of FY 2022-23. The Commission has analyzed the same in this Chapter.

3.2 Energy Demand (Sales)

3.2.1 Metered Energy Sales

A. Energy Sales within the State

PSPCL's submissions:

PSPCL submitted that it has considered the actual energy sales for H1 of FY 2022-23. The energy sales to metered categories for FY 2022-23 has been estimated on the following basis:

- Actual figures of first 6 months (April 2022 to September 2022)
- For the next six months (October 2022 to March 2023) category wise half yearly CAGR of the second half year for the period FY 2016-17 to FY 2021-22 has been calculated.

Table 67: Category wise Historical Metered Energy Sales of PSPCL for H2

							(MkWh)
Sr. No.	Category	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
I	II	III	IV	V	VI	VII	VIII
1.	Domestic	5,647	5,453	5,614	5,596	6,147	5,889
2.	Commercial (NRS)	1,716	689	2,038	1,494	1,662	1,313
3.	Small Supply	471	272	345	591	398	358
4.	Medium Supply	1,139	955	1,900	1,878	1,179	467
5.	Large Supply	6,065	7,214	7,375	7,074	8,287	8,212
6.	Public Lighting	93	81	39	63	107	99
7.	Bulk Supply	308	282	257	316	309	303
8.	Railway Traction	91	128	105	56	-	3
9.	AP High technology	-	-	-	0.12	0.10	0.01

Sr. No.	Category	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
I	II	III	IV	V	VI	VII	VIII
10.	Compost/ Solid waste Management	-	-	-	17	124	106
11.	Charitable Hospitals	-	-	-	-	-	-
12.	Golden Temple	-	-	-	7	3	3
13.	Start-up power	-	-	-	85	85	104
14.	Temporary Supply - DS& NRS	-	-	-	50	60	65
15.	Temporary Supply -SP, MS and LS	-	-	-	5	39	14
16.	Total Metered Sales	15,529	15,073	17,673	17,229	18,400	16,935

The CAGRs considered by PSPCL are as under:

Table 68: CAGR submitted by PSPCL for projecting Energy Sales (%age)

Sr. No.	Category	2-Year	3-Year	5-Year	CAGR Considered
I	II	III	IV	V	VI
1.	Domestic	2.59%	1.61%	0.85%	5.00%
2.	Commercial	-6.25%	-13.64%	-5.21%	3.00%
3.	Small Power	-22.20%	1.21%	-5.34%	5.00%
4.	Medium Supply	-50.13%	-37.35%	-16.33%	5.00%
5.	Large Supply	7.75%	3.65%	6.25%	6.25%
6.	Street Lightning	25.77%	36.41%	1.33%	5.00%
7.	Bulk Supply	-2.02%	5.70%	-0.30%	5.70%

PSPCL submitted that the energy sales for H2 of FY 2022-23 have been estimated by applying CAGR on actual sales of H2 of FY 2021-22. PSPCL has computed 3 Year CAGR, and 5 Year CAGR for consumer categories. It is observed that, both 3 Years and 5 Years CAGRs are negative for all consumer categories except for Domestic, Large Supply and Public Lighting. For domestic category, CAGR of 5% has been considered by PSPCL. For Large Supply category, 5-year CAGR of 6.25% has been considered.

PSPCL submitted that the category wise energy sale for H2 of FY 2022-23 is being projected using 3-5 years Compound Annual Growth Rate (CAGR) on previous years sales.

PSPCL submitted that the energy sales of the domestic consumer category had increased significantly in the last three years due to the introduction of online citizen

services, implementation of Feeder Sanitisation Scheme and an extensive vigilance drive. However, since most of the urban and rural areas have now been covered under these initiatives, therefore, only a moderate growth is expected in the MYT Period.

Accordingly, the projection of energy sales submitted by PSPCL for FY 2022-23 are as follows:

Table 69: Category-wise metered energy sales projected by PSPCL for FY 2022-23

(MkWh)				
Sr. No.	Category	H1	H2	FY 2022-23
I	II	III	IV	V
1.	Domestic	10,561	6,184	16,745
2.	Commercial (NRS)	2,897	1,352	4,249
3.	Small Supply	497	376	873
4.	Medium Supply	1,308	490	1,798
5.	Large Supply	8,588	8,725	17,313
6.	Street Lighting	80	104	184
7.	Bulk Supply	349	321	669
8.	Railway Traction	11	3	14
9.	AP High technology	0.01	-	0.01
10.	Compost/ Solid waste Management	136	106	242
11.	Golden Temple	6	3	9
12.	Start-up power	95	109	204
13.	Temporary Supply - DS& NRS	672	68	740
14.	Temporary Supply -SP, MS and LS	16	15	31
15.	Total Metered Sales	25,217	17,855	43,072

Commission's Analysis:

In reply to the Commission's query regarding variation in sales projections vis-a-vis with the Energy Sales submitted by PSPCL for the 3rd MYT Control Period in the Business Plan and CIP Petition, PSPCL vide Memo No.768/ARR/Dy.CAO/265/Deficiencies-Vol-I dated 30.12.2022 submitted that the sales projection submitted for the 3rd Control Period in the Business Plan & CIP petition was based on the data till FY 2021-22, whereas the sales projection submitted in the present petition is based on the data available up till September 2022.

The Commission observed that for projecting the sales for the 3rd Control Period, PSPCL has considered a higher CAGR for Domestic and Agricultural category of consumers as compared to that considered during the ARR of FY 2022-23 as also in the Business Plan and Capital Investment Plan. In reply to the Commission's observation regarding higher

CAGR considered by PSPCL for Domestic Category sale, PSPCL vide Memo No. 175/ARR/DY.CAO/265/Deficiencies-Vol-I dated 24.01.2023, submitted that due to factors like climate change (extreme heat/cold conditions) and introduction of 300 unit/month domestic subsidy, an increase of 22% in the H1 sales of FY 2022-23 has been witnessed over the corresponding FY 2021-22 H1 sale. Therefore, PSPCL has considered 5% growth while projecting the Domestic category energy sales in the ensuing years of the 3rd MYT Control Period.

Based on above energy sales data for H2 (Table 67), the CAGR worked out by the Commission for different categories of consumers are as under:

Table 70: Historical CAGR for H2 sales

(MkWh)

Sr. No.	Category of Consumers	CAGR (Upto FY 2021-22)			
		5-year	4-year	3-year	2-year
I	II	III	IV	V	VI
1	Domestic	0.84%	1.94%	1.61%	2.58%
2	Commercial (NRS)	-5.21%	17.49%	-13.63%	-6.25%
3	Small Supply	-5.34%	7.11%	1.24%	-22.17%
4	Medium Supply	-16.33%	-16.38%	-37.36%	-50.13%
5	Large Supply	6.25%	3.29%	3.65%	7.74%
6	Public Lighting	1.26%	5.14%	36.41%	25.36%
7	Bulk Supply	-0.33%	1.81%	5.64%	-2.08%
8	Railway Traction	-49.46%	-60.87%	69.43%	-76.85%

Considering factors like market growth rate, industrial development in the State, increasing consumer awareness and DSM initiatives/ use of efficient home appliances etc., the Commission is of the view that 3-year CAGR depicts a more reasonable trend for estimating the sales growth for H2 of FY 2022-23. Accordingly, the Commission has considered 3-year CAGR for projecting the sales for H2 of FY 2022-23. Further, the Commission takes note of PSPCL's submission that due to introduction of 300 unit/month domestic subsidy, there has been an increase in the sales of domestic category of consumers, hence, for domestic category the Commission has considered the CAGR as submitted by PSPCL. Further for categories where 3-year CAGR is coming out negative, the Commission has considered the growth rate as NIL for such categories (NRS and Medium supply). For Public Lighting, the Commission has considered CAGR as submitted by PSPCL. Also, since Indian Railways has been granted open access for Railway Traction load, their CAGR has been considered as NIL.

Accordingly, the Commission approves the revised estimates for energy sales for FY 2022-23 as shown in the following table:

Table 71: Category-wise metered energy sales approved by the Commission for FY 2022-23

MkWh					
Sr. No.	Category of Consumers	CAGR Considered by the Commission	H1	H2	Total
I	II	III	IV	V	VI
1	Domestic	5.00%	10561	6183	16744
2	Commercial (NRS)	0.00%	2897	1313	4210
3	Small Supply	1.24%	497	362	859
4	Medium Supply	0.00%	1308	467	1775
5	Large Supply	3.65%	8588	8512	17100
6	Street Lighting	5.00%	80	104	184
7	Bulk Supply	5.64%	349	320	669
8	Railway Traction		11	3	14
9	AP High technology		0.01	0.01	0.02
10	Compost/ Solid waste Management		136	106	242
11	Charitable Hospitals		0	0	0
12	Golden Temple		6	3	9
13	Start-up power		95	109	204
14	Temporary Supply – DS& NRS		672	68	740
15	Temporary Supply - SP, MS and LS		16	15	31
16	Total Metered Sales		25216	17565	42781

Thus, the Commission approves the metered energy sales (after rounding off) within the State as 42781 MkWh for review of FY 2022-23.

B. Common Pool/Outside State Sales

PSPCL has projected sales to common pool consumers and outside state sales as 309 MkWh and 350 MkWh respectively for FY 2022-23. The Commission decides to accept the figures submitted by PSPCL for Common Pool sales and outside State sale for FY 2022-23.

3.2.2 AP Consumption

PSPCL's submission:

PSPCL submitted that for estimation of AP consumption for FY 2022-23, it has considered the actual AP consumption for H1 of FY 2022-23. For projecting AP sales for H2 of FY 2022-23, PSPCL has considered CAGR of 2%. The revised AP sales for FY 2022-23 as submitted by PSPCL is as under:

Table 72: Category-wise AP sales projected by PSPCL for FY 2022-23

				MkWh
Sr. No.	Category	H1	H2	FY 2022-23
I	II	III	IV	V
1.	AP Consumption	10283	2748	13031

Commission's Analysis:

The Commission accepts the projections of AP consumption as 13031 MkWh for FY 2022-23. The Commission shall re-assess the same at the time of true-up of FY 2022-23 respectively based on the actual figures available and after considering the efforts/physical progress made by PSPCL regarding the compliance of various directives given by the Commission.

3.2.3 Total Energy Sales

The total energy sales as per PSPCL's submission and approved by the Commission for FY 2022-23 are as follows:

Table 73: Total energy sales approved by the Commission for FY 2022-23

				(MkWh)
Sr. No.	Particulars	Approved by the Commission in the ARR	Submitted by PSPCL	Approved by the Commission
I	II	IV	V	VI
1.	Metered sales within State	43266	43072	42781
2.	AP consumption	12255	13031	13031
3.	Total sales within State	55521	56103	55812
4.	Common pool sale	301	309	309
5.	Outside State sale	70	350	350
6.	Total	55892	56762	56471

3.3 Transmission & Distribution Losses and Energy Requirement**3.3.1 Transmission & Distribution Losses****PSPCL's Submissions:**

PSPCL submitted that it has been taking steps to reduce the distribution loss through various loss reduction and network planning initiatives. Driven by the targets and directives given by the Commission, PSPCL is making concerted efforts to reduce and control the losses and is already recognized at par with some of the efficient utilities of the Country. The main assumption is to continue to pursue the loss reduction programs initiated in earlier years and increasingly use the technology to target erring consumers and reduce the losses further during FY 2022-23.

For the purpose of APR for FY 2022-23, PSPCL has projected Distribution Losses of

12.40% after considering the actual Distribution Loss of 12.59% for FY 2021-22. While in its Petition, PSPCL submitted transmission losses projection at 2.44% for FY 2022-23, vide Memo No. 175/ARR/DY.CAO/265/Deficiencies-Vol-I dated 24.01.2023 it revised transmission losses projections at 2.51% for FY 2022-23.

Commission's Analysis:

The Commission in its Tariff Order for PSPCL for FY 2022-23 had approved the distribution loss targets of 12.04% for FY 2022-23. Further, the transmission loss trajectory was approved as 2.44% for FY 2022-23 . The Commission decides to retain the same targets for FY 2022-23 in this Order. Accordingly, the distribution and transmission loss targets approved by the Commission for FY 2022-23 are 12.04% and 2.44% respectively.

3.3.2 Energy Requirement

PSPCL has projected the total energy requirement of 66426 M kWh for FY 2022-23 in its petition. Further, from the energy requirement submitted, it was observed that PSPCL has included Royalty to be given to HP from Shanan and Share from RSD to HP in the energy requirement. Since, the Commission is not considering the same in the total hydel generation, as such, it has not been considered as part of PSPCL's energy requirement

The energy requirement of FY 2022-23 approved by the Commission in the Tariff Order for FY 2022-23, in the APR submitted by PSPCL in the present petition and that approved now by the Commission are as follows:

Table 74: Energy Requirement for FY 2022-23

(M kWh)

Sr. No.	Particulars		Approved by the Commission in the To of FY 2022-23	Submitted by PSPCL	Now Approved by the Commission
I	II		III	IV	V
1	Energy Sales within the State		55521	56103	55812
2	Target Distribution Loss	%	12.04%	12.40%	12.04%
		M kWh	7600	7942	7640
3	Input Energy Required		63121	64045	63452
4	Gen. /RE power available at 66 KV and below		2186	1861	1861
5	Input Energy Required (excluding NRSE Gen. Power available at 66 KV and below)		60935	62184	61591
6	Target Transmission Loss	%	2.44%	2.51%	2.44%
		M kWh	1524	1602	1540

Sr. No.	Particulars	Approved by the Commission in the To of FY 2022-23	Submitted by PSPCL	Now Approved by the Commission
I	II	III	IV	V
7	Total Energy Input Required (excluding NRSE Gen. Power available at 66 KV and below)	62459	63786	63131
8	Total Energy Input Required	64645	65647	64992
9	Sales to Common pool consumers	301	309	309
10	Outside State Sales	70	350	350
11	Total Requirement	65016	66306*	65651

* After reducing 52 MWh of Royalty from Shanan to HP and 68 MWh of Share from RSD to HP

Accordingly, the Commission approves the energy requirement of 65651 MWh for FY 2022-23.

3.4 PSPCL's Net Thermal Generation

PSPCL's Submissions:

PSPCL submitted that it has considered actual Generation for H1 of FY 2022-23. PSPCL has considered the Own Thermal Generating Stations under Merit Order Despatch. Further, it has been considered that at least one unit of GGSSTP and GHTP shall be running throughout year. The Net Thermal Generation for FY 2022-23 approved by the Commission in the Tariff Order for FY 2022-23 and submitted by PSPCL are as follows:

Table 75: Thermal Generation (Net) submitted by PSPCL

Sr. No.	Station	Installed Capacity (MW)	Approved by the Commission (MkWh)	Submitted by PSPCL (MkWh)
I	II	III	IV	V
1.	GGSSTP	4x 210 = 840	2212.00	2,656.41
2.	GHTP	2x(250+210) = 920	2218.00	2,613.42
3.	Total	1760	4430.00	5,269.83

Commission's Analysis:

As per the validation conducted by the Commission, the actual generation of GGSSTP for FY 2022-23 (H1) is 1811.33 MWh in place of 1812.49 MWh submitted by PSPCL. The Commission accepts the generation figures of FY 2022-23 (H2) as per PSPCL's projection. As such, the net generation of GGSSTP & GHTP comes out to be 2655.25 MWh (1811.33MWh for H1 & 843.92 for H2) and 2613.42 MWh respectively. **Accordingly, the Commission approves the net thermal generation projections (rounded off) from PSPCL's own plants as 5269 MWh for FY 2022-23.**

3.5 PSPCL's Hydel Generation

PSPCL's Submissions:

PSPCL submitted that the availability from own Hydel plants for FY 2022-23 has been re-estimated based on the actual generation figures for H1 of FY 2022-23 and the revised generation target for the respective Hydel plants for H2 of FY 2022-23. PSPCL has also considered Royalty to HP from Shanan and Share to HP from RSD for FY 2022-23 (H2).

Commission's Analysis:

The Commission accepts the station-wise gross hydel generation submitted by PSPCL (after rounding off). Accordingly, hydel generation approved by the Commission is as follows:

Table 76: PSPCL's Hydel generation approved by the Commission and FY 2022-23 (MkWh)

Sr. No.	Station		Approved by the Commission in the ARR in TO of FY 2022-23	Submitted by PSPCL	Approved by the Commission
I	II		III	IV	V
1	Shanan		465	478.38	478
2	UBDC	Stage I	150	146.08	146
		Stage II	230	223.61	224
3	RSD		1516	1427.21	1427
4	MHP Stage I	Stage I	1080	1118.27	1118
		Stage II	90	90.53	91
5	ASHP		581	520.56	521
6	Micro Hydel		0	4.98	5
7	Total own generation (Gross)		4112	4009.68	4010
8	Less: Auxiliary consumption and Transformation Loss		*34	30.91	*33
9	Less: HP share in RSD		69	68.21	68
10	Less HP Royalty in Shanan		53	52.39	52
11	Total own generation (Net)		3956	3858.12	3857
12	PSPCL share from BBMB				
(a)	PSPCL share excluding common pool share (Net)		3998	3427.83	3428
(b)	Add Common pool share		301	309.29	309
13	Net share from BBMB		4299	3737.12	3737
14	Total hydro availability (Net) (Own + BBMB)		8255	7595.24	7594

*Transformation loss @0.5%, Auxiliary consumption @0.5% for RSD and UBDC stage-I (having static exciters) and @0.2% for others.

The Commission, thus, approves PSPCL's own net hydel generation as 7594 MWh for FY 2022-23.

3.6 Energy Balance/Purchase (Net) required

PSPCL's Submission:

PSPCL in its petition has submitted total energy availability of 66426 MWh for FY 2022-23 including net power purchase of 53440 MWh for FY 2022-23.

Commission's Analysis:

As pointed in above Para 3.3.2, the Commission has reduced 52 MWh of HP Royalty from Shanan and HP share in RSD of 68 MWh from the hydel generation, hence, the same has not been considered as part of energy requirement for FY 2022-23. Accordingly, the energy requirement, PSPCL's own Generation availability and purchase (Net) required from outside sources submitted by PSPCL in the APR and that approved by the Commission is as follows:

Table 77: Energy balance approved by the Commission for FY 2022-23

(MWh)				
Sr. No.	Particulars	Approved by the Commission in TO of FY 2022-23	Submitted by PSPCL	Approved by the Commission**
I	II	III	IV	V
1	Energy requirement	65016	66306*	65651
2	i) PSPCL's Thermal Gen	4430	5270	5269
	ii) PSPCL's Hydel Gen	8255	7595*	7594
	Total	12685	12865	12863
3	Power Purchase (net)	52331	53441	52788

* after reducing HP Royalty from Shanan of 52 MWh and HP share in RSD of 68 MWh

**Rounded off

Thus, the Commission approves the net power purchase requirement of PSPCL as 52788 MWh for FY 2022-23.

3.7 Norms of Operation for Own Thermal Generating Stations

PSPCL's submission:

PSPCL has raised the issue of part load operation in its submission as has already been raised in previous chapter for True-up regarding the Auxiliary Consumption, Station Heat Rate and Secondary Fuel Oil Consumption. PSPCL's own thermal Generating stations are to be operated as per the Merit Order Dispatch and thus remained under reserve outage/backing down for maximum time as per directions of Power Controller, Patiala. During

frequent stop/start after reserve outage and running of units under backing down affects the performance of units.

Moreover, technical specification, aging, loading, etc. for PSPCL's Own Thermal Generating Stations are different from Generating Stations covered under the CERC Tariff Regulations, 2019. Hence, it is important to consider the actual performance of GGSSTP and GHTP while deciding the norms for FY 2021-22 and FY 2022-23 respectively

Power availability from State's Own Thermal Generating Stations, GGSSTP and GHTP for FY 2022-23 has been projected based on various parameters such as plant load factor, gross generation and auxiliary consumption.

PSPCL submitted the Plant availability factor for H1 of FY 2022-23 as 88.51% for GGSSTP and 78.63% for GHTP. PSPCL submitted that it has undertaken consistent and regular maintenance apart from timely renovation and overhaul of its units to sustain the generation from each of these power plants at the target output level set by the CEA. PSPCL further submitted that for H2 of FY 2022-23 it has projected Plant availability of 92.00% and 74.19% for GGSSTP and GHTP respectively.

PSPCL's own thermal Generating stations are to be operated as per the Merit Order Dispatch.

In view of this, PSPCL has considered the Auxiliary Consumption, Station Heat Rate and Secondary Fuel Oil Consumption based on the performance of H1 of FY 2022-23. As regards Transit Loss, PSPCL has considered transit loss of 0.8% for H2 of FY 2022-23 as per PSERC MYT Regulations, 2019.

Accordingly, the performance parameters considered by PSPCL for H2 of FY 2022-23 are as under:

Table 78: Performance Parameters submitted by PSPCL for FY 2021-22 and FY 2022-23

Sr. No.	Particulars	FY 2021-22			
		GGSSTP		GHTP	
		H1	H2	H1	H2
I	II	III	IV	V	VI
1	Plant Availability	88.51%	92%	78.63%	74.19%
2	Auxiliary Consumption	9.23%	9%	8.92%	8.50%
3	Station Heat Rate (kCal/kWh)	2836	2666	2615	2605
4	Secondary Fuel Oil Consumption (ml/kWh)	2.00	2.00	1.06	1.00
5.	Transit Loss	-	0.80	-	0.80%

Commission's Analysis:

The Commission observes that submissions made by PSPCL seeking relaxed norms for performance parameters i.e. auxiliary consumption, SHR, secondary fuel oil consumption and transit loss are the same as that submitted in the Chapter of True up, which have already been discussed in detail under Para 2.8 of this Tariff Order. Further, CERC finalizes the

norms after considering the data of various plants of different capacities & vintages. After analyzing the same it specifies different norms for units of different capacities & vintages.

Regulation 35 of the PSERC MYT Regulations, 2019 specifies that norms for performance parameters shall be in accordance with CERC norms. **Thus, the Commission decides to consider the normative performance parameters i.e., auxiliary consumption, SHR, secondary fuel oil consumption and transit loss as specified in CERC Tariff Regulations, 2019 for FY 2022-23 as follows:**

Table 79: Performance Parameters considered by the Commission for FY 2022-23

Sr. No.	Parameters		GGSSSTP	GHTP	
I	II		III	IV	
1.	Auxiliary Consumption	%	8.50	8.50	
2.	Station Heat Rate	kCal/kWh	2430	Unit: I-III	2430
				Unit: IV	2387
3.	Oil Consumption	ml/kWh	0.50	0.50	
4.	Transit Loss	%	0.80	0.80	

3.8 Fuel Cost

PSPCL's Submissions:

PSPCL submitted that it has considered the actual Fuel Cost for H1 of FY 2022-23 and for H2 of FY 2022-23, it has projected the Fuel Cost based on actual weighted average Gross Calorific Value of Fuels and Price of Fuels of H1 of FY 2022-23.

PSPCL further submitted that the actual Gross Calorific value for H1 of FY 2022-23 is 3,905 kCal/kg for GGSSSTP and 4,025 kCal/kg for GHTP. Also, GCV of oil is 9,900 kCal/kL for GGSSSTP and 9,500 kCal/kL for GHTP for H1 of FY 2022-23.

The Gross Calorific Value and Price of Fuel considered by PSPCL for FY 2022-23 are as shown in the following Table:

Table 80: Calorific Value and Price of Fuel for FY 2022-23

Sr. No.	Particulars	FY 2022-23	
		H1	H2
I	II	III	IV
A.	GGSSSTP		
1	GCV of Coal (kCal/kg)	3,905	3,950
2	Price of Coal (Rs./MT)	5,520	5,796
3	GCV of Oil (kCal/kL)	9,900	9,900
4	Price of Oil (Rs./kL)	50,182	52,691
B.	GHTP		
1	GCV of Coal (kCal/kg)	4,025	4,017

Sr. No.	Particulars	FY 2022-23	
		H1	H2
I	II	III	IV
2	Price of Coal (Rs./MT)	6,575	6,904
3	GCV of Oil (kCal/kL)	9,500	9,500
4	Price of Oil (Rs./kL)	64,126	67,332

PSPCL in the petition has submitted fuel cost of FY 2022-23 (H1) as Rs. 814.56 Crore. However, in response to the Commisison's query regarding lower GCV, lower coal and oil rate as compared to the actuals validated by the Commission's team for FY 202-23 (H1), PSPCL, vide Memo No. 332/ARR/Dy.CAO/265/Deficiencies-Vol-I dated 13.02.2023, submitted the revised Fuel cost of GGSSTP for FY 2022-23 H1 as Rs. 931.69 Crore.

Thus, PSPCL has submitted Fuel Cost for FY 2022-23 for GGSSTP and GHTP as shown in the following Table:

Table 81: Fuel Cost for FY 2022-23

Sr. No.	Particulars	FY 2022-23		
		H1	H2	Total
I	II	III	IV	V
A	GGSSTP			
1	Gross Generation (MkWh)	1996.68	927.32	2,924.00
2	Net Generation (MkWh)	1813	843.82	2,656.41
3	Fuel Cost (Rs. Crore)	931.69	369.92	1301.61
4	Cost of Generation (Rs./kWh) (Net)	5.14	4.38	4.90
5	Cost of Generation (Rs./kWh) (Gross)	4.67	3.99	4.45
B	GHTP			
1	Gross Generation (MkWh)	1943	922	2865
2	Net Generation (MkWh)	1769.50	843.92	2613.42
3	Fuel Cost (Rs. Crore)	865.60	426.46	1,292.07
4	Cost of Generation (Rs./kWh) (Net)	4.89	5.05	4.94
5	Cost of Generation (Rs./kWh) (Gross)	4.46	4.63	4.51

Commission's Analysis:

Fuel cost being a major item of expense, the Commission thought it prudent to get the same validated for H1 of FY 2022-23. During validation, it was observed that PSPCL has also included the expenditure of Rs. 4.06 Crore of coal handling contract cost in the fuel cost of GHTP. The Commission observes that the above cost does not form part of the fuel cost and

the same has accordingly been considered as part of O&M expenses. Also, the GCV of coal has been considered on received coal as per CERC Tariff Regulations, 2019.

It was further observed that both the thermal plants have shown NIL imported coal in ARR but imported coal of 74951.79 MT at GGSSTP and 75156.91 MT at GHTP has been received during FY 2022-23 (H1). GGSSTP and GHTP has consumed 67342.79 MT and 46944 MT of coal respectively during FY 2022-23 (H1). GGSSTP has not even considered the higher imported coal cost and projected a much lower cost for FY 2022-23 (H1) in ARR petition. In reply to the observation of the Commission, PSPCL vide Memo No. 332/ARR/DY.CAO/265/Deficiencies -Vol-I dated 13.02.2023 submitted the revised fuel cost of Rs. 931.69 Crore at a per unit cost of Rs. 5.14 per kWh for FY 2022-23 H1.

The price/calorific value of oil & coal as per validation obtained by the Commission are indicated in Table 82. The Commission decides to consider the same to determine the fuel cost for PSPCL's thermal Generating stations for H1 and H2 of FY 2022-23. However, in respect of price of coal for H2 of FY 2022-23, the Commission observes that the coal cost of FY 2022-23 (H1) is inclusive of cost of blending of imported coal for both GGSSTP and GHTP. Hence the price of coal of FY 2022-23 (H1) might not give a true picture of the coal cost for FY 2022-23 (H2). Considering that no blending of coal has been assumed by the thermal generating stations for FY 2022-23(H2), the Commission decides to consider an increase of 5.00% over the respective indigenous coal costs for FY 2021-22 for GGSSTP and GHTP. Further, the price of oil for FY 2022-23 (H2), has been considered the same as the price of oil for FY 2022-23 (H1).

The Cost Parameters considered by the Commission for working out the fuel cost are as follows:

Table 82: Cost Parameters considered by the Commission for FY 2022-23

Sr. No.	Parameters		GGSTP		GHTP	
			H1	H2	H1	H2
I	II		III	IV	V	VI
1	GCV of coal*	kCal/kg	4007.00	4007.00	3928.00	3928.00
2	CV of Oil	kCal/lt	9769.00	9769.00	9788.00	9788.00
3	Price of Oil	Rs./ KL	67212.62	67212.62	64118.90	64118.90
4	Price of coal	Rs./MT	6211.60	5501.42	6536.27	5752.24

**Weighted Average Gross calorific value of coal as received less 85 Kcal/Kg on account of variation during storage at generating station as per Regulation 40 and 43(2)(a) of the CERC Tariff Regulations, 2019*

Based on the above parameters, the fuel cost for FY 2022-23 has been worked out as follows:

Table 83: Fuel Cost for GGSSTP approved by the Commission for FY 2022-23

Sr. No.	Particulars	Derivation	Unit	GGSSTP		
I	II	III	IV	V	VI	VII
				H1	H2	Total
1	Gross Generation	A	MU	1979.60	922.32	2901.92
2	Auxiliary Consumption	B	MU	8.50%	8.50%	8.50%
3	Net Generation	C	MU	1811.33	843.92	2655.25
4	Station Heat Rate	D	kcal/kWh	2430.00	2430.00	2430.00
5	Specific oil consumption	E	ml/kWh	0.50	0.50	0.50
6	Calorific value of oil	F	kcal/litre	9769.00	9769.00	9769.00
7	Calorific value of coal	G	kcal/kg	4007.00	4007.00	4007.00
8	Overall heat	$H = (A \times D)$	Gcal	4810428.00	2241237.60	
9	Heat from oil	$I = (A \times E \times F) / 1000$	Gcal	9669.36	4505.07	
10	Heat from coal	$J = (H - I)$	Gcal	4800758.64	2236732.53	
11	Oil consumption	$K = (I \times 1000) / F$	KL	989.80	461.16	
12	Transit loss of coal	L		0.80%	0.80%	
13	Total coal consumption excluding transit loss	$M = (J \times 1000) / G$	MT	1198093.00	558206.27	
14	Quantity of coal priced on F.O.R. basis	N	MT	67342.79	0.00	
15	Quantity of coal other than coal priced on F.O.R. basis	$O = M - N$	MT	1130750.21	558206.27	
16	Quantity of coal other than coal priced on F.O.R. basis, including transit loss	$P = O / (1 - L/100)$	MT	1139869.16	562707.93	
17	Total quantity of coal required	$Q = N + P$	MT	1207211.95	562707.93	
18	Price of oil	R	Rs./KL	67212.62	67212.62	
19	Price of coal	S	Rs./MT	6211.60	5501.42	
20	Total Cost of oil	$T = R \times K / 10^7$	Rs. Crore	6.65	3.10	9.75
21	Total Cost of coal	$U = Q \times S / 10^7$	Rs. Crore	749.87	309.57	1059.44
22	Total Fuel cost	$V = T + U$	Rs. Crore	756.53	312.67	1069.19
23	Per unit Cost (gross)	$W = V \times 10 / A$	Rs./kWh	3.82	3.39	3.68
24	Per unit Cost (Net)	$X = V \times 10 / C$	Rs./kWh	4.18	3.71	4.03

Table 84: Fuel Cost for GHTP approved by the Commission for FY 2022-23

Sr. No.	Particulars	Derivation	Unit	GHTP (Unit I, Unit II & Unit III)		GHTP (Unit IV)		GHTP Total
				H1	H2	H1	H2	
I	II	III	IV	V	VI	VII	VIII	IX
1	Gross Generation	A	MU	1161.90	554.14	771.98	368.18	2856.20
2	Auxiliary Consumption	B	MU	8.50%	8.50%	8.50%	8.50%	8.50%
3	Net Generation	C	MU	1063.14	507.04	706.36	336.88	2613.42
4	Station Heat Rate	D	kcal/kWh	2430.00	2430.00	2387.00	2387.00	2387.00
5	Specific oil consumption	E	ml/kWh	0.50	0.50	0.50	0.50	0.50
6	Calorific value of oil	F	kcal/litre	9788.00	9788.00	9788.00	9788.00	9788.00
7	Calorific value of coal	G	kcal/kg	3928.00	3928.00	3928.00	3928.00	3928.00
8	Overall heat	$H = (A \times D)$	Gcal	2823417.00	1346560.20	1842716.26	878845.66	
9	Heat from oil	$I = (A \times E \times F) / 1000$	Gcal	5686.34	2711.96	3778.07	1801.87	
10	Heat from coal	$J = (H-I)$	Gcal	2817730.66	1343848.24	1838938.19	877043.79	
11	Oil consumption	$K = (I \times 1000) / F$	KL	580.95	277.07	385.99	184.09	
12	Transit loss of coal	L		0.80%	0.80%	0.80%	0.80%	
13	Total coal consumption excluding transit loss	$M = (J \times 1000) / G$	MT	717344.87	342120.22	468161.45	223279.99	
14	Quantity of coal priced on F.O.R. basis	N	MT	25906.00	0.00	21038.00	0.00	
15	Quantity of coal other than coal priced on F.O.R. basis	$O = M - N$	MT	691438.87	342120.22	447123.45	223279.99	
16	Quantity of coal other coal priced on F.O.R. basis, including transit loss	$P = O / (1 - L/100)$	MT	697014.99	344879.25	450729.28	225080.64	
17	Total quantity of coal required	$Q = N + P$	MT	722920.99	344879.25	471767.28	225080.64	
18	Price of oil	R	Rs./KL	64118.90	64118.90	64118.90	64118.90	
19	Price of coal	S	Rs./MT	6536.27	5752.24	6536.27	5752.24	
20	Total Cost of oil	$T = R \times K / 10^7$	Rs. Crore	3.72	1.78	2.47	1.18	9.15
21	Total Cost of coal	$U = Q \times S / 10^7$	Rs. Crore	472.52	198.38	308.36	129.47	1108.73
22	Total Fuel cost	V = T + U	Rs. Crore	476.24	200.16	310.83	130.65	1117.88
23	Per unit Cost (gross)	$W = V \times 10 / A$	Rs../kWh	4.10	3.61	4.03	3.55	3.91
24	Per unit Cost (Net)	$X = V \times 10 / C$	Rs../kWh	4.48	3.95	4.40	3.88	4.28

The Commission, therefore, approves the fuel cost of Rs. 2187.07 Crore for PSPCL's own net thermal generation of 5269 (rounded off) MWh for FY 2022-23.

3.9 Power Purchase Cost

PSPCL's Submissions:

PSPCL has submitted as follows:

A. Assessment of availability:

- i) The demand of power is met by procurement of power from central generating stations and other external sources apart from the state's own Generation. The major sources from which PSPCL procures Power are:
 - Central Generating Stations
 - IPP's
 - Co-Generation Plants
 - Banking Arrangements
 - Traders
- ii) The power procurement from PSPCL's own thermal plant has been projected as per Merit Order principal excluding one Unit for each GGSSTP and GHTP. PSPCL has scheduled its procurement from various CGSs and IPP's on the merit order principles. Following factors have been considered for deciding the procurement /generation schedule:
 - (a) Load profiles during various seasons;
 - (b) Technical constraints;
 - (c) Avoidable costs after giving due consideration to contractual obligations
- iii) The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.
- iv) The Merit Order of a process indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity.
- v) In addition to the availability from own Thermal and Hydro generation, PSPCL also procures power from Central Generating Stations (NTPC, NHPC, NPCIL, DVC, etc.), PTC, NVVNL (NTPC Vidyut Vyapar Nigam Limited) and other sources to meet its energy requirement. The state of Punjab receives fixed allocated share from Central Generating Stations (CGSs) based on its allocation from respective stations.

Moreover, Punjab also receives a quantum of power from the unallocated share in various CGSs at different intervals during a year.

- vi) Projected energy availability from all existing Central Hydro Generating Stations has been taken as per target provided by Central Hydro Generating Stations for FY 2022-23. Furthermore, State of Punjab is also purchasing the power from Independent Power Producers (IPPs) including Talwandi Sabo Power Ltd. (TSPL), Rajpura TPS (NPL), Goindwal Sahib Power Plant (GVK), etc.
- vii) During FY 2022-23, PSPCL is projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, surplus energy has been projected to be surrendered. Surrendering has been projected as per Merit Order of power purchase from existing thermal and gas stations on monthly basis. Merit Order is based upon the variable rates of September 2022. After the surrender of energy, only variable charges have been reduced and fixed/other charges are assumed to be the same. Accordingly, the surplus power available from thermal and gas stations has been surrendered as per merit order schedule.
- viii) PSPCL has scheduled its power procurement plan based on merit order principles, capacity charges payable on the basis of allocated share and contractual obligations have been considered in spite of the fact that power procurement from various sources has been regulated on the basis of load demand vis-a vis per unit cost from the generating sources.
- ix) The CERC Tariff Regulations, 2019 are effective from April 1, 2019 for a period of 5 years i.e. up to March 31, 2024. The generating companies or the transmission licensees are allowed to recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate of the respective financial year directly without making any application before the CERC. Further, Annual Fixed Charges with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be, shall be trued up by CERC along with the tariff petition filed for the next tariff period.
- x) The variable rates of Central sector plants, NPCIL, Pragati TPS and SASAN UMPP for FY 2022-23 has been considered the same as that of Sept'2022.
- xi) The AFC for existing central sector plants, Pragati TPS and SASAN UMPP has been assumed to be the same as in H1.
- xii) Further, as a Termination Notice dated 12.08.2021 has been issued to Anta, Auriya, & Dadri stations of NTPC in view of the Commission's Order dated 05.08.2021 in Petition no. 28 of 2021, hence, energy scheduled/projected from these has been

considered as NIL for FY 2022-23. However, Fixed charges have been considered in H1 for these stations due to allocation of unallocated share of power by MoP, GoI as per allocation order dated 25.03.2022.

- xiii) In case of Kishanganga HEP, Energy schedule projection has not been made after Sept'22. Accordingly, fixed cost toward H2 has been assumed to be zero as PSPCL has an unallocated share of power.
- xiv) Under the title of 'Other' charges, water usage charges for NHPC stations have been assumed for H2 of FY 2022-23. The per unit rate of water usage charges for plants Salal, Uri, Dulhasti, Sewa-II & Uri-II have been assumed to be the same as that of H1 of FY 2022-23. Further, in case of Kishanganga HEP, water usage charges have been assumed to be zero as Sept'22 onward no power schedule to PSPCL is projected.
- xv) Fixed charges (FC) and Variable rate for Karcham HEP for H2 of FY 2022-23 has been considered to be the same as that of H1 of FY 2022-23.
- xvi) Energy rates of NRSE power (Solar, Wind, Baggase/Biomass, IPP, Co-gen Projects and Mini Hydel), Bundle power through NVVNL and SECI for FY 2022-23 (H2) will be assumed to be the same as the rate of FY 2022-23 (H1).
- xvii) Energy rate of NHPC 300MW Solar PSA will be considered as full tariff rate of Rs.2.63/unit (including NHPC margin).
- xviii) Energy rate for FY 2022-23 (H2) of Upcoming Non-Solar projects within Punjab will be taken as Rs.4.61333 per kWh i.e average rate of M/s Dallanwala Non-Conventional Power Generation Pvt. Ltd. (Rs.4.30/Unit- assumed), M/s Paradise Power Generation Private Limited. (Rs.3.70/Unit) and M/s Sukhbir Agro Energy Limited (Rs.5.84/Unit).
- xix) The other charges in respect of Malana-II comprises of PTC trading Margin @ 1 paisa per kWh. Whereas, Other charges in respect of Sasan UMPP comprises various supplementary bills raised by Sasan on account of CIL (Change in Law) events allowed by CERC and these are assumed to be the same as that of H1 of FY 2022-23.
- xx) Tariff of Tala Hydro plant has been taken as Rs 2.27 per kWh based on PTC-PSA with NR States implemented w.e.f 1st Dec-2021.
- xxi) Cost of banking for FY 2022-23 has been assumed to be the same as that for FY 2021-22 (actual) i.e. 418.17 Ps./kWh

- xxii) CTUIL & UPPTCL (Transmission) charges, the actual charges paid to Power Grid on account of Transmission charges for the period FY 2022-23 H1 have been assumed to be the same for FY 2022-23 H2.
- xxiii) The energy from GVK plant has been taken considering the interim stay on termination notice by the Commission. The AFC of Rs 595.56 Crore has been considered as per the Commission's latest available orders.
- xxiv) Fixed charges of NPL for H2 of FY 2022-23 have been calculated by considering Fixed rate (normative) of Sept-22 and considering normative availability of 85% for the financial year. Variable rate for NPL for H2 of FY 2022-23 has been considered to be the same as that of Sept'22.
- xxv) The energy from CGPL Mundra plant is taken as per actuals up to October 2021. Plant Availability Factor of the plant is considered Nil for the rest of the months for FY 2021-22 and Nil FY 2022-23. PSPCL had filed a petition in CERC regarding the ceased operation of Mundra Power Plant w.e.f. 18/09/2021.
- xxvi) REC certificate procurement for the FY 2022-23 has been considered as NIL as intimated by O/O of SE/IPC vide email dated 07/11/2022.
- xxvii) Fixed charges of TSPL for H2 of FY 2022-23 has been calculated by considering the Fixed rate (normative) of Sept-22 and considering normative availability of 80% for the financial year. Variable rate for TSPL for H2 of FY 2022-23 has been considered to be the same as that of Sept'22.
- xxviii) Any change in cost from the level approved by the Commission shall be determined in accordance with the Fuel Cost Adjustment (FCA) formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations
- xxix) The Intra-state transmission charges payable to PSTCL has been considered as approved by the Commission in Tariff Order for FY 2022-23.

Accordingly, PSPCL has submitted the total power purchase cost of Rs. 28214.97 Crore including PGCIL charges of Rs. 1936.18 Crore and PSTCL Transmission and SLDC Charges of Rs. 1492.56 Crore for the APR of FY 2022-23 as shown in the following table:

Table 85 A: Power Purchase cost for FY 2022-23 submitted by PSPCL

Sr. No.	Source	Energy Sent out (Scheduled)	Energy Received by the Licensee	Variable Cost (VC)	Fixed Cost (FC)	Other Charges	Total Cost	Per Unit Cost (Net)
		MkWh	MkWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. /kWh
I	II	III	IV	V	VI	VII	VIII	IX
1	NTPC Thermal	6634.15	6376.05	2003.32	874.96	40.21	2918.49	4.58
2	NTPC Hydro	261.86	251.35	64.29	77.76	0.01	142.06	5.65
3	NHPC	2547.88	2446.16	292.43	398.68	130.77	821.87	3.36
4	NPCIL	1144.00	1100.03	391.74	-	-	391.74	3.56
5	SJVNL	872.43	837.29	114.40	141.51	0.06	255.96	3.06
6	THDC	361.83	347.87	77.19	66.09	0.03	143.31	4.12
7	DVC	2864.76	2752.15	998.95	750.10	0.09	1749.13	6.36
8	Pragati-III Gas Plant Bawana (PPCL)	112.32	107.64	75.82	130.99	0.04	206.84	19.22
9	UMPPs	4494.65	4324.57	516.48	65.72	112.25	694.45	1.61
10	TRADERS (Long Term Power)	1209.83	1161.27	189.59	212.22	3.73	405.54	3.49
11	IPPs within Punjab	25086.87	25086.87	9128.39	3048.53	20.06	12196.98	4.86
12	PGCIL			-	1936.18	-	1936.18	
13	UPPTCL Transmission Charges			-	1.75	-	1.75	
14	NVVN Bundled Coal power	242.10	232.84	88.53	-	-	88.53	3.80
15	NVVN Bundled Solar Power	52.90	52.90	56.74	-	-	56.74	10.73
16	NVVN Bundled Power Transmission & SLDC Charges	-	-	-	-	6.54	6.54	
17	SECI- Wind Power	2268.26	2268.26	611.01	-	2.54	613.55	2.70
18	SECI-Solar	56.72	56.72	31.20	-	-	31.20	5.50
19	NHPC 300 MW Solar PSA	248.07	248.07	64.54	-	-	64.54	2.60
20	NRSE Purchase within Punjab-Solar	1291.68	1291.68	870.34	-	-	870.34	6.74
21	NRSE Purchase within Punjab-Non Solar	920.10	920.10	649.74	-	-	649.74	7.06
22	Short Term (Traders)	1198.22	1198.22	511.18	-	-	511.18	4.27
23	Short Term (Exchange)	2858.31	2764.24	1689.14	-	-	1689.14	6.11
24	Short Term (NRSE)	-	-	-	-	-	-	
25	Banking	5.16	(195.21)	8.34	-	-	8.34	(0.43)
26	Open Access Charges	-	-	-	-	0.73	0.73	

Sr. No.	Source	Energy Sent out (Scheduled)	Energy Received by the Licensee	Variable Cost (VC)	Fixed Cost (FC)	Other Charges	Total Cost	Per Unit Cost (Net)
		MkWh	MkWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. /kWh
27	UI/Other Charges	(188.30)	(188.30)	(11.18)	-	(6.16)	(17.33)	0.92
28	Northern Railway UI	-	-	-	-	(43.68)	(43.68)	
29	Purchase of RECs		-	-	-	-	-	
30	NRPC		-	-	-	0.10	0.10	
31	LPS & TDS	-	-	-	-	-	-	
32	Previous year Payments	-	-	-	-	328.45	328.45	
33	Total Power purchase	54543.79	53440.77	18422.16	7704.47	595.78	26722.41*	5.00

**After excluding PSTCL Transmission and SLDC Charges of Rs. 1492.56 Crore*

Commission's Analysis:

A. Inter State Losses:

PSPCL has considered actual inter-State loss of 4.17% for FY 2022-23 (H1). Further, it has projected the inter-State loss of 3.44% for FY 2022-23 (H2), which the Commission accepts, subject to true up and validation of the same.

B. Fixed Charges

On perusal of the power purchase cost, the Commission observes that PSPCL has purchased 2246.95 MU of power from Kudgi power plant at per unit rate of Rs. 8.42 per unit. The Commission further noted that out of total power of 2246.95 MU, the energy received by the licensee was 1383.86 MU, while the surrendered power was 863.09 MU. On Commission's observation regarding high cost of power from Kudgi thermal power station, PSPCL vide Memo No. 768/ARR/DY. CAO/265/Deficiencies-Vol-I dated 30.12.2022, submitted that the maximum requirement of power for Punjab is during the paddy season i.e., from June to September. During the paddy season, PSPCL has to ensure minimum 8 hrs of uninterrupted power supply to the agriculture sector, along with uninterrupted supply to other categories of the consumers, as required. Further, shortage of power was anticipated due to the critical coal stock position at the largest IPP within State i.e., Talwandi Sabo Power Ltd. (3x660 MW), which at times touched a low of one day of coal stock. The coal stock position at the other IPP i.e., Nabha Power Ltd. (2x700 MW) was also far from healthy.

The gap between demand and supply was being bridged by procuring power from power exchanges. However, exchange prices were volatile and were abnormally high in the morning and evening peak hours. This was attributed to the unprecedented increase in electricity demand witnessed nationwide due to an unexpected rise in temperature causing early onset of summers.

An increase in economic activities also occurred with the lifting of Covid-19 related restrictions. Thus, the demand and supply gap was further widened due to fuel supply constraints. This resulted in market prices frequently touching Rs. 20/kWh. The above situation was taken note of by the Central Commission which, vide its order in Suo-Moto Petition No. 4/SM/2022 had observed as under: -

- a) Electricity demand has been increasing substantially in the month of March and touched 199 GW on 17-03-2022. Since then, it has been hovering around 195 GW. Against this increase in demand, on 25-03-2022, 58719 MW of installed generation capacity was on outage due to various reasons wherein, 4323 MW of thermal capacity was on outage due to coal shortage itself.
- b) On 25-03-2022, the recorded peak shortage was 4060 MW and energy shortage was 68.86 MU.
- c) High price of imported coal is leading to high variable charge for imported coal-based plants. Similarly, due to an increase in the international price of gas, the existing gas based plants are not able to sell in the market.

CERC further observed that this kind of demand-supply position is likely to persist for some more time with continuous high demand as summer intensifies.

In the backdrop of the above situation prevailing in the Power Sector, it was apprehended that the arrangements put in place for the upcoming Paddy season (Maximum demand period) may fall short and Punjab may face difficulty in ensuring 8 Hrs supply to Agricultural Sector along with fulfilling its obligation to supply to the other sectors of Consumers. The CGPL power (475 MW) to PSPCL also was not available considering the continued high prices of imported coal and as the coal shortage to the thermal plants located within the State was continuing. The anticipated increase in demand after the revival of the economy was also a factor in consideration.

Therefore, to overcome the anticipated eventuality of acute shortage, PSPCL through GoP, was constantly taking up the matter with MoP, GoI for allocations of 1500-2000 MW from the Central Sector generating stations. At the onset of paddy season, the MoP, GoI, vide their order dated 17/06/2022 temporarily allocated 500 MW-1300 MW to Punjab from Kudgi TPP of NTPC.

Availability and hence, utilization of reliable power from Kudgi thermal power station helped PSPCL to meet the demand of all categories of consumers of the State and to attain the all-time record of supply. In such a countrywide, rather global energy crisis scenario, due to NTPC Kudgi power, not only was dependency of PSPCL reduced on the highly volatile power exchange market, PSPCL was also able to sell 282 MU of energy @ 8.84 worth Rs. 249 Crore during this period.

Further, vide reply dated 24.01.2023, PSPCL submitted the copy of MoP, GoI letter dated 17.06.2022 indicating re-allocation of power surrendered by Government of Karnataka in Kudgi STPS of NTPC to Government of Punjab.

The Commission observes that out of the energy received by the licensee totalling 1383.86 MU, PSPCL has sold 282 MU of power in the exchange and utilized only 1101.86 MU. From the MoP letter dated 17.06.2022, it is observed that the power re allocated to Punjab was only a short term allocation upto 30.09.2022. PSPCL has utilised only 49% of the total power procured while around 38% power was surrendered and 13% power was sold in the exchange. At the same time power was also purchased in the power exchange as per periodic requirement. The huge quantum of power surrendered by PSPCL while purchasing power in the exchange also shows lack of proper power purchase planning. Thus, the Commission is not inclined to burden the consumers on account of improper planning on PSPCL's part. Accordingly, the Commission decides to disallow the fixed cost of Rs. 144 Crore out of total fixed cost of Rs. 329.42 Crore on account of surrendered power of 863.09 MU, as pass through in the APR. However, for the remaining generating stations, the Commission has provisionally accepted the fixed charges submitted by PSPCL for FY 2022-23 subject to true-up.

Further, with regard to the Inter State Transmission Charges (PGCIL Charges), PSPCL has considered the same as Rs. 1936.18 Crore which is an overall increase of around 14% which seems on a higher side. Considering the actual PGCIL charges of Rs. 968.09 Crore for FY 2022-23 (H1), the Commission decides to restrict the Inter State Transmission Charges equivalent to that approved in the true-up of FY 2021-22 i.e. Rs. 1705.27 Crore in the APR of FY 2022-23 subject to true-up.

Thus, after reducing Rs. 144 Crore on account of surrendered power out of the total fixed cost of Rs. 7704 Crore (Table 85A), and considering PGCIL charges of Rs. 1705.27 Crore, the Fixed Cost approved by the Commission for FY 2022-23 works out to Rs. 7329 Crore.

C. Variable Charges

The per unit variable cost for FY 2022-23 (H1) has been considered based on actuals as submitted by PSPCL in the petition. However, the Commission notes that PSPCL has purchased short term power from exchange at an average per unit rate of Rs. 5.55 per kWh while the per unit rate of power purchase from Kudgi thermal power station is Rs. 8.86 per kWh. As pointed out in the earlier para, the Commission is not inclined to pass such high-cost power onto the consumers. The Commission observes that, had PSPCL not purchased 1383.86 MU from Kudgi thermal power station, it would have resorted to buying short term power from exchange. Accordingly, the Commission decides to restrict the per unit power purchase rate from Kudgi thermal power station equivalent to the per unit short term power purchase rate of FY 2022-23

(H1). Further, for FY 2022-23 (H2) the Commission decides to consider the per unit variable cost of Rs. 2.92 per unit as submitted by PSPCL for FY 2022-23 (H2).

D. Prior Period and Other Expenses:

In the Power Purchase Cost for FY 2022-23, PSPCL has included previous year payment of Rs. 328.45 Crore. Further, vide reply dated 30.12.2022, PSPCL submitted expenses of Rs. 15.45 Crore as additional UI charges for FY 2022-23 (H1). The additional UI shall be dealt with at the time of True-up of FY 2022-23 while prior period charges have been disussed separately under Para 3.26. Further, PSPCL has included PSTCL Transmission Charges and SLDC Charges of Rs. 1492.56 Crore in 'other charges' for FY 2022-23. The same has been excluded from the power purchase cost as it is being allowed separately in the Order. The total cost of power purchase cost for FY 2022-23 is worked out as under:

Table 85 B: Power Purchase cost for FY 2022-23 approved by the Commission

Sr. No.	Description	Units	FY 2022-23	
			Submitted by PSPCL	Approved by the Commission
I	II	III	IV	V
1	Power Purchase (Net) (Table 77)	(MkWh)	53441	52788
2	External Losses	(MkWh)	1103	1090
3	Power Purchase (Gross)	(MkWh)	54544	53878
4	Cost of Power Purchase			
	a) Variable Cost	Rs. Crore	18422	18113
	b) Fixed Cost excluding REC	Rs. Crore	7704	7329
	c) Other Charges	Rs. Crore	268	268
	Total	Rs. Crore	26394	25710
5	*Add Cost of Purchase of RECs	Rs. Crore	-	-
7	Total Cost of Power Purchase (including RECs)	Rs. Crore	26394	25710
8	Per Unit Average Power Purchase Cost (Gross)	Rs./kWh	4.84	4.77
9	Per Unit Average Power Purchase Cost (Net)	Rs./kWh	4.94	4.87

Accordingly, the Commission approves the revised estimated power purchase cost (excluding Intra-State Transmission and SLDC charges) of Rs. 25710 Crore for FY 2022-23. The Commission reiterates that the quantum and rate of power approved by the Commission is only for the purpose of power purchase and energy balance for FY 2022-23 to be trued-up subsequently. The same should not be construed as Commission's approval for procurement of power on long-term basis.

3.10 RPO Compliance for FY 2022-23

The Commission vide notification dated 02.01.2019 has specified the RPO Targets for FY 2022-23 in the State as 9.5% for Non-Solar and 8% for Solar. In this petition, PSPCL has projected the procurement of 2887 MWh of Non-Solar and 3426 MWh of Solar power in FY 2022-23. Accordingly, the Compliance of RPO by PSPCL during the year is worked out as under:

Table 86: RPO Compliance for FY 2022-23 approved by the Commission (Rs. Crore)

Sr. No.	Description	FY 2022-23	
I	II	III	
1.	Consumption/Energy Input in PSPCL's system (excluding met from Hydro sources)	50956 (MWh) (63452 - 12496)	
2.	Targets for the year	%	MWh
	i. Non-Solar	9.50	4841
	ii. Solar	8.00	4076
3.	Compliance for the year		
	i. Non-Solar	5.66	2887
	ii. Solar (including 500 MWh from Solar Rooftop)	6.72	3426
4.	Shortfall/surplus (-) for the year (2-3)		
	i. Non-Solar		1954
	ii. Solar		650
5.	Shortfall/surplus (-) upto FY 2021-22		
	i. Non-Solar		917
	ii. Solar		95
6.	Cumulative Shortfall/surplus (-) upto the year (4+5)		
	i. Non-Solar		2871
	ii. Solar		745

The Commission, vide its Order dated 06.01.2023 in petition no. 30 of 2022, has allowed the carry forward of PSPCL's RPO shortfall of FY 2022-23 to the next year. Accordingly, the cumulative RPO shortfall upto FY 2022-23 is carried over to the next year.

3.11 Capital Expenditure for FY 2022-23

The Commission in the 2nd MYT Order has approved Capital Expenditure of Rs. 2,031.31 Crore for FY 2022-23. However, the Commission in the Tariff Order of FY 2022-23 revised the capital expenditure for FY 2022-23 to Rs. 1,401.31 Crore. PSPCL has estimated the Capital expenditure to the tune of Rs. 2,335.20 Crore including capital expenditure on account of SKPP project of Rs. 571.40 Crore and Rs. 95.70 Crore as the capital expenditure for Pachwara Coal mine. PSPCL requested the Commission to approve the revised Capital Expenditure for FY 2022-23.

Commission's Analysis:

The Commission approved the Capital Investment plan for FY 2022-23 in its Business Plan & CIP Order dated 03.12.2019 in petition No. 18 of 2019. The summary of the same is as follows:-

Table: 87 Summary of Capital Investment approved by the Commission FY 2022-23

Sr. No	Particulars	Capital Expenditure approved by the Commission in BP&CIP Order
		FY 2022-23
I	II	
1	Generation Business	438.09
2	Distribution Business	1407.65
3	Total Capital Investment	1845.74

The Commission in the 2nd MYT Tariff Order dated 28.05.2021 had directed PSPCL to curtail its Capital Expenditure by 20% during the 2nd Control Period in view of the extraordinary situation prevailing across the country due to Covid-19 outbreak and the consequent likelihood of a difficult economic situation.

The Commission, vide Tariff Order for FY 2022-23 dated 31.03.2022, has provisionally approved capital expenditure of Rs. 1401.31 Crore (Generation business: Rs. 275.19 Crore + Distribution business: Rs. 1126.12 Crore).

From the perusal of scheme wise details, the Commission observes that PSPCL has submitted the projected Capital expenditure of Rs. 2335.20 Crore including Rs. 571.40 Crore for Shahpur Kandi Power Project (SKPP), Rs. 95.70 Crore Pachwara captive mine and Rs. 2.32 Crore on account of other works & SYL.

The Capital expenditure on SKPP will be considered upon commencement of the project. As the SYL project is closed, the expenditure pertaining to SYL shall be considered while deciding the issue of its impairment loss. Coal Mining being a separate business, the expenditure on mine cannot be considered as part of distribution or generation business. However, it will be accounted for separately at the time of true up at the end of the 2nd MYT Control period after due prudence check. **Accordingly, the Capital Expenditure of PSPCL for FY 2022-23 comes out to be Rs. 1665.78 Crore (Rs. 2335.20 Crore – Rs. 571.40 Crore – Rs. 95.70 Crore - Rs. 2.32 Crore), which the Commission provisionally considers as under:**

Table 88: Capital Investment Plan/ Capital Expenditure Provisionally considered by the Commission

(Rs. Crore)		
Sr. No.	Particulars	FY 2022-23
I	II	III
1	Generation Business	209.33
2	Distribution Business	1456.45
3	Total Capital Expenditure	1665.78

The true up of the Capital expenditure shall be carried out after prudence check at the end of the 2nd MYT Control Period as per regulation 9.15 of the PSERC MYT Regulations 2019.

PSPCL has submitted the projected Capitalization of Rs. 2551.50 Crore including Rs. 309.57 Crore for the Pachwara captive mine and Rs. 2.32 Crore on account of other works and SYL. As the SYL project is closed, the capitalization pertaining to SYL shall be considered while deciding the issue of its impairment loss as already discussed in the para above. Similarly, Pachwara Coal Mining being a separate business, the capitalization of expenditure on the mine cannot be considered as part of the distribution or generation business. However, it will be accounted for separately at the time of true up at the end of the 2nd MYT Control period after due prudence check.

Accordingly, the Capitalization of PSPCL for FY 2022-23 is calculated at Rs. 2239.61 (2551.50-309.57-2.32) Crore which the Commission provisionally considers as under:

Table 89: Capitalization Provisionally considered by the Commission for FY 2022-23

(Rs. Crore)		
Sr. No.	Particulars	FY 2022-23
I	II	III
1	Generation Business	148.65
2	Distribution Business	2090.96
3	Total Capitalization	2239.61

3.12 Capital Works in-Progress and Funding

The Opening Capital Work in Progress is considered from the Closing Capital Work in Progress (CWIP) approved in the True-up of FY 2021-22 in this Order. The CWIP for FY 2022-23 is as follows:

Table 90: Capital Work in Progress approved by the Commission for FY 2022-23

(Rs. Crore)		
Sr. No.	Particulars	FY 2022-23
I	II	III
1	Opening Capital Work in Progress	1449.73
2	Add: Capital Expenditure during the Year	1665.78
3	Less: Capitalisation	2239.61
4	Closing Capital Work in Progress	875.90

PSPCL has submitted that Capital Expenditure during FY 2022-23 shall be completely financed through loans. Therefore, the Commission has considered the same for funding of the approved Capital Expenditure. The infusion of equity (if any) shall be considered during the True Up of respective years as per the Annual Audited Accounts.

During the 2nd Capital Investment Plan, the Financing Plan was given as per the Capital expenditure approved by the Commission. As per the approach followed in the MYT Order, since the funding of assets is to be approved for PSPCL only after the assets

are put to use, the Commission has considered the funding of new schemes as per Capitalization and in order to avoid funding of the Spillover schemes twice, the Commission has considered funding of the Spillover Schemes as per capital expenditure for FY 2022-23. The Commission shall retain separate methodologies for spillover and new schemes until the time all spillover schemes as on 01.04.2021 are capitalized. After the capitalization of all such spillover schemes, the closing value of loans, equity and depreciation for spillover schemes shall be added to the opening value of loans, equity and depreciation respectively for new schemes in the subsequent year.

The Commission allows 100% financing through long term loans after deducting funds raised through grants and Consumer Contribution. The Grant and Consumer Contribution for FY 2022-23 is considered as Rs. 300.00 Crore based on previous years receipts which will be reviewed at the time of true up for FY 2022-23.

Based on the provisionally approved amount of capital expenditure and capitalization as mentioned in the tables above, the Commission determines funding for FY 2022-23 as follows:

Table 91: Funding of Spillover schemes for FY 2022-23
(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
Generation Business		
1	Loan requirement of Generation Business	112.92
Distribution Business		
1	Loan requirement of Distribution Business	680.53
2	Less: Consumer Contribution and Grants	150.00
3	Total loan requirement	530.53

Table 92: Funding of New schemes for FY 2022-23
(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1	Loan requirement of Generation Business	82.41
2	Loan requirement of Distribution Business	785.61
3	Less: Consumer Contribution and Grants	150.00
4	Total loan requirement	635.61

**Table 93: Total Funding Requirement for FY 2022-23
(Rs.Crore)**

Sr. No.	Particulars	Amount
I	II	III
1	Loan requirement of Generation Business	195.33
2	Loan requirement of Distribution Business	1466.14
3	Less: Consumer Contribution and Grants	300.00
4	Loan requirement Distribution	1166.14
5	Total Loan Requirement	1361.47

3.13 Operation and Maintenance Expenses

The O&M expenses for the 2nd Control Period have been projected as per the Regulation 26 of the PSERC MYT Regulations, 2019. The Regulation has been reproduced as under:

“26.1. The O&M expenses for the nth year of the Control Period shall be approved based on the formula shown below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1-X_n)$$

Where,

R&M_n –Repair and Maintenance Costs of the Applicant for the nth year;

EMP_n –Employee Cost of the Applicant for the nth year;

A&G_n –Administrative and General Costs of the Applicant for the nth year;

It should be ensured that all such expenses capitalized should not form a part of the O&M expenses being specified here.”

3.14 Employee Expenses

PSPCL's Submissions:

PSPCL submitted that Indexation factor works out to be 10.22% as per the methodology specified in MYT Regulations, 2019.

Table 94: Indexation

Sr. No	Inflation Faction	FY 2021-22	FY 2022-23	% Increase
I	II	III	IV	V
1	CPI	351.12	373.10	6.26%
2	WPI	134.53	153.65	14.21%
3	Index escalation (%) (0.5*CPI+0.5*WPI)	10.24%		

PSPCL submitted that Employee cost is the most important constituent of O&M expenses. Employee cost includes the cost incurred on working employees as well as retirees. The cost of working employees includes salary, dearness allowance payable to them and other allowances such as HRA, LTC, medical reimbursement etc. In the case

of retired employees and those retiring during the year, the corporation has to discharge liabilities towards pension, gratuity and leave encashment benefits, etc., as applicable. PSERC MYT Regulations, 2019 provides the escalation based on CPI and WPI index on 50:50 basis. The escalation factor for FY 2022-23 works out as 10.24% based on available CPI and WPI index. The PSPCL further submits that it is a State Government owned entity and is liable to follow the statutory provisions of the rules and regulations as laid down by the State Government. Accordingly, any increase in employee cost due to revision in DA, arrears of pay, etc. have to be borne by PSPCL and is beyond its control. In view of the above, PSPCL has proposed the employee expenses for the Control period on the basis of actual expenses of the past years. Also, PSPCL has considered the impact of addition of new employees and retirement of employees projected during Control Period.

PSPCL humbly requested the Commission to allow the employee expenses as projected by PSPCL. Accordingly, PSPCL has considered the employee expenses for FY 2022-23 as under:

Table 95: Employee Expenses for FY 2022-23

(Rs Crore)		
Sr. No	Particulars	Amount
I	II	III
1	Salaries and Allowances	2752
2	Terminal Benefits	262
3	Pension Payments	3097
4	Total Employee Cost	6111
5	<i>Less: Expenses Capitalized</i>	<i>181</i>
6	Add; BBMB Share	299
7	Net Employee Cost	6229

Commission's Analysis:

Terminal liabilities

The Terminal benefits expenses are to be determined as per Regulation 26 of PSERC MYT Regulations, 2019 (as amended from time to time). Relevant note of Regulation 26 of MYT Regulations, 2019 is reproduced below for reference:

"Note 4: Terminal Liabilities such as death-cum-retirement gratuity, Ex-Gratia, pension including family pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of the State PSU / Government pensioners will be approved as per the actuals paid by the Applicant."

The Commission considers terminal liabilities as claimed by PSPCL. The same shall be considered as per actuals during the True-up of the respective years. **The Commission therefore approves terminal liabilities as Rs. 3359.00 (262.00 +3097) Crore for FY 2022-23.**

Other Employee Expenses

The Commission approved the baseline value of other employee expenses as Rs. 2339.70 Crore in the true up of FY 2021-22 in this order in para no 2.13.

Table 96: Calculation of INDEX for APR of FY 2022-23

Sr. No.	Particulars	FY 2021-22 (Apr'21-Dec'22)	FY 2022-23 (Apr'22-Dec'22)	Increase (%)
I	II	III	IV	V
1.	CPI	354.400	375.872	6.059
2.	WPI	137.211	153.022	11.523

$$\text{INDEX } n/\text{INDEX } n-1 = (0.5 \times 6.059) + (0.5 \times 11.523) = 8.7909\%$$

The normative other employee expenses and total employee expenses for FY 2022-23 are calculated as follows:

Table 97: Employee Expenses approved by the Commission for FY 2022-23
(Rs. Crore)

Sr. No.	Particulars	FY 2022-23
I	II	III
1	Other Employee expenses of previous year	2339.70
2	INDEXn	1.087909
3	Other Employee expenses	2545.38
4	Terminal Benefits	3359.00
5	Transfer from Fuel Cost (Expenditure on coal handling contract cost)	4.06
6	Total Employee expenses (excluding BBMB)	5908.44

The project-wise allocation of employee expenses is made by the Commission based on allocation statement submitted by PSPCL for FY 2021-22. Accordingly, the project-wise employee expenses approved for FY 2022-23 is given in the following table:

Table 98: Project-wise employee expenses approved by the Commission for FY 2022-23
(Rs.Crore)

Sr. No.	Particulars	FY 2022-23
I	II	III
1	GGSTP	339.57
2	GHTP	236.38
3	Shanan	29.29
4	UBDC	44.33

Sr. No.	Particulars	FY 2022-23
I	II	III
5	RSD	36.99
6	MHP	47.45
7	ASHP	35.71
8	Micro	0.00
9	Generation	769.72
10	Distribution	5138.72
11	Total	5908.44

3.15 Administrative and General (A&G) Expenses

PSPCL's Submissions:

As per Regulation 26, A&G expenses are linked to the escalation factor. For the purpose of computation of A&G Expenses for FY 2022-23, PSPCL has considered A&G Expenses of Rs. 203.46 Crore (excluding Audit Fee of Rs. 0.60 Crore and Licensee Fee & fees for determination of tariff of Rs. 17.03 Crore) for FY 2021-22 based on actual values. The escalation factor of 10.24% has been computed as per Regulations. A&G Expenses computed for FY 2022-23 for Generation and Distribution are shown in the following Table:

Table 99: A&G Expenses for Generation and Distribution
(Rs. Crore)

Sr. No	Particulars	FY 2022-23
I	II	III
1	A&G Expenses – Generation	28.57
2	A&G Expenses – Distribution	195.71
3	Sub-total	224.28
4	Add: Audit Fee	17.03
5	Add: Licensee Fee and ARR determination Fee	0.60
6	Grand Total	241.91

Commission's Analysis:

The Commission has considered the base value of A&G expenses as Rs. 189.51 Crore as approved in para 2.14 in true-up of FY 2021-22 in this order. The INDEX for FY 2022-23 is calculated as 8.7909% in Table No. 96. Audit and license fee are considered as claimed by PSPCL in this Petition and the same shall be considered as per actual expenses during the True-up of the respective years. The A&G expenses for FY 2022-23 are calculated as follows:

Table100: A&G Expenses approved by the Commission for FY 2022-23
(Rs.Crore)

Sr. No.	Particulars	FY 2022-23
I	II	III
1.	Baseline A&G Expenses (n-1)	189.51
2.	INDEX	1.087909
3.	A&G Expenses	206.17
4.	Audit fees	0.60
5.	License fees	17.03
6.	Total A&G Expenses	223.80
7.	Generation Business	29.31
8.	Distribution Business	194.49

The project-wise allocation of A&G expenses is made by the Commission based on the allocation statement submitted by PSPCL for FY 2021-22. Accordingly, the project-wise A&G expenses approved for FY 2022-23 are given in the following table:

Table 101: Project-wise A&G expenses approved by the Commission for
FY 2022-23 (Rs.Crore)

Sr. No.	Particulars	FY 2022-23
I	II	III
1	GGSTP	7.17
2	GHTP	12.73
3	Shanan	1.05
4	UBDC	1.30
5	RSD	1.61
6	MHP	1.58
7	ASHP	0.93
8	Micro	0.00
9	Generation	26.37
10	Distribution	197.43
11	Total	223.80

3.16 Repair & Maintenance (R&M) Expenses

PSPCL's Submissions:

PSPCL submitted that R&M expenses has been linked to K factor and WPI index. K is the constant governing the relationship between R&M Expenses and Gross Fixed Assets. For considering the K-factor, PSPCL has considered the actual k-factor as per audited accounts for FY 2021-22.

PSPCL has considered the K-factor as 0.71% for Generation and 1.05% for Distribution for Control Period. Further, the escalation factor has been considered

as 14.21% based on latest available WPI Index. However, the escalation factor will be changed during the year.

Accordingly, PSPCL has projected R&M expenses for Generation and Distribution as under:

Table 102: R&M Expenses for FY 2022-23

(Rs. Crore)		
Sr. No	Particulars	Amount
I	II	III
I	Generation Business	
1	Opening GFA	20,745.09
2	Addition of GFA	460.54
3	Closing GFA	21,205.63
4	Average GFA	20,975.36
5	Average GFA (including GNDTP other assets for Generation Business)	21,060.30
6	K Factor	0.71%
7	Inflation Factor	14.21%
	R&M Expenses	170.36
II	Distribution Business	
1	Opening GFA	32,038.70
2	Addition of GFA	2,090.96
3	Closing GFA	34,129.66
4	Average GFA	33,084.18
5	K Factor	1.05%
6	Inflation Factor	14.21%
	R&M Expenses	398.35
	Total R&M Expenses (Gx+Dx)	568.71

Commission's Analysis:

The Commission approved k factor for determination of R&M expenses as 0.476% and 0.780 % respectively for Generation business and Distribution business in para 3.14 of Tariff order for FY 2022-23. The WPI is considered as 11.523% for FY 2022-23 as computed in table No. 96. However, this shall be revisited during the True-Up of the respective year. Accordingly, the R&M Expenses for FY 2022-23 are determined as follows:

Accordingly, the total R&M expenses for FY 2022-23 is determined as follows:

**Table 103: Normative R&M Expenses approved by the Commission for FY 2022-23
(Rs. Crore)**

Sr. No.	Particulars	Amount
I	II	III
	Generation Business	
1	Opening GFA	20757.42
2	Addition of GFA	148.65
3	Closing GFA	20906.07
4	Average GFA	20831.75
5	Average GFA of BBMB	721.59
6	Average GFA (excluding BBMB and Land of GNDTP)	20110.16
7	K factor	0.4760%
8	Escalation Index	1.11523
9	R&M Expenses	106.75
	Distribution Business	
1	Opening GFA	32886.44
2	Addition of GFA	2090.96
3	Closing GFA	34977.40
4	Average GFA	33931.92
5	K factor	0.780%
6	Escalation Index	1.11523
7	R&M Expenses	295.17

**Table 104: Total R&M Expenses approved by the Commission for FY 2022-23
(Rs.Crore)**

Sr. No	Particulars	Amount		
		Generation	Distribution	Total
I	II	III	IV	V
1	Normative R&M Expenses	106.75	295.17	401.92
2	Total R&M Expenses	106.75	295.17	401.92

The project-wise allocation of R&M expenses is made by the Commission based on the allocation statement submitted by PSPCL for FY 2021-22. Accordingly, the project-wise R&M expenses approved for FY 2022-23 are given in the following table:

**Table 105: Project-wise R&M expenses approved by the Commission for FY 2022-23
(Rs. Crore)**

Sr. No.	Particulars	Amount
I	II	III
1	GGSTP	36.68
2	GHTP	58.36

Sr. No.	Particulars	Amount
I	II	III
3	Shanan	1.36
4	UBDC	1.66
5	RSD	2.21
6	MHP	5.20
7	ASHP	1.28
8	Micro	0.00
9	Generation	106.75
10	Distribution	295.17
11	Total	401.92

**Table 106: O&M expenses approved by the Commission for FY 2022-23
(Rs.Crore)**

Sr. No.	Particulars	Amount
I	II	III
1	Employee Cost	5908.44
2	A&G Expenses	223.80
3	R&M Expenses	401.92
4	Total O&M Expenses	6534.16

3.17 PSPCL's share in BBMB

The Commission has determined the Employee expenses of PSPCL's share in BBMB as submitted by PSPCL and the R&M expenses and A&G expenses as approved in True-up of FY 2021-22. The same is subject to determination/ true-up of BBMB expenses for the respective years by the Central Electricity Regulatory Commission. Accordingly, the Commission approves following O&M expenses of BBMB for FY 2022-23 as claimed by PSPCL which shall be reviewed during true up of the respective years:

**Table 107: O&M expenses of BBMB approved by the Commission for FY 2022-23
(Rs.Crore)**

Sr. No.	Particulars	Amount
I	II	III
1	Employee expenses	299.00
2	A&G expenses	4.74
3	R&M expenses	38.00
4	Total O&M Expenses of BBMB	341.74

Table 108: O&M Expenses approved by the Commission for FY 2022-23

(Rs. Crore)				
Sr. No	Particulars	PSPCL (excluding BBMB)	BBMB	Total
I	II	III	IV	V
1	Employee cost	5908.44	299.00	6207.44
2	R&M Expenses	401.92	38.00	439.92
3	A&G Expenses	223.80	4.74	228.54
4	Total	6534.16	341.74	6875.90

Table 109: Project wise O&M expenses approved by the Commission for FY2022-23

(Rs. Crore)					
Sr. No	Particulars	Employee Cost	A&G expenses	R&M Expenses	Total O&M Expenses
I	II	III	IV	V	VI
1	GGSTP	339.57	7.17	36.68	383.42
2	GHTP	236.38	12.73	58.36	307.47
3	Shanan	29.29	1.05	1.36	31.70
4	UBDC	44.33	1.30	1.66	47.29
5	RSD	36.99	1.61	2.21	40.81
6	MHP	47.45	1.58	5.20	54.23
7	AHP	35.71	0.93	1.28	37.92
8	Micro	0.00	0.00	0.00	0.00
9	BBMB	299.00	4.74	38.00	341.74
10	Total Generation	1068.72	31.11	144.75	1244.58
11	Distribution	5138.72	197.43	295.17	5631.32
12	Total	6207.44	228.54	439.92	6875.90

3.18 Depreciation

PSPCL's Submissions:

PSPCL has submitted that as per PSERC MYT Regulations 2019, salvage value of an asset is considered at 10 per cent of the allowable capital cost and depreciation is allowed up to a maximum of 90 per cent of the allowable capital cost of the asset.

For computation of Depreciation, PSPCL has considered the closing GFA for FY 2021-22. The Asset addition has been considered the same as approved by the Commission for FY 2022-23. The weighted average depreciation rate for FY 2021-22 has been considered for GGSSTP, GHTP, Hydro and Distribution functions for estimating depreciation for FY 2022-23. The depreciation computed for GSSTP, GHTP and Hydro

have been clubbed in the Generation function. The depreciation for FY 2022-23 is given in the following table:

Table 110: Depreciation for FY 2022-23

		(Rs.Crore)
Sr. No	Particulars	Amount
I	II	III
1	Generation	
2	Opening GFA	15489
3	Addition of GFA	461
4	Closing GFA	15950
5	Depreciation	244
6	Distribution	
7	Opening GFA	28576
8	Addition of GFA	2091
9	Closing GFA	30667
10	Depreciation	938
11	Total Depreciation	1182

PSPCL submitted to the Commission to approve the depreciation charges for FY 2022-23 projected as above.

Commission's Analysis

Regulation 21 of the PSERC MYT Regulations, 2019 specifies as under:

“21.1. The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided that the land, other than the land held under lease and land for reservoir in case of hydro generating station, shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets:

Provided further that Government grants and consumer contribution shall also be recognized as defined under Indian Accounting Standard 20 (IND AS 20) notified by the Ministry of Corporate Affairs.

21.2. The residual/salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset:

Provided that I.T. Equipment and Software shall be depreciated 100% with zero salvage value.

21.3. The Cost of the asset shall include additional capitalization.

21.4. The Generating Company, Transmission and Distribution Licensee shall provide the list of assets added during each Year of the Control Period and the list of assets completing 90% of depreciation in the Year along with Petition for Annual Performance Review, true-up and tariff determination for ensuing Year.

21.5. Depreciation for Distribution, generation and transmission assets shall be calculated annually as per straight line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation/ put in use of the asset shall be spread over the balance useful life of the assets:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the asset.

21.6. Depreciation shall be chargeable from the first year of commercial operation/asset is put in use. In case of commercial operation of the asset/put in use of asset for part of the year, depreciation shall be charged on pro rata basis.”

The Commission determines the depreciation for FY 2022-23 as per the Regulation 21 stated above. The Opening GFA for the Spillover and new schemes is considered as per the Closing GFA approved by the Commission in the True-up of FY 2021-22. The Commission has considered the addition of GFA as discussed in para 3.11.

In this Petition, PSPCL has claimed depreciation of Rs 1182.00 Crore for FY 2022-23.

The Commission has considered the same for Annual Performance Review.

Allocations of the depreciation for Spillover and New Schemes is as follows:

Table 111: Depreciation approved by the Commission for Spillover Schemes for FY 2022-23
(Rs. Crore)

(Rs. Crore)

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2022-23)											Total (Distribution except GNDTP)	Total
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	
1.	Opening GFA	3948.73	4878.78	150.23	904.37	8077.90	1378.29	659.99	29.57	721.59	20749.45	30447.20	51196.65	
2.	Addition during the Year	0.00	7.45	36.96	11.01	0.75	8.13	1.94	0.00	0.00	66.24	1305.35	1371.59	
3.	Closing GFA	3948.73	4886.23	187.19	915.38	8078.65	1386.42	661.93	29.57	721.59	20815.69	31752.55	52568.24	
4.	Average GFA	3948.73	4882.51	168.71	909.88	8078.28	1382.36	660.96	29.57	721.59	20782.57	31099.87	51882.44	
5.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93	
6.	Average GFA (Net of Land)	1528.65	4139.38	116.96	235.98	7749.01	859.86	149.25	22.10	721.59	15522.74	24363.77	39886.51	

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2022-23)											Total (Distribution except GNDTP)	Total
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	
7.	Depreciation Rate (%)	1.43%	1.72%	3.3%	1.45%	1.87%	3.21%	0.68%	1.11%	2.13%		3.27%		
8.	Depreciation	21.87	73.92	3.86	3.42	145.23	27.64	1.02	0.25	15.35	292.56	796.05	1088.61	

Table 112: Depreciation approved by the Commission for New Schemes for FY 2022-23
(Rs. Crore)

Sr. No.	Particulars	Depreciation for New Schemes (FY 2022-23)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation	Total (Distribution except GNDTP)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	0.15	3.17	0.00	0.00	0.01	4.66	0.00	0.00	0.00	7.99	2439.25	2447.24
2.	Addition during the Year	0.00	7.50	24.91	0.00	0.00	0.00	50.00	0.00	0.00	82.41	785.61	868.02
3.	Closing GFA	0.15	10.67	24.91	0.00	0.01	4.66	50.00	0.00	0.00	90.40	3224.86	3315.26
4.	Average GFA	0.15	6.92	12.46	0.00	0.01	4.66	25.00	0.00	0.00	49.20	2832.06	2881.26
5.	Average GFA of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Average GFA (Net of Land)	0.15	6.92	12.46	0.00	0.01	4.66	25.00	0.00	0.00	49.20	2832.06	2881.26
7.	Depreciation Rate (%)	1.43%	1.79%	3.3%	1.45%	1.87%	3.21%	0.68%	1.11%	2.13%		3.27%	
8.	Depreciation	0.00	0.13	0.41	0.00	0.00	0.15	0.17	0.00	0.00	0.86	92.53	93.39

Table 113: Depreciation approved by the Commission for FY 2022-23
(Rs.Crore)

Sr. No.	Particulars	Total Depreciation (FY 2022-23)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3948.88	4881.95	150.23	904.37	8077.91	1382.95	659.99	29.57	721.59	20757.44	32886.45	53643.89
2.	Addition during the Year	-	14.95	61.87	11.01	0.75	8.13	51.94	-	-	148.65	2,090.96	2,239.61
3.	Closing GFA	3948.88	4896.90	212.10	915.38	8078.66	1391.08	711.93	29.57	721.59	20906.09	34977.41	55883.50
4.	Average GFA	3948.88	4889.43	181.17	909.88	8078.29	1387.02	685.96	29.57	721.59	20831.77	33931.93	54763.70
5.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
6.	Average GFA (Net of Land)	1528.80	4146.28	129.42	235.98	7749.02	864.52	174.25	22.10	721.59	15571.94	27195.83	42767.77
7.	Depreciation	21.87	74.05	4.27	3.42	145.23	27.79	1.19	0.25	15.35	293.42	888.58	1182.00

3.19 Interest and Finance Charges

PSPCL's Submissions:

PSPCL submitted that it has planned significant capital works on various schemes of Generation, Distribution and sub-Transmission as detailed in the previous section on capital expenditure. PSPCL has to raise long term loans from various financial institutions to finance these capital works.

The interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also has a major impact on the long-term interest expenditure.

PSPCL has considered the estimated outstanding loans as on March 31, 2022 as opening loan balance for FY 2022-23. The addition of loan has been considered towards the capital investment proposed during FY 2022-23. The interest expenses have been computed considering repayment of actual loans and applicable interest rate for loan.

In light of the above, PSPCL submitted Interest Expenses for FY 2022-23 as shown in the following Table:

Table 114: Interest and Finance Charges for FY 2022-23

(Rs. Crore)

Sr. No.	Particulars	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest paid
I	II	III	IV	V	VI	VII
1	REC Limited					
a)	T&D Scheme Loans	2,808.62	-	517.18	2291.44	270.03
2	Commercial Banks:					
a)	Long Term Loans	4,259.91	-	529.24	3730.67	319.78
b)	Loans for annual plan	-	1,563.64	-	1563.64	35.18
3	PFC Limited					
a)	Generation Schemes	-	-	-	-	-
b)	T&D Schemes	500.00	-	16.67	483.33	47.05
4	GOP Loans for CSS:					
a)	GoP Loans	8.86	-	5.23	3.63	0.95
b)	R-APDRP	14.93	-	1.19	13.74	5.23
c)	IPDS	64.34	-	4.78	59.56	6.52
5	GPF Liability	868.06	-	218.28	649.78	56.92
6	Grand total	8524.72	1563.64	1292.57	8795.79	741.66
7	Less: Interest capitalised	-	-	-	-	193.62
10	Add: Guarantee Fee					50.00
11	Add: Other Interest					85.00
12	Grand Total					683.05

Commission's Analysis:

The Commission determines the Interest on loan capital for the 2nd MYT Control Period as per Regulation 24 of the PSERC MYT Regulations, 2019. It is reproduced as under:

"24.1. For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the actual rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable (other than working capital loans) on loans by the Licensee.

24.2. Interest and finance charges on the future loan capital for new investments shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR/any replacement thereof as notified by RBI as may be applicable as on 1st April of the relevant year, plus a margin determined on the basis of current actual rate of interest of the capital expenditure loan taken by the Generating Company, Licensee or SLDC and prevailing SBIMCLR.

24.3. There payment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalisation.

24.4. The Commission shall allow obligatory taxes on interest, finance charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost.

24.5. The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders.

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

The Opening of loan for the Spillover and New schemes is considered as per the Closing approved by the Commission in the True-up of FY 2021-22 in this Order.

The Commission has considered the approved addition of loan as given in Table 91 and Table 92. As per regulation 24.3 of PSERC MYT Regulation 2019, the repayment of loan is considered equal to depreciation allowed for the corresponding year.

For the Spillover schemes i.e. for existing loans, the rate of interest on loan capital is as per Regulation 24.1 and is considered as 8.60% for Generation and Distribution Businesses as approved during the True-up of FY 2021-22 in this Order. Since PSPCL has not submitted business-wise segregation for the same, it shall be reviewed at the time of true up of the respective years. PSPCL has not submitted rate of interest for new schemes either. Therefore, the Commission considers rate of interest for new loans also at 8.60% which shall be reviewed at the time of true up of FY 2022-23.

The Commission allows interest on GPF as claimed by PSPCL i.e. Rs.56.92 Crore for FY 2022-23. As interest on GPF is a statutory payment, the same shall be considered on actuals during the True-up of the year.

The Commission determines Interest on long term loans for Generation and Distribution Businesses as follows:

Table 115: Interest and finance charges approved by the Commission for Spillover Schemes for FY 2022-23
(Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2022-23)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
1	Opening Loan	62.60	0.00	18.05	16.03	0.00	103.87	2.25	0.00	147.45	350.25	3202.56	3552.81
2	Addition during the year	41.24	7.45	35.00	8.78	1.65	16.86	1.94	0.00	0.00	112.92	680.53	793.45
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	150.00
4	Less: Repayment during the year	21.87	7.45	3.86	3.42	1.65	27.64	1.02	0.00	15.35	82.26	796.05	878.31
5	Closing Loan	81.97	0.00	49.19	21.39	0.00	93.09	3.17	0.00	132.10	380.91	2937.04	3317.95
6	Average Loan	72.29	0.00	33.61	18.71	0.00	98.48	2.71	0.00	139.77	365.58	3069.80	3435.38
7	Rate of Interest on Loan	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	
8	Interest & Finance Charges	6.22	0.00	2.89	1.61	0.00	8.47	0.23	0.00	12.03	31.45	264.12	295.57
9	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56.92	56.92
10	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00
11	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193.62	193.62
12	Total Interest & Finance Charges	6.22	0.00	2.89	1.61	0.00	8.47	0.23	0.00	12.03	31.45	152.42	183.87

Table 116: Interest and finance charges approved by the Commission for New Schemes for FY 2022-23

(Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for New Schemes (FY 2022-23)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
1	Opening Loan	0.15	3.06	0.00	0.00	0.01	4.44	0.00	0.00	0.00	7.66	1770.64	1778.30
2	Addition during the year	0.00	7.50	24.91	0.00	0.00	0.00	50.00	0.00	0.00	82.41	785.61	868.02
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	150.00
4	Less: Repayment during the year	0.00	0.12	0.41	0.00	0.00	0.15	0.17	0.00	0.00	0.85	92.53	93.38
5	Closing Loan	0.15	10.44	24.50	0.00	0.01	4.29	49.83	0.00	0.00	89.22	2313.72	2402.94
6	Average Loan	0.15	6.75	12.25	0.00	0.01	4.37	24.91	0.00	0.00	48.44	2042.18	2090.62
7	Rate of Interest on Loan	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	
8	Interest & Finance Charges	0.01	0.58	1.05	0.00	0.00	0.38	2.14	0.00	0.00	4.16	175.70	179.86
9	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00
10	Total Interest & Finance Charges	0.01	0.58	1.05	0.00	0.00	0.38	2.14	0.00	0.00	4.16	200.70	204.86

Table 117: Interest and finance charges approved by the Commission for FY 2022-23

(Rs. Crore)

Sr. No.	Particulars	Total Interest and finance charges (FY 2022-23)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
1	Opening Loan	62.75	3.06	18.05	16.03	0.01	108.31	2.25	0.00	147.45	357.91	4973.20	5331.11
2	Addition during the year	41.24	14.95	59.91	8.78	1.65	16.86	51.94	-	-	195.33	1466.14	1661.47
3	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00	300.00
4	Less: Repayment during the year	21.87	7.57	4.27	3.42	1.65	27.79	1.19	0.00	15.35	83.11	888.58	971.69
5	Closing Loan	82.12	10.44	73.69	21.39	0.01	97.38	53.00	0.00	132.10	470.13	5250.76	5720.89
6	Average Loan	72.44	6.75	45.86	18.71	0.01	102.85	27.62	0.00	139.77	414.02	5111.98	5526.00
7	Interest & Finance Charges	6.23	0.58	3.94	1.61	0.00	8.85	2.37	0.00	12.03	35.61	439.82	475.43
8	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56.92	56.92
9	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
10	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193.62	193.62
11	Total Interest & Finance Charges	6.23	0.58	3.94	1.61	0.00	8.85	2.37	0.00	12.03	35.61	353.12	388.73

3.20 Interest on Consumer Security Deposit

PSPCL has claimed Rs. 150.00 Crore for FY 2022-23 as interest on consumer security deposit.

The Commission has considered the consumer security deposit of Rs. 127.62 for FY 2022-23 as approved in True-up of FY 2021-22 in para 2.21 of this order.

Accordingly, the Commission approves Rs. 127.62 Crore FY 2022-23. The same shall be considered on actual figures during the True-up.

3.21 Interest on Working Capital

PSPCL's Submissions:

PSPCL submitted that the Commission has limited the interest on working capital loans for Distribution Business on normative basis. It is submitted that PSPCL has been under severe financial strain and the actual interest on working capital loans is higher. The working capital loans have been taken by the company to fund its deficit in the financials which have been disallowed earlier, for funding the delayed payments from the consumers. PSPCL submitted the estimated interest on Working capital based on actual loans as shown in the following Table:

Table 118: Interest on Working Capital for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest paid
I	II	III	IV	V	VI	VII
1	Working Capital loans	7,984.03	2,883.65	2,823.42	8,044.26	632.52

Commission's Analysis:

The Commission has computed the interest on working capital as per Regulation 33 and Regulation 43 of the PSERC MYT Regulations, 2019. The above regulations allow deduction of power procurement cost including associated cost for one month from the total working capital requirement. Considering the rate of interest as approved in the True-Up of FY 2021-22 i.e.8.0132%, the Commission determines and approves the Interest on working capital as follows:

Table 119: Interest on working Capital approved by the Commission for FY 2022-23**(Rs. Crore)**

Sr. No.	Particulars	FY 2022-23											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1	Cost of Fuel for 2 months (Table No. 83 & 84)	178.20	186.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	364.51	0.00	364.51
2	O&M Expenses for 1 month (Table No. 108)	31.95	25.62	2.64	3.94	3.40	4.52	3.16	0.00	0.00	75.23	469.28	544.51
3	Maintenance spares @ 15% of the O&M expenses (Table No. 109)	57.51	46.12	4.75	7.10	6.12	8.13	5.69	0.00	0.00	135.42	844.70	980.12
4	Receivables equivalent to 2 months (Table No. 122 and 123)	265.60	271.89	7.27	11.97	60.85	18.89	9.31	0.13	64.37	710.28	5638.94	6349.22
5	Less: Consumer Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3902.58	3902.58
6	Less: Power procurement cost including associated cost for 1 month (Table No. 85)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2142.50	2142.50
7	Total Normative Working Capital	533.26	529.95	14.66	23.01	70.38	31.55	18.16	0.13	64.37	1285.47	907.83	2193.30
8	Interest on Working Capital (%)	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %
9	Interest on Working Capital	42.73	42.47	1.17	1.84	5.64	2.52	1.46	0.01	5.16	103.00	72.75	175.75

3.22 Return on Equity**PSPCL's Submissions:**

The Return on Equity to be claimed for FY 2022-23 is shown in the table below:

Table 120: Return on Equity for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	FY 2022-23
I	II	III
1	Opening Equity	10674.00
2	Addition of Equity	-
3	Closing Equity	10674.00
4	Rate of Return (%)	15.78%
5	Return on Equity	1684
6	Return on Equity – Generation Business	739.00
7	Return on Equity – Distribution Business	946.00

Commission's Analysis:

The Commission determines the Return on Equity for the Control Period in accordance with Regulation 20 of the PSERC MYT Regulations, 2019 which is reproduced as under:

"20. Return on equity

Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19:

Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:

Provided further that asset funded by consumer contributions, capital subsidies/Government grants shall not form part of the capital base for the purpose of calculation of Return on Equity."

Further, Regulation 19 of the PSERC MYT Regulations, 2019 is reproduced as under:

"19.1. Existing Projects - In case of the capital expenditure projects having Commercial Operation Date prior to the effective date, the debt-equity ratio shall be as allowed by the Commission for determination of tariff for the period prior to the effective date:

Provided that the Commission shall not consider the increase in equity as a result of revaluation of assets (including land) for the purpose of computing return on equity.

19.2. New Projects – For capital expenditure projects declared under commercial operation on or after the effective date:

(a) A Normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;

(b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;

(c) In case, the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;

(d) The premium, if any raised by the Applicant while issuing share capital and investment of internal accruals created out of free reserve, shall also be

*reckoned as paid up capital for the purpose of computing return on equity subject to the normative debt-equity ratio of 70:30, **provided such premium amount and internal accruals are actually utilized for meeting capital expenditure of the Applicant's business...***

(Emphasis added)

The Commission has considered the opening equity for FY 2022-23 as the approved closing of equity from the True-up of FY 2021-22. As explained in Para no 3.12, no addition of equity has been considered in any of the years. The Commission determines Return on Equity for FY 2022-23 as follows:

Table 121: Return on equity approved by the Commission for FY 2022-23

(Rs. Crore)

Sr. No.	Particulars	FY 2022-23												
		GGSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Wires Business	Retail Supply Business	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
1	Opening Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.68	3311.77	367.97	6081.43
2	Addition during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Closing Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.68	3311.77	367.97	6081.43
4	Average Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.68	3311.77	367.97	6081.43
5	Return on Equity (%)	15.50%	15.50%	16.50%	16.50%	16.50%	16.50%	16.50%	15.50%	16.50%		16.00%	16.00%	
6	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98	529.88	58.88	974.74

3.23 Charges Payable to GoP on RSD

PSPCL has claimed Rs. 22 Crore for FY 2022-23 as royalty charges payable to Government of Punjab on power from RSD (under Generation Business).

The Commission approves royalty charges of Rs. 12.00 Crore for FY 2022-23 based on previous years charges paid to GoP which shall be reviewed at the time of true up of FY 2022-23.

3.24 Non-Tariff Income

PSPCL's Submissions:

PSPCL has considered the Non-Tariff Income for FY 2022-23 equivalent to the non-tariff income submitted for FY 2021-22 for True-up purpose in the present Petition.

Accordingly, PSPCL submitted the non-tariff Income of Rs. 1,069 Crore for FY 2022-23.

Commission's Analysis:

The Commission observes that the amount of Rs.36.67 Crores were removed from Non-Tariff Income of FY 2021-22 as it was from one time settlement scheme. The Commission has not considered the same for determining the non tariff income for FY 2022-23.

The Commission considers an annual escalation of 5.50% to the non tariff income of Rs. 1069.78 Crore. Accordingly, the Commission approves Rs. 1128.62 Crore as Non-tariff income for FY 2022-23 which shall be reviewed at the time of true up of FY 2022-23.

3.25 Transmission Charges Payable to PSTCL

PSPCL has claimed Rs. 1493.00 Crore as Transmission and SLDC Charges payable for FY 2022-23 respectively under its distribution business. However, PSTCL in its petition for FY 2023-24 has claimed Rs. 1613.87 Crore for the same.

The Commission has determined the Transmission and SLDC Charges payable by PSPCL to PSTCL as Rs. 1590.09 Crore for FY 2022-23 in the PSTCL Tariff Order.

3.26 Prior Period Income/Expenditure

The Commission in the tariff order for FY 2022-23 had allowed Rs.485.00 Crores as prior period charges of power purchase in dispute for FY 2022-23 relating to NPL and TSPL but PSPCL has not claimed the same in this petition. Further, PSPCL has submitted prior period adjustment charges of Rs.328.45 Crores in Format D-3 of summary of power purchase from other sources (H1+H2).

The Commission considers NIL prior period expenses for FY 2022-23 which shall be reviewed at the time of true up of FY 2022-23 after prudence check.

3.27 Provision for DSM Fund

PSPCL, in its tariff Petition has claimed the Provision for DSM Fund of Rs. 0.03 Crore for FY 2022-23. **Accordingly, the Commission has considered Rs. 0.03 Crore each for FY 2022-23 as per DSM Regulations.**

3.28 Aggregate Revenue Requirement (ARR) of PSPCL for FY 2022-23

A summary of ARR of Generation Business and Distribution Business approved by the Commission for FY 2022-23 is as follows:

Table 122: ARR of Generation Business for FY 2022-23

(Rs. Crore)

Sr. No	Particulars	GGSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1	Fuel Cost (Table no. 83 & 84)	1069.19	1117.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2187.07
2	Employee Expenses (Table no.97)	339.57	236.38	29.29	44.33	36.99	47.45	35.71	0.00	299.00	1068.72
3	A&G Expenses (Table no.101)	7.17	12.73	1.05	1.30	1.61	1.58	0.93	0.00	4.74	31.11
4	R&M Expenses (Table no.105)	36.68	58.36	1.36	1.66	2.21	5.20	1.28	0.00	38.00	144.75
5	Depreciation	21.87	74.05	4.27	3.42	145.23	27.79	1.19	0.25	15.35	293.42
6	Interest & Finance Charges	6.23	0.58	3.94	1.61	0.00	8.85	2.37	0.00	12.03	35.61
7	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98
8	Interest on Working Capital	42.73	42.47	1.17	1.84	5.64	2.52	1.46	0.01	5.16	103.00
9	Royalty Paid by RSD to GoP	0.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	0.00	12.00
10	Total Revenue Requirement	1593.60	1631.34	43.59	71.83	365.12	113.36	55.86	0.76	386.20	4261.66

Table 123: ARR of Distribution Business for FY 2022-23

(Rs. Crore)

Sr. No	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
1	Power Purchase Cost (Table no.85)	0.00	25710	25710
2	Employee Expenses (Table no. 98)	2055.49	3083.23	5138.72
3	A&G Expenses (Table no.101)	98.71	98.72	197.43
4	R&M Expenses (Table no.105)	265.65	29.52	295.17
5	Depreciation	799.72	88.86	888.58
6	Interest & Finance Charges	317.81	35.31	353.12
7	Interest on Consumer Security Deposit	12.76	114.86	127.62
8	Return on Equity	529.88	58.88	588.76
9	Interest on Working Capital	7.28	65.47	72.75
10	Intra-State Transmission Charges	0.00	1590.09	1590.09
11	Provision for DSM fund	0.00	0.03	0.03
12	Prior period expense	0.00	0.00	0.00
13	Total Revenue Requirement	4087.30	30874.97	34962.27
14	Less: Non-Tariff Income	112.86	1015.76	1128.62
15	Net Revenue Requirement	3974.44	29859.21	33833.65

Table 124: Aggregate revenue Requirement (ARR) of PSPCL approved by the Commission for

FY 2022-23

(Rs. Crore)

Sr. No	Particular	Approved in ARR	Claimed by PSCL	Now approved by the Commission		
				Generation	Distribution	Total
I	II	III	IV	V	VI	VII
1	Fuel Cost	1613.96	2459.00	2187.07	0.00	2187.07
2	Power Purchase Cost	23258.16	28933.00	0.00	25710	25710
3	Employee Expenses	8023.80	6229.00	1068.72	5138.72	6207.44
4	A&G Expenses	228.21	242.00	31.11	197.43	228.54

Sr. No	Particular	Approved in ARR	Claimed by PSCL	Now approved by the Commission		
				Generation	Distribution	Total
I	II	III	IV	V	VI	VII
5	R&M Expenses	494.83	569.00	144.75	295.17	439.92
6	Depreciation	1410.23	1182.00	293.42	888.58	1182.00
7	Interest & Finance Charges	462.85	683.00	35.61	353.12	388.73
8	Interest on Consumer Security Deposit	123.63	150.00	0.00	127.62	127.62
9	Return on Equity	974.74	1684.00	385.98	588.76	974.74
10	Interest on Working Capital	226.39	633.00	103.00	72.75	175.75
11	Intra-State Transmission Charges	1492.56	1493.00	0.00	1590.09	1590.09
12	Provision for DSM fund	5.00	0.03	0.00	0.03	0.03
13	Royalty Paid by RSD to GoP	15.32	22.00	12.00	0.00	12.00
14	Prior period expense	485.00	0.00	0.00	0.00	0.00
15	Total Revenue Requirement	38814.68	44279.03	4261.66	34962.27	39223.93
16	Less: Non-Tariff Income	1038.12	1069.00	0.00	1128.62	1128.62
17	Net Revenue Requirement	37776.56	43210.03	4261.66	33833.65	38095.31

3.29 Revenue from Sale of Power at Existing Tariff

In the current petition, PSPCL has projected revenue from sale of power at Rs. 37057.00 Crore for FY 2022-23.

The Commission approves revenue from sale of power at Rs. 36924.07 Crore for FY 2022-23 in Distribution Business of PSPCL, the details of which are discussed in the following tables:

Table 125: Revenue from Sale of Power at Existing Tariff for FY 2022-23

Sr. No.	Category of Consumers	Approved Sales (MkWh) (Table 71)	Revenue from Sale of Power (Rs. Crore)			
			Fixed Charges	Energy Charges	Surcharge/ Incentive	Total
I	II	III	IV	V	VI	VII
1	Domestic	16744.00	833.69	9122.94	-2.22	9954.41
2	Non-Residential Supply	4210.00	365.30	2912.25	21.16	3298.71
3	Small Power	859.00	94.65	528.95	43.98	667.58
4	Medium supply	1775.00	302.17	1054.39	51.89	1408.45
5	Large Supply	17100.00	1414.32	10946.84	-192.16	12169.00
6	Bulk Supply & Grid Supply	669.00	82.06	441.23	-13.46	509.83
7	Railway Traction	14.00	9.30	11.15	-0.14	20.31
8	Public Lighting	184.00	3.86	136.71	0.00	140.57

Sr. No.	Category of Consumers	Approved Sales (MkWh) (Table 71)	Revenue from Sale of Power (Rs. Crore)			
			Fixed Charges	Energy Charges	Surcharge/ Incentive	Total
I	II	III	IV	V	VI	VII
9	AP High Technology	0.02	0.00	0.01	0.00	0.01
10	Compost/ Solid waste Management Plants for Municipalities of Urban Local Bodies/ Rural Water Works	242.00	30.10	145.64	24.84	200.58
11	Charitable Hospitals set-up under PwD Act	0	0.00	0.00	0.00	0.00
12	Start-up Power for generators/CPPs	204.00	0.00	152.88	-7.37	145.51
13	Golden Temple & Durgiana Mandir, Sri Amritsar Sahib	9.00	0.00	5.50	-0.19	5.31
14	Temporary Supply	771.00	0.00	625.48	0.08	625.56
15	Total Metered Sales within State (rounded off)	42781	3135.45	26083.97	-73.59	29145.83
16	Agriculture	13031	0.00	7375.55	0	7375.55
17	Common Pool	309	0.00	112.92	0	112.92
18	Outside State Sale	350	0.00	289.77	0	289.77
19	Total	56471	3135.45	33862.21	-73.59	36924.07

3.30 Revenue Gap for FY 2022-23 at Existing Tariff

The cumulative revenue gap upto FY 2022-23 at existing tariff is worked out as under:

Table 126: Cumulative revenue gap upto FY 2022-23

Sr. No.	Particulars	FY 2022-23
I	II	III
1	Net Revenue Requirement	38095.31
2	Revenue from existing tariff	36924.07
3	Gap: (Surplus)/Deficit	1171.24
4	Cumulative Gap: (Surplus)/ Deficit upto FY2021-22	(772.88)
5	Cumulative Gap: (Surplus)/ Deficit	398.36

The cumulative revenue gap upto FY 2022-23 is thus determined at Rs. 398.36 Crore.

3.31 Subsidy payable by GoP for FY 2022-23

The Commission has worked out the category wise subsidy payable by GoP for FY 2022-23 as under:

Table 127: Subsidy payable by GoP for different Categories for FY 2022-23

(Rs. Crore)		
Sr. No.	Category	Allowed by the Commission
1	AP Consumption	7375.55
2	Scheduled Caste (SC) / Domestic Supply (DS) (free power 200 units from 01.04.2022 to 30.06.2022)	495.00
3	300 units free to all Domestic Consumers (01.07.2022 to 31.03.2023)	4252.00
4	Concessional tariff of Rs.2.50 per unit for all Domestic Consumers having load upto 7 KW (01.04.2022 to 31.03.2023)	1724.00
5	Small Power (concessional tariff @ Rs.499 paise per kVAh and fixed charges)	132.09
6	Medium Supply Consumers (Concessional tariff @ Rs.5.00 per kVAh and 50% waiver in fixed charges)	296.47
7	Large Supply Consumers (Concessional tariff @ Rs.5.00 per kVAh)	2231.06
8	Total	16506.17

Note:

- In case of A.P. consumption, PSPCL records AP Consumption at feeder level and the Commission allows the same by considering normative line losses as per the approved trajectory of losses for computing AP consumption at consumer end. At sr.no. 1 AP Consumption works out as 13031.00 MUs. The subsidy for this consumption comes to Rs. 7375.55 Crore (13031.00 MUs x 566 paise).
- Subsidy from Sr. No.2 to 4 has been taken as per the submission of PSPCL.
- Subsidy from Sr. No 5 has been taken as per projected revenue of small power at existing tariff (Table no.125) less concessional tariff i.e Rs.37.44(528.95-985 MkVAh (equivalent to 859 MWh) x 499 paise) Crore plus fixed charges (Rs.94.65 Crore).
- Subsidy from Sr. No 6 has been taken as per projected revenue of medium power at existing tariff (Table no.125) less concessional tariff i.e Rs.145.39(1054.39-1818 MkVAh (equivalent to 1775 MWh) x 500 paise) Crore plus fixed charges 151.08(50% of Rs.302.17 Crore).
- Subsidy from Sr. No 7 has been taken as per projected revenue of large power at existing tariff (Table no.125) less concessional tariff i.e Rs.2231.06(10946.84-17431.56 MkVAh (equivalent to 17100 MWh) x 500 paise) Crore.

Interest on delayed payment of subsidy: There was a shortfall of Rs. 8170.36 Crore subsidy paid by GoP as on 1st April, 2022.

PSPCL vide memo no 392/ARR/Dy.CAO/237/Vol. II dated 31.03.2023 informed that GoP has paid Rs.20200.00 Crore subsidy to PSPCL during FY 2022-23 in staggered instalments which includes amount received on account of waiver of arrears of electricity bills (upto December,2021) of all domestic consumers (using electricity for residential purpose only) and not paid upto 30.06.2022 estimated at Rs.1298.00 Crore. This amount of Rs.1298.00 Crore was not part of the subsidy, thus the total subsidy considered for FY 2022-23 is Rs.18902.00 (20200.00-1298.00) Crore which shall be

reviewed at the time of true up of FY 2022-23. Further, Rs1804.00 Crore on account first installment of legacy subsidy dues pending as on 31.03.2022 and Rs.663.54 Crore interest on legacy subsidy dues as on 31.3.2022 has also been received during FY 2022-23 which is included in Rs.20200.00 Crore.

The Commission observed that there was delay in payment of subsidy to PSPCL in FY 2022-23, therefore with a view to compensate PSPCL on this account, the Commission levies interest on the delayed payment of subsidy @8.0132% (effective rate of interest on working capital loan) which works out to Rs.725.08 Crore.

Accordingly, the subsidy payable for FY 2022-23, inclusive of interest on delayed payment of subsidy, has been determined by the Commission at Rs.25401.61 (8170.36+16506.17+725.08) Crore against which GoP had paid subsidy of Rs 18902.00 Crore. As such, there is short fall of payment of subsidy due amounting to Rs.6499.61 (25401.61-18902.00) Crores ending FY 2022-23.

Chapter 4

Aggregate Revenue Requirement for 3rd MYT Control Period FY 2023-24 to FY 2025-26

4.1 Background

The Commission has notified the PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2022 (also called “PSERC MYT Regulations, 2022”) for the 3rd MYT Control Period from FY 2023-24 to FY 2025-26. In this petition PSPCL has filed the forecast of ARR for the 3rd MYT Control Period i.e. FY 2023-24 to FY 2025-26 besides True-up for FY 2021-22 and APR for FY 2022-23. As per their submission, the projections are based on provisions of the PSERC MYT Regulation, 2022 and the Capital expenditure as per the Capital Investment Plan (CIP) submitted before the Commission. PSPCL has stated that it has also considered the past trends, regulatory norms and activities planned and taken up during the previous control period for projecting the expenses.

The Commission has analysed the same in this Chapter. The Commission’s Order dated 11.01.2023 in Petition No. 49 of 2022, shall be deemed to be amended to the extent of revised projections of Energy Sales, T&D Losses, CIP, Capitalisation etc. approved in this petition.

4.2 Energy Demand (Sales)

4.2.1 Metered Energy Sales

A. Energy Sales within the State

PSPCL’s submissions:

PSPCL submitted that the metered energy sales to various consumer categories as per the provisional accounts of FY 2021-22 is 39,908 M kWh as compared to 33,618 M kWh in FY 2017-18. PSPCL submitted that although the share of HT Industry varies over the year, however it contributes a major share in the overall sales. During FY 2021-22, the share of HT Industry remained at 33% of the total consumption, followed by Domestic category with 27% share of the total consumption. PSPCL submitted the data of historical metered sales from FY 2016-17 to FY 2021-22 as under: -

Table 128 A: Category wise historical Energy Sales of PSPCL**(MkWh)**

Sr. No.	Category	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
I	II	III	IV	V	VI	VII	VIII
1	Domestic Supply	13080.38	13,321	13,223	13,551	15,065	14,538
2	Non Residential Supply	3801.94	2,883	3,988	3,714	3,234	3,614
3	Small Power	983.82	800	806	1,158	807	971
4	Medium Supply	2214.99	2,087	2,599	2,978	2,078	1,937
5	Large Supply	11115.19	13,469	14,055	14,129	13,286	17,377
6	Public Lighting	192.00	175	158	140	210	161
7	Bulk Supply	661.05	645	603	716	620	642
8	Railway Traction	183.03	237	221	181	-	3
9	AP High technology		-	-	0	0	1
10	Compost/ Solid waste Management		-	-	17	255	226
11	Charitable Hospitals		-	-	0	-	-
12	Sri Harmandir Sahib & Sri Durgiana Mandir		-	-	7	6	8
13	Start-up power for Generators and CPPs		-	150	185	136	186
14	Temporary Supply - DS& NRS		-	123	136	136	211
15	Temporary Supply -SP, MS and LS		-	-	5	47	33
16	Total Metered Sales	32232.40	33,617	35,926	36,917	35,880	39,908
17	AP Consumption	11545.96	12,257	11,789	11,538	13,051	12,533
18	Total Sales within State	43778.36	45,874	47,715	48,455	48,931	52,441

PSPCL submitted that the category wise energy sales for the 3rd MYT Control Period i.e. from FY 2023-24 to FY 2025-26 have been projected using 2-year, 3-year and 5-year Compound Annual Growth Rate (CAGR) on the previous years sales i.e on the sales of FY 2022-23. Category wise CAGR of energy sales as submitted by PSPCL as under: -

Table 128 B: Category wise CAGR considered by PSPCL for projecting Energy Sales (%age)

Sr. No.	Category	2-Year	3-Year	5-Year	CAGR Considered
I	II	III	IV	V	VI
1	Domestic Supply	3.58%	3.21%	2.14%	5.00%
2	Non Residential Supply	-1.36%	-3.23%	-1.01%	3.00%
3	Small Power	-8.43%	6.39%	-0.27%	6.39%
4	Medium Supply	-19.36%	-9.34%	-2.65%	5.00%
5	Large Supply	10.90%	7.33%	9.35%	9.35%
6	Public Lightning	7.38%	0.70%	-3.42%	0.70%
7	Bulk Supply	-5.31%	2.10%	-0.59%	2.10%
8	Agriculture	4.22%	2.06%	0.86%	5.00%

PSPCL submitted that the energy sale of domestic consumer category has increased significantly in the last three years due to the introduction of online citizen services, implementation of Feeder Sanitisation Scheme and extensive vigilance drive. Further, due to factors like climate change (extreme heat/cold conditions) and introduction of 300 units/month domestic subsidy, an increase of 22% in the H1 sales of FY 2022-23 has been witnessed over the corresponding period of FY 2021-22 H1 sale. Therefore, PSPCL has considered 5% growth while projecting the Domestic category energy sales in the ensuing years of the 3rd MYT Control Period.

PSPCL further submitted that a major thrust is being given for the timely release of HT Industry connections. After the introduction of ToD Tariff, a major portion of Open Access sales has shifted to the Utility. Thus, keeping in view the load growth of HT industry, PSPCL has considered the 5-year CAGR for projecting HT Industry sales in the ensuing years of the 3rd MYT Control Period.

PSPCL also submitted that agriculture sales are attributable to the ground water table levels, strength of monsoon and rapid urbanisation. Reasons like introduction of a third crop by a majority of the farmers, climate change and decreasing water table necessitates consideration of 5% growth rate for AP Category consumption in the ensuing years of the MYT Period.

In view of the above, the category wise metered energy sales projected by PSPCL by applying the CAGR as per Table 128 B for the ensuing years of the 3rd MYT Control Period are as under:

Table 129: Metered Energy sales for FY 2023-24 to FY 2025-26 submitted by PSPCL (MkWh)

Sr. No.	Category	FY 2023-24	FY 2024-25	FY2025-26
I	II	III	IV	V
1	Domestic Supply	17,583	18,462	19,385
2	Non-Residential Supply	4,377	4,508	4,644
3	Small Power	929	988	1,051
4	Medium Supply	1,888	1,982	2,081
5	Large Supply	18,932	20,702	22,637
6	Public Lighting	185	186	188
7	Bulk Supply	683	698	712
8	Railway Traction	14	14	14
9	AP High technology	-	-	-
10	Compost/ Solid waste Management & Rural/Urban Water Supply Schemes	242	242	242
11	Sri Harmandir Sahib & Sri Durgiana Mandir	9	9	9
12	Start-up power for Generators and CPPs	214	225	236
13	Temporary Supply - DS& NRS	777	816	857
14	Temporary Supply -SP, MS and LS	32	34	35
15	Total Metered Sales	45,865	48,866	52,091

Commission's Analysis:

In reply to the Commission's query regarding the variation in sales projections compared with the Energy Sales submitted by PSPCL for the 3rd MYT Control Period in the Business Plan and CIP Petition (49 of 2022), PSPCL submitted that the sales projection for the 3rd MYT Control Period in the Business Plan & CIP petition was based on the data till FY 2021-22 (i.e Upto March 2022), whereas the sales projection submitted in the present petition is based on the data available upto September 2022.

Based on the above historical category wise energy sales data from FY 2016-17 to FY 2021-22 (Table 128A), the CAGR worked out by the Commission for different categories of consumers is as under:

Table 130: Historical CAGR for Energy Sales worked out by the Commission

Sr. No.	Category of Consumers	CAGR (Upto FY 2021-22)			
		5-year	4-year	3-year	2-year
I	II	III	IV	V	VI
1	Domestic Supply	2.14%	2.21%	3.21%	3.60%
2	Non-Residential Supply	-1.01%	5.80%	-3.23%	-1.36%
3	Small Power	-0.27%	4.94%	6.41%	-2.01%
4	Medium Supply	-2.65%	-1.85%	-9.33%	-7.59%
5	Large Supply	9.35%	6.58%	7.33%	10.90%
6	Public Lighting	-3.42%	-2.01%	0.74%	7.38%
7	Bulk Supply	-0.59%	-0.13%	2.10%	-5.31%
8	Railway Traction	-46.06%	-56.65%	-66.44%	-78.53%

Considering factors like market growth rate, industrial development in the State, increasing consumer awareness and DSM initiatives/ use of efficient home appliances etc., the Commission is of the view that the 3-year CAGR depicts a more reasonable trend for estimating the sales growth for the 3rd MYT Control Period. Accordingly, the Commission has considered the 3-year CAGR for projecting the sales for the 3rd MYT Control Period. Also, the 3-year CAGR commensurates with the CAGR considered by PSPCL in the Business Plan and CIP Plan except for the Domestic category. However, PSPCL in its submissions has already pointed out that due to introduction of 300 units/month domestic subsidy, there is an increase in the sales of domestic category of consumers. Hence, for the domestic category the Commission has considered the CAGR of 5% as submitted by PSPCL. Further, for other categories (NRS and MS) where the calculated CAGR is negative, the Commission has considered the CAGR as decided in the Business Plan and CIP Order in Petition No. 49 of 2022.

Also, since Indian Railways has been granted open access for Railway Traction load, their CAGR has been considered as NIL. Further, for startup up power CAGR as submitted by PSPCL has been considered.

Thus, for projecting the metered energy sales for the 3rd MYT Control Period CAGR as shown in Table 131 has been applied on the metered energy sales approved by the Commission for the APR of FY 2022-23 in Table 71 of this Order.

Accordingly, the CAGR considered by the Commission and the approved estimates for energy sales for 3rd MYT Control Period are as shown in the following table:

Table 131: Category-wise metered energy sales approved by the Commission for 3rd MYT Control Period

				MkWh (rounded off)		
Sr. No.	Category of Consumers	CAGR considered in Business Plan and CIP Order	CAGR Considered by the Commission	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V	VI	VII
1	Domestic Supply	2.50%	5.00%	17581	18460	19383
2	Non-Residential Supply	3.00%	3.00%	4336	4466	4600
3	Small Power	6.40%	6.41%	914	973	1035
4	Medium Supply	5.00%	5.00%	1864	1957	2055
5	Large Supply	7.33%	7.33%	18353	19698	21141
6	Public Lighting	0.63%	0.74%	185	186	187
7	Bulk Supply	2.11%	2.10%	683	697	712
8	Railway Traction			14	14	14
9	AP High technology			0.02	0.02	0.02
10	Compost/ Solid waste Management & Rural/Urban Water Supply Schemes			242	242	242
11	Sri Harmandir Sahib & Sri Durgiana Mandir			9	9	9
12	Start-up power for Generators and CPPs			214	225	236
13	Temporary Supply - DS& NRS			740	740	740
14	Temporary Supply -SP, MS and LS			31	31	31
15	Total Metered Sales			45166	47698	50385

Thus, the Commission approves the energy sales of 45166 MkWh, 47698 MkWh and 50385 MkWh (after rounding off) for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

B. Common Pool/Outside State Sales

PSPCL has projected sales to common pool consumers and outside state sales as 309 MkWh and 54 MkWh respectively for all the years of the 3rd MYT Control Period

i.e. FY 2023-24, FY 2024-25 and FY 2025-26. The Commission decides to accept the figures submitted by PSPCL for Common Pool sales and outside State sale for the 3rd MYT Control Period.

4.2.2 AP Consumption

PSPCL's submission:

PSPCL submitted that for estimating AP consumption for the 3rd MYT Control Period, it has considered CAGR of 5%. The estimated AP sales for the 3rd MYT Control Period i.e. FY 2023-24, FY 2024-25 and FY 2025-26 as submitted by PSPCL is as under:

Table 132: AP sales projected by PSPCL for the 3rd MYT Control Period

MkWh				
Sr. No.	Category	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	AP Consumption	13682	14366	15085

Commission's Analysis:

The Commission observed that for projecting the sales for the 3rd Control Period PSPCL has considered a higher CAGR for Agricultural category as compared to that considered during the ARR of FY 2022-23 and even for the Business Plan and Capital Investment Plan. In reply to the Commission's observation regarding CAGR of Agricultural Category of sale PSPCL vide Memo No. 175/ARR/DY.CAO/265/Deficiencies-Vol-I dated 24.01.2023 submitted that the agriculture sales are attributable to ground water table level, strength of monsoon etc. Reasons like introduction of third crop by majority of farmers, climate change and decreasing water table has necessitated consideration of 5% growth rate for AP Category in the ensuing years of the 3rd MYT Control Period.

In view of PPSCl's submission, the Commission accepts the projections of AP consumption as 13682 MkWh for FY 2023-24, 14366 MkWh for FY 2024-25 and 15085 MkWh for FY 2025-26.

4.2.3 Total Energy Sales

The total energy sales after considering PSPCL's submission, historical data analysis and prudent projections as approved by the Commission for the 3rd MYT Control Period are as follows:

Table 133: Total energy sales approved by the Commission for 3rd MYT Control Period (MkWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	IV	V	VI
1.	Metered sales within State	45166	47698	50385
2.	AP consumption	13682	14366	15085
3.	Total sales within State	58848	62064	65470

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	IV	V	VI
4.	Common pool sale	309	309	309
5.	Outside State sale	54	54	54
6.	Total	59211	62427	65833

4.3 Transmission & Distribution Losses and Energy Requirement

4.3.1 Transmission & Distribution Losses

PSPCL's Submissions:

PSPCL submitted that it can be observed from the past years' performance of PSPCL that earnest efforts are being made towards reduction of line losses and commercial losses to check the avoidable revenue loss. PSPCL has achieved Distribution loss level of 12.59% in FY 2021-22.

Various concerted activities have been undertaken in the past years for improvement in billing and collection efficiency and the quality of supply. Intensive drives for replacement of electromechanical/ defective meters have been conducted to improve metering accuracy. Aggressive vigilance drives have also been carried out to curb power theft and pilferages of energy.

PSPCL further submitted that it has been working extensively on strengthening of sub transmission and distribution network under Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Integrated Power Development Scheme (IPDS). Under these Schemes the overloaded feeders are being bifurcated and trifurcated along with creation of new 33 KV Substations. Works under these schemes are attaining finality and the full impact of these works will reflect in the performance of PSPCL in the ensuing years.

PSPCL further added that significant steps have also been taken for improvement of collection efficiency in the past years. PSPCL has provided online payment facilities to the consumers for payment of electricity bills. It has introduced various schemes for recovery of accumulated defaulted amounts from time to time. A special campaign to disconnect the regular defaulters has been carried out. Consumer indexing at the DT level has been done by PSPCL and sizing and sequencing of the consumer binders have been carried out to minimise the bill distribution time.

PSPCL also intimated that it is working on Demand Side Management. Various measures like distribution of LED Lights, energy efficient fans and installation of energy efficient agriculture pump-sets have been undertaken. These measures will reduce the energy requirement at LT network and eventually improve efficiency by reducing loss levels of PSPCL.

PSPCL submitted that it has added 2.02 Lakhs consumers in FY 2020-21, 2.34 Lakhs consumers in FY 2019-20 and 2.18 Lakhs consumers in FY 2018-19. This is quite on the high side. In spite of a substantial increase in the number of consumers at the LT network, PSPCL has been able to consistently reduce the line losses over the past years.

PSPCL submitted that it has been constantly endeavouring to reduce technical and commercial loss levels. PSPCL has constituted Theft Detection Teams to reduce commercial leakages through theft/pilferage. The outstanding arrears from connected/disconnected consumers are also being recovered by launching arrear recovery drives/schemes and by assigning arrear recovery targets to the sub-divisions. PSPCL endeavours to achieve the loss targets fixed by the Commission and is working aggressively towards it. Initiatives undertaken by PSPCL are long term in design and impact which will be visible after the completion of the initiatives which are under progress.

Reduction of technical and commercial losses has a significant role in ensuring financial viability of the distribution licensee and PSPCL shall continue to make concerted efforts toward reduction of aggregate technical and commercial losses in the 3rd MYT Control Period

4.3.1.1 Technical Loss Reduction

PSPCL submitted that technical losses are attributable to transformation losses, I²R losses, loose conductor joints, improper network topology, overloading conditions and low power factor etc. Strengthening of the distribution network has been planned to curb the technical losses affecting the system. PSPCL has planned to undertake various system strengthening activities under the proposed Capital Expenditure Plan for the 3rd MYT Control Period which are listed as under:

- a) Creation of new and augmentation of existing 33 kV sub-stations
- b) Installation and augmentation of distribution transformers
- c) Installation of capacitor banks,
- d) Bifurcation/trifurcation of overloaded 11 kV feeders,
- e) Implementation of HVDS distribution system,
- f) Feeder sanitization of urban and rural 11 KV feeders

PSPCL further submitted that these works will be carried out with the funds available under Central and State Govt Schemes or under self-finance mode. The physical and financial

targets have already been furnished under the capital investment plan submitted along with the MYT Petition for the 3rd Control Period.

4.3.1.2 Non-Technical [Commercial] Loss Reduction:

PSPCL submitted that the substantial non-technical losses are caused due to theft of electricity, defective and tampered meters, default in payment of electricity bills, inaccurate metering and billing. PSPCL has submitted that in order to curb such losses the following measures will be undertaken by PSPCL in the 3rd MYT Control Period:

a) Theft Detection:

Aggressive theft detection drives have been conducted by it over the past few years. PSPCL is encouraging the participation of consumers for detection of electricity theft. PSPCL will be undertaking theft drives more frequently in the ensuing years of the MYT control Period.

b) Sanitization of Rural Feeders Scheme:

Sanitization of Rural feeders has been carried out by PSPCL under the flagship of various Schemes to curb power theft in rural areas and provide quality services to the consumers. Under such schemes various activities like replacement of defective meters, relocation of meters outside the premises, replacement of bare conductor with armoured cable and release of new connections were undertaken.

c) Replacement of Defective Meters:

It will undertake more frequent drives for replacement of defective/ sluggish meters. Sub-divisions having high revenue potential and high system losses will be given high priority while conducting the drives for replacement of defective meters. All sincere efforts will be made by PSPCL to achieve the prescribed target of standard of performance in the ensuing years of the MYT Control Period.

d) Replacement of Electromechanical Meters:

A large-scale campaign to replace electromechanical energy meters with electronic meters was undertaken by PSPCL in the previous years. A miniscule number of electromechanical meters remain in urban areas for replacement whereas in rural areas, the total number of electromechanical meters has reduced significantly. PSPCL in the ensuing years of the MYT Control period will make concerted efforts to replace the balance electromechanical with electronic meters.

In view of the above, PSPCL has requested the Commission to consider the following distribution loss targets for the 3rd Control Period:

Table 134: Distribution Loss Trajectory for 3rd MYT Control Period submitted by PSPCL

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Distribution Losses	12.30%	12.20%	12.10%

Commission's Analysis:

The Commission in the Business Plan and CIP Order dated 11.01.2023 in Petition No. 49 of 2022 has observed as under:

“The Commission is of the view that actual losses for the year FY 2022-23 should form the basis for setting of target loss figures for the 3rd Control Period. However, actual losses for FY 2022-23 shall be available only upon completion of True-up of FY 2022-23 (to be carried out in FY 2024-25). Therefore, the Commission agrees to the projected loss trajectory of 12.30% for FY 2023-24 i.e. for the first year of the 3rd Control period as submitted by PSPCL. However, in view of approval of the substantially higher amount of capital investment for the 3rd Control period for various schemes of network strengthening, augmentation and loss reduction etc. the Commission feels and decides to approve the trajectory of loss reduction of 0.20% in distribution losses for each of the subsequent years i.e. FY 2024-25 and FY 2025-26”

Therefore, the distribution loss trajectory provisionally approved by the Commission is shown in the following table:

Table 8: Distribution loss trajectory provisionally approved by the Commission

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
1	Distribution Loss trajectory* (%)	12.30%	12.10%	11.90%

**The distribution loss trajectory shall be subject to revision based on actual figures for FY 2022-23 true up but will not be considered if higher than the approved trajectory. Also, the reduction trajectory of 0.20% shall remain the minimum benchmark subject to actual during true up if achievement is better than 0.20%.*

Accordingly, the Commission decides to retain the distribution loss trajectory for the 3rd MYT Control Period as approved by the Commission in the Business Plan and CIP Order dated 11.01.2023 in Petition No. 49 of 2022. Further the Commission in its Order in Petition no. 73 of 2022, has provisionally allowed transmission loss trajectory of 2.42%, 2.40% and 2.38% for FY 2023-24, FY 2024-25 and FY 2025-26, respectively whereas PSPCL in the energy requirement projection for the 3rd MYT Control Period has considered 2.58%, 2.60% and 2.59% respectively for FY 2023-24, FY 2024-25 and FY 2025-26.

As discussed above, the Commission has already determined the distribution and transmission loss targets in Petition No. 49 of 2022 and 73 of 2022. Now these are provisionally approved by the Commission for the 3rd MYT Control Period as under:

Table 135: Distribution Loss Trajectory for 3rd MYT Control Period approved by the Commission

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Distribution Loss trajectory* (%)	12.30%	12.10%	11.90%
2	Transmission loss trajectory** (%)	2.42%	2.40%	2.38%

*The distribution loss trajectory shall be subject to revision based on actual figures for FY 2022-23 true up but will not be considered if higher than the approved trajectory. Also, the reduction trajectory of 0.20% shall remain the minimum benchmark subject to actual during true up if achievement is better than 0.20%.

**The opening targeted losses shall be reviewed as per the actual losses of FY 2022-23 but will not be considered if higher than the approved trajectory

4.3.2 Energy Requirement

In the Petition PSPCL submitted Energy Requirement of 70125 M kWh, 74350 M kWh and 78868 M kWh for FY 2023-24, FY 2024-25 and FY 2025-26 respectively for the 3rd MYT Control Period, as summarized as under:

Table 136: Energy Requirement for 3rd MYT Control Period submitted by PSPCL (M kWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Metered Sales	45,865	48,866	52,091
2	Sales to AP Consumers	13,682	14,366	15,085
3	Total Sales within the State	59,547	63,232	67,176
4	Distribution Losses (%)	12.30%	12.20%	12.10%
5	Distribution Losses (MU)	8,352	8,786	9,247
6	Transmission Losses (%)	2.50%	2.50%	2.50%
7	Transmission Losses (MU)	1,741	1,847	1,960
8	Sub-Total	69,640	73,865	78,383
9	Sales to Common Pool Consumers	309	309	309
10	Outside State Sales	54	54	54
11	Add: Royalty to HP from Shannan	52	52	52
12	Add: Share from RSD to HP	69	69	69
13	Total Energy Requirement	70,125	74,350	78,868

Commission's Analysis:

From the energy requirement submitted by PSPCL, it was observed that PSPCL has included Royalty to HP from Shanan and Share from RSD to HP in the total energy requirement. Since, the Commission is not considering the same in hydel generation, as such, the same has not been considered as part of energy requirement. Further, in response to the Commission's observation regarding NRSE Power at 66/11kV, PSPCL vide Memo No. dated 31.12.2022 has submitted the Quantum of NRSE Power at 66/11kV as 2044 M kWh, 2762.64 M kWh and 2845.68 M kWh for FY 2023-24, FY 2024-25 and FY 2025-26 respectively. Further, vide reply dated 24.01.2023, PSPCL has submitted the revised Energy Balance after reducing NRSE

Power at 66/11 kV for the 3rd MYT Control Period and increased transmission losses for the 3rd MYT Control Period as under:

Table 137: Revised Energy Requirement for 3rd MYT Control Period submitted by PSPCL
(MkWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Energy sales to metered category	45,865	48,866	52,091
2	Energy sales to AP	13,682	14,366	15,085
3	Total sales within the State	59,547	63,232	67,176
4	Distribution losses (%)	12.30%	12.20%	12.10%
5	Distribution losses (MU)	8,352	8,786	9,247
6	Sub-Total	67,899	72,018	76,423
7	Gen/RE power available at 66/11kV	2,044	2,763	2,846
8	Input energy required (excluding Gen/RE power available at 66/11kV)	65,855	69,256	73,578
9	Transmission losses (%)	2.58%	2.60%	2.59%
10	Transmission losses (MU)	1,741	1,847	1,960
11	Total energy required (excluding Gen/RE power available at 66/11kV)	67,596	71,102	75,537
12	Sub-Total	69,640	73,865	78,383
13	Sales to common pool consumers	309	309	309
14	Sales to outside state	54	54	54
15	Add: Royalty to HP from Shannan	52	52	52
16	Add: Share from RSD to HP	69	69	69
17	Total Energy Requirement	70,125	74,350	78,868

The Commission, in Para 4.3.1, has approved the distribution and transmission loss trajectory for the 3rd MYT Control Period as shown in Table 135 and the same has been considered by the Commission to work out the energy requirement for the 3rd MYT Control period. Accordingly, the energy requirement approved by the Commission for the 3rd MYT Control Period is as under:

Table 138: Energy Requirement for 3rd MYT Control Period approved by the Commission
(MkWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Energy Sales within the State (Table 133)	58848	62064	65470
2	Target Distribution Loss (%) (Table 135)	12.30%	12.10%	11.90%
3	Target Distribution Loss (MkWh)	8253	8544	8843
4	Input Energy Required	67101	70608	74313
5	NRSE available at 66/11 KV	2044	2763	2846
6	Input Energy Required (excluding NRSE available at 66/11 KV)	65057	67845	71467
7	Target Transmission Loss (%) (Table 135)	2.42%	2.40%	2.38%
8	Target Transmission Loss (MkWh)	1613	1668	1742
9	Total Energy Input Required (excluding NRSE available at 66/11 KV)	66670	69513	73209
10	Total Energy Input Required	68714	72276	76055

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
11	Sales to Common pool consumers	309	309	309
12	Outside State sale	54	54	54
13	Total Requirement	69077	72639	76418

Accordingly, the Commission approves the energy requirement of 69077 M kWh, 72639 M kWh and 76418 M kWh for FY 2023-24, FY 2024-25 and FY 2025-26 respectively for the 3rd MYT Control Period.

4.4 PSPCL's Net Thermal Generation

PSPCL's Submissions:

PSPCL submitted that it has projected energy to be scheduled from its Own Thermal Generating Stations which has been computed based on the Merit Order principle. The Net Thermal Generation for the 3rd MYT Control Period projected by PSPCL is as follows:

Table 139: Thermal Generation (Net) submitted by PSPCL for 3rd MYT Control Period (M kWh)

Sr. No.	Station	Installed Capacity (MW)	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V	
1.	GGSSSTP	840	2074.44	2065.05	2414.65
2.	GHTP	920	2277.51	2395.19	2949.96
3.	Total	1760	4351.95	4460.24	5364.61

Commission's Analysis:

The Commission accepts the net thermal generation projections (rounded off) from PSPCL's own plants (GGSSSTP & GHTP) as **4352 M kWh**, **4460 M kWh** and **5365 M kWh** for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

4.5 PSPCL's Hydel Generation

PSPCL's Submissions:

PSPCL has considered the actual generation of projects in the previous years for projecting the generation from its Hydro generating Stations. PSPCL has also considered and factored in Royalty to HP from Shanan and share from RSD to HP. Generation from Shahpur Kandi Project has also been considered from FY 2025-26 onwards. Total Hydel capacity and Generation has been projected as under:

Table 140: Hydro Generation submitted by PSPCL for 3rd MYT Control Period
(MkWh)

Sr. No.	Plant	Installed Capacity in MW	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V	VI
1	Shanan HEP	110.00	490	490	490
2	UBDC Stage 1	45.00	147	153	148
3	UBDC Stage 2	46.35	228	230	215
4	MHP Stage-I	207.00	1,080	1,080	1,080
5	MHP Stage-II	18.00	78	78	78
6	Anandpur Sahib Hydel Project	134.00	525	543	531
7	Ranjit Sagar Project	452.40*	1,509	1,509	1,509
8	Micro Hydel Projects	5.60	4	4	4
9	Shahapur Kandi Project		-	-	654
10	Total Gross Generation	1,018.35	4,061	4,087	4,709
11	Less: Auxiliary Consumption		27.90	27.98	31.10
12	Net Hydel Generation		4,033	4,059	4,678
13	Availability from BBMB including Common Pool		4,009	4,009	4,009
14	Total Hydel Availability		8,043	8,069	8,687
15	Less: Royalty to HP from Shannan		52	52	52
16	Less: Share from RSD to HP		69	69	69
17	Net Own Hydro Power		7,921	7,947	8,566

*PSPCL has submitted that in case of RSD, total installed capacity is 600 MW. However, since the share of Punjab is 452.4MW, hence the same has been considered.

The total existing installed capacity of PSPCL including both thermal and hydro as submitted by PSPCL is 2,778.35 MW (1,760.00 MW-thermal (Table 139) +1,018.35 MW-hydro (Table 140))

Commission's Analysis:

The Commission accepts the station-wise gross hydel generation submitted by PSPCL (after rounding off). Accordingly, hydel generation approved by the Commission for the 3rd MYT Control Period is as follows:

Table 141: PSPCL's Hydel generation approved by the Commission for the 3rd MYT Control Period
(MkWh)

Sr. No.	Station		FY 2023-24	FY 2024-25	FY 2025-26
I	II		III	IV	V
1	Shanan		490	490	490
2	UBDC	Stage I	147	153	148
3		Stage II	228	230	215
4	MHP	Stage I	1,080	1,080	1,080
5		Stage II	78	78	78
6	ASHP		525	543	531
7	RSD		1,509	1,509	1,509
8	Micro Hydel		4	4	4
9	Shahpur Kandi		-	-	654

Sr. No.	Station	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
10	Total own generation (Gross)	4,061	4,087	4,709
11	Less: Auxiliary consumption and Transformation Loss*	33	34	40
12	Less: HP share in RSD	69	69	69
13	Less HP Royalty in Shanan	52	52	52
14	Total own generation (Net)	3907	3932	4548
15	PSPCL share from BBMB			
(a)	PSPCL share excluding common pool share (Net)	3700	3700	3700
(b)	Add Common pool share	309	309	309
16	Net share from BBMB	4009	4009	4009
17	Total hydro availability (Net) (Own + BBMB)	7916	7941	8557

*Transformation loss @0.5%, Auxiliary consumption @0.5% for RSD and UBDC stage-I and Shahpur Kandi (having static exciters) and @0.2% for others.

The Commission, thus, approves PSPCL's own net hydel generation as 7916 MWh, 7941 MWh and 8557 MWh for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

4.6 Energy Balance/Purchase (Net) required

PSPCL's Submission:

The energy balance for the 3rd MYT Control Period submitted by PSPCL is as follows:

Table 142: Energy balance submitted by PSPCL for 3rd MYT Control Period (MWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Total Energy Requirement (Table 137)	70,125	74,350	78,868
	Energy Availability			
2	Own Generation – Thermal (Table 139)	4,352	4,460	5,365
3	Own Generation - Hydro (Table 140)	4,033	4,059	4,678
4	BBMB Share (including Common Pool) (Table 140)	4,009	4,009	4,009
5	Total PSPCL's own generation	12,394	12,528	14,052
6	Total Energy Availability	70,125	74,350	78,868
7	Net Power Purchase (6-5)	57,730*	61,821*	64,816

*Minor variations in PSPCL's submission due to rounding off

Commission's Analysis:

As pointed out in Para 4.3.2 the Commission has not considered Royalty to HP from Shanan and HP share in RSD in PSPCL's hydel generation. Hence, the same has not been considered as part of energy requirement for the 3rd MYT Control Period. Accordingly, the energy balance for the 3rd MYT Control Period approved by the Commission is as follows:

Table 143: Energy balance approved by the Commission for 3rd MYT Control Period (MkWh)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Energy requirement (Table 138)	69077	72639	76418
2	i) PSPCL's Thermal Gen (Para 4.4)	4352	4460	5365
	ii) PSPCL's Hydel Gen (Table 141)	7916	7941	8557
	iii) Total	12268	12401	13922
3	Purchase (net) {1-2 (iii)}	56809	60238	62496

Thus, the Commission approves the purchase (net) requirement of PSPCL as 56809 MkWh, 60238 MkWh and 62496 MkWh for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

4.7 Norms of Operation for Own Thermal Generating Stations

PSPCL's submission:

PSPCL has submitted that the norms of Operation for Thermal Generating Stations specified in terms of Plant Availability Factor, Plant Load Factor, Station Heat Rate, Auxiliary Consumption, Secondary Fuel Oil Consumption and Transit Loss. Regulation 34 of PSERC MYT Regulations, 2022 specifies as under:

“34. NORMS FOR PERFORMANCE PARAMETERS

The norms for performance parameters for a generating company i.e. availability, load factor, station heat rate, specific oil consumption, auxiliary consumption etc. shall be as per the CERC norms or as determined by the Commission:

Provided that in the case of a generating unit which undergoes Renovation and Modernization, the Commission may specify a separate set of norms to be adopted during the renovation and modernization period and for the subsequent period. These norms shall be specified by the Commission on case to case basis as part of the Renovation and Modernization Capital Investment approval. Consequently, the generation tariff shall be determined accordingly by the Commission.” (emphasis added)

PSPCL has submitted that as per the above said Regulations, performance parameters for the Generating stations of PSPCL shall be determined as per CERC norms. Further, it is noted that CERC notified (Terms and Conditions of Tariff) Regulations, 2019 on March 7, 2019, which are applicable from April 1, 2019.

PSPCL has further submitted that most of SERCs have specified performance parameters for

State Generating Stations separately after analysing their past performance. The PSERC MYT Regulations, 2022 does not specify the performance parameters for PSPCL's Own Thermal Generating Stations separately and has linked them to CERC norms. Moreover, technical specification, aging, loading, etc. for PSPCL's Own Thermal Generating Stations are different from Generating Stations covered under CERC Tariff Regulations, 2019. Hence, it is important to consider the actual performance of GGSSTP and GHTP while deciding the norms for the next Control Period.

PSPCL has submitted that the actual Station Heat Rate, Auxiliary Consumption and Secondary Fuel Oil Consumption of GGSSTP and GHTP are higher than CERC's normative parameters.

With regards to Plant Load Factor, PSPCL submitted that CERC Tariff Regulations, 2019 specifies the Target Plant Load factor for availing incentive as 85%. PSPCL has considered the same Target Plant load factor for the next Control Period. Further, in the past PSPCL has not been able to achieve PLF more than 50% because of lower scheduling of its own thermal Stations. Hence, it would not be possible for PSPCL to avail the incentive due to such a high target.

With regard to the Station Heat Rate, Auxiliary Consumption and Secondary Fuel Oil Consumption, PSPCL has submitted that the normative Station Heat Rate approved as per CERC norms is 2430 kCal/kWh for 200/210/250 MW sets. It is noted that CERC, while specifying the norms in its Tariff Regulations, 2019, has considered the actual performance of Thermal Generating Stations. CERC provided relaxation to certain stations in their norms of operation after considering actual their performance, aging of the station, their operating conditions, etc.

Further, the overall philosophy of Multi Year Tariff Framework envisages that achievable norms shall be specified by SERCs so as to encourage the Utilities to improve their performance. The gains on account of achievement of performance standards is passed on to the consumers. The actual performance of PSPCL's own Thermal Generating Stations is available for the past years and the same may be considered while specifying the norms of operation.

Further, Note 3 to Regulation 49 (C)(a)(i) of CERC Tariff Regulations, 2019 specifies that:

"The normative gross station heat rate above is exclusive of the compensation specified in Regulation 6.3 B of the Grid Code. The generating company shall, based on unit loading factor, consider the compensation in addition to the normative gross heat rate above"

From the above, it is clear that, compensation is allowable over and above the normative Station Heat Rate specified in CERCs Tariff Regulations, 2019, as specified in Regulation 6.3 B of Grid Code i.e., compensation on account of partial load operation. As per PSERC MYT

Regulations, 2022, norms specified in CERC Tariff Regulations, 2019 are applicable. Hence, such compensation as specified in above proviso shall also be applicable to PSPCL's own thermal Generating stations.

PSPCL submitted that in view of the above, norms of operation specified in CERC Tariff Regulations, 2019 should be made applicable in totality i.e., considering all relaxation provided in specific provisions.

PSPCL submitted that for projecting Station Heat Rate, PSPCL has considered 6% increase in normative SHR on account of Plant Load Factor lower than 55%. Similarly, Auxiliary Consumption and Secondary Fuel Oil Consumption have been considered based on actual parameters

Further, with regard to Transit loss, PSPCL submitted that from the past trends, it is observed that the coal transit losses are inconsistent for both plants. PSPCL submitted that the coal transit losses are not within its control and are attributable to various reasons such as calibration of measuring instruments, change in moisture content during transportation, pilferages during transportation, etc.

The performance parameters submitted by PSPCL for the 3rd MYT Control Period are as under:

Table 144: Performance Parameters submitted by PSPCL for 3rd MYT Control Period

Sr. No.	Particulars	GGSSTP			GHTP		
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV		V	VI	
1	Plant Availability	93.1%	93.1%	93.1%	76.45%	93.90%	94.20%
2	Auxiliary Consumption	9.00%	9.00%	9.00%	8.50%	8.50%	8.50%
3	Station Heat Rate (kCal/kWh)	2,666	2,666	2,666	2,500	2,500	2,500
4	Secondary Fuel Oil Consumption (ml/kWh)	2.00	2.00	2.00	1.00	1.00	1.00
5	Transit Loss	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%

Commission's Analysis:

The Commission observes that submissions made by PSPCL seeking relaxed norms for performance parameters i.e. auxiliary consumption, SHR, secondary fuel oil consumption and transit loss are the same as submitted in the Chapter of True up. These have already been discussed in detail in para 2.8 of this Tariff Order. Further, CERC finalizes the norms after considering the data of various plants of different capacities and vintages. After analyzing the same it specifies different norms for units of different capacities and vintages.

Regulation 34 of the PSERC MYT Regulations, 2022 specifies that the norms for performance parameters shall be in accordance with CERC norms. **Thus, the Commission decides to consider the normative performance parameters i.e., auxiliary consumption, SHR,**

secondary fuel oil consumption and transit loss as specified in CERC Tariff Regulations, 2019 for 3rd MYT Control Period as follows:

Table 145: Performance Parameters considered by the Commission for 3rd MYT Control Period

Sr. No.	Parameters		GGSTP	GHTP	
I	II		III	IV	
1.	Auxiliary Consumption	%	8.50	8.50	
2.	Station Heat Rate	kCal/ kWh	2430	Unit: I-III	2430
				Unit: IV	2387
3.	Oil Consumption	ml/kWh	0.50	0.50	
4.	Transit Loss	%	0.80	0.80	

4.8 Fuel Cost

PSPCL's Submissions:

PSPCL submitted that as per PSERC MYT Regulations 2022, Calorific value of Primary fuel shall be the weighted average gross calorific value of coal as received, in kcal/kg for coal-based stations less 85 kcal/kg on account of variation during storage at the generating station. Accordingly, PSPCL has reduced 85 kCal/kg from GCV of received coal for both the generating stations. Considering the upward rise in price of coal, PSPCL has considered a 5% escalation in price of Coal.

PSPCL submitted that any change in fuel cost from the level approved by the Commission shall be determined in accordance with the fuel cost adjustment (FCA) formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations.

The Gross Calorific Value and Price of Fuel considered by PSPCL for the 3rd MYT Control Period is shown in the following Table:

Table 146: Calorific Value and Price of Fuel submitted by PSPCL for the 3rd Control Period

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
A.	GGSTP			
1	GCV of Coal (kCal/kg)	3950	3950	3950
2	Price of Coal (Rs./MT)	5796	6086	6390
3	GCV of Oil (kCal/kL)	9900	9900	9900
4	Price of Oil (Rs./kL)	52691	55325	58092
B.	GHTP			
1	GCV of Coal (kCal/kg)	4000	4000	4000
2	Price of Coal (Rs./MT)	6237	6861	7547
3	GCV of Oil (kCal/kL)	9500	9500	9500
4	Price of Oil (Rs./kL)	71632	78795	86675

In view of the above, Fuel Cost submitted by PSPCL for the 3rd MYT Control Period is shown in the following Table:

Table 147: Fuel Cost submitted by PSPCL for the 3rd Control Period

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
A	GGSSSTP			
1	Fuel Cost (Rs. Crore)	909	950	1,167
2	Cost of Generation (Rs./kWh)	4.38	4.60	4.83
B	GHTP			
1	Fuel Cost (Rs. Crore)	1,005	1,163	1,576
2	Cost of Generation (Rs./kWh)	4.41	4.86	5.34

Commission's Analysis:

As discussed in para 3.8, for working out the cost of coal for FY 2022-23 H2, the Commission has considered an increase of 5.00% over the respective costs for FY 2021-22 for GGSSTP and GHTP as the cost of FY 2022-23 H1 is also actual and inclusive of price of imported coal. No such anticipation of imported coal use has been indicated by PSPCL for FY 2022-23 H2. Further, to work out the price of oil for FY 2022-23 H2, the Commission has considered the same price of oil as that of FY 2022-23 H1.

The Commission notes that in exercise of the powers conferred by Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government has amended the Electricity Rules, 2005 namely Electricity (Amendment) Rules, 2022, vide notification dated 29th December, 2022 wherein automatic pass through of fuel and power purchase adjustment cost to the consumer on a monthly basis has been mandated. The Commission has accordingly initiated the process for amending the existing Regulation 55 and Appendix 7 of the PSERC Conduct of Business Regulations 2005. The Commission notes that with the implementation of the Electricity (Amendment) Rules, 2022, the increase on fuel and power purchase cost shall automatically be passed through on a monthly basis thus, accommodating the trend in the price of fuel and power purchase rates in the tariff structure. Accordingly, for the 3rd MYT Control Period, the Commission has considered the average price and GCV of oil and coal of FY 2022-23 for projecting the fuel cost of GGSSTP and GHTP. However, with regards to calorific value and price of oil, the Commission observed that there is a variation in price and CV of oil projected by GGSSTP and GHTP for the 3rd MYT Control Period. Since, both GGSSTP and GHTP are procuring the oil from same source, there should not be any variation in the same. As such, PSPCL should make efforts to keep the variation in price and CV of oil to the minimum possible extent.

The Cost Parameters considered by the Commission for working out the fuel cost are as follows:

Table 148: Cost Parameters considered by the Commission for the 3rd MYT Control Period

Sr. No.	Parameters		GGSTP			GHTP		
			FY 2023-24	FY 2024-25	FY 2025-26	FY 2023-24	FY 2024-25	FY 2025-26
I	II		III	IV		V	VI	
1	GCV of coal*	kCal/kg	4007.00	4007.00	4007.00	3928.00	3928.00	3928.00
2	CV of Oil	kCal/lt	9900.00	9900.00	9900.00	9500.00	9500.00	9500.00
3	Price of Oil	Rs./ KL	67212.62	67212.62	67212.62	64118.90	64118.90	64118.90
4	Price of coal	Rs./MT	5856.51	5856.51	5856.51	6144.25	6144.25	6144.25

*Weighted Average Gross calorific value of coal as received less 85 Kcal/Kg on account of variation during storage at generating station as per Regulation 40 and 43(2)(a) of the CERC Tariff Regulations, 2019

Based on the above parameters, the fuel cost for the 3rd MYT Control Period have been worked out as follows:

Table 149: Fuel Cost for GGSSTP approved by the Commission for 3rd MYT Control Period

Sr. No.	Particulars	Derivation	Unit	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V	VI	VII
1	Gross Generation	A	MU	2267.15	2256.89	2638.96
2	Auxiliary Consumption	B	%	8.50%	8.50%	8.50%
3	Net Generation	C	MU	2074.44	2065.05	2414.65
4	Station Heat Rate	D	kcal/kWh	2430.00	2430.00	2430.00
5	Specific oil consumption	E	ml/kWh	0.50	0.50	0.50
6	Calorific value of oil	F	kcal/litre	9900.00	9900.00	9900.00
7	Calorific value of coal	G	kcal/kg	4007.00	4007.00	4007.00
8	Overall heat	H= (A x D)	Gcal	5509174.50	5484242.70	6412672.80
9	Heat from oil	I = (A x E x F) / 1000	Gcal	11222.39	11171.61	13062.85
10	Heat from coal	J = (H-I)	Gcal	5497952.11	5473071.09	6399609.95
11	Oil consumption	K=(Ix1000)/F	KL	1,133.57	1,128.45	1,319.48
12	Transit loss of coal	L	%	0.80%	0.80%	0.80%
13	Total coal consumption excluding transit loss	M=(J*1000)/G	MT	1372086.88	1365877.49	1597107.55
14	Quantity of coal priced on F.O.R. basis	N	MT	0.00	0.00	0.00
15	Quantity of coal other than coal priced on F.O.R. basis	O=M-N	MT	1372086.88	1365877.49	1597107.55
16	Quantity of coal other coal priced on F.O.R. basis, including transit loss	P=O/(1-L/100)	MT	1383152.10	1376892.63	1609987.45
17	Total quantity of coal required	Q=N+P	MT	1383152.10	1376892.63	1609987.45
18	Price of oil	R	Rs./KL	67212.62	67212.62	67212.62
19	Price of coal	S	Rs./MT	5856.51	5856.51	5856.51
20	Total Cost of oil	T=R x K / 10 ⁷	Rs.Crore	7.62	7.59	8.87
21	Total Cost of coal	U=Q x S/10 ⁷	Rs.Crore	810.05	806.38	942.89
22	Total Fuel cost	V=T+U	Rs. Crore	817.66	813.96	951.76
23	Per unit Cost (gross)	W=V*10/A	Rs./kWh	3.61	3.61	3.61
24	Per unit Cost (Net)	X=V*10/C	Rs./kWh	3.94	3.94	3.94

Table 150: Fuel Cost for GHTP approved by the Commission for 3rd MYT Control Period

Sr No	Particulars	Derivation	Unit	FY 2023-24		FY 2024-25		FY 2025-26	
				GHTP (Unit I, Unit II & Unit III)	GHTP (Unit IV)	GHTP (Unit I, Unit II & Unit III)	GHTP (Unit IV)	GHTP (Unit I, Unit II & Unit III)	GHTP (Unit IV)
I	II	III	IV	V	VI	VII	VIII	IX	X
1	Gross Generation	A	MU	1495.47	993.61	1572.74	1044.95	1937.01	1286.98
2	Auxiliary Consumption	B	%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
3	Net Generation	C	MU	1368.35	909.16	1439.06	956.13	1772.37	1177.59
4	Station Heat Rate	D	kcal/kWh	2430.00	2387.00	2430.00	2387.00	2430.00	2387.00
5	Specific oil consumption	E	ml/kWh	0.50	0.50	0.50	0.50	0.50	0.50
6	Calorific value of oil	F	kcal/litre	9500.00	9500.00	9500.00	9500.00	9500.00	9500.00
7	Calorific value of coal	G	kcal/kg	3928.00	3928.00	3928.00	3928.00	3928.00	3928.00
8	Overall heat	H= (A x D)	Gcal	3633992.10	2371747.07	3821758.20	2494295.65	4706934.30	3072021.26
9	Heat from oil	I = (A x E x F) / 1000	Gcal	7103.48	4719.65	7470.52	4963.51	9200.80	6113.16
10	Heat from coal	J = (H-I)	Gcal	3626888.62	2367027.42	3814287.68	2489332.14	4697733.50	3065908.10
11	Oil consumption	K=(I x 100)/F	KL	747.73	496.81	786.37	522.47	968.51	643.49
12	Transit loss of coal	L	%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
13	Total coal consumption excluding transit loss	M=(J*100)/G	MT	923342.32	602603.72	971050.84	633740.36	1195960.67	780526.50
14	Quantity of coal priced on F.O.R. basis	N	MT	0.00	0.00	0.00	0.00	0.00	0.00
15	Quantity of coal other than coal priced on F.O.R. basis	O=M-N	MT	923342.32	602603.72	971050.84	633740.36	1195960.67	780526.50
16	Quantity of coal other coal priced on F.O.R. basis, including transit loss	P=O/(1-L/100)	MT	930788.63	607463.43	978881.90	638851.17	1205605.51	786821.07
17	Total quantity of coal required	Q=N+P	MT	930788.63	607463.43	978881.90	638851.17	1205605.51	786821.07
18	Price of oil	R	Rs./KL	64118.90	64118.90	64118.90	64118.90	64118.90	64118.90
19	Price of coal	S	Rs./MT	6144.25	6144.25	6144.25	6144.25	6144.25	6144.25
20	Total Cost of oil	T=R x K / 10 ⁷	Rs. crores	4.79	3.19	5.04	3.35	6.21	4.13
21	Total Cost of coal	U=Q x S/10 ⁷	Rs. crores	571.90	373.24	601.45	392.53	740.75	483.44
22	Total Fuel cost	V=T+U	Rs. crore	576.69	376.43	606.49	395.88	746.96	487.57
23	Per unit Cost (gross)	W=V*10 / A	Rs./kWh	3.86	3.79	3.86	3.79	3.86	3.79
24	Per unit Cost (Net)	X=V*10/ C	Rs./kWh	4.21	4.14	4.22	4.14	4.21	4.14

The Commission, therefore, approves the fuel cost (rounded off) of Rs. 1771 Crore, Rs. 1816 Crore and Rs. 2186 Crore for PSPCL's own net thermal generation of 4352 MWh, 4460 MWh and 5365 MWh for GGSSTP and GHTP for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

4.9 Power Purchase Cost

PSPCL's Submissions:

PSPCL has submitted as under:

- i) Power is procured from long term tied up generating plants approved by the Commission. Major allocation to Punjab is from Central Generating Plants like NTPC, NHPC, NPCIL and UMPP, Shared Power Projects like own-thermal generating stations, BBMB and SJVNL and Independent Power Producers, like Adani Power, Lanco, GMR and others.
- ii) Availability of long term tied up generating plants is projected as per their actual annual PLF of the last three years. Energy requirement at the state's periphery is projected as per the proposed distribution loss trajectory and Intra-state transmission losses trajectory as defined in various Tariff Orders.
- iii) Merit Order Dispatch is applied for projecting energy availability from long term tied-up generating plants for each year of the MYT Control Period. Surrendering of power from thermal/gas generating stations is assumed to be limited at backing down capacity. Surplus power is assumed to be banked with other states and consumed in the next financial year.
- iv) For FY 2023-24, the AFC for existing central sector plants has been taken from the CERC orders issued for the 2019-24 period. However for the plants whose 2019-24 tariff order is yet to come, AFC has been considered the same as that of FY 2022-23. Further, AFC for FY 2024-25 and FY 2025-26 has been considered the same as that for FY 2023-24.
- v) Fixed charges (FC) for Central sector plants depend upon AFC, percentage share and plant availability factor. For thermal generating stations, fixed charges for FY 2023-24 to FY 2025-26 have been calculated considering the normative plant availability factor, cumulative percentage share the same as that of FY 2022-23(H1). Fixed charges for FY 2023-24 to FY 2025-26 towards Koldam HEP of M/s NTPC has also been considered as the same as that of FY 2022-23 (H1+H2).
- vi) For hydro generating stations of the Central sector, AFC for FY 2023-24 has been taken from the latest CERC orders issued for the 2019-24 period. However for the hydro plants whose 2019-24 tariff order is yet to come, AFC has been considered the same as that of FY 2022-23. Further, variable rate and fixed cost are projected

based on the latest data if available. Fixed Cost for FY 2023-24 to FY 2025-26 has been calculated by assuming Plant Availability Factor (PAF) and percentage share to be the same as that of FY 2022-23. Further, for FY 2024-25 and FY 2025-26 projections have been made on the basis of FY 2023-24.

- vii) The variable rate/charges of Central sector plants, Pragati TPS for FY 2023-24 to FY 2025-26 has been considered with escalation of 5% every year from the Sept'22 rate of FY 2022-23. However, the variable rate for NPCIL and SASAN UMPP has been considered the same as that of FY 2022-23 (Sept'22 rates).
- viii) The variable rate/charges of NPL for FY 2023-24 to FY 2025-26 has been considered with escalation of 5% every year from the variable rate of Sept'22 of FY 2022-23. The Fixed cost of NPL for FY 2023-24 have been calculated by considering non escalable capacity charges (with mega status benefit). The case regarding Mega status is pending before the Hon'ble Supreme Court of India. If the case is decided against PSPCL, then deducted non-escalable capacity charges have to be reimbursed to NPL as quoted by NPL in the PPA dtd. 18.01.2010. Escalable capacity rate for FY 23-24 has been calculated by scaling capacity charge rate for the month of Sept 22 by Rs 0.005 per unit. Escalable capacity rate for FY 24-25, FY 25-26 has been calculated by similarly scaling capacity charge rate for the previous year Rs 0.005 per unit. The fixed charges for FY 23-24 to FY 25-26 has been calculated by considering normative availability of 85%.
- ix) Under 'others' charges, water usage charges for NHPC stations have been assumed for FY 2023-24, to FY 2025-26. The per unit rate of water usage charges for Salal, Uri, Dulhasti, Sewa-II & Uri-II plants have been assumed to be the same as that of H1 of FY 2022-23.
- x) In case of Subansiri HEP, NHPC has intimated the Levelized tariff of the project to be Rs. 5.38 per unit. Accordingly, projection for FY 2023-24 to FY 2025-26 has been made on the basis of the Levelized tariff of the project.
- xi) In case of parbati-II, projections for FY 2023-24 to FY 2025-26 have been made by considering the variable rate to be the same as Parbati-III. Further, fixed cost has also been considered to be the same and taken into account proportionately.
- xii) In case of Vishugarh Pipalkoti HEP, THDC has intimated the levelized tariff of the project to be Rs. 4.52 per unit. Accordingly, projections for FY 2024-25 & FY 2025-26 have been made on the basis of the levelized tariff of the project.
- xiii) Fixed charges for SASAN UMPP, have been assumed to be the same as that of FY 2022-23.

- xiv) For Malana-II Hydro plant, AFC for FY 2023-24 to FY 2025-26 has been taken as that of FY 2022-23 as per Order dated 9.3.2021 in Petition 16 of 2020 i.e. Rs 133.05 Crore and Fixed Charges have been calculated based on Plant Availability Factors of FY 2022-23.
- xv) Due to issuance of Termination Notice dated 12.08.2021 to Anta, Auriya, & Dadri stations of NTPC in view of the Commission's Order dated 05.08.2021 in Petition no. 28 of 2021, power purchase cost from these stations has been considered as NIL for FY 2023-24 to FY 2025-26.
- xvi) The energy from GVK plant is taken considering interim stay on termination notice by the Commission. The AFC for FY 2023-24 to FY 2025-26 has been considered as per the Commission's latest available orders i.e. Rs 595.56 Crore for FY 2022-23.
- xvii) AFC for Karcham HEP for FY 2023-24 has been considered Rs. 979.1573 crores as per CERC order dated 17.03.22 in petition no. 391/GT/2019 for determination of Tariff for 2019-24. AFC for FY 24-25 & 25-26 has not been determined and is considered to be the same as FY 2023-24. Fixed and Variables charges for Karcham for FY 23-24 have been determined as per the latest data available. The availability has been considered as 100% for KWHEP. For FY 24-25 and FY 25-26 Fixed and Variable charges have been assumed to be the same as that of FY 23-24. 'Other charges' for FY 23-24 comprise of PTC trading Margin @ 5 paisa per kWh and SOC/MOC charges. 'Other charges' for FY 24-25 FY 25-26 have been assumed to be the same as that of FY 23-24.
- xviii) The variable rate/charges of TSPL for FY 2023-24 to FY 2025-26 has been considered with escalation of 5% every year from the variable rate of Sept' 22 of FY 2022-23. Fixed charges for TSPL have been assumed to be the same as that of FY 2022-23. The fixed charges for FY 23-24 to FY 25-26 has been calculated by considering normative availability of 80%. Further, the effect of Supreme Court order towards Mega Power Status in case of TSPL, vide which there would be an increase of 13 paise/unit towards fixed cost respectively has not been considered and may be taken into consideration after the final outcome in the Supreme Court.
- xix) The Tariff of Tala Hydro plant for the period FY 2023-24 to FY 2025-26 has been taken as Rs 2.27 per kwh based on PTC-PSA with NR States implemented w.e.f 1st Dec-2021. The variable rate of Malana-II hydro plant has been taken as Rs 1.94 per kwh based on AFC of Rs 133.05 Cr as per the Commission's orders dated 9.3.2021 in Petition 16 of 2020.
- xx) The other charges in respect of Malana-II comprises of PTC trading Margin @1 paisa per kWh. Other charges in respect of Sasan UMPP comprises various

supplementary bills raised by Sasan on account of CIL (Change in Law) events allowed by the CERC and these are assumed to be the same as that of FY 2022-23.

- xxi) The PGCIL, UPPTCL charges & Intrastate Transmission Charges (PSTCL) for 2023-24 to 2025-26 have been escalated by 5% every year from the FY 2022-23.
- xxii) Energy rates of NRSE power (Solar, Wind and Mini Hydel), Bundle power through NVVNL and SECI for FY 2023-24 to FY 2025-26 have been assumed to be the same as the rate for FY 2022-23. And for other NRSE power projects (Baggase/Biomass, IPP and Co-gen Projects) energy rate for FY 2023-24 to FY 2025-26 has been assumed with 5% escalation of variable charges for the corresponding previous year.
- xxiii) Energy rate of NHPC 300MW Solar PSA has been considered as full tariff rate of Rs.2.63/unit (including NHPC margin) for FY 2023-24 to FY 2025-26.
- xxiv) Energy rate for FY 2023-24, FY 2024-25 and FY 2025-26 of Upcoming Non-Solar projects within Punjab has been taken as Rs.4.671667/Unit, Rs.4.732917/Unit and Rs.4.797229/Unit respectively i.e average rate of M/s Dallarwala Non-Conventional Power Generation Pvt. Ltd. (Rs.4.30/Unit- assumed), M/s Paradise Power Generation Private Limited. (Rs.3.70/Unit) and M/s Sukhbir Agro Energy Limited (Rs.5.84/Unit for FY 2022-23 + 5% escalation each year on variable charges).
- xxv) Energy rate for FY 2023-24 to FY 2025-26 of the Upcoming solar NRSE Capacity Within Punjab (KUSUM Component A & C) has been assumed to be Rs.2.748/Unit based on the tariff determined by the Commission for KUSUM Component A.
- xxvi) Energy rate for FY 2024-25 and FY 2025-26 of Upcoming Solar Tender for Projects in Punjab has been assumed to be Rs.2.55/Unit based on the upper ceiling fixed in the tender floated by PSPCL.
- xxvii) Energy rate for FY 2024-25 and FY 2025-26 of the Upcoming CPSU Scheme has been assumed to be Rs.2.45/Unit.
- xxviii) The Transmission and SLDC (PSTCL) Charges for 2023-24 to 2025-26 have been escalated by 5% every year from the base of FY 2022-23 (H1+H2).
- xxix) REC certificate procurement for FY 2023-24 to 2025-26 has been considered as NIL as intimated by the O/O of SE/IPC vide email dated 07/11/2022.
- xxx) Banking: - Cost of banking for FY 2023-24 has been assumed to be the same as that for FY 2022-23 H1 i.e. 418.17 Ps/unit.
- xxxi) The surplus energy has been surrendered. Surrendering has been done as per the merit order of power purchase from existing thermal and gas plants. Merit order is based upon the variable rates assumed for each year.

- xxxii) Petition no. 41 of 2018 regarding scheduling of power from UPCL has been disposed off by the Commission without approval of PPA and UPCL has filed an Appeal in Hon'ble Appellate Tribunal i.e. Appeal no. 167 of 2020 against the Commission's order dated 07.08.2020 in Petition no. 41/2018 which is pending before the Appellate Tribunal. The power from UPCL has not been projected for the control period for FY 2023-24 and FY 2025-26.
- xxxiii) The energy data from April-22 to September-22 has been taken as the actual on provisional basis, whereas data from October-22 to March-23 and for the 3rd Control period has been estimated while considering the merit order principal assuming that minimum one unit of GGSSTP (with variable cost of 619 pc/unit as per Sep 22 MOD) and one unit of GHTP (with variable cost of 532 pc/unit as per Sep 22 MOD) will be on bar subject to maximum availability throughout the period.
- xxxiv) New projects outside the state considered are Subhansiri Hydro plant, Parbati-II Hydro plant and Solar projects i.e. NHPC Solar, Renew Dinkar Jyoti Pvt. Ltd. & Adani AP Three Pvt. Ltd. during FY 23-24. Vishnugad Pipalkoti Hydro plant and CPSU Scheme Solar project during FY 24-25. Shahpur Kandi Hydro plant during FY 25-26.
- xxxv) The energy from CGPL Mundra plant is taken as nil during the said period due to violation in unit rate as per PPA.

Commission's Analysis:

A. Inter State Losses:

PSPCL in the Petition has projected provisional inter-State loss at 3.40% for FY 2023-24, FY 2024-25 and FY 2025-26, which the Commission accepts, subject to true up of the same.

B. Fixed Charges

With regard to Inter State Transmission Charges (PGCIL charges) the Commission notes that PSPCL has considered an annual increase of 5% over the projected PGCIL charges of Rs. 1936.18 Crore in the APR of FY 2022-23 for projecting the Inter State Transmission Charges for the 3rd MYT Control Period. However, the Commission is of the opinion that with the implementation of the Electricity (Amendment) Rules, 2022, the variation in fuel and power purchase costs including transmission charges shall automatically pass through on a monthly basis subject to true-up as such the said increase asked is unwarranted. Accordingly, the Commission decides to consider the PGCIL charges of Rs. 1705.27 Crore as part of fixed charges for the 3rd MYT Control Period subject to true-up of the respective years. For remaining power purchase, the Commission provisionally accepts the fixed charges submitted by PSPCL for each year of the 3rd MYT Control Period.

C. Variable Charges

As pointed in Para 4.8 above, the Commission is of the opinion that with the implementation of the Electricity (Amendment) Rules, 2022, the variation in fuel and power purchase costs shall automatically pass through on a monthly basis thus taking care of the trajectory in power purchase cost which has to be passed through to the consumers either in the form of FCA or as a revenue gap along with its carrying cost at the time of true-up. Thus, the Commission decides to consider the per unit variable cost of APR for FY 2022-23 to work out the projections for power purchase cost of FY 2023-24, FY 2024-25 and FY 2025-26.

Accordingly, the total cost of power purchase for the 3rd MYT Control Period is worked out as follows:

Table 151: Power Purchase cost approved by the Commission for the 3rd MYT Control Period

Sr. No.	Description	Units	FY 2023-24	FY 2024-25	FY 2025-26
I	II		III	IV	VI
1	Power Purchase (Net) (Table 143)	MkWh	56809	60238	62496
2	External Losses		963	1046	1169
3	Power Purchase (Gross)		57772	61284	63665
	Cost of Power Purchase				
4	a) Variable Cost	Rs. Crore	19485	20662	21436
	b) Fixed Cost excluding RECs		7754	7569	7095
	c) Other Charges		207	207	207
	Total		27446	28438	28738
5	Add Cost of Purchase of RECs		-	-	-
6	Total Cost of Power Purchase (including RECs)		27446	28438	28738
7	Per Unit Average Power Purchase Cost (Gross)	Rs./kWh	4.75	4.64	4.51
8	Per Unit Average Power Purchase Cost (Net)	Rs./kWh	4.83	4.72	4.60

The Commission reiterates that the quantum and rate of power approved by the Commission is only for the purpose of power purchase and energy balance. The same should not be construed as the Commission's approval for procurement of power on long-term basis. PSPCL needs to carefully plan the best course available to deal with the surplus power i.e. whether it should be surrendered, banked or sold in the market, after assessing its day to day requirement and market conditions. The surrendering of power, if any, should be strictly as per merit order dispatch from all the thermal generating stations, including its own thermal generating station after giving due consideration to compensation payable to CCL for reduced lifting of allotted quantity of coal. While considering merit order dispatch from IPPs within the

State, PSPCL should consider the variable cost with domestic coal, if sufficient quantity of domestic coal is available with the IPPs for the power to be scheduled. The inter-state transmission losses should also be kept in view while considering surrender of power as per merit order dispatch. Efforts should be made for sale of surplus power by PSPCL at the best possible rate. The endeavour of PSPCL should be to reduce the burden of fixed charges on the consumers of the State. PSPCL may go for purchase of short-term power in a judicious and economical manner in case of any exigency or for commercial considerations, after following the procedure as specified in the regulations notified by the Commission and also resort to Demand Side Management Practices to maintain its commercial viability.

Accordingly, the Commission approves the power purchase cost (including RE Power and RECs but excluding Intra-State Transmission and SLDC charges) of Rs. 27446 Crore, Rs. 28438 Crore and Rs. 28738 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively

4.10 RPO Compliance for FY 2023-24, FY 2024-25 and FY 2025-26

The Commission has specified the RPO Targets for FY 2023-24, FY 2024-25 and FY 2025-26 as 27%, 30% and 33% respectively. As per the projections considered by the Commission in this Order, the compliance of RPO by PSPCL in the 3rd MYT Control Period is worked out as under:

Table 152: RPO Compliance approved by the Commission for the 3rd MYT Control Period

Sr. No.	Description	Unit	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V	VI
1	Consumption/Energy Input in PSPCL's system (Table 138, Sr. No.4)	MkWh	67101	70608	74313
2	Target specified for the Year	%	27%	30%	33%
		MkWh	18117	21182	24523
3	Compliance during the year*	MkWh	21270	25316	26116
4	Shortfall/surplus (-) during the year (2-3)		(-) 3153	(-) 4134	(-) 1593
5	Shortfall/surplus(-) upto previous year		3616	-	-
6	Cumulative Shortfall/surplus(-) upto the year (4+5)		463	(-) 4134	(-) 1593

**Including from Solar Rooftop Net-Metering as 550 MkWh, 600 MkWh and 650 MkWh in FY 2023-24, FY 2024-25 and FY 2025-26, respectively.*

The Commission observes that, the Cumulative Shortfall in RPO compliance of PSPCL up to FY 2023-24 comes to 463 MkWh. The same is expected to be met through additional procurement of green power requisitioned by its consumers under the Green Energy OA

Rules, 2022. Failing that, PSPCL shall endeavor to meet its shortfall by increasing the share of RE power in its power procurement portfolio.

4.11 Capital Expenditure and Capitalisation for the 3rd MYT Control Period

The Commission approved the capital investment for the 3rd MYT Control Period in its Order dated 11.01.2023 for PSPCL's Capital Investment Plan. The summary of the same is as follows:

Table 153: Summary of Capital Investment approved by the Commission for the 3rd MYT Control Period (FY 2023-24 to FY 2025-26)

(Rs. Crore)					
Sr. No.	Particulars	Approved by the Commission			
		FY 2023-24	FY 2024-25	FY 2025-26	Total
I	II	III	IV	V	VI
1.	Generation Business	344.14	242.47	104.97	1238.74
	Spill over	<u>139.55</u>	<u>170.86</u>	<u>236.75</u>	
	New scheme	483.69	413.33	341.72	
2.	Distribution Business	350.85	398.92	448.80	4808.59
	Spill over Schemes	<u>1031.40</u>	<u>1195.85</u>	<u>1382.77</u>	
	New scheme	1382.25	1594.77	1831.57	
3.	Total Capital Investment	1865.94	2008.10	2173.29	6047.33

The Commission approves the Capital Investment for the 3rd MYT Control Period as per Table above.

Table 154: Summary of Capitalisation approved by the Commission for the 3rd MYT Control Period

(Rs. Crore)					
Sr. No.	Particulars	Approved by the Commission			
		FY 2023-24	FY 2024-25	FY 2025-26	Total
I	II	III	IV	V	VI
1.	Generation Business	235.41	448.72	73.11	1172.95
	Spill over	<u>131.87</u>	<u>79.70</u>	<u>204.14</u>	
	New scheme	367.28	528.42	277.25	
2.	Distribution Business	350.85	398.92	448.80	4433.61
	Spill over	<u>961.55</u>	<u>1053.57</u>	<u>1219.92</u>	
	New scheme	1312.40	1452.49	1668.72	
3.	Total Capitalization	1679.68	1980.91	1945.97	5606.56

The Commission approves the Capital Expenditure and Capitalisation for the 3rd MYT Control Period as per Table No. 153 and 154 above.

4.12 Capital Works in-Progress and Funding

The Opening Capital Work in Progress is considered from the Closing Capital Work in Progress (CWIP) approved in the APR of FY 2022-23 in this Order. The CWIP for the 3rd MYT Control Period based on the CIP Order for the 3rd MYT Control Period is as follows:

Table 155: Capital Work in Progress approved by the Commission for the 3rd MYT Control Period

(Rs.Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	Opening Capital Work in Progress	875.90	1062.16	1089.35
2.	Add: Capital Expenditure during the Year (Table No.153)	1865.94	2008.10	2173.29
3.	Less: Capitalisation (Table no.154)	1679.68	1980.91	1945.97
4.	Closing Capital Work in Progress	1062.16	1089.35	1316.67

The Commission cannot consider the addition of equity for the 3rd MYT Control Period due to non-availability of free reserves. The infusion of equity (if any) shall be considered during the True Up of respective years as per the Audited Annual Accounts. The Commission allows 100% funding of the CIP through loan. During the 3rd Capital Investment Plan, the Financing Plan was given as per the Capital expenditure approved by the Commission. Since, the funding of assets is to be approved for PSPCL only after the assets are put to use, the Commission has considered funding the new schemes as per Capitalization and in order to avoid funding of the Spillover schemes twice, the Commission has decided funding of the Spillover Schemes as per capital expenditure for FY 2023-24 to FY 2025-26. The Commission shall retain separate methodologies for spillover and new schemes until the time all spillover schemes as on 01.04.2022 are capitalized. After the capitalization of all such spillover schemes, the closing value of loans, equity and depreciation for spillover schemes shall be added to the opening value of loans, equity and depreciation respectively for new schemes in the subsequent year.

The Commission approved consumer contribution of Rs.200.00 Crore each for FY 2023-24, FY 2024-25 and FY 2025-26 in CWIP order dated 11.01.2023. The Commission considers consumer contribution of Rs.150.00 Crore and Rs.50.00 Crore for New scheme and Spill over schemes respectively for FY 2023-24, FY 2024-25 and FY 2025-26 which will be reviewed at the time of true up of the respective years. Based on the approved amount of capital expenditure and capitalization as mentioned in Table 153 and 154, the Commission determines funding for the 3rd MYT Control Period as under:

Table 156: Funding of Spillover schemes for the 3rd MYT Control Period

(Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
Generation Business				
1.	Loan requirement of Generation Business (Table No.153)	344.14	242.47	104.97
Distribution Business				
1.	Loan requirement of Distribution Business	350.85	398.92	448.80

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
	(Table No.153)			
2.	Less: Consumer Contribution and Grants	50.00	50.00	50.00
3	Net Loan requirement	300.85	348.92	398.80
4.	Total loan requirement	644.99	591.39	503.77

**Table 157: Funding of New schemes for 3rd MYT Control Period
(Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
Generation Business				
1.	Loan requirement of Generation Business (Table no.154)	131.87	79.70	204.14
Distribution Business				
1.	Loan requirement of Distribution Business (Table No.154)	961.55	1053.57	1219.92
2.	Less: Consumer Contribution and Grants	150.00	150.00	150.00
3	Net Loan requirement	811.55	903.57	1069.92
4.	Total loan requirement	943.42	983.27	1274.06

4.13 Operation and Maintenance Expenses

Operation and Maintenance Expenses of PSPCL other than BBMB

4.13.1 Baseline Values

Regulation 8.1 of PSERC MYT Regulations, 2022 specifies that baseline values for the Control Period shall be determined by the Commission and the projections for the Control Period shall be based on these figures. The relevant regulations are reproduced below:

8.1. Baseline Values

“..... (b) The baseline values shall be inter-alia based on figures approved by the Commission in the past, last three years’ Audited/Provisional Accounts, estimate of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Commission:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for the Control Period, considering the actual figures from audited accounts.”

The actual other employee expenses and A&G expenses of the past three years are as under:

Table 158: PSPCL's Actual 'other employee expenses' and A&G expenses for FY 2019-20 to FY 2021-22

(Rs. Crore)				
Sr.No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22
I	II	III	IV	V
1.	Other Employee expenses	2079.62	2023.74	2122.30
2.	A&G expenses (excluding Audit fee/ARR fee, DSM fund)	187.46	159.12	175.89

For 'other employee expenses', it is observed that there is no consistency in increase of expenses in the last 3 years in view of implementation of 6th Pay Revision by the Government of Punjab. The annual 'other employee' cost decreased by 2.69% in FY 2020-21 followed by an increase of 4.87% in FY 2021-22. In view of the same, the Commission decides to consider the baseline values of 'other employee expenses' of FY 2023-24 by escalating the other employee cost for FY 2021-22. The baseline value shall be revised in a subsequent order during true up considering the audited accounts for FY 2022-23. Considering the other employee cost of Rs.2122.20 Crore for FY 2021-22, as mentioned above, and the escalation factor as approved during the annual performance review of FY 2022-23 in this order i.e. 8.7909%, the Commission has determined the Base Other employee expenses as under:

Table 159: Calculation of Baseline value of Other Employee Expenses

(Rs. Crore)		
Sr. No.	Particulars	Amount
I	II	III
1.	Actual other employee expenses of FY 2021-22	2122.30
2.	Inflation	8.791%
3.	Escalation factor	1.08791
4.	Baseline value of other employee expenses (FY 2023-24)	2308.87

Similarly for A&G expenses in Table no 158, it is observed that there is no consistent trend in the expenses during the last 3 years. The annual A&G expenses decreased by 15.12% in FY 2020-21 followed by an increase of 10.54% in FY 2021-22. In view of the above, the Commission decides to consider the A&G expenses of FY 2021-22 to determine the baseline value. Further, the Commission has not considered Audit and License fees of Rs. 17.63 Crore (to be allowed based on actuals during True-up of the respective years), donations and DSM fund for determination of baseline value. As such, the Commission determines baseline value of A&G expenses for the 3rd MYT Control Period as under:

Table 160: Calculation of Baseline value of A&G expenses for the 3rd MYT Control Period

(Rs. Crore)		
Sr. No.	Particulars	A&G Expenses
I	II	III
1.	Actual A&G expenses of FY 2021-22	175.89
2.	Less: Audit fees	0.60
3.	Less: License fees	17.03

Sr. No.	Particulars	A&G Expenses
I	II	III
4.	Less: Donations	0.00
5.	Less :BBMB	4.35
6.	Less: DSM	3.86
7.	A&G Expenses	150.05
8.	inflation	8.791%
9.	Escalation factor	1.08791
10.	Baseline value of A&G Expenses (FY 2023-24)	163.24

4.13.2 Employee Expenses

PSPCL's Submissions

PSPCL submitted that the indexation factor works out to be 10.24% as per the methodology specified in MYT Regulations, 2022. Detailed calculation for determination of Inflation factor to reassess the O&M expenses for Control Period is tabulated as under:

**Table 161: Inflation factor for WPI & CPI –
WPI Inflation**

Sr. No	Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
1	FY 2022-23	152	155	155	154	153	152							
2	FY 2021-22	132	133	134	135	136	137	141	144	143	144	145	149	139
3	FY 2020-21	119	118	119	121	122	123	124	125	125	127	128	130	123
4	FY 2019-20	121	122	122	121	121	121	122	112	123	123	122	120	121
5	FY 2018-19	117	118	119	120	120	121	122	122	120	119	120	120	120

Table 162: CPI Inflation

Sr. No	Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
1	FY 2022-23	368	372	372	374	375	378							
2	FY 2021-22	346	347	350	354	354	355	360	362	361	360	360	363	356
3	FY 2020-21	330	332	326	338	338	340	344	345	342	340	343	344	339
4	FY 2019-20	312	314	316	319	320	322	325	328	330	330	326	329	323
5	FY 2018-19	288	289	291	301	301	301	302	302	301	307	307	309	300

Table 163: Indexation

Sr. No	Inflation Faction	FY 2021-22	FY 2022-23	% Increase
I	II	III	IV	V
1	CPI	351.12	373.10	6.26%
2	WPI	134.53	153.65	14.21%
3	Index escalation (%) (0.5*CPI+0.5*WPI)	10.24%		

Employee Expenses

PSPCL submits that Employee cost is the most important constituent of O&M expenses. Employee cost includes the cost incurred on working employees as well as retirees. The cost of working employees includes salary, dearness allowance payable to them and other allowances such as HRA, LTC, medical reimbursement etc. In the case of retired employees and those retiring during the year, the corporation has to discharge liabilities towards pension, gratuity and leave encashment benefits, etc., as applicable.

PSERC MYT Regulations, 2022 provides the escalation based on CPI and WPI index on a 50:50 basis. The escalation factor for FY 2022-23 works out as 10.24% based on the available CPI and WPI index. The PSPCL further submits that it is a State Government owned entity and is liable to follow the statutory provisions of the rules and regulations as laid down by the State Government. Accordingly, any increase in employee cost due to revision in DA, arrears of pay, etc. have to be borne by PSPCL and are beyond its control.

In view of the above, PSPCL has proposed the employee expenses for the Control period on the basis of actual expenses of the past years. Also, PSPCL has considered the impact of addition of new employees and retirement of employees projected during the Control Period.

PSPCL humbly requests this Commission to allow the employee expenses as projected by it. Accordingly, PSPCL has considered the employee expenses for the Control Period as under:

Table 164: Employee Expenses for Control Period (Rs Crore)

Sr. No	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Salaries and Allowances	3,097	3,302	3,603
2	Terminal Benefits	288	318	350
3	Pension Payments	3,310	3,460	3,609
4	Total Employee Cost	6,695	7,080	7,562
5	<i>Less: Expenses Capitalized</i>	199	210	224
6	Add; BBMB Share	330	364	401
7	Net Employee Cost	6,827	7,234	7,739

In addition to the above, it is submitted that the payment of arrears on account of the Pay Commission is pending for the State Governments approval, therefore, the same will be claimed as and when the approval is received from the State Govt.

Commission's Analysis:

The O&M expenses for the 3rd MYT Control Period have been projected as per Regulation 25 of the PSERC MYT Regulations, 2022. The Regulation has been reproduced as under:

“25.1. The O&M expenses for the nth year of the Control Period shall be approved based on the formula shown below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1-X_n)$$

Where,

R&M_n –Repair and Maintenance Costs of the Applicant for the nth year;

EMP_n –Employee Cost of the Applicant for the nth year;

A&G_n –Administrative and General Costs of the Applicant for the nth year;

It should be ensured that all such expenses capitalized should not form a part of the O&M expenses being specified here.”

Terminal liabilities

The Terminal benefits expenses are to be determined as per Regulation 25 of PSERC MYT Regulations, 2022. Relevant note of Regulation 25 of MYT Regulations, 2022 is reproduced below for reference:

“Note 4: Terminal Liabilities such as death-cum-retirement gratuity, Ex-Gratia, pension including family pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of the State PSU / Government pensioners will be approved as per the actuals paid by the Applicant.”

The Commission considers the terminal liabilities submitted by PSPCL for the 3rd MYT Control Period. The same shall be considered as per actuals during the True-up of the respective years. **The Commission therefore approves terminal liabilities and pension payments amounting to Rs. 3598.00 Crore, Rs. 3778.00 Crore and Rs. 3959.00 Crore for FY 2023-24, FY 2024-25, and FY 2025-26 respectively.**

Other Employee Expenses

The Commission had approved the baseline value of other employee expenses as Rs.2308.87 Crore in para 4.13.1. The inflation factor used for escalating the employee expenses is considered as approved in Annual Performance Review of FY 2022-23 i.e. 1.08791%. The normative other employee expenses and total employee expenses for the 3rd MYT Control Period is calculated as follows;

Table 165: Employee Expenses approved by the Commission for the 3rd MYT Control Period

(Rs.Crore)				
Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	Other Employee expenses of previous year	2308.87	2511.84	2732.66
2.	Escalation Factor	1.08791	1.08791	1.08791
3.	Other Employee expenses	2511.84	2732.66	2972.88
4.	Terminal Benefits	3598.00	3778.00	3959.00
5.	Total Employee expenses (excluding BBMB)	6109.84	6510.66	6931.88

The project-wise allocation of employee expenses is based on audited cost accounts submitted by PSPCL for true up of FY 2021-22. Accordingly, the project-wise employee expenses approved for the 3rd MYT Control Period is given in the following table:

Table 166: Project-wise employee expenses approved by the Commission for the 3rd MYT Control Period

(Rs. Crore)				
Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	GGSSSTP	351.38	374.43	398.66
2.	GHTP	240.40	256.18	272.75
3.	Shanan	30.31	32.29	34.38
4.	UBDC	45.88	48.89	52.05
5.	RSD	38.28	40.79	43.43
6.	MHP	49.10	52.32	55.71
7.	ASHP	36.95	39.38	41.92
8.	Micro	0.00	0.0	0.00
9.	Generation	792.30	844.28	898.90
10.	Distribution	5317.54	5666.38	6032.98
11.	Total	6109.84	6510.66	6931.88

4.13.3 Administrative and General (A&G) Expenses

PSPCL's Submissions:

PSPCL submitted that as per Regulation 26, A&G expenses are linked to an escalation factor. For the purpose of computation of A&G Expenses for Control period, PSPCL has considered A&G Expenses of Rs. 203.24 Crore (excluding Audit Fee of Rs. 0.60 Crore and Licensee Fee & fees for determination of tariff of Rs. 17.03 Crore) for FY 2021-22 based on provisional values. The escalation factor of 10.24% has been computed as per Regulations.

A&G Expenses computed for Control Period for Generation and Distribution are shown in the following Table:

Table 167: A&G Expenses for Generation and Distribution (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
1	A&G Expenses – Generation	31.49	34.72	38.27
2	A&G Expenses – Distribution	215.75	237.83	262.17
3	Sub-total	247.24	272.54	300.44
4	Add: Audit Fee	17.03	17.03	17.03
5	Add: Licensee Fee and ARR determination Fee	0.60	0.60	0.60
6	Grand Total	264.88	290.18	318.08

Commission's Analysis:

The Commission approved the baseline value of A&G expenses as Rs.163.24 Crore in Table no.160. The inflation factor used for escalating the A&G expenses is considered as approved in True-Up of FY 2021-22 i.e.1.08791%. The A&G expenses for the 3rd MYT Control Period is calculated as follows:

Table 168: A&G Expenses approved by the Commission for 3rd MYT Control Period
(Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	A&G Expenses (FY 2022-23)	163.24	177.59	193.20
2.	Inflation Factor	1.08791	1.08791	1.08791
3.	A&G Expenses	177.59	193.20	210.19
4.	Audit fees	0.60	0.60	0.60
5.	License fees	17.03	17.03	17.03
6.	Total A&G Expenses	195.22	210.83	227.82
7.	Generation Business	22.72	24.72	26.89
8.	Distribution Business	172.50	186.11	200.93

The project-wise allocation of A&G expenses is based on audited cost accounts submitted by PSPCL for the true up of FY 2021-22. The segregation between Wires Business and Retail Supply Business is as per the segregation of ARR provided in Annexure "A" of the PSERC MYT Regulations, 2022. Accordingly, the project-wise A&G expenses approved for the 3rd MYT Control Period is given in the following tables:

Table 169: Project-wise A&G expenses approved by the Commission for the 3rd MYT Control Period

(Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	GGSTP	6.18	6.72	7.31
2.	GHTP	10.97	11.93	12.98
3.	Shanan	0.90	0.99	1.07
4.	UBDC	1.12	1.22	1.33
5.	RSD	1.39	1.51	1.64
6.	MHP	1.36	1.48	1.61
7.	ASHP	0.80	0.87	0.95
8.	Micro	0.00	0.00	0.00
9.	Generation	22.72	24.72	26.89
10.	Distribution	172.50	186.11	200.93
11.	Total	195.22	210.83	227.82

4.13.4 Repair & Maintenance (R&M) Expenses

PSPCL's Submissions:

PSPCL submitted that R&M expenses has been linked to K factor and WPI index. K is the constant governing the relationship between R&M Expenses and Gross Fixed Assets. For considering the K-factor, PSPCL has computed the K-factor based on actuals of FY 2021-22.

PSPCL has considered the K-factor as 0.71% for Generation and 1.05% for Distribution for the Control Period. Further, the escalation factor has been considered as 14.21% based on latest available WPI Index. However, the escalation factor will be changed during the year.

Accordingly, PSPCL has projected R&M expenses for Generation and Distribution as under:

Table 170: R&M Expenses for Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
I	Generation Business			
1	Opening GFA	21,205.63	21,547.15	22,081.05
2	Addition of GFA	341.52	533.90	4,378.19
3	Closing GFA	21,547.15	22,081.05	26,459.24
4	Average GFA	21,376.39	21,814.10	24,270.15
5	Average GFA (including GNDTP other assets for Generation Business)	21,461.33	21,899.04	24,355.09
6	K Factor	0.71%	0.71%	0.71%
7	Inflation Factor	14.21%	14.21%	14.21%
	R&M Expenses	173.61	177.15	197.01
II	Distribution Business			
1	Opening GFA	34,129.66	35,816.74	37,664.83
2	Addition of GFA	1,687.07	1,848.09	2,072.16
3	Closing GFA	35,816.74	37,664.83	39,737.00
4	Average GFA	34,973.20	36,740.78	38,700.91
5	K Factor	1.05%	1.05%	1.05%
6	Inflation Factor	14.21%	14.21%	14.21%
	R&M Expenses	421.09	442.37	465.98
	Total R&M Expenses (Gx+Dx)	594.70	619.52	662.99

Commission's Analysis:

As per Regulation 25.1 of PSERC MYT Regulations 2022, the R&M expenses are to be determined as follows:

$$(i) R\&M_n = K * GFA * WPI_n / WPI_{n-1}$$

Where,

‘K’ is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) for the *n*th year. The value of ‘K’ will be specified by the Commission in the MYT order.

‘GFA’ is the average value of the gross fixed assets of the *n*th year.

WPI_n means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the *n*th year.”

‘K’ has been determined using the actual R&M expenses from the latest available audited accounts of FY 2021-22. R&M expenses of FY 2021-22 as per audited accounts are as under:

Table 171: R&M of PSPCL for FY 2021-22

		(Rs.Crore)
Sr. No	Particulars	Amount
I	II	III
1	Repair & Maintenance expenses for FY 2021-22	451.52
2.	Add: Cost of water	33.81
3	Add: Lubricant & stores	1.74
4	Add: Station supplies	15.24
5	Total R&M expenses including BBMB	502.31
6	Less: BBMB	32.84
7	Less: Water charges RSD	21.90
8	Net R&M Expenses for FY 2021-22	447.57
9	Generation	114.40
10	Distribution	333.17

The opening and closing GFA is considered as approved in True-up of FY 2021-22.

The value of ‘K’ for the 3rd MYT Control Period for Generation and Distribution Businesses is calculated as follows:

Table 172: Calculation of ‘K’ for the 3rd MYT Control Period

		(Rs. Crore)	
Sr. No.	Particulars	Generation	Distribution
I	II	III	IV
1.	Opening GFA (as on 01.04.2021)	20666.27	31193.16
2.	Closing GFA (as on 31.03.2022)	20757.42	32886.45
3.	Average GFA	20711.85	32039.80
4.	Average GFA (Excluding BBMB)	20028.93	32039.80
5.	Actual R&M Expenses for FY 2021-22	114.40	331.17
6.	‘K’ = R&M Expenses/Average GFA	0.5712%	1.0399%

K factor will be revisited after the availability of annual audited accounts of FY 2022-23. The escalation factor (WPI) is considered as allowed during the annual performance review of FY 2022-23 in this order i.e.11.5232%. However, this shall be revisited during the True-Up of respective years. Accordingly, the R&M Expenses for the 3rd MYT Control period is determined as follows:

Table 173: R&M Expenses approved by the Commission for the 3rd MYT Control Period
(Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
	Generation Business			
1.	Opening GFA(as on 01.04.2023)	20906.07	21273.35	21801.77
2.	Addition of GFA	367.28	528.42	277.25
3.	Closing GFA	21273.35	21801.77	22079.02
4.	Average GFA	21089.71	21537.56	21940.40
5.	Average GFA of BBMB	721.59	721.59	721.59
6.	Average GFA (excluding BBMB)	20368.12	20815.97	21218.81
7.	K factor	0.5712%	0.5712%	0.5712%
8.	WPI index	11.5232%	11.5232%	11.5232%
9.	WPI* escalation	(1.115232) ²	(1.115232) ³	(1.115232) ⁴
10.	R&M Expenses	144.70	164.92	187.48
	Distribution Business			
1.	Opening GFA (as on 01.04.2023)	34977.41	36,289.81	37,742.30
2.	Addition of GFA	1,312.40	1,452.49	1,668.72
3.	Closing GFA	36289.81	37742.30	39411.02
4.	Average GFA	35633.61	37016.06	38576.66
5.	K factor	1.0399%	1.0399%	1.0399%
6.	WPI index	11.5232%	11.5232%	11.5232%
7.	WPI* Escalation	(1.115232) ²	(1.115232) ³	(1.115232) ⁴
8.	R&M Expenses	460.86	533.90	620.53
9.	Total R&M expenses	605.56	698.82	808.01

Note Inflation factor is assumed to be the same for every year and hence multiplies twice for FY 2023-24, thrice for FY 2024-25 and four times for FY 2025-26

The project-wise allocation of R&M expenses is based on audited cost accounts submitted by PSPCL for FY 2021-22. Accordingly, the project-wise R&M expenses approved for the 3rd MYT Control Period is given in the following tables:

Table 174: Project-wise R&M expenses approved by the Commission for the 3rd MYT Control Period

(Rs. Crore)				
Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	GGSTP	49.72	56.66	64.42
2.	GHTP	79.10	90.16	102.49
3.	Shanan	1.84	2.10	2.38
4.	UBDC	2.26	2.57	2.92
5.	RSD	3.00	3.42	3.89
6.	MHP	7.04	8.03	9.13
7.	ASHP	1.74	1.98	2.25
8.	Micro	0.00	0.00	0.00
9.	Generation	144.70	164.92	187.48
10.	Distribution	460.86	533.90	620.53
11.	Total	605.56	698.82	808.01

4.14.4 O&M Expenses for PSPCL:

The total O&M expenses for PSPCL for FY 2023-24, FY 2024-25 and FY 2025-26 including BBMB are as given in the tables below:

Table 175: O&M expenses approved by the Commission for FY 2023-24

(Rs.Crore)

Sr. No	Particulars	Generation	Distribution	Total
I	II	III	IV	V
1	Employee Expenses	792.30	5317.54	6109.84
2	R&M Expenses	144.70	460.86	605.56
3	A&G expenses	22.72	172.50	195.22
4	Total	959.72	5950.90	6910.62

Table 176: O&M expenses approved by the Commission for FY 2024-25

(Rs. Crore)

Sr. No	Particulars	Generation	Distribution	Total
I	II	III	IV	V
1	Employee Expenses	844.28	5666.38	6510.66
2	R&M Expenses	164.92	533.90	698.82
3	A&G expenses	24.72	186.11	210.83
4	Total	1033.92	6386.39	7420.31

Table 177: O&M expenses approved by the Commission for FY 2025-26

(Rs.Crore)

Sr. No	Particulars	Generation	Distribution	Total
I	II	III	IV	V
1	Employee Expenses	898.90	6032.98	6931.88
2	R&M Expenses	187.48	620.53	808.01
3	A&G expenses	26.89	200.93	227.82
4	Total	1113.27	6854.44	7967.71

4.14.5 PSPCL's share in BBMB

PSPCL has claimed O&M expenses of BBMB for 3rd MYT Control Period as follows:

Table 178: O&M expenses of BBMB claimed by PSPCL for the 3rd MYT Control Period

(Rs. Crore)

Sr. No.	Particulars	BBMB		
		FY 2023-24	FY 2024-25	FY 2025-26
1.	Employee expenses	330.00	364.00	401.00
2.	A&G expenses	5.23	5.76	6.35
3.	R&M expenses	38.72	39.51	43.94
4.	Total O&M Expenses of BBMB	373.95	409.27	451.29

The Commission approves O&M expense of PSPCL's share in BBMB as Rs. 373.95 Crore, Rs. 409.27 Crore and Rs. 451.29 Crore in Generation Business for FY 2023-24, FY 2024-25 and FY 2025-26 respectively as claimed by PSPCL, subject to determination/ true-up of BBMB expenses for respective years by Central Electricity Regulatory Commission. After the approval of CERC, appropriate adjustments will be made in the subsequent years based on amount approved by CERC.

O&M expenses of PSPCL including BBMB for the 3rd MYT Control Period is as under:

Table 179: O&M expenses of PSPCL including BBMB for the 3rd MYT Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
I	Generation Business	959.72	1033.92	1113.27
	BBMB	373.95	409.27	451.29
	Total Generation Business	1333.67	1443.19	1564.56
II	Distribution Business	5950.90	6386.39	6854.44
III	Total PSPCL	7284.57	7829.58	8419.00

Table 180: Project-wise O&M Expenses of PSPCL for FY 2023-24

(Rs.Crore)

Sr. No	Particulars	Employee cost	A&G expenses	R&M expenses	O&M Expenses
I	II	III	IV	V	VI
1	GGSSSTP	351.38	6.18	49.72	407.28
2	GHTP	240.40	10.97	79.10	330.47
3	Shanan	30.31	0.90	1.84	33.05
4	UBDC	45.88	1.12	2.26	49.26
5	RSD	38.28	1.39	3.00	42.67
6	MHP	49.10	1.36	7.04	57.50
7	ASHP	36.95	0.80	1.74	39.49
8	Micro	0.00	0.00	0.00	0.00
9	BBMB	330.00	5.23	38.72	373.95
10	Generation	1122.30	27.95	183.42	1333.67
11	Distribution	5317.54	172.50	460.86	5950.90
12	Total	6439.84	200.45	644.28	7284.57

Table 181: Project-wise O&M Expenses of PSPCL for FY 2024-25

(Rs.Crore)

Sr. No	Particulars	Employee cost	A&G expenses	R&M expenses	O&M Expenses
I	II	III	IV	V	VI
1	GGSSSTP	374.43	6.72	56.66	437.81
2	GHTP	256.18	11.93	90.16	358.27
3	Shanan	32.29	0.99	2.10	35.38
4	UBDC	48.89	1.22	2.57	52.68
5	RSD	40.79	1.51	3.42	45.72
6	MHP	52.32	1.48	8.03	61.83
7	ASHP	39.38	0.87	1.98	42.23
8	Micro	0.0	0.00	0.00	0
9	BBMB	364.00	5.76	39.51	409.27
10	Generation	1208.28	30.48	204.43	1443.19
11	Distribution	5666.38	186.11	533.90	6386.39
12	Total	6874.66	216.59	738.33	7829.58

Table 182: Project-wise O&M Expenses of PSPCL for FY 2025-26**(Rs. Crore)**

Sr.No	Particulars	Employee cost	A&G expenses	R&M expenses	O&M Expenses
I	II	III	IV	V	VI
1	GGSTP	398.66	7.31	64.42	470.39
2	GHTP	272.75	12.98	102.49	388.22
3	Shanan	34.38	1.07	2.38	37.83
4	UBDC	52.05	1.33	2.92	56.30
5	RSD	43.43	1.64	3.89	48.96
6	MHP	55.71	1.61	9.13	66.45
7	ASHP	41.92	0.95	2.25	45.12
8	Micro	0.00	0.00	0.00	0.00
9	BBMB	401.00	6.35	43.94	451.29
10	Generation	1299.90	33.24	231.42	1564.56
11	Distribution	6032.98	200.93	620.53	6854.44
12	Total	7332.88	234.17	851.95	8419.00

4.15 Depreciation**PSPCL's Submissions:**

PSPCL submitted that as per PSERC MYT Regulations 2022, salvage value of an asset is considered at 10 per cent of the allowable capital cost and depreciation is allowed up to a maximum of 90 per cent of the historical cost of the asset.

For existing Generating Stations, it has computed the weighted average depreciation rate for FY 2021-22 based on provisional figures. The same weighted average depreciation rate has been considered for the computation of Depreciation for the existing Generating Stations for the Control period. For new Generating Stations, weighted average depreciation rate of 2.14% has been considered for computation of depreciation for the Control period.

The depreciation charges for the Control Period are given in the following table:

Table 183: Depreciation for Generation and Distribution Business for the 3rd MYT Control Period**(Rs. Crore)**

Sr. No	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Generation			
2	Opening GFA	15950	16291	16825
3	Addition of GFA	342	534	4,378
4	Closing GFA	16291	16825	21203
5	Depreciation	250	254	345
6	Distribution			
7	Opening GFA	30667	32354	34202
8	Addition of GFA	1687	1848	2,072
9	Closing GFA	32354	34,202	36274
10	Depreciation	998	1054	1116
11	Total Depreciation	1248	1308	1461

Commission's Analysis

Depreciation for the MYT Control Period is projected in accordance with Regulation 21 of the MYT Regulation 2022. The relevant excerpt is reproduced as under: -

“21.1. The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided that the land, other than the land held under lease and land for reservoir in case of hydro generating station, shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets:

Provided further that Govt. grants and consumer contribution shall also be recognized as defined under Indian Accounting Standard 20 (IND AS 20) notified by the Ministry of Corporate Affairs.

21.2. The residual/salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset:

Provided that I.T. Equipment and Software shall be depreciated 100% with zero salvage value.

21.3. The Cost of the asset shall include additional capitalization.

21.4. The Generating Company, Transmission and Distribution Licensee shall provide the list of assets added during each Year of the Control Period and the list of assets completing 90% of depreciation in the Year along with Petition for, true-up and tariff determination for ensuing Year.

21.5. Depreciation for Distribution, generation and transmission assets shall be calculated annually as per straight line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation/ put in use of the asset shall be spread over the balance useful life of the assets:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the asset.

21.6. Depreciation shall be chargeable from the first year of commercial operation/asset is put in use. In case of commercial operation of the asset/put in use of asset for part of the year, depreciation shall be charged on pro rata basis.

The Commission determines the depreciation for the 3rd MYT Control period as per Regulation 21 stated above. The Opening GFA for the Spillover schemes and new schemes is considered as per the Closing GFA approved by the Commission in the APR of FY 2022-23. The Commission has considered the addition of GFA as approved in the CIP order dated 11.01.2023 for the 3rd MYT Control Period.

Based on the actual project-wise rate of depreciation as determined during True-Up of FY 2021-22 in this Order, the depreciation for Spillover and New Schemes is as follows:

Taba 184: Depreciation approved by the Commission for Spillover Schemes for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2023-24)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3948.73	4886.23	187.19	915.38	8078.65	1386.42	661.93	29.57	721.59	20815.69	31752.55	52568.24
2.	Addition during the Year	0.00	5.00	98.92	10.31	35.60	66.81	18.77	0.00	0.00	235.41	350.85	586.26
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Closing GFA	3948.73	4891.23	286.11	925.69	8114.25	1453.23	680.70	29.57	721.59	21051.10	32103.40	53154.50
5.	Average GFA	3948.73	4888.73	236.65	920.54	8096.45	1419.83	671.32	29.57	721.59	20933.40	31927.98	52861.37
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1528.65	4145.58	184.90	246.64	7767.18	897.33	159.61	22.10	721.59	15673.57	25191.88	40865.44
8.	Depreciation Rate (%)	1.42996 %	1.78595 %	3.30453 %	1.45085 %	1.87412 %	3.21415 %	0.683719 %	1.109119 %	2.126907 %		3.28318 %	0
9.	Depreciation	21.87	74.04	6.11	3.58	145.57	28.84	1.09	0.25	15.35	296.70	827.08	1123.78

Table 185: Depreciation approved by the Commission for New Schemes for FY 2023-24
(Rs. Crore)

Sr. No.	Particulars	Depreciation for New Schemes (FY 2023-24)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	0.15	10.67	24.91	0.00	0.01	4.66	50.00	0.00	0.00	90.40	3224.86	3315.26
2.	Addition during the Year	96.01	0.96	15.30	3.22	3.13	-	13.25	-	-	131.87	961.55	1,093.42
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00					-	-
4.	Closing GFA	96.16	11.63	40.21	3.22	3.14	4.66	63.25	0.00	0.00	222.27	4186.41	4408.68
5.	Average GFA	48.16	11.15	32.56	1.61	1.58	4.66	56.63	0.00	0.00	156.34	3705.64	3861.97
6.	Average GFA of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Average GFA (Net of Land)	48.16	11.15	32.56	1.61	1.58	4.66	56.63	0.00	0.00	156.34	3705.64	3861.97
8.	Depreciation Rate (%)	1.42996 %	1.78595 %	3.30453 %	1.45085 %	1.87412 %	3.21415 %	0.68372 %	1.10912 %	2.12691 %		3.28318 %	0.00000 %
9.	Depreciation	0.69	0.20	1.08	0.02	0.03	0.15	0.39	0.00	0.00	2.56	121.66	124.22

Table 186: Depreciation approved by the Commission for FY 2023-24

(Rs.Crore)

Sr. No.	Particulars	Total Depreciation (FY 2023-24)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3948.88	4896.90	212.10	915.38	8078.66	1391.08	711.93	29.57	721.59	20906.09	34977.41	55883.50
2.	Addition during the Year	96.01	5.96	114.22	13.53	38.73	66.81	32.02	-	-	367.28	1,312.40	1,679.68
3.	Less: Consumer Contribution and Grants	-	-	-	-	-	-	-	-	-	-	-	-
4.	Closing GFA	4044.89	4902.86	326.32	928.91	8117.39	1457.89	743.95	29.57	721.59	21273.37	36289.81	57563.18
5.	Average GFA	3996.89	4899.88	269.21	922.15	8098.03	1424.49	727.94	29.57	721.59	21089.73	35633.61	56723.34
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1576.81	4156.73	217.46	248.25	7768.76	901.99	216.23	22.10	721.59	15829.90	28897.51	44727.41
8.	Depreciation	22.56	74.24	7.19	3.60	145.60	28.99	1.48	0.25	15.35	299.26	948.74	1248.00

**Table 187: Depreciation approved by the Commission for Spillover Schemes
for FY 2024-25**

(Rs. Crore)

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	3948.73	4891.23	286.11	925.69	8114.25	1453.23	680.70	29.57	721.59	21051.10	32103.40	53154.50
2.	Addition during the Year	200.10	185.16	0.10	0.00	0.53	0.00	62.83	0.00	0.00	448.72	398.92	847.64
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Closing GFA	4148.83	5076.39	286.21	925.69	8114.78	1453.23	743.53	29.57	721.59	21499.82	32502.32	54002.14
5.	Average GFA	4048.78	4983.81	286.16	925.69	8114.52	1453.23	712.12	29.57	721.59	21275.46	32302.86	53578.32
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1628.70	4240.66	234.41	251.79	7785.25	930.73	200.41	22.10	721.59	16015.63	25566.76	41582.39
8.	Depreciation Rate (%)	1.430%	1.786%	3.305%	1.451%	1.874%	3.214%	0.684%	1.109%	2.127%		3.283%	
9.	Depreciation	23.30	75.74	7.75	3.65	145.91	29.92	1.37	0.25	15.35	303.24	839.40	1142.64

Table 188: Depreciation approved by the Commission for New Schemes for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Depreciation for New Schemes (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	96.16	11.63	40.21	3.22	3.14	4.66	63.25	0.00	0.00	222.27	4186.41	4408.68
2.	Addition during the Year	0.00	0.00	17.46	1.71	1.04	6.17	53.32	0.00	0.00	79.70	1053.57	1133.27
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00					-	-
4.	Closing GFA	96.16	11.63	57.67	4.93	4.18	10.83	116.57	0.00	0.00	301.97	5239.98	5541.95
5.	Average GFA	96.16	11.63	48.94	4.08	3.66	7.75	89.91	0.00	0.00	262.12	4713.20	4975.32
6.	Average GFA of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Average GFA (Net of Land)	96.16	11.63	48.94	4.08	3.66	7.75	89.91	0.00	0.00	262.12	4713.20	4975.3
8.	Depreciation Rate (%)	1.430%	1.786%	3.305%	1.451%	1.874%	3.214%	0.684%	1.109%	2.127%		3.283%	0.000%
9.	Depreciation	1.38	0.21	1.62	0.06	0.07	0.25	0.61	0.00	0.00	4.20	154.74	158.94

Table 189: Depreciation approved by the Commission for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	Total Depreciation (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	4044.89	4902.86	326.32	928.91	8117.39	1457.89	743.95	29.57	721.59	21273.37	36289.81	57563.18
2.	Addition during the Year	200.10	185.16	17.56	1.71	1.57	6.17	116.15	-	-	528.42	1,452.49	1,980.91
3.	Less: Consumer Contribution and Grants	-	-	-	-	-	-	-	-	-	-	-	-
4.	Closing GFA	4244.99	5088.02	343.88	930.62	8118.96	1464.06	860.10	29.57	721.59	21801.79	37742.30	59544.09
5.	Average GFA	4144.94	4995.44	335.10	929.77	8118.18	1460.98	802.03	29.57	721.59	21537.58	37016.06	58553.64
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1724.86	4252.29	283.35	255.87	7788.91	938.48	290.32	22.10	721.59	16277.75	30279.96	46557.71
8.	Depreciation	24.68	75.95	9.37	3.71	145.98	30.17	1.98	0.25	15.35	307.44	994.14	1301.58

Table 190: Depreciation approved by the Commission for Spillover Schemes for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Depreciation for Spillover Schemes (FY 2025-26)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	4148.83	5076.39	286.21	925.69	8114.78	1453.23	743.53	29.57	721.59	21499.82	32502.32	54002.14
2.	Addition during the Year	0.00	4.00	0.02	0.00	0.10	6.10	62.89	0.00	0.00	73.11	448.80	521.91
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Closing GFA	4148.83	5080.39	286.23	925.69	8114.88	1459.33	806.42	29.57	721.59	21572.93	32951.12	54524.05
5.	Average GFA	4148.83	5078.39	286.22	925.69	8114.83	1456.28	774.98	29.57	721.59	21536.38	32726.72	54263.10
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1728.75	4335.24	234.47	251.79	7785.56	933.78	263.27	22.10	721.59	16276.55	25990.62	42267.17
8.	Depreciation Rate (%)	1.430%	1.786%	3.305%	1.451%	1.874%	3.214%	0.684%	1.109%	2.127%		3.283%	
9.	Depreciation	24.73	77.43	7.75	3.65	145.91	30.01	1.80	0.25	15.35	306.88	853.32	1160.20

Table 191: Depreciation approved by the Commission for New Schemes for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Depreciation for New Schemes (FY 2025-26)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	96.16	11.63	57.67	4.93	4.18	10.83	116.57	0.00	0.00	301.97	5239.98	5541.95
2.	Addition during the Year	0.00	35.61	5.05	38.43	3.25	71.25	50.55	0.00	0.00	204.14	1219.92	1424.06
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Closing GFA	96.16	47.24	62.72	43.36	7.43	82.08	167.12	0.00	0.00	506.11	6459.90	6966.01
5.	Average GFA	96.16	29.44	60.20	24.15	5.81	46.46	141.85	0.00	0.00	404.04	5849.94	6253.98
6.	Average GFA of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Average GFA (Net of Land)	96.16	29.44	60.20	24.15	5.81	46.46	141.85	0.00	0.00	404.04	5849.94	6253.98
8.	Depreciation Rate (%)	1.430%	1.786%	3.305%	1.451%	1.874%	3.214%	0.684%	1.109%	2.127%		3.283%	0.000%
9.	Depreciation	1.38	0.53	1.99	0.35	0.11	1.49	0.97	0.00	0.00	6.82	192.06	198.88

Table 192: Depreciation approved by the Commission for FY 2025-26**(Rs. Crore)**

Sr. No.	Particulars	Total Depreciation (FY 2025-26)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening GFA	4244.99	5088.02	343.88	930.62	8118.96	1464.06	860.10	29.57	721.59	21801.79	37742.30	59544.09
2.	Addition during the Year	-	39.61	5.07	38.43	3.35	77.35	113.44	-	-	277.25	1668.72	1945.97
3.	Less: Consumer Contribution and Grants	-	-	-	-	-	-	-	-	-	-	-	-
4.	Closing GFA	4244.99	5127.63	348.95	969.05	8122.31	1541.41	973.54	29.57	721.59	22079.04	39411.02	61490.06
5.	Average GFA	4244.99	5107.83	346.42	949.84	8120.64	1502.74	916.82	29.57	721.59	21940.42	38576.66	60517.08
6.	Average GFA of Land	2420.08	743.15	51.75	673.90	329.27	522.50	511.71	7.47	0.00	5259.83	6736.10	11995.93
7.	Average GFA (Net of Land)	1824.91	4364.68	294.67	275.94	7791.37	980.24	405.11	22.10	721.59	16680.59	31840.56	48521.15
8.	Depreciation	26.11	77.96	9.74	4.00	146.02	31.50	2.77	0.25	15.35	313.70	1045.38	1359.08

4.16 Interest and Finance Charges**PSPCL's Submissions:**

PSPCL submitted that the interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also has a major impact on the long-term interest expenditure. PSPCL has considered the estimated outstanding loans as on March 31, 2023.

PSPCL submitted that it has planned significant capital works on various schemes of Generation, Distribution and Sub-Transmission as detailed in the petition on the Capital Investment Plan. PSPCL has to raise long term loans from various financial institutions to finance these capital works.

The Interest Charges for the Control period FY 2023-24 to FY 2025-26 is projected as tabulated below:

Table 193: Interest Expenses submitted by PSPCL for the Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	REC Limited			
a)	T&D Scheme Loans	236.40	200.08	175.17
2	Commercial Banks :			
a)	Long Term Loans	264.18	222.46	176.62
b)	Loans for annual plan	232.57	423.63	619.76
3	PFC Limited			

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
a)	Generation Schemes	-	-	278.49
b)	T&D Schemes	44.33	41.04	37.88
4	GOP Loans for CSS:			
a)	GoP Loans	0.38	-	-
b)	R-APDRP	5.20	5.00	4.85
c)	IPDS	6.50	6.40	6.30
5	GPF Liability	40.55	24.18	8.00
6	Grand total	830.11	922.79	1307.06
7	Less: Interest capitalised	216.71	240.90	341.22
8	Add: Guarantee Fee	42.50	42.50	42.50
9	Add: Other Interest	85.00	85.00	85.00
10	Grand Total	740.91	809.39	1093.35

Commission's Analysis:

The Commission determines the Interest on loan capital for the 3rd MYT Control Period as per Regulation 23 of the PSERC MYT Regulations, 2022. It is reproduced as under:

“23. Interest on Loan Capital

23.1 For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the actual rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable (other than working capital loans) on loans by the Licensee.

23.2 Interest and finance charges on the future loan capital for new investments shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI as may be applicable as on 1st April of the relevant year, plus a margin determined on the basis of current actual rate of interest of the capital expenditure loan taken by the Generating Company, Licensee or SLDC and prevailing SBI MCLR;

23.3 The repayment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalisation.

23.4 The Commission shall allow obligatory taxes on interest, finance charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost;

23.5 The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders

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

The Opening of loan for the Spillover schemes is considered as per the Closing approved by the Commission in the APR of FY 2022-23 in this order. The Commission has considered the approved addition of loan as given in Table 156 and 157. As per regulation 23.3 of PSERC MYT Regulation 2022, the repayment of loan is considered equal to the depreciation allowed for the corresponding year.

The rate of interest on loan capital for spill over and new investments of Generation and Distribution Businesses is considered as 8.60% as approved in the true up of FY 2021-22 in this order and shall be reviewed at the time of true up of the respective years.

The Commission allows finance & guarantee charges of Rs.42.50 Crore each for FY 2023-24, FY 2024-25 and FY 2025-26, as claimed by the PSPCL in this petition. Similarly, the Commission allows interest capitalization of Rs.216.71 Crore, Rs.240.90 Crore and Rs.341.22 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively as claimed by PSPCL.

Interest on GPF being a statutory payment, the Commission allows interest on GPF as claimed by PSPCL i.e. Rs. 40.55 Crore, Rs. 24.18 Crore and Rs. 8.00 Crore for FY 2023-24, FY2024-25 and FY 2025-26 respectively for the 3rd MYT Control Period.

The Commission determines Interest on long term loans for Generation and Distribution Businesses as follows:

Table 194: Interest and finance charges approved by the Commission for Spill over Schemes for FY2023-24 (Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2023-24)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	81.97	0.00	49.19	21.39	0.00	93.09	3.17	0.00	132.10	380.91	2937.04	3317.95
2.	Addition during the year	100.00	73.66	103.87	5.91	27.86	14.07	18.77	0.00	0.00	344.14	350.85	694.99
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
4.	Less: Repayment during the year	21.86	73.66	6.11	3.58	27.86	28.84	1.09	0.00	15.35	178.35	827.09	1005.44
5.	Closing Loan	160.11	0.00	146.95	23.72	0.00	78.32	20.85	0.00	116.75	546.70	2410.80	2957.50

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2023-24)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total (Generation)	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
6.	Average Loan	121.04	0.00	98.07	22.56	0.00	85.71	12.01	0.00	124.43	463.81	2673.92	3137.73
7	Rate of interest	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	
8.	Interest on Loan	10.41	0.00	8.44	1.94	0.00	7.37	1.03	0.00	10.71	39.90	230.06	269.96
9.	GPF interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.55	40.55
10.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.50	22.50
11.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	116.71	116.71
12.	Total Interest & Finance Charges	10.41	0.00	8.44	1.94	0.00	7.37	1.03	0.00	10.71	39.90	176.40	216.30

Table 195: Interest and finance charges approved by the Commission for New Schemes for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for New Schemes (FY 2023-24)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation)	Total (Distribution)	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	0.15	10.44	24.50	0.00	0.01	4.29	49.83	0.00	0.00	89.22	2313.72	2402.94
2.	Addition during the year	96.01	0.96	15.30	3.22	3.13	0.00	13.25	0.00	0.00	131.87	961.55	1093.42
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	150.00
4.	Less: Repayment during the year	0.69	0.20	1.08	0.02	0.03	0.15	0.39	0.00	0.00	2.56	121.66	124.22
5.	Closing Loan	95.47	11.20	38.72	3.20	3.11	4.14	62.69	0.00	0.00	218.53	3003.61	3222.14
6.	Average Loan	47.81	10.82	31.61	1.60	1.56	4.22	56.26	0.00	0.00	153.88	2658.67	2812.54
7	Rate of interest	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%
8	Interest on Loan	4.11	0.93	2.72	0.14	0.13	0.36	4.84	0.00	0.00	13.23	228.74	241.97
9	GPF interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	20.00
11	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00
12	Interest on Loan	4.11	0.93	2.72	0.14	0.13	0.36	4.84	0.00	0.00	13.23	148.74	161.97

Table 196: Interest and finance charges approved by the Commission for FY 2023-24**(Rs. Crore)**

Sr. No.	Particulars	Total Interest and finance charges (FY 2023-24)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	82.12	10.44	73.69	21.39	0.01	97.38	53.00	0.00	132.10	470.13	5250.76	5720.89
2.	Addition during the year	196.01	74.62	119.17	9.13	30.99	14.07	32.02	0.00	0.00	476.01	1312.40	1788.41
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	200.00
4.	Less: Repayment during the year	22.55	73.86	7.19	3.60	27.89	28.99	1.48	0.00	15.35	180.91	948.75	1129.66
5.	Closing Loan	255.58	11.20	185.67	26.92	3.11	82.46	83.54	0.00	116.75	765.23	5414.41	6179.64
6.	Average Loan	168.85	10.82	129.68	24.16	1.56	89.92	68.27	0.00	124.43	617.68	5332.59	5950.27
7.	Interest & Finance Charges	14.52	0.93	11.16	2.08	0.13	7.73	5.87	0.00	10.71	53.13	458.80	511.93
8.	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.55	40.55
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.50	42.50
10.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	216.71	216.71
11.	Total Interest & Finance Charges	14.52	0.93	11.16	2.08	0.13	7.73	5.87	0.00	10.71	53.13	325.14	378.27

Table 197: Interest and finance charges approved by the Commission for Spillover Schemes for FY 2024-25**(Rs. Crore)**

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	160.12	0.00	146.94	23.72	0.00	78.32	20.84	0.00	116.75	546.70	2410.79	2957.49
2.	Addition during the year	95.10	83.90	0.10	0.00	0.53	0.00	62.84	0.00	0.00	242.47	398.92	641.39
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
4.	Less: Repayment during the year	23.29	75.74	7.75	3.65	0.53	29.92	1.37	0.00	15.35	157.59	839.40	996.99
5.	Closing Loan	231.93	8.16	139.30	20.07	0.00	48.40	82.31	0.00	101.41	631.58	1920.31	2551.89
6.	Average Loan	196.03	4.08	143.12	21.89	0.00	63.36	51.58	0.00	109.08	589.14	2165.55	2754.69

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
7.	Interest on Loan	16.87	0.35	12.31	1.88	0.00	5.45	4.44	0.00	9.39	50.69	186.32	237.01
8.	Interest on GP fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.18	24.18
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.50	22.50
10.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00
11.	Total Interest & Finance Charges	16.87	0.35	12.31	1.88	0.00	5.45	4.44	0.00	9.39	50.69	133.00	183.69

Table 198: Interest and finance charges approved by the Commission for New Schemes for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for New Schemes (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	95.47	11.20	38.72	3.20	3.11	4.14	62.69	0.00	0.00	218.53	3003.61	3222.14
2.	Addition during the year	0.00	0.00	17.46	1.71	1.04	6.17	53.32	0.00	0.00	79.70	1053.57	1133.27
3.	Less: Consumer Contribution and Grants	0.00	-	-	-	-	0.00	-	-	-	-	150.00	150.00
4.	Less: Repayment during the year	1.38	0.21	1.62	0.06	0.07	0.25	0.61473	0.000	0.000	4.19	154.74	158.93
5.	Closing Loan	94.09	10.99	54.57	4.85	4.08	10.06	115.40	0.00	0.00	294.04	3752.44	4046.48
6.	Average Loan	94.78	11.10	46.64	4.02	3.60	7.10	89.04	0.00	0.00	256.28	3378.02	3634.31
7.	Interest on Loan	8.15	0.95	4.01	0.35	0.31	0.61	7.66	0.00	0.00	22.04	290.64	312.68
·	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	20.00
10.	Less: Interest Capitalised	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	140.90	140.90
11.	Total Interest & Finance Charges	8.15	0.95	4.01	0.35	0.31	0.61	7.66	0.00	0.00	22.04	169.74	191.78

Table 199: Interest and finance charges approved by the Commission for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	Total Interest and finance charges (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	255.59	11.20	185.66	26.91	3.11	82.46	83.54	0.00	116.75	765.23	5414.40	6179.62
2.	Addition during the year	95.10	83.90	17.56	1.71	1.57	6.17	116.16	-	-	322.17	1,452.49	1,774.66
3.	Less: Consumer Contribution and Grants	-	-	-	-	-	0.00	-	-	-	-	200.00	200.00

Sr. No.	Particulars	Total Interest and finance charges (FY 2024-25)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
4.	Less: Repayment during the year	24.66	75.94	9.36	3.71	0.60	30.16	1.98	0.00	15.35	161.78	994.15	1155.92
5.	Closing Loan	326.02	19.16	193.86	24.91	4.08	58.47	197.71	0.00	101.41	925.62	5672.74	6598.36
6.	Average Loan	290.81	15.18	189.76	25.91	3.60	70.46	140.62	0.00	109.08	845.42	5543.57	6388.99
7.	Interest & Finance Charges	25.02	1.30	16.32	2.23	0.31	6.06	12.10	0.00	9.39	72.73	476.96	549.69
8.	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.18	24.18
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.50	42.50
10.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	240.90	240.90
11.	Total Interest & Finance Charges	25.02	1.30	16.32	2.23	0.31	6.06	12.10	0.00	9.39	72.73	302.74	375.47

Table 200: Interest and finance charges approved by the Commission for Spillover Schemes for FY 2025-26 (Rs.Crore)

Sr. No.	Particulars	Interest and finance charges for Spillover Schemes (FY 2025-26)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
1.	Opening Loan	231.92	8.16	139.30	20.07	0.00	48.40	82.32	0.00	101.40	631.57	1920.32	2551.89
2.	Addition during the year	0.00	4.00	0.02	0.00	31.99	6.07	62.89	0.00	0.00	104.97	448.80	553.77
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
4.	Less: Repayment during the year	24.72	12.16	7.75	3.65	31.99	30.01	1.80	0.00	15.35	127.43	853.32	980.75
5.	Closing Loan	207.20	0.00	131.57	16.42	0.00	24.46	143.41	0.00	86.05	609.11	1465.80	2074.91
6.	Average Loan	219.56	4.08	135.44	18.25	0.00	36.43	112.87	0.00	93.73	620.34	1693.06	2313.40
7.	Interest on Loan	18.89	0.35	11.65	1.57	0.00	3.13	9.71	0.00	8.06	53.36	145.66	199.02
8.	Interest on GPF fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	8.00
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.50	22.50
10.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00
11.	Total Interest & Finance Charges	18.89	0.35	11.65	1.57	0.00	3.13	9.71	0.00	8.06	53.36	76.16	129.52

Table 201: Interest and Finance charges approved by the Commission for New Schemes for FY 2025-26
(Rs. Crore)

Sr. No.	Particulars	Interest and finance charges for New Schemes (FY 2025-26)											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	94.10	10.99	54.56	4.85	4.08	10.06	115.40	0.00	0.00	294.04	3752.44	4046.48
2.	Addition during the year	0.00	35.61	5.05	38.43	3.25	71.25	50.55	0.00	0.00	204.14	1219.92	1424.06
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	150.00
4.	Less: Repayment during the year	1.38	0.53	1.99	0.35	0.11	1.49	0.97	0.00	0.00	6.82	192.06	198.88
5.	Closing Loan	92.72	46.07	57.62	42.93	7.22	79.82	164.98	0.00	0.00	491.36	4630.30	5121.66
6.	Average Loan	93.41	28.53	56.09	23.89	5.65	44.94	140.19	0.00	0.00	392.70	4191.37	4584.07
7.	Interest on Loan	8.04	2.46	4.83	2.06	0.49	3.87	12.06	0.00	0.00	33.81	360.61	394.42
8.	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	20.00
10.	Less: Interest Capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	241.22	241.22
11.	Total Interest & Finance Charges	8.04	2.46	4.83	2.06	0.49	3.87	12.06	0.00	0.00	33.81	139.39	173.20

Table 202: Interest and finance charges approved by the Commission for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Total Interest and finance charges (FY 2025-26)											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Loan	326.02	19.15	193.86	24.92	4.08	58.46	197.72	0.00	101.40	925.61	5672.76	6598.37
2.	Addition during the year	0.00	39.61	5.07	38.43	35.24	77.32	113.44	0.00	0.00	309.11	1668.72	1977.83
3.	Less: Consumer Contribution and Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	200.00
4.	Less: Repayment during the year	26.10	12.69	9.74	4.00	32.10	31.50	2.77	0.00	15.35	134.25	1045.38	1179.63
5.	Closing Loan	299.92	46.07	189.19	59.35	7.22	104.28	308.39	0.00	86.05	1100.47	6096.10	7196.57
6.	Average Loan	312.97	32.61	191.53	42.14	5.65	81.37	253.06	0.00	93.73	1013.04	5884.43	6897.47
7.	Interest & Finance Charges	26.93	2.81	16.48	3.63	0.49	7.00	21.77	0.00	8.06	87.17	506.27	593.44
8.	Add: Interest for GPF Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	8.00
9.	Add: Finance Charges and Guarantee Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.50	42.50
10.	Less: Capitalization of Interest Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	341.22	341.22
11.	Total Interest & Finance Charges	26.93	2.81	16.48	3.63	0.49	7.00	21.77	0.00	8.06	87.17	215.55	302.72

4.17 Interest on Consumer Security Deposit

PSPCL Submissions:

PSPCL submitted that receipt of consumer security deposit for the Control Period is projected by escalating the receipt of consumer security deposit during the previous year

with the load growth of the relevant years. Expenditure on account of Interest on Consumer Security deposit is estimated to be Rs. 150.00 Crores for the Control Period.

PSPCL requests this Commission to kindly allow the interest on consumer security deposit for the Control Period.

Commission analysis:

Interest on consumer security deposit for the MYT Control Period is calculated in accordance to Regulation 24.2 of MYT Regulations 2022. The relevant extract of the regulation is reproduced as under:

“Interest on security deposits made by the consumers with a Licensee, if any, shall be considered at the rate specified by the Commission from time to time and allowed as an item of expense in the ARR of the Distribution Licensee.

The Commission allows the interest on consumer security deposit of Rs 127.62 Crores each for FY 2023-24, FY2024-25 and FY 2025-26 as approved in the true up for FY 2021-22 which shall be reviewed at the time of true up of the respective years.

4.18 Interest on Working Capital

PSPCL’s Submissions:

PSPCL submitted that the Commission has limited the interest on working capital loans on normative basis. It is submitted that PSPCL has been under severe financial strain and the actual interest on working capital loans is higher. Working capital loans have been taken by the company to fund its deficit in the financials which have been disallowed earlier and for funding the delayed payments from the consumers. In view of the above, PSPCL prays to the Commission that the interest on working capital loans needs to be allowed as actually incurred.

PSPCL further stated that the Interest on working capital loan of PSPCL for the MYT Control Period has been computed on the basis of projected receipt and repayments. The total interest cost on short-term borrowing works out to be Rs. 589 Crores, Rs. 605 Crores and Rs. 560 Crores for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

PSPCL prays to the Commission to approve the projected interest on its working capital loan

Commission’s Analysis:

The Commission has computed the interest on working capital as per Regulation 33 and Regulation 43 of the PSERC MYT Regulations, 2022. Interest on working capital is determined on a normative basis as per the Regulations and not on actual working capital loans taken. Considering the rate of interest as approved in the True-Up of FY 2021-22 i.e. 8.0132%, the Commission determines and approves the Interest on working capital as follows:

Table 203: Interest on working Capital approved by the Commission for FY 2023-24
(Rs. Crore)

Sr. No.	Particulars	FY 2023-24											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Cost of Fuel for 2 months	136.28	158.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	295.13	0.00	295.13
2.	O&M Expenses for 1 month (Table no.180)	33.94	27.54	2.75	4.10	3.56	4.79	3.29	0.00	0.00	79.97	495.91	575.88
3.	Maintenance spares @ 15% of the O&M expenses (Table no.180)	61.09	49.57	4.96	7.39	6.40	8.63	5.92	0.00	0.00	143.96	892.63	1036.59
4.	Receivables equivalent to 2 months (Table no.212)	228.16	247.74	9.21	12.42	61.26	19.47	10.22	0.13	69.58	658.19	5976.49	6634.68
5.	Less: Consumer Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3902.58	3902.58
6.	Less: Power procurement cost including associated cost for 1 month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2287.17	2287.17
7.	Total Normative Working Capital	459.54	483.77	16.92	23.91	71.22	32.89	19.43	0.13	69.58	1177.25	1175.29	2352.54
8.	Interest on Working Capital (%)	8.013 %	8.013 %	8.013 %	8.013 %	8.013 %	8.013 %	8.013 %	8.013 %	8.013 %	8.0132 %	8.0132 %	8.0132 %
9.	Interest on Working Capital	36.82	38.76	1.36	1.92	5.71	2.64	1.56	0.01	5.58	94.36	94.18	188.54

Table 204: Interest on working Capital approved by the Commission for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	FY 2024-25											
		GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Cost of Fuel for 2 months	135.66	167.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	302.72	0.00	302.72
2.	O&M Expenses for 1 month (Table No.181)	36.48	29.86	2.95	4.39	3.81	5.15	3.52	0.00	0.00	86.16	532.20	618.36
3.	Maintenance spares @ 15% of the O&M expenses (Table No.181)	65.67	53.74	5.31	7.90	6.86	9.27	6.33	0.00	0.00	155.08	957.96	1113.04
4.	Receivables equivalent to 2 months (Table no.215)	234.92	261.30	10.85	13.05	61.87	20.13	11.83	0.13	75.33	689.41	6228.64	6918.05
5.	Less: Consumer Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3902.58	3902.58
6.	Less: Power procurement cost including associated cost for 1 month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2369.83	2369.83
7.	Total Normative Working Capital	472.73	511.96	19.11	25.34	72.54	34.55	21.68	0.13	75.33	1233.37	1446.38	2679.76
8.	Interest on Working Capital (%)	8.0132 %	8.013 2%	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %
9.	Interest on Working Capital	37.88	41.02	1.53	2.03	5.81	2.77	1.74	0.01	6.04	98.83	115.90	214.73

Table 205: Interest on working Capital approved by the Commission for FY 2025-26
(Rs. Crore)

Sr. No.	Particulars	FY 2025-26											
		GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VII	IX	X	XI	XII	XII	XIV
1.	Cost of Fuel for 2 months	158.63	205.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	364.39	0.00	364.39
2.	O&M Expenses for 1 month (Table No.182)	39.20	32.35	3.15	4.69	4.08	5.54	3.76	0.00		92.77	571.20	663.97
3.	Maintenance spares @ 15% of the O&M expenses (Table No.182)	70.56	58.23	5.68	8.45	7.34	9.97	6.77	0.00		167.00	1028.17	1195.17
4.	Receivables equivalent to 2 months (Table no.218)	264.67	306.79	11.36	13.96	62.47	21.31	14.09	0.13	82.20	776.98	6358.44	7135.42
5.	Less: Consumer Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		3902.58	3902.58
6.	Less: Power procurement cost including associated cost for 1 month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2394.83	2394.83
7.	Total Normative Working Capital	533.06	603.13	20.19	27.10	73.89	36.82	24.62	0.13	82.20	1401.13	1660.40	3061.53
8.	Interest on Working Capital (%)	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %	8.0132 %
9.	Interest on Working Capital	42.71	48.33	1.62	2.17	5.92	2.95	1.97	0.01	6.59	112.27	133.05	245.32

4.19 Return on Equity

PSPCL's Submissions:

PSPCL submitted that as per the audited accounts, an amount of Rs. 15,628.26 Crores on account of GoP Loans under UDAY were converted into equity on 31.03.2020. However, out of the total UDAY loans, Rs. 2246.77 Crore were capital expenditure loans and Rs. 13381.49 Crore were working capital loans. Rs. 2346.19 Crore of working capital loans were diverted for capital expenditure funding which has already being approved by the Commission. Thus, PSPCL has considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore+ Rs. 2246.77 Crore) in addition to the amount of Rs. 6081 Crore to admissible equity for ROE.

Detailed calculation of Return of Equity is tabulated as under:

Table 206: Return on Equity for Control Period
(Rs. Crores)

Sr. No	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1	Opening Equity	10674	10674	10674
2	Addition of Equity	-	-	-
3	Closing Equity	10674	10674	10674
4	Average Equity	10674	10674	10674

Sr. No	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
5	Return on Equity	1684	1684	1684
6	Return on Equity for Generation	739	739	739
7	Return on Equity for Distribution	946	946	946

Commission's Analysis:

The Commission determines the Return on Equity for the Control Period in accordance with Regulation 20 of PSERC MYT Regulations, 2022 which is reproduced as under:

"20. RETURN ON EQUITY

Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19:

Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:

Provided further that assets funded by consumer contributions, capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity."

As already stated in para 3.21 of tariff order of FY 2022-23, the Commission has not considered the amount of Rs.4592.00 Crore as equity. The relevant para is reproduced below:

"The Commission has not considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore + Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans of prior period."

The Commission has considered the opening of equity for FY 2023-24 as the approved closing of equity from the APR of FY 2022-23 in this order. As explained in para 4.12, no addition of equity is considered. The Commission determines Return on Equity for the 3rd MYT Control Period as follows:

Table 207: Return on equity approved by the Commission for FY 2023-24**(Rs. Crore)**

Sr. No	Particulars	GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
2.	Addition during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Closing Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
4.	Average Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
5.	Return on Equity (%)	15.50%	15.50%	16.50%	16.50%	16.50%	16.50%	16.50%	15.50%	16.50%		16.00%	
6.	Return on Equity	70.16	88.89	2.51	17.67	161.43	19.97	12.92	0.50	11.92	385.98	588.76	974.74

Table 208: Return on equity approved by the Commission for FY 2024-25**(Rs. Crore)**

Sr No	Particulars	GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
2.	Addition during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Closing Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
4.	Average Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
5.	Return on Equity (%)	15.50%	15.50%	16.50%	16.50%	16.50%	16.50%	16.50%	15.50%	16.50%		16.00%	
6.	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98	588.76	974.74

Table 209: Return on equity approved by the Commission for FY 2025-26**(Rs. Crore)**

Sr No	Particulars	GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation	Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
1.	Opening Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
2.	Addition during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Closing Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
4.	Average Equity	452.65	573.48	15.23	107.10	978.39	121.03	78.32	3.23	72.26	2401.69	3679.74	6081.43
5.	Return on Equity (%)	15.50 %	15.50 %	16.50 %	16.50 %	16.50 %	16.50 %	16.50 %	15.50 %	16.50 %		16.00 %	
6.	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98	588.76	974.74

4.20 Charges Payable to GoP on RSD

PSPCL has claimed Rs. 22.00 Crore for FY 2022-23, FY 2023-24 and FY 2024-25 as royalty charges payable to Government of Punjab on power from RSD (under Generation Business).

The Commission approves royalty charges of Rs. 12.00 Crore each for FY 2023-24, FY 2024-25 and FY 2025-26 based on previous years charges paid to GoP which shall be reviewed at the time of true up of the respective years.

4.21 Provision for DSM fund

PSPCL's Submissions:

PSPCL has proposed the annual amount of Rs. 6.07 Crore, Rs.5.58 Crore and Rs. 5.12 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively towards provision for DSM fund for implementation of DSM activities during the 3rd MYT Control Period.

Commission's Analysis:

The Commission observes that PSPCL has not made sufficient expenditure towards DSM initiatives during the 2nd control period. Therefore, the annual amount of Rs.0.03 Crore proposed by PSPCL for implementation of DSM activities during annual performance review for FY 2022-23 is allowed in the 3rd MYT Control Period. The same shall be revisited based on actuals during the True-up of respective years.

4.22 Non-Tariff Income

PSPCL's Submissions:

PSPCL has considered the Non-tariff Income of Rs. 973.00 Crore based on audited accounts for FY 2021-22 and as per provisions of MYT regulations 2022 for the Control Period, subject to true-up.

Commission's Analysis:

The Commission considers an annual increase of 5.50% to the non-tariff income of Rs. 1128.62 Crore approved in FY 2022-23 in para 3.24 of this order. Accordingly, the Commission approves Rs. 1190.69 Crore, Rs. 1256.18 Crore and Rs. 1325.27 Crore as non-tariff income for FY 2023-24, FY 2024-25 and FY 2025-26 respectively which shall be reviewed at the time of true up of the respective years.

4.23 Transmission Charges Payable to PSTCL

PSPCL has claimed Rs.1567.00 Crore, Rs. 1646.00 Crore and Rs. 1728.00 Crore as Transmission and SLDC Charges payable to PSTCL for FY 2023-24, FY 2024-25 and FY 2025-26 respectively under its distribution business. However, PSTCL in its petition for 3rd MYT has claimed Rs. 1790.29 Crore, Rs. 1998.44 Crore and Rs. 2189.45 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

The Commission has determined the Transmission and SLDC Charges payable by PSPCL to PSTCL amounting to Rs.1568.28 Crore, Rs. 1674.42 Crore and Rs. 1773.06 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively in the PSTCL Tariff Order.

4.24 Aggregate Revenue Requirement (ARR) of PSPCL for the 3rd MYT Control Period

A summary of ARR of PSPCL approved by the Commission for the 3rd MYT Control Period is as follows:

FY 2023-24

Table 210: Aggregate Revenue Requirement (ARR) of Generation Business approved by the Commission for FY 2023-24

(Rs.Crore)

Sr. no	Particulars	GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1.	Fuel Cost	817.66	953.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1770.78
2.	Employee Expenses	351.38	240.40	30.31	45.88	38.28	49.10	36.95	0.00	330.00	1122.30
3	A&G Expenses	6.18	10.97	0.90	1.12	1.39	1.36	0.80	0.00	5.23	27.95
4.	R&M Expenses	49.72	79.10	1.84	2.26	3.00	7.04	1.74	0.00	38.72	183.42
5.	Depreciation	22.56	74.24	7.19	3.60	145.60	28.99	1.48	0.25	15.35	299.26
6.	Interest & Finance Charges	14.52	0.93	11.16	2.08	0.13	7.73	5.87	0.00	10.71	53.13
7.	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98
8.	Interest on Working Capital	36.82	38.76	1.36	1.92	5.71	2.64	1.56	0.01	5.58	94.36
9.	Royalty Paid by RSD to GoP	0.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	0.00	12.00
10.	Total Revenue Requirement	1369.00	1486.41	55.27	74.53	367.55	116.83	61.32	0.76	417.51	3949.18

Table 211: ARR of Distribution Business for FY 2023-24

(Rs.Crore)

Sr. No	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
1	Power Purchase Cost	0.00	27446.00	27446.00
2	Employee Expenses	2127.02	3190.52	5317.54
3	A&G Expenses	86.25	86.25	172.50
4	R&M Expenses	414.77	46.09	460.86
5	Depreciation	853.87	94.87	948.74
6	Interest & Finance Charges	292.63	32.51	325.14
7	Interest on Consumer Security Deposit	12.76	114.86	127.62
8	Return on Equity	529.88	58.88	588.76
9	Interest on Working Capital	9.42	84.76	94.18
10.	Intra-State Transmission Charges	0.00	1568.28	1568.28
11.	Provision for DSM fund	0.00	0.03	0.03
12.	Total Revenue Requirement	4326.60	32723.05	37049.65
13.	Less: Non-Tariff Income	119.07	1071.62	1190.69
14.	Net Revenue Requirement	4207.53	31651.43	35858.96

Table 212: Aggregate revenue Requirement (ARR) of PSPCL approved by the Commission for FY 2023-24

(Rs. Crore)

Sr.no	Particulars	Claimed by PSPCL	Approved by the Commission		
			Generation	Distribution	Total
I	II	III	IV	V	VI
1.	Fuel Cost	1915.00	1770.78	0.00	1770.78
2.	Power Purchase Cost	28118.00	0.00	27446.00	27446.00
3.	Employee Expenses	6827.00	1122.30	5317.54	6439.84
4.	A&G Expenses	264.00	27.95	172.50	200.45
5.	R&M Expenses	595.00	183.42	460.86	644.28
6.	Depreciation	1248.00	299.26	948.74	1248.00
7.	Interest & Finance Charges	741.00	53.13	325.14	378.27
8.	Interest on Consumer Security Deposit	150.00	0.00	127.62	127.62
9.	Return on Equity	1685.00	385.98	588.76	974.74
10.	Interest on Working Capital	589.00	94.36	94.18	188.54
11.	Intra-State Transmission Charges	1567.00	0.00	1568.28	1568.28
12.	Provision for DSM fund	6.00	0.00	0.03	0.03
13.	Royalty Paid by RSD to GoP	22.00	12.00	0.00	12.00
14.	Total Revenue Requirement	43727.00	3949.18	37049.65	40998.83
15.	Less: Non-Tariff Income	0.00	0.00	1190.69	1190.69
16.	Net Revenue Requirement	43727.00	3949.18	35858.96	39808.14

FY 2024-25

Table213: Aggregate Revenue Requirement (ARR) of Generation Business approved by the Commission for FY 2024-25

(Rs.Crore)

Sr. No	Particulars	GGSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation
I	II	III	IV	V	VI	I	II	III	IV	V	VI
1.	Fuel Cost	813.96	1002.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1816.33
2.	Employee Expenses	374.43	256.18	32.29	48.89	40.79	52.32	39.38	0.00	364.00	1208.28
3.	A&G Expenses	6.72	11.93	0.99	1.22	1.51	1.48	0.87	0.00	5.76	30.48
4.	R&M Expenses	56.66	90.16	2.10	2.57	3.42	8.03	1.98	0.00	39.51	204.43
5.	Depreciation	24.68	75.95	9.37	3.71	145.98	30.17	1.98	0.25	15.35	307.44
6.	Interest & Finance Charges	25.02	1.30	16.32	2.23	0.31	6.06	12.10	0.00	9.39	72.73
7	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98
8.	Interest on Working Capital	37.88	41.02	1.53	2.03	5.81	2.77	1.74	0.01	6.04	98.83
9.	Royalty Paid by RSD to GoP	0.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	0.00	12.00
10	Total Revenue Requirement	1409.51	1567.80	65.11	78.32	371.26	120.80	70.97	0.76	451.97	4136.50

**Table 214: Aggregate Revenue Requirement (ARR) of Distribution Business
approved by the Commission for FY 2024-25**

(Rs.Crore)

Sr.No	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
1	Power Purchase Cost	0.00	28438.00	28438.00
2	Employee Expenses	2266.55	3399.83	5666.38
3	A&G Expenses	93.06	93.05	186.11
4	R&M Expenses	480.51	53.39	533.90
5	Depreciation	894.73	99.41	994.14
6	Interest & Finance Charges	272.47	30.27	302.74
7	Interest on Consumer Security Deposit	12.76	114.86	127.62
8	Return on Equity	529.88	58.88	588.76
9	Interest on Working Capital	11.59	104.31	115.90
10.	Intra-State Transmission Charges	0.00	1674.42	1674.42
11.	Provision for DSM fund	0.00	0.03	0.03
12.	Total Revenue Requirement	4561.55	34066.45	38628.00
13.	Less: Non-Tariff Income	125.62	1130.56	1256.18
14.	Net Revenue Requirement	4435.93	32935.89	37371.82

**Table 215: Aggregate Revenue Requirement (ARR) of PSPCL approved by the
Commission for FY 2024-25**

(Rs.Crore)

Sr.No	Particulars	Claimed by PSPCL	Allowed by the Commission		
			Generation Business	Distribution Business	Total
I	II	III	IV	V	VI
1.	Fuel Cost	2114.00	1816.33	0.00	1816.33
2.	Power Purchase Cost	30194.00	0.00	28438.00	28438.00
3.	Employee Expenses	7234.00	1208.28	5666.38	6874.66
4.	A&G Expenses	290.00	30.48	186.11	216.59
5.	R&M Expenses	619.00	204.43	533.90	738.33
6.	Depreciation	1308.00	307.44	994.14	1301.58
7.	Interest & Finance Charges	809.00	72.73	302.74	375.47
8.	Interest on Consumer Security Deposit	150.00	0.00	127.62	127.62
9.	Return on Equity	1685.00	385.98	588.76	974.74
10.	Interest on Working Capital	605.00	98.83	115.90	214.73
11.	Intra-State Transmission Charges	1646.00	0.00	1674.42	1674.42
12.	Provision for DSM fund	6.00	0.00	0.03	0.03
13.	Royalty Paid by RSD to GoP	22.00	12.00	0.00	12.00
14.	Total Revenue Requirement	46681.00	4136.50	38628.00	42764.50
15.	Less: Non-Tariff Income	0.00	0.00	1256.18	1256.18
16.	Net Revenue Requirement	46681.00	4136.50	37371.82	41508.32

FY 2025-26**Table 216: Aggregate Revenue Requirement (ARR) of Generation Business approved by the Commission for FY 2025-26****(Rs.Crore)**

Sr. No	Particulars	GGSSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Generation
I	II	III	IV	V	VI	I	II	III	IV	V	VI
1.	Fuel Cost	951.76	1234.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2186.29
2	Employee Expenses	398.66	272.75	34.38	52.05	43.43	55.71	41.92	0.00	401.00	1299.90
3	A&G Expenses	7.31	12.98	1.07	1.33	1.64	1.61	0.95	0.00	6.35	33.24
4	R&M Expenses	64.42	102.49	2.38	2.92	3.89	9.13	2.25	0.00	43.94	231.42
5	Depreciation	26.11	77.96	9.74	4.00	146.02	31.50	2.77	0.25	15.35	313.70
6	Interest & Finance Charges	26.93	2.81	16.48	3.63	0.49	7.00	21.77	0.00	8.06	87.17
7	Return on Equity	70.16	88.89	2.51	17.67	161.44	19.97	12.92	0.50	11.92	385.98
8.	Interest on Working Capital	42.71	48.33	1.62	2.17	5.92	2.95	1.97	0.01	6.59	112.27
9.	Royalty Paid by RSD to GoP	0.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	0.00	12.00
10	Total Revenue Requirement	1588.06	1840.74	68.18	83.77	374.83	127.87	84.55	0.76	493.21	4661.97

Table 217: Aggregate Revenue Requirement (ARR) of Distribution Business approved by the Commission for FY 2025-26**(Rs.Crore)**

Sr.No	Particulars	Wires Business	Retail Supply Business	Total
I	II	III	IV	V
1	Power Purchase Cost	0.00	28738.00	28738.00
2	Employee Expenses	2413.19	3619.79	6032.98
3	A&G Expenses	100.47	100.46	200.93
4	R&M Expenses	558.48	62.05	620.53
5	Depreciation	940.84	104.54	1045.38
6	Interest & Finance Charges	194.00	21.55	215.55
7	Interest on Consumer Security Deposit	12.76	114.86	127.62
8	Return on Equity	529.88	58.88	588.76
9	Interest on Working Capital	13.31	119.74	133.05
10.	Intra-State Transmission Charges	0.00	1773.06	1773.06
11.	Provision for DSM fund	0.00	0.03	0.03
12.	Total Revenue Requirement	4762.93	34712.96	39475.89
13.	Less: Non-Tariff Income	132.53	1192.74	1325.27
14.	Net Revenue Requirement	4630.40	33520.22	38150.62

Table 218: Aggregate Revenue Requirement (ARR) of PSPCL approved by the Commission for FY 2025-26

(Rs.Crore)

Sr. No	Particulars	Claimed by PSPCL	Allowed by the Commission		
			Generation Business	Distribution Business	Total
I	II	III	IV	V	VI
1.	Fuel Cost	2743.00	2186.29	0.00	2186.29
2.	Power Purchase Cost	29370.00	0.00	28738.00	28738.00
3.	Employee Expenses	7739.00	1299.90	6032.98	7332.88
4.	A&G Expenses	318.00	33.24	200.93	234.17
5.	R&M Expenses	663.00	231.42	620.53	851.95
6.	Depreciation	1461.00	313.70	1045.38	1359.08
7.	Interest & Finance Charges	1094.00	87.17	215.55	302.72
8.	Interest on Consumer Security Deposit	150.00	0.00	127.62	127.62
9.	Return on Equity	1685.00	385.98	588.76	974.74
10.	Interest on Working Capital	559.00	112.27	133.05	245.32
11.	Intra-State Transmission Charges	1728.00	0.00	1773.06	1773.06
12.	Provision for DSM fund	5.00	0.00	0.03	0.03
13.	Royalty Paid by RSD to GoP	22.00	12.00	0.00	12.00
14.	Total Revenue Requirement	47537.00	4661.97	39475.89	44137.86
15.	Less: Non-Tariff Income	0.00	0.00	1325.27	1325.27
16.	Net Revenue Requirement	47537.00	4661.97	38150.62	42812.59

4.25 Revenue from Sale of Power for FY 2023-24 at existing tariff

In the current Petition PSPCL has projected Revenue from Sale of Power based on estimated slabwise, categorywise energy sales and sanctioned load at Rs.38586.00 Crore, Rs.40894.00 Crore and Rs.43364.00 Crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

The Commission approves revenue from sale of power at Rs. 38120.00 Crore for FY 2023-24 in distribution business of PSPCL, the details of which are discussed in the following table:

Table 219: Revenue from Sale of Power for FY 2023-24 (on existing tariff)**(Rs. Crore)**

Sr. No.	Category of Consumers	Sales MkWh	Revenue		Surcharge/ Rebates	Total Realization
			Fixed Charges	Variable Charges		
I	II	III	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)
			IV	V	VI	I
1.	Domestic Supply	17581.00	860.95	9085.22	-2.22	9943.95
2.	Non-Residential Supply	4336.00	386.59	3016.65	21.16	3424.40
3.	Small Power	914.00	97.49	564.15	43.98	705.62
4.	Medium Supply	1864.00	311.24	1108.21	51.89	1471.34
5.	Large Supply	18353.00	1456.75	11736.31	-192.16	13000.90
6.	Public Lighting	185.00	5.59	137.46	0.00	143.05
7.	Bulk Supply	683.00	84.52	452.48	-13.46	523.54
8.	Railway Traction	14.00	9.30	11.35	-0.14	20.51
9.	Agriculture Pumpsets	13682.00	0.00	7744.01	0.00	7744.01
10.	AP High technology/ High Density farming	0.02	0.00	0.01	0.00	0.01
11.	Compost/RWW	242.00	31.00	145.20	24.84	201.04
12.	Charitable Hospitals set-up under PwD Act	0.00	0.00	0.00	0.00	0.00
13.	Start-up Power for generators/CPPs	214.00	0.00	160.50	-7.37	153.13
14.	Golden Temple/Durgiana Mandir Sri Amritsar Sahib	9.00	0.00	5.50	-0.19	5.31
15.	Temporary Supply	771.00	0.00	625.48	0.08	625.56
16.	Sale Outside Punjab	54.00	0.00	44.71	0.00	44.71
17.	Common Pool	309.00	0.00	112.92	0.00	112.92
18.	Total (rounded off)	59211.00	3243.43	34950.73	-73.59	38120.00

4.26 Impact of Review Petition no.5 of 2022 in Petition no.68 of 2021

The Commission in its order dated 08.02.2023 in Review Petition no.5 of 2022 has decided as under:

“The Commission has rightly determined the transmission charges of Rs.1331.71 Crore in the ARR of FY 2021-22(para 4.16 of PSTCL tariff order FY 2021-22) but during APR of FY 2021-22 in tariff order of FY 2022-23, Rs. 0.75 Crore (considered Rs.1330.96 crore instead of Rs.1331.71 crore) was inadvertently not considered in table no 134 in tariff order of FY 2022-23 of PSTCL. Therefore, transmission charges of Rs.0.75 Crore along with carrying cost will be given at the time of true up of FY 2021-22 to PSPCL”.

In view of the above decision, the Commission allows Rs 0.75 Crore along with carrying cost at working capital rate of interest of 8.0132% approved during true up for FY 2021-22, for one year which comes out to Rs.0.06 Crore. Thus, the Commission allows Rs.0.81 (0.75+0.06) Crore to PSPCL during FY 2023-24.

4.27 Impact of Order dated 29.04.2022 passed by the Hon'ble APTEL in Appeal No. 264 of 2014, 173 of 2015 and 277 of 2015 filed by PSPCL arising out of Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 respectively.

The Commission in its order dated 08.02.2023, in compliance of the order dated 29.04.2022 passed by Hon'ble APTEL in Appeal No. 264 of 2014, 173 of 2015 and 277 of 2015 filed by PSPCL arising out of Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 respectively has allowed the followings along with the carrying cost:

Table 220: Summary of expenses allowed by the Commission

(Rs. Crore)

Issue No.	Particulars	Allowed by the Commission			
		Amount Allowed	Carrying Cost allowed to PSPCL	Carrying cost recoverable from GoP	Total
I	II	III	IV	V	VI
4.	Station Heat Rate	39.71	45.28	6.60	91.59
9	Employee Cost	258.89	296.46	58.92	614.27
10	R&M and A&G expenses	185.76	211.07	25.14	421.97
13	Late Payment surcharge (net of financing cost)	147.91	167.77	25.06	340.74
15(i)	Disallowance/penalty of Rs 72.27 Crore for non-implementation of Energy saving measures	72.27	66.38	6.89	145.54
15(ii)	Disallowance /Penalty of Rs 14 Crore for non-implementation of micro hydro projects	14.00	12.86	1.33	28.19
17	Non allowance of subsidy amounting to Rs.178.82 Crore in True up of FY 2011-12	178.82		223.34	402.16
	TOTAL	897.36	799.82	347.28	2044.46
	Amount payable by Government of Punjab to PSPCL	178.82		347.28	526.10
	Allowed to PSPCL	718.54	799.82		1518.36

"The working capital interest rates for working out the carrying cost for FY 2021-22 to FY 2023- 24 have been taken as per the trued-up interest rates of FY 2020-21, which will be reviewed during the true up of FY 2021-22 when this impact will be allowed."

The figures of FY 2021-22 have been trued up by the Commission in this order wherein the rate of interest for working capital requirement has been determined as 8.0132%. The revised carrying cost along with amount already allowed as per above table is calculated as under:

Table 221: Summary of expenses allowed by the Commission**(Rs. Crore)**

Issue No.	Particulars	Allowed by the Commission			
		Amount Allowed	Carrying Cost allowed to PSPCL	Carrying cost recoverable from GoP	Total
I	II	III	IV	V	VI
4.	Station Heat Rate	39.71	44.05	6.60	90.36
9	Employee Cost	258.89	286.63	59.88	605.40
10	R&M and A&G expenses	185.76	205.62	25.14	416.52
13	Late Payment surcharge (net of financing cost)	147.91	164.08	25.06	337.05
15(i)	Disallowance/penalty of Rs 72.27 Crore for non-implementation of Energy saving measures	72.27	65.50	5.20	142.97
15(ii)	Disallowance /Penalty of Rs 14 Crore for non-implementation of micro hydro projects	14.00	12.69	1.01	27.70
17	Non allowance of subsidy amounting to Rs.178.82 Crore in True up of FY 2011-12	178.82		196.84	375.66
	TOTAL	897.36	778.57	319.73	1995.66
	*Amount payable by Government of Punjab to PSPCL on account of carrying cost			122.89	122.89
	Allowed to PSPCL	718.54	778.57	---	1497.11

**Note: The Commission has considered the impact of Rs.178.82 Crore along with carrying cost of Rs.196.84 Crore upto 31.03.2022 in the true up of FY 2021-22 in Para no.2.36 of this order.*

4.28 Revenue Gap for FY 2023-24

The Cumulative Revenue Gap upto FY 2023-24 has been worked out as under:

Table 222: Cumulative Gap [(Surplus +)/Deficit (-)] upto FY 2023-24 approved by the Commission

(Rs. Crore)

Sr. No	Particulars	Claimed by PSPCL	Allowed by the Commission
I	II	III	IV
1.	Net Revenue Requirement as per Table 212 for FY 2023-24	42753.00	39808.14
2.	Less: Revenue from Sale of Power at existing tariff as per Table 219 for FY 2023-24	38604.00	38120.00
3.	(Surplus/ Deficit (1-2))	4149.00	1688.14
4.	Cumulative Gap: (Surplus)/ Deficit for the previous years	9961.00	398.36
5	Impact of Review Petition no.5 of 2022 in Petition no.68 of 2021	0.00	0.81
6	Impact of Order dated 29.04.2022 passed by the Hon'ble APTEL in Appeal No. 264 of 2014, 173 of 2015 and 277 of 2015 filed by PSPCL arising out of Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 respectively	0.00	1497.11
7	Cumulative Gap: (Surplus)/ Deficit for the previous years	14109.00	3584.42

Chapter 5

Tariff Related Issues

5.1 Utilization of Surplus Power

- 5.1.1** In order to utilize surplus power so as to reduce the burden of fixed cost of the surrendered power on the consumers of the State, the Commission in the Tariff Order of FY 2016-17 introduced a reduced tariff rate for Large Supply industrial category consumers for any consumption above the threshold limit. The benefit of reduced tariff was further extended to all categories of industrial consumers, in the Tariff Order for FY 2017-18.
- 5.1.2** In the Tariff Order for FY 2018-19 while deciding to continue with its policy of incentivizing the industry for the productive use of surplus power, the Commission also simplified the method of determination of threshold consumption, by delinking the same from any change in the contract demand during the period of consideration. The same methodology was continued in the Tariff Order for FY 2019-20, FY 2020-21, FY 2021-22 & FY 2022-23.
- 5.1.3** PSPCL has now submitted that it has to take stock of sources at its disposal, in order of their cost i.e. the cheapest cost source at the base. However, to meet with higher demand, PSPCL has to rope in higher cost sources also. This year, due to unprecedented rise in demand & higher market prices, the financial impact has been felt by PSPCL. PSPCL has intimated that 27572 consumers have availed the threshold rebate benefit amounting to Rs. 155.31 Crore. PSPCL has proposed to the Commission to review the continuation of Threshold rebate in the next year's Tariff Order i.e. for FY 2023-24. Objectors have requested the Commission to continue the threshold consumption rebate.
- 5.1.4** From the submissions made by PSPCL in the petition, it is observed that for FY 2023-24 PSPCL has projected a surplus of 2961.29 MkWh which is proposed to be surrendered. During FY 2022-23, PSPCL had projected a surplus of 8410.09 MkWh. Though the quantum of surplus energy is showing a decreasing trend, however PSPCL is still projecting a surplus in FY 2023-24. During the public hearings, various industrial consumers have requested the Commission to continue the threshold rebate in view of surplus energy available with PSPCL. Further, any benefit of the threshold rebate becomes available only in the closing months of the year which are non-peak demand (non-paddy) months. In view of the surplus power availability projected during FY 2023-24, the Commission decides to continue with its policy of encouraging the industry in

promoting the productive use of surplus power by offering a lower rate of energy charge for consumption of power exceeding the threshold limit. The issue shall be reconsidered during FY 2024-25 keeping in view the actual power scenario. The applicable reduced energy charge for FY 2023-24 shall be Rs. 5.24 per kVAh with other terms and conditions remaining the same. The terms & conditions are produced below for ready reference:-

- i) The maximum annual consumption in any of the last two financial years shall be taken as the threshold. In case, the period is less than two financial years i.e. if connection has been released after 31.03.2021, reduced Energy Charge shall not be permissible.
- ii) Only PSPCL supplied consumption shall be considered for calculating the maximum annual consumption in any of the last two financial years which is to be taken as the threshold limit and also for calculating consumption eligible for reduced Energy Charge.
- iii) Any change in the contract demand either during the last two financial years or during the current financial year, shall not be considered while calculating the threshold limit or calculating consumption eligible for reduced Energy Charge. Any consumption above the threshold consumption will be eligible for the reduced Energy Charge.
- iv) The billing at the reduced Energy Charge shall be done once the consumer crosses the threshold consumption e.g. if a consumer has a maximum annual consumption in any of two preceding financial years as 10000 kVAh, the reduced Energy Charge shall be allowed to the consumer as and when his consumption during the current year exceeds 10000 kVAh.
- v) The cumulative effect of ToD rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit and/or use of electricity exclusively during night hours) at any time shall be limited to the Energy Charge of Rs. 5.24 per kVAh. In addition, all other surcharges/ rebates as approved by the Commission and Govt. levies as notified by the State Government shall be charged/allowed extra.

5.2 Time of Day (ToD) Tariff

5.2.1 A distribution licensee generally plans for long term power procurement to meet its base load/demand and goes for short term power procurement only to cater to its peak demand. Thus, to achieve optimum power procurement, the load curve throughout the day needs to be as flat as possible. To achieve this objective, Time of Day (ToD) tariff is an accepted tool for DSM, wherein an additional charge is levied

for consumption of electricity during peak-hours and rebate is allowed for consumption during off-peak hours, in order to incentivize consumers to shift their consumption from peak to off-peak hours, for flattening of the load curve and minimizing the cost of power procurement to the distribution licensee.

- 5.2.2** Accordingly, the Commission in the Tariff Order for FY 2016-17 decided to shift from the Peak Load Exemption Charges (PLEC) to the ToD tariff; comprising of normal tariff plus Rs. 2.00 per kVAh for the consumption during peak hours during the 06:00 PM to 10:00 PM hours slot between 1st June to 30th September and normal tariff minus Rs. 1.00 per kVAh for the consumption during off-peak hours during the 10:00 PM to 06:00 AM (next day) hours slot between 1st October to 31st May of next year. The ToD tariff was made applicable initially for LS/MS industrial category consumers.
- 5.2.3** In the Tariff Order for FY 2017-18, NRS/BS category consumers with sanctioned demand exceeding 100 kVA were also covered under ToD tariff. Also, off-peak rebate was increased to Rs.1.25 per kVAh, with the provision to limit the cumulative effect of ToD rebate and reduced energy charges for consumption beyond threshold limit to the lowest Energy charges of Rs. 4.23 per kVAh. The cumulative effect of ToD rebate and reduced Energy Charges for consumption beyond threshold limit was limited to the lowest Energy charge of Rs. 4.28 per kVAh, in the tariff Order for FY 2018-19.
- 5.2.4** In the Tariff Order for FY for 2019-20, the Commission decided to continue with the ToD Tariff as approved in the Tariff Order for FY 2018-19. However, it was made applicable for NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, all LS/MS consumers (including Rural Water Supply Schemes & Compost/Solid Waste Management Plants) and EV charging stations, with the provision that, cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced energy charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.
- 5.2.5** In the Tariff Order for FY 2020-21 to 2022-23, the Commission decided to continue with the existing ToD Tariff with the provision to limit the cumulative effect of ToD rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit and/or use of electricity exclusively during night hours) at any time to the Energy Charge of Rs. 4.83 per kVAh for FY 2020-21, Rs. 4.86 per kVAh for FY 2021-22 and FY 2022-23.
- 5.2.6** Further in Tariff Order FY 2021-22, regarding expanding the scope of ToD tariff to other categories the Commission directed PSPCL to submit a comprehensive proposal based on monthly category-wise load curve and the monthly power availability curve along with the tariff for FY 2022-23. The same directions were

reiterated in tariff Order for FY 2022-23. Further, in the petition for FY 2022-23, PSPCL submitted that as observed in the last few years, the paddy season invariably spills over till October 15th due to certain varieties of paddy whose irrigation demand remains till October 15th. PSPCL thus prayed that ToD tariff should start from October 16th instead of October 1st. This prayer has again been reiterated by PSPCL in this petition. PSPCL has also submitted that as per the current year's notification by GoP, supply of power for sowing paddy crop is "till the crop matures". PSPCL has proposed for consideration/approval of commencement of ToD rebate tariff from 15th October instead of 1st October. Objectors have suggested that if the TOD rebate commencement date is extended from 1st October to 15th October, then TOD surcharge date should also be extended to 13-15th June (ToD surcharge is presently applicable from 1st June-- 30th September). Objectors want it to be shifted from 15th June to 15th October in case ToD tariff applicability date is postponed to 16th October.

5.2.7 The Commission observes that at present there is no intimation from Punjab Government for increasing paddy duration specifically up to 15th October and accordingly decides to continue with the provision of ToD Tariff for NRS/BS consumers with sanctioned demand of more than 100 kVA, all LS/MS consumers (including Rural/Urban Water Supply Schemes & Compost/Solid Waste Management Plants) and EV charging stations. The applicable ToD Tariff shall be as per condition 15 of General Conditions of Tariff.

5.3 Special tariff for use of electricity exclusively during night hours

5.3.1 In the Tariff Order for FY 2018-19, the Commission, in order to give an impetus to the consumption of power particularly during night hours and to further flatten the load curve of the utility during a day, decided to introduce a special reduced tariff for LS/MS Industrial consumers who opt to use electricity exclusively during night hours i.e. from 10.00 PM to 06.00 AM next day. This initiative was continued in the Tariff Order for FY 2019-20 and FY 2020-21. Also, on the request of various industrial consumer organizations and after receiving PSPCL's confirmation of its feasibility, the Commission decided to allow the use of electricity with normal rates of tariff for the period between 06:00 AM to 10:00 AM, during the non- paddy season.

5.3.2 The Commission decided to extend the benefit of exclusive night-time tariff to SP industrial category consumers in the Tariff Order for FY 2020-21. However, such consumers were required to bear the cost of compatible meters. The distribution Licensee was directed to provide compatible meters to consumers who exercise their option to switchover to exclusive night-time tariff. Such consumers were also given the liberty to arrange their own compatible meters and get these installed from PSPCL as per the laid down procedure. Further, the Commission also decided to

allow the use of electricity from 06:00 AM to 10:00 AM at normal tariff rate, also during the paddy season of FY 2020-21 to the consumers under the night category. Presently, a maximum of 10% of the total units consumed during the night hours (10:00 PM to 06:00 AM the next day) can be additionally availed during the period from 10:00 AM to 10:00 PM.

5.3.3 The Commission decided to continue with the special reduced tariff for industrial consumers who opt to use electricity during night hours i.e. from 10.00 PM to 06.00 AM (next day) with the provision of consumption of electricity from 06:00 AM to 10:00 AM at normal tariff rate for FY 2021-22 & FY 2022-23.

5.3.4 Objectors have requested the Commission for allowing 10% of consumption during 10 PM to 10 AM, for availing during day hours (10 AM to 10 PM). Further, Objectors have also suggested that the Night Tariff should be reduced.

PSPCL, in its Petition, has submitted that during the months of December to February during the morning peak hours of 7.30-10.30 hrs, foggy weather coupled with delayed availability of solar power makes the task of meeting demand more challenging, especially with a steep price in the rate of demand during this period i.e., from 4500 MW at 4.30 am to around 7000 MW by 8 am and so on. Managing such a sharp rise is not possible without power procurement along with hot spinning reserve kept available for smooth system operation. Even the energy prices in the market during these hours are relatively higher and have even touched the ceiling tariff of Rs 12/kWh. PSPCL has proposed to the Commission that in the Special night tariff, the normal tariff hours (i.e. 06.00 hrs. the next morning up to 10:00 hrs.) be limited from 06.00 hrs up to 07:00 hrs only. Still, in case present terms and conditions for normal tariff hours are to be continued, some premium over and above normal tariff may be charged from the consumers opting for the same, especially in the months of December and January. PSPCL has submitted that the rationale for proposing a premium charge to the Special Night Tariff consumers is mainly due to the reason that night tariff consumers in particular are being given the benefit of relaxation of 50% fixed charges in addition to exclusive Special Night Tariff. PSPCL has submitted that there are only 57 special night category consumers with a total load of 183 MW, contract demand of 171.98 MVA and consumption of 608.42 million units.

5.3.5 As the quantum of load of night categories is only 183 MW with only 57 consumers, it is felt that to promote industrial growth, without too much adverse impact on PSPCL, the present initiative should continue. **Accordingly, the Commission decides to continue with the special reduced tariff for industrial consumers who opt to use electricity during night hours i.e. from 10.00 PM to 06.00 AM (next day) with the provision of consumption of electricity from 06:00 AM to 10:00 AM at normal**

tariff rate for FY 2023-24. The Commission also retains the provision of allowing the additional consumption of 10% of total units consumed during the night hours (10:00 PM to 06:00 AM the next day) which could be availed during the period from 10:00 AM to 10:00 PM at normal rates. PSPCL is directed to provide the monthly load curve and power availability curve with the ARR petition for FY 2024-25 for review of these arrangements next year. The terms and conditions for use of electricity exclusively during night hours shall be as per condition 22 of General Conditions of Tariff.

5.4 Power Intensive Unit (PIU) Tariff

In the tariff Order for FY 2022-23, the Commission agreed with the objectors' view that PIUs, who put in efforts/investment to maintain their harmonics within the permissible levels need to be treated differently from the consumers who continue to inject harmonics in the system. However, for this to happen, the designated consumers have to install power quality meters. PSPCL has now shortlisted two vendors for supply & sale of PQ meters and has also started installing PQ meters on the selected 11/66 kV feeders. The Commission has approved the Punjab State Electricity Regulatory Commission (Power Quality) Regulations, 2023 vide notification No. PSERC/Secy/Regu. 172 dated 21st March, 2023 (in short PQ Regulations) which provides for compensation to be paid by the designated consumers in case the Total Demand Distortion (TDD) values exceeds the specified limits. The following provisions have been specified for the designated consumers to implement the PQ Regulations:

- i) The designated consumer, as specified in first proviso to clause (1) of Regulation 5 of the PQ Regulations, shall install the Power Quality meters within six months from the date of issue of notification of the PQ Regulations.

Provided that all the applicants covered under the category of designated consumers, as specified in first proviso to clause (1) of Regulation 5 of PQ regulations, seeking a new connection or extension in demand shall install the PQ meters before the release of connection or extension in demand.

- ii) In case the designated consumer fails to install the power quality meter within the stipulated time, a 15 days' notice shall be issued to such designated consumer by the distribution licensee and thereafter, in case the non-compliance continues, a penalty at the rate of Rs. 50/kVA/month on the sanctioned contract demand or contracted demand under Open Access, as may be applicable, shall be levied. Part of the month shall be treated as the full month.

Provided that in case the designated consumer, as specified in first proviso to clause (1) of Regulation 5 of these regulations, fails to install the PQ meter even after 9 months from the date of issue of the notification of these regulations, then a penalty at the rate of Rs. 80/kVA/month on the sanctioned

contract demand or contracted demand under Open Access, as may be applicable, shall be levied.

Provided further that in case the designated consumer fails to install PQ meter by 31st March 2024 then such consumer shall be liable to pay compensation @ 10% of the total monthly consumption charges (fixed and energy charges) till the installation of the PQ meter. After installation of the PQ meter by the consumer, in case the TDD values exceeds the specified limits, then compensation as specified in Regulation 13.11 of these regulations shall be payable by the consumer.

Provided also that the compensation shall be without prejudice to the distribution licensee's right to disconnect the connection/connectivity, as the case may be, after serving a minimum of 15 days' notice to the consumer.

- iii) After the installation of PQ meter, the designated consumers shall capture the current harmonics data at the PCC and take necessary remedial measures to limit the current harmonic injection within the limits specified in Regulation 13.7.2 of PQ Regulations latest by 31st March, 2024. With effect from 1st April 2024, all the designated consumers shall be liable for payment of compensation to the distribution licensee as per the provisions of Regulation 13.11 in case the Total Demand Distortion (TDD) values exceed the limits specified in Regulation 13.7.2 of PQ regulations.

Provided that a designated consumer may opt to be governed by the provisions of Regulation 13.11 before 1st April 2024 by submitting a fresh A&A form as a General Category consumer. In such a case, the designated industrial consumer shall be treated as a General Industrial category consumer for all intents and purposes from the billing month immediately following the date of receipt of such option along with A&A form from the consumer by the distribution licensee. The A&A form shall be deemed to have been approved from the date of submission to the distribution licensee.

Accordingly, for the present, the Commission decides to retain a separate tariff for Power Intensive Units and General Industry for FY 2023-24. Thereafter, the Commission intends to discontinue with the separate tariff for Power Intensive Units and only the designated consumers, as specified in the PQ Regulations, injecting current harmonics over and above the specified limits shall be liable to pay compensation to the distribution licensee in the manner as specified by the Commission in the PQ regulations.

5.5 Demand-based tariff

- 5.5.1** In the Tariff Order for FY 2014-15, the Commission decided to introduce the demand (kVA) based tariff for Large Supply, Bulk Supply, Railway Traction, Medium Supply and DS/NRS (with load more than 100 kW) consumers. The same was extended to DS/NRS (load of more than 50 kW) consumers in Tariff Order for FY 2015-16 and to NRS (with load of more than 20 kW) and SP Industrial supply consumers in Tariff

Order for FY 2018-19.

- 5.5.2** The Commission observes that demand based system is a win-win situation for the consumers as well as the utility. For the utility, the prime benefit is that, it doesn't have to deploy its manpower for physical checking of consumer premises for assessment of the load. The same is advantageous to the consumers in the sense that it gives them flexibility in installation of additional electricity equipments/loads provided they keeps their demand within the sanctioned limits.
- 5.5.3** In the tariff order for FY 2022-23, the Commission observed that PSPCL, in its reply to Directive No. 5.18 stated that in the case of DS consumers with load exceeding 20kW, replacement with a compatible meter is under process and the work shall be completed by March, 2022. Regarding DS/NRS consumers, with load not exceeding 20kW, PSPCL had stated that suitable provision for recording maximum demand in kW had been made in the tender enquiry dated 20.10.2020 and allocation of work will be done within 5 months. PSPCL was directed to comply and report the status within one month of the issue of the Tariff Order
- 5.5.4** Thus, in the Tariff Order for FY 2022-23, the Commission had directed PSPCL i) to install the compatible meters on all DS consumers with load exceeding 20 kW ii) to ensure that maximum demand in kW is recorded in case of all NRS/DS consumers with load not exceeding 20kW.
- 5.5.6** PSPCL has now submitted that it has already installed compatible meters on all DS consumers with load exceeding 20 kW and NRS consumers with load exceeding 7 kW. PSPCL has also submitted that, as desired by the Commission, PSPCL has to record maximum demand in kW for all DS/NRS consumers with load not exceeding 20 kW. The provision to record maximum demand for all DS/NRS consumers with load not exceeding 20 kW has already been made in the billing software. As per the information received from all DS Zones, there are approximately 19.84 lacs Electro-static meters and 2.33 Lacs Electro-mechanical Meters currently installed where maximum demand cannot be recorded. Except for these 22.17 lacs consumers, the maximum demand will be recorded for the remaining consumers. Under the RDSS scheme 52 lacs Smart Meters have been envisioned to be installed, where these remaining consumer meters will also be replaced with Smart Meters.
- In view of these details, as brought out by PSPCL, the Commission intends to cover all DS consumers with load exceeding 20 kW and NRS consumers with load exceeding 7kW under the contract demand system. Accordingly, PSPCL is directed to create awareness amongst these consumers about the proposed changes in the tariff structure through interactions and meetings with consumers. This may be achieved by 31.08.2023. Subsequently PSPCL shall give three months' time to all the

consumers to get their contract demand registered from PSPCL through proper communication i.e. by issuing a commercial circular. PSPCL shall submit the compliance report along with the ARR petition for FY 2024-25. PSPCL is also directed to ensure that the maximum demand in kW is recorded in the case of all NRS/DS consumers with load not exceeding 20kW by installing compatible meters on the premises of the remaining consumers.

The Commission will subsequently review the matter and take an appropriate decision on the tariff structure for these categories of consumers.

5.6 Applicability of Tariff to Electric Crematorium

5.6.6 PSPCL requested a clarification from the Commission regarding applicability of tariff to Electric Crematoriums and requested to incorporate the Electric Crematorium category in the appropriate schedule of tariff in the Tariff Order for FY 2023-24. PSPCL has further submitted that, at present, cremation grounds are mainly being covered under the schedule of DS tariff.

The Commission is of the view that provision of Electric crematoria is a social service and there should be no commercial value charged for funeral services. Thus, it should continue to be covered under the domestic category slab. **Accordingly, the Commission decides to include Electric Crematoria in Schedule SVI (Schedule of Tariff for Domestic Supply). The schedule SVI has been amended accordingly.** However, DS tariff will be applicable only to the portion catering to such crematoria activities. In case a part of the area is being used for other commercial purposes, then a separate meter will have to be provided for the same and the consumption for this separate meter will be chargeable as per Non-Residential Supply category.

5.7 PIU Loads having installed / connected kVA rating up to 100 kVA:

In view of the problems pointed out by industrial consumers, the Commission decides that henceforth, in the mixed load industry with part of load being PIU i.e. in Induction furnaces, Chloroalkaline units, Billet heaters, Surface hardening Machines, Electrolytic process industries, Electrical Bell Furnace for Annealing, Arc Furnaces (including Electro Slag Refining units) having installed / connected kVA rating up to 100 kVA shall not be considered as PIU loads, as also in the case of PIU units with up to 100kVA load.

Chapter 6

Directives for FY 2023-24

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																																																													
5.1 (i) New Sr. No. 5.1 (i)	Reduction in T&D losses	Against 230 feeders having losses more than 50% by the end of December 2020, number of such feeders has swelled to 406 feeders having losses more than 50% by end of September 2021. 14 feeders have losses even more than 90%. The Commission observes that despite its repeated directions to bring down losses on high losses feeders, the number of high loss feeders have significantly increased. There are over all 3308 no. feeders having losses more than 15%. These losses should not be passed on to the consumers. Taking serious note of this unacceptable situation, the Commission directs PSPCL to take	PSPCL has intimated that they are striving hard to achieve the trajectory of distribution losses (12.04% for FY-2022-23) approved by the Commission. The distribution losses are on higher side due to wide spread theft of electricity in some areas which are being checked in planned manners. The detail of no. of high loss feeders identified during FY 2022-23 up to 09-2022 is as below: <table><tr><th rowspan="2">Sr. no.</th><th rowspan="2">Zone</th><th colspan="7">%age loss of no. of feeders</th><th rowspan="2">Total</th></tr><tr><th>15-25%</th><th>25-50%</th><th>50-60%</th><th>60-70%</th><th>70-80%</th><th>80-90%</th><th>more than 90%</th></tr><tr><td>1</td><td>BORDER</td><td>231</td><td>167</td><td>58</td><td>47</td><td>24</td><td>22</td><td>12</td><td>561</td></tr><tr><td>2</td><td>CENTRAL</td><td>102</td><td>12</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>114</td></tr><tr><td>3</td><td>NORTH</td><td>419</td><td>20</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>439</td></tr><tr><td>4</td><td>SOUTH</td><td>288</td><td>250</td><td>19</td><td>20</td><td>0</td><td>0</td><td>0</td><td>577</td></tr><tr><td>5</td><td>WEST</td><td>249</td><td>621</td><td>135</td><td>38</td><td>10</td><td>22</td><td>0</td><td>1075</td></tr><tr><td colspan="2">TOTAL</td><td>1289</td><td>1070</td><td>212</td><td>105</td><td>34</td><td>44</td><td>12</td><td>2766</td></tr></table> Targets have been given to DS divisions having very high %age of losses i.e., in Tarn taran, Faridkot & Bathinda areas. Under the RDSS schemes smart meter will be installed in urban area to check losses. The main reason for high loss is wide spread theft of electricity. To curb the theft of electricity during FY 2022-23 (up to Sept 2022) 540838 nos. connections have been checked out of which 58486 nos. cases of theft and UUE etc. have been detected and penalties to the tune of Rs. 10634.35 Lacs have been imposed on such consumers. Further, there is resistance of public in shifting of meters outside consumer premises. There is a stiff resistance of BKU in some areas also. The total balance meters which are pending for shifting outside consumer premises ending 09-2022 is 4.24 Lacs and this work is expected to be completed by March-2023. Following works have been envisioned under the action plan to achieve substantial reduction of losses. These works are to be completed by 2024-25, with 60% targets to be achieved by 2023-24 with expenditure of Rs.3816/- Cr in the RDSS loss reduction scheme: • Prepaid Smart metering works • Infrastructure Works • DT Metering	Sr. no.	Zone	%age loss of no. of feeders							Total	15-25%	25-50%	50-60%	60-70%	70-80%	80-90%	more than 90%	1	BORDER	231	167	58	47	24	22	12	561	2	CENTRAL	102	12	0	0	0	0	0	114	3	NORTH	419	20	0	0	0	0	0	439	4	SOUTH	288	250	19	20	0	0	0	577	5	WEST	249	621	135	38	10	22	0	1075	TOTAL		1289	1070	212	105	34	44	12	2766	The Commission notes with serious concern that little progress in containment of losses is visible. Instead of reduction, the feeders with losses more than 50% have increased from 406 to 407. 12 feeders have losses even more than 90%. PSPCL needs to focus on these in order to reduce overall T&D losses. There are over all 2766 no. feeders having losses more than 15%. These losses should not be passed on to the consumers. Taking serious note of this unacceptable situation, the Commission directs
Sr. no.	Zone	%age loss of no. of feeders							Total																																																																								
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		concerted action to substantially bring down losses on these feeders, as well as on other feeders. The Commission would be revisiting this issue in view of the loss reduction potential of PSPCL. Further, the Commission directs PSPCL to intimate, within one month of issue of this tariff order, the pumped energy data, metered sale and loss on each of these feeders and the action plan to achieve substantial reduction of losses	• Feeder Metering • Re-conductoring • New cabling works • Bifurcation of existing 11 KV Feeders • Feeder Segregation • DT Augmentation • New 66 KV Substations • Augmentation of existing Power Transformers • New/Augmentation of 66 KV Lines	PSPCL to take concerted action to substantially bring down losses on these feeders, as well as on other feeders. The Commission would be revisiting this issue in view of the loss reduction potential of PSPCL. Further, the Commission directs PSPCL to intimate, within one month of issue of this tariff order, the pumped energy data, metered sale and loss on each of these feeders and the action plan to achieve substantial reduction of losses.
5.1 (ii) New Sr. No. 5.1 (ii)	Reduction in T&D losses	In the reply to Directive no. 5.1(ii) in tariff order for FY 2020-21, PSPCL had stated that 5 nos. teams have been constituted to carry out energy audit of	PSPCL had constituted 5 no. teams to carry out energy audit of 66 KV Substations vide Office Order no. 04/2020 Dated 30.09.2020. Report of 4 no. Substations have already been sent. The report of remaining 1 no. Substation is expected by 12-2022. Letter has already been issued to CE/P&M by O/O Director/Distribution vide office Memo No. 2883/85 regarding action plan to conduct energy audit of all Circles. The recommendations given in the Energy Audit Report are mainly as under: Reduction of 11 KV Bus Bar losses 1. Thermography of bus section for thermal imaging to detect	The Commission observes that PSPCL has completed energy audit of two no. substations out of five no. substations upto September, 2021 and now PSPCL has

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		66kV sub-stations which had been directed to complete the work of energy audit within 15 days. However, now PSPCL has intimated that energy audit of only 2 nos. sub-stations have been done. Even the action plan to complete the energy audit of all the circles has not been given. Taking a serious view of this complacency, the Commission directs that the energy audit of remaining sub-stations be completed immediately. Further, immediate action be taken to undertake third party energy audit of all the circles for which a suitable agency be engaged. The action plan to ensure the same and to implement the recommendations of the energy audit conducted till date be intimated within one month of	any hot spot/joints. 2. Visual inspection of bus for detection of any loose connection or oxidation. 3. Reduction in contact resistance by proper termination after cleaning & tightening of contacts. 4. Replacement of bus by higher cross section & higher conductivity material. Reduction of 11 KV distribution losses. 1. 100% shifting of meters from houses to poles. 2. Augmentation of conductor with adequate capacity. 3. 100% metering of all distribution transformers. 4. Replacement of electromechanical meters with electronic/smart meters. 5. To get periodical thermography of all 11KV feeders to find hot spots, not visible to naked eyes. 6. Load balancing of all distribution transformers to reduce damage rate of distribution transformers	completed energy audit of four no. substation upto September, 2022. No visible progress has been made in respect of third-party energy audit of all the circles. Even any report in this regard has not been submitted. PSPCL is directed to submit, within one month of issue of this tariff order, the latest status in this regard along with the action plan for implementing the recommendations of the already done energy audit and for conducting third party audit of all the circles.

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5.1 (iii) New Sr. No. 5.1 (iii)	Reduction in T&D losses	The Commission observes that against 4 divisions having losses more than 50% by the end of December 2020, there are 10 PSPCL divisions having losses more than 50% by end of September 2021. Further, the losses of each of these very high losses 12 Divisions are increasing year after year. PSPCL is being allowed Capex to strengthen its distribution system and undertake loss reduction measures, but PSPCL has not demonstrated any concerted effort to achieve lower losses in these divisions despite specific directions to that effect. The inefficiencies of the licensee cannot be perpetually passed on to the consumers. Taking serious note of this	The list of divisions with losses more than 30% (Excluding AP) are as under: <table border="1"> <thead> <tr> <th>Sr. No.</th><th>Zone</th><th>Circle</th><th>Division</th><th>%age Non AP distribution losses</th></tr> </thead> <tbody> <tr><td>1</td><td>Border</td><td>Tarn Taran</td><td>Bhikiwind</td><td>60.13</td></tr> <tr><td>2</td><td>Border</td><td>Tarn Taran</td><td>Patti</td><td>55.94</td></tr> <tr><td>3</td><td>Border</td><td>SU Amritsar</td><td>West Amritsar</td><td>47.12</td></tr> <tr><td>4</td><td>Border</td><td>SU Amritsar</td><td>Ajnala</td><td>45.67</td></tr> <tr><td>5</td><td>West</td><td>Ferozepur</td><td>Zira</td><td>43.46</td></tr> <tr><td>6</td><td>West</td><td>Bhathinda</td><td>Bhagta Bhai ka</td><td>41.21</td></tr> <tr><td>7</td><td>Border</td><td>Tarn Taran</td><td>SU Tarn Taran</td><td>39.06</td></tr> <tr><td>8</td><td>South</td><td>Sangrur</td><td>Lehra gaga</td><td>38.82</td></tr> <tr><td>9</td><td>West</td><td>Faridkot</td><td>Bagha Purana</td><td>38.55</td></tr> <tr><td>10</td><td>West</td><td>Mukatsar</td><td>Malout</td><td>38.47</td></tr> <tr><td>11</td><td>West</td><td>Ferozepur</td><td>Jalalabad</td><td>36.63</td></tr> <tr><td>12</td><td>South</td><td>Sangrur</td><td>Patran</td><td>36.58</td></tr> <tr><td>13</td><td>Border</td><td>SU Amritsar</td><td>SU Amritsar</td><td>34.19</td></tr> <tr><td>14</td><td>West</td><td>Bhathinda</td><td>Rampura Phul</td><td>33.83</td></tr> <tr><td>15</td><td>Border</td><td>Tarn Taran</td><td>SU Tarn Taran</td><td>32.32</td></tr> <tr><td>16</td><td>Border</td><td>Gurdaspur</td><td>Sub Batala</td><td>31.1</td></tr> </tbody> </table> Under the RDSS scheme, smart meters will be installed for better energy audit. Targets have been fixed for all DS Divisions in Key Performance parameters. Action plan to achieve substantial reduction of losses in these high loss divisions is as under: • Installation of New Substations. • Augmentation of Power Transformers & Transmission Lines. • Installation of Additional Power Transformers. • Re-Conductoring of HT & LT Lines. • Installation of Capacitor Banks. • Unified Billing Solutions. • Installation of Smart Meters (Feeders, DTs & Consumer Meters). • Deloading of 11 KV Lines & Distribution Transformers. • Replacement of bare conductor LT lines with cables in theft prone area. • Special drives for recovery of Defaulting Amount and Checking of Theft. • Analysis of Feeder wise Losses.	Sr. No.	Zone	Circle	Division	%age Non AP distribution losses	1	Border	Tarn Taran	Bhikiwind	60.13	2	Border	Tarn Taran	Patti	55.94	3	Border	SU Amritsar	West Amritsar	47.12	4	Border	SU Amritsar	Ajnala	45.67	5	West	Ferozepur	Zira	43.46	6	West	Bhathinda	Bhagta Bhai ka	41.21	7	Border	Tarn Taran	SU Tarn Taran	39.06	8	South	Sangrur	Lehra gaga	38.82	9	West	Faridkot	Bagha Purana	38.55	10	West	Mukatsar	Malout	38.47	11	West	Ferozepur	Jalalabad	36.63	12	South	Sangrur	Patran	36.58	13	Border	SU Amritsar	SU Amritsar	34.19	14	West	Bhathinda	Rampura Phul	33.83	15	Border	Tarn Taran	SU Tarn Taran	32.32	16	Border	Gurdaspur	Sub Batala	31.1	The Commission observes that 2 PSPCL Divisions still have losses more than 50% and 14 Divisions have losses from 30% to 50%. The inefficiencies of the licensee cannot be perpetually passed on to the consumers. PSPCL is directed to take concerted action to substantially bring down losses in these divisions as well as in other divisions. PSPCL is directed to submit, within one month of issue of this tariff order, the detailed action plan to bring down losses in these Divisions below 15%.
Sr. No.	Zone	Circle	Division	%age Non AP distribution losses																																																																																					
1	Border	Tarn Taran	Bhikiwind	60.13																																																																																					
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		grave situation, the Commission directs PSPCL to take concerted action, to substantially bring down losses in these divisions, as well as in other divisions. Further, the Commission directs PSPCL to intimate, within one month of issue of this tariff order, the names of divisions with more than 15% loss along with input energy, metered sale & loss in each such division and the action plan to achieve substantial reduction of losses in these divisions.		
5.1 (iv) New Sr. No. 5.1 (iv)	Reduction in T&D losses	PSPCL is directed to monitor the progress of work at its own level and to ensure its expeditious completion.	The number of the balance meters pending for shifting outside consumer premises ending 09-2022 is 4.24 Lacs. The work of shifting of these balance meters is expected to be completed by March-2023.	The Commission notes the position. PSPCL is directed to submit quarterly status report to the Commission.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
5.1 (v) New Sr. No. 5.1 (v)	Reduction in T&D losses	Ending December 2020, there were 3,17,103 Electromechanical Meters pending replacement and the number ending September, 2021 is 2,50,046 i.e. only 67,103 meters have been replaced in the last nine months. This is violation of CEA Metering Regulations and the directives of the Commission issued repeatedly since FY 2011-12. PSPCL has now committed that work will be completed by March, 2022. PSPCL is directed to monitor the progress of work at its own level and to ensure its expeditious completion.	2,26,380 Lac Electromechanical meters are yet to be replaced with Electronic/ Smart meters under the RDSS scheme as on 30-09-2022 i.e. 1,59,396 meters in SAP area and 66,984 meters in non-SAP area The work of replacement of Electromechanical meters shall be completed by March-2023.	The Commission notes position. PSPCL is directed to share the status of replacement of electromechanical meters within one month of issue of this Tariff order.
5.2 New Sr. No. 5.2 (i)	Metering 100% Metering	Despite repeated directions, PSPCL has not made much progress to implement the mandate of the Act and the Rules to	PSPCL has intimated that although the Electricity Act provides for 100% metering of all consumers but installation of meters on a category of consumers being provided free power by GoP will not serve any purpose except recording energy, as meters have already been provided on all feeders. Provision of 100% metering on AP feeders would make AP energy accounting more accurate but would also require considerable investment in manpower and equipment and may not justify the return on investment. Regarding the direction of the commission to provide 100% metering to all consumers within five years starting from April 2018. It has been submitted as follows: -	PSPCL has been directed to provide 100% metering of all consumers within five years starting from April,

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																													
		achieve 100% metering. PSPCL is again directed to expeditiously submit the plan to achieve 100% metering as per the mandate of the Act.	A project for feeder segregation and AP consumer metering in Kandi area under DDUGJY scheme has been initiated at a cost 191 Cr. for better accounting of AP energy on Kandi feeders. <table><tr><th colspan="7">Abstract of Kandi Mixed Feeders</th></tr><tr><th rowspan="2">Sr. No</th><th rowspan="2">Zone</th><th rowspan="2">Feeder Converted to Pure Kandi AP (Energy being billed at 100%)</th><th rowspan="2">Remaining Kandi Mixed Feeders (Energy billed at 30%)</th><th colspan="3">Status of Kandi Mixed Feeders</th></tr><tr><th>Feeder not included in DDUGJY</th><th>Kandi Pure AP (minor works remaining)</th><th>Work not Finished/ in Progress by APDRP</th></tr><tr><td>1</td><td>Border</td><td>0</td><td>27</td><td>27</td><td>0</td><td>0</td></tr><tr><td>2</td><td>North</td><td>15</td><td>150</td><td>116</td><td>32</td><td>2</td></tr><tr><td>3</td><td>South</td><td>6</td><td>128</td><td>82</td><td>42</td><td>4</td></tr><tr><td></td><td>Total</td><td>21</td><td>305</td><td>225</td><td>74</td><td>6</td></tr></table> 1. An online system to record AP feeder energy readings is being used, where data is submitted by concerned Sr XEN P&M and cannot be subsequently modified. Same data is shared on a monthly basis with PSERC. The data of about 1800 AP feeders is being received under AMR/ REC Rural Feeder Monitoring projects and is being shared with PSERC. 2. Feeders supplying power to Agriculture Pump Sets have been segregated and are metered. Each month, meter readings of all these feeders are submitted to the Commission. 3. Assuming approx. 14 Lac total AP consumers, an investment of approx. 1204 Cr. and recurring cost 57.76 Cr. per annum shall be required for AMR/ Smart meters, Data Centre Servers and Software Licenses. Periodic replacement of defective meters or modems will also involve cost. PSPCL under instructions of Punjab Govt. and in collaboration with M/S J-PAL and World Bank has launched a DBTE scheme <u>Pani Bachao Paise Kamao</u> on 256 AP feeders. In this scheme farmers are being asked to install meters on their agriculture pump sets, if they want to receive benefits under this scheme. Till date 3621 AP consumers have been enrolled for these feeders. Punjab Government is planning to extend the scope of this scheme. Each month meter readings of all these feeders are submitted to the Commission. It has	Abstract of Kandi Mixed Feeders							Sr. No	Zone	Feeder Converted to Pure Kandi AP (Energy being billed at 100%)	Remaining Kandi Mixed Feeders (Energy billed at 30%)	Status of Kandi Mixed Feeders			Feeder not included in DDUGJY	Kandi Pure AP (minor works remaining)	Work not Finished/ in Progress by APDRP	1	Border	0	27	27	0	0	2	North	15	150	116	32	2	3	South	6	128	82	42	4		Total	21	305	225	74	6	2018 as per mandate of Act. The Commission notes that PSPCL has not made much progress to implement 100% metering of all consumers. PSPCL is directed to submit action plan and timelines to complete the work within one month of issue of tariff order.
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
			been further intimated that PSPCL has taken multiple measures to enhance the energy accounting on agriculture networks, such as enhancing the sample size of consumer meters, 100% AP feeder metering, segregation of AP feeders. Policy has already been changed, mandating all new AP connections to be released on HVDS, installing meters on new AP connections. However, in spite of the above, various Kissan Unions are not allowing PSPCL to install meters at their AP connections.	
5.2 (ii) New Sr. No. 5.2 (ii)	Metering Introduction of prepaid and smart meters	The Commission observes that as emphasised in the directions given in the tariff order for FY-2021-22, Rule 5(1) of the Electricity (Rights of Consumers) Rules, 2020 provides that "No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Further, the timelines to ensure smart metering with pre-payment mode have been specified vide Ministry of Power, Govt. of India Notification no. F.No. 23/35/2019-R&R dated 17.08.2021. The Commission directs that the action plan to	PSPCL has intimated that as per the Directives/Guidelines of GoI/PSERC, no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. In compliance to above, the status of Smart Meters is as under: - ➤ THREE PHASE SMART METERS: 96000 Three phase Smart Meters procured vide PO dated 28.05.2020 have been installed. An additional order of 19200 three phase Smart Meters has also been placed against which the supply of same has commenced. Further, a Purchase Order dated 10.11.2022 has been placed for 1 lac three phase Smart Meters against which the supply will commence from January-2023. ➤ THREE PHASE LT CT SMART METERS: A Purchase order for 30,000 Three phase LT CT Smart Meters has been placed against which the supply has commenced. ➤ SINGLE PHASE SMART METERS: A Purchase Orders dated 31.08.2022 and 10.11.2022 for 8 lac single phase smart Meters have been placed against which the supply will commence in January-2023. ➤ RDSS: Sanction has been given to PSPCL by Govt. of India on RDSS on dated: 21.11.2022 In view of this sanction, about 87.85 lakh consumer smart Meters will be procured with estimated cost of Rs.5270.88 Cr., 1,84,044 no. of DT smart meters with estimated cost of Rs.423.30 Cr., 12,563 no. of Feeder meters with estimated cost of Rs.52.76 Cr will be procured. Total Budget allocated for smart Metering in Punjab will be to the tune of Rs.5746.95 Cr. with GBS of Rs.946.87 Crores including incentive for Phase-1	The Commission notes the position. Rule 5(i) of Electricity (Right of Consumer) Rules 2021 provides that "No connection shall be given without a meter and such meter shall be the smart pre-payment meter or pre-payment meter. Further, the timelines to ensure smart metering with pre-payment mode have been specified vide Ministry of Power GOI Notification no. F no 23/35/2019 – R&R dated 17.8.2021. Moreover, vide order dated 22.11.2021 in petition No

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		ensure compliance with aforementioned Rule and Notification be furnished within three months of issue of this tariff order. Moreover, Vide Order dated 22.11.2021 in Petition No. 22 of 2021, the Commission had given directions to PSPCL in the context of installation and operationalisation of smart meters. Further, compliance with above directions be ensured expeditiously.		22 of 2021, the Commission had given directions to PSPCL in context of installation and operationalisation of smart meters. PSPCL is directed to submit the action plan and timelines to ensure compliance with aforementioned Rule and notification be furnished within one month of this tariff order.
5.2 (iii) New Sr. No. 5.2 (iii)	Metering AMR of HT/MS consumers	The Commission observes that PSPCL has still not complied with the directive of the Commission and has not even intimated the timelines to complete the work. PSPCL is directed to submit the action plan and the timelines to complete the work within one month of the issue of this tariff order.	PSPCL has intimated that there are total 15342 no. HT consumer meters in SAP as well as non-SAP area. Out of these, AMR is installed on 10921 no. meters. For the remaining HT consumers and for those where AMR is not working as on date, PSPCL was considering options of procurement of HT Smart Meters vs procurement of modems for past one year and now it has been decided to procure smart meters.	The Commission observes that despite repeated directions, PSPCL has still not complied with the directives of commission to install AMR on HT/MS consumers. Against a pendency of 5348 nos. last year, the pendency still stands at 4421. Now PSPCL has

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
				decided to install smart meters in case of remaining consumers. PSPCL is directed to submit the action plan and timelines to complete the pending work within three months of issue of this tariff order.
5.2 (iv) New Sr. No. 5.2 (iv)	Metering Accreditation of ME labs	The Commission notes the position intimated by PSPCL, with the directions that the updated status be furnished within three months of issue of this tariff order.	PSPCL has intimated that directives of the Commission will be followed and accreditation of existing ME labs from NABL is under process. It has been intimated as under: - i. ME lab at Jalandhar is already NABL accredited. ii. The required civil infrastructure is being created for ME Labs at Patiala, Bathinda and Amritsar. NABL Accreditation of labs will be completed soon.	The Commission observes that PSPCL has still not complied with the provisions of Supply Code. Last year PSPCL had intimated that NABL accreditation of Patiala, Ludhiana and Bathinda labs would be completed by March 2022, June 2022 and September 2022 respectively, but accreditation of four labs is still pending. PSPCL is directed to furnish updated status along with the

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
				action plan and timelines to complete work within one month of this tariff order.
5.2 (v) New Sr. No. 5.2 (v)	Metering Testing of EHT metering equipment at site	The Commission notes the status	work order no.3 dated 14.07.2021 for on-site testing third party testing of 19 no. EHT connections (10% of total 191 EHT connections) of PSPCL covering Energy Meters and CT/PT units through primary injection method was issued and work has been completed. 2 nos. Portable Secondary Injection Type CT & PT Test Equipment for Testing of LT/HT/EHT Current Transformers & Potential Transformers have been procured. In-house testing of LT/HT/EHT Current Transformers & Potential Transformers is being carried out by own enforcement squads of PSPCL. The Jalandhar Enforcement Circle squad has already tested 9 connections whereas Ludhiana Enforcement Circle squad has tested 2 connections.	PSPCL is directed to submit quarterly status report of testing of EHT metering equipment at site to the Commission.
5.3 A (i) (a) New Sr. No. 5.3 (i)	Status of Central Schemes SCADA/DMS- Status of audit by TPIEA	The Commission notes the status.	PSPCL has intimated that the letter has been received from PFC stating that RAPDRP Part-A SCADA GoI loan has been converted into grant.	The Commission notes the status. PSPCL is directed to intimate the total outlay of scheme along with loan amount eligible for grant and actual amount of loan converted into grant by GOI with one month of issue of this tariff order.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
5.3 (A) (i) (b) New Sr. No. 5.3 (ii)	Status of Central Schemes RAPDRP Part B	The Commission reiterates its directive to ensure conversion of loan into grants as admissible under RAPDRP scheme. Quarterly status report in this regard be shared with the Commission.	PSPCL has intimated that the work of 46 nos. towns under R-APDRP (Part-B) scheme has been completed and financial closure documents have also been submitted to PFC. As per guidelines, upto 50% loan against Part-B projects is convertible into grant in equal five tranches. First, the loan from GOI shall be converted into grant. Loans from FIs shall be converted into grant only after the conversion of full GOI loan into grant. Whenever the loan from GOI/ FIs is converted into grant, interest and other charges paid on the converted amount will also be treated as grant and reimbursed to the Utility. For the loan and interest which could not be converted into grant on account of not meeting the conditions of conversion, the utility/state will have to bear the balance burden of loan and interest repayment. Accordingly, M/s WAPCOS (appointed as a Third-Party Agency by PFC) has collected requisite data from PSPCL and has submitted the report to PFC. Based on the reports submitted by M/s WAPCOS, PFC has intimated that an amount of Rs. 492,11,49,304/- (Loan- Rs. 373,56,98,221/- interest-Rs. 118,54,51,083/- has been converted into grant for PSPCL, Punjab under R-APDRP (Part B).	The Commission notes that loan amount of Rs. 727.15 crore against R-APDRP (Part-B) scheme is eligible for conversion into grant as intimated in the status of compliance ending September, 2021. Now PSPCL has intimated that loan amount of Rs. 492.11 crore (including interest) is eligible for conversion into grant against all 46 Towns under R-APDRP (Part-B) scheme. PSPCL is directed to submit total outlay of R-APDRP (Part-B) scheme, town-wise loan amount admissible for conversion into grant and actual amount of loan converted into grant along with reasons for non-

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
				conversion of total eligible amount of loan into grant within 3 months of issue of this tariff order.
5.3A (i) (c) New Sr. No. 5.3 (iii)	IPDS	The Commission notes the position and directs that the stipulated timelines are adhered to and PSPCL must meticulously monitor the progress of work.	PSPCL has intimated that the work of all the 20 no. circles (102 no. towns) covered under IPDS scheme has been physically completed within the scheduled timeline of 31.03.2021. The scheme has also been financially closed within stipulated timelines i.e. 31.03.2022.	The Commission notes the status submitted by PSPCL with direction to intimate the total outlay of IPDS Scheme, actual expenditure incurred for all eligible 102 no. towns vis-a-vis amount of loan converted into grant along with amount of additional grant of 15%, reasons for converting less amount of loan into grant within three months of issue of this tariff order.
	DDUGJY:	The Commission notes the position and directs that the stipulated timelines are	<u>DDUGJY (State):</u> PSPCL has intimated that the executable work of all the 20 nos. Districts covered under DDUGJY (State) scheme had been physically completed within the scheduled timeline. Closure proposal was submitted to REC within scheduled time i.e. 31.12.2021. MoP/Gol had accorded approval for closure of the project. Therefore, DDUGJY(State) scheme stands closed by	The Commission notes the status submitted by PSPCL with direction to

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24											
		adhered to and PSPCL must meticulously monitor the progress of work at its level.	31.12.2021. DDUGJY (Kandi Area): PSPCL has intimated that the executable work of all the 5 nos. Districts covered under DDUGJY (Kandi Area) scheme had been physically completed within the scheduled timeline. Closure proposal was submitted to REC within scheduled time i.e. 31.03.2022. MoP/ GoI had accorded approval for closure of the project. Therefore, DDUGJY (Kandi Area) scheme stands closed by 1.03.2022.	intimate the total sanctioned amount of DDUGJY project along with status of conversion of loan amount into grant of both State and Kandi project, within three months of issue of this tariff order.											
5.4 (i) New Sr. No. 5.4 (i)	AP Consumption AMR of AP feeders	AMR data has been received in the Commission up to July 2021 only. Normally data of around 2400 meters is being supplied by PSPCL but during July 2021, data of only 1410 No. feeders was supplied citing that SIM has not been recharged by the firm M/s Lampex due to nonpayment by REC. PSPCL is again directed to ensure regular and timely availability of monthly AMR data as well as monthly AP ledger data of all AP feeders along with the sanctioned load of AP	PSPCL has intimated the status of AMR of AP Feeders under REC (RFMS) Project, MDAS and In-house AMR project as under: <table border="1"> <thead> <tr> <th>Sr. No.</th><th>Status</th><th>Count (In Nos.)</th><th>Data received (In Nos.)</th><th>Remarks</th></tr> </thead> <tbody> <tr> <td rowspan="2">1</td><td rowspan="2">AP feeders covered under 11kV Rural Feeder Monitoring Scheme (RFMS) by RECTPCL, New Delhi</td><td>3832 (First Phase)</td><td rowspan="2">0</td><td rowspan="2">For AMR system under RFMS project by REC, REC had given the work to M/s Lampex. As on date, no data is being communicated from RFMS feeders neither in Lampex HES/ MDAS (for REC project) nor in REC MDM. M/s Lampex is not getting prepaid SIMs (used in modems) recharged. Continuous Letters by REC to M/s Lampex is being written to resume communication. As per verbal conversation with representatives of REC, it is expected that REC may soon terminate contract with M/s Lampex. Further, these feeder meters have been proposed to be covered under NFMS (National Feeder Monitoring Scheme).</td></tr> <tr> <td>1428 (Second Phase)</td></tr> </tbody> </table>	Sr. No.	Status	Count (In Nos.)	Data received (In Nos.)	Remarks	1	AP feeders covered under 11kV Rural Feeder Monitoring Scheme (RFMS) by RECTPCL, New Delhi	3832 (First Phase)	0	For AMR system under RFMS project by REC, REC had given the work to M/s Lampex. As on date, no data is being communicated from RFMS feeders neither in Lampex HES/ MDAS (for REC project) nor in REC MDM. M/s Lampex is not getting prepaid SIMs (used in modems) recharged. Continuous Letters by REC to M/s Lampex is being written to resume communication. As per verbal conversation with representatives of REC, it is expected that REC may soon terminate contract with M/s Lampex. Further, these feeder meters have been proposed to be covered under NFMS (National Feeder Monitoring Scheme).	1428 (Second Phase)	AMR data has been received up to July 2021 only. The Commission further observes that out of 6580 AP Feeders, AMR data of only 29 AP Feeders covered under R-APDRP project is being received by PSPCL. Under newly proposed project by REC i.e., NFMS (National Feeder Monitoring Scheme), installation/ maintenance of AMR on AP Feeders has been included.
Sr. No.	Status	Count (In Nos.)	Data received (In Nos.)	Remarks											
1	AP feeders covered under 11kV Rural Feeder Monitoring Scheme (RFMS) by RECTPCL, New Delhi	3832 (First Phase)	0	For AMR system under RFMS project by REC, REC had given the work to M/s Lampex. As on date, no data is being communicated from RFMS feeders neither in Lampex HES/ MDAS (for REC project) nor in REC MDM. M/s Lampex is not getting prepaid SIMs (used in modems) recharged. Continuous Letters by REC to M/s Lampex is being written to resume communication. As per verbal conversation with representatives of REC, it is expected that REC may soon terminate contract with M/s Lampex. Further, these feeder meters have been proposed to be covered under NFMS (National Feeder Monitoring Scheme).											
		1428 (Second Phase)													

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL					PSERC Comments & Directive for 2023-24																
		consumers connected to respective feeders. Further, PSPCL is directed to ensure the following: a) The online portal of AMR metering for access to the Commission is not working. The same be set in order immediately and compliance be reported within one month of this tariff order. b) PSPCL must immediately review and update the sanctioned load as for some of the feeders, it does not commensurate with the AP energy. The compliance be reported within one month of this tariff order. The AMR on the AP feeders on which AMR system has already been provided but is not functional, be made	<table><tr><td>2</td><td>AP feeders covered under (R-APDRP) project</td><td>281</td><td>29</td><td>Term for Work Order for maintenance of DCUs installed at substations which were being used for AMR of feeder meters has completed. It has not been renewed further. For non-communicating AP feeders, it has been proposed that AP feeders of RAPDRP substations will be included in the scope of REC under upcoming NFMS scheme.</td></tr><tr><td>3</td><td>AP feeders covered under AMR Project</td><td>500</td><td>--</td><td rowspan="2">Since, modems installed in RFMS project are not communicating data, therefore, these feeder meters will be covered under NFMS.</td></tr><tr><td>4</td><td>Newly erected AP feeders</td><td>539</td><td>-</td></tr><tr><td></td><td>Total 11kV AP Feeder in Punjab</td><td>6580</td><td>29</td><td></td></tr></table>	2	AP feeders covered under (R-APDRP) project	281	29	Term for Work Order for maintenance of DCUs installed at substations which were being used for AMR of feeder meters has completed. It has not been renewed further. For non-communicating AP feeders, it has been proposed that AP feeders of RAPDRP substations will be included in the scope of REC under upcoming NFMS scheme.	3	AP feeders covered under AMR Project	500	--	Since, modems installed in RFMS project are not communicating data, therefore, these feeder meters will be covered under NFMS.	4	Newly erected AP feeders	539	-		Total 11kV AP Feeder in Punjab	6580	29		REC has proposed a new project NFMS (National Feeder Monitoring Scheme) which will also include installation/ maintenance of AMR on AP feeders. Alternatively, PSPCL will place order for HT Smart Meters which may also be used on AP feeders to get AMR data from AP feeder meters. It has been submitted that AMR of AP feeders is currently not working as mentioned above and matter is being taken up with REC and M/s Lampex. Further, AP Feeder energy reports are being sent to commission on monthly basis by O/o SE/tech to Dir/D. It is also stated that in NFMS, centralized portal will be maintained and fields like sanctioned load and month-wise Max Demand will also be maintained and monitored and access will be provided to Commission. There are total 6154 nos. AP feeders emanating from 66 KV S/Stns. under 5 No. P&M Circles under P &M Organisation out of which 5207 no's feeders emanating from 66 KV S/Stns. under P&M Circle PSPCL are attached with AMR system. For the rest 947 nos. AP feeders, AMR are being provided by IT Wing of PSPCL attached with AMR system.	PSPCL has also given the alternative to procure HT Smart Meters to be used on AP Feeders to get AMR data from AP Feeders Meters. The Commission notes that said directive is pending since FY 2013-14. PSPCL has not intimated timeline for implementation of NFMS scheme and action plan for providing AMR system on balance 947 AP Feeders. PSPCL is directed to make all out efforts to ensure availability of monthly AMR data of all AP feeders along with load of each AP feeder, along with online access to the Commission to AMR metering portal. The status be intimated to the Commission
2	AP feeders covered under (R-APDRP) project	281	29	Term for Work Order for maintenance of DCUs installed at substations which were being used for AMR of feeder meters has completed. It has not been renewed further. For non-communicating AP feeders, it has been proposed that AP feeders of RAPDRP substations will be included in the scope of REC under upcoming NFMS scheme.																				
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		functional within 3 months of issue of this tariff order. For remaining AP feeders, the AMR facility be made operational within one year from issue of this tariff order. Otherwise, the Commission would be constrained to revisit the methodology for computing AP consumption. The quarterly status report be intimated to the Commission.		within one month of issue of this tariff order.
5.4 (ii) New Sr. No. 5.4 (ii)	AP Consumption Kandi Area Feeder	PSPCL has submitted that it has completed work on 50 nos. feeders out of work of 67 nos. Kandi mix feeders taken in hand by it. Further, PSPCL has also obtained extension of DDUGJY-Kandi Area scheme up to 31.03.2022. PSPCL is directed to ensure that the work of feeder segregation/AP consumer metering is completed as	PSPCL has completed the work of segregation of 100 nos. mixed load feeders by erecting 70 nos. of new UPS feeders (including 3 nos. short closed feeders whose work has been held up due to forest/ ROW issues). PSPCL is executing the pending works of short closed feeders departmentally. Updated progress of execution of short closed feeders has been submitted. The work of AP consumer metering has not been carried out under the scheme due to anticipated public hindrance faced during the execution of this project. Further, PSPCL has intimated the detail of pumped energy of feeders after load segregation.	PSPCL has submitted that it has completed work of segregating 100 nos. mixed load feeder by erecting 70 nos. new UPS feeders and executing the pending works of short closed feeders departmentally. PSPCL is directed to furnish monthly energy data in respect of 100 no.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																			
		per the time lines allowed under the approved scheme. Till completion of the project and submission of data of segregated feeders, the Commission will continue to determine AP consumption of the kandi area feeders as per the existing methodology.		segregated feeders.																																			
5.4 (iii) New Sr. No. 5.4 (iii)	AP Consumption 100% metering on A.P. consumers fed from urban feeders	The Commission notes that there are still 890 nos. unmetered AP connections running from urban feeders. i.e. during last nine months, there has been no reduction in the number of unmetered AP connections running from urban feeders. The directive is pending compliance since FY 2013-14. PSPCL is directed to share with the Commission within three months of issue of this tariff order, a focused time bound plan, to complete the work of	PSPCL has intimated that, the delay has been on account of resistance from Kissan Unions and there was no intention of PSPCL to not to comply with the directive. At present, only 1291 AP connections are pending where Kissan Unions are not allowing PSPCL employees to install meters. The detail of balance meters to be installed on AP consumers fed from Urban Feeders is as under: <table border="1"> <thead> <tr> <th>Sr. No.</th><th>Name of Zone</th><th>Total No. of AP Consumers fed from Urban Feeders</th><th>Meters installed</th><th>Balance Meters to be Installed</th></tr> </thead> <tbody> <tr> <td>1</td><td>BORDER</td><td>3308</td><td>2463</td><td>845</td></tr> <tr> <td>2</td><td>CENTRAL</td><td>1339</td><td>1339</td><td>0</td></tr> <tr> <td>3</td><td>NORTH</td><td>1929</td><td>1929</td><td>0</td></tr> <tr> <td>4</td><td>SOUTH</td><td>1285</td><td>1285</td><td>0</td></tr> <tr> <td>5</td><td>WEST</td><td>1095</td><td>649</td><td>446</td></tr> <tr> <td colspan="2">PSPCL</td><td>8956</td><td>7665</td><td>1291</td></tr> </tbody> </table> Further, AP connections running on urban feeders where meters are to be installed have increased from 890 to 1291 during second quarter because meters are forcefully removed by Kissan Union and they are not allowing PSPCL to install/reinstall meters.	Sr. No.	Name of Zone	Total No. of AP Consumers fed from Urban Feeders	Meters installed	Balance Meters to be Installed	1	BORDER	3308	2463	845	2	CENTRAL	1339	1339	0	3	NORTH	1929	1929	0	4	SOUTH	1285	1285	0	5	WEST	1095	649	446	PSPCL		8956	7665	1291	The commission observes that against 890 unmetered AP connections running from urban feeders ending September 2021, number of such connections has now increased to 1291 nos.. The directive is pending since FY 2013-14. PSPCL is directed to i) share the action plan to complete the work of installation of meters
Sr. No.	Name of Zone	Total No. of AP Consumers fed from Urban Feeders	Meters installed	Balance Meters to be Installed																																			
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		installation of meters on AP connections on urban feeders. Further, upon AP validation during true-up exercise for FY-2019-20, the Commission had pointed out a no. of errors in meter readings of metered AP consumers provided to it. PSPCL must ensure that the meter readings are taken diligently and meticulously otherwise, the Commission would be constrained to revisit the methodology for computing AP consumption of AP consumers fed from urban feeders.		on AP connections running from urban feeders. ii) check whether the connections are actually being used for agriculture purpose and to certify the same. A report in this regard be sent to commission within three months of issue of this tariff order
5.4 (iv) New Sr. No. 5.4 (iv)	AP Consumption Assessment of T&D losses on AP feeders	The work of 100% metering of 1% sample AP feeders was reported to be completed in FY 2017-18. PSPCL has still not able to compute T&D losses on these AP feeders. The Commission has repeatedly directed PSPCL that till	M/s Inventive Software Solution Pvt. Ltd has been engaged for taking readings of AP consumers in DS North Zone and Border Zone and M/s Competent Synergies Pvt. Ltd has been authorized for the same work in DS South, West and Central Zone. Further, M/s Inventive Software has been engaged for providing Android Platform for AP readings downloading and MIS. As per the requirement of the firm M/s Inventive Software, feeder parameters and consumer parameters of 60 nos. feeders are being collected from the DS offices. Work of taking readings of AP consumers will be started shortly by the engaged firms. Meanwhile, all the field offices under CE/DS have been Instructed to start uploading the monthly readings of these AP consumers on "Distribution Returns Portal" of PSPCL.	PSPCL has still not able to compute T&D losses on these AP feeders despite repeated directives in this regard. The commission notes that third party stand engaged as intimated by

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		the engagement of a 3rd party to compute T&D losses, monthly readings of AP consumers on 1% sample feeders covered under 100% metering be recorded departmentally and the computation of losses based on the same be provided to the Commission along with the data of monthly pumped energy. However, the same has not been complied with. The reasons for this non-compliance and the status of engagement of 3rd Party to compute T&D losses be intimated to the Commission within one month of issue of this tariff order. The Commission reiterates its directive that till the engagement of an independent agency, monthly readings of AP consumers on 1% sample feeders covered under		PSPCL. The detailed data related to losses calculated on such feeders with 100% AP metering be submitted to Commission every quarter.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24										
		100% metering be recorded departmentally and the computation of losses based on the same be provided to the Commission along with the data of monthly pumped energy. It appears that PSPCL is deliberately delaying submission of T&D loss figures of these AP feeders. The Commission will be constrained to revisit the loss level of AP feeders to determine AP consumption in case PSPCL failed to submit the T&D loss data of these 1% AP feeders.												
5.5 New Sr. No. 5.5	Improving power factor of AP feeders	The Commission observes that the power factor of more than half the AP feeders is still below 0.9. Further, 0.2% AP feeders have power factor from 0.5 to 0.6 and 3.3% AP feeders have power factors	PSPCL has intimated the Power Factor of AP Feeders from July-2022 to September-2022 and the abstract is as under: <table><tr><td>Total number of Feeders for which data provided</td><td>5835</td></tr><tr><td>Number of feeders having power factor less than 0.9</td><td>2919</td></tr><tr><td>Number of feeders having power factor between 0.9 and 0.8</td><td>2743</td></tr><tr><td>Number of feeders having power factor between 0.8 and 0.7</td><td>157</td></tr><tr><td>Number of feeders having power factor between 0.7 and 0.6</td><td>15</td></tr></table>	Total number of Feeders for which data provided	5835	Number of feeders having power factor less than 0.9	2919	Number of feeders having power factor between 0.9 and 0.8	2743	Number of feeders having power factor between 0.8 and 0.7	157	Number of feeders having power factor between 0.7 and 0.6	15	The Commission observes that power factor of more than half of the AP Feeders is still less than 0.9. Further 2.7% AP Feeders have power factor from 0.7 to 0.8 and 0.25% AP Feeders
Total number of Feeders for which data provided	5835													
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																																	
		from 0.7 to 0.8. The Commission directs PSPCL to take requisite steps to improve the power factor of AP feeders and submit the report, within three months of issue of this tariff order, regarding improvement in power factor achieved during FY 2021-22 on these feeders and to ensure that the capacitors of adequate capacity are installed by the farmers at their motors	It has been further intimated that PSPCL has already issued directions to the field offices to take necessary steps to ensure installation/operation of adequate capacity of shunt capacitors on 11 kV feeders. PSPCL has also distributed Pamphlets in Kissan Union meetings and field offices, advertised on website and PSPCL APP to create awareness among farmers to ensure installation/operation of adequate capacity of capacitors on AP motors. The details of shunt capacitors installed during second quarter of FY 2022-23 are as under. <table><tr><td>Total no. of AP Feeders where Shunt Capacitor installed to improve Power Factor</td><td>315</td></tr><tr><td>Total no. of Shunt Capacitors installed on AP Feeders</td><td>335</td></tr><tr><td>Total capacity of Shunt Capacitors installed in MVAR</td><td>164.25</td></tr></table>	Total no. of AP Feeders where Shunt Capacitor installed to improve Power Factor	315	Total no. of Shunt Capacitors installed on AP Feeders	335	Total capacity of Shunt Capacitors installed in MVAR	164.25	have Power Factor from 0.6 to 0.7. The Commission directs PSPCL to take requisite steps to improve the power factor of AP Feeders and submit the report within three months of issue of this tariff order, regarding improvement in power factor achieved during FY 2022-23 and also to ensure that the capacitors of adequate capacity are installed by consumers on their AP motors.																																											
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5.6 New Sr. No. 5.6	Receivables	The Commission notes with concern that the defaulting amount is increasing year after year. Such outstanding amounts unjustifiably burden the other honestly paying	PSPCL has intimated Status of Defaulting Amount ending 06-2022 and 09-2022 as under: (In Lacs) <table><tr><th>Category</th><th>Total Defaulting Ending 06/2022</th><th>Govt. Defaulting Ending 06/2022</th><th>General Defaulting Ending 06/2022</th><th>Total Defaulting Ending 09/2022</th><th>Govt. Defaulting Ending 09/2022</th><th>General Defaulting Ending 09/2022</th></tr><tr><td>a</td><td>b</td><td>c</td><td>d=(b-c)</td><td>E</td><td>F</td><td>g=(e-f)</td></tr><tr><td>Industry</td><td>248062</td><td>197064</td><td>50998</td><td>258842</td><td>208615</td><td>50227</td></tr><tr><td>AP</td><td>666</td><td>1</td><td>665</td><td>1052</td><td>2</td><td>1050</td></tr><tr><td>GSC</td><td>215500</td><td>28892</td><td>186608</td><td>202021</td><td>30397</td><td>171624</td></tr><tr><td>Others</td><td>15389</td><td>14170</td><td>1219</td><td>15599</td><td>14375</td><td>1224</td></tr><tr><td>Total</td><td>479617</td><td>240127</td><td>239490</td><td>477514</td><td>253389</td><td>224125</td></tr></table>	Category	Total Defaulting Ending 06/2022	Govt. Defaulting Ending 06/2022	General Defaulting Ending 06/2022	Total Defaulting Ending 09/2022	Govt. Defaulting Ending 09/2022	General Defaulting Ending 09/2022	a	b	c	d=(b-c)	E	F	g=(e-f)	Industry	248062	197064	50998	258842	208615	50227	AP	666	1	665	1052	2	1050	GSC	215500	28892	186608	202021	30397	171624	Others	15389	14170	1219	15599	14375	1224	Total	479617	240127	239490	477514	253389	224125	The Commission notes the reply submitted by PSPCL. However, the same is not convincing and the Commission reiterates its directive. PSPCL is to take action against the
Category	Total Defaulting Ending 06/2022	Govt. Defaulting Ending 06/2022	General Defaulting Ending 06/2022	Total Defaulting Ending 09/2022	Govt. Defaulting Ending 09/2022	General Defaulting Ending 09/2022																																															
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		consumers. PSPCL is directed to take action against the defaulters as per the provisions of the Supply Code, 2014 and to ensure clearance of all outstanding amounts. The reduction in outstanding so achieved shall be intimated by PSPCL every quarter.	It has been further intimated that PSPCL is striving hard to recover the outstanding dues from defaulting consumers and connections of defaulters are being disconnected to put pressure on defaulters to deposit defaulting amount. Out of total outstanding amount of Rs. 4775.14 Cr., amount to the tune of Rs. 2533.89 Cr. is pending towards Govt. connections. All out efforts are being made by PSPCL for the recovery of this amount by making liaison with Govt. Departments.	defaulters as per the provisions of the Supply Code, 2014 and to ensure clearance of all outstanding amounts. The reduction of outstanding so achieved shall be intimated by PSPCL every quarter.
5.8 New Sr. No. 5.7	Employee Cost	PSPCL has intimated regarding constitution of standing committee to examine and review staff requirement at all levels for restructuring of the manpower of PSPCL organization-wise restructuring process. It has further stated that the restructuring of CE/IT, Chief Auditor and CE/P&M is under process which will be done in phased manner. However, it has not submitted the time period of completion of restructuring of the Organization	PSPCL has intimated that work of restructuring of various offices is in progress. Further the details in respect of the status in this regard have been furnished.	The Commission notes the progress. PSPCL is directed to intimate the time line of completion of the restructuring and to ensure compliance of the directive without any further delay.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																											
		and compliance of the directive. PSPCL is directed to intimate the time line for the compliance and ensure its compliance without any further delay.																													
5.9 New Sr. No. 5.8	Performance parameters Damage to DTs	Damage rate of DTs i.e. 2.92% (excluding warranty and theft) during 2021-22 (up to Sept, 2020) was lower than that of 3.76% during 2020-21 (up to Dec, 2020), but is still higher than the target of 2.5% as per Commission's directive for 2020-21. The Commission directs PSPCL to bring down the damage rate of DTs below 2.5% during FY 2022-23 and to submit a quarterly report in this regard.	Rating wise DTs installed and DTs damaged for FY-2022-23 up to 09/2022. <table><tr><td></td><td>6.3 KVA</td><td>10 KVA</td><td>16 KVA</td><td>25 KV A</td><td>63 KV A</td><td>100 KVA</td><td>Above 100 KVA</td><td>TOTAL</td></tr><tr><td>INSTALLED</td><td>95795</td><td>357550</td><td>195979</td><td>265458</td><td>31667</td><td>116212</td><td>25523</td><td>1188184</td></tr><tr><td>DAMAGED (Without Warranty & Theft etc.)</td><td>2580</td><td>11231</td><td>6818</td><td>9439</td><td>4720</td><td>4315</td><td>391</td><td>39494</td></tr></table> Damage rate of DTs excluding warranty and theft etc. up to 09/2022 is 3.32%.		6.3 KVA	10 KVA	16 KVA	25 KV A	63 KV A	100 KVA	Above 100 KVA	TOTAL	INSTALLED	95795	357550	195979	265458	31667	116212	25523	1188184	DAMAGED (Without Warranty & Theft etc.)	2580	11231	6818	9439	4720	4315	391	39494	This directive is merged with the directive at Sr No. 5.26. Accordingly, this directive is dropped.
	6.3 KVA	10 KVA	16 KVA	25 KV A	63 KV A	100 KVA	Above 100 KVA	TOTAL																							
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
5.10 New Sr. No. 5.9	Accounting of Defective Transformers after repair	The reply of PSPCL is not convincing. The Fixed Assets Cards/Register is being maintained in every accounting unit and updated from time to time. The Commission reiterates its directive to PSPCL for issuing proper instructions regarding accounting policy for issuing of transformers to the accounting units after its repair within 3 months of issue of this tariff order.	In view of the directive, PSPCL has amended the instructions in respect of valuation of repaired transformers, issued after repairs from stores, that the valuation of repaired transformer be determined on actual basis i.e., on one-to-one basis instead of weighted average basis vide Accounts Circular No. 11/2022	The Commission notes the progress. However, PSPCL has not mentioned any planning for disposal of junk/dead inventory lying in the stores. PSPCL is directed to submit action plan for the same and quarterly progress report in this regard.
5.11 New Sr. No. 5.10	(i) Fixed Asset Register	(i) PSPCL has not made available Fixed Assets Register online despite of repeated directions. The Commission strongly reiterates its directive to make the Fixed Asset Register available online within six months of issue of this tariff	PSPCL has intimated that M/s. Tech Mahindra Ltd. has been engaged as System Integrator (SI) for implementation of ERP project. As per latest status shared by M/s. Tech Mahindra Ltd., Fixed Asset Module will be made Go-Live by next financial year. Hence, requisite data will be migrated by 31.03.2023	i) PSPCL has not made available Fixed Assets Register online despite of repeated directions. The Commission reiterates its directive to make the Fixed Asset Register

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
	(ii) Segregation of Accounts	order. Non-compliance of the directive will attract penalty. (ii) Reply submitted by PSPCL is not satisfactory. Segregation of the accounts for distribution and generation (project wise) business for determination of tariff has not been done till date. The Commission directs PSPCL to do the needful within 3 months of issue of this tariff order. Non-compliance of the directive will attract penalty. (iii) The segregation of the accounts of its distribution business in wheeling business and retail supply business has also not been	Audited Allocation Statement and Draft Cost Audit Report for FY 2021-22 have been furnished. As per the Directive, the accounts of P&M Zone PSPCL Ludhiana have already been segregated from all distribution divisions/ distribution wing of PSPCL from 04/2021 onwards as per the Location Codes allotted vide accounts circular No.13/2020 dated:07.10.2020.	available online by 30.06.2023, failing which penal action under Section 142 of the Act will be initiated. (ii) & (iii) Reply submitted by PSPCL is not satisfactory. Segregation of the accounts for distribution and generation (project wise) business for determination of tariff has not been done till date. The segregation of the accounts of its distribution business in wheeling business and retail supply business has also not been done till date. PSPCL in its earlier reply had stated that segregation of accounts is expected to be available from the year

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		done till date. PSPCL in its earlier reply had stated that segregation of accounts is expected to be available from the year 2020-2021 and onwards. However, the compliance is still awaited. Hence, the Commission reiterates its directive to PSPCL for completing the task of segregation of accounts as per Regulation-5 and 6 of PSERC MYT Regulations-2014 and MYT Regulations-2019 respectively within a period of 3 months of issue of this tariff order and to submit its report in this regard.		2020-2021 and onwards. However, the compliance is still awaited. Hence, the Commission has taken a serious view and decides to initiate action under section 142 for non-compliance of Regulation- 5 and 6 of PSERC MYT Regulations-2019.
5.12 New Sr. No. 5.11	DSM	The Commission notes the position intimated by PSPCL, with the directions that the matter be further pursued with BEE and similar practices in other states be	PSPCL has intimated that as per directive of the Commission, 11 kV Wazir Bhullar feeder having 158 pump sets with capacity 3-12.5 BHP was selected for replacement of inefficient/old motors with 5 Star BEE rated pump sets. Matter regarding availability of 5 star rated pump-sets as per new guidelines of BEE was taken up with leading manufacturers. Pump manufacturing firms intimated that agricultural pumps as per latest guideline of BEE are not available. Subsequently, in pursuance of the directive of the Commission in it's the tariff order for FY: 2021-22 PSPCL requested BEE to provide the details of the manufacturers who have adopted new BEE guidelines regarding 4 & 5 star rating of pumps. Based on the list provided by BEE, manufacturers were contacted but PSPCL has not yet received any positive response regarding	The Commission notes the position intimated by PSPCL regarding 5 star rated pump sets and distribution of the LED bulbs. PSPCL has

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		studied.	manufacturing of 5/4 star rating pump sets as per new BEE guidelines. Further the Commission had approved PSPCL's proposal to extend the scheme to General Category of DS/NRS consumers for giving them 2 nos. 9 W LED bulbs @Rs.30/- each in addition to the ongoing scheme of giving 2 nos. 9-Watt LED bulbs to subsidized DS categories (i.e., SC/BC/BPL) @15/- per bulb. As per the latest status, 15,62,136 nos. LED bulbs stand distributed i.e. 99.29% of the work stands completed.	not intimated the similar practices in other States in respect of 5 star rated pumps. PSPCL is directed that matter be pursued more vigorously with the BEE and pump manufacturers to facilitate manufacture of 5 Star pumps suitable for Punjab and similar practices in other States be also studied.
5.15 New Sr. No. 5.12	Harmonics Measurement	The provisions regarding harmonics measurements and clear timelines were specified in the Supply Code, 2014 vide Notification dated 18.09.2020. However, PSPCL took inordinately long time in floating tender enquiry for power quality meters and has delayed the shortlisting for private sale of power quality meters. PSPCL	Purchase Order for procurement of 114 nos. Power Quality Meters has been issued to M/s Energy Electrical, Panchkula. Further, PSPCL has empaneled 2 nos. vendors i.e. M/s. Energy Electricals Panchkula, Haryana and M/s. Konnect Engineers Pvt. Ltd., Faridabad for private sale of Power Quality Meters. To empanel more vendors, new tender enquiry MQP-204 for procurement of 100 nos. Power Quality Meters has been floated with due date of opening on 14.11.2022.	The Commission notes the position and directs PSPCL to expeditiously install the Power Quality Meters on feeders, expeditiously empanel more vendors, educate the consumers about power quality metering, its technical aspects and potential benefits

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		is directed to empanel the vendors for supply of power quality meters and intimate the same to the Commission within 15 days of issue of this tariff order.		through workshops and literature distribution. Further, the data in respect of all power quality parameters captured by these meters be shared with the Commission immediately.
5.18 New Sr. No. 5.13	Recording of maximum demand of DS/NRS consumers	PSPCL was directed to ensure installation of compatible meters on all DS consumers with load exceeding 20 kW and recording of maximum demand in kW of all NRS/DS consumers with load not exceeding 20kW by 31.07.2021. However, PSPCL is yet to report compliance. The Commission directs PSPCL to report compliance of the Directive within one month of the issue of tariff order.	PSPCL has already installed compatible meters on all DS consumers with load exceeding 20 kW and NRS consumers with load exceeding 7 kW. The provision to record maximum demand for all DS/NRS consumers with load not exceeding 20 kW has already been made in billing software. There are approx. 19.84 lacs electro-static meters and 2.33 lacs electro-mechanical meters where maximum demand cannot be recorded. Except for these 22.17 lacs consumers, the maximum demand will be recorded for rest of the consumers. Under the RDSS scheme, 52 lacs Smart Meters are to be installed and these remaining consumer meters will be replaced with Smart Meters.	The Commission notes the position intimated by PSPCL that compatible meters are installed on all DS consumers with load exceeding 20 kW & NRS consumers with load exceeding 7 kW. Further, the directive in respect of recording maximum demand for all DS/NRS consumers with load not exceeding 20 kW has also been complied with except for 22.17 lacs consumers with electrostatic / electromecha

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																																																											
				-nical meters PSPCL is directed to replace the above mentioned 22.17 lacs electrostatic / electromecha-nical meters expeditiously . In this regard quarterly report be submitted to Commission.																																																																											
5.21 New Sr. No. 5.14	Capital Expenditure	The Commission notes the compliance of directive and directs PSPCL to ensure its continuance in future.	PSPCL has furnished the Quarterly Capital Expenditure Scheme Wise for the second quarter of F.Y. 2022-23 as under: - <table><tr><th>Sr. No.</th><th>Name of Scheme</th><th>Quarter 2 Exp.(in lacs)</th></tr><tr><td>1.</td><td>APDRP</td><td>0.00</td></tr><tr><td>2.</td><td>Civil Works</td><td>0.00</td></tr><tr><td>3.</td><td>Contributory Works</td><td>967.95</td></tr><tr><td>4.</td><td>DDUGJY</td><td>1266.02</td></tr><tr><td>5.</td><td>IPDS</td><td>751.98</td></tr><tr><td>6.</td><td>IT Works</td><td>15.82</td></tr><tr><td>7.</td><td>Loss Reduction</td><td>107.27</td></tr><tr><td>8.</td><td>OIPL</td><td>0.00</td></tr><tr><td>9.</td><td>Others</td><td>21.92</td></tr><tr><td>10.</td><td>Release of New Connection including AP</td><td>128.98</td></tr><tr><td>11.</td><td>Shifting of metres</td><td>8.90</td></tr><tr><td>12.</td><td>System Augmentation</td><td>11584.83</td></tr><tr><td>13.</td><td>System Improvement</td><td>16262.49</td></tr><tr><td>14.</td><td>Transmission</td><td>4065.33</td></tr><tr><td>15.</td><td>ASHP</td><td>-2.42</td></tr><tr><td>16.</td><td>GGSTP</td><td>8.39</td></tr><tr><td>17.</td><td>GHTP</td><td>20.68</td></tr><tr><td>18.</td><td>MHP</td><td>82.67</td></tr><tr><td>19.</td><td>Shahpurkandi</td><td>996.8</td></tr><tr><td>19.</td><td>Shanan</td><td>20.72</td></tr><tr><td>20.</td><td>UBDC</td><td>0.00</td></tr><tr><td>21.</td><td>Others</td><td>40.07</td></tr><tr><td>22.</td><td>BBMB</td><td>84.62</td></tr><tr><td></td><td>TOTAL</td><td>36393.02</td></tr></table>	Sr. No.	Name of Scheme	Quarter 2 Exp.(in lacs)	1.	APDRP	0.00	2.	Civil Works	0.00	3.	Contributory Works	967.95	4.	DDUGJY	1266.02	5.	IPDS	751.98	6.	IT Works	15.82	7.	Loss Reduction	107.27	8.	OIPL	0.00	9.	Others	21.92	10.	Release of New Connection including AP	128.98	11.	Shifting of metres	8.90	12.	System Augmentation	11584.83	13.	System Improvement	16262.49	14.	Transmission	4065.33	15.	ASHP	-2.42	16.	GGSTP	8.39	17.	GHTP	20.68	18.	MHP	82.67	19.	Shahpurkandi	996.8	19.	Shanan	20.72	20.	UBDC	0.00	21.	Others	40.07	22.	BBMB	84.62		TOTAL	36393.02	The Commission notes the compliance of directive. The directive is dropped.
Sr. No.	Name of Scheme	Quarter 2 Exp.(in lacs)																																																																													
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
			It has been further intimated that as far as capitalization is concerned, it is done at the end of financial year. therefore, capitalization for the second quarter is NIL.	
5.23 New Sr. No. 5.15	Transmission charges and losses- power drawn by other states through PSPCL Transmission system.	The Commission observes that PSPCL has not taken requisite action in the matter. PSPCL is directed to ensure that immediate action be taken as per the Directive in the tariff order for Year-2021-22 and be shared with the Commission within three months of issue of this tariff order.	The intra-state transmission losses are already being accounted for based on scheduled energy and transmission charges based on allowed open access quantum (for LTA/MTOA)/ Scheduled open access energy (for STOA). As such, no further action for levy of intra-state transmission charges/losses is required. Further, the intra-state transmission charges and losses of Punjab cannot be levied on the energy drawn by UT Chandigarh. There are no specific rules/ regulations/ guidelines for levy of such charges and no study can be conducted for working out the extent to which UT Chandigarh has used the transmission system of Punjab for drawl of its energy. The natural inter-state lines (66 KV Mohali-Chandigarh lines, which clearly carries inter-state power) in this case are owned by UT Chandigarh and the transmission charges and losses for these lines are being borne by UT Chandigarh. As mentioned in the case of Chandigarh, the intra-state transmission charges and losses of Punjab cannot be levied on the energy drawn by Kathua, J&K. Further, there are no specific rules/ regulations/ guidelines for levy of such charges and no study can be conducted for working out the extent to which Kathua, J&K has used the transmission system of Punjab for drawl of its enegy., The natural inter-state line (66 KV Pathankot-Kathua line, which clearly carries inter-state power) in this case is owned by J&K and the transmission charges and losses for this line is being borne by J&K.	While submitting compliance report ending September 2021 of this directive, PSPCL had submitted that: <i>“Apart from 66 KV lines exporting power to Chandigarh/J &K, there are some other transmission lines of voltage level 132 KV and above transmitting/e xporting power to neighboring states of Haryana/HP/ J&K. Moreover, for the entire energy export, transmission system of PSPCL is involved. Therefore, a methodology has to be devised in consultation with the SLDC</i>

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
				<i>Punjab (PSTCL). It will be endeavored to frame the requisite methodology within the time frame allowed by the Commission and Action taken in the matter shall be apprised accordingly."</i> However, now PSPCL has changed its stand and submitted that intra-state transmission charges and losses of Punjab cannot be levied on the energy drawn by UT Chandigarh & Kathua (J&K). Further, there are no specific rules/ regulations/ guidelines for levy of such charges and no study can be conducted for working out the extent to which UT Chandigarh & Kathua have used the transmission

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
				system of Punjab for drawl of its energy. PSPCL needs to specify whether transmission line of PSTCL/PSPCL has been used to carry out the energy transmission for which transmission charges have not been levied. Also PSPCL has not intimated any other transmission lines transmitting/ exporting power to neighboring states of Haryana/HP/ J&K as per its earlier ibid submission. Accordingly, PSPCL is directed to furnish above details within three months of issue of this tariff order.
5.24 New Sr. No.	Monitoring Power factor	The Commission observes that the power	To monitor PF value below 0.7 or above 1, report is available in SAP system. Distribution offices have been directed to monitor such abnormal PF values and do the needful rectifications.	PSPCL has submitted that to monitor PF

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																		
5.16		factor in some of the cases (MS, NRS and SP categories) is below 0.5 and in some cases (MS, BS, NRS, SP and DS categories), PF is more than 1. PSPCL is directed to monitor the power factor diligently.		value below 0.7 or above 1, report is available in SAP system. However, PSPCL in its ARR petition has mentioned kWh sale of “Railways” as 2.86 MkWh while the kVAh sales was shown as 8.79 MkVAh, thus making power factor for ‘Railways’ as 0.33. PSPCL is again directed to monitor the power factor diligently.																		
5.25 New Sr. No. 5.17	Consumer Complaints	The Commission observes that significant numbers of complaints are being resolved beyond the specified time limits. PSPCL is directed to make all out efforts to ensure resolution of complaints within specified	PSPCL has furnished the updated Report of 2nd Quarter of FY 2022-23 pertaining to consumer complaints as under: - <u>Status of complaints (Received in the Commission)</u> <table><tr><th>Sr No.</th><th>Description</th><th>No. of Complaints</th></tr><tr><td>1</td><td>Pending complaints of Q1 of FY 2022-23</td><td>2</td></tr><tr><td>2</td><td>New complaints received in Q2 of FY 2022-23</td><td>56</td></tr><tr><td>3</td><td>Total Complaints</td><td>58</td></tr><tr><td>4</td><td>Complaints Resolved/ replied</td><td>43</td></tr><tr><td>5</td><td>Pending Complaints</td><td>15</td></tr></table>	Sr No.	Description	No. of Complaints	1	Pending complaints of Q1 of FY 2022-23	2	2	New complaints received in Q2 of FY 2022-23	56	3	Total Complaints	58	4	Complaints Resolved/ replied	43	5	Pending Complaints	15	Reply of PSPCL is noted. PSPCL to furnish details of number of consumer complaints received /disposed off in the Disputes settlement Committee's quarterly meetings. The directive is dropped.
Sr No.	Description	No. of Complaints																				
1	Pending complaints of Q1 of FY 2022-23	2																				
2	New complaints received in Q2 of FY 2022-23	56																				
3	Total Complaints	58																				
4	Complaints Resolved/ replied	43																				
5	Pending Complaints	15																				

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24																																																																						
		time limits.	Status of complaints (Received in the PSPCL)<table><tr><th>Sr No.</th><th>Type</th><th>No of Complaints pending before 2022-07-01</th><th>No of Complaints received from 2022-07-01 to 2022-09-30</th><th>Average Resolution Time (Mins) from 2022-07-01 to 2022-09-30</th><th>No of Complaints resolved within PSERC Limit from 2022-07-01 to 2022-09-30</th><th>No of Complaints resolved outside PSERC Limit from 2022-07-01 to 2022-09-30</th></tr><tr><td>1</td><td>Supply Complaints</td><td>1</td><td>811022</td><td>390.24</td><td>480985</td><td>330027</td></tr><tr><td>2</td><td>Billing</td><td>2216</td><td>26939</td><td>5788.13</td><td>17244</td><td>8001</td></tr><tr><td>3</td><td>Accident</td><td>1</td><td>2059</td><td>497.47</td><td>126</td><td>1930</td></tr><tr><td>4</td><td>Meter Complaints</td><td>113</td><td>22757</td><td>3966.98</td><td>20701</td><td>1989</td></tr><tr><td>5</td><td>Informational</td><td>261</td><td>3414945</td><td>497.27</td><td>3413872</td><td>51</td></tr><tr><td>6</td><td>Other</td><td>14</td><td>50649</td><td>910.18</td><td>49417</td><td>1228</td></tr><tr><td>7</td><td>New Service</td><td>1</td><td>679</td><td>25138.3</td><td>366</td><td>307</td></tr><tr><td>8</td><td>Service Requests</td><td>303</td><td>11523</td><td>3841.22</td><td>10856</td><td>0</td></tr><tr><td>9</td><td>Grievance</td><td>21</td><td>658</td><td>2942.51</td><td>619</td><td>0</td></tr></table>	Sr No.	Type	No of Complaints pending before 2022-07-01	No of Complaints received from 2022-07-01 to 2022-09-30	Average Resolution Time (Mins) from 2022-07-01 to 2022-09-30	No of Complaints resolved within PSERC Limit from 2022-07-01 to 2022-09-30	No of Complaints resolved outside PSERC Limit from 2022-07-01 to 2022-09-30	1	Supply Complaints	1	811022	390.24	480985	330027	2	Billing	2216	26939	5788.13	17244	8001	3	Accident	1	2059	497.47	126	1930	4	Meter Complaints	113	22757	3966.98	20701	1989	5	Informational	261	3414945	497.27	3413872	51	6	Other	14	50649	910.18	49417	1228	7	New Service	1	679	25138.3	366	307	8	Service Requests	303	11523	3841.22	10856	0	9	Grievance	21	658	2942.51	619	0	
Sr No.	Type	No of Complaints pending before 2022-07-01	No of Complaints received from 2022-07-01 to 2022-09-30	Average Resolution Time (Mins) from 2022-07-01 to 2022-09-30	No of Complaints resolved within PSERC Limit from 2022-07-01 to 2022-09-30	No of Complaints resolved outside PSERC Limit from 2022-07-01 to 2022-09-30																																																																				
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5.26 New Sr. No. 5.18	Damage rate of DTs	The Commission observes that the overall damage rate of DTs (including warranty/theft) is 6.89% and in Border Zone, the damage rate is 9.76%. This high incidence of damage rate necessitates that PSPCL must thoroughly review its procurement, repairs and security practices. Similarly, the overall	PSPCL has intimated the Division wise data regarding DTs installed and damaged (excluding warranty/theft) as under :- Rating wise DTs installed and DTs damaged for FY-2022-23 up to 09/2022. <table><tr><td></td><td>6.3 KV A</td><td>10 KVA</td><td>16 KVA</td><td>25 KVA</td><td>63 KVA</td><td>100 KVA</td><td>Above 100 KVA</td><td>TOTAL</td></tr><tr><td>INSTALLED</td><td>95795</td><td>357550</td><td>195979</td><td>265458</td><td>131667</td><td>116212</td><td>25523</td><td>1188184</td></tr><tr><td>DAMAGED (Without Warranty & Theft etc.)</td><td>2580</td><td>11231</td><td>6818</td><td>9439</td><td>4720</td><td>4315</td><td>391</td><td>39494</td></tr></table> Damage rate of DTs excluding warranty and theft etc. up to 09/2022 is 3.32%. Online Material Management system has been implemented by PSPCL in which all the store issue/ receipt transactions related to material including DTs is through this Online Material Management system only. Complete Life cycle of DTs is being maintained in the online system. However, this Material Management system is comparatively new. As all the DTs have not gone through this system, thus age wise analysis cannot be		6.3 KV A	10 KVA	16 KVA	25 KVA	63 KVA	100 KVA	Above 100 KVA	TOTAL	INSTALLED	95795	357550	195979	265458	131667	116212	25523	1188184	DAMAGED (Without Warranty & Theft etc.)	2580	11231	6818	9439	4720	4315	391	39494	The Commission observes that the overall damage rate of Distribution Transformer without warranty and theft is 3.32% and in Border Zone, the damage rate is 4.35%. The performance has deteriorated significantly since last year when damage rate up to 09/21 was reported as 2.92%. The Commission has been																																											
	6.3 KV A	10 KVA	16 KVA	25 KVA	63 KVA	100 KVA	Above 100 KVA	TOTAL																																																																		
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Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
		damage rate of DTs (without warranty/ theft) is 2.92% and in Border Zone, the damage rate is 4.23%. The Commission has been repeatedly directing PSPCL to bring down this damage rate (without warranty/ theft) below 2.5%. Further, PSPCL has not supplied the age analysis w.r.t. DT failure. The Commission directs PSPCL to share the same and the action plan, within three months of issue of this tariff order, to reduce the damage rate of DTs.	prepared at this time due to insufficiency of data in the material management system. The age wise analysis will be shared with the commission in coming months.	repeatedly directing PSPCL to bring down this damage rate below 2.5%. PSPCL is directed to submit action plan to bring down damage rate of DTs below 2.5% and supply the age wise analysis with respect to DT failure within three months of issue of tariff order.
5.27 New Sr. No. 5.19	Rooftop Solar Plants	Complete information as sought vide the directive has not been given by PSPCL. The Commission directs PSPCL to furnish	PSPCL has furnished information as per its solar portal is as under: - 1) Category wise split (cumulative) of installed capacity and number of consumers (rooftop solar plants), as on 30.09.2022, is as under: -	The Commission notes the position. The directive is dropped.

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL				PSERC Comments & Directive for 2023-24																															
		complete details within one month of issue of this tariff order.	<table><tr><th>Sr. No.</th><th>Category of consumer</th><th>Number of consumers</th><th>Installed Capacity (KW)</th></tr><tr><td>1</td><td>Domestic Supply</td><td>18351</td><td>114571.48</td></tr><tr><td>2</td><td>NRS</td><td>1862</td><td>49171.92</td></tr><tr><td>3</td><td>Industrial</td><td>444</td><td>58323.38</td></tr><tr><td>4</td><td>Others</td><td>46</td><td>8905.32</td></tr><tr><td colspan="2">Total</td><td>20703</td><td>230972.10</td></tr></table> 2) The cumulative details of no. of new requests received for installation of Rooftop solar plants, approved & pending as on 30.09.2022, is as under: - <table><tr><th>Total applications received (no.)</th><th>Approved (no.)</th><th>Solar Power Plant Installed (no.)</th><th>Bi-directional meter installed (no.)</th><th>Pending for approval (no.)</th></tr><tr><td>38489</td><td>37781</td><td>11951</td><td>11167</td><td>708</td></tr></table>	Sr. No.	Category of consumer	Number of consumers	Installed Capacity (KW)	1	Domestic Supply	18351	114571.48	2	NRS	1862	49171.92	3	Industrial	444	58323.38	4	Others	46	8905.32	Total		20703	230972.10	Total applications received (no.)	Approved (no.)	Solar Power Plant Installed (no.)	Bi-directional meter installed (no.)	Pending for approval (no.)	38489	37781	11951	11167	708	
Sr. No.	Category of consumer	Number of consumers	Installed Capacity (KW)																																			
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38489	37781	11951	11167	708																																		
5.28 New Sr. No. 5.20	Monthly Category-wise load curve & Monthly Power availability curve.	The Commission intends to conduct a comprehensive review of the current ToD charges. Accordingly, PSPCL is directed to submit the monthly category-wise load curve and the monthly power availability curve for the period from April 2022 to January 2023 by February 2023.	Monthly category wise load curve is not available. Monthly power availability curve for the period April 2022 to August-2022 is furnished.				PSPCL has submitted that Monthly category wise load curve is not available. PSPCL is directed to submit monthly load/demand curves.																															

Sr. No.	Issues	PSERC Directives for 2022-23	Reply of PSPCL	PSERC Comments & Directive for 2023-24
5.29 New Sr. No. 5.21	Pending Subsidy	Pending subsidy: PSPCL is directed to take up the matter with Government of Punjab for reimbursement of outstanding subsidies.	Matter is taken up with Government of Punjab for reimbursement of outstanding subsidies from time to time.	The Commission notes the reply of PSPCL. The directive is dropped.

Chapter 7

Determination of Tariff for FY 2023-24

7.1 Aggregate Revenue Requirement for FY 2023-24

The Commission in Table 212 of Chapter 4 of this Tariff Order has determined the net Revenue Requirement for FY 2023-24 as Rs. 39808.14 Crore. The cumulative revenue gap at existing tariff, ARR and the Average Cost of Supply for FY 2023-24 is worked out as follows:

Table 7.1: Cumulative revenue gap up to FY 2023-24 at Existing Tariff

Sr. No.	Particulars	FY 2023-24
1.	Net Revenue Requirement	39808.14
2.	Revenue from existing tariff	38120.00
3.	Gap: (Surplus)/Deficit during FY 2023-24	1688.14
4.	Impact of Review Petition No. 5 of 2022 in Petition No. 68 of 2021	0.81
5.	Impact of Order dated 29.04.2022 passed by the Hon'ble APTEL in Appeal No. 264 of 2014, 173 of 2015 and 277 of 2015 filed by PSPCL arising out of Petition No. 63 of 2013, 71 of 2014 & 31 of 2015 respectively	1497.11
6.	Cumulative Gap: (Surplus)/ Deficit upto FY 2022-23	398.36
7.	Cumulative Gap: (Surplus)/ Deficit upto FY 2023-24	3584.42
8.	ARR for the year required to be recovered through tariff	41704.42
9.	Average Cost of Supply (for Energy Sales of 59211 MkWh)	704.34 paise/kWh

The Commission has notified the PSERC MYT Regulations, 2022 (made applicable for the 3rd MYT Control Period starting from FY 2023-24), wherein ACoS has been defined as under:

“Average Cost of Supply means ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the year including unrecovered revenue gaps of previous years along with carrying cost to the extent proposed to be recovered through retail tariffs, to the total sales of the Distribution Licensee for the respective year”.

Accordingly, the ACoS for FY 2023-24 works out to 704.34 paise/kWh as indicated above which is 8.64% higher than the ACoS of 648.35 Paise/kWh as determined in the Tariff Order for FY 2022-23.

7.2 Determination of Tariff

In determining tariff, the Commission is guided by the principles laid down in Section 61 of the Act as well as its own Regulations, which provide the framework for working out the ARR of the distribution licensee and tariff for different categories of consumers. The Commission has also kept in view the relevant aspects of the National Electricity

Policy, Tariff Policy, the norms adopted by it in earlier Tariff Orders and inputs received from various stakeholders in their objections/suggestions and during the course of public hearings.

As worked out in para 7.1 above, the overall cumulative surplus/gap at the current tariff is Rs. 3584.42 Crore. The main reasons for increase in gap is mainly due to the increase in short term power purchase rate, blending of imported coal with Indian coal at State & Central sector thermal power stations, increase in employee cost due to pay revisions etc.. To work out the increase required to cover the gap (deficit), income from sales to Common Pool consumers, Outside State sales and Rebate/surcharges has not been considered. To cover the revenue gap of Rs. 3584.42 Crore in the remaining 10.5 months, the Commission decides to increase both Fixed Charges and Variable Charges keeping in mind the regulatory requirements to keep cross subsidy levels within $\pm 20\%$ as per policy guidelines. Accordingly, the tariff for FY 2023-24 determined by the Commission is as follows:

Table 7.2: Existing Tariff and the new Tariff for FY 2023-24

Sr. No.	Category			Existing Tariff. for FY 2022-23 (01.04.2022 to 31.03.2023) continued from 01.04.2023 to 15.05.2023		New Tariff w.e.f. 16.05.2023 to 31.03.2024	
				*Fixed Charges per Month	**Energy Charges	*Fixed Charges per Month	**Energy Charges
				III	IV	V	VI
I	II			III	IV	V	VI
A	PERMANENT SUPPLY						
1.	Domestic Supply	Upto 2 kW	0- 100 kWh	35/kW	3.49/kWh	50/kW	4.19/kWh
			101 - 300 kWh		5.84/kWh		6.64/kWh
			Above 300 kWh		7.30/kWh		7.75/kWh
		Above 2 kW & upto 7 kW	0- 100 kWh	60/kW	3.74/kWh	75/kW	4.44/kWh
			101 - 300 kWh		5.84/kWh		6.64/kWh
			Above 300 kWh		7.30/kWh		7.75/kWh
		Above 7 kW & upto 50 kW	0- 100 kWh	95/kW	4.64/kWh	110/kW	5.34/kWh
			101 - 300 kWh		6.50/kWh		7.15/kWh
			Above 300 kWh		7.50/kWh		7.75/kWh
		Above 50 kW/kVA & upto 100 kVA	All Units	115/kVA	6.43/kVAh	130/kVA	6.75/kVAh
		Above 100 kVA	All Units	125/kVA	6.63/kVAh	140/kVA	6.96/kVAh
2.	Non-Residential Supply	Upto 7 kW	0- 100 kWh	45/kW	6.91/kWh	70/kW	6.91/kWh
			101 - 500 kWh		7.17/kWh		7.17/kWh
			Above 500 kWh		7.29/kWh		7.75/kWh
		Above 7 kW & upto 20 kW	Up to 100 kWh	70/kW	6.91/kWh	110/kW	6.91/kWh
			101 - 500 kWh		7.17/kWh		7.17/kWh
			Above 500 kWh		7.29/kWh		7.75/kWh
		Above 20 kW/ kVA	All Units	100/kVA	6.35/kVAh	130/kVA	6.75/kVAh
		Sri Harmandir Sahib & Sri Durgiana Mandir	First 2000 kWh	NA	Free	NA	Free
			Above 2000 kWh		6.11/kWh		6.41/kWh

Sr. No.	Category			Existing Tariff. for FY 2022-23 (01.04.2022 to 31.03.2023) continued from 01.04.2023 to 15.05.2023		New Tariff w.e.f. 16.05.2023 to 31.03.2024	
				*Fixed Charges per Month	**Energy Charges	*Fixed Charges per Month	**Energy Charges
I	II			III	IV	V	VI
		&upto 100 kVA					
		Above 100 kVA	All Units	110/kVA	6.55/kVAh	140/kVA	6.96/kVAh
		Electric Vehicle Charging Stations	All Units	NA	6.00/kVAh	NA	6.28/kVAh
3.	Industrial Power Supply						
a.	Small Power	Upto 20 kVA	All Units	80/kVA	5.37/kVAh	105/kVA	5.67/kVAh
b.	Medium Supply	Above 20 kVA & upto 100 kVA	All Units	120/kVA	5.80/kVAh	140/kVA	6.10/kVAh
c.	Large Supply						
	General Industry	Above 100 kVA &upto 1000 kVA	All Units	185/kVA	6.05/kVAh	215/kVA	6.45/kVAh
		Above 1000 kVA &upto 2500 kVA	All Units	245/kVA	6.15kVAh	275/kVA	6.55/kVAh
		Above 2500 kVA	All Units	285/kVA	6.27/kVAh	315/kVA	6.67/kVAh
	PIU Industry	Above 100 kVA &upto 1000 kVA	All Units	190/kVA	6.09/kVAh	220/kVA	6.49/kVAh
		Above 1000 kVA &upto 2500 kVA	All Units	275/kVA	6.40/kVAh	305/kVA	6.80/kVAh
		Above 2500 kVA	All Units	315/kVA	6.49/kVAh	345/kVA	6.89/kVAh
d	For use of electricity exclusively during night hours applicable for industrial consumers (Large Supply/Medium Supply/Small Power)		10 PM to 06 AM (next day)	50% of Fixed Charges specified under relevant category	4.86/kVAh	50% of Fixed Charges specified under relevant category	5.24/kVAh
			06 AM to 10 AM		Normal Energy charges (throughout the year)		Normal Energy charges (throughout the year)
4.	Bulk Supply	LT	All Units	225/kVA	6.66/kVAh	260/kVA	7.01/kVAh
		HT	All Units	300/kVA	6.38/kVAh	340/kVA	6.78/kVAh
5.	Railway Traction		All Units	340/kVA	6.97/kVAh	360/kVA	7.17/kVAh
6.	Public Lighting		All Units	100/kW	7.43/kWh	135/kW	7.79/kWh
7.	Agricultural Pumpset (AP)		All Units	5.66/kWh or		6.55/kWh or	
				419/BHP/ month		485/BHP/ month	
8.	AP High Technology/ High Density Farming		All Units	NA	5.66/kWh	NA	6.55/kWh
9.	Compost/ Solid Waste Management Plants for Municipalities of Urban Local Bodies & Water Supply Schemes		All Units	60/kVA	5.22/kVAh	65/kVA	5.26/kVAh
10.	Charitable Hospitals set-up under PwD Act		All Units	70/kVA	5.40/kVAh	100/kVA	6.00/kVAh
11.	Start up Power for Generators and CPPs		All Units	NA	7.35/kVAh	NA	7.81/kVAh
B	SEASONAL INDUSTRY (as per Condition 18 of General Conditions of Tariff):						
a)	During Season						
	Small Power		All Units	160/kVA	Same as applicable to corresponding General Industry	210/kVA	Same as applicable to correspondin g General Industry
	Medium Supply		All Units	240/kVA		280/kVA	
	Large Supply	101-1000 kVA	All Units	370/kVA		430/kVA	
		1001-2500 kVA		490/kVA		550/kVA	
		> 2500 kVA		570/kVA		630/kVA	
b)	During Off Season (SP/MS/LS)		All Units	Nil		Nil	
C	ICE FACTORIES & CANDIES AND COLD STORAGES						
a)	During April to July						
	Small Power		All Units	160 / kVA	Same as applicable to correspond- ing General Industry	210/kVA	Same as applicable to correspond- ing General Industry
	Medium Supply		All Units	240/kVA		280/kVA	
	Large Supply		All Units	370/kVA		430/kVA	
b)	During August to March						
	Small Power		All Units	40/kVA		53/kVA	
	Medium Supply		All Units	60/kVA		70/kVA	
	Large Supply		All Units	93/kVA		108/kVA	

Sr. No.	Category		Existing Tariff. for FY 2022-23 (01.04.2022 to 31.03.2023) continued from 01.04.2023 to 15.05.2023		New Tariff w.e.f. 16.05.2023 to 31.03.2024	
			*Fixed Charges per Month	**Energy Charges	*Fixed Charges per Month	**Energy Charges
I	II		III	IV	V	VI
D	TEMPORARY SUPPLY (All Categories)	All Units	1.25 times the charges (highest slab in case of slab rates) specified under the relevant schedule for permanent supply corresponding to the sanctioned load /contract demand		1.25 times the charges (highest slab in case of slab rates) specified under the relevant schedule for permanent supply corresponding to the sanctioned load /contract demand	

**Fixed Charge (unless otherwise specified in Schedule of Tariff) shall be levied on 80% of the sanctioned load or contract demand (actual demand recorded, if higher) as may be applicable.*

***In addition to energy charges; FCA, Voltage Surcharge/Rebate and ToD Tariff shall be applicable in accordance with conditions 8, 13 and 15 respectively of General Conditions of Tariff (Annexure-I of the Tariff Order)*

Notes:

- (i) *The Schedules of Tariff with tariff rates and other details for various categories of consumers as approved by the Commission are as per **Annexure II** of this Tariff Order. These Schedules shall be read with the updated provisions of General Conditions of Tariff approved by the Commission as per **Annexure I** of this Tariff Order;*
- (ii) *Cooperative Group Housing Societies/ Employers availing single point supply under PSERC (Single Point Supply to Co-operative Group Housing Societies/Employers) Regulations will be levied fixed charges as applicable to Domestic Supply consumers with load exceeding 100 kVA. A rebate of 12% (Twelve percent) will be admissible on electricity charges, comprising of fixed and energy charges, in addition to any other rebate as may be applicable.*
- (iii) *A Franchisee appointed by licensee for a particular area in its area of supply as per 7th proviso to Section 14 of the Electricity Act read with Regulations 6.6.2 of the Supply Code 2014, shall be eligible for rebate on electricity charges as per the franchisee agreement between the parties read with Orders of the Commission, if any.*

7.3 Cross Subsidy

Regulation 48.1 of the PSERC MYT Tariff Regulations, 2022, specifies that, Cross-subsidy for a consumer category means the difference between the average realization per unit from that category and the average cost of supply per unit expressed in percentage terms as a proportion of the average cost of supply.

To work out the average realization per unit for a category, category-wise revenue has been assessed as per the applicable tariff rates. Impact of Surcharges/Rebates (Voltage surcharge/ rebate, ToD Tariff, reduced energy charges for consumption exceeding the thresh-hold limit and other charges) have also been considered. Accordingly, the cross-subsidy levels for different categories of consumers worked out for FY 2023-24 as per tariff rates depicted in Table 7.2, is as follows:

**Table 7.3: Cross Subsidy Levels for FY 2023-24
(Average Cost of Supply= 704.34 Paise/kWh)**

Sr. No.	Category of Consumers	Sales	Revenue		Surcharge/ Rebates	Total Realization	Realisation per kWh	Cross Subsidy levels
			Fixed Charges	Variable Charges				
		MkWh	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	Paise/ kWh	%age
I	II	III	IV	V	VII	VIII	IX	X
1.	Domestic Supply	17581	1048.90	10110.80	(2.21)	11157.49	635	-9.90%
2.	Non-Residential Supply	4336	522.23	3117.55	21.15	3660.93	844	19.87%
3.	Small Power	914	124.15	591.75	43.98	759.88	831	18.04%
4.	Medium Supply	1864	356.62	1158.37	51.89	1566.88	841	19.35%
5.	Large Supply	18353	1618.17	12392.34	(192.15)	13818.35	753	6.90%
6.	Public Lighting	185	7.31	143.28	-	150.59	814	15.57%
7.	Bulk Supply	683	94.46	477.07	(13.46)	558.07	817	16.01%
8.	Railway Traction	14	9.78	11.63	(0.14)	21.27	-	-
9.	Agriculture Pumpsets	13682	-	8809.50	-	8809.50	644	-8.58%
10.	AP High technology/ High Density farming	0.02	-	0.01	-	0.01	644	-8.58%
11.	Compost/ Solid waste Management Plants for Municipalities of Urban Local Bodies/ I Water Supply schemes	242	33.27	146.17	24.84	204.27	844	19.84%
12.	Charitable Hospitals set-up under PwD Act	-	-	-	-	-	-	-
13.	Start-up Power for generators/ CPPs	214	-	169.29	(7.37)	161.92	757	7.42%
14.	Golden Temple & Durgiana Mandir, Sri Amritsar Sahib	9	-	5.74	(0.19)	5.54	616	
15.	Temporary Supply	771	-	671.99	0.08	672.07		
16.	Common Pool	309	-	112.92	-	112.92	365	
17.	Outside State sale	54	-	44.71	-	44.71	828	
18.	Grand Total	59211	3814.89	37963.11	(73.58)	41704.42	704	

The Commission has been consistently maintaining cross subsidy levels of various categories of consumers within $\pm 20\%$ of Average Cost of Supply as guided by the Tariff Policy and provisions of the PSERC Regulations.

Further, the Hon'ble APTEL vide its judgment dated 17.12.2014 in Appeal No. 142 of 2013 and 168 of 2013 has directed the Commission to show the cross-subsidy for each category of consumer with respect to voltage wise Cost of Supply (CoS) in the Tariff Orders. In compliance to the same, the cross-subsidy level for each category of consumer with respect to voltage wise cost of supply is shown in **Annexure-IV** of this Tariff Order.

Since, PSPCL is an integrated utility carrying out the businesses of a Generating company and is as well a distribution licensee, segregation of its accounts on actual basis is required for the Generation and Distribution businesses, Retail and Supply businesses and finally based on voltage parameters to enable determination of voltage-wise CoS. So far, PSPCL is not able to submit the segregated accounts on actual basis for its Generation and Distribution businesses and is submitting the same on the basis of allocation only. Thus, voltage-wise/category-wise CoS worked out on the basis of estimated/allocated data supplied by PSPCL may not be depicting the actual cost of supply.

However, in order to move in the direction of tariff based on CoS, the Commission has been allowing indicative rebates in the Tariff to various categories of consumers getting supply at higher voltages as mentioned in Condition 13.2 of General Conditions of Tariff.

7.4 Decision of Government of Punjab on subsidy payable for FY 2023-24

Subsidy payable for FY 2023-24

PSPCL vide its petition has claimed subsidy of Rs.18104.00 Crore for FY 2023-24. GoP, Department of Power (Energy Branch) vide its memo No. 13/01/2023-PE2/1947 dated 31st March, 2023 has conveyed its decision regarding the payment of subsidy. The Commission estimates subsidy payable by the GoP during FY 2023-24 as under:

Table 7.4: Subsidy payable by GoP for different Categories for FY 2023-24

Sr. No.	Category	(Rs. Crore)
		Allowed by the Commission
1	AP Consumption	8809.50
2	300 units free to all Domestic Consumers	5883.00
3	Concessional tariff of Rs.2.50 per unit for all Domestic Consumers having load upto 7 KW (01.04.2023 to 31.03.2024)	1427.00
4	Small Power (concessional tariff @ Rs.5.50 per kVAh and fixed charges)	139.79
5	Medium Supply Consumers (Concessional tariff @ Rs.5.50 per kVAh and 50% waiver in fixed charges)	285.79
6	Large Supply Consumers (Concessional tariff @ Rs.5.50 per kVAh)	2082.80
7	Total	18627.88

Note:

- In case of A.P. consumption, PSPCL records AP Consumption at feeder level and the Commission allows the same by considering normative line losses as per the approved trajectory of losses for computing AP consumption at consumer end. At sr.no. 1 AP Consumption works out as 13682.00 MUs. The subsidy for this

consumption comes to Rs. 8809.50 Crore (1710.25 MUs x 566 paise (1.5 months) + 11971.75 x 655 paise (10.5 months)).

- Subsidy from Sr. No.2 and 3 has been taken as per the submission of PSPCL.
- Subsidy from Sr. No 4 has been taken as per projected revenue of small power at proposed tariff less concessional tariff i.e Rs. 0 (70.52-131.32 MkVAh x 550paise (1.5 months) plus 15.63 (521.23 - 919.27 MkVAh x 550 paise (10.5 months)) Crore plus fixed charges (Rs.124.16 Crore).
- Subsidy from Sr. No 5 has been taken as per projected revenue of medium power at proposed tariff less concessional tariff i.e Rs.107.48(1158.37-238.84 MkVAh x 550 paise (1.5 months) +1671.87 MkVAh x 550 paise (10.5 months)) Crore plus fixed charges 178.31 Crore (50% of Rs.356.62 Crore).
- Subsidy from Sr. No 6 has been taken as per projected revenue of large power at proposed tariff less concessional tariff i.e Rs.2082.80(12392.00-2343 MkVAh x 550 paise (1.5 months) +16401.00 MkVAh x 550 paise (10.5 months)) Crore.

The Commission observes that Ministry of Power, GoP vide memo no. F.No. 14/12/2022-UR&SI-II-Part (1) -(E-263842) dated 1st July,2022 has issued standard Operating Procedures in respect of important conditionalities under RDSS, LIS, additional borrowings etc. to be followed during implementation and evaluation. PSPCL to ensure fulfilment of conditions specified therein, so as to avail benefits under Revamped Distribution Sector Schemes (RDSS) fully.

There is a shortfall of Rs.6499.61 Crore of subsidy paid by GoP as on 31st March, 2023. Total subsidy payable by GoP for FY 2023-24 works out to Rs.25127.49 (18627.88+ 6499.61) Crore. However, Government of Punjab has sanctioned Rs 2535.00 (1817.61+469.48+247.91) Crore on account of second instalment (first instalment out of five planned to clear legacy dues was released in FY 2022-23) of legacy dues inclusive of carrying cost for FY 2023-24 based on projections submitted by PSPCL which will be reviewed at the time of true up of the respective year(s). Hence, the total projections of subsidy due during FY 2023-24 comes to Rs. 21162.88(18627.88+2535.00) Crore payable quarterly, in advance as per the SOP issued by GoI, Ministry of Power, New Delhi as per letter ibid. Therefore, advance quarterly instalments of Rs 5290.72 (21162.88/4) Crore is payable by GoP for FY 2023-24. GoP may either release quarterly instalments in lump sum at the beginning of the quarter or release equal monthly instalments at the beginning of the respective months.

7.5 Pooled Cost of Purchase of Electricity of PSPCL

The Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 had provided for determination of 'Pooled Cost of Purchase' of electricity defined under Regulation-5 for 'Eligibility and Registration for Certificates', for the purpose of eligibility for a generating company engaged in generation of electricity from renewable sources of energy to apply for registration for issuance of and for dealing in renewable energy certificates. The ibid CERC Regulation has been repealed vide Regulation 19 of Central Electricity Regulatory

Commission (Terms and Conditions for Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2022 which does not provide for 'Pooled Cost of Purchase'. Accordingly, the Commission is not determining the 'Pooled Cost of Purchase' in this Tariff Order.

7.6 Feed-in-Tariff for the Net-billing and Gross-metering arrangements under the PSERC (Grid Interactive Rooftop Solar Photo Voltaic Systems) Regulations, 2021:

a) Methodology:

The Commission in Suo-Motu Petition No. 06 of 2022 has decided as under:

"The Commission observes that, the concept of linking the Feed-in-Tariff with the solar tariff(s) discovered through competitive bidding gives an empirical market base to the tariff, which helps to promote new technologies and efficiency in the system. Thus, the Commission considers it prudent to adopt the said methodology and approve the Feed-in-tariff for Gross-Metering arrangement for respective years in the following order of priority depending on their applicability based on available data in the respective years as hereunder:

a) The weighted average of the solar tariffs discovered through Competitive Bidding for solar power projects and adopted/allowed by the Commission in the previous Financial Year;

b) The weighted average of the solar tariffs discovered through Competitive Bidding for solar power projects and adopted by the CERC in the previous Financial Year.

Accordingly, PSPCL shall work-out the proposed Feed-in-tariff for the ensuing financial year and submit the same for approval of the Commission along with its annual ARR."

b) PSPCL's Proposal:

PSPCL in the present Petition has submitted as under:

"Till date, no Competitive Bidding for solar tariff has taken place in the State of Punjab. Further, orders passed by CERC have been scrutinised, and the weighted average of the solar tariffs discovered through Competitive Bidding for solar power projects and adopted in FY 2022-23 is Rs. 2.4267/- per kWh."

c) Commission's Analysis:

The Commission observes that the submission by PSPCL that till date no Competitive Bidding for solar tariff has taken place in the State is not factually correct. The Commission, vide Order dated 28.04.2022 in Petition No. 09 of 2022, has allowed PSPCL's prayer for adoption of tariff of Rs. 2.65/kWh for 150 MW Solar Power projects

located in Punjab selected through a competitive bidding process i.e. 100 MW from M/s SJVN Limited and 50 MW from M/s SAEL Limited.

Accordingly, for the Net-billing and Gross-metering arrangements under the PSERC (Grid Interactive Rooftop Solar Photo Voltaic Systems) Regulations 2021, the Commission approves the Feed-in-tariff of Rs.2.65/kWh for FY 2023-24.

7.7 Tariff for requisition of Green Energy

The Commission has determined the tariff for requisition of green energy by the consumers under the provisions of the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, after following due process of public consultation (**Annexure- VII**). Accordingly, the green energy tariff for FY 2023-24, based on the power purchase figures of PSPCL considered by the Commission for FY 2023-24, shall be as under:

Table 7.5: Green Energy Tariff for FY 2023-24

Sr. No.	Particulars	Rs./Kwh		
		Solar (without Storage)	Non-Solar	Composite (Solar/ Non-Solar)
I	II	III	IV	V
1	Average Pooled Power Purchase Cost of RE Power at the State periphery	4.19	4.73	4.39
2	Average Variable Cost of power from Conventional (Coal/Gas) sources	3.45		
3	Tariff/Additional cost for supply of green energy at the State periphery (1-2)	0.74	1.28	0.94
4	Tariff for green energy applicable to such consumers who opt to transfer their green attributes to the Distribution Licensee. (50% of 3)	0.37	0.64	0.47

Note:

- 1) The tariff for the green energy is purely optional which shall be applicable only to the consumers exercising an option for the same as per the provisions of said Rules;
- 2) The Distribution licensee shall indicate separately the quantum of green energy supplied to such consumers, in their monthly bills. Such monthly bills can be submitted to State Nodal Agency as a documentary proof of RPO compliance by such consumers.
- 3) Tariff for the Green Energy determined above shall be payable in addition to the regular retail Tariff applicable for the respective consumers. Further:
 - (i) Since, the additional tariff for green energy has been worked out on the basis of power procurement cost at the State periphery, levy of the same at the consumer end shall be computed by grossing up with applicable voltage wise T&D losses, specified in the Tariff Order for intra-State open access consumers, depending upon the supply voltage of the respective consumer.

- (ii) Further, as solar power (without additional cost of battery storage) is available during the day time only, considering the trend of the tariffs discovered in Dec., 2022 (i.e. Rs. 9/kWh for with storage vis-à-vis Rs 3/kwh for without storage), an additional levy of Rs. 6/kWh shall also be applicable, to account for storage cost, in case solar power is requisitioned on RTC basis.

7.8 Separate Tariff for each Function

A summary of the ARR of Thermal Generating Stations, Hydel Generating Stations and Distribution Business of PSPCL approved by the Commission for FY 2023-24 has been shown in Chapter 4 (Table 210 and 211) of this Tariff Order. Accordingly,

Aggregate Revenue Requirement (ARR)/ Annual Fixed Charges (AFC) of PSPCL's Generating Stations, Wires Business and Retail Supply Business required to be recovered through tariff has been compiled as under:

Table 7.6: ARR/AFC of PSPCL's Generating Stations (Project wise), Wires Business and Retail Supply Business for FY 2023-24
(Rs. Crore)

Sl. No	Particulars	GGSSSTP	GHTP	Shanan	UB DC	RSD	MH P	AS HP	Micro	BBMB	Total Generation	Wires Business	Retail Supply Business	Total Distribution	Total
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	XVI
1	Net Revenue Requirement	1369.00	1486.41	55.27	74.53	367.55	116.83	61.32	0.76	417.51	3949.18	4207.53	31651.43	35858.96	39808.14
2	Previous Gap / (Surplus)	13.70	14.87	0.55	0.75	3.68	1.17	0.61	0.01	4.18	39.52	42.10	316.74	358.84	398.36
3	Impact of Review Petition No. 5 of 2022 in Petition No. 68 of 2021	0.03	0.03	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.08	0.09	0.64	0.73	0.81
4	Impact of Order dated 29.04.2022 passed by the Hon'ble APTEL	51.49	55.90	2.08	2.80	13.82	4.39	2.31	0.03	15.70	148.52	158.24	1190.35	1348.59	1497.11
5	Aggregate Revenue Requirement	1434.21	1557.22	57.90	78.08	385.06	122.40	64.24	0.80	437.40	4137.30	4407.96	33159.16	37567.12	41704.42
6	Fuel Cost	817.66	953.12								1770.78				1770.78
7	Variable cost of Power Purchase												27446.00	27446.00	27446.00
8	AFC (5-6-7)	616.55	604.10	57.90	78.08	385.06	122.40	64.24	0.80	437.40	2366.52	4407.96	5713.16	10121.12	12487.64

7.9 Generation Tariff

Regulation 14 of PSERC MYT Tariff Regulations, 2022, specifies that, the tariff for sale of electricity from a generating plant shall comprise of two parts, namely;

7.9.1 Annual Fixed Charges (Capacity Charges)

Regulation 36 of PSERC MYT Tariff Regulations, 2022, specifies that, the fixed cost of a generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis under capacity charge (inclusive of incentive and energy charge for Hydro station), which shall be payable by

the beneficiaries in proportion to their respective share/allocation in the saleable capacity of the generating station. Accordingly, based on the project wise ARR/AFC determined for FY 2023-24 as shown in Table 7.4, the Annual Fixed Charges (Capacity Charges) for PSPCL's Generating Stations are determined as under:

Table 7.7: Annual Fixed Charges (AFC) of Generation Projects for FY 2023-24

Sr. No.	Plant	Annual Fixed/ Capacity Charges (Rs. Crore)	Generation (MkWh)		Indicative FC (paise/kWh)	
I	II	III	IV		V	
A	Thermal Plants	1220.65				
1.	GGSSTP	616.55	*5621.08	**2074	*109.69	**297.28
2.	GHTP	604.10	*5820.43	**2278	*103.79	**265.19
B	Hydel Plants	354.24 (50% of AFC) (Rs. Crore)				
1.	Shanan	28.95	490.00		59.08	
2.	UBDC	39.04	375.00		104.11	
3.	RSD	192.53	1509.00		127.59	
4.	Mukerian	61.20	1158.00		52.85	
5.	Anandpur Sahib	32.12	525.00		61.18	
6.	Micro Hydel	0.40	4.00		99.53	
7.	BBMB	***				

* Worked out by taking Normative Annual Plant Availability Factor (NAPAF) of 85%.

** Worked out as per estimated schedule Generation.

*** AFC is determined by CERC.

Accordingly, the total AFC (50% for Hydro Plants) recoverable in the case of thermal and hydro plants are:

- i) Thermal - Rs. 1220.65 Crore
- ii) Hydro (excluding BBMB) - Rs. 354.24 Crore

Full AFC for both thermal and hydro plants will be payable on achievement of normative plant availability as specified in PSERC MYT Tariff Regulations, 2022.

7.9.2 Energy Charges

Regulation 37.1 of PSERC MYT Tariff Regulations, 2022, specifies that, the Energy (Variable) Charges for a thermal generating plant shall cover the primary fuel cost, secondary fuel cost, cost of limestone or any other reagent, as applicable and, shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment). Accordingly, based on the project wise

Fuel Cost/AFC for FY 2023-24 as shown in Table 7.4, the Energy Charges for PSPCL's Generating Stations are determined as follows:

Table 7.8: Energy Charges for Thermal Generating Station FY 2023-24

Sr. No.	Plant	Fuel Cost (Rs. Crore)	Generation (MkWh)	Energy Charges (paise/kWh)
I	II	III	IV	V
1.	GGSTP	817.66	2074	394.24
2.	GHTP	953.12	2278	418.40

Table 7.9: Energy Charges for Hydro Generating Station FY 2023-24

Sr. No.	Plant	Variable Cost (50% of AFC) (Rs. Crore)	Generation (MkWh)	Energy Charges (paise/kWh)
I	II	III	IV	V
1.	Shanan	28.95	490	59.08
2.	UBDC	39.04	375	104.11
3.	RSD	192.53	1509	127.59
4.	Mukerian	61.20	1158	52.85
5.	Anandpur Sahib	32.12	525	61.18
6.	Micro Hydel	0.40	4	99.53

7.9.3 Total charges for Generating Stations (Thermal and Hydel)

The total charges (Capacity and Energy) for generating plants are summarized as under:

Table 7.10: Total charges for PSPCL's Generating Stations for FY 2023-24

(Paise/kWh)

Sr. No.	Plant	Capacity Charges	Energy Charges	Total Charges
I	II	III	IV	V = (III+IV)
A	Thermal Generating Stations			
a)	For generation as per NAPAF			
1.	GGSTP	109.69	394.24	503.93
2.	GHTP	103.79	418.40	522.19
b)	For generation as per Scheduled energy			
1.	GGSTP	297.28	394.24	691.52
2.	GHTP	265.19	418.40	683.59
B	Hydel Plants			
1.	Shanan	59.08	59.08	118.16
2.	UBDC	104.11	104.11	208.22
3.	RSD	127.59	127.59	255.18
4.	Mukerian	52.85	52.85	105.70
5.	Anandpur Sahib	61.18	61.18	122.36
6.	Micro Hydel	99.53	99.53	199.06

* The Charges for BBMB work out to be Rs. 1.09 per unit (Rs. 437.40 Crore for 4009 MkWh)

7.9.4 Wheeling Charges for using distribution network of PSPCL

The Commission has worked out the total distribution capacity of PSPCL for FY 2023-24 as 14202.25 MW (net of transformation losses and auxiliary consumption). Accordingly, wheeling charges for FY 2023-24 are determined as under:

Table 7.11: Wheeling Charges for FY 2023-24

Sr. No.	Details	Units	Wheeling Charges
I	II	III	IV
1.	Input Energy at the distribution periphery (Table 138)	MkWh	67101
2.	Distribution capacity of PSPCL (Net)	MW	14202.25
3.	Revenue requirement for wire business of distribution network	Rs. Crore	4407.96
4.	Wheeling charges for using distribution network of PSPCL	Rs./MWh	656.91
		Rs. /MW /month	2,58,642

7.10 Open Access (OA) Charges

OA charges from 01.04.2023 onwards of FY 2023-24, Open Access charges are determined as under:

7.11 Wheeling Charges

Regulation 25 of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011 provides that, Wheeling Charges shall be payable by an Open Access customer who utilises the distribution network for wheeling of electricity. Accordingly, wheeling charges for use of distribution network of PSPCL are determined as under:

- a) **For Long Term/Medium Term Open Access Customers** = **Rs. 2,58,642/MW/Month**
- b) **For Short Term Open Access Customers** = **Rs. 656.91/MWh**

However, in case of wheeling of power generated from NRSE project for consumption within the State, transmission and wheeling charges shall be levied @ 2% of the energy injected into the State Grid, irrespective of the distance i.e. additional 2% of the total energy shall be injected at injection point(s). Revenue from the additional injection shall be according to utilization of the system. For open access where injection/ drawl by most of the NRSE projects for captive use is at 66 kV or below and the 132kV and above transmission system is not being used at all, PSPCL alone is entitled for the average revenue realized by distribution licensee from such additional injection. However, for open access injection where the 132kV and above transmission system is involved, 25% of the average revenue realized by distribution licensee from such additional injection shall be passed on to the STU/Transmission licensee for

compensating it on account of transmission charges. In case of wheeling of power generated from NRSE project outside the state, full transmission and wheeling charges shall be leviable.

Provided that in case of wheeling of power for consumption within the State, generated from NRSE project in the State, achieving commercial operation (COD) from 09.07.2015 to 31.03.2017, no transmission and wheeling charges shall be leviable, irrespective of the distance, for a period of 10 (ten) years from its date of commercial operation (COD).

7.12 Transmission & Distribution losses

As per Regulation 30(2) of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011, the Open Access customers shall bear Transmission & Distribution losses as under:

- (i) OA customers at 132/220/400 kV 2.42%
- (ii) OA customers at 66/33 kV 15% of distribution losses (12.30%),
which works out to 1.85%, in addition to
Transmission Loss of 2.42%.
- iii) OA customers at 11 kV 40% of distribution losses (12.30%),
which works out to 4.92%, in addition to
Transmission Loss of 2.42%.

7.13 Cross subsidy surcharge

As per Regulation 26(2) of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011, the cross-subsidy surcharge for various categories of consumers is determined as under:

Large Supply		49	paise/kWh
Domestic Supply	:	0	paise/kWh
Non-Residential supply	:	140	paise/kWh
Bulk Supply	:	113	paise/kWh

The cross-subsidy surcharge is not exceeding the 20% of the average cost of Supply for any of the category in accordance with Rule 13 of the Electricity Amendment Rules, 2022.

7.14 Date of Effect

The Commission decides to make the new tariff/Charges applicable from May 16th, 2023 except where specified otherwise in this Order. The tariff determined above shall remain operative till March 31, 2024. For the period w.e.f. 1st April, 2023 to 15th May, 2023, Tariff/Charges shall be applicable as per Tariff Order for FY 2022-23 as specified by the Commission in the Interim Order dated 31.03.2023. This Order is signed and issued by the Punjab State Electricity Regulatory Commission on this day, the 15th May, 2023.

Date: 15th May, 2023
Place: CHANDIGARH

Sd/-
(Paramjeet Singh)
MEMBER

Sd/-
(Viswajeet Khanna)
CHAIRPERSON

Certified

Sd/-
Secretary
Punjab State Electricity Regulatory Commission,
Chandigarh.

GENERAL CONDITIONS OF TARIFF**1. General**

Supply of electric energy to various categories of consumers shall be chargeable under the relevant Schedule of Tariff. The particular schedule applicable to a new consumer shall be determined with reference to the nature and/or quantum of load/demand and intimated to the prospective consumer at the time of issue of Demand Notice. This shall be subject to review on the basis of any change in nature and/or the quantum of actual connected load/demand.

2. Tariffs to be exclusive of levies

The tariffs i.e. Fixed and Energy Charges shall be exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority from time to time.

3. Tariffs to be exclusive of general charges

The tariffs shall be exclusive of rentals and other charges as per the Schedule of General Charges as approved by the Commission from time to time.

4. Point of Supply

Unless otherwise approved by the Commission, the tariffs shall be applicable to supply at a single point and at the voltage specified in the Supply Code 2014 as amended from time to time. Supply at other points and/or other voltages shall be billed separately, if otherwise permissible.

5. Connected Load shall be as specified in Supply Code 2014 as amended from time to time.**6. Applicability of Industrial Tariff Category**

The applicable category of tariff, under Schedules for Large Power Supply (LS), Medium Power Supply (MS) & Small Power supply (SP) industrial consumers, shall be based on the total of industrial and general demand (kVA) i.e. bona-fide factory lighting, residential quarters and colony lighting including street lighting. While computing the total demand (kVA) for determining the applicable schedule, fraction of half and above shall be taken as whole kVA and fraction below half shall be ignored.

7. Periodicity of Billing

Periodicity of Billing shall be as per Supply Code 2014 as amended from time to time.

However, in case of bimonthly billing, consumption slabs shall be doubled while applying the relevant tariff.

8. Fuel Cost Adjustment (FCA)

- 8.1 To neutralize the changes in fuel cost, FCA as per provisions of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulation, 2022 and PSERC (Conduct of Business) Regulations, 2005, as amended from time to time, shall be applicable in addition to the energy charges specified in the relevant Schedule of Tariff.
- 8.2 FCA clause shall be applicable to all metered and un-metered categories of consumers.

9. Two Part Tariff (TPT) Structure/Fixed Charges

All consumers (except AP, AP High-Technology/High Density Farming, EV Charging Stations, Start up power for Generators and CPPs, Sri Harmandir Sahib and Sri Durgiana Mandir) shall be covered under the Two Part Tariff structure, as approved by the Commission in the Tariff Order. Further fixed charges (unless otherwise specified in Schedules of Tariff) shall be charged as under:

- (a) For consumers covered under Contract Demand system as per condition 10 below, the Fixed Charges shall be levied on 80% of the sanctioned Contract Demand or Actual demand recorded during the billing cycle/month (restricted to sanctioned Contract Demand), whichever is higher. In case, the consumer exceeds the sanctioned Contract Demand during a billing cycle/month, he/she shall be liable to pay applicable demand surcharge as provided in the Schedule of Tariff for the relevant category.
- (b) For other consumers (not covered under Contract Demand system as per condition 10 below), the Fixed Charges shall be levied on 80% of the sanctioned load in kW.

10. Contract Demand

- 10.1 Contract demand shall mean the maximum demand in kVA sanctioned to the consumer.
- 10.2 All consumers (except DS consumers with load upto 50 kW, NRS consumers with load upto 20 kW, Public Lighting, AP, AP High-Technology/High Density Farming, Sri Harmandir Sahib and Sri Durgiana Mandir) are required to get their contract demand sanctioned in kVA.

- 10.3 The maximum load/demand for any day or month, shall be considered as the highest average load/demand measured in kilovolt Ampere (kVA) during a block of 30 or 15 minutes period as per the capability of the meter installed.

11. Metering

Metering equipment for HT/EHT consumers for the entire supply including general load shall normally be installed on the HV side of the transformer at the point of commencement of supply.

12. Non availability of Metering Equipment

In case of an HT/EHT consumers receiving supply at 11 kV and above, where metering equipment is installed on the LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kWh/kVAh) and the maximum demand shall be enhanced by 3% to account for the transformation losses.

13. Voltage Surcharge/rebate

13.1 Voltage Surcharge:

The levy of voltage surcharge on the energy charges shall be as under:-

- i) All consumers catered at 400 volts against specified voltage of 11 kV shall be levied surcharge at the rate of 15%.
- ii) All consumers catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 10%.
- iii) All consumers catered at 33/66 kV against specified voltage of 132/220 kV shall be levied surcharge at the rate of 5%.
- iv) The exemptions from levy of surcharge(s) shall continue as under:
 - (a) LS consumers existing as on 31.03.2010 availing supply at 33/66 kV but required to convert their system so as to receive supply at 132/220 kV will not be levied any surcharge related to supply voltage, till such consumers request for change of their Contract Demand.
 - (b) DS/NRS/BS consumers existing as on 31.03.2010 catered at a voltage lower than specified in Supply Code 2014 will be liable to pay surcharge only in case of any change in Contract Demand.

- 13.1.1 The release of new connection or additional load/demand to the consumers at the specified supply voltage or at lower/higher voltage level shall be governed by the Supply Code, 2014, as amended from time to time.

Provided that existing consumers paying surcharge as per sub-clause (ii) or (iv) of condition 13.1 of General Conditions of Tariff annexed as Annexure-I to the Tariff Order for FY 2016-17 shall continue to be governed by existing provisions till conversion to the amended Supply Voltage in accordance with regulation 4.2 read with sub-regulation 4.2.2 of PSERC (Electricity Supply Code and Related Matters) (2nd Amendment) Regulations, 2016.

13.2 Voltage Rebate

As the cost to serve at higher voltage is lower than the cost to serve at lower voltage, therefore the rebate on energy charges to the consumers getting supply at HT/EHT voltages shall be applicable as under:

- a) 30 paise/kVAh to all consumers getting supply at 400/220/132 kV,
- b) 25 paise/kVAh to all consumers getting supply at 66/33 kV,
- c) 20 paise/kVAh to DS (including Charitable Hospitals setup under PWD Act), NRS, MS consumers (including water works supply Schemes & Compost / Solid Waste Management Plants for Municipalities/ Urban Local Bodies) getting supply at 11 kV and
- d) 20 paise/kWh to AP/AP High-Technology/High Density Farming consumers getting supply at 11 kV shall be continued.

14. Steel Rolling Mill Surcharge (Deleted in Tariff Order FY 2018-19)

15. Time of Day (ToD) Tariff

Time of the Day (ToD) tariff shall be applicable to NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, all LS/MS consumers (including water works Supply Schemes & Compost/Solid Waste Management Plants) and EV charging stations as under:

Period	Time period	ToD Tariff
1 st April to 31 st May	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	
	10.00 PM to 06.00 AM (next day)	Normal Tariff* minus Rs.0.75/kVAh
1 st June to 30 th September	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	Normal Tariff* plus Rs. 2.00/kVAh
	10.00 PM to 06.00 AM (next day)	Normal Tariff*
1 st October to 31 st March	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	
	10.00 PM to 06.00 AM (next day)	Normal Tariff* minus Rs. 1.00/kVAh

*As per applicable Schedule of Tariff for the year.

However, the cumulative effect of ToD rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time shall be limited to the Energy

Charge of Rs. 5.24/ kVAh.

16. Non-availability of MDI reading and/or kVAh Consumption

16.1 Defective MDI:

In case the MDI of a consumer becomes defective, the maximum demand shall be computed as under:

16.1.1 Higher of the average of maximum demands recorded during the preceding three months before the MDI became defective or the maximum demand of the corresponding month of the previous year provided there was no change of load/demand thereafter, shall be adopted for billing purposes for the period the MDI remained defective.

16.1.2 If there was change of load/demand immediately before the MDI became defective, the maximum demand computed as above shall be adjusted on pro-rata basis.

16.1.3 In case of new connections where the previous reading record is not available the maximum demand shall be taken as 80% of sanctioned contract demand for billing purposes during the period MDI became defective.

16.2 Non-availability of kVAh consumption

16.2.1 In case kVAh consumption is not available due to defective meter or otherwise, monthly average power factor of the consumer's installation recorded during the last three correct working months preceding the period of overhauling (i.e. period of review of billing account) shall be taken as monthly average power factor for the purpose of power factor surcharge/incentive to the applicable category till such time kVAh consumption is available.

16.2.2 Where the billing is done on kVAh consumption basis, the procedure given in the Supply Code 2014 shall be followed for billing purposes as applicable to defective/dead stop meters.

17. Tariff for News Paper Printing Presses

Accredited news paper printing presses shall be treated as industrial premises and therefore the supply to these consumers shall be considered as industrial supply and shall be charged under relevant industrial tariff. However, the lighting load in the premises of accredited news paper presses shall be metered separately and charged as per rates under Schedule Non-Residential Supply.

18. Seasonal Industries

18.1 Seasonal industries mean industries/factories which by virtue of nature of their

production, work during part of the year up to a maximum of 9 months during the year as specified below in Condition 18.2.

18.2 Approved seasonal industries are as under:

- (i) All cotton ginning, pressing and bailing plants
- (ii) All rice shellers
- (iii) All rice bran stabilization units (without T.G. Sets)
- (iv) Kinnow grading & Waxing Centers
- (v) Maize Dryer Plants
- (vi) Food (including fruits and vegetables) processing, packaging and storage units.

- Seasonal period for industries at Sr. No. (i), (iii) and (iv) shall be considered from 1st September to 31st May next year and seasonal period for rice sheller industry at Sr. no. (ii) shall be from 1st October to 30th June next year. The seasonal industrial consumers at Sr. no. (i) to (iv) shall not be required to serve advance notice before starting or closing the unit.
- Seasonal industrial consumers at Sr. No. (v) and (vi) shall be required to intimate the period of their season subject to maximum 9 months by 31st May or one month prior to start of season, whichever is earlier.
- Seasonal industry consumers shall not be required to give any undertaking not to run his seasonal industry during off season.

18.3 Rice bran stabilization units having T.G. Sets, Rice Huller Mills, Ice Factories and Ice Candy Plants shall not be treated as seasonal industries.

18.4 The seasonal Industry consumers shall have the option to be covered under General Industry Category and the relevant Industrial Tariff shall be applicable in such cases. The seasonal industrial consumers shall exercise their option one month prior to the start of the season. In such cases, the billing as general industry shall be done for the whole one year i.e. for a period of 12 months from the date of start of season.

18.5 **Billing of Seasonal Industries**

Billing for all seasonal industries shall be done on a monthly basis and charged as under:

18.5.1 **For exclusive Seasonal industries** mentioned above, billing shall be as per the tariff (comprising of fixed and energy charges) applicable in the respective schedule of tariff for seasonal industry. However, the Fixed Charges, as applicable in the respective schedule of tariff for seasonal period, shall be levied only for the period of six months from the beginning of the seasonal period, in accordance with condition 9 above. Thereafter, only energy charges, as applicable in the respective schedule of tariff, shall be levied on actual consumption recorded during the month. However, demand surcharge shall be leviable for the excess demand, if any, as per the relevant schedule of tariff.

18.5.2 **For mixed Industries**, comprising of seasonal Industry and general industry, billing shall be done monthly as under:

- a) Energy Charges shall be levied on actual consumption recorded during the month, as applicable in the respective Schedule of Tariff for General Industry, throughout the year.
- b) Fixed Charges in accordance with condition 9 above, shall be levied on sanctioned contract demand for general load, as applicable in respective Schedule of Tariff for General Industry throughout the year and on sanctioned contract demand for seasonal load for six months at seasonal rates, as applicable in the respective Schedule of Tariff, from the beginning of seasonal period, irrespective of the actual period of running of seasonal load.

19. Agricultural Pumping Supply

19.1 All AP connections shall be released only after installation of minimum four star labeled motor. The supply shall be metered.

19.2 Chaff cutters, threshers and cane crushers for self use shall be allowed to be operated on agriculture pumping supply connections.

19.3 The water from the agriculture tube well shall be allowed to be used by the consumers only to irrigate the land in their possession.

20. Rounding-off Energy Bill

The charges i.e. both Fixed and energy charges including surcharges, rebates, octroi (if applicable), meter/MCB rentals, electricity duty as well as total energy bill (net as well as gross) shall be rounded-off individually to the nearest rupee by ignoring 1 to 49 paise and taking 50 to 99 paise as one rupee. Thus the amount mentioned in the bill shall be in whole rupee. The net amount payable in all

electricity bills shall be rounded-off to the nearest Rs. 10/- (Rupees ten) and difference due to rounding-off shall be adjusted in subsequent bills.

- 21. Interest for delay in Payment** In the event of the energy bill or other charges relating to electricity not being paid in full within the time specified in the bill, the consumers shall be levied interest for delay in payment as under:

“In the event of the energy bill or other charges relating to electricity not being paid in full within the time specified in the bill, the consumers shall be levied simple interest on delayed payment @ 1.5% per month, on the gross unpaid amount of the bill till the deposit of outstanding amount. Part of the month shall be treated as full month for this purpose.”

22. Use of electricity exclusively during night hours

Reduced tariffs as may be decided by the Commission in the Tariff Order for the year shall be applicable to Industrial consumers who opt to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day. They shall also be entitled to use electricity also from 06:00 AM to 10:00 AM at normal tariff rate of energy charges applicable to the respective category. Other conditions shall be as under:

- i) ToD rebate shall not be allowed on the reduced tariff under this category, as the tariff rate is already reduced.
- ii) A maximum of 10% of total units consumed during night hours (10:00 PM to 06:00 A.M. next day) in a billing period can be availed during the period of 10.00 AM to 10.00 PM.
- iii) In case the consumer exceeds the %age specified in condition no. (ii) above during any billing month, then fixed charge and energy charges for the entire energy consumption during the relevant billing month shall be billed as per normal tariff applicable to the respective category. Besides, ToD surcharge, as applicable, shall be chargeable for the consumption, if any, during the peak hours.
- iv) This tariff shall be applicable if the consumer opts to be so charged in place of normal tariff by using electricity exclusively during night hours as above. The option can be exercised to switch over from normal tariff to exclusive night time tariff by giving not less than one month's notice in writing.
- v) Other terms and conditions shall remain the same as applicable to the respective categories as per the relevant Schedule of Tariffs.

23. Load/Demand Surcharge

23.1 Load/Demand Surcharge for Consumers covered under Contract Demand System

23.1.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

23.1.2 Demand Surcharge for exceeding the Contract Demand

If a consumer exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of Rs. 750/- per kVA per month on excess demand irrespective of the number of defaults in a month.

However, for Open Access customers and CPPs demand surcharge shall be charged on daily basis at a rate of Rs. 50/- per kVA per day on excess demand irrespective of the number of defaults in a day. Provided that the demand surcharge so levied in a month shall not exceed the demand surcharge applicable on monthly basis.

This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purpose shall be computed as per clause 16 of General Conditions of Tariff. However, no surcharge for demand consequent to such computation shall be levied.

23.2 Load Surcharge for Consumers not covered under Contract Demand System

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of Rs. 1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. The unauthorized load so detected shall be got removed. However, if the unauthorized extension is up to 10% of the sanctioned load, the consumer shall be required to pay load surcharge and the connection shall

not be disconnected. The unauthorized load upto 10% of the sanctioned load so detected shall either be removed or got regularized by the consumer.

23.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the distribution licensee for all damages caused to its equipments or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

24. Interpretation of Tariff

If a question arises as to the applicability of tariff to any class of consumer or as to the interpretation of various clauses of tariff or General Conditions of Tariff, decision of the Commission shall be final.

ANNEXURE -II

SCHEDULES OF TARIFF

For FY 2023-24 w.e.f. 16.05.2023

(For the period of 01.04.2023 to 15.05.2023 applicable Schedule of Tariff shall be as annexed with TO for FY 2022-23)

(To be read with General Conditions of Tariff annexed at Annexure-I)

SI. SCHEDULE OF TARIFF FOR LARGE SUPPLY INDUSTRIAL POWER(LS)

SI.1 Availability

SI.1.1 This tariff shall apply to all industrial power supply consumers having contract demand exceeding 100 kVA, including IT units covered under definition of 'Electronic Hardware and Information Technology (IT) Sector' as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

SI.1.1.1 A separate NRS connection in the premises of LS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under by laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SI.2 Character of Service

SI.2.1 Alternating Current, 50 cycles/second, Three Phase 11 kV or higher Voltage as specified in the Supply Code 2014, depending on quantum/type of load/ contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SI.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SI.3.1	General Industry		
	i) Above 100 kVA and upto1000 kVA	6.45	215
	ii) Above 1000 KVA and upto 2500 kVA	6.55	275
	iii) Above 2500 KVA	6.67	315
SI.3.2	Power Intensive Units i.e. Induction furnaces, Chloroalkaline units, Billet heaters, Surface hardening Machines, Electrolytic process industries, Electrical Bell Furnace for Annealing, Arc Furnaces (including Electro Slag Refining units) etc.		
	i) Above 100 kVA and upto1000 kVA	6.49	220
	ii) Above 1000 KVA and upto 2500 kVA	6.80	305
	iii) Above 2500 KVA	6.89	345
SI.3.3	Seasonal Industries covered under condition 18 of the General Conditions of Tariff		
	a) Seasonal Rate	Same as applicable for the relevant general Industrial category	
	i) Above 100 kVA and upto1000 kVA		430 (for 6 Months)
	ii) Above 1000 KVA and upto 2500 kVA		550 (for 6 Months)
	iii) Above 2500 KVA		630 (for 6 Months)
	b) Off Seasonal Rate		Nil
SI.3.4	Ice Factories, Ice Candies & Cold Storages		

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
	i) April to July		430
	ii) August to March next year		108
SI.3.5	For use of electricity exclusively during night hours (in accordance with condition 22 of General Conditions of Tariff)		
	i) 10.00 PM to 06.00 AM (next day)	5.24	50% of the charges specified for the relevant category
	ii) 06.00 AM to 10.00 AM	Normal rates as applicable to the respective category under relevant Schedule	

Note: In addition to the Energy Charge:

- (i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff;
- (ii) ToD tariff shall be applicable in accordance with condition 15 of General Conditions of Tariff.

SI.3.6 In case of mixed industrial load having total load more than 100kVA but its installed/connected kVA rating of PIU load is up to 100kVA, LS General category tariff shall be charged.

For industries where the load is of mixed nature, i.e. in addition to General Industrial loads, Arc/ Power Intensive loads having installed/connected kVA rating more than 100 kVA are also running, Fixed and Energy Charges shall be determined by computing the Maximum Demand and energy consumption for the billing month on pro-rata basis in proportion to such demands sanctioned by the distribution licensee and applicable tariff (Fixed Charge and Energy Charge) shall be as specified against the corresponding demand slab (without clubbing of Arc/Power Intensive and general load) under the relevant schedule of tariff. Provided that the total charges payable by such Mixed Industry consumer shall not be less than the charges payable, in case his total load (General and PIU) is considered as the general load.

In such cases, Power Intensive loads shall comprise of loads as mentioned in para SI.3.2, including auxiliary loads, loads of pollution control machinery, gas plants & corresponding lighting loads, and general industrial loads in such cases shall comprise loads of rolling mills and its allied loads, related workshop, general engineering machinery and corresponding lighting load, for the purpose of levy of Fixed Charges. Provided that PIU load having total installed/connected kVA rating upto 100 kVA shall not be considered as PIU load. Where rating in kVA is not available, rated load in kW shall be converted into kVA considering unity power factor.

SI.3.7 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SI.4 Seasonal Industries

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SI.5 Factory Lighting and Colony Lighting

All consumption for bona fide factory lighting shall be included for charging under the above tariff. The consumption for residential purposes i.e. staff quarters of factory, street lighting etc. shall also be charged under this Schedule. However, a separate single point connection may be allowed for the colony load including street lighting under PSERC (Single Point Supply to Cooperative Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

SI.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SI.7 Force Majeure applicable for Arc/Induction furnaces

In the event, where normal working of the industry is affected as a result of lock out due to labour problem, damage of EHV Power Transformer, failure on the part of distribution licensee to supply power, fires, earth-quakes, floods, tempests and lightning, directly resulting in closure of industry or normal supply hours reduced through specific order of the distribution licensee for power regulation purposes, the consumer shall be entitled to proportionate reduction in fixed charges, provided that such closure or reduced working hours continue for at least seven days consecutively in a billing cycle month directly as a consequence of any of the above conditions, with the approval of load sanctioning authority. In the event of relief being allowed in fixed charges under above conditions, the consumers shall, however, be required to pay atleast fixed charges as applicable to general Industry large supply consumers.

SII SCHEDULE OF TARIFF FOR MEDIUM SUPPLY INDUSTRIAL POWER (MS):**SII.1 Availability**

This tariff shall apply to all industrial power supply consumers having contract demand above 20 kVA but not exceeding 100kVA, including IT units covered under definition of 'Electronic Hardware and Information Technology (IT) Sector' as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

SII.1.1 A separate NRS connection in the premises of MS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under by laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SII.2 Character of Service

SII.2.1 Alternating Current, 50 cycles/ second, Three Phase 400 volts or 11 kV (at consumer's discretion), as specified in the Supply Code 2014.

SII.2.2 Metered supply connections to poultry, goatery, piggery, fish farming (exclusive) and dairy farms may be released from category-1 or UPS or AP feeder at the

option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SII.3.1	General Industry	6.10	140
SII.3.2	Seasonal Industries covered under condition 18 of the General Conditions of Tariff:		
	(i) Seasonal Rate	6.10	280 (for 6 Months)
	(ii) Off Seasonal Rate		Nil
SII.3.3	Ice Factories, Ice Candies& Cold Storages		
	(i) April to July	6.10	280
	(ii) August to March next year		70
SII.3.4	For use of electricity exclusively during night hours (in accordance with condition 22 of General Conditions of Tariff)		
	i) 10.00 PM to 06.00 AM (next day)	5.24	50% of the charges specified for the relevant category
	ii) 06.00 AM to 10.00 AM	6.10	

Note: In addition to the Energy Charge:

- (i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff;
- (ii) ToD tariff shall be applicable in accordance with condition 15 of General Conditions of Tariff.

SII.3.5 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of the General Conditions of Tariff.

SII.3.6 In case of Rice Shellers, Ice Factories, Cold Storage & Stone Crushers falling under this schedule, where the metering is done on 11 kV and the consumer has installed his own transformer, additional rebate of 3 paise per kVAh shall be admissible over and above the voltage rebate admissible as per condition 13 of the General Conditions of Tariff.

SII.4 Seasonal Industries

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SII.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIII SCHEDULE OF TARIFF FOR SMALL POWER INDUSTRIAL SUPPLY (SP)

SIII.1 Availability

This tariff shall apply to Industrial Power Supply consumers with sanctioned load/demand not exceeding 20 kVA, including IT units covered under definition of 'Electronic Hardware and Information Technology (IT) Sector' as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

- SIII.1.1** A separate NRS connection in the premises of SP consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under the by laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SIII.2 Character of Service

- SIII.2.1** Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts, as specified in the Supply Code 2014.

- SIII.2.2** Metered Supply connections to poultry, goatery, piggery, fish farming (exclusive) and dairy farms may be released from category-1 or UPS or AP feeder at the option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SIII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SIII.3.1	General Industry	5.67	105
SIII.3.2	Seasonal industriescovered under condition 18 of the General Conditions of Tariff:		
	i) Seasonal Rate	5.67	210 (for 6 Months)
	ii) Off Seasonal Rate		Nil
SIII.3.3	Ice Factories, Ice Candies& Cold Storages		
	i) April to July	5.67	210
	ii) August to March next year		53
SIII.3.4	For use of electricity exclusively during night hours (in accordance with condition 22 of General Conditions of Tariff)		
	i) 10.00 PM to 06.00 AM (next day)	5.24	50% of the charges specified for the relevant category
	ii) 06.00 AM to 10.00 AM	5.67	

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SIII.3.5 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIII.4 Seasonal Industry

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SIII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SIII.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIV SCHEDULE OF TARIFF FOR AGRICULTURAL PUMPING SUPPLY (AP)

SIV.1 Availability

This tariff shall apply to irrigation pumping supply loads including Kandi Area tube wells, tube wells in farms of PAU, Lift irrigation tube wells, PSTC tube wells, IB tube wells, tube wells installed under Technical Co- operative Assistance Scheme, tube wells of Co-operative Societies formed by marginal farmers for installing deep bore tube wells under Central Assistance Schemes, tube wells used to provide irrigation for horticulture/floriculture in open field condition or net houses, green/hot houses, tube wells of Harijan farmer's cooperative societies and Punjab Water Resources Management and Development Corporation's tube wells for reviving ecology of Holy Bein.

Power utilized for any other purpose shall be separately metered and charged under the relevant schedule.

SIV.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or higher voltage, as specified in the Supply Code 2014.

SIV.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charge (Rs./month)
SIV.3.1	Agricultural Pumping Supply (AP)	6.55/kWh or 485/BHP/month	

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SIV.3.2 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIV.4 Flat rate supply shall only be allowed to consumers getting supply from agriculture feeders. The consumers located within Municipal Limits of cities/towns or getting supply from Urban/City/Urban Pattern Supply/Kandi area feeders shall be covered

under metered supply only.

SIV.4.1 20% surcharge on flat rate charges or as may be determined by the Commission in the Tariff Order, shall be leviable in case of agricultural consumers covered under flat rate/metered supply category until a consumer fulfils the following requirements:

SIV.4.1.1 Delivery pipe should not be more than 2 feet above the ground level water channel except for the consumers who are having underground irrigation system.

SIV.4.1.2 Bend used in the delivery pipe should not be sharp but of suitable curvature.

SIV.4.1.3 Motor-Pump should be installed on a Pucca leveled foundation in case of mono-block or belt driven pump-sets.

SIV.4.2 Extra fixed charges shall be levied wherever an agricultural tube well covered under this schedule is also used for fish farming as below:

SIV.4.2.1 Fish culture in a pond up to half acre: Rs. 900/- per annum

SIV.4.2.2 Fish culture in a pond above half acre, but up to one acre: Rs. 1800/- per annum

SIV.4.2.3 Additional area under fish pond to be charged in multiples of half acre rate. The pond area shall include bundhing.

SIV.4.2.4 Relevant industrial tariff shall be applied for such tube wells which are exclusively used for fish farming.

SIV. 4.3 Misuse of AP supply

The misuse of AP supply provided to agricultural tube wells for other purposes shall be dealt with as per provisions of Electricity Act, 2003.

SIV.5 Pump House Lighting

The consumption for bona fide lighting of the pump or machine house of 2 CFLs with total wattage aggregating 40 watts shall be allowed per tube well connection.

SIV.6 Load Surcharge

Load surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIV.7 Installation of Shunt Capacitors

SIV.7.1 No tube well connection shall be released without installation of ISI mark Shunt Capacitors of requisite capacity. The kVArh capacity of Shunt Capacitors to be installed shall be as prescribed by the distribution licensee with the approval of the Commission.

SIV.7.2 AP consumers having got installed Shunt Capacitors at their tube well premises from the distribution licensee against payment of monthly rentals, shall be charged rentals @ Rs. 4/- per kVArh per month from the date of installation. The rentals shall, however, be recovered on half yearly basis i.e. Rs. 24 per kVArh in April and October every year.

SIV.7.3 Before allowing extension in load/regularization of load by distribution licensee, the existing AP consumers shall install capacitors of adequate capacity as prescribed by distribution licensee with the approval of the Commission.

SV SCHEDULE OF TARIFF FOR NON-RESIDENTIAL SUPPLY (NRS)**SV.1 Availability****SV.1.1** This tariff shall apply to:

Non-residential premises such as business houses, cinemas, clubs, offices, hotels/motels, marriage palaces, hot mix/ready mix plants, departmental stores, shops, guest houses, restaurants for lights, fans, pumping set, air conditioning units/plants, lifts, welding sets, small lathes, electric drills, heaters etc.;

EV Charging Stations, battery chargers, embroidery machines, printing presses, ice candy machines, dry cleaning machines, power presses, small motors, Street lighting connections by private colonizers/private companies/individuals etc.

Private hospitals (other than charitable), Private unaided educational institutions i.e. schools, colleges and universities, hostels and residential quarters attached thereto where such institutions/installations are not covered under schedule DS/BS;

Telecommunication/Cellular Mobile Phone Towers and all private sports institutions/ facilities including gymnasiums.

SV.1.2 If a portion of residential/industrial premises is regularly used for any commercial activity permitted under law, the consumer shall be required to obtain a separate connection under NRS category for the portion put to commercial use. In such an event, two connections, one under Schedule DS/Industrial and the other under Schedule NRS shall be permitted.**SV.1.3** Any of the following activities carried out in a part of residential premises shall also be covered under this schedule.

- a) A private outpatient clinic/hospital or laboratory.
- b) PCO.
- c) Milk processing (other than chilling plant)) for commercial purposes.
- d) Offices of any other professional service provider.
- e) ATM.

SV.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SV.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charge (Rs./month)
SV.3.1	Loads upto 7 kW		
	i) Upto 100 kWh	6.91/kWh	70/kW
	ii) 101- 500 kWh	7.17/kWh	
	iii) Above 500 kWh	7.75/kWh	
SV.3.2	Loads exceeding 7 kW & upto 20 kW		
	i) Upto 100 kWh	6.91/kWh	110/kW

	ii) 101- 500 kWh	7.17/kWh	
	iii) Above 500 kWh	7.75/kWh	
SV.3.3	Load/Demand exceeding 20 KW/kVA & upto 100 kVA (All units)	6.75/kVAh	130/kVA
SV.3.4	Demand exceeding 100 kVA (All Units)	6.96/kVAh	140/kVA
SV.3.5	EV Charging Stations	6.28/kVAh	NA

Note:

- i) *Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges, in accordance with condition 8 of General Conditions of Tariff;*
- ii) *ToD tariff to NRS consumers with sanctioned Contract Demand exceeding 100 kVA and to EV Charging Stations shall be applicable in accordance with condition 15 of General Conditions of Tariff;*
- iii) *The energy charges shall be increased by 10% for private hospitals & MRI/CT Scan centres getting continuous supply through independent feeders under this Schedule;*
- iv) *Marriage Palaces and Hot Mix/Ready Mix Plants shall pay Fixed Charges on 25% of Sanctioned Load/Contract Demand. In case, the consumer exceeds its Sanctioned Load/Contract Demand during a billing cycle/month, he shall also be liable to pay applicable load/demand surcharge.*

SV.3.6 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SV.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SVI SCHEDULE OF TARIFF FOR DOMESTIC SUPPLY (DS)

SVI.1 Availability

This tariff shall apply to the following:

- SVI.1.1** Supply to a residential premise for lights, fans, single/three phase domestic pumping set/toka machine not exceeding 2 BHP and other house hold appliances. Where a room or a part of residential house is being utilized by a person for imparting education/tuition work or for cookery classes/beauty parlour/tailoring work etc., supply for such purposes shall also be covered under this schedule.

Where a portion of the residential premises is used regularly for the conduct of business, the supply in that portion shall be separately metered under separate connection and billed under Schedule NRS.

- SVI.1.2** Supply to Govt. sports institutions/facilities, including gymnasiums, Govt./Govt. aided educational institutions viz. schools, colleges, universities, I.T.Is, including hostels and residential quarters attached to these educational institutions, Paying Guests using electricity for domestic / residential purposes shall be covered under this schedule

Supply to hostels and/or residential quarters attached with the private educational institutions where separately metered shall also be covered in this schedule. Hostels will be considered as one unit and billed without compounding.

SVI.1.3 Supply to all places of worship provided that concerned authorized officer of the distribution licensee certifies the genuineness of place being used for worship by general public.

SVI.1.4 Supply to Sainik Rest Houses of Rajya Sainik Board.

SVI.1.5 Supply to Govt. hospitals, primary health centres, civil dispensaries and hospitals run by charitable institutions covered under section 80(G) of the Income Tax Act.

SVI.1.6 Electric Crematoria. However, DS tariff will be applicable only to the portion catering to such Crematoria activities. In case a part of the area is being used for any other commercial purposes, then a separate meter will have to be provided for the same and the consumption for this separate meter will be chargeable to the Non-Residential Supply category.

SVI.1.7 Release of more than one connection in the premises of Domestic Supply consumer shall be admissible as specified in the Supply Code, 2014 as amended from time to time.

SVI.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SVI.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charge (Rs./month)
SVI.3.1	Load upto 2kW		
	i) Upto 100 kWh	4.19/kWh	50/kW
	ii) 101- 300 kWh	6.64/kWh	
	iii) Above 300 kWh	7.75/kWh	
SVI.3.2	Load exceeding 2 kW & upto 7 kW		
	i) Upto 100 kWh	4.44/kWh	75/kW
	ii) 101- 300 kWh	6.64/kWh	
	iii) Above 300 kWh	7.75/kWh	
SVI.3.3	Load exceeding 7 kW & upto 50 kW		
	i) Upto 100 kWh	5.34/kWh	110/kW
	ii) 101- 300 kWh	7.15/kWh	
	iii) Above 300 kWh	7.75/kWh	
SVI.3.4	Load/Demand exceeding 50 kW/kVA & upto 100 kVA (All units)	6.75/kVAh	130/kVA
SVI.3.5	Demand above 100 kVA (All units)	6.96/kVAh	140/kVA
SVI.3.6	Sri Harmandir Sahib and Sri Durgiana Mandir, Amritsar		
	First 2000 kWh	Free	NA
	Beyond 2000 kWh	6.41/kWh	

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SVI.3.7 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SVI.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SVI.5 Single Point Supply to Co-operative Group Housing Societies/ Employers etc.

Supply to such consumers shall be governed by the provisions as contained in PSERC (Single Point Supply to Co-operative Group Housing Societies/ Employers) Regulations, 2008, as amended from time to time, i.e. total consumption of electricity recorded at single point connection of a Co-operative Housing Society/employer's colony will be billed at a rate equal to the highest slab rate of Schedule of Tariff for Domestic Supply (DS) and a rebate of 12% (Twelve percent) will be admissible in addition to any other rebate on electricity charges, comprising of fixed and energy charges as may be approved by the Commission. The Fixed Charges on the basis of Contract Demand of the consumer shall be applicable as specified in the Tariff Order for the year.

SVII SCHEDULE OF TARIFF FOR BULK SUPPLY (BS)

SVII.1 Availability

This tariff shall apply to the following:

SVII.1.1 General or mixed loads exceeding 10 kW/kVA to MES, Defence Establishments, Railways, Central PWD institutions, Irrigation Head works, Jails, Police/Para Military Establishments/Colonies and Govt. Hospitals/ Medical Colleges/Govt. Educational Institutions having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, where further distribution will be undertaken by the consumer.

SVII.1.2 General or mixed loads exceeding 10 kW/kVA to all private educational institutes/ universities/ colleges/ hospitals etc. having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, for their own use and to run the affairs connected with the functions of such educational institutes/ universities/ colleges/ hospitals etc. provided the entire LD system has been laid at the cost of the consumer.

SVII.1.3 However, institutions/Installations having DS load less than 25% will be covered under relevant NRS Schedule of Tariff. Where motive/Industrial load of any installation exceeds 50% of the total load, such an installation will be charged applicable industrial tariff.

SVII.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SVII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SVII.3.1	LT	7.01	260
SVII.3.2	HT	6.78	340

Note:

- i) Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges in accordance with condition 8 of General Conditions

of Tariff;

- ii) ToD tariff to BS consumers with sanctioned Contract Demand exceeding 100 kVA shall be applicable in accordance with condition 15 of General Conditions of Tariff;
- iii) Energy charges shall be increased by 10% in case of private hospitals & MRI/CT Scan centers getting continuous supply through independent feeders under BS Schedule.

SVII.3.3 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SVII.4 Load /Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SVIII SCHEDULE OF TARIFF FOR PUBLIC LIGHTING SUPPLY

SVIII.1 Availability

Available for lighting system of streets, roads, parks, chowks, highways, toll plaza etc. Including signalling system undertaken by local bodies like Municipal Corporations, Municipal Committees, Nagar Councils, Panchayats, Development Authorities, Institutions, any Central Government agency etc.. However, it shall not include lighting used for advertisements, Hoardings and displays etc.

SVIII.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or higher voltage, as specified in the Supply Code 2014.

SVIII.3 Tariff

Energy Charge (Rs.)	Fixed Charge (Rs./month)
7.79/kWh	135/kW

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SVIII.4 Rates of Line Maintenance and Lamp Renewal Charges

SVIII.4.1 Category-A

Where the initial installation of complete street light fittings & lamps and their subsequent replacement shall be carried out at the licensee's cost, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.1.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs.16/-per lamp per month
(ii)	Lamps above 150 watts	Special quotation

SVIII.4.1.2 Mercury/ Sodium Vapour lamps

(i)	Lamps of 80 watts	Rs. 49/- per lamp per month
(ii)	Lamps of 125 watts	Rs. 53/- per lamp per month
(iii)	Lamps of 250 watts	Rs. 90/- per lamp per month
(iv)	Lamps of 400 watts	Rs. 101/-per lamp per month

SVIII.4.1.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 26/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 43/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 43/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 68/-per point per month

SVIII.4.2 Category-B

Where the initial installation and subsequent replacement of complete street light fittings shall be done at the cost of the licensee and initial installation & subsequent replacement of lamps shall be done at the cost of Street Lighting consumers i.e. lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.2.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs. 14/- per lamp per month
(ii)	Lamps above 150 watts	Special quotation and special lamps

SVIII.4.2.2 Mercury/Sodium Vapour lamps

(i)	Lamps of 80 watts	Rs. 29/- per lamp per month
(ii)	Lamps of 125 watts	Rs. 36/- per lamp per month
(iii)	Lamps of 250 watts	Rs. 63/- per lamp per month
(iv)	Lamps of 400 watts	Rs. 68/-per lamp per month

SVIII 4.2.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 23/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 40/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 39/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 61/-per point per month

SVIII.4.3 Category-C

Where the initial installation of complete street light fittings and lamps as well as their subsequent replacement shall be done at the cost of Street Lighting consumer i.e. fittings and lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.3.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs. 11/- per lamp per month
(ii)	Lamps above 150 watts	Special quotation and special lamps

SVIII.4.3.2 Mercury/Sodium Vapour lamps

(i)	Lamps of 80, 125, 250 and 400 watts	Rs. 13/- per lamp per month

SVIII.4.3.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 13/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 13/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 13/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 13/-per point per month

Note: Where the work of lamp renewal/replacement is being carried out by the local bodies, the charges pertaining to line maintenance and lamp renewal/replacement shall be shared by licensee and the Municipal Corporation/Committee/Council/Panchayat in the ratio of 50:50.

SVIII.4.4 Category-D

Where the initial installation of complete street light fittings and lamps as well as subsequent replacement of fittings shall be carried out at the cost of Street Lighting consumer but the replacement of fluorescent tubes shall be done at the cost of the licensee i.e. fluorescent tubes to be supplied by the licensee, the line maintenance and fluorescent tube replacement charges shall be as under:

(i)	Single 2 ft 20 watts	Rs.16/- per point per month
(ii)	Single 4 ft 40 watts	Rs.16/- per point per month
(iii)	Double 2 ft 20 watts	Rs.18/- per point per month
(iv)	Double 4 ft 40 watts	Rs.21/-per point per month

SVIII.4.5 Category-E

Where the erection of the Public lighting electrical infrastructure viz poles, conductor along with fittings etc. has been carried out by the street lighting consumer along with complete street light fittings and lamps and the subsequent maintenance/replacement is also done at their own expense without the use of any infrastructure and/or manpower of the distribution licensee, no line maintenance and lamp renewal charges shall be recoverable from such public lighting consumer. Such consumer shall be liable to pay only the tariff as per clause SVIII.3.

SVIII.5 Rebate to Village Panchayats

For Street Lighting supply to Village Panchayats, a rebate of twenty five percent over the standard tariff (i.e. energy charges and line maintenance and lamp renewal charges under all categories) shall be admissible.

SIX SCHEDULE OF TARIFF FOR RAILWAY TRACTION (RT)

SIX.1 Availability

Available to the Railways for traction load.

SIX.2 Character of Service

Alternating Current, 50 cycles/second, Single/Two/Three Phase 132 kV or higher voltage, as specified in the Supply Code 2014, depending upon the availability of bus voltage & transformer winding capacity at the feeding sub-station wherever possible at the discretion of the distribution licensee.

SIX.3 Tariff:

Energy Charges (Rs.)	Fixed Charges (Rs./month)
7.17/kVAh	360/kVA

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SIII.3.1 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIX.4 Demand Surcharge

Demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIX. 5 Single Point Delivery

The above tariff is based on the supply being given through a single delivery & metering point and at a single voltage. Supply at any other point or at other voltage shall be separately metered and billed.

SX. SCHEDULE OF TARIFF FOR TEMPORARY METERED SUPPLY (TM)**Availability**

Temporary supply shall be permitted to an applicant as per Supply Code 2014 for a period as per applicant's request, but not exceeding two years in the first instance. However, the distribution licensee may extend such supply on an application by the consumer.

Fixed Charges for Temporary Supply shall be levied @ $12 \times 2A/365$ per day, where 'A' is the Monthly Fixed Charge applicable to the corresponding permanent supply consumer category. Provided that fixed charges so computed shall not exceed the fixed charges applicable on monthly basis.

SX.1 Tariff for Domestic and Non-Residential Supply**SX.1.1 Availability**

Temporary supply shall be permitted on an application to domestic and non-residential supply applicants (excluding touring cinemas).

SX.1.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.1.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.1.3.1	Domestic Supply	1.25 times the charges (highest slab rate) specified under the relevant schedule for permanent supply corresponding to the Connected Load/Demand	
SX.1.3.2	Non-Residential Supply		

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SX.1.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per Condition 13 of General Conditions of Tariff.

SX.1.4 Load/ Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at the same rate as applicable under relevant schedule for permanent supply.

SX.2 Tariff for Temporary Small, Medium and Large Power Industrial Supply**SX.2.1 Availability**

Temporary supply shall be permitted to all industrial consumers for loads including pumps for dewatering in case of floods on an application as per applicant's request.

SX.2.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.2.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.2.3.1	SP	1.25 times the charges specified under the relevant schedule for permanent industrial supply corresponding to the Contract Demand	
SX.2.3.2	MS		
SX.2.3.3	LS		

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SX.2.3.4 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SX.2.4 Factory Lighting

In case of temporary supply to Large Supply, Medium Supply & Small Power Industrial consumers, the bonafide factory lighting and motive/ Industrial power consumption shall be measured through one and the same meter and charged at the relevant tariff as per para SX.2.3 of this Schedule.

SX.2.5 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.3 Tariff for Wheat Threshers

SX.3.1 Availability

Available for threshing of wheat for the period between 1st April to 30th June.

SX.3.2 Character of Service

Alternating Current, 50 cycles/ second, Three Phase 400 volts or as specified in the Supply Code 2014.

SX.3.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX. 3.3.1	SP	1.25 times the charges specified under the relevant schedule for permanent industrial supply corresponding to the Contract Demand	
SX. 3.3.2	MS		
SX. 3.3.3	LS		

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SX.3.3.4 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SX.3.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at double the rates as applicable under relevant schedule for permanent industrial supply.

SX.4 Tariff for Fairs, Exhibitions, Melas and Congregations**SX.4.1 Availability**

Available for temporary loads of Fairs, Exhibitions, Melas and Congregations.

SX.4.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.4.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX. 4.3.1	LT	1.25 times the charges specified under the relevant schedule for permanent bulk supply	
SX. 4.3.2	HT		

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SX.4.3.3 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SX.4.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at the same rate as applicable under the relevant schedule for bulk supply.

SX.5 Tariff for Touring Cinemas**SX.5.1 Availability**

SX.5.1.1 Available to all touring cinemas, theatres, circuses etc.. However, supply shall be given separately for general loads (Lights/fans and motive loads).

SX.5.1.2 The connection shall be sanctioned in the first instance for the entire period of validity of license or for the period requisitioned for, whichever is less.

SX.5.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.5.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.5.3.1	Lights and fans	1.25 times the charges (highest slab rate) specified under the relevant schedule for permanent NRS supply corresponding to the Sanctioned Load/Demand	
SX.5.3.2	Motive load		

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SX.5.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff.

SX.5.4 Load/ Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at the same rate as applicable under relevant schedule for permanent industrial supply.

SXI SCHEDULE OF TARIFF FOR AP HIGH TECHNOLOGY/HIGH DENSITY FARMING SUPPLY

SXI.1 Availability

Available for High Technology green house farming and High Density AP farming. The AP (High Technology) Supply shall be subject to fulfilling the conditions as mentioned at SXI.1.1, 1.2 & 1.3 whereas High Density AP Supply shall be subject to conditions mentioned at SXI.1.4

SXI.1.1 Setting up a green house with a minimum area of 2000 sq. metres.

SXI.1.2 Production of certificate from Director/Agriculture and/or Director/Horticulture or any other officer authorized by the Govt. of Punjab, to the effect that the farming being carried out by the consumer involves use of high technology requiring power supply to produce quality products such as vegetables/ fruits/seeds/flowers etc., to meet the standards of domestic/International markets.

SXI.1.3 A distribution licensee shall take necessary steps to annually verify that all consumers continue to fulfil the obligations as above for coverage under this category. In the event of a consumer ceasing to fulfil these obligations, connection released shall be disconnected after giving at least 15 days notice.

SXI.1.4 The farmers opting for High Density Farming supply shall furnish a certificate from Director/Agriculture and/or Director/Horticulture department to the effect that farming being carried out by the applicant is covered under High Density farming as per the State Government policy.

SXI.2 Character of Service

Alternating Current, 50 cycles/second, Three phase 400 volts for loads not exceeding 100 kW and 11 kV or higher voltage supply for loads above 100 kW as specified in the Supply Code 2014.

SXI.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs./month)
6.55/kWh	Not Applicable

Note: In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SXI.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General

Conditions of Tariff.

SXI.4 The provisions of Regulation 9 of the Supply Code 2014 shall be applicable for the release of a connection under this category. Connections with a load of more than 100 kW shall be released at 11 kV. An independent feeder shall be provided at the consumer's expense if uninterrupted supply is required. Connection with a load not exceeding 100 kW may be released from AP feeder or category-1 or UPS feeder at the option of the consumer, subject to the technical feasibility to release such connection. However, the consumers opting for supply from agriculture feeders shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. Only metered supply shall be admissible under this category.

SXI.5 Load Surcharge

Load surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SXI.6 Power Factor Surcharge/Incentive

Consumers shall be required to maintain a monthly average power factor of 0.90. The monthly average power factor shall mean the ratio of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal points.

SXI. 6.1 Low Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the energy charges a surcharge of 1% for each 0.01 decrease in the monthly average power factor below 0.90. The surcharge shall be 2% for each 0.01 decrease of monthly average power factor below 0.80.

SXI.6.2 Power Factor Incentive

If the monthly average power factor exceeds 0.90, incentive @ 0.25%, for each increase of 0.01 above 0.90 shall be allowed on the energy charges.

SXI.6.3 For power factor surcharge & incentive, the energy charges shall also include the surcharge or rebate as applicable under para SXI.3.1 of this schedule.

SXII. SCHEDULE OF TARIFF FOR COMPOST PLANTS/SOLID WASTE MANAGEMENT PLANTS AND WATER SUPPLY SCHEMES

SXII.1 Availability

Available for Industrial/motive loads of compost plants/solid waste management plants including pumps etc., for Municipalities/Urban Local Bodies and Water Works Supply schemes for use of general public residing in urban or rural areas except for Co-operative Group Housing Societies and Employers availing single point supply of Electricity under PSERC (Single Point Supply to Co-operative Group Housing Societies/Employers) Regulations.

SXII.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as per Supply Code 2014 depending on quantum of demand.

SXII.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs./month)
5.26/kVAh	65/kVA

Note: In addition to the Energy Charge:

- (i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.
- (ii) ToD Tariff (for loads with contract demand exceeding 20kVA) shall be applicable in accordance with condition 15 of General Conditions of Tariff.

SXII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SXII.4 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SXIII. SCHEDULE OF TARIFF FOR START UP POWER**SXIII.1 Availability**

Available to Generators/CPPs, who seek supply for start up power for pre-commissioning or planned/forced outages.

This power shall also be available to generators/CPPs connected to CTU grid with proper accounting.

SXIII.2 Character of service

Alternating Current, 50 cycles/second, Three Phase 11kV or higher voltage as specified in the Supply Code 2014, as amended from time to time.

SXIII.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs.)
7.81/kVAh	Not Applicable

Note: In addition to the energy charges, Fuel Cost Adjustment (FCA) charges shall be applicable in accordance with condition 8 of General Conditions of Tariff.

SXIII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SXIII.4. Demand Surcharge

The Demand Surcharge for exceeding the Contract Demand shall be as applicable to Large Supply Industrial Consumers (General).

SXIII.5. Terms and Conditions

SXIII.5.1 The Contract Demand for supply for start up power shall not exceed 15% of the rated capacity of the unit with highest rating in the power plant.

SXIII.5.2 The generator shall execute an agreement with the distribution licensee for meeting the requirement for start up power incorporating above terms and conditions.

SXIII.5.3 Start up Power to CPPs shall be governed by terms and conditions as specified in PSERC (Harnessing of Captive Power Generation) Regulations, 2009, as amended from time to time.

SXIV. SCHEDULE OF TARIFF FOR CHARITABLE HOSPITALS SET-UP UNDER PERSONS WITH DISABILITY (EQUAL OPPORTUNITIES, PROTECTION OF RIGHTS AND FULL PARTICIPATION), ACT 1995.

SXIV.1 Availability

Available to Charitable Hospitals set-up under Persons with Disability (Equal Opportunities, Protection of Rights and Full Participation), Act 1995. The connections shall be released under this category as per terms and conditions applicable to domestic consumers.

SXIV.2 Character of Services

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/demand.

SXIV.3 Tariff

	Energy Charge (Rs./kVAh)	Fixed Charges (Rs./Month)
SXIV.3.1	6.00/kVAh	100/kVA.

Note: Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges, in accordance with condition 8 of General Conditions of Tariff.

SXIV.3.2 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per Condition 13 of General Conditions of Tariff.

SXIV.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

ANNEXURE-III

Minutes of the Meeting of PSERC State Advisory Committee, Chandigarh held on 16th February, 2023.

A meeting of the PSERC, State Advisory Committee was held in the office of the Commission at Chandigarh on **16th February, 2023**. PSERC had invited comments of the members of the said committee on the Petitions for True up of FY 2021-22, Annual performance Reviews (APR) for FY 2022-23 and the ARR Requirements and Tariff Proposal for FY 2023-24 (3rd control period from FY 2023-24 to FY 2025-26), respectively of Punjab State Power Corporation Ltd. (PSPCL), Punjab State Transmission Corporation Ltd. (PSTCL) and on the agenda items as proposed by some of the members of PSERC State Advisory Committee. The following were present/represented in person in the meeting: -

Sr. No.	Name and Address	Designation
1.	Sh. Viswajeet Khanna, Chairperson, PSERC, Site No.3, Sector-18-A, Chandigarh.	Chairperson
2.	Sh. Paramjeet Singh, Member, PSERC, Site No. 3 Sector-18-A, Chandigarh.	Ex-officio Member
3.	Smt. Parneet Mahal Suri, Secretary, PSERC, Site No.3 Sector-18-A, Chandigarh.	Ex-officio Secretary
4.	Principal Secretary, Department of Power, Government of Punjab, Chandigarh.	Member
5.	Principal Secretary, Food & Civil Supplies and Consumer Affairs, Government of Punjab, Chandigarh.	Ex-officio Member
6.	Principal Secretary, New and Renewal sources of Energy (NRSE), Government of Punjab, Chandigarh.	Member
7.	Director, Town & Country Planning, PUDA Bhawan, Sector -62, SAS Nagar- Punjab.	Member
8.	Chairman-cum-Managing Director, PSPCL, The Mall, Patiala.	Member
9.	Chairman-cum-Managing Director, PSTCL, The Mall, Patiala.	Member
10.	Director, Local Govt. Deptt., Punjab, Chandigarh.	Member
11.	Director, Agriculture, Deptt. of Agriculture, Govt. of Punjab, Chandigarh	Member

12.	Chairman, PHDCCI, Punjab Committee, Sector 31-A, Chandigarh.	Member
13.	Dr. Harish Anand, House No.59, Sector-39, Chandigarh Road, Ludhiana-141010(Punjab)	Member
14.	Indian Energy Exchange Limited, Plot No.C-001/A/1, 9 th Floor, Max Towers, Sector-16 B, Noida, Gautam Buddha Nagar-201301(U.P.)	Member
15.	Sh. Raj Kumar Jindal, CMD, Vivek Re-Rolling Mill, Mandi Gobind garh and Sr. Vice President All India Steel Re-Rolling Association, New Delhi.	Member
16.	Dr. Ranjit Singh Ghuman, Professor of Eminence (Economics), 804, Urban Estate, Phase-I, Patiala-147002, Email: ghumanrs@yahoo.co.uk	Member

At the outset, the Chairperson, PSERC welcomed the members to the meeting of the newly constituted State Advisory Committee. The Chairperson thereafter, requested the members to offer suggestions/comments on the Petitions for True up of FY 2021-22 the Annual performance Reviews (APR) for FY 2022-23 and the ARR Requirements and Tariff Proposal for 3rd control period (FY 2023-24 to FY 2025-26), respectively filed by Punjab State Power Corporation Ltd. (PSPCL), Punjab State Transmission Corporation Ltd. (PSTCL) and the agenda items as proposed by some of the members of PSERC State Advisory Committee. Thereafter, the members gave their comments/suggestions/views as under: -

1. Sh. R.S. Sachdeva, Chairman/PHDCCI stated as under:

- i. PSPCL has submitted Net ARR to the tune of Rs. 42753 Crore for 2023-24 and a revenue gap of Rs. 4149 Crore. After including the revenue gap for the previous years along with carrying cost of Rs. 9961 Crore, cumulative gap has been worked out as Rs. 14109 Crore. The revenue gap projected by PSPCL in ARR is much higher (around 37% of projected revenue of Rs. 38604 Crore for the year 2023-24) and thus needs thorough check by the Commission.
- ii. PSPCL has shown revenue gap of Rs. 3156 Cr in True up for the year 2021-22. However, the revenue Gap/surplus for the previous year 2020-21 does not match with the trued-up figures for 2020-21 determined by the

Commission in the previous year tariff order. This needs to be looked into by the Commission.

- iii. PSPCL projections of ARR of the ensuing year and the final figures in ARR True Up for the same year after two years clearly indicates that either the figures are being inflated or extensive exercise taken up by PSERC for determining the revenue requirement and pegging of expenditure by PSERC has no consideration for PSPCL and they are incurring expenditure at their will. It is also an established fact that due to non-receipt of subsidy from GOP, the expenditure is being incurred by PSPCL by drawing interest bearing working capital loans from various sources and incurring finance charges on arranging loans. Perusal of the above figures speaks of the total financial indiscipline.

(a) Certain issues on principles which have bearing on finalization of ARR by the Commission from year to year.

- (i) The power supplied to the agriculture sector has been growing consistently at very high rate due to increase in capacity of tube wells due to depletion of water table. Providing the power at subsidized rate of Rs 5.66/Kwh as per Tariff Order of FY 2022-23, which is far less than the actual cost of power (as high as Rs.7.32 per unit as per COS for FY 2022-23) is leading to serious financial crisis for the PSPCL. This will ultimately seriously affect the interest of Industrial Consumers in the State who are already reeling under recession. The provision 8.3.4 of National Tariff Policy states that the extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity. Besides in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges are levied.

The policy further states that the subsidized rates of electricity should be permitted only up to a pre- identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers.

If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

Therefore, it is imperative to cap the maximum amount of power year wise & to be approved by the Commission that can be supplied to agriculture sector at the subsidized rate inclusive of additional connections projected in a year.

(b) Interest on Short Term Loans for Working capital

- i. PSPCL has been raising short term loans to meet the revenue shortfall arising out of disallowances of ARR components, non-receipt of subsidy from the Government and delayed payments from consumers etc. Interest on delayed receipt of subsidy is being loaded to the State Govt. while determining the subsidy amount in the tariff orders. Further, PSERC is allowing the carrying cost of difference in revenue and ARR amount including delay in recovery of revenue from consumers. For late payments by consumers, PSPCL is getting Late Payment Surcharge. Therefore, Working Capital interest should be allowed on normative basis and after deducting the Advance Consumption Deposit (Security) parked with PSPCL as per Regulations and practice being followed by the Commission so far.
- ii. GPF fund parked with PSPCL by employees is also not being reduced as per agreed trajectory. The Commission should charge this huge interest to PSPCL and not to consumers.
- iii. Further, the GPF loans being used by PSPCL to meet the working capital be also reduced from normative Working Capital and interest on Working Capital be reduced and only thereafter interest on GPF be allowed. Alternatively, PSPCL be asked to bear the interest on GPF amount from its internal accruals and the said claim by PSPCL in ARR needs to be rejected.

(c) RETURN ON EQUITY

- (i) The Commission has approved 15.5% return on equity for 2012-13 to 2015-16 purportedly as per PSERC Regulations. As per the FRP approved by GOP increasing the cost of assets by their revaluation and merging the Consumer

Contribution, Subsidies and Grants with GOP equity leading to increase in the equity share capital of PSPCL from 2617.61 Crore to 6081.43 Cr which has led to increase of ROE from 405.73 Cr to 942.62 Crore i.e. an increase of 232% in both the figures without any fresh investment or infusion of cash by GOP or PSPCL. This matter was challenged in APTEL and it has already directed PSERC, inter alia, to reconsider the issue vide judgment Dated 17.12.2014 in Appeal No. 168 and 142 of 2013 by directing the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARR/ True up for the year to provide relief to the consumers. Further on the issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc. It has been held that the findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission has been directed to re- determine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR.

APTEL had observed in its order in Appeal No. 168 and 142 referred to in preceding para that the Govt. can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE.

However, since there was no cash flow in actual and it was a clear-cut case of conversion of cheap interest-bearing loan into costly dividend paying equity, PSERC accepted the comments of the stakeholders and rejected the demand of ROE on Rs. 15628 Crore However, PSPCL in the ARR 2022-23 come out with an entirely new argument that out of Rs. 15628 Cr, Rs. 2246.77 Crore was spent for capital works. Further, out of balance loan of Rs. 13381 Crore also, funds to the tune of 2346.19 Crore were diverted for capital expenditure. Accordingly, PSPCL requested to convert these two loan amounts totaling Rs. 4592 Crore into equity and grant ROE on the same. The contentions of PSPCL are strongly objected to

The Commission has not considered the amount of Rs. 4592.96 Crore (Rs. 2346.19 Crore Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been

considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs. 2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans relating to prior period.

This tendency of PSPCL to convert the loans/consumer contribution etc. into equity need to be curbed by the Commission otherwise PSPCL may again come out with the demand of converting Consumer Contribution, Grants and subsidies from GOP of Rs. 4955.28 Crore ending 31.03.2022 accumulated in the books since 01.04.2010 into equity.

(d) Comments on True Up of 2021-22

- (i) PSPCL has been trifurcating the gross expenditure in the sub heads of Generation, Distribution and retail supply based on allocation statement approved by BOD. This practice is going on since formation of PSPCL for the last 12-13 years. It is submitted that this practice has to stop at some defined point of time which need to be fixed by the Commission so that arbitrary transfer of expenditure from one sub head to other is stopped and Cost of Supply, APPC and losses etc. are determined accurately.
- (ii) The actual transmission loss has been worked out by PSTCL as 2.31% whereas PSPCL has considered the same as 2.21% in these tables. This also needs to be reconciled.
- (iii) PSPCL has surrendered 525.76 MUs under UI and has also paid Rs. 4.95 Crore to the UI pool account i.e., we have surrendered the power and also paid the amount, which is indicative of mismanagement and inefficiency. This amount should be disallowed.
- (iv) Form D-2 of the Tariff Petition for 2021-22 indicating Quantum and Fixed Charges liability of the surrendered power indicates that PSPCL has surrendered 8808.72 MUs and has also paid fixed charges of Rs. 963.62 Crore for the same. PSPCL need to take pro-active initiatives to reduce the surrendered power by giving incentives to the industry and bulk consumers.
- (v) Late Payment Surcharge and TDS of Rs. 32.27 Crore have been claimed which needs to be disallowed as PSPCL is retaining Early Payment incentive and TDS is adjustable against overall liability of I Tax.

- (vi) PSPCL has claimed Impairment loss of Rs. 482.62 Crore in ARR. The Petition No. 60 of 2016 seems to be wrong as the GNDTP was retired on 31.12.2017 and thus the petition cannot be of the year prior to 2018-19. Further, though 2 units of GGSTP Ropar were also retired but no details of the same regarding impairment loss are given.

As per press reports appearing at the time of retirement of thermal units, it became known that the GNDTP units had been renovated at huge cost thereby increasing their life by 15 years but these were retired much before the expiry of useful life. This seems to be the reason for such high gross value of assets at the time of retirement and resale value being much below the gross value of assets. The Commission may also check this aspect and pass on only 10% of the capital cost of renovation minus realized value if any to the consumers as per the relevant acts and notifications.

- (vii) PSPCL has claimed interest & Finance charges of Rs. 1449 Cr against Rs. 1062 Crore approved in Tariff Order of FY 2021-22. It is evident that they have claimed interest on actual amount of loans for working capital which is again wrong as consumer is bound to bear interest on Working capital as per Normative and Regulations are clear on the same.

(e) Revised Comments on estimates for FY 2022-2023 and Projections for FY 2023-24

- (i) The surrender of power needs to be reviewed / checked every month in view of projections of FY 2022-23 as a recession year. Further, changing scenario of coal cost due to allotment of coal mines to private parties, operationalization of Pachwara coal mine of PSPCL, variation in imported coal prices and increasing gas prices.
- (ii) The projected sales for Medium Supply category has been reduced drastically from 1308 MUs in H1 to 490 MUs in H2 of 2022-23 where as it should be more than H1 since no peak surcharge is leviable in H2. Further the temporary supply consumption has been drastically reduced from 672 MUs in H1 to 68 MUs in H2. The figures need to be correctly estimated.
- (iii) PSPCL has projected surrender of 188.30 MUs of energy under UI and has also paid 10.98 Crore to UI pool account in H1 of 2022-23. The loss will be much more if the generation cost of energy surrendered and losses

etc are also added to the same. This needs to be disallowed as PSPCL has failed to efficiently operate the system.

- (iv) PSPCL has proposed Rs. 2218.40 Crore towards net banking for 5.16 Mus of net banked energy for 2022-23. Energy Received by Licensee has also been shown as (-) 195.21 MUs. This may be checked and viability of banking needs to be established.
- (v) Interest on Loans be allowed as per MYT Regulations after disallowing the excess loans taken to meet the unapproved expenditure and diversion of loans to working capital.
- (vi) An amount of Rs. 5 Crore has been provided to PSPCL in 2022-23 for DSM fund whereas the actuals in 2021-22 is Rs. 3.87 Cr and RE for 2022-23 is only Rs. 0.03 Crore. The projection for 2023-24 is Rs. 6.07 Crore. The provision may be reviewed and actuals of DSM need to be approved in True up only.
- (vii) Regarding Non-tariff income, PSPCL in ARR has assumed the figures as per the true up figures of 2021-22 which should not be accepted and details may be sought from PSPCL for H1 and H2 separately. Further, comments at para (C) 9 above may be referred also.

(f) Power purchase from Renewable Projects.

- (i) The details show that PSPCL has signed PPAs with SECI for purchase of wind power and hybrid power on RTC basis. It is a fact that wind power is infirm power and it will flow only during night hours of non-paddy period of 8.5 months when PSPCL is heavily surplus of power. Though the sale rate is lower but since the night power is sure to be dumped at zero cost, the ultimate cost will be much higher. PSPCL cannot burden the consumers with such purchases.
- (ii) Setting up Biomass projects in Punjab particularly based on Rice Straw as fuel is the need of the hour. Setting up such projects will bring investments in Punjab, create employment, increase rural income, bring down losses of PSPCL and above all reduce pollution. It is therefore suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under Average Power Procurement Cost (APPC) regime only. This will make available NRSE power to PSPCL at cheaper rates and

allow the developers to get RECs which they can sell in power exchanges. Alternatively, the power purchase can be made on APPC plus Floor price of REC.

- (iii) The procedure for approval of co-located solar roof top CPPs needs to be made simpler so as to promote solar power plants.

(g) Additional Submission/suggestions

It was suggested to:

- (i) Carry forward the rationalization of Electricity Tariff towards reduction of cross subsidy in a phased manner.
- (ii) Move towards fixing tariffs on the basis of realistic voltage wise category wise cost of supply principle as early as possible.
- (iii) Reduce the electricity tariff of the subsidizing class of consumers as per the Act so that the GOP is not unduly burdened for providing power to industry at Rs 5/- per unit.
- (iv) PSPCL should be directed to: -
 - Amend its pattern of submitting ARR. Instead of submitting ARR based on actuals with the same bunch of excuses for over expenditure every time, it should limit its expenditure as per approvals.
 - The practice of submitting Accounts duly audited by CAG along with CAG Audit Report for True Up of the previous year be strictly adhered to and for any delay, carrying cost of gap be disallowed to PSPCL.
- (v) The TOD peak charge needs to be abolished as PSPCL is not purchasing any extra costly power during peak period and rather it is selling power during peak period. This will encourage the industry to operate for 24 hours instead of 20 hours presently.
- (vi) More reforms and ease of doing business initiatives be introduced for the industrial consumers.

- (vii) Continue with incentives for increase of consumption by consumers to reduce the idle capacity/surplus power.

The Punjab industry is situated in a land locked area and has to face many hardships. We will also bring to your kind notice that the State Govt. is also charging 15% Electricity Duty in-addition to 5% Infrastructure Development Fee and 2% as Municipal Tax.

2. Dr. Harish Anand of CII, Punjab State Council, stated as under:

This has been a 'Year of Distinction' for the PSERC in initiating major reforms in the electricity ecosystem in Punjab in sync with the national power priorities especially in the field of Green Energy. The draft amendment in Open Access Regulations allowing import and banking of green energy, Harnessing of Captive Power related regulations, Power quality regulations for controlling harmonic injections in the grid by the specified industries and Licensee, are some of the major initiatives which can be referred here. We sincerely record our appreciations for the same to the Commission and PSERC officers. Some of the major specific suggestions/observations made are mentioned below:

(a) Increasing share of renewable power in total power generation in Punjab

- (i) Based on information given in ARR, it can be discerned that fossil fuel-based power's share in total power generation is about 55%-60% over the years. The coal cost is also shown as Rs.5-6/kg, which has been increasing in synchronization with international commodities prices. With blending of imported coal in domestic coal, the price effect is further aggravated and coal cost may grow up further in coming years. As such, the generation cost of coal-based power could rise abnormally leading to high cost of supply, which eventually translate into higher power tariff in the State. This would not only affect the competitiveness of the industry operating in the State of Punjab but would also lead to higher power subsidy burden on the State government. Further, higher fossil fuel-based power would also lead to higher Renew Power Obligation (RPO) and related Renew Energy Certificate (REC) cost adding to the cost of supply of power. Therefore, it is necessary that composition of the power generation in the State of Punjab must be changed in favour of renew power i.e. a mix of solar, hydro and wind power. Given the renew power rate of around Rs.2.75-3/unit at injection point, it would assure cheaper power supply

for next 15-25 years. It would also reduce the Discom' RPO and related paper REC procurement cost. Therefore, PSPCL must be asked to share the power generation trajectory for next 5 years and roadmap to increase the share of renew power to 50-60% of total power consumption and even more subject to technical constraints. It would result in surrender of contracted fossil fuel-based power and cost of such stranded power should also be considered in renew power cost. But after factoring the lower generation cost and reduction in RPO obligation, it looks like a rewarding proposition.

- (ii) While going for renew power, it is also stated that no preference shown for renew power within the state especially for PSPCL's renew power generation along with private players as the land cost economics and solar radiation dynamics favour neighbouring state Rajasthan and others; even after considering the interstate transmission losses as transmission charges for interstate power transfer are waived off by Central Government for solar and wind projects up to 2025.

(b) Announcing Green Tariff for consumers willing to consume Green Energy on demand basis

There is growing aspiration among various industries including manufacturing and services sector for green energy tariff based on demand. PSERC (Renewable Purchase Obligation and Compliance) Regulations 2022 has made provision for green energy tariff by considering the average purchase cost of renewable power, adding cross subsidy if any to it and also adding prudent cost of distribution system to arrive at a green energy tariff. In this regard:

- (i) It is suggested that green energy tariff be announced in the ensuing Tariff Order for FY 2023-24 itself to be issued by PSERC. All the relevant information for this purpose is already with the Hon'ble Commission.
- (ii) Such green tariff should not be less than the average tariff applicable to that class of consumers seeking green tariff and consumer has to pay a premium for the same. It is also clear from the formula given in PSERC Regulation mentioned above that there is scope for the Commission to dovetail the premium by factoring reasonable cross subsidy if any required; as cross subsidy from the consumer is already inbuilt in the average tariff fixed for that class of consumer in the Tariff order and also adding prudent distribution system charges.

- (iii) That with supply of renew power, the Discom will also save on RPO and related REC cost if same are not claimed by the consumer, which should be built into while fixing premium. The present market cost of the REC translates to about Rs. One / unit of electricity (Rs 1000/REC of 1000 Kwh).
- (iv) All consumers may not require the REC as having no Renew Power Obligation and no intent to have carbon trading benefits. Their requirement is only certificate from the Discom that power supplied to them is green power. Therefore, two premium amounts to be worked out –one for those who do not need REC and Second for those who need REC, being obligated entity or whatsoever purpose. The price of 2nd would be higher than the first one.
- (v) Based on average renewable power cost, a reserve premium of 10-20 paisa may be fixed and available renew power may be allocated to those seeking green power certificate without REC benefits on auction basis.

(c) Power Quality Regulations to control harmonics

PSERC has issued draft power quality regulations to control injection of harmonics of designated consumers and also shown its intent to merge the PIU category of consumers in general industrial category of consumers. In this regard, we have following submissions are made:

- (i) Tamil Nadu is the only other state, which has implemented power quality regulations. In the para “h” of the regulation, a table is given clearly showing that maximum penalty is fixed at 10% while PSERC has proposed maximum penalty as 15%. Being a new experiment in the State of Punjab for which sufficient knowledge is not available with the industry/vendors also, it is not appropriate to fix the penalty as highest in the country. Therefore, it is submitted that penalty be fixed even lower than fixed by Tamil Nadu for next 3-4 years, which can be increased to 10% at par with Tamil Nadu later on after gaining experience.
- (ii) It is quite likely that there could be few breakdowns of the Harmonic suppressors etc in a year resulting in unintentional violation of the limit. Therefore, it would be appropriate if some flexibility in controlling harmonics may be allowed in the event of breakdown for two to three occasions in a year basis.

(d) Rate of Return on equity should be based on 10 years government security bonds

- (i) Presently the rate of return on equity is about 15%, which is too high for a business where there is no serious nature of risk and annual revenue requirement is assured/

approved on cost plus basis. Further, the Forum of Regulators (FOR) has also suggested that long term government security bonds' return (of about 8%-10%) may be considered for return on equity.

- (ii) Further, the amount of equity should be strictly as per Appellate Tribunal order, which stated that equity without infusion of cash cannot be considered for grant of ROE and no amount of equity by conversion of UDAY Bonds into equity should be allowed to be part of the ARR.

3. Professor Ranjit Singh Ghuman stated as under:-

(a) Financial Health of PSPCL

- (i) PSPCL submission of True-up for FY 2021-22 and APR for FY 2022-23 and MYT petition for 2023-24 to 2025-26 does not depict a healthy picture of the utility's financial health.' The distribution network suffers from significant under-investment, characterized by a lower proportion of high voltage circuits, overloaded transformers and relatively poor quality of supply'. PSPCL has been under severe financial strain and the actual interest on working capital loans is higher.
- (ii) The increasing year-on-year revenue-gap substantiates the above assertion. The revenue gap is estimated to touch Rs.14109 crore in 2023-24 as compared to Rs.9961 crore in 2022-23. The net addition to loan over the previous years and heavy amount of interest on loan (Rs. 1268.91 crore during FY 2020-21, p.249 of Tariff Petition) and estimated amount of interest expenses for the years 2023-24 to 2025-26 is a serious concern for utility's financial health.

(b) Demand and supply side management

In view of the free supply of electricity to the AP consumers and of late to the domestic consumers and to other subsidized power commercial and industrial consumers, demand-side management of power is becoming a big challenge. In future, if things continue to be on the same track, meeting the demand for power would be even more serious challenge. The per capita power consumption has increased from 1150 kWh in 2016-17 to 1564 kWh in 2021. The utility is mainly left with the option of supply side management which, inter alia, is subject to an ever-increasing cost of generation and distribution. The per unit average cost of supply and average realization from sale of all power was

Rs 6.92 and Rs. 6.33 in FY 2021-22 and there is unmet revenue gap of Rs 0.62 per unit. By multiplying this with the total sales of 53520 million units with Rs. 0.62 per unit comes out to be Rs. 3318 crores. Revenue gap would increase to Rs. 4149 crore in FY 2023-24. The total revenue gap (including unmet gap of previous years and the carrying cost) would be Rs. 14109 crore in FY 2023-24. Given the limited financial capacity of the government (mainly because of unmindful spending on free and subsidized power along with other popular measures and under-potential mobilization of finances by the government), the revenue deficit of the utility is bound to increase further as government will not be in a position to fully compensate the PSPCL.

(c) Cost of power subsidy

- (i) The amount of free and subsidized power increased from Rs. 11278 Crore in FY 2021-22 to Rs.16515 Crore in FY 2022-23. It would increase to Rs. 18104 Crore in FY 2023-24, to Rs. 19090 Crore in FY 2024-25 and further to Rs. 20134 Crore in 2025-26. In the FY 2021-22, the power subsidy alone accounted for 14.43 per cent of the total revenue of the government. This necessitates rationalization of free and subsidized power otherwise it is bound to be unsustainable in future, both for the government and for the PSPCL. In the business-as-usual mode, the very sustainability of public sector power utility would be in danger, in that case we shall have to depend more and more on the private sector and it will be all the more difficult to give free and subsidized power across the board. Moreover, anything available for free is subject to injudicious use and consumption of power is no exception to this rule. Rationality demands that free power should be given only to the vulnerable consumers while all other consumers minimum user cost must be charged may be at differential rates from different set of consumers.
- (ii) In view of the foregoing facts and discussion, my foremost concern is how to keep the PSPCL in good financial health so that this public utility could be sustained. In its absence, we shall be subject to monopoly of private sector which may charge the monopoly prices. All the stakeholders would have to be pro-active before it is too late.

4. Sh. Gaurav Maheshwari, Indian Energy Exchange stated as under:

- (i) The benefits of Real Time Market (RTM) and Green Term Ahead Market (GTAM) and were highlighted it was suggested that PSPCL can explore the same for

fulfilling its RPO and Energy storage market.

5. Director, Punjab Energy Development Agency (PEDA), NRSE stated as under:

- (i) It was apprised that PSPCL has recently entered into PPAs with some of the Bio-mass Co-Generation Units. It also explores the market continuously and procure green power from G-DAM whenever it is commercially viable.
- (ii) Further, about 6000 MW of RE power is in pipeline, through installation of solar pumps under Kusum Scheme, Solar roof-top on Government buildings and other consumer's premises. PEDA is also taking up with the Central Government, the issue of providing VGP so as to make generation from bio-mass competitive and feasible in the market.

6. Director, Agriculture, Department of Agriculture states as under:

It was suggested that: -

- i. Green energy needs to be promoted so as to reduce incidents of paddy burning in the fields by the farmers.
- ii. Efficient five-star rating motors be made compulsory for A.P. Pump set energy.
- iii. The water table in Punjab is going down, however, water is being mis-utilized due to free A.P. electric supply.
- iv. The transmission and distribution losses be further improved.

7. Sh. Baldev Singh Sran, CMD/PSPCL stated as under:

While welcoming the feedback and suggestions of the Committee members, CMD/PSPCL highlighted the unprecedented increase in demand during this year with over 9% increase in agriculture consumption.

- i. It was also highlighted that the paddy season spills over till 15th October due to the certain varieties of paddy and he suggested that the TOD Tariff should be fixed accordingly. Also the night demand during winters is on the rise so he suggested that the TOD rebate may be reduced to Rs.1 per kVAh instead of Rs. 1.25 per kAVh. It was also pointed out that along with the evening peak, the morning peak particularly during non-paddy season is equally predominant. The high market rates of power during this period have resulted

in increase in the power purchase cost of the utility. Chairperson, PSERC desired that PSPCL submit daily demand curves with effect from April, 2022 along with the exchange rates prevailing during this period.

- ii. Further, it was stated that PSPCL is constantly endeavouring to increase the share of RE power in its power procurement portfolio. Efforts are also made to procure power from GDAM, whenever it is found to be commercially viable. PSPCL has entered into various PPAs/PSAs with the CODs in FY 2023-24 and onwards. The addition of renewable power to the tune of 825 MW is at the commissioning stages and further 6420MW is in pipeline. Resultantly, PSPCL is expected to be surplus in RPO compliance on consolidated basis upto FY 2029-30.
- iii. PSPCL/CMD advocated that the cross-subsidy levels particularly that for AP Supply may be reduced and the agriculture subsidy may be calculated on average cost of supply. It was also suggested by him that PIU Tariff may be merged with general tariff by introducing penal provisions on the basis of actual harmonic injection by the consumers.

The Chairperson thanked all the members for their valuable comments and suggestions.

The meeting ended with a vote of thanks to the chair.

ANNEXURE-IV**Category-wise & Voltage-wise Cost of Supply and Cross Subsidy comparison
with Cost of Supply**

Voltage Level	Consumer category	FY 2023-24	
		Cost of Supply	Cross subsidy level w.r.t. cost of Supply
		Rs./unit	
I	II	III	IV
220 kV	Industrial	5.95	26.47%
132 kV	Industrial	6.00	25.54%
	Bulk	5.94	37.65%
66 kV	Industrial	6.42	17.30%
	Bulk	6.35	28.76%
	Commercial	6.38	32.31%
33 kV	Industrial	6.42	17.27%
	Domestic	6.74	-5.85%
11 kV	Industrial	6.65	13.19%
	Domestic	6.74	-5.87%
	Commercial	6.74	25.24%
	Bulk	6.74	21.18%
LT	Industrial S.P	7.40	12.42%
	Industrial M.S	7.47	12.54%
	Industrial L.S	6.74	11.68%
	Domestic	7.22	-13.73%
	Agriculture	7.17	-11.42%
	Commercial	7.33	13.14%
	Bulk	7.15	12.50%
	Public Lightning	6.94	14.79%

Note: The voltage-wise/category-wise Cost of Supply (CoS) worked out on the basis of estimated/allocation data supplied by PSPCL may not be depicting the actual cost of supply.

List of objectors

Objection No.	Name & Address of Objector
1.	Induction Furnace Association of North India (Regd.), Room No. 204, 2 nd Floor, Savitri Complex-I, G.T. Road, Dholewal, Ludhiana - 141003
2.	Chamber of Industrial & Commercial Undertakings (CICU), Office Complex: E-648/A, Phase-V, Focal Point, Ludhiana - 141010
3.	Shri Charanjit Singh (Consumer Representative)
4.	Er. Sukhminder Singh SDO PSPCL (Retd.), 19-D, BRS Nagar, Ludhiana – 141012, Punjab
5.	Federation of Industrial & Commercial Organization, C-223, Phase-VIII, Focal Point, Ludhiana-141010
6.	Fastener Manufactures Association of India (Regd.) & CEO-Ludhiana Effluent Treatment Society, 8 Guru Nanak Market, Focal Point, Ludhiana
7.	HPCL-Mittal Energy Limited, Village Phulokhari, Taluka Talwandi Saboo, Bathinda-151301
8.	Sharma & Gangahar Builders & Colonisers Pvt. Ltd., Gangahar Market, Ganda Singh Wala, Majitha Road, Amritsar.
9.	Tools Exporters and Manufacturer Association, Beetax Enterprises, Wariana Industrial Complex, Kapurthala Road, Jalandhar
10.	Amritsar Textile Processors Association (Regd.), S.G. Resorts, Verka Majitha Bye Pass Road, Amritsar-143001
11.	Bal Kalan Industrial Welfare Association (Regd.)
12.	Federation of Jalandhar Industrial & Traders Associations, 21 Dada Colony, Industrial Area, Jalandhar-144004
13.	Focal Point Industrial Welfare Association (Regd.), 90 Focal Point, Amritsar-143006
14.	PHD Chamber of Commerce and Industry, PHD House, Sec-31A, Dakshin Marg, Chandigarh-160031
15.	Shri Gurmit Singh Bhatia
15A.	Shri Gurmit Singh Bhatia
15B.	Shri Gurmit Singh Bhatia
16.	Focal Point United Industries Association (Regd.), 25, Focal Point, Mehta Road, Amritsar – 143006, Punjab
16A.	Focal Point United Industries Association (Regd.), 25, Focal Point, Mehta Road, Amritsar – 143006, Punjab
17.	Mohali Private Unaided Schools Association, Building No. B16-00380, Indus Public School Complex, Nia Shahr, SAS Nagar - Punjab

18.	Reliance Jio Infocomm Limited, Regd. Office: 101, Saffron, Nr. Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad – 380006, Gujarat
19.	Small Scale Steel Re Rollers Association, Khanna – Mandi Gobindgarh
20.	Steel Furnace Association of India (Punjab Chapter), C/O Upper India Steel Mftg. & Engg. Co. Ltd. Dhandari Industrial Focal Point, Ludhiana - 141010
21.	Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh – 147301, Punjab
22.	Steel City Furnace Association, Old Central Bank Street, Loha Bazar, Mandi Gobindgarh – 147301, Punjab
23.	HANSCO Iron & Steel Pvt. Ltd., Regd. Office: Jalalpur Chowk, Amloh Road, Mandi Gobindgarh – 147301, Punjab
24.	Indian Energy Exchange, Regd. Office: C/O Avanta Business Centre, First Floor, Unit no. 1.14 (a), D2, Southern Park, District Centre, Saket – 110017
25.	All India Steel Rerollers Association, Head Office: Sagar Apartments, 6, Tilak Marg, New Delhi - 110001
26.	Dr. Inderjeet Kaur, President: All India Pingalwara Charitable Society (Regd.), Tehsil Pura, G.T. Road, Amritsar, Punjab
27.	Digital Infrastructure Providers Association, 2 nd & 3 rd Floor, 7 Bhai Veer Singh Marg, Gole Market, New Delhi – 110001 (Opp. St. Columba's School)
28.	Er Rupinder Jit Singh Randhawa, Engineer in Chief, ARR & TR, Patiala
29.	Vimal Alloys Private Limited, Regd. Office: Shop No. 445, Sector 3-C, G.T. Road, Mandi Gobindgarh – 147301, Punjab
30.	Lt. Gen Dr. SP Kochhar (COAI), 14 Bhai Veer Singh Marg, New Delhi – 110001
31.	Bodal Chemicals Limited, Head Office: Plot No. 123-124, Phase-1, G.I.D.C, Vatva, Ahmedabad - 382445
32.	Cycle Trade union (Regd.), AIRI Cycles, 110-111, New Cycle Market, Gill Road, Miller Ganj, Ludhiana (Punjab) – 141003
33.	Comments/Observations of Government of Punjab, Department of Power (Power Reforms Wing), Chandigarh

PSPCL–OBJECTIONS

Objection No. 1 : Induction Furnace Association of North India

Issue: - 1. Special Night Tariff for Industries

- a) PSERC allowed the industry opting for Special Night Tariff to operate on round the year basis in TO 2020-21 to 2022-23 (instead of only 8 months of non-paddy period permitted in 2019-20) which has helped the steel furnace industry to continue operations during the then persisting Covid era and compete with the other states. As economists are predicting 2023-24 as a recession year which will result in huge demand suppression. Therefore, we request that the Special Night Tariff be continued in the coming stressed year 2023-24.

Reply of PSPCL: - PSPCL also requests the Commission that Special Night tariff to the consumers using power exclusively during Night Hours may be continued for next tariff order.

Commission's view:- The Commission has taken note of the suggestion. Also, the objector may refer the tariff order for details.

- b) The TO also provides that "*a maximum of 10% of total units consumed during night hours (10:00 PM to 6:00 AM next day) in a billing period can be availed during the period of 10:00 AM to 10:00 PM*". Thus, the electricity consumed during 6 AM to 10 AM at full tariff is not being counted for capping purpose which is leading to operational problems for the industry opting for the night tariff. Since increase of day consumption even by one unit will deprive the consumer to avail the special tariff, it is utmost important to keep accurate account of the meter readings at 6 AM, 10 AM and 10 PM. Since the senior persons leave the factory after planning the operations between 10 to 10.30 PM every day, meter room has to be accessed by junior persons for noting down the meter reading at 6 AM which is very risky. Further, for a night consumption of 19,200 KVAH (2400 KVA*8 Hours of night period for furnace of 2500 KVA), allowed consumption during 12 hours of the day works out to only 1920 KVAH for 12 Hours of the day i.e. 160 KVAH per hour i.e. a load of only 160 KVA which is much less than the requirement for the operations which essentially have to be taken up during day time only detailed below:-

- I. Operate two cranes simultaneously for stacking and unloading of scrap/loading of manufactured material from/to trucks,
- II. Operate scrap cutting machines/slag grinders etc.,
- III. Lighting load during evening hours prior to 10 PM,
- IV. Carry out maintenance work in the factory, and
- V. Meet the load of offices/canteen/security huts/rest room etc. for lighting, computers, tube well, fans/AC and Heaters etc.,
- VI. Sometimes, furnace has to be operated for extended hours to extract the metal which gets solidified in the furnace due to tripping from PSPCL grid, defect in the machinery/rectifier transformer etc. and to keep on waiting for next night period is more disastrous.

Under these circumstances, any error in limiting the units to 10% of total consumption of the month on the date of reading causes huge financial distress for the factory as full rates are charged for that month whereas manufactured material is already sold assuming reduced tariff.

We had submitted comments to the Commission on ARR 2022-23 last year in which we had requested to increase this limit but the same was not agreed to as the demand was projected as 10% of night consumption plus 15% of morning consumption as is evident from Para 5.3 of TO 2022-23, However, PSPCL also raised the issue of shortage of power

due to morning peak observed during Dec to Feb and asked for levy of TOD peak charge of Rs 2/- per unit for consumption during 7AM to 10 AM. The Commission did not agree with the view of PSPCL as only 229 MW load came under Special Night tariff.

We clarify here that our request is only for allowing 10% of consumption during 10 PM to 10 AM during day hours of 10 AM to 10 PM during the billing period. Increase in demand is not due to industry but due to geyser/heating load of domestic and commercial sector and there is no reason to punish the industry for the same. Further, unlike paddy period, there is no transmission/distribution system constraints during this period and power is available during the period though at slightly higher rates. Therefore, PSPCL needs to impose TOD peak charge appropriately on hotels/Inns, Private Hospitals, Hostels of educational institutions and on Franchisee's supplying power to colonies/residential complexes from 6 AM to 10 AM to compensate for purchase of costly power instead of suppressing demand from industry.

The position is likely to improve with the commissioning of Shahpur Kandi dam during 2024-25 (though earlier, it was to be completed by March 2023) where after, the 600 MW RSD can be run as a peaking station for meeting morning peak during this period.

The Commission has allowed full operation of factories during morning hours of 6 AM to 10 AM at full Energy Charge, but the units consumed during morning hours are not being counted for working out the eligible consumption for daytime. We therefore request that the morning consumption be also included for working out the 10% consumption during day hours.

Reply of PSPCL:- On demand of the industrial consumers, the timing of the night tariff consumers has already been extended by 4 hours i.e. from 6 AM to 10 AM for the whole year vide Tariff order 2020-21 & continued vide Tariff order 2021-22 & TO 2022-23. Accordingly, earlier during 06:00 AM to 10:00 PM (i.e. in 16 hours), there was restriction to consume 10% of units consumed during night hours, but now restriction to consume the same is only from 10.00 AM to 10.00 PM (i.e. in 12 hours) in a billing cycle. So, some relief has already been given to night tariff consumers, therefore, present provisions may be continued for next tariff order.

Further, regarding levy of TOD peak charged of Rs. 2/- per unit for consumption during 7:00 AM to 10:00 AM during months of December & January to consumers availing Special night tariff, night tariff consumers are particularly being given the benefit of relaxation of 50% fixed charges in addition to exclusive Special Night Tariff & during morning hours of 7:00 AM to 10:00 AM during December and January, the cost of power is comparatively higher than that of during normal day time hours. Accordingly, the higher tariff rates are proposed exclusively for the Special Night tariff consumers.

Commission's view:- The Commission has taken note of the suggestion. Also, the objector may refer the tariff order for details.

- c) PSPCL in its replies to deficiencies dated 30.12.2022 has submitted its views on Tariff Related Issues in Annexure 1. Vide Para 1 of Annexure, Prayers of PSPCL and our comments are as under: -

(i) Normal Tariff be limited from 6 AM to 7 AM (Instead of 6 AM to 10 AM)

OR

(ii) Some premium over and above normal tariff may be charged from the consumers opting for the same especially for the months of December and January.

Special Night Rebate was introduced in 2018-19 with usage of power during 8 hours of night only for the period 1st Oct of the year to 31st June of next year i.e. excluding the

paddy period. However, no industry opted for the same as industry has to operate for minimum 12 hours in a day on viability issues. On the persistent demand of Industry, with the concurrence of PSPCL, this was extended for 12 continuous hours i.e. during night hours on reduced tariff and full tariff for 4 morning hours.

Further, the morning demand during Dec and January is due to domestic and Commercial/NRS sector using lighting, geysers and heaters etc. However, to accommodate these two sectors, Industry is being asked to make sacrifices which is totally unfair. It is reiterated that the industry will opt for the Special Night Tariff only if it is allowed to operate for minimum period of 12 hours on continuous and round the year basis. Further, the extra load during first two weeks of October is a rare happening due to delayed ripening of paddy and may or may not be repeated in future. In such a case, PSPCL also needs to note that paddy period starts from 13 to 15 of June but PSPCL starts TOD peak charge from start of June each year. We request that in case, PSPCL's request is to be accepted, then TOD peak charge be levied from 10 June to 10 Oct of each year and Normal night rebate period be revised as 10 Oct to 10 June of next year.

It is also pointed out that rate of power at power exchanges are very volatile and there is no pattern of rates and availability of power. It cannot be assumed that the rates this year will be necessarily followed next year as well. Moreover, there are only about 70 to 80 consumers availing this tariff and restricting such a small number will not give any countable relief to PSPCL. Under special Night tariff, industry is benefitted only for fixed charges since night rebate is available to all industries whether they opt for it or not. Taking away such benefit through extra levy on morning consumption or through reduction in working hours/ admissible days will make the whole package unattractive. We therefore request that the PSPCL be asked to look for some other alternatives rather than targeting the industry for problems not created by industry.

Reply of PSPCL:- During month of December to February during the morning peak hours of 7:30 to 10:30 hours due to foggy weather coupled with delayed availability of solar power makes the task of meeting with demand more challenging, especially with higher rate of rise of demand during this period i.e. from 4500 MW at 4:30 AM to around 7000 MW by 8:00 AM and so on. Managing such sharp rise is not possible without power procurements along with hot spinning reserve available for smooth operation. Even the energy prices in the market during these hours are relatively higher.

In view of reasons given above, the normal tariff hours be limited from 6:00 hrs to 7:00 hrs only. Still in case present terms and conditions for normal tariff are to be continued, some premium over and above normal tariff needs to be charged from consumer opting for the same, especially for the month of December and January.

It is further intimated that recently Hon'ble CERC in its order dated 28.12.2022 in the matter of capping of power market prices has also made observation on the morning peak hours. Relevant part of the same is reproduced as under:-

"In DAM on IEX the MCP of Rs 12/KWH.....In December (till 26 December 2022), the MCP of Rs 12/KWH..... along with morning peak from 0700 hrs to 0945 hrs. These peaks are anticipated to become steeper as cold wave conditions prevail in Northern & North Western parts of India.

It is also submitted that if normal tariff hours are needed to be considered for Industrial consumers under this category, then the industry may be proposed to operate its working hours from 1900 hrs to 0700hrs of next day out of which 1900-2200 hrs and 0600 to 0700 hrs may remain as normal tariff hours. Proposed

starting/end time of working hours appears to be more suitable for staff of industry as comparison to current timing i.e. 2200hrs to 1000 hrs respectively.”

W.r.t paddy season from 1st June to 30th September, it is submitted that the paddy season invariably spills over till about 15th October due to certain varieties of paddy which are harvested after 30th September. It is therefore, proposed not to extend the facility of special night tariff till 15th October.

Commission's view:-

The Commission has taken note of the suggestion. Also, the objector may refer the tariff order for details.

- d) PSPCL in its replies to deficiencies dated 30.12.2021 has also submitted its views on Tariff Related Issues in Annexure 1. Vide Para 2 of Annexure, Prayers of PSPCL and our comments are as under:-

Reduced Energy Charges for FY 2023-24 for consumption above threshold limit be reviewed in view of unprecedented rise in demand during 2022-23 which required scheduling of costly power in the stack.

We request the Commission to provide the calculations for working out the reduced energy charge in the tariff order.

Further, PSPCL in Format D-2, has worked out the surrendered power during H1 of 2022-23 as 5094.88 MUs (True up), during H2 of 2022-23 as 3315 Mus (RE) (Total 8410.09 MUs for 2022-23) and during 2023-24 as 2961.69 MUs. Thus, the surplus scenario is likely to continue in the year 2023-24 and therefore the Threshold rebate needs to be continued. The tariff for the scheme i.e. Rs 4.86/unit for 2022-23 with which the benefit with GOP subsidy (which is likely to continue) presently is only 14 paise per unit. This meager incentive is not a driving force to plan for increased consumption. With such minor incentive; benefit of threshold rebate is now being availed by only those industries which have undertaken expansion. Thus, we request that the threshold rebate needs to be increased appropriately to make the scheme attractive

Reply of PSPCL - For meeting demand, PSPCL have to stack sources at its disposal, in order of their cost i.e. cheapest cost at bottom to meet with higher demand PSPCL have to rope in higher cost sources. This year due to unprecedented rise in demand & higher market prices impact of the same has been felt by PSPCL. In view of this reduced energy charges for industrial consumers for consuming Power above threshold limit above threshold may please be reviewed. The prices of power in the market have increased sharply due to various local and global reasons and trend is likely to continue. The comparative detail of prices is as under:

Sr. no.	Year	Avg Market Prices (Rs./kWh)
1	2021-22	4.62
2	2022-23 (Toll 17.01.2023)	6.32

From available sources at the disposal of PSPCL's own Thermals are costlier. During this FY more generation from own thermal plants has been utilized. It has been utilized 85 % higher as compared to same period i.e. till Dec last FY. The prices of power market are expected to remain higher during next FY also. In view of this it is requested that reduced energy charges for FY 2023-24 for Small Power, Medium Supply and Large Supply Industrial Consumers who consume power above the threshold limit may be reviewed.

Commission's view:- The Commission has taken note of the suggestion. Also, the objector may refer the tariff order for details.

Issue: - 2. Maximum overall rate (MOR) for the industry under two-part tariff system.

PSERC introduced two part tariff system with effect from 1/1/2018 vide amended tariff order dated 9.11.2017 instead of 1.4.2017 proposed earlier after the industry brought the difficulties to the notice of the PSPCL, GOP and this Commission. One of the adverse impacts of the two part tariff is the exponential increase in per unit cost after considering the impact of fixed charges for low end industries passing thro' low demand phase due to recession in economy or low utilization factor etc. Though the fixed charges have been kept lower for low end consumers but per unit impact is still very higher for Small and Medium Enterprises having contract demand of above 100 KVA.

The fixed charges for the PIU consumers falling in the category 100 KVA-1000 KVA for the category of PIU industry is Rs 190/KVA/Month and Energy Charge of 609 paise per unit. The fixed charge works out to 27paise per KVAH for 100% utilization, factor and for a MSME consumer running his factory for 4 hours a day for 20 days in a month will work out to be 238 paise per unit and total per unit cost with 20% ED+IDF works out to $(609+238) \times 1.2 = 1016$ paise per unit and more than Rs 12.50 per unit during peak hours of 4 months of Peak TOD. The rate per unit will increase if the usage reduces further due to market conditions or low demand phase as happened in the recent past.

Keeping in view the difficulties of such consumers, GOP was kind enough to agree to the concept of Maximum Overall Rate (MOR) for the industry for the period 1.1.18 to 31.3.18 as prevailing in some states. Thereafter the MOR facility has been withdrawn. Earlier, the then PSEB had also introduced the Maximum Overall Rate facility for industrial consumers in the year. Thus the concept is already known to PSPCL and it is not the case that Industry is requesting for something for the first time. It is a well-known fact that SMSEs are the backbone of Punjab economy and business environment for them must be to facilitate their operations. The MOR has not been extended beyond 31.3.2018.

Keeping in view the genuine difficulty of the lower end consumers employing thousands of workmen and as approved by GOP/introduced by the then PSEB earlier also, we request the Hon'ble Commission to introduce the Maximum Overall Rate (MOR) for industry to give relief to industrial consumers operating on the margin otherwise these are bound to suffer financially causing huge blow to the efforts of GOP to revive the industry in Punjab.

Reply of PSPCL: - Two Part Tariff was implemented w.e.f. 01.01.2018 as per provisions of National Tariff Policy, after giving two months' time to the consumers, so that they could optimize/reduce the sanctioned load as per their requirement. It is the inherent characteristic of two part tariff that the consumers who consume more power as per their sanction load/contract demand will be benefitted because in such cases as the consumption rise, per unit electricity rate comes out to be low.

To give relief to consumers having low UF and adapt to the structure of two part tariff as the same was implemented first time in the State, the GoP had decided that Two Part Tariff system introduced w.e.f. 01.01.2018, shall be subject to Maximum Over All Rate (MOR) and the concept of MOR (Subject to MM therein) for Large Supply and Medium Supply industrial consumers (from 01.01.2018 to 31.03.2018) was fixed. The State Government had borne additional financial implication on this account which was estimated as Rs. 50 Crore approximately for 3 months period i.e. January to March, 2018.

The introduction of concept of MOR again shall defeat the basic structure and motive (regarding recovery of fixed cost from fixed charges and variable cost from energy charges)

of introduction of Two Part Tariff and shall be an additional burden on other categories thereby increasing tariff in that category.

It is also submitted that the Power Purchase is being done in two part tariff structure wherein fixed cost as well as variable cost is being paid to generators as per PPAs. PSPCL is paying for power purchase expense in two part structure (fixed cost plus variable cost per unit), as such revenue should also be recovered in the same structure without any intervention of MOR.

Commission's view:- The Commission has noted the suggestion.

Issue: - 3. One tariff for LS industry (Removal of subcategories based on CD)

While in single part tariff, same tariff rate was applicable to all consumers of the LS category, in Two-part tariff; 3 number subcategories have been created based on the CD. The tariff i.e. fixed and energy charges both have been kept lower for consumers with lower CD. However, the conversion of single part tariff to Two-part tariff for revenue neutrality and subsidy levels were worked out for all PIU consumers treating them as one category. Thus, such LS consumers with CD between 100 to 1000KVA are being subsidized at the cost of LS consumers with CD above 2500 KVA. This sub categorization within one category of industry gives heart burning to consumers at the margin. Thus, a consumer with 950 to 990 KVA Demand is unduly benefitted compared to a consumer with 1010 to 1050 KVA demand since the per unit effective cost of power increases abnormally for the later consumer. This reduces the revenue of PSPCL also as consumers at the margin are not increasing their contract demand for the fear of higher rates though PSPCL has the system and consumer require the load. It is also pointed out that the basis for this categorization i.e. Contract demand is not a valid basis for differentiation as per Section 62(3) of the Act 2003 reproduced below: -

(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

It is therefore requested that this sub categorization be dispensed with immediately and one tariff as well as MOR be introduced for LS industry which will take care of low utilization factor of industries appropriately.

We also feel that Electricity is a commodity and under One India - One Tariff slogan, tariff should be same and linked with Demand and Consumption only and different tariff rates fixed for consumers having low and high CD & Consumption is against the Section 62 (3) of Electricity Act 2003 stated above which no-where provides different tariff based on contract demand or consumption. We also request that while re-fixing tariff for any category, revenue neutrality need to be ensured for PSPCL as a whole and not for that category.

Reply of PSPCL - Sub categorization/Different slabs (as per CD of the consumer) in the Industrial category might have been formed according to consumption/ utilization factor of the consumers in which fixed charges for consumers having less sanctioned demand have been kept lower & these have been kept higher for consumers having higher sanctioned demand. This might have been done on the basis that in the Two Part Tariff structure low consumption consumers pay more and the consumers having higher consumption pay less.

In this regard, the Commission is requested that if the demand of the objector is to be accepted then financial interest/revenue of PSPCL may be safeguarded/kept un-impacted & PSPCL may be allowed to recover legitimate cost claimed in the petition.

Commission's view:- The Commission has noted the suggestion.

Issue: - 4. TARIFF FOR POWER INTENSIVE LS INDUSTRY (PIU):

In Tariff Order for 2014-15, while adopting KVAH tariff, PSERC had approved the tariff of Rs 6.33 per KVAH for PIU industry against 6.33/KWH prevailing in 2013-14. Thus, power factor incentive available to us in 2013-14 was withdrawn. However, the tariff of general industry was lowered from Rs 6.33 to 6.14 per unit.

After introduction of two part tariff from 1.1.2018, the Energy charges were lowered, fixed charges were introduced and LS category (PIU and General) was further sub divided into 3 sub categories each. The tariff for 2014-15, on 1.1.2018 and current year 2021-22 are compared as under: -

Tariff In Rs	2014-15 (Single Part)		1.1.2018 (Two Part)		2021-22 & 2022-23(Two Part)	
	Gen	PIU	Gen	PIU	Gen	PIU
Fixed charges	6.33/KWH	6.33/KWH	230/KVA /Month	295/KVA /Month	285/KVA /Month	315/KVA /Month
Energy charges	6.14/KVAH	6.33/KVAH	5.78/KVAH	5.98/KVAH	6.27/KVAH	6.49/KVAH

Thus the PIU industry has been kept in a disadvantageous position firstly under KVAH tariff regime and thereafter under two part tariff vis-a-vis general Industry. Thus while energy charge (Single part) has been increased by 13 paise per unit for General Industry between 2014-15 to 2021-22, The increase for PIU industry is 16 paise per unit. In addition, there is difference of Rs 30/KVA/Month of fixed charges.

Further, data supplied by PSPCL along with two part tariff proposal in ARR 2017-18 indicated that PIU industry has high Utilization Factor than General Industry proving thereby that PSPCL assets deployed for PIU industry are giving higher returns to PSPCL and have lower Cost of Supply. It is also on record that PIU industry also maintains higher Power factor than General Industry and thus keeps better voltage profile for PSPCL. It is unfair to impart undue preference to General Industry consumer's vis-a-vis PIU. As such justice demands that under the present surplus scenario, the tariff for PIU industry should be lower or at least equal to General Industry.

It is also submitted that Hon'ble Commission also acknowledged the arguments put forward by industry in comments on ARR during 2018-19 and observed in Para 4.5.1 of TO. In reply, PSPCL in para iv of page 190 of ARR 2019-20 stated as under:-

In case of Arc Furnaces and other PIU Industries, tariff should be kept higher, since they affect the distribution system of PSPCL more than that of General Industry as load of these PIU Industry is nonlinear which distorts the voltage wave form and pollutes the power quality. The presence of harmonics in the system reduces the Distribution capacity of the utilities and increases losses.

In this regard we submit that CEA vide amendment dated 6.2.2019 of Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007, has substituted the paragraph 2 and 3 of Part IV as under: -

"(2) (i) The distribution licensee and bulk consumer shall provide adequate reactive compensation to compensate reactive power requirement in their system so that they do not depend upon the grid for reactive power support.

(ii) The power factor for distribution system and bulk consumer shall be within ± 0.95 ;

(3) Voltage and Current Harmonics. - (i) The limits of voltage harmonics by the distribution licensee in its electricity system, the limits of injection of current harmonics by bulk consumers, point of harmonic measurement, i.e., point of common coupling, method of harmonic measurement and other related matters, shall be in accordance with the IEEE519-2014 standards, as amended from time to time;

(ii) Measuring and metering of harmonics shall be a continuous process with meters complying with provisions of /EC 61000-4-30 Class A.

(iii) The data measured and metered as mentioned in sub-paragraph (ii) with regard to the harmonics, shall be available with distribution licensee and it shall also be shared with the consumer periodically.

(iv) The bulk consumer shall install power quality meter and share the recorded data thereof with the distribution licensee with such periodicity as may be specified by the appropriate Electricity Regulatory Commission:

Provided that the existing bulk consumer shall comply with this provision within twelve months from the date of commencement of the Central Electricity Authority (Technical Standards for Connectivity to the Grid) (Amendment) Regulations, 2018.

(v) In addition to harmonics, periodic measurement of other power quality parameters such as voltage sag, swell, flicker, disruptions shall be done as per relevant International Electrotechnical Commission Standards by the distribution licensee and the reports thereof shall be shared with the consumer.

(vi) The distribution licensee shall install power quality meters in a phased manner within three years from the date of commencement of the Central Electricity Authority (Technical Standards for Connectivity to the Grid) (Amendment) Regulations, 2018 covering at least 33% of the 33 kV substations each year."

Thus, PSPCL cannot continue to reiterate the same arguments time and again. When connectivity standards are not differentiating between types of industries, PSPCL cannot take the shield of voltage sag-swell, flicker and harmonics etc.. PSERC has already amended the Supply Code to include detailed Regulations on Harmonics which were notified for implementation from 1.10.2021. However, due to delay on the part of PSPCL in approving the make and specifications of Power Quality Meters to be installed by the consumers as well as PSPCL, the date of 1.10.2021 could not be adhered and no new date has been notified by the Commission in spite of the request of the industry. However, as and when the Harmonics regulations are implemented, PIU and General categories consumers will be at par and PSPCL's arguments for higher tariff for PIU industries will no longer be valid, as such tariff for PIU and General categories need to be merged from new date of implementation of Harmonics regulations for which requisite provision needs to be made in the Tariff Order to be issued for 2023-24.

Reply of PSPCL - Two Part Tariff was implemented w.e.f. 01.01.2018 as per provisions of National Tariff Policy, after giving two months' time to the consumers, so that they could optimize/reduce the sanctioned load as per their requirement. It is the inherent characteristic of two part tariff that the consumers who consume more power as per their sanction load/contract demand will be benefitted because in such cases as the consumption rise, per unit electricity rate comes out to be low.

To give relief to consumers having low UF and adapt to the structure of two part tariff as the same was implemented first time in the State PIU industries affect the Distribution System on account of various parameters like Voltage Dip, Voltage flickers and Voltage & current waveform distortion, harmonics, capacity loss of the utility Distribution System, Demand Factor, Energy loss in Distribution System, etc.. As such the tariff of PIU and Arc furnace consumer is on high side than general industry consumers. Utilization factor of such industries is high and per unit cost is low therefore such industries stand to gain due to inherent nature of two-part tariff. As per 7th Amendment of Supply Code 2014, on the directions of the Commission to install power quality meters within three years starting from 1st October, 2021 in a phased manner. The procurement of Power Quality Meters is under process by PSPCL and till the process of procurement and installation of Power Quality Meters is completed, present tariff structure may be continued.

Commission's view:- The 7th Amendment to Supply Code, 2014 could not be implemented as PSPCL has not short listed the vendors for supply of Power Quality meters and further time

was sought by the Industry for smooth transition to the new regime (Refer Para 5.4 of the Tariff Order for FY 2022-23). Draft PSERC (Power Quality) Regulations, 2023 containing comprehensive proposal for installation of Power Quality meters and compensation mechanism have already been published. After going through the comments of stakeholders received and further consultation held on various aspects of power quality metering, the Power Quality Regulations will be notified shortly.

Issue: - 5. Increasing the eligible Contract Demand on 11 KV to 4950 KVA.

We have been repeatedly requesting the Commission to Increase the eligible limit of CD on 11 KV to 4950 KVA. However, PSPCL has been opposing the suggestion on the plea that it will increase the T&D Losses of the utility. The issue needs to be considered from the feasibility as well as revenue angles rather than only T&D Loss levels. PSPCL has to realize that the existing industry being served at 11 kV requiring extension in load have limited resources and can either arrange funds for additional machinery or cost of establishing 66 KV substation running into crores of Rupees. Moreover, the number of consumers seeking demand above 4000 kVA up to 4950 kVA will be only few which shall not have material effect on the T&D Loss of the licensee. In any case, the losses can be brought down by imposing a condition that those seeking CD between 4000 to 4950 kVA will be permitted only by providing/augmenting the conductor of the 11 KV line to the particular size at the cost of consumer. Further, with such extension of CD, increase in PSPCL's revenue will be much more than the loss due to increase in T&D loss. PSPCL having surplus capacity for the next 10 years, need to allow such enhancement of load. Therefore, the apprehensions of PSPCL on this count are not convincing. Erection of new 66 KV lines and towers in the existing / already developed industrial areas is increasingly becoming impossible due to right of way problems. There is resistance from farmers also as 66 KV towers lower the sale price of their land. The release of additional Demand involving change of voltage level under such conditions will be technically non feasible depriving the PSPCL of possible additional revenue. However, if increased CD is allowed on existing 11 KV line, there will be very minor and negligible overall increase of losses, but PSPCL will start getting Rs 315/KVA/Month of fixed charges and Rs 6.49 per unit on additional demand and 20% additional revenue to GOP. We agree to bear the cost of upgrading of the 11 KV line conductors and other equipment. New Induction furnaces are of 3800 to 4000 KVA which are more efficient with less energy consumption/ton of scrap handled. If the CD is increased to 4950 KVA, the consumer can plan for a pipe plant or rolling mill along with the upgraded induction furnace enhancing the viability of the industry which will motivate the industry to make more investment in the state. This will enable the GOP to achieve the target of setting up additional industry in Punjab.

Matter has also been discussed in the meetings of Supply Code Review panel also and PSPCL has been directed to bring out the cost benefit analysis of the proposal, but the data is yet to be submitted. PSERC is requested to consider our proposal as it will be a win-win situation for both consumers and PSPCL as well as for the state. Many Discoms like Haryana, etc are allowing Contract Demand of up to 15 MVA on 33 KV voltage level. To facilitate the industry in Punjab and without any adverse effect on T&D Loss of PSPCL, the enhanced CD may be provided by PSPCL to industry by setting up 33 KV infrastructure in its grid sub stations in the locations where there is no right of way to erect towers. As 33 KV transmission lines do not require towers and can be easily laid on Cement or steel poles, the existing conductor/lines with additional discs will be used to release enhanced CD thereby increasing the revenue of PSPCL and reducing the surplus power. Therefore, we request PSERC to direct PSPCL to provide enhanced CD to industry on 33 KV up to 15 MVA

Reply of PSPCL - PSPCL submits as follows:

1. In Punjab ambient temperature is taken as 45°C due to which maximum capacity of DOG conductor is limited to 4839 KVA considering the allowed temperature rise of conductor up to 70°C.
2. Allowing demand up to 4950KVA on 11KV supply voltage shall result in higher T&D losses viz-a-viz supply voltage at 66KV.
3. Allowing overhead 11KV supply via cable over longer lengths of few kilometers shall require many cable joints, which shall be exposed to weather conditions. The joints may deteriorate with time thus making the connectivity unreliable. In case the cable is laid underground, ROW issues may crop up in densely populated areas. Further, heat dissipation issues and more number of straight joints shall make the connectivity unreliable with passage of time. Also fault tracing in underground cable over long lengths is difficult.
4. In case electricity supply at 11KV with 300mm² XLPE cable is allowed to industry for loads up to 4950KVA, all the prospective 66 KV consumers with CD from 4000 KVA - 4950 KVA shall have to be connected to existing 66 KV grids of PSPCL thereby making them overloaded. Moreover, grid augmentation shall be required to be done at cost of PSPCL. Moreover, many existing PSPCL 66KV grids don't have provision for further expansion or augmentation of existing power transformers.
5. Further, PSPCL has already upgraded most of its 33KV sub-stations to 66KV level for improving transmission losses. Accepting the demand regarding allowing CD up to 15MVA on 33KV supply voltage shall be a regressive step and undo all efforts done so far for reducing the losses.

In view of the above, allowing electricity supply of 3 phase 11KV from 4000KVA up to 4950KVA for industrial loads shall not be techno-commercially viable for PSPCL.

Commission's view:- The issue relates to Supply Code Regulation and will be examined separately as per the provisions of the Regulations.

Issue: - 6. Addition of Equity and Return on Equity

- i) The then PSEB operating under Electricity (Supply) Act 1948 had equity of Rs 2946.11 Cr which was created by converting GOP loans into GOP equity in PSEB. It was done to escape the liability of interest on loan amounts given by GOP from time to time to lay the grid system in Punjab. As per the practice prevalent at that time, no ROE was paid to GOP on such equity converted from loans. After implementation of Electricity Act 2003, The Hon'ble Commission started allowing ROE on the equity in ARRs but such ROE was never paid to GOP since PSEB was running into losses.
- ii) GOP bifurcated the then PSEB into successor entities i.e. PSPCL and PSTCL on 16.4.2010, Under this, the equity of PSEB was divided to the successor entities. Further, GOP issued the transfer scheme and FRP for the successor entities on 24.12.2012 as per which Consumer Contributions and Govt Grants standing in the books of the then PSEB were also converted into equity of GOP in PSPCL and PSTCL. Thus the equity amount of Rs 2946.11 Cr on 9.4.2010 in PSEB became Rs 6081.43 Cr in PSPCL and Rs 605.83 Cr in PSTCL (Total equity increased from 2946.11 Cr to 6687.26 Cr. This Hon'ble Commission allowed ROE of Rs 942.62 to PSPCL and Rs 93.90 Cr to PSTCL. In the ARR of 2020-21, PSPCL again came out with the demand of increased ROE on the plea that the UDAY loans taken over by GOP amounting to Rs 15628.26 Cr under UDAY scheme have been converted into GOP equity on the closure of UDAY scheme on 31.3.2020 and thus GOP equity in PSPCL has increased to Rs 21709.69 Cr and requested for ROE on the revised amount. As this was contested by stake holders, the prayer of PSPCL was not accepted and ROE was allowed on the existing equity amount of Rs 6081.43 Cr.

In the ARR for 2022-23, PSPCL come out with entirely new argument that the UDA Y loans of Rs 15628.26 Cr comprised of an amount of Rs 2246.77 Cr which was spent on Capital works and further out of remaining loan of Rs 13381.49 Cr also, an amount of Rs 2346.19 Cr were diverted for capital works. Thus PSPCL has prayed that total of Rs 4592.96 Cr be considered as equity and ROE be allowed on the same. This was also objected by us on the following grounds:-

- i) PSPCL is taking loans from the market or GOP @ 8 to 9% interest rate and later converting these into equity only to claim higher returns @ 15.5%. This is undue enrichment at the cost of consumers.
- ii) The FRP and transfer scheme allowed the conversion of Consumers contributions and Govt Grants into GOP equity. Here there is no cash flow from GOP and it does not qualify to be equity eligible for ROE.
- iii) The conversion of Consumer Contributions and Govt grants into GOP equity and allowing return on Equity on the same were challenged before APTEL which decided that GOP may hold any amount of equity but equity amount which is without cash flow cannot be accounted for grant of Return on Equity. PSPCL has taken the matter to Supreme Court and matter is sub judice.
- iv) MOU signed between GOP, MOP and PSPCL clearly provided that the Loan of Rs 15628.26 Cr will be converted into 75% grant of GOP to PSPCL and 25% into equity. However, PSPCL proposed 100% to be converted into equity which is violation of the express terms of MOU. Here full amount of Rs 15628 Cr has been transferred to PSPCL whereas 75% should have been transferred as Grant and 25% as equity. Further, there is no cash flow and the amount still stands in the accounts of PSPCL as bank loans.
- v) Even the equity of PSEB further divided into PSPCL and PSTCL is the loan amount given by GOP to PSPCL as is evident from Tariff orders of 2002.03 onwards.
- vi) PSPCL and PSTCL are not transferring the ROE to the GOP in whose name the equity stands in the books and retaining the same to meet their unapproved expenditure and losses of operations.
- vii) Though the amount of Rs 15628.26 Cr was determined for coverage under UDA Y in 2015-16, The part diversion of the same for Capital works was brought to the notice of PSERC in 2021-22 i.e. after 6 years and that too when PSERC has rejected the demand of PSPCL to grant ROE on full amount Indicates that PSPCL is making wrong submissions on affidavit. It is apparently an afterthought to claim additional revenue at the cost of consumers.
- viii) It is evident that Return on Equity being recovered by PSPCL is being retained for internal adjustments and the tendency is continuing unabated. PSPCL has to introspect to economize and work efficiently so that ROE is paid to GOP to which it belongs.
- ix) CERC Regulations 2019-24 does not permit any ROE on grants obtained by utility which provision is also included in MYT Regulations but for only Govt grants and subsidies. The CERC Regulations provide that there will be penalties if project starts operating without proper COD and ROE for additional capitalization will be equal to the rate of interest on loan but both these provisions are missing in MYT Regulations. This needs to be kept in view while dealing with ROE claimed by PSPCL for reinvestment of Loan taken over by GOP under UDA Y scheme in the equity of PSPCL.

However, while rejecting the claim of ROE on this additional amount of Rs 4592.96 Cr, in TO 2022-23, Hon'ble Commission observed as under at Para 3 21 and 4.19 of TO as under:-

The Commission has not considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore + Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans of prior period.

Accordingly, ROE at the same level of 2021-22 i.e. Rs 974.74 Cr was approved by the Commission in the tariff order.

However, PSPCL has again claimed the enhanced equity in the ARR and claimed an ROE of Rs 1684 Cr for each year in Table 2-17 for 2021-22, Table 3.15 for 2022-23 and Table 4.25 of MYT control period for 2023-24 to 2025-26 comprising of Rs 946 Cr for Distribution business and Rs 739 Cr for Generation business. This is as though the equity of diverted loans for capex have already been approved.

Thus, PSPCL has inflated the ROE by Rs (1684-974=) 710 Cr and if it is not accepted, the Gap for 2023-24 will reduce by 2130 Cr and come down from 4149 Cr to 2019 Cr on this account alone.

Therefore, we request that as whole of equity in the books of PSPCL and PSTCL are in fact Loans, Consumer contributions and Govt grants and there is no cash flow from GOP, as such these cannot count for grant of Return on Equity and as such no ROE be allowed to PSPCL and PSTCL.

Reply of PSPCL:- As per clause 1.2 of the MoU under UDAY Scheme, 75% of the PSPCL's debt on 30.9.2015 amounting to Rs. 15,628.26 Crore is to be taken over by Govt. of Punjab. In compliance to MOU, NON-SLR bonds amounting to Rs. 15,628.26 Crore were issued by Govt. of Punjab and GOP has transferred this amount to PSPCL as GOP Loan up to 2019-20 and on 31.3.2020 converted this loan into equity.

As such, the Capital Expenditure incurred through diversion of Working Capital Loans (Rs. 2,346.19 Crore) and Capex Loans (Rs. 2,246.77 Crore), which have been converted into equity, are eligible for claiming Return on Equity as these loans have been specifically used for creation of assets of PSPCL due to the fact that GoP has infused the equity by taking over these loans of PSPCL of equivalent amount. In this regard, it is also submitted that PSERC has not allowed any interest on these loans to PSPCL after conversion into equity by State Govt.

Commission's view:- The Commission has taken note of the issue of the Objector. RoE is allowed as per Regulations.

Objection No. 2 : Chamber of Industrial & Commercial Undertakings

Issue: - A (1). The PSPCL is hardly doing any kind of rigorous and consistent efforts to adopt the latest technology in power transmission & distribution systems. The same old equipment & technology are being used since last many years and no effort has been made to use the latest technologies such as Smart Grids and distribution system automation to reduce outage time /maintenance /man-power cost. It needs to adopt latest cost-effective technology and compact man-less power plants/sub stations to reduce its operation cost and help to reduce revenue requirements.

Reply of PSPCL: - PSPCL is putting in its best efforts to adopt the latest technology in power transmission and distribution system, some of them are already in place and are being adopted in future as under: -

- **Compact GIS Substation-** GIS is a high voltage substation in which the major conducting structures are contained within a sealed environment with a dielectric gas known as SF6, or sulfur hexafluoride gas as the insulating medium. PSPCL has installed 66KV compact GIS sub- station at Chaura Bazar Ludhiana and further PSPCL will install 04No. New GIS sub stations under centrally sponsored GOI launched RDSS scheme.
- **Monopole:** Monopole is a new technology pole used for congested areas where a lattice tower with a large base cannot be erected. Monopoles have been used for the first time in Punjab for 66 KV line from 220 KV Ladowal to 66 KV G.T.Road, Ludhiana which has been successfully completed. With the commissioning of this line, 220 kV Substation Giaspura has got relief of 113 MVA load. Further, the work of erection of 3 no. 66 KV monopoles on Sandhwan-Faridkot 66KV line is in progress and PSPCL has allowed self-procurement of 66 KV monopoles by the consumers against deposit works. In future also, monopoles will be widely used in new lines especially where there is RoW issues instead of Underground cables which are costlier accompanied with higher turnaround time from fault location till rectification.
- **Emergency Restoration System (ERS)** is being proposed to quickly restore power on damaged power transmission lines and facilitate scheduled maintenance work with a minimal power interruption. These are temporary structures that can be deployed typically in 2-3 days, as against several weeks required for permanent restoration of the towers.
- **High Temperature Low Sag Conductors (HTLS) Conductor:** PSPCL has identified 66 kV lines where conventional ACSR conductor is being replaced with HTLS conductor. The conventional ACSR Conductors are able to withstand a continuous temperature of 75 deg C to 85 deg whereas HTLS conductors can withstand operating temperatures up to 250 deg C. This will increase transmission line thermal rating of the existing line especially in the cases where the new line cannot be erected due to RoW limitations to deload overload line.
- **In-house Drone Technology** is being proposed for efficient location of fault & preventive maintenance of Transmission lines for enhancing reliability through reduction in outages.
- PSPCL has proposed to implement SCADA under RDSS scheme in 2 no. remaining Group A towns (Patiala & Bathinda) and associated 58 no. Group B towns & 83 nos. Group C towns. It will help in restoration of the power service during fault condition and also maintain the desired operating conditions.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - A (2). That no efforts are being made by PSPCL for recovery of hefty dues from the Punjab Govt.-in shape of Subsidies, Excess interest paid by PSPCL to Punjab Govt earlier years and carrying cost of tariff gap of certain years. It is really a need of the hour now to take the rigorous steps to recover all these kinds of pending dues along with interest from the Punjab Govt so that burden of interest cost paid by PSPCL on borrowed funds to financial institutions could be reduced to a certain extent which further leads to reduce the fixed cost of the PSPCL and there would be hardly a need to increase the tariff of electricity as demanded by the PSPCL and reduce revenue requirement

Reply of PSPCL: - It is not true that no efforts have been being made by PSPCL for recovery of hefty dues from the Punjab Govt. in shape of subsidies. PSPCL has requested various times to the O/o Principal Secretary/Power, Govt. of Punjab, for claiming pending subsidy amounts. Further with regard to carrying cost of tariff gap related to delay in notification of opening balance sheet after un-bundling, matter is pending in the Hon'ble Supreme Court.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - A (3). Adoption of a strong will power and dedicated behavior towards change in policies of PSPCL and Punjab Govt. are really required in the interest of general public.

Reply of PSPCL: - PSPCL is already adhering to the current applicable policies and regulations of the state electricity regulatory commission and Government of Punjab in the interest of general public.

Commission's view:- The input of the stakeholder is noted.

Issue: -A (4). PSPCL should need to increase efficiency in the generation of power through adoption of latest technology and optimum utilization of scarce resources rather than resorting to power cuts and hike in tariff rates which will never help in the long term to survive and also not good in the public interest. The Punjab Govt. and PSPCL need to do collective efforts to tackle the problems. Repeated tariff revisions to get temporary relief will not serve the purpose.

Reply of PSPCL: - Efficiency of PSPCL plants was down in the last couple of years due to very less PLF and high frequency of start/stop. In the current year, due to non-availability of cheap power, units are run continuously and efficiency will go up. PSPCL plants are required during the peak load of paddy season and with the operation of Pachchhara Mine, cost of generation is expected to come down and cheaper power will be available from these plants also.

Commission's view: The Commission has taken note of the issue raised by the objector.

Issue: - A (5). Revenue loss due to non-recovery of default amount as well as current billing charges towards the Govt. Depts. & Boards/Trust/Corporations/Religious Bodies etc. are increasing at significant rate/amount & PSPCL has failed to take effective steps to recover these losses incurring regularly, causing increasing in tariff and other cess and surcharges, contributing to higher cost of electricity tariff, which could otherwise be avoided. PSERC should ensure 100% recovery of such amounts in the current year 2022-23 to reduce the revenue requirements

Reply of PSPCL:- For recovery of Electricity Bills towards Govt Depts. & Boards/Trusts/Corporations/ Religious Bodies etc. matter is being taken up with various Govt. Departments at the level of their Administrative Secretaries and meetings are also being held with Finance Department, GoP at the level of Principal Secretary Finance, to resolve the matter. The same is also being dealt under RDSS & Liquidation plan of the Govt. dues is being finalised at GoP level.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - A (6). Misuse of free & subsidized power and unauthorized load extension particularly by AP consumers must be controlled effectively to avoid heavy revenue losses. Restructuring of demand during paddy season should be planned and executed more efficiently for regular and quality power supply to consumers

Reply of PSPCL - To stop the Misuse of free & subsidised power and unauthorised load extension in case of Agriculture consumers, PSPCL is doing routine checking of AP connections. If any consumer found using unauthorised load extension or misuse of free or subsidized power, PSPCL charge penalty to the consumer as per the instructions of ESIM. Restructuring of demand is being done by PSPCL every year before paddy season to provide regular supply to the agriculture consumers

Commission's view:- The Objector may note the response of PSPCL.

Issue: - A (7). The supply of electricity can become profit making business. Quality power supply should be provided for 24 hours. Frequent scheduled/unscheduled power cuts with poor power supply must be controlled at all cost.

Reply of PSPCL- PSPCL submits the following:

- Regular maintenance is being done to improve the quality of power supply.
- Scheduled cuts are imposed only for maintenance & development activities and the same are advertised in the leading newspapers.

- Normally unscheduled power cuts are not imposed by PSPCL. Sometimes PSPCL is forced to impose unscheduled power cuts due to events beyond its control like sudden outage of power generation/400 KV lines, storms, accidents etc. Permits taken by JEs for attending any emergent fault are properly recorded.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - B (1) Employee Cost: -

Restructuring of manpower in true sense is required to reduce manpower cost regularly. There is a need to employ efficient people and to ensure effective utilization of manpower at the right place and right time

Reply of PSPCL:- PSPCL is already in the process of restructuring the manpower by employing right person at right place at right time and abolishing the post in order to optimize employee cost.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - B (2) Cost of Power Purchase:

- a) The purchase cost of power from the external sources has been increasing every year which results in escalation in input cost of energy prices resulting in additional revenue requirements. PSPCL should make effective steps to arrange required power from the central pool on pool banking system or from certain other cheaper sources rather than purchasing from the open market at higher rates.

Reply of PSPCL:- PSPCL takes all possible steps, for reducing power purchase cost by exploring all energy market mechanisms, sources at its disposal within /outside state subject to various technical hindrances and ensuring reliability of power supply and keeping in view the uncertainty of demand.

PSPCL has last year utilized additional power available from central pool and availed power under banking arrangement too. Same is being tried to full extent this year also. Recent geopolitical situation has immensely impacted the energy prices due to surge in imported coal and gas prices. Same is being observed from start of this year.

Commission's view:- Power Purchase Cost is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

- b) The cost of power in lean periods is less but it is high when purchased in peak summer for rice growing. This extra high cost energy is purchased solely for subsidized agricultural sector. The amount of subsidy is calculated by taking the average cost of power. In this way additional burden of subsidy is passed on to the industrial consumers. The Govt. should go for alternative crops patterns and must decrease the paddy fields. It will result in saving of costly energy and avoid the depletion of ground water level in the State. The extra cost of energy should not be passed on to industrial consumers. The industrial sector is already becoming sick day by day due to increase in cost of electrical energy, especially after COVID - 19 pandemic. So, PSPCL should take necessary effective steps to provide cheaper power to the industry specially MSME units in the post COVID period to revive the industry

Reply of PSPCL:- During Peak demand, summer season demand of all the sectors goes up i.e., Domestic, Industrial & agriculture. Therefore, the claim of the objector regarding extra costly purchase only for agriculture sector is not agreeable. However, being a tariff related matter same comes under the purview of the Commission. Regarding the matter of promoting alternative crop pattern, same should be taken up with Government of Punjab.

Commission's view:- The Commission has taken note of the issue raised by objector.

Issue: - B (3) Energy Audit and T&D Losses:

The number of the feeders with losses more than 15% to 90% has increased from 1526 to 3308 feeders and more than 90% increased from 9 to 14 feeders as per Directives for FY 2022-23 as per petitions, which indicates that the ramped theft is being allowed in the areas of these locations, which is not possible without connivance of the PSPCL's officials/officers. Disciplinary action should be taken against delinquent officers/officials for their failure to control power theft with recovery of revenue loss by this theft under intimation to the Commission. Special drive to bring it to less than 8% level should be started dedicatedly and immediately for desired results. PSERC should ensure 100% recovery of such theft amounts in the current year 2022-23 to reduce the revenue requirements.

As per MOP guidelines under APDRP, AT&C losses (Not T&D) are required to be brought to below 8% limit with annual sustained improvement. If these guidelines are followed in true spirit, there may be no need to increase tariff in coming years. It will also reduce the revenue requirements of the PSPCL.

Reply of PSPCL:- The numbers of feeders with losses more than 15% to 90% are 2754 and more than 90% are 12 as per Directives ending 09-2022. PSPCL will install Smart Meters on Consumer connections, Distribution Transformers and Feeders for better monitoring of losses under RDSS Scheme. To curb the theft of electricity during FY 2022-23 (up to Dec-2022) 764527 nos. of connections have been checked by Distribution Organisation and Enforcement Wing of PSPCL. Out of which 77052 nos. Cases of theft and UUE etc. Have been detected and penalties to the tune of Rs. 14136.47 Lac. Have been imposed on such consumers. If any official/ officer found involved in allowing the power theft, PSPCL took Disciplinary action against such official/officer.

PSPCL is doing its all out best efforts to recover defaulting amount from General Consumers and Government Departments. The major portion of the defaulting amount is against Government Departments which is 2636 Cr. Ending 12-2022. PSPCL has taken up the matter with Government Departments so as to impress upon them to deposit the outstanding dues. PSPCL has also formed special team of finance and accounts wing officers to pursue recovery of Electricity dues from Government Departments. PSPCL will install Prepaid/ Smart Meters on Government Connections under RDSS Scheme.

Commission's view:- The Objector may note the response of PSPCL. Appropriate directive have been issued to PSPCL and only nominative to distribution loss as determined by the Commission is allowed to PSPCL.

Issue: - B (4) Interest charges and subsidy

- As evident from the financial of PSPCL, borrowed funds are increasing every year of PSPCL which ultimately effects the overall cost of the PSPCL and increase the per unit cost of power. Effective steps should be made to recover the following dues from various sources which would help to reduce the borrowed funds.
- Further impact of interest paid or borrowed funds on account of non-recovery of subsidies, Gap Tariff etc., from the Punjab Govt. since long, should be calculated and should be pass on to Punjab Govt. as, if they could repay all such dues in time, PSPCL would not need to borrow more funds for survival.
- Interest payment should be worked out" through loan bailout by the Govt. or through asset selling (spare land/ building etc.) and should not be passed on to the customers. There is enough land with PSPCL, which can be spared (and sold to repay the loans) by constructing multi-story buildings & compact power substations.

- Subsidy to scheduled casts/weaker sections of Society and AP consumers should be given in cash/ direct transfer in their bank accounts by the Govt. instead of providing-free electricity through PSPCL. It will lead to stop misuse of energy.

- At present free supply of 300 units should be changed to by charging Rs 1 or 2 per unit so that relief be given to Consumers, but some generation cost be compensated to PSPCL.

Reply of PSPCL:- PSPCL has been taking necessary steps for clearing the Govt. department dues and outstanding subsidy recoverable from State govt. Further, PSERC is already allowing the carrying cost on outstanding amount of subsidy recoverable from Govt. of Punjab. As mentioned above PSPCL has already being requesting the State Govt. to clear the outstanding dues of Govt. departments and subsidy. As far as the matter regarding the change in the subsidy policy is concerned, the same is the prerogative of the Government of Punjab.

Commission's view:- The Objector may note the response of PSPCL. Further, Interest Cost is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

Issue: - C. The major ingredients which are forcing PSPCL to increase the tariff rate / demanding more revenue requirement for the proposed FY 2022-23 are interest paid on borrowed funds. Which can be reduced by recovery of remarkable dues from the Punjab Govt., recovery of dues from the defaulted customers Subsidy, costly power purchase. All these factors are required to be controlled immediately without any further delay, otherwise, it would majorly affect the financial health of the industry directly and subsequently that of the PSPCL and the Punjab Govt.

Reply of PSPCL:- PSPCL is contacting the Govt. Departments to pay the pending bills as well as running bills.

Commission's view:- The Objector may note the response of PSPCL. The ARR is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

Issue: - C(1). The Quantum of subsidy amount to the AP Consumers should be reduced drastically by conscious planning with long term vision by Punjab Govt. such as reducing the area under paddy fields with alternate suitable cropping pattern implementations and levying some suitable tariff instead of total free electricity.

Reply of PSPCL:- Subsidy to the AP Consumers is a Policy matter of Govt. of Punjab. PSPCL shall follow the direction given by the Government of Punjab.

Commission's view:- Subsidy to various sectors is a State Government Subject. However the State Government is required to reimburse the subsidy amounts to PSPCL as per the defined schedule failing which carrying cost so imposed.

Issue: - C(2). PSPCL should increase its base of equity rather than resorting to borrowed funds and further the loan bailout plan through waive off/repayment by selling the non-performing assets etc. should be worked out without further delay so that heavy interest expenses on borrowed funds could be avoided in future otherwise Situation would be so pathetic of industrial consumers but also with majority of public. On one hand, free electricity is being given to certain class of customers and on the other hand, the energy bill will become unaffordable by all other categories of consumers specially MSME and other industrial consumers.

Reply of PSPCL:- As per clause 1.2 of the MOU under UDAY scheme, 75% of PSPCL's debt as on 30.9.2015 amounting to Rs. 15,628.26 Crore is to be taken over by Govt. of Punjab. In compliance to the MOU, Non-SLR bonds amounting to Rs. 15,628.26 Crore were issued by Govt. of Punjab and transferred this amount to PSPCL as GOP loan up to 2019-20 and on 31.03.2020 converted this loan into equity. Amount of Rs. 15,628.26 Crore comprises of

Rs.2,246.77 Crore of Capex Loans and Rs. 13,381.49 Crore of Working Capital Loans. PSERC has allowed interest on Rs. 2,246.77 Crore up to 2019-20 being Capex Loans. PSERC has disallowed the interest on Working Capital Loans used for Capital Expenditure from FY 2010-11 to 2018-19. These Rs. 2,346.19 Crore Working Capital Loans have been used for Capital Expenditure duly approved by PSERC. In this regard PSERC is requested to allow return on equity of Rs. 4,592.96 Crore (2246.77+2346.19) instead of Rs. 15,628.26 Crore along with return on Rs. 6,081 Crore opening equity capital of FY 2019-20, as loans of Rs. 15,628.26 Crore (Working Capital & Capex Loan) have been converted into equity and this loan in the FY 2020-21 and FY 2021-22 does not exist and balance equity capital may be adjusted as equity contribution on normative basis as per Regulation 19 and 20 of MYT regulations 2019.

Commission's view:- The Commission has taken note of the issue of the Objector. Maximum equity carrying higher percentage of RoE compared to loans is limited to 30% as per MYT regulations.

Issue: - C(3). PSPCL is a service sector utility, and it should operate at optimum efficiency by utilizing the optimum use of resources, may it be material or manpower. Efficient utilization of all these would help in reducing its overhead charges. It should increase its productivity and reduce its losses by introducing the latest technologies rather than charging extra cost from the consumers, specially MSME and industry.

Reply of PSPCL:- PSPCL is already making its earnest efforts to optimize its expenses in order to provide quality and reliable power supply to its end consumers by abiding with applicable rules and regulations within the State of Punjab.

Commission's view:- The Objector may note the response of PSPCL. Similar directives are issued by the Commission also and progress monitored.

Issue: - C(4). With the increase in the per unit price of electricity consumed in the way proposed by the PSPCL will lead to exorbitant rise in input cost of industry It will have no option but to close their units or shift to other states. The competition has become global, it may not be able to compete the open market. The closure of industrial units will not only affect the prosperity of the state but will result in un-employment and unrest in the state also.

Reply of PSPCL:- The industrial consumers within the State of Punjab has already availing the benefit of subsidized power @ Rs. 5/unit from State Government of Punjab.

In addition to above, PSPCL is continuing with its policy of encouraging the industry in promoting the productive use of surplus power by offering lower rate of energy charge @ Rs. 4.86 per kVAh for consumption of power exceeding the threshold limit.

However, PSPCL is submitting the cost benchmarking with respect to sales by analysing the latest tariff orders for distribution business issued by five states namely Uttar Pradesh, Himachal Pradesh, Delhi and Haryana. A per unit cost of various components of ARR with respect to sales made by distribution utilities in the aforesaid states is tabulated as under:

Particulars	Punjab	Haryana	Uttar Pradesh	Delhi	Himachal Pradesh
Power Purchase Cost	3.83	4.65	5.55	4.68	3.08
Transmission Cost	0.27	0.48	0.28	0.37	0.07
PGCIL Charges	0.33	0.50	0.57	0.66	0.57
Interest Cost	0.15	0.16	0.19	0.28	0.22
O&M Cost	1.85	0.75	0.49	1.04	2.27

RoE & Depreciation	0.43	0.29	0.43	0.43	0.23
Other Cost/(Income)	(0.10)	(0.11)	0.02	(0.15)	(0.12)
Past Gaps (if any)	(0.28)	(0.11)	0.19	0.34	(0.48)
Average Cost of Supply	6.48	6.63	7.72	7.65	5.85

The most significant component of ARR is the expenditure incurred on power purchase. Above table depicts that the PSPCL has the lowest power purchase cost per unit of energy sales as compared to its neighbouring states except Himachal Pradesh, as it has maximum share of hydro power in its power purchase mix. PSPCL has lowest Average Cost of Supply among its neighbouring States. Therefore, there is no contention in the matter of the objector that the Punjab has highest tariff among its neighbouring States, however, the PSPCL is striving hard to achieve the targeted performance parameters given by the Commission.

Commission's view:- The Objectors concern is noted. PSPCL's reply may be seen by the stakeholder.

Issue: - C(5). Upgrading more and more existing power transformers are being added at the existing grid sub stations in the cities instead of erecting new sub stations near the load center. New sub stations are being proposed/erected at technically non-suitable locations under compulsions, which are resulting in more T & D losses and poor quality of power. State Govt. should be impressed upon to provide land to the PSPCL for construction of more substations in the cities to ease the bottlenecks of grid constraints so that the atmosphere is more conducive for growth of the industry. This will reduce the cost of lines, substation structure/line losses.

Reply of PSPCL:- PSPCL has a planning wing which checks the technical proposals of upgradation of existing transformers/ erecting new sub stations and after their concurrence only, the work of upgradation of existing transformers/ erecting new sub stations gets done. Further, PSPCL has proposed 122 nos. 66KV new sub stations under GOI launched RDSS scheme including 04 nos. GIS sub stations. These substations have been decided with criteria of voltage regulation, overloading and length of connected 11KV feeder line. All out efforts are being made to arrange the land as much as possible near to the load center and wherever required substations will be made in the cities also, so that more reliable, cost effective and good quality power supply can be given to the consumers.

Commission's view:- The Objector may note the response of PSPCL.

Issue: - C(6). During the heavy rain/storms, all feeders get tripped. On those days, the demand decreases due to tripping of all the feeders and drastic fall in temperature and the thermal plants of PSPCL run without load. It is felt that it may not be possible to re-energize all feeders in short span of time to ensure continuity of supply under all-weather condition. But few feeders having prominent/bulk industrial & commercial loads (which are independent of weather) should be robust enough to withstand it, so that surplus power is used and billed in that period.

Reply of PSPCL:- This issue does not relate to tariff petition and shall be dealt with separately.

Commission's view:- PSPCL reply be noted. PSPCL to separately take up the matter on priority.

Issue: -D (1). On the one hand PSPCL is claiming power surplus scenario in coming financial year, on the other hand it is demanding the tariff revision from PSERC. What is the benefit of the power plants being commissioned in the state (by private players) to the PSPCL Customers? PSPCL should purchase cheaper power from the Power Grid as it has surrendered few old Power purchase MOUs. The alternate power shall be at cheaper rates.

This benefit shall be passed on to the customers rather than to adjust it as subsidy being given to certain class of PSPCL consumers.

Reply of PSPCL:- PSPCL files tariff petition in line with the PSERC MYT Regulations specified by the commission. PSPCL follows all the necessary guidelines to optimize power purchase cost. Further, to give subsidy to any class of consumers comes under the prerogative of Government of Punjab as per section 65 of the Electricity Act 2003.

Commission's view:- Suggestions noted. The Objector may note the response of PSPCL.

Issue: -D (2). The entire world and the leading states of India are going for green energy, whereas Punjab is still going for the old technology of thermal plants by the Private Suppliers. Therefore, more Green Energy / Solar Power generation capacity should be installed in the state. For existing solar energy producers and giving (exporting) power to PSPCL Grid should be paid the excess exported units (other than imported units/self-consumption) at the commercial rates of their category in the respective financial year (ending 31st Sept.). so that consumers of all categories come forward to install solar system. At present surplus generated solar units are elapsed and PSPCL is charging 10% off generated units. Whereas excess generation is made by solar system are used by PSPCL without incurring extra expenses.

Reply of PSPCL:- Installation of solar rooftops has to be viewed from the perspective that consumer makes an investment into it to eventually reduce its own electricity charges. The incentive of installing solar rooftop is also in the form that with the initial capital investment, the consumers are assured of certain quantum of power supply at fixed prices and is protected against future tariff hikes to the extent of power consumed from solar rooftops. For promotion of solar rooftops, the biggest incentive already in place is that a consumer has the flexibility to consume/use the power at any time of the day/night irrespective of the fact that solar energy is generated/exported only during the daytime that too with varied levels of generation and that too without paying any Network Usage Charges to PSPCL. As Distribution Licensee loses out a lot on the revenue due to fewer sales, free banking for a period of 1 year and also ends up paying the stranded power purchase cost, so, solar rooftops should not be promoted in a way that they eventually grow into a big category of Generators wherein, they seek to get into the business of selling power and make commercial benefit out of the surplus power generated. Further, if a substantial proportion of consumers set up rooftop solar under the net metering regulations, the Distribution Licensee loses out a lot on the revenue due to fewer sales. The scenario becomes worse during the times when the solar power generating potential is at its highest, the Discoms also receive more power from its other tied up solar sources. At the same time the solar roof-tops also generate a greater quantum of solar power. This in turn affects the surplus power scenario as the Discoms are left with more of such surplus power with no options to sell. A consumer opting for solar roof top, thus, strikes a double blow to the Discoms. On one hand, a drop is witnessed in the Discoms' sales eventually impacting their revenue and on the other hand the surplus power also increases. This spirals the Discom into a loss-loss situation which proves to be hugely detrimental to the Discoms financials. Another adverse aspect of this situation is that the demand projections of the Discoms get adversely affected as there is no certainty over the assessment of the required demand of the Discoms due to unreliable influx of infirm power generated through solar rooftop installations. Distribution licensee has to pay DSM penalties on account of deviations in schedule and drawal. So, the solar rooftops should not be promoted in a way that they eventually grow into a big category of generators wherein, they seek to get into the business of selling power and make commercial benefit out of surplus power generated. All these aspects on views of the solar energy producers are taken into consideration by PSERC before finalizing the whole mechanism for it.

Commission's view:- The issue does not relate to the current tariff petition. The objector may also note the response of PSPCL.

Issue: -D (3). On the one hand, benefits are being given by the State Govt. for investment in Punjab and on the other hand, no relief is being given to the existing units which are getting sick day by day and moving out of State. Therefore, power tariff incentives should be given to the existing and new industry.

Reply of PSPCL:- Industrial consumers within the State of Punjab has already availing the benefit of subsidized power @ Rs. 5/unit from State Government of Punjab. In addition to above, PSPCL is continuing with its policy of encouraging the industry in promoting the productive use of surplus power by offering lower rate of energy charge @ Rs. 4.86 per kVAh for consumption of power exceeding the threshold limit.

Commission's view:- Suggestion is noted..

Issue: -D (4). PSPCL is going for system up-gradation and network augmenting work in all major cities of Punjab through R-APDRP. On the one hand PSPCL is charging higher tariff from industrial consumers and on the other hand nothing is being done to ensure the quality and reliability of supply of power to the industry.

Reply of PSPCL: - Government of India (GOI), Ministry of Power (MOP) vide its office memorandum dated 19.09.2008 had launched R-APDRP Part-B scheme to strengthen sub-transmission and Distribution system in urban India for Towns with population above 30000 and AT&C losses above 15%. Under this scheme, 46 towns of state of Punjab having population more than 30,000 & AT&C losses more than 15% are covered with DPRs worth Rs. 1632.70 Crores. Further regarding the matter of quality and reliability of supply of power to the industry it is intimated that PSPCL has given 23.28 hours of power supply to Industrial consumers as per the report of Consumer Service Rating of Discoms (CSRD) issued by GoI/MoP for FY 2020-21.

Commission's view:- The Objector may note the response of PSPCL.

Objection No. 3 : Shri Charanjit Singh (Consumer Representative)

Issue: - Regarding ACD & Interest case under clause number 2.31 of Forum and Ombudsman (2nd amendment) regulation - 2021.

Drawing your kind attention that more than 50 ACD & Interest cases under estate division Ludhiana were appealed at this refund committee against which the last hearing was given on 01/11/2022. As these cases were registered on 06/10/2022 and as per above subject cited regulations this should have been cleared within 45 days as on dated 21/11/2022.

As the prescribed time limit has been already lapsed on dated 21/11/2022 but still until date no decision has been taken regarding the same. A request letter has already been given in the office of SE (West Circle) vide diary No. 6515 dated 16/12/2022 and also the same letter has been given to the Chief Engineer Central Zone vide diary No. 8582 dated 15/12/2022 but still no action has been taken. So, hereby requesting your goods self to kindly take strict action for the same.

Reply of PSPCL:- The issue does not relate to the MYT tariff petition and will be dealt with separately.

Commission's view:- The issue does not relate to the tariff petition. PSPCL to consider the matter separately.

Objection No. 4 : Er. Sukhminder Singh SDO PSPCL (Retd.)

Issue: - A. Levy of 1.5% interest compounded monthly on disputed amount.

The amount of disputed case filed in the PSPCL Forum (s), OTS Committees and Courts is not locked in the SAP System with the result that the disputed amount go on increasing with levy of 1.5% interest every month on the outstanding/disputed amount. In some cases, the

decision on the case takes months/years together and due to non-locking of disputed amount 1.5% interest is charged every month on the outstanding/disputed amount. There is no separate regulation/instruction to levy interest on arrears/disputed amount when the case is decided against the consumer. As per regulation 35 of Supply Code there is specific provision for levy of interest/surcharge if the amount of current bill is challenged/disputed and is found correct/excess but there is no provision for levy/refund of amount along with interest if arrears amount of previous period is challenged.

It is suggested that disputed amount is required to be locked in the SAP System till the decision of Forums/Courts/OTS Committee. There is already provision of 'D' lock in SAP System. Further, as provided in Regulation 35 regarding payment of interest that the distribution licensee shall pay to such consumer interest on the excess amount at SBI's Base Rate prevalent on first of April of the relevant year plus 2% from the date of payment till such time the excess amount is adjusted. This provision of charging/payment of interest is required to be made applicable for arrears/disputed amount as per decision of Forums/Courts

Reply of PSPCL:-- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate the tariff petition and shall be dealt with separately.

Issue: - B. Incorporation of provision to challenge decision of OTS Committees.

As per prevailing instructions the consumer cannot challenged the decision of OTS Committees even if the same is apparently wrong. In one case relating to DS Zone Bathinda, OTS Committee decided the case about 17 months after the filing of case under OTS Scheme. The outstanding amount under OTS was not locked and 1.5% interest was charged every month on the outstanding amount of Rs.20 lac approx under OTS. The case was decided in 10/2022 and OTS Committee provided relief of Rs.1.75 Lac up to 12/2020 for difference of interest rate normally charged i.e., 1.5% and as per OTS Scheme. However, for delayed period, 1.5% interest has been charged (due to non-locking of disputed amount) for Rupees more than 7 lac. The OTS Committee is not providing relief for the delayed period and case as decided cannot be challenged in any Forum/court. Now, where the consumer should go to file appeal although the fault lies with OTS Committee and concerned office for not locking the outstanding amount.

Reply of PSPCL:-- This issue does not relate to the current tariff petition and shall be dealt with separately

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on merit basis.

Issue: - C. Providing Option to the consumer to file case in Divisional/Circle/Zonal Forum or Corporate Forum.

As per latest provision the disputed case up to Rs.50000/-, Rs.50001 to Rs 200000/-, Rs.200001 to Rs.500000/- can be filed before divisional, Circle, and Zonal Forum respectively and only appeal against the decision of these Forums can be filed before Corporate Forum. The disputed case exceeding Rs.500000/- can only be directly filed before Corporate Forum. The Divisional/Circle/Zonal Forum are not holding regular meetings with the result decision on the disputed cases are being abnormally delayed. There may be problem of the OS offices to hold regular meetings due to other priorities, but Corporate Forum has been assigned the task of dealing with disputed cases only as such they are conducting regular meetings. It is suggested that PSPCL consumers may be provided the option to file disputed case in any of the Divisional/Circle/Zonal Forum (as the case may be) or directly before Corporate Forum to

expedite the decision-making process. This option was earlier available to the consumers before the formation of Divisional/Circle/Zonal Forum (s).

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue relate to the tariff petition. Further, the PSERC (Forum and Ombudsman) Regulations, 2016 as amended from time to time are in line with Govt. of India. Electricity (Rights of Consumers) Rules, 2020.

Issue: - D. Grant of Continuous Process Status to Industrial Consumers within specified period.

As per instructions in vogue (PR Circular No.6/2012 dated 6.7.2012), PSPCL is required to grant Continuous Process Status to Industrial Consumers within 45 days from the date of submission of application for the same. However, the PSPCL is not granting the same within time frame as specified. It is brought out that 2 Nos. consumers from Ludhiana namely M/s New Horizon Knitwear and Sahyog Enterprises both under Focal Point Division Ludhiana applied for Continuous Process Status on 12.2.2021 but the permission is still awaited. The CE/DS Central refused to take any action to grant Continuous Process Status on the pretext that the system is already overloaded as such Continuous Process Status cannot be granted. But the consumers have not applied for any additional load rather has applied Continuous Process Status for the existing load as such there will be no extra load on the system. After the erection of Independent Feeders for these 2 Nos consumers, the load may be run from the already existing independent feeders to make alternative arrangement till the erection of VCB at the Sub-Station Moreover, if any augmentation is required to be done the same is to be done by PSPCL to grant Continuous Process Status within specified period. The Hon'ble PSERC may kindly issue directions to PSPCL to do the needful within specified period.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter separately on merits.

Issue: - E. Release of DS/NRS and Industrial connections without insisting for NOC from GLADA.

PSPCL is not releasing connections to consumers without NOC from GLADA. This is harassment to the consumers as well as revenue loss to PSPCL. It is very strange that where registrar under Punjab Govt. has registered sale deeds then why the PSPCL is insisting NOC from GLADA for release of connections. Even the poor people having small plots of 50 Sq Yd to 100 Sq Yards are not being given DS connections without NOC from GLADA. The PSERC may kindly issue directions to PSPCL in this regard.

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on its merits.

Objection No. 5: Federation of Industrial & Commercial Organization

Issue: - 1. Night Tariff

The Night Tariff should be introduced @ Rs.2.50/- per Unit (i.e. 50% on the Base Tariff) to the industry, as Punjab is surplus state in terms of Power & due to winters, there is not any high demands of electricity at night time, so the benefit of surplus power should be provided to the industry with the marginally lower rate of power at night as power is a raw material to the industry, It is notable that the huge amount of power is being wasted due to non-consumption

at the night time as electricity cannot be stored, it can only be utilized so the industry should be facilitated.

Reply of PSPCL: - There is already provision for special night tariff for the consumers who opts for the same in tariff order 2022-23, where in night tariff consumers are particularly being given the benefit of relaxation of 50% fixed charges in addition to exclusive Special Night Tariff, So the demand of the objector is not justified. However, the Commission is requested that if the demand of the objector is to be accepted then financial interest/revenue of PSPCL may be safeguarded/kept un-impacted & PSPCL may be allowed to recover legitimate cost claimed in the petition.

Commission's view:- The Commission has taken note of the suggestion. Also, the objector may refer the tariff order for further details.

Issue: - 2 Electricity @ Rs. 5/- per unit Net

The Government must ensure the High-Quality uninterrupted Power Supply and must make sure that the electricity will be provided @ Rs. 5 Net i.e., inclusive of all taxes and Charges for the industry

Reply of PSPCL: - PSPCL is already ensuring high quality un-interrupted Power Supply. PSPCL is providing electricity @ 5 Rs. per unit (variable charges) plus fixed charges and other government taxes & charges are levied as per various notifications of Government of Punjab.

Commission's view:- Subsidy to various categories of consumers is a State Government Subject.

Objection No. 6: Fastener Manufacturers Association of India

Issue: 1 - Sum of Rs. 2300 Cr. is recoverable by PSPCL from various organizations, mainly comes under Government. The same may please be collected on priority.

Reply of PSPCL: - Total defaulting amount against Government Departments as on 11/2022 is Rs. 2605 crore. PSPCL is doing all out efforts to recover the defaulting amount from Government Departments. PSPCL has taken up the matter with Government Departments so as to impress upon them to deposit the outstanding dues. The efforts of PSPCL have borne fruits and few departments have deposited their outstanding dues. PSPCL has also formed special team of Finance and Accounts wing officers to pursue recovery of electricity dues from various Govt. departments. PSPCL will install Prepaid/Smart Meters on Government connections under RDSS Scheme.

Commission's view:- The objector may note the response of PSPCL. Further, PSPCL is directed to take necessary action to expeditiously recover the defaulting amount from Government Departments and take appropriate action to ensure recovery of dues in time in the future.

Issue: 2 - Freebees of 600 units may please be withdrawn immediately as it is being misused & causing great loss to PSPCL.

Reply of PSPCL: - Decision of providing subsidy of 300 units/month to domestic consumers is the sole prerogative of Government of Punjab as per section 65 of the Electricity Act 2003.

Commission's view:- Grant of Subsidy is a State Government Subject.

Issue: 3 The transmission of power supply needs to be improved to save transmission losses.

Reply of PSPCL: - PSPCL is continuously working on reduction of losses in sub transmission system. Managing the transmission business in Punjab is undertaken by PSTCL and the Commission is ensuring that the transmission losses are also within defined trajectory.

Commission's view:- PSPCL reply may be noted.

Issue: 4 To protect environment, we need to control the AQI if we allow use of Billet heaters for Forging Industry engaged in manufacture of fasteners, Cycle Parts, auto parts & Hand Tools, be treated as General Category instead of PIU up to 500 KVA. Moreover, we are

power surplus state & should encourage Industry to use billet heaters instead of Furnace Oils etc., which causes air emissions. Though PSERC has provided some relief to Industry in (July 2019) by allowing billet heaters having contract demand up to 100 KVA shall not be considered as power intensive unit (PIU) load. But now the need of the hour is to extend this facility up to 500KVA.

Reply of PSPCL: Industrial units having Billet heaters above 100 KVA load have been put in PIU category as they generate harmonics in the system. As such the demand of the objector may not be entertained. The work of Installation of Power Quality meters is under process, as and when same are installed then provision shall be made for considering PIU category industries in general industries.

Commission's view:- The suggestion is noted.

Issue: - Rebate of the night tariff by Rs. 2.50 may please be provided for whole year so that more & more Industry run their factories during night also to take maximum use of electricity to save transmission losses.

Reply of PSPCL: - There is already provision for special night tariff for the consumers who opts for the same in tariff order 2022-23, where in night tariff consumers are particularly being given the benefit of relaxation of 50% fixed charges in addition to exclusive Special Night Tariff, So the demand of the objector is not justified. However, the Commission is requested that if the demand of the objector is to be accepted then financial interest/revenue of PSPCL may be safeguarded/kept un-impacted & PSPCL may be allowed to recover legitimate cost claimed in the petition.

Commission's view:- The suggestion is noted.

Objection No. 7 : HPCL Mittal Energy Limited

Issue: - We, HPCL-Mittal Energy Limited (HMEL), have set up a Mega project - Guru Gobind Singh Polymer Addition Project at GGS Refinery, Bathinda. For this project, we have taken connection for 200MW / 200MVA power at 400 KV supply voltage which was released on 30.03.2022. It is a fact that cost of supply at higher voltage is less as compared to cost of supply to serve at lower voltage. Keeping this fact in view, the Commission allows some rebate on energy charges to the consumers getting supply at higher voltage.

From the perusal of the Tariff Order for the FY2022-23, issued by the Commission, it has been observed that as per clause 13.2(a) of General Condition of Tariff, voltage rebate of 30 paise/kVAh is allowed to all the consumers getting supply at 400kV/220kV/132kV. We wish to highlight here that the expenditure incurred for receiving supply at 400kV is much more as compared to 220kV/132kV and the cost to serve at 400kV will be much lower than the cost to serve at 220kV/132kV. Further, in Annexure-IV of the Tariff Order for the FY 2022-23, Category-wise and Voltage-wise cost of supply has been given wherein the cost of supply for Industrial consumers at 220 KV is Rs 5.47/kVAh against Rs 6.66/kVAh at 11 KV but cost of supply at 400kV is not there. In the ARR now submitted by PSPCL, Category-wise & Voltage-wise cost of supply has not been worked out. However, in the Reply to Deficiencies dated 30.12.2022 and uploaded on the PSPCL website on dated 05.01.2023, cost of supply for the FY 2023-24 has been provided but as per para-3 Summary-Cost of supply for control period (page-166 of reply to deficiencies), cost of supply at 400 KV has not been worked out although our connection at 400 KV was released on 30.03.2022. As per this summary, the cost of supply for Industrial consumers at 11 KV is Rs 8.10/kvah whereas for 220 KV it is Rs 6.70/kVAh and for 400 KV it will reduce further.

As per our knowledge, we are the first and the only consumer in Punjab to receive supply at 400kV for which huge expenditure has been incurred by us. The 400 KV supply to our unit has been from provided from Talwandi Sabo Thermal Power Plant through Lillo of 400 kV TSPL -

Moga line and 400 KV switching station at Behman Jassa singh Wala. The total length of the line is about 36 KM. Thus, the transmission losses in our case will be negligible. Presently, the cost of supply at 400kV supply voltage is not being worked out by PSPCL and for the purpose of voltage rebate, the 400kV supply voltage is being clubbed with 220/132 KV supply voltage which is not fair & justified as the cost of supply at 400 KV will be much less as compared to the cost of supply at 220 KV and accordingly voltage rebate at 400 KV should be on the higher side as compared to 220 KV.

Reply of PSPCL:- Increasing voltage rebate will cause reduction in revenue so it is requested that while considering fixing the voltage rebate as demanded by the objector, the Commission may keep in mind the financial interest of PSPCL and allow PSPCL to recover legitimate cost claimed in the Petition. If revenue of PSPCL reduces due to more HT rebate, then tariff for any other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross Subsidy levels.

Commission's view:- The suggestion and PSPCL's response are noted.

Objection No. 8 : Sharma and Gangahar Builders and Colonisers Pvt. Ltd

Issue: - Chief Engineer/Commercial PSPCL Patiala vide Memo No. 2123-25/S.G.Enclave, S.G. Gardens & S. G. Heights/RID-18577 dated:06-09-2021 has issued NOC to the company for release of electricity connection to individual consumers by PSPCL in subject cited residential project developed as per the layout plan approved by the Senior Town Planner Amritsar and Electrical Layout Plan Approved by the Dy. CE/DS Sub-Urban Circle, Amritsar.

I) As per terms & conditions of the NOC the release of electricity connection in colonies namely S. G. Gardens & S. G. Heights shall be governed by Reg. 6.7.1 of Punjab State Electricity Regulatory Commission (Electricity Supply Code & related matters) Regulations -2014 in short supply code-2014 as amended from time to time. However, PSPCL will continue to provide connections in S.G. Enclave colony by recovering Service Connection Charges from the prospective consumers.

II) The Electrical Infrastructure in residential colony/Group Housing Project namely S.G. Gardens & S.G. Heights has been laid by the company and in S.G. Enclave the electrical infrastructure was laid by the PSEB now PSPCL as per rules applicable at the time the license of the project issued to the company by PUDA. The company obtained license of residential colony namely S. G. Enclave Area 25.025 Acres from PUDA (License No LDC-2001/87 dated: 26-12-2001) where no condition is mentioned regarding NOC from the PSEB. The PSEB had provided the internal infrastructure LD System in the colony and individual electric connections to the residents were issued after levying service connection charges as per rules then applicable. The maintenance of LD System is being carried out in the colony by the PSPCL till date.

III) All the three projects are located in the same vicinity and considered continuous, therefore the PSPCL now issued combined NOC of these projects to the company.

IV) The total approved electrical load of all the three projects is 3821.84 KVA. The PSPCL Authority has demanded electrical connectivity charges Rs. 42,92,576/- of all these projects taking the total load of three projects which is not justified as the service connections charges of S. G. Enclave are being recovered by the PSPCL from the consumers and have charged connectivity charges of electrical load 2266.80 KVA of (S. G. Enclave) to the company.

V) The company to avoid inconvenience to the residents (consumers) has deposited total connectivity charges Rs. 42,92,576/- of total electrical load 3821.84 KVA of all the three projects vide letter no. SGBC/OL/2022/500 dated:21-01-2022 (Copy enclosed) to the PSPCL under protest.

We request to look on the issue explained above and excess connectivity charges demanded by the PSPCL and stand deposited by us under protest of electrical load 2266.80 KVA of (S. G. Enclave) which is not justified be refunded as the electrical infrastructure was laid & being maintained till date by the PSEB (PSPCL) & service connection charges being recovered from the consumers.

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on merits.

Objection No. 9 : Tools Exporters and Manufacturer Association

Issue: -1. Sale of waste materials lying with Zero Depreciated Value: There is huge stock of materials lying with PSPCL in its various Scrap yards at different places which has Zero Value in the books of the PSPCL whereas market of such materials can fetch such a huge revenue that in the upcoming years also, PSPCL will not require any increase in the tariff. On the contrary PSPCL will be in surplus of funds. Targets should be given to every officer/Division to locate such materials and dispose of the same. Every such officers/Divisions should be given appreciation/awards to motivate them for this purpose. For example, newspaper in every house is a waste but a good house lady collects it and sell it. May be, it fetches Rs 100/- but it increases revenue.

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The suggestion is noted. PSPCL to also note the valid suggestion on monetising and recovery dormant value of discarded and phased out material. It will not only bring in revenue but clear up occupied space.

Issue: - 2. Good services to the consumers: Regular complaints are received from the consumers regarding break downs. Break down due to low maintainability of transmission lines causes loss of Revenue. It is reported that this break downs are due to lack of staff. PSPCL should concentrate on minimizing break down which will ultimately increase the revenue to a lot.

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The suggestion is noted. PSPCL to also note the suggestion.

Issue: - 3. Cost Cutting: Reducing cost at every step is not easy but not Impossible. Employee cost increased to Rs. 5261 Cr as against Target of Rs. 5005 Cr in the last year. Similarly, in the upcoming year, it is estimated at Rs. 6229 Cr, which is a big increase. Instead of directly increasing the cost of employees, it should be incentive based increase. As mentioned above, targets should be given to the employees to dispose off the Zero Depreciated Value materials.

Reply of PSPCL:- Annual increment in employee salary is sole prerogative of the state government. The commission is allowing the same after prudent check and based on the regulations specified by the commission.

Commission's view:- Employee Expense is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 4. Distribution Losses: Distribution loss is a direct loss in revenue Though distribution losses cannot be ruled out but in PSPCL it is on higher side. Distribution losses in the last year is 12.59% as target of 12.40%. In future too, it is proposed to bring it down to 12.30%, 12.20% and 12.10% in FY 25-26. In the current era of technology, such huge losses can be reduced

by creating latest techniques and infra structure. PSPCL should concentrate on reducing losses instead of shifting the burden of increasing revenue on the consumers.

Reply of PSPCL: - PSPCL is putting in its best efforts to adopt the latest technology in power transmission and distribution system, some of them are already in place and are being adopted in future as under: -

- **Compact GIS Substation-** GIS is a high voltage substation in which the major conducting structures are contained within a sealed environment with a dielectric gas known as SF₆, or sulfur hexafluoride gas as the insulating medium. PSPCL has installed 66KV compact GIS sub-station at Chaura Bazar Ludhiana and further PSPCL will install 04No. new GIS sub stations under centrally sponsored GOI launched RDSS scheme.
- **Monopole:** Monopole is a new technology pole used for congested areas where a lattice tower with a large base cannot be erected. Monopoles have been used for the first time in Punjab for 66 KV line from 220 KV Ladowal to 66 KV G.T. Road, Ludhiana which has been successfully completed. With the commissioning of this line, 220 kV Substation Giaspura has got relief of 113 MVA load. Further, the work of erection of 3 no. 66 KV monopoles on Sandhwan-Faridkot 66KV line is in progress and PSPCL has allowed self-procurement of 66 KV monopoles by the consumers against deposit works. In future also, monopoles will be widely used in new lines especially where there are RoW issues instead of Underground cables which are costlier accompanied with higher turnaround time from fault location till rectification.
- **Emergency Restoration System (ERS)** is being proposed to quickly restore power on damaged power transmission lines and facilitate scheduled maintenance work with a minimal power interruption. These are temporary structures that can be deployed typically in 2-3 days, as against several weeks required for permanent restoration of the towers.
- **High Temperature Low Sag Conductors (HTLS) Conductor:** PSPCL has identified 66 kV lines where conventional ACSR conductor is being replaced with HTLS conductor. The conventional ACSR Conductors are able to withstand a continuous temperature of 75 deg C to 85 deg whereas HTLS conductors can withstand operating temperatures up to 250 deg C. This will increase transmission line thermal rating of the existing line especially in the cases where the new line cannot be erected due to RoW limitations to deload overload line.
- **In-house Drone Technology** is being proposed for efficient location of fault & preventive maintenance of Transmission lines for enhancing reliability through reduction in outages.
- PSPCL has proposed to implement SCADA under RDSS scheme in 2 no. remaining Group A towns (Patiala & Bathinda) and associated 58 no. Group B towns & 83 nos. Group C towns. It will help in restoration of the power service during fault condition and also maintain the desired operating conditions.

Commission's view:- Suggestion is noted. The Objector may also note the response of PSPCL.

Objection No. 10: Amritsar Textile Processors Association

Issue: - 1. The rates of electricity in neighboring states like HP, J & K, are much lesser than the rates in Punjab. The rates in Punjab are 6.71 per KVAH as compared to 2.55- 4.60 in other states. That is why industry in Punjab is migrating to neighboring states.

Reply of PSPCL: - Since the Determination of tariff to any category of consumers comes under the preview of the PSERC & it is mainly depends upon cost of power Purchase, In the state like HP & J&K major source of power purchase is own hydel Power and less energy requirement. Accordingly, the Commission may take considerate decision.

Commission's view:- The Objector concern is noted.

Issue: - 2. Industry consuming power at night should be given 50% rebate on night consumption. Also, the fixed charges are higher than others. PSPCL is charging on KVAH which is higher metering unit as compared to KWH in other states. Industry in Border District should be given rebate of at least 5%.

Reply of PSPCL: - There is already provision for special night tariff for the consumers who opts for the same in tariff order 2022-23, where in night tariff consumers are particularly being given the benefit of relaxation of 50% fixed charges in addition to exclusive Night Tariff, So the demand of the objector is not justified. Further, if any rebate on tariff is given to consumers of particular area, then Tariff for any other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross Subsidy levels

Commission's view:- The suggestion is noted.

Issue: - 3. ACD security is also charged from consumers and there is a big fraud in this as department is charging undue amount by adding in bills from consumers and even not paying any interest on it.

Reply of PSPCL: - Security Consumption (ACD) is being charged & interest is being paid on it as per relevant regulations of Supply Code 2014.

Commission's view:- This is not a tariff issue. PSPCL reply may be noted.

Issue: - 4 to 9. The fraud involved in this is that the accounting officers are crediting interest part to their known friend's bills and getting their shares from them in cash. Because many of people doesn't know that they are eligible for getting interest back. Despite of spending a lot of money in accounting software there are big mistakes in making bills due to untrained staff. There is no one to listen the problems of consumer on these mistakes of bills. Consumer forcibly asked to pay the bills otherwise, penalty will be charged. The process of making refund is too complicated that one has to go to court for final remedy. There are so many court cases pending for these types of problems and unnecessary harassment to consumers and that too without any fault of them maximum times. Beyond all these problems and paying bills in time and giving advance ACD security charges the consumers are not getting the regular and satisfactory supply. There are huge losses to both consumers and power supply company due negligence and poor maintenance of undue breakdowns as the company is not getting metered units and consumers have to run Gen sets on costly diesel.

Reply of PSPCL: - This issue does not relate to ARR petition and shall be dealt with separately.

Commission's view:- PSPCL reply may be noted. There is an established Consumer Grievance Redressal system in place for resolving consumer billing issues within a specified schedule.

Issue: - 10. As Punjab is power surplus state due to Hydro & Thermal Electric Infrastructure still industry is dying due to high electricity charges. It should be reduced drastically to attract industrialist to set industry in Punjab instead of migrating to neighboring states.

Reply of PSPCL: PSPCL is already providing electricity at subsidized rates @ 5 Rs. per unit (variable charges) plus fixed charges and other government levies. In addition to above special night tariff, reduced energy charges above threshold limit and rebate for using higher voltage then the intended voltage limit is being given by PSPCL. Hon'ble PSERC may take considerate decision on the demand of the objector.

Commission's view:- The Objector concern is noted.

Objection No. 11: Bal Kalan Industrial Welfare Association

Objection No. 13 : Focal Point Industrial Welfare Association

Issue: - 1. PSTCL & PSPCL every year file petition before the commission to increase electricity tariff. Increasing tariff is not a permanent solution to the problem. Electricity Tariff in

Punjab is already very much higher as compared to the adjoining states i.e. HP, Jammu & Kashmir etc. It is suggested that PSTCL & PSPCL should reduce its Transmission losses, Breakdown expenses; improve working by blocking loopholes etc. To take care of these, Corporation should appoint Advisors & auditors of international/ national repute without any delay. Where there is will, there is always a way.

Reply: - PSPCL is submitting the cost benchmarking with respect to sales by analysing the latest tariff orders for distribution business issued by five states namely Uttar Pradesh, Himachal Pradesh, Delhi and Haryana. A per unit cost of various components of ARR with respect to sales made by distribution utilities in the aforesaid states is tabulated as under:

Particulars	Punjab	Haryana	Uttar Pradesh	Delhi	Himachal Pradesh
Power Purchase Cost	3.83	4.65	5.55	4.68	3.08
Transmission Cost	0.27	0.48	0.28	0.37	0.07
PGCIL Charges	0.33	0.50	0.57	0.66	0.57
Interest Cost	0.15	0.16	0.19	0.28	0.22
O&M Cost	1.85	0.75	0.49	1.04	2.27
RoE & Depreciation	0.43	0.29	0.43	0.43	0.23
Other Cost/(Income)	(0.10)	(0.11)	0.02	(0.15)	(0.12)
Past Gaps (if any)	(0.28)	(0.11)	0.19	0.34	(0.48)
Average Cost of Supply	6.48	6.63	7.72	7.65	5.85

The most significant component of ARR is the expenditure incurred on power purchase. Above table depicts that the PSPCL has the lowest power purchase cost per unit of energy sales as compared to its neighbouring states except Himachal Pradesh, as it has maximum share of hydro power in its power purchase mix. It is quite pertinent to mention here that the PSPCL has lowest Average Cost of Supply among its neighbouring States.

Therefore, there is no contention in the matter of the objector that the Punjab has highest tariff among its neighbouring States, however, the PSPCL is striving hard to achieve the targeted performance parameters given by the Hon'ble Commission.

Commission's view:- The Objector concern is noted. PSPCL's reply may also be noted.

Issue: -2. Presently PSPCL is having monopoly distribution & transmission of electricity. To market competitive and efficient, at least one more distribution transmission Company should be allowed to operate for in power sector.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not relate to the tariff petition.

Issue: - 3. The interest paid to the consumer on ACD is very much on the lower side. Earlier interest paid by the PSPCL to the consumer on ACD was base rate of interest of State Bank of India (SBI) plus 2%. Later on, it was revised to Reserve Bank of India (RBI) rate of interest. Recently banks have revised rate of interest. The interest rate applicable to the industry on borrowing from bank is now minimum 11%. Accordingly, rate of interest on ACD should be made at par with the lending rate of interest charged by the commercial banks from the entrepreneurs.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply code matter and PSPCL implements the Regulations contained therein.

Issue: - 4. The charges demanded as a result of checking/ arrears due to under assessment are included in regular supply bill by the Punjab State Power Corporation Limited (PSPCL). If these charges / arrears are not paid. Penalty is levied and recovered from the consumer. As per supply code clause 30.1.2, the bill cum notice for arrears shall be initially tendered separately and shall not be clubbed with current electricity bill. If arrears are not cleared by the consumer, such arrears shall be indicated regularly in the subsequent electricity bills. In case arrear bill is included in the current energy bill at the first instance, the distribution licensee shall not be entitled to take any punitive action against the consumer for nonpayment of such along with the current energy bill. It is suggested that this clause should be strictly implemented, and action should be taken against erring officer.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is also a supply code matter.

Issue: -5. Purchase of power in Punjab from National Grid is very costly as compared to the other state because of huge charges levied by PSPCL. It is suggested that PSPCL should reduce these charges & allow all LS Units above 500 KW load to purchase power from the National Grid (if desired) so that industry of Punjab can compete with the industry of adjoining states.

Reply of PSPCL: - Charges levied on importing power outside Punjab are determined by the Commission by following due procedure and hearing all concerned stakeholders.

Commission's view:- The Commission has taken a note of the issue and concern of the objector. The Charges are determined by the Commission as per relevant PSERC Regulations.

Issue: - 6. PSPCL issued Memo No. 121/26 dated 26.06.20022 for updating of Security (Consumption) & Security Meter and crediting interest to the consumer. The PSPCL further instructed that where the record of security not available the security is credited as per the amount of security mentioned in the Annexure attached to the said memo immediately. In spite of issuing the memo, Security has not been credited to the account of the consumer. The Commission in Petition No. 61/2021 vide order dated 10.11.2022 has directed that review of Security (Consumption) for 2022-23 for all LT/HT/EHT consumer be strictly in accordance with provisions 16.5.3 to 16.5.6. The PSPCL has recovered the amount of security where the security amount is short recovered but where the excess security has been recovered, is not refunded suo-moto. As such the PSPCL has not fully complied the order of PSERC.

Reply of PSPCL:- Instructions are already prevailing in PSPCL for timely review of Security Consumptions as per relevant Regulations of Supply Code 2014 and amendments thereof. Rates of Security consumption are charged as per Schedule of General Charges approved by PSERC from time to time.

Commission's view:- This is a supply code matter.

Issue: -7. PSPCL is demanding security for 1.5 % month based on the consumption of the previous year. Presently, the bills are issued by taking the reading from the meter just like spot billing; the bills are prepared and sent to the consumer online/ uploaded on the website of the PSPCL. No Hard Copy of the bill is delivered to the consumer. It is the duty of the consumer to download the bill from the website or take a print from the mailed copy. As per the rule of the PSPCL, where the bill amount exceeds Rs. 20,000, the payment is to be made digitally. The time gap is less than 10 days to receive the bill amount from the consumer. It is suggested that the period of 1.5 month for charging security AACD be reduced to 1 month only as is being done under spot billing case.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply code matter.

Issue: -8. That inspite of manifold increase in demand of Power in the Old Focal Point, Amritsar, there is still no sub-station in the area and Power Supply is being made from the Mall Mandi sub-station. It is requested that 132 KVA substation be installed at the Old Food Point for which one plot has been kept reserved for the last 30 years by PSIEC.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The objector may note the reply of PSPCL. PSPCL may take appropriate decision on the demand of the consumer.

Issue: -9. Under the supply code 2014 & ESIM 2018, the detail procedure has been given for checking of Connection / Regular Inspection of Meter/ Metering Equipment of consumer. The PSPCL has issued Memo No. 776/80 dated 04.1.2020 where the detailed instructions have been given. AS per the said Memo, where, failure of the equipment is more than six months, in that case no recovery can be made. In other word the circular does not ask for recovery made for more than six months. The field officers of PSPCL are not adhering to the said Memo resulting increase in litigation.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply code matter.

Issue: - 10. PSPCL issued Commercial Circular No. 20/2021 dated 30.04.2021. Temporary amendment was made in Regulation 21.5.2 of supply code 2014 The Circular was issued pursuant to the order dated 22.04.2021 of PSERC in Petition No. 17/2021. As per the order regulation period would be financial year 2019-20 instead stop / burnt / stolen during the period 23.03.2021 to 30.09.2021. The official of previous year on Meter becoming defective/ dead stop/ burnt stolen during the period 23.03.2021 to 30.09.2021. The official of the PSPCL has not implemented the circular in true spirit. They are charging on the basis of LDHF formula.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply code matter.

Issue: -11. The number of changes have been made in billing system since 2010 by PSPCL, especially for the consumers with sanctioned load more than 100 kW/kVA , have been made more & more complicated & not easy to understand by the consumers as well as dealing officers/ official. This aspect of PSPCL is creating a sense of unfriendly attitude amongst in consumers of all categories. Earlier timely readings were recorded manually as per fixed schedule by the competent officers/ officials & also entered in the Meter Reading passbooks/ cards placed in the premises of consumers for the information & knowledge of concerned consumers. This is mentioned in the regulations book namely ESIM updated up to 8/2018 in chapter Meter Readings under clause 81.2 at page 144. The passbook system was very helpful to resolve disputes and very easy to nab billing disputes in time schedule approved by the Competent Authorities. Now these are not in use for the only reason of Online Readings - Spot – Billing in SAP/ CRM system. In the passbooks/ cards the these are not in use for the only reason of Online Readings - Spot - Billing in SAP/ CRM system. In the passbooks/ cards every officer /Official of PSPCL visiting the premises for readings or checking of the connections & they are required to pen down the reasons & findings. The details of cases Where the dispute is going on are as under:

1) NRC Verka Amritsar v/s East Division PSPCL Amritsar CA No. 3002808127 Case No. CGL 236/2019.

ii) Essma Mills Amritsar v/s East Division PSPCL Amritsar now pending with CE Border Range Amritsar.

ii) Brij Lal Mehra Mills Amritsar v/s East Division PSPCL Amritsar. The case decided in favors of consumer by quashing notices & fixing of responsibility of three organizations.

iv) Ganpati-Cotex Majitha v/s Suburban Division PSPCL Amritsar pending with CE Border Rane Amritsar CA No. 3002808 155.

v) Mehra Hotel Amritsar v/s Civil Line Division PSPCL Amritsar full & final implementation awaited as promised by new AEE Commercial CL & again confirmed on 03.01.2023 with request dealing Appeal No. CGFLO53/2020 CA No. 3002904047.

With the introduction of KVA tariff, TOD/ threshold rebated Surcharges Fixed charges etc. & Installation of DLMS meters many consumers have started maintaining daily Meter readings record registers to know the power factor & effects of TOD tariff. There is no mention of TOD readings in the bills. Some consumers are also maintaining record of TOD Consumption by recording day reading 6 AM to 10PM and 12 at night. Since 01.10.2022 Meter Readings printed in bills are mismatching. The matter was discussed with some official under Dy. CE billing Patiala. Two cases Noticed one of City Circle & other of Suburban Circle Amritsar. The Mismatching is proved with allowing of refund in one case & in other case it is in process after checking by MMTS by taking the DDL of meter It is requested that for immediate solution the MDAS Excel sheet should be Supplied along with bills / sent through E. mail or other modes. The bill format should be amended by adding all the TOD readings in the bills. It will be helpful for creating a customer friendly atmosphere for both consumers & PSPCL and earliest detection of mismatching and minimizing chances of losses too.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of tariff determination. PSPCL may note the concern of the objector.

Issue: - 12. That hundreds of residents in all phases of Holy City. Amritsar, (an approved township by Government of Punjab) are not being issued any permanent electricity connections by PSPCL despite repeated persuasion & requests raised with Chief Engineer of PSPCL since many years. Many residents had already paid permanent connection fee and those residents along with many others waiting for permanent connections too have been served notice from PSPCL for disconnection of their temporary connections. This is a matter of serious concern as our colony is an approved colony by Municipal Corporation PUDA and provision of an electricity connection is a very basic fundamental right of every citizen of India. We all request you to kindly help us get these permanent connections from PSPCL and direct the concerned officials to do the needful on priority without any further delay.

Reply of PSPCL:- This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of tariff determination. PSPCL may note the concern of the objector.

Issue: - 13. When a meter got damaged, then it takes 3-4 months to replace. This happens due to shortage of meters in PSPCL. When meter got damaged then PSPCL charged consumer on maximum reading, which is wrong. This isa very big problem. Thus, it is a suggestion to increase the production of meters, so that PSPCL can replace meter when it got damaged.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of tariff determination. PSPCL may note the concern of the objector.

Issue: -14. Balkalan Industrial Area is very large. Many new Factories are situated at this place. Thus, this area needs big transformers with more capacity. So, it is a request to install a Power transformer as soon as possible.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of tariff determination. PSPCL may note the concern of the objector.

Issue: -15. There is a dire need of Power Station at Focal Point. The transmission line from Power Station to Focal Point is very long. Thus, it increases the faults. There is a place reserved for Power Station in Focal Point from a very long time. So, it is a request to build a Power Station at Focal Point.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of tariff determination. PSPCL may note the concern of the objector.

Objection No. 12 : Federation of Jalandhar Industrial & Traders Associations

Issue: - 1. Power Rate: As per our information Govt. of Punjab is planning to increase the power tariffs for Industrial Units. Govt. has promised many times to provide power to Smaller Industrial Units @ 5rs/Unit. But till now this promise has not been fulfilled. Instead of fulfilling the promises already made to Industry and helping them in this crucial time Govt. is going to make our condition worst. We clear that Industrial units cannot bear and accept any increase in tariff rates, Instead, we once again remind and request that MSME should be given uninterrupted power @ 5 Rs per unit to let them grow.

Reply of PSPCL: - PSPCL is already ensuring high quality un-interrupted Power Supply. PSPCL is providing subsidized electricity @ 5 Rs. per unit (variable charges) plus fixed charges and other government levies. In addition to above special night tariff, reduced energy charges above threshold limit and rebate for using higher voltage then the intended voltage limit is being given by PSPCL

Commission's view:- Subsidy is a State Government Subject.

Issue: -2. Reduction In Night Tariff: During winters electricity remains surplus at night due to less consumption. Surplus Electricity cannot be stored so instead of wasting it Govt. should reduce the night tariffs so that units interested in running night shifts can take advantage of the offer and govt. can also get increase in revenue from this.

Reply of PSPCL: - There is already provision of providing electricity at lesser rates at night hours during Winter season under TOD tariff. Further LS/MS Industrial consumers opting for special night tariff are given 50% rebate in fixed charges along with Special reduced tariff.

Commission's view:- PSPCL reply may be noted.

Issue:- 3. Increase in Service/Administration Charges: PSERC has doubled the service/administration charges like meter rents, change of faulty meter charges etc. Industry is already going through tough times and not in a position to bear such more burdens. We request that the increase in prices should be rolled back.

Reply of PSPCL: - This issue does not relate to the present ARR/ tariff petition.

Commission's view:- This issue does not relate to present ARR/Tariff Petition. The reasonable revision of rates was done after a gap of over a decade after factoring in the increase cost of inputs.

Issue: - 4. Shortage Of Technical Staff: PSPCL is having shortage of technical staff, equipment's and tools from a very long time. GOVT. should recruit more staff into this department so that complaints and maintenance works can be done smoothly and accurately. Less Staff and more burden reduce the work efficiency

Reply of PSPCL: - This issue does not relate to ARR tariff petition and shall be dealt separately.

Commission's view:- The Commission has taken a note of the issue and concern of the objector. More employees also result in higher salary and administrative costs. Optimum functional staff is essentially keeping in mind efficiency and productivity.

Issue: -5. Amendments needed in SP & MS Connections: Electricity is the basic raw material of Industrial Units. Industrial units always try to grow and expand whenever they get chance and boost from the market. As per the present situation. of demand of electricity, we request that Govt. should make changes in classification of consumers.

Small Industrial Supply (SP CONNECTIONS) maximum load should be increased from 19.700 KW to 100 KW. Medium Industrial Supply (MS CONNECTIONS) maximum load should be increased from 100 KW to 300 KW. Electricity is the basic raw material of Industry. Our above said demands are not very big. These should be considered seriously, and an immediate action should be taken for the upliftment of Punjab Industry

Reply of PSPCL: - The commission may decide/review the request for changes in classification of consumers in terms of load for Small Industrial Supply (SP Connections) & Medium Industrial Supply (MS Connections) as the same comes under the preview of the Commission.

Commission's view:- The Commission has taken a note of the issue and concern of the objector.

Objection No. 14 : PHD Chamber of Commerce & Industry

Issue: - A. PSPCL has submitted Net ARR to the tune of Rs.42753 Cr for 2023-24 and a revenue gap of Rs.4149 Cr. After including the revenue gap for the previous years along with carrying cost of Rs 9961 Cr, cumulative gap has been worked out as Rs 14109 Cr. The revenue gap projected by PSPCL in ARR is much higher (around 37% of projected revenue of Rs 38604 Cr for the year 2023-24) and thus needs thorough check by the Commission. PSPCL has shown revenue gap of Rs. 3156 Cr in True up for the year 2021-22 (Table-23). However, the revenue Gap/surplus for the previous year 2020-21 shown in Table 2-23 does not match with the trued-up figures for 2020-21 determined by the Commission in the previous year tariff order (Table-77) wherein the Commission has trued up the cumulative Gap/surplus of Rs 1669.84 Cr (Surplus) but PSPCL has brought forward the trued up gap of (297 surplus – 458 gap) of Rs 161Cr and indicated the cumulative gap for true up of 2021-22 as Rs 3317Cr. This needs to be looked into by the Commission.

Thus, we again reiterate that PSPCL projections of ARR of the ensuing year and the final figures in ARR True Up for the same year after two years clearly indicates that either the figures are being inflated or extensive exercise taken up by PSERC for determining the revenue requirement and pegging of expenditure by PSERC has no consideration for PSPCL and they are incurring expenditure at their will. It is also an established fact that due to non-receipt of subsidy from GOP, the expenditure is being incurred by PSPCL by drawing interest bearing working capital loans from various sources and incurring finance charges on arranging loans. Perusal of the above figures speaks of the total financial indiscipline.

Reply of PSPCL: - At the time of filing of ARR projections for FY 2023-24, PSPCL has projected the ARR parameters in line to the applicable clauses of the PSERC MYT Tariff Regulations, 2022 and after prudence check the Hon'ble Commission will approve the category-wise tariff for FY 2023-24. PSPCL has filed the truing-up Petition for FY 2021-22 in line to the Regulation 12 of the PSERC MYT Tariff Regulations, 2019 which stipulates that the truing-up of respective financial year shall be carried out based on the Annual Audited Accounts. PSPCL has filed its ARR for FY 2023-24 in line to the regulation 12 of PSERC MYT Tariff Regulation, 2022.

Commission's view:- The Revenue requirement gap/surplus is and will be determined by the Commission in line with prevailing MYT Regulations after prudence check.

Issue: -B. 1. The power supplied to the agriculture sector has been growing consistently at very high rate due to increase in capacity of tube wells due to depletion of water table. Providing the power at the subsidized rate of Rs 5.66/kWh as per TO 2022-23, which is far less than the actual cost of power (as high as Rs.7.32 per unit as per COS for 2022-23 as per Ann IV of TO 2022-23) is leading to serious financial crisis for the PSPCL. This will ultimately seriously affect the interest of Industrial Consumers in the State who are already reeling under recession. Further, Industrial Consumers have to bear fixed charges and ED+IDF in addition to Energy Charge which are not applicable for agriculture consumers. In this regard, the provisions of National Tariff Policy are extracted as under:

8.3.4 Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity. Besides in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges is levied.

The subsidized rates of electricity should be permitted only up to a preidentified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

Therefore, it is imperative to cap the maximum amount of power year wise & approved by the commission that can be supplied to agriculture sector at the subsidized rate inclusive of additional connections projected in a year and the power supplied above that limit should be billed as per Cost of Supply for agriculture power as worked out in ARR.

Reply of PSPCL: - The supply to agriculture tube wells is free as per policy of the Government and capping of the same is at the discretion of the Government of Punjab. Moreover, supply to AP consumers is limited only up to 8 hours that too during the months of June to September for paddy cultivation. As far as supply of power to agriculture category of consumers at cost of supply rate is concerned, the said issue is under the prerogative of the Commission. PSPCL would comply with the directions of the Commission. PSPCL requests the Commission to allow it to recover the legitimate cost of PSPCL claimed in the Petition.

Commission's view:- Providing subsidy and imposition of taxes like ED, IDF etc. to a consumer or class of consumers is the prerogative of the State Government. Rest of the tariff is determined by the Commission in line with the prevailing MYT Regulations after prudence check.

Issue: -B. 2 Interest on Short Term Loans for Working capital

The PSPCL has been admitting to raise short term loans to meet the revenue shortfall arising out of disallowances of ARR components, non-receipt of subsidy from the Government and delayed payments from consumers etc. It is submitted that interest on delayed receipt of subsidy is being loaded to the State Govt. while determining the subsidy amount in the tariff orders. Further, PSERC is allowing the carrying cost of difference in revenue and ARR amount including delay in recovery of revenue from consumers. For late payments by consumers, PSPCL is getting Late Payment Surcharge. Therefore, WC interest should be allowed on normative basis and after deducting the Advance Consumption Deposit (Security) parked with PSPCL as per Regulations and practice being followed by the Commission so far.

We also request that on the same lines, GPF fund parked with PSPCL by employees is also not being reduced as per agreed trajectory. The outstanding GPF loans were Rs 1129.05 Cr ending 31.3.2019 which was reduced to Rs 905.50 Cr ending 31.3.2020. In 2020-21 as per table 60 of TO 2022-23, after repayment of Rs 3.39 Cr the closing balance ending 31.3.2021 was Rs 902.11 Cr. However, this amount in Format 13(A) of current ARR is shown as opening balance of 1.4.2020. This amount in 2023-24 (Format 13-C for 2023-24) is shown as 59.56 only and a repayment of Rs 3954.95 Cr is shown during the year 2023- 24 and closing balance is shown as Rs (-) 3895.39 Cr. figures for 24-25 and 25-26 are also on similar lines showing repayment of Rs 1919.49 for

24-25 and Rs 1558.32 Cr in 25-26. It is also not explained as to how the closing balance of Rs 649.78 as on 31.3.2023 under GPF head Format 13 (B) has been reduced to Rs 59.56 Cr as on 1.4.2023 as per Format 13(C). However, no explanation is available for these variations in figures and such huge payment in GPF account charging the consumers with inflated interest charges for GPF.

We request the Hon'ble Commission to charge this huge interest to PSPCL and not to consumers.

Further, since the GPF loans being used by PSPCL to meet the working capital be also reduced from normative WC and interest on WC be reduced and only thereafter interest on GPF be allowed. Alternatively, PSPCL be asked to bear the interest on GPF amount from its internal accruals and claim by PSPCL in ARR need to be rejected.

Reply of PSPCL: - PSPCL has been availing working capital loans to meet with its working capital requirements including cash gap arisen due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to huge disallowances of expenditure by PSERC. PSPCL has been claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on nonnative basis. So far as ACD is concerned, it is mentioned that PSERC has already been deducting the ACD while calculating the working capital requirement. As such the interest burden of excess working capital loans is being borne by PSPCL and is not being passed on to the consumers. There is no variation in figures. After unbundling of PSEB, GPF Trust has been established and GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. PSPCL is also making monthly repayment on regular basis towards its GPF liability which has been parked to PSPCL at the time of unbundling of PSEB.

Further, it is also submitted that As per regulation 41 (a) of Provident Fund Regulation 1960 "G.P Fund balances, after deducting final payments, permanent and temporary advances as admissible under these Regulations will be available for use by the Board in meeting its Capital Expenditure under the plan. "As such the objection regarding reduction of GPF Balance for calculation of normative working capital and interest thereon is not tenable.

Commission's view:- The Commission allows interest after prudence check in line with the prevailing PSERC MYT Regulations.

Issue: - 3. RETURN ON EQUITY

- I) The Commission has approved 15.5% return on equity for 2012-13 to 2015-16 purportedly as per PSERC Regulations as per the FRP approved by GOP increasing the cost of assets by their revaluation and merging the Consumer Contribution, Subsidies and Grants with GOP equity leading to increase in the equity share capital of PSPCL from 2617.61Cr to 6081.43 Cr which has led to increase of ROE from 405.73 Cr to 942.62 Cr i.e. an increase of 232% in both the figures without any fresh investment or infusion of cash by GOP or PSPCL. This matter was challenged in APTEL and it has already directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013 as under:-

“48. ----- We direct the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARR/ True up for the year to provide relief to the consumers.” “Issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc.

50.3 The findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission shall redetermine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.

Accordingly, we request the Commission to re determine ROE for all the years w.e.f. 2011-12 onwards and adjust the same in RE 2022-23 along with carrying cost to provide relief to the consumers.

- II) It is also brought out here that in the ARR for last year 2022-23, while PSPCL claimed ROE for 2019-20 as per the equity shown in Para (I) above, the return on equity for 2020-21 and 2021-22 was claimed on equity of Rs 21710 Cr as per Para 3.15 of the then ARR by converting the whole Loan amount of 15628 Cr taken over by GOP in 2014-15 under UDAY scheme into equity of GOP in PSPCL on 31.3.2020. Further, the said equity had been shown as paid up and subscribed by GOP and shares issued to GOP in PSPCL in Balance sheet and Note 17 of financial statements for 2019-20. It was pointed out by us that APTEL had observed in its order in Appeal No 168 and 142 referred to in preceding para that the Govt can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE.
- III) Further, it was also pointed out that
- a) UDAY MOU between PSPCL, GOP and MOP clearly laid down that 25% of fund taken over by GOP will be converted into equity and balance as GOP grant.
 - b) PSPCL and GOP have failed to achieve the targets set in UDAY scheme and therefore, the whole amount be treated as grant of GOP. It is between PSPCL and GOP to decide on the issue between themselves and consumers cannot be made to suffer twice on the same count.
 - c) The amount of Rs 15628 Cr includes unapproved capital and WC loans and funds diverted by PSPCL which cannot form part of funds for conversion into equity and grant. However, since there was no cash flow in actual and it was a clear-cut case of conversion of cheap interest-bearing loan into costly dividend paying equity, PSERC accepted the comments of the stake holders and rejected the demand of ROE on Rs 15628 Cr. However, PSPCL in the ARR 2022-23, at Page 78-79, come out with an entirely new argument that out of Rs 15628 Cr, Rs 2246.77 Crore was spent for capital works. Further, out of balance loan of Rs 13381.49 Crore also, funds to the tune of 2346.19 Cr were diverted for capital expenditure. Accordingly, PSPCL requested to convert these two loan amounts totaling Rs 4592 Cr into equity and grant ROE on the same. We strongly objected

to the contentions of PSPCL as the amount of Rs 15628 Cr was determined in 2014-15 whereas the fact is being brought to the notice of PSERC in 2022-23 i.e. after 8 years. Further, these are loans and even if used for capital works, interest on loan is being borne by the consumers and would continue to be kept as loan in the books and there is no justification for converting it into equity at this stage when the assets created with it have already depreciated by 40% to 80% depending on the type of assets. This argument was accepted by the Commission and PSPCL's claim was rejected with following observations on Page 75 and 132 of TO 2022-23:-

"The Commission has not considered the amount of Rs. 4592.96 Crore (Rs. 2346.19 Crore Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans relating to prior period."

However, in the current year ARR 2023-24, PSPCL has again treated these amounts of working capital loans (2246.77+2346.19 Cr) = Rs 4592.96 Cr as GOP equity and claimed ROE on the same in all the 5 years from 2021-22 to 2025-26 without any justifications.

This tendency of PSPCL to convert the loans/consumer contribution etc. into equity need to be curbed by the Hon'ble Commission otherwise PSPCL may again come out with the demand of converting Consumer Contribution, Grants and subsidies from GOP of Rs 4955.28 Cr ending 31.3.2022 accumulated in the books since 1.4.2010 into equity (Sr No B2 of Page 29 of Vol III of ARR).

Thus, we request to reject the claim of PSPCL and allow ROE only on the amount actually contributed in cash.

Reply of PSPCL: - As per clause 1.2 of the MoU under UDAY Scheme, 75% of the PSPCL's debt on 30.9.2015 amounting to Rs. 15,628.26 Crore is to be taken over by Govt. of Punjab. In compliance to MOU, NON-SLR bonds amounting to Rs. 15,628.26 Crore were issued by Govt. of Punjab and GOP has transferred this amount to PSPCL as GOP Loan up to 2019-20 and on 31.3.2020, GOP has converted its loan into equity.

As such, the Capital expenditure incurred through diversion of Working capital Loans (Rs. 2346.19 crore) and capex Loans (Rs. 2246.77 Crore), which have been converted into equity, are eligible for claiming Return on Equity as these loans have been specifically used for creation of assets of PSPCL due to the fact that GOP has infused the equity by taking over these loans of PSPCL of equivalent amount. In this regard, it is also submitted that PSERC has not allowed any interest on these loans to PSPCL after conversion into equity by state govt.

Commission's view:- The Commission allows Return on equity after prudence check in line with the prevailing PSERC MYT Regulations.

C. Comments on True Up of 2021-22 (Chapter 2, Form D-2 and D-3 of ARR)

Issue: -1. PSPCL has been trifurcating the gross expenditure in the sub heads of Generation, Distribution and retail supply based on allocation statement approved by BOD. This practice is going on since formation of PSPCL for the last 12-13 years and has to stop at some defined point of time which need to be fixed by the Commission so that arbitrary transfer of expenditure from one sub head to other is stopped and Cost of Supply, APPC and losses etc. are determined accurately.

Reply of PSPCL: - PSPCL is filling its Petition for True-up and ARR as per the regulations specified by the commission time to time. Change in regulation and methodology is sole

prerogative of the commission. PSPCL shall comply with regulation and instructions given by the Commission.

Commission's view:- The Commission has taken note of the suggestion. PSPCL to comply with the provisions of Regulation 5,6 & 7 of PSERC MYT Regulations 2022 with regards to segregation of ARR.

Issue: - 2. PSPCL has shown the Total Energy Requirement at Punjab Periphery as 58954 MU in Table 2.11 of ARR titled Energy Balance. However, the actual Energy output has been indicated as 56375 MU as per Table No 3 titled "Actual Transmission Loss for 2021-22" in ARR of PSTCL. The energy input at Punjab Periphery is different as per the ARRs of PSPCL and PSTCL which need to be reconciled.

Reply of PSPCL: - The reconciliation of the same has been submitted in the Reply to deficiency pointed out by the Commission.

Commission's view:- The objector may note the response of PSPCL. The Commission has worked out the energy balance with reconciled figures in the Tariff Order.

Issue: - 3. The actual transmission loss has been worked out by PSTCL as 2.31% whereas PSPCL has considered the same as 2.21% in these tables. This also needs to be reconciled.

Reply of PSPCL: - The reconciliation of the same has been submitted in the Reply to deficiency pointed out by the Commission.

Commission's view:- The objector may note the response of PSPCL. The Commission has worked out the energy balance with reconciled figures in the Tariff Order.

Issue: - 4. PSPCL has surrendered 525.76 MUs under UI and has also paid 4.95 Cr to the UI pool account i.e. we have surrendered the power and also paid the amount, which is indicative of mismanagement and inefficiency. This amount should be disallowed.

Reply of PSPCL: - PSPCL never intends to purchase of power through UI by overdraw and sale power by under drawing through UI. Over drawl & under drawl are part of system because Punjab being a heavy power consuming State where load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer domestic load variations. Most of them are dependent on weather. UI cost indicates Net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole. In view of this actual cost during true-up shall be considered.

Commission's view:- The objector may note PSPCL's reply. Commission has taken note of the objection and reply for appropriate decision.

Issue: - 5. Form D-2 for 2021-22 indicating Quantum and Fixed Charges liability of the surrendered power indicates that PSPCL has surrendered 8808.72 MUs and has also paid fixed charges of Rs 963.62 Cr for the same. PSPCL need to take proactive initiatives to reduce the surrendered power by giving incentives to the industry and bulk consumers.

Reply of PSPCL: - Fixed charges have to be paid against the reliability of source exclusively kept reserve to supply power to PSCPL. And surrender of power is inseparable part of power system operation based on demand variation due to various reasons. PSPCL has taken various steps of relinquishing its share from projects, considered not being utilized, in recent various Further, PSPCL has relinquished its share from Anta, Auriaya and Dadri gas stations of M/s NTPC in view of PSERC order dated 05.08.2021 in Petition no. 28 of 2021.

Commission's view:- The objector may note the response of PSPCL. The Commission is already giving incentives to industries for consumption exceeding the threshold limit, exclusive night tariff, TOD rate for utilization of surplus power etc..

Issue: - 6. Late Payment Surcharge and TDS of Rs 32.27 Cr has been claimed at Sr. No 98 which needs to be disallowed as PSPCL is retaining Early Payment incentive and TDS is adjustable against overall liability of I Tax.

Reply of PSPCL: - The figure of Rs 32.27 crore is related to Late payment surcharge only and there is no component of TDS in this amount.

Commission's view:- The objector may note the response of PSPCL. The Commission has appropriately dealt with this issue in the Tariff order.

Issue: - 7. GOP subsidy for LS consumers was worked out as Rs 1928.49 Cr for 15562 MUs (Rs 1.24/unit) for 2021-22 in the TO 2020-21. Now in Form D11 of the ARR, the subsidy for 17377 MUs has been stated as Rs 1726 Cr with which the per unit rate works out to 0.99/unit. The difference of per unit rate over the years is not understandable.

Reply of PSPCL: - PSPCL has claimed the subsidy amount in current petition on actual basis for FY 2021-22. At the time of ARR for FY 2021-22, the subsidy amount was based on energy sale projections.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 8. PSPCL has claimed Impairment loss of 482.62 Cr in Para 2.24 of ARR. The Petition No 60 of 2016 seems to be wrong as the GNDTP was retired on 31.12.2017 and thus the petition can not be of the year prior to 2018- 19. Further, though 2 units of GGSTP Ropar were also retired but no details of the same regarding impairment losses are given. The issue is also discussed in reply to deficiencies at Sr No 22 page 22 which indicates that the Gross value of Assets of GNDTP as on 31.12.17 were 962.13 Cr which increased to 1066.22 Cr on 31.3.2019, though the plant was already retired on 31.12.2017. This needs to be checked.

The period of last but 2 columns of the table given in Reply i.e. Gross Value of Dismantled Assets and Depreciation provided on the Dismantled assets is not indicated in the table. Further, it is not clear whether, the cost of 220 KV sub-station transferred to PSTCL and other assets transferred to Distribution organization and other thermal plants have been reduced from the Gross assets.

The note below the table indicates that value of land is not included in the assets. As we are aware, the present value of land is much more than the impairment loss being claimed. In a way, all the assets have not been disposed off since land is also part of assets.

As per press reports appearing at the time of retirement of thermal units, it became known that the GNDTP units had been renovated at huge cost thereby increasing their life by 15 years but these were retired much before the expiry of useful life. This seems to be the reason for such high gross value of assets at the time of retirement and resale value being much below the gross value of assets. The commission may also check this aspect and pass on only 10% of the capital cost of renovation minus realized value if any to the consumers as per the relevant acts and notifications.

As such the claim may be checked thoroughly by the Commission/consultants.

Reply of PSPCL: - As per para 2.15 of Tariff Order FY 2020-21 at page no. 46/47, the Commission mentioned as under: -

"As decided above, PSPCL was directed to expedite the disposal of all assets in a time bound manner and submit a final report to the Commission regarding utilization/disposal of assets. As PSPCL has not submit the report till the finalization of this Order, the Commission is constrained to disallow the impairment loss of Rs.492.59 Crore claimed by PSPCL for GNDTP in the absence of any material to show depreciated value of assets and

action taken for sole/disposal/reallocation of such assets. **As and when these are finally disposed of by way of sale or reallocation etc. the matter will be reviewed."**

In light of above, PSPCL has claimed the loss suffered on account of impairment loss in FY 2021-22 i.e., at the time of physical disposal of assets.

As per Trial balance of GNDTP, Bathinda, Gross value of assets as on 31.12.2017 were Rs.962.13 crore and increased to Rs.1066.22 crore on 31.03.2019 due to the following adjustments: -

1) Prior to 01-01-1986, asset balances were maintained at Head Office level. These asset balances (relating to period prior to 01-01-1986) amounting to Rs.21.40 crore and Rs.72.09 crore were transferred from Head office Patiala to GNDTP, Bathinda in 03/2018 and 03/2019 respectively.

2) Interest capitalization for the period of 2016-17 amounting to Rs.5.53 crore was done in 03/2018.

3) Other adjustments / payments amounting to Rs.5.07 crore were in relation to R&M works which were executed before 31.12.2017.

It is further submitted that all these adjustments in trial balance after 31.12.2017 relate to the capital works executed prior to 31.12.2017 only. So the balance of last two columns of the table relates to the capital works executed on or before 31.12.2017. Therefore, out of the total assets of GNDTP, Bathinda, Gross assets amounting to Rs.1006.08 crore has been dismantled and depreciation of Rs.359.36 crore had been provided on dismantled assets.

Further it is submitted that 220 KV sub-station was transferred to PSTCL at Net Book value of Rs.22.26 crore (No impairment has been provided on 220 KV Sub-station) and other assets were also transferred to distribution divisions at cost. The value of these assets has not been included in the value of dismantled assets.

Further land has been transferred to PUDA under 80:20 scheme for its development but development activities are not yet started. R&M of Unit-1 of GNDTP was executed from year 2006 to 2007 and Unit-2 of GNDTP was executed from year 2004 to 2006. R&M of Unit-3 of GNDTP was executed from year 2010 to 2012 and Unit-4 of GNDTP was executed from year 2011 to 2014. GNDTP Plant was permanently closed on 01-01-2018 as per Government of Punjab decision.

Commission's view:- The objector may note the reply of PSPCL. The issue has been appropriately dealt with in the tariff order.

Issue: - 9. PSPCL in Format D-21 page 266 (Non-Tariff Income) has claimed carrying cost/interest of Rs 1129 Crore on subsidy delayed by GOP through reduction from Non-Tariff Income there by loading it to consumers. GOP commits the payment of subsidy in advance and interest for delay is also to be borne by GOP. However, PSPCL through such manipulation is trying to recover the interest from consumers which is not supported by Regulations and is illegal. Thus, the proposal of PSPCL needs to be rejected and it should be asked to explain as to why they have made such a proposal. Late Payment Surcharge and Rebate for early payment be treated as per Regulations as PSPCL is manipulating the figures.

Reply of PSPCL: - The reduction of carrying cost/interest on subsidy delayed by GOP from Non-Tariff Income is not meant to load it on to the consumers but, is done as it is the legitimate cost borne by PSPCL on account of the interest paid by PSPCL due to non-availability of funds/ timely subsidies. Further, Late Payment Surcharge and Rebate for early payment are allowed as per the Regulations by the Commission.

Commission's view:- The Commission allows Non tariff income for each financial year only after a prudence check in line with the prevailing MYT Regulations. Consumer are not unduly burdened by any extraneous undue cost.

Issue: -10. PSPCL has claimed interest & Finance charges of 1449 Cr in Table 2.16 of Para 2.19 against 1062 Cr approved in TO 2021-22. It is evident that they have claimed interest on actual amount of loans for working capital which is again wrong as consumer is bound to bear interest on Working capital as per Normative and Regulations are clear on the same.

Reply of PSPCL - While submitting the ARR Petition for the FY 2023-24, PSPCL has claimed the interest and finance charges for FY 2021-22 on actual payment basis. The amount of Rs. 1449 crore includes interest of Rs. 596.46 crore on working capital loans, however, in TO 2021-22, Hon'ble Commission has approved the interest amounting to Rs. 138.68 crore on Working capital as per Normative basis only.

Commission's view:- Interest on working capital is allowed on normative basis in line with prevailing MYT Regulations and finance charges are allowed after due prudence check.

Issue: - 11. PSPCL needs to pass on all the rebates, rent of poles given to Private cable TV companies, Supervision charges recovered from Franchisees and GBI received for solar plants etc. to the consumers by treating 100% of the same as Non-Tariff Income. However, PSPCL has not indicated the same in non-tariff income.

Reply of PSPCL: - While supplying the information regarding Non- Tariff Income in format 'D-21- Income from Investment & Non- tariff Income' income on account of rental from poles of Rs. 12.81 crore (account code 62.907) and Generation based incentive (GBI) Rs. 7.53 crore (account code 62.968) have already been included under Miscellaneous Receipts account code 62.9.

Commission's view:- The objector may note the reply of PSPCL.

D) Comments on RE 2022-2023 and Projections 2023-24 (Chapter 3-4 and Formats)

Issue: - 1) The surrender of power indicated in Formats D-2 needs to be reviewed / checked every month in view of projections of 2022-23 as a recession year. Further, changing scenario of coal cost due to allotment of coal mines to private parties, operationalization of Pachwara coal mine of PSPCL, variation in imported coal prices and increasing gas prices.

Reply of PSPCL: PSPCL already has a practice to review variable costs of projects on monthly basis. Further year 2022-23 has not been recession year as far as power demand and energy market prices are concerned. Hon'ble CERC has continuously commented on the same in its various orders. Load pattern varies during day and different season. To meet peak of day power from all projects needs to be availed at same & surrendered during lean period day. During surrender firstly costly power is surrendered.

Commission's view:- The objector may note the reply of PSPCL

Issue: - 2) The projected sales for Medium Supply category has been reduced drastically from 1308 MUs in H1 to 490 MUs in H2 of 2022-23 whereas it should be more than H1 since no peak surcharge is leviable in H2. Further the temporary supply consumption has been drastically reduced from 672 MUs in H1 to 68 MUs in H2. The figures need to be correctly estimated.

Reply of PSPCL: - PSPCL has estimated the revised sales for FY 2022-23 on the basis of actual sales for the first half and projected sales of the second half. Energy sales for the second half have been projected on the basis of best fit of 3 to 5 years CAGR of actual sales of corresponding H2 period in the past years.

Commission's view:- The objector may note the reply of PSPCL. However, all sales figures are trued-up after prudence check.

Issue: - 3) PSPCL has projected surrender of 188.30 MUs of energy under UI and has also paid 10.98 Cr to UI pool account in H1 of 2022-23. The loss will be much more if the generation cost of energy surrendered and losses etc. are also added to the same. This needs to be disallowed as PSPCL has failed to efficiently operate the system.

Reply of PSPCL: - PSPCL never intends to purchase of power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of the system, because Punjab being a heavy power consuming State where load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer domestic load variations.

Most of them are dependent on weather. UI cost indicates Net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole. In view of this actual cost during True-up shall be considered.

Commission's view:- The objector may note the response of PSPCL.

Issue: - 4) PSPCL has proposed Rs 2218.40 Cr towards net banking for 5.16 MUs of net banked energy for 2022-23. Energy Received by Licensee has also been shown as (-) 195.21 MUs. This may be checked, and viability of banking needs to be established.

Reply of PSPCL: - Under Banking of power during year 2022-23, 5967.47 MUs power was imported during paddy season and 5962.31 MUs power was exported by PSPCL. Cost of 2218.44 Cr is against net imported power up to September 2022. The accounting of power imported & exported under banking is done at regional periphery. For its comparison with other energy sources imported power has been calculated at Punjab periphery as 5766.96 Mus (After considering transmission loss @3.36% of 5967.47 Mus at regional periphery). Therefore, the net banking at Punjab periphery will be -195.21 Mus.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 5) PSERC had approved power purchase for 2022-23 @ Rs 4.44 per unit. However, the RE now submitted for 2022-23, the power purchase cost as Rs 5.41/unit. It is also seen that the cost of power is Rs 28933 Cr for 53440 Mus whereas in Format D3 page 208 of ARR, the total cost is 30425.07 Cr for 53441.20 MUs which will further increase the power purchase cost per unit to Rs 5.69/unit. Thus, PSPCL has claimed power purchase cost much above the approved rates which needs to be checked.

Reply of PSPCL: - Power cost difference for projected and actual generally occurs due to favorable or unfavorable market conditions, PSPCL always endeavors to arrange optimum power at optimum costs. The prices discovered at the power exchanges remained significantly high during this period. The factors like rise in temperature causing early onset of summers and increase in economic activities with lifting of COVID-19 related restrictions, had contributed significantly to the increase in electricity demand.

On the other hand, increase in the supply in market has been limited. The situation has been further aggravated due to geo-political factors affecting the fuel supply and certain domestic supply constraints. This had widened the gap between demand and supply. High price of imported coal led to high variable charge for imported coal-based plants. Similarly, due to an increase in the international price of gas, the existing gas-based plants were not able to supply power in the market. High demand has been the cause of price rise. In addition to above Hon'ble CERC has also observed that energy requirement remained higher in 2022-23.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 6) In capital expenditure, PSPCL has claimed expenditure for creating new assets and has shown the capitalization of the WIP during the year. However, the assets to be retired

during the year and recovery of cost of retired asset need to be accounted for on accrual/notional basis and Capital expenditure need to be reduced to that extent.

Reply of PSPCL: - PSPCL has claimed capital expenditure and cost of retired assets as per actuals. The methodology to be adopted for recovery of retired assets while trueing up is the prerogative of the Commission.

Commission's view:- Capital Investment is being allowed by the Commission in line with the prevailing MYT Regulations after prudence check.

Issue: - 7) Interest on Loans be allowed as per MYT Regulations after disallowing the excess loans taken to meet the unapproved expenditure and diversion of loans to working capital.

Reply of PSPCL: - These interest and finance charges have been calculated by PSPCL on projected basis by taking into account the annual plans. At the time of True-Up, these figures will be revised on actual basis and accordingly approved by the Commission.

Commission's view:- The Commission allows interest in line with PSERC MYT Regulation.

Issue: - 8) Regarding ROE pl refer to para (B) (3) above.

Reply of PSPCL: - Reply for the same is also submitted in the above-mentioned para.

Issue: - 9) An amount of Rs 5 Crore has been provided to PSPCL in 2022-23 for DSM fund whereas the actuals in 2021-22 is Rs 3.87 Cr and RE for 2022-23 is only Rs 0.03 Cr. The projection for 2023-24 is 6.07 Cr. The provision may be reviewed, and actuals of DSM need to be approved in True up only.

Reply of PSPCL: - The Commission approves such amounts only after prudence check.

Commission's view:- The objector may note reply of PSPCL.

Issue: -10) Regarding Non-tariff income, PSPCL in ARR has assumed the figures as per the true up figures of 2021-22 which should not be accepted, and details may be sought from PSPCL for H1 and H2 separately.

Reply of PSPCL: - There is no methodology specified for forecasting of non-tariff income due to its uncertainty in nature. So PSPCL considered the same income for FY 2022-23 as submitted for true-up of FY 2021-22.

Commission's view:- The concern of the objector is noted. Commission allows the final figures only after a check.

E) Power purchase from Renewable Projects

Issue: - The details show that PSPCL has signed PPAs with SECI for purchase of wind power and hybrid power on RTC basis. It is a fact that wind power is infirm power, and it will flow only during night hours of non-paddy period of 8.5 months when PSPCL is heavily surplus of power. Though the sale rate is lower but since the night power is sure to be dumped at zero cost, the ultimate cost will be much higher. PSPCL cannot burden the consumers with such purchases. Setting up Biomass projects in Punjab particularly based on Rice Straw as fuel is the need of the hour. Setting up such projects will bring investments in Punjab, create employment, increase rural income, bring down losses of PSPCL and above all reduce pollution. It is therefore suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under Average Power Procurement Cost (APPC) regime only. This will make available NRSE power to PSPCL at cheaper rates and allow the developers to get RECs which they can sell in power exchanges. Alternatively, the power purchase can be made on APPC plus Floor price of REC. The procedure for approval of co-located solar roof top CPPs need to be made simpler so as to promote solar power plants.

Reply of PSPCL: - Power availability from cheaper NRSE project PSPCL will be able to reduce power from other costly sources at its disposal as per requirement. Further with recent demand increase pattern, PSPCL is anticipating sufficient demand to absorb such power during night throughout hours and the year.

Commission's view:- The objector may note the response of PSPCL.

F) Comments as per Audited Statement for 2021-22

Issue: - PSPCL has not supplied the audited statements and report of CAG on the audited statements till date. Detailed comments on the same will be provided within 5 days of making the report available on web site.

Similarly, PSPCL has uploaded the reply to deficiencies dated 30.12.2022 on 5.1.2022. The data is very voluminous and requires time for scrutiny. We request the Hon'ble Commission to allow us to submit the comments on the reply to deficiencies after the Public Hearing.

Reply of PSPCL: - CAG final report along with management replies already been supplied to PSERC in Reply to Deficiency 1.

Commission's view:- The objector may note the response of PSPCL.

Prayers to Commission: -

1. Carry forward the rationalization of Electricity Tariff towards reduction of cross subsidy in a phased manner.

Reply of PSPCL: - Determination of tariff and cross subsidy levels is the prerogative of the Commission.

Commission's view:- Suggestion is noted.

2. Move towards fixing tariffs based on realistic voltage wise category wise cost of supply principle as early as possible.

Reply of PSPCL: - Determination of tariff is the prerogative of the Commission.

Commission's view:- Suggestion is noted.

3. Reduce the electricity tariff of the subsidizing class of consumers as per the Act so that the GOP is not unduly burdened for providing power to industry at Rs 5/- per unit.

Reply of PSPCL: - While reducing the electricity tariff of the subsidizing class of consumers Tariff for some other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross Subsidy levels. Moreover, electricity is already provided at subsidized rates to the industrial consumers. Further, to provide subsidy to any class of consumers comes under the purview of Govt. of Punjab.

Commission's view:- Suggestion is noted.

4. PSPCL should be directed to
 - a) Amend its pattern of submitting ARR. Instead of submitting ARR based on actuals with the same bunch of excuses for over expenditure every time, it should limit its expenditure as per Approvals.

Reply of PSPCL: - PSPCL files the petition for ARR as per the PSERC MYT Regulation. Any amendment in process or regulation is a prerogative of the Commission.

Commission's view:- Objector to note PSPCL reply.

- b) The practice of submitting Accounts duly audited by CAG along with CAG Audit Report for True Up of the previous year be strictly adhered to and for any delay, carrying cost of gap be disallowed to PSPCL.

Reply of PSPCL: - PSPCL already submitted the CAG audit report as per the regulations of the Commission.

Commission's view:- The objector may note the response of PSPCL.

5. The TOD peak charge needs to be abolished as PSPCL is not purchasing any extra costly power during peak period and rather it is selling power during peak period. This will encourage the industry to operate for 24 hours instead of 20 hours presently. More reforms and ease of doing business initiatives be introduced for the industrial consumers. Continue with incentives for increase of consumption by consumers to reduce the idle capacity/surplus power

Reply of PSPCL: - For flattening of the load curve and optimizing the cost of power procurement, presently Rs. 2.00 per kVAh plus normal tariff is charged for the consumption during peak hours of 06:00 PM to 10:00 PM for the period of 1st June to 30th September due to higher rate of power procurement during this period of peak hours. Further, to encourage consumers to shift their consumption from peak to off-peak hours normal tariff minus Rs.1.25 per kVAh for the consumption during off-peak hours of 10:00 PM to 06:00 AM (next day) for the period of 1st October to 31st May of next year.

Commission's view:- The concern of the objector is noted.

Objection No. 15 : Shri Gurmit Singh Bhatia

Issue: - Usually on filing objections every year, copy of reply received from PSPCL is endorsed to the objector but the action taken is not informed thereafter. Secondly every action/ activity of PSPCL affects the ARR but some points raised are not entertained saying that these points are not part of present ARR. There is mentioning of Various types of interest/equities/rates/ items etc. paid / received/ adjusted /added/ deducted while preparing ARR every year & authenticated & certified by the authorised Person. For example, since long time Directive is issued in Tariff Order every year for updating of ACD/Securities of all consumers & a latest letter Memo No.121-26/DD/SR-103 dated 26.06.22 was issued by the office of the CE/Commercial for the implementation the Directive in regard. Simultaneously after a long hearing of petition No 61/2021 the PSPCL was allowed to review the ACD for year 2022-23. One can Judge's ability & reliability of the officials of PSPCL as per daily order reports uploaded on the Website's of PSERC about this petition. Though there is mention of details of consumers from whom recoverable amount have been added in the current bills but no mention of consumers to whom about Rs. hundred crores are refundable. Under Hakima Gate S/d M/s Mohan Lal of Pooja Flour mills outside Bhagwa wala Gate Amritsar is the example to whom this ACCD is refundable since long but not adjusted so far. As already informed our Email dated 13.09.22 with the Subject " Side effects of non-blocking disputed amount added in current bill ". Nothing has been heard from yourself & PSPCL but the office of Worthy OMBUDSMAN Mohali replied on the same date vide Memo No. 994 dated 13.09.22. a mail letter was email in connection with petition No. 61/2021 intimating assessing/charging of AACD to seasonal industry consumers whom on the basis of the Highest Fix in charges rate chargeable for 4 months by ignoring about 1/4 rate chargeable for 8 months, amount of AACD assessed & collected. This a big discrimination not resolved/ replied so far. Last time while making submissions on ARR for 2022-23 issue of Single point supply was raised with no solution so far. Rather all the benefits announced by GOP for the Domestic consumers in these licensee areas are denied due to emergence of disputes, not solved timely. CCHP guidelines also failed to resolved the matter. Requests /replies submitted in this regard not considered/ replied so far by the Competent officers under Border Zone Asr.

In a petition No 28/2022 (copy attached) it is informed "Draft Agreement for Single point supply Consumer " is a bilateral agreement have not been approved? as is observed by in the petition filed by the concerned consumer & decided by the Commission on 03.08.22 Under E. Act 2003 to resolved the disputes some directives have been issued & rules / Regulations approved to creating consumers friendly atmosphere but Industry is Planning shifting to other states Why ? An urgent detailed discussion on the issues is must along with passing order on ARR for the FY 2023-24 to 2025-26 to save the economy of Punjab.

Under Boarder Zone very strange things are happening. Two big Industrial organisations of Amritsar have uploaded letters addressed to the Worthy Commission in a whatsapp group of the Zone. During 2022 some Emails have been sent with request these letters may be added as advance objections on ARR 2023-24 too. Till date though these mails letters have been

forwarded to the concerned, but action taken on these mails not informed so far, only telephonic calls asking about name of related office of subdivision concerned. Issue of M/s Mehra Hotel was in last two public hearing meetings at Amritsar but alas, still pending?

In the press our Hon'ble Chief Minister is announcing many Crores of Rs. by announcing the opening of COAL MINES. Also said that people are misusing the benefits of Zero bill policy for DS consumers. As per LDHF ANNEXURE 1 kW of CL/ SL on meter supply connection only 72 units are assessed ($1 \times 30 \times .3 \times 8$) which is less than 1/4 of 300 units allowed thus offering 228 units to a consumer to use at his sweets Govt. Given Gift. If we assessed these units for a consumer with direct supply without meter ($1 \times 30 \times 1 \times 8$) = 240 only. It is also requested that while allowing such like benefits LDHF may kindly be considered while deciding the matters. Now it is suspected that losses incurred due to this freebee would be transfer on other consumers by increasing rate of Fixed Charges. So, it is humbly requested please Rate of fix charges should be reduced. As per a directive Fix charge was made base for deciding UUE cases. Now, fix charges rate for domestic consumers are more than Commercial consumer creating confusions.

The LPS/ interest rates chargeable on current bill are most injurious. For charging Interest on unpaid amount sometime for a very few days - even for one day interest for full month is charged. LPS / Interest on Only energy charges should be levied as were levied in older period. Multiple interest /LPS should be avoided to make it consumer friendly.

As ESIM regulation one can reduced his Contract Demand of Electricity connection without reducing sanctioned Load but official working in SAP/ CRM are denying as they have put certain checks in the system resulting non acceptance of Request for reduction in CD. This matter was discussed with SE sales of PSPCL but CRM denied by using VETO POWER. In Amritsar A specialist was working on yearly contract basis. He was very helpful for uploading critical things such as allowing of HT rebates. In last year some consumers were helped to get these rebates. There may be many more consumers who are not aware of this HT rebate allowed in yearly tariff orders.

Since 30.09.22 Mismatching in readings is noticed mostly in the bills being billed on basis of readings punched online & enter into MDAS system of SAP/ CRM. Secondly reading so recorded are not got authenticated from consumers. Mostly Consumers are totally ignorant of all TOD readings. In Haryana consumers are getting these details in the bills every month. Only those consumers can detect this error who have maintained daily meter reading record register. In last two months we noticed Mismatching of readings. In a case of mismatching of MDI after DDL Rs. more than 6 lacs has been refunded for the bill of month 12/2022 due to charging of excess fix charges only. As, fix charges are assessed for full calendar month. With a change of Reading date from last day of months to 21st of months some complications arise which are harmful to both side.

Mostly readings are punched at 24.00 hours on day of readings or last date of the months. MDI are reset in most of the cases in the last day of months. In sept. every year two bills are generated to avoids average type calculation of TDO tariff Implementation. TOD surcharge is stop on 30.09 & TOD night rebates started from first oct. of the FY. Efforts should be made & a suitable orders may please be passed as was prevalent in the days of manual readings. Maintenance of Meter Readings passbook / Card is very much necessary as this will be very much help full for early & accepted solution of disputes to both side, It is suggested readings on MDAS in Excel form must be shared along with monthly bills generated in SAP system. With the hopes that a suitable consumer friendly order to prevent the shifting of Industry of Punjab to other states as is heard read in press reports & for the healthy development of State please.

Reply of PSPCL: - These issues do not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- Suggestions and Observation by the Stakeholders and PSPCL's reply be noted. PSPCL to take further action on merit.

Objection No. 15 A

Name of Objector: Shri Gurmit Singh Bhatia

Issue: - Every year PSPCL file & PSERC ordered. In the tariff order there is mention of, noncompliance of directives, new directives, various data, name of objectors, methodology used, GOP letters & commitments to bear the subsidy, Conditions of tariff etc etc. Most of the electricity consumers never see the full tariff order because they are getting subsidized electricity. All tube well are getting free electricity, industrial consumers are getting subsidized rate & MS consumers are paying 50% of Fixed charges applicable to them. Zero bill policy of GOP on use of electricity up to 300 units along with rebate of Rs 3/- per units on total consumption for DS consumers having SL up to 7 KW. Even DS consumers having load above 7 kw are getting these rebates. Golden Temple & Durgiana Temple getting electricity at Grid rate & no fixed charges.

There are very few consumers who pay their energy bills as per Tariff order announced. Most effected consumers are:

Single point supply of Malls & Colonies, All type of NRS consumers, Bulk Supply, Railway traction, Streetlight, All type of Temporary connections, Domestic consumers billed under KVAH. Amongst above mentioned consumers having HT supply are the most effected due to some errors/ imposing of some checks in the SAP/ CRM SYSTEM by the office of CRM at Patiala, Non- wrong Flagging & Tagging of these checks in use for Billing system, many officials & officers working under Boarder Zone Asr are not familiar with this matter. A specialist of the system was working in Amritsar whose contract agreement has not been renewed resulting more sufferings. These are resulting in nonpayment HT Rebate, TOD & other rebates to eligible consumers timely. It not only consumers who are losing but Revenue of PSPCL is also suffering on many accounts resulting increase revenue gaps & rate increase.

Since the implications of Electricity Act 2003 & unbundling of PSEB working force is decreasing every year. Outsourcing has its own side effects. Efficient working hands, watchful eyes & application of thoughtful / judiciously minds are missing, resulting in wastages- losses of units. This further delaying timely release new connections & detection of defective meters, in-time replacement within 6 months as a can billed on average basis for the 6 months only from the detection/ replacement of meter whichever latter.

All this needs an optimal utilization of working forces in the field offices specially in the Subdivisions responsible for proper revenue assessment as per tariff orders & implementation of directives & all type orders timely without any delay please.

In light of above it is humbly prayed that instead of increasing tariff please endure proper implementation & rationalization of the prevailing system in PSPCL in line of optimally use of all available resources & manpower to prevent the shifting of Industry out of Punjab - lessen the burden subsidies on GOP also please.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The concern of the objector is noted. PSPCL may also note the suggestions.

Objection No. 15 B

Name of Objector: Shri Gurmit Singh Bhatia

Issue: - As per E. Act 2003 various rules & regulations have been approved by worthy Commissions established under the laws & Guidelines are issued for the safeguard of PSPCL as well as for consumers of all categories. To protect the Revenue of PSPCL reviewing of ACD is made as approved in SC-2014 but amounts recovered from consumers are not updated timely resulting wastage of working hours of manpower of all who responsible for implementation of orders as well as concerned consumers whose working capital is blocked. Since long PSERC making all out efforts to solve this issue but matter remained unsolved. Letter dated 28.06.22 is a proof of this non implementation of the order/ directive. The dealing official not aware of current instructions & still asking for receipts of old ACD deposits although everything is very much clearly mentioned in the letter issued. The clause 21.4 of general condition of tariff are also somewhat more stricter where full amount of bill are not paid timely due to disputed amount by adding RCO fee, LPS for seven days , more than 7 days to 15 days & charging of interest @ 1.5% on the total balance including amount of LPS for the REMAINING DAY OF THE MONTH , MAY BE ONE DAY ONLY , interest for the month that too with compounding rate effects ! Thirdly sum of amounts paid or adjusted in the consumers' accounted first go to first recovery of arrear amounts in electricity bill account of ledger. This resulting recovery of disputed amount stayed by courts leading to contemptuous action. Fourthly amount of arrear debited through sundry charges in bills repeatedly carried forwarded in next bills as sundry item also till the total bill is cleared. Only excuse put forth is "as per guidelines every consumer must be made aware of the outstanding recoverable amount otherwise this amount will become unrecoverable after two years under time-barred clause" In a case already decided & implemented before more than 2 years regarding clubbing of two LS consumers recently audited debited an amount of Demand Surcharge with ED WE objected & paid amount but not replied so far. To avoid any complications afterwards in SAP system the blocking of amount is available in the system but sorry to inform that our many official/ officers can't use this due to ignorance or deliberately?

Now take a case of disputed amount in which stayed granted to the consumer by the Competent court for recovery & disconnection, if we fail to block the clubbed disputed amount with current How we can save ourselves from contempt of court. In the SAP system as per command given through programming for charging of RCO fee, adding of LPS & Interest on every penny of paise of the outstanding balances?

In a case the concerned official added some amount as sundry charges after generation & printing of the bill. After receipt of bill consumer go to court & stay was granted from recovery & disconnection for recovery of added amount in 2016. Consumer deposited 50% of the amount charged/ added in current bill without providing detailed calculation of the amount. Balance 50% was debited in the bill but not blocked. In next every bills consumer was allowed to deposited current bill simultaneously outstanding balances started increasing with compounding rate of increasing with charging of RCO fee after every month along with charging of LPS & Interest on outstanding balances.

It is very strange to inform that consumer was denied many benefits such as threshold limit rebates, adjustment of interest on ACD+ MS for amount Rs. 736500/- In the month of 4/2018 Rs. 9575 were added in the bill as a TDS recoverable from the interest on ACD Rs. 47874/- to be adjusted in the first bill of FY. But the total interest adjustable not deducted from the current bill but was recovered/ adjusted against outstanding amount in bill account. This also happened in the years during the months of April 2019 ,2020 & 2021 too. In the bill No.50809137193 dated 23.07.21 total outstanding balance were blocked first time resulting adjustment of an amount of Rs. 24633/- only as interest on ACD though it is calculated as Rs. 31301/- TDS as Rs. 3130 which should be more than amount shown as in Allowances column

of concern the bill without any speaking order resulting mismatch of figures of bill. But Sr. Xen is claiming payment of interest much more? It worth mentioning herein a PIL petition, PSERC issued a time Bound directive for reviewing the AACD. In the review we found that a sum of Rs 2.51 lakhs is refundable to us. With the blocking of arear the will become adjustable against the current bill for moth of 6-7/2022 but not adjusted in a violation of Directive issued by PSERC deliberately may be?

The tariff order for the year 2017-18 was announced in the months of 11/2017 & was implemented w e f 01.04.17resulting charging of arear with Guidelines issued by GOP only 50% of arear amount in 9 instalments if we go through the chronology received from Sr. Xen DS Hakima Gate Division Amritsar in most of the bills issued from January 2018 to Dec. 2018 excessive amount in instalments of arrears of revised tariff recovered from this consumer.

After revision of tariff for the FY 2018-19 a total amount Rs. 2.24 was debited & latter reversed as per guidelines issued by GOP. Rs. 1.12 lakh were to be recovered in 9instalment & command for auto addition of instalment was in the SAP system. It is detected that excess amount through instalments had been recovered due to nonblocking charged amount stayed by the court reason mentioned in the opening 1-5 Paras of this letter.

It is worth mentioning here that the court decided the case in favour consumer in 6/2018. Instead of resolving the matter amicably by calling the concerned consumer through table talk with reasoning but the concerned official preferred a new notice for depositing the amount without settling already committed excesses by the way excess recovery from consumer may be deliberately? The case is still under auditing, some first look detections are being shared for the welfare of all categories of electricity consumers as well as for the safeguard of PSPCL & officials dealing the matter being Ex -activist of working class. This is not first case that we noticed. A similar case still pending & we are trying for Implementation of order of CGRF ORDER DATED 28.08.20 & other too. It is suggested that some suitable solid GUIDELINES may please be not only issued but strictly implementation ensured please

The issue regarding LPS, Interest rate chargeable due to delay payment, Implementation of orders / directives &single point supply consumers must be decided in the tariff under discussion please.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- PSPCL reply be noted. PSPCL to take further action on merit.

Objection No. 16 : Focal point United Industries Association

Issue: - 1. The PSPCL issued Memo No. 121/26 dated 26.06.2022 for updating of Security (Consumption) & Security Meter and crediting interest to the consumer. The PSPCL further instructed that where the record of security not available the security be credited as per the amount of security mentioned in the Annexure attached to the said memo immediately. Inspite of issuing the memo, security has not been credited to the account of the consumer. The Commission in Petition No. 61/2021 vide order dared 10.11.2022 bas directed that review of Security (Consumption) for 2022-23 for all LT/HT/EHT consumer be strictly in accordance with provisions 16.5.3 to 16.5.6. The PSPCL has recovered the amount of security where the security amount is short recovered but where the excess security bas been recovered, is not refunded suo-moto. As such the PSPCL has not fully complied the order of PSERC.

Reply of PSPCL: - Instructions are already prevailing in PSPCL for timely review of Security Consumptions as per relevant Regulations of Supply Code-2014 and amended thereof. Rates of Security consumption are charged as per Schedule of General Charges approved by PSERC from time to time.

Commission's view:- This issue does not relate to the tariff petition. However, PSPCL should implement the provisions of the Regulation and order of the Commission in letter and spirit.

Issue: -2. Under the supply code 2014 & ESIM 2018, the detail procedure has been given for checking of Connection / Regular Inspection of Meter / Metering Equipment of consumer. The PSPCL has issued Memo No. 776/80 dated 04.1.2020 where the detailed instructions have been given. As per the said Memo, where failure of the equipment is more than six months, in that case no recovery can be made. In other words, the circular does not ask for recovery made for more than six months. The field officers of PSPCL are not adhering to the said Memo resulting increase in litigation.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on merit basis.

Issue: - 3. PSPCL issued Commercial Circular No. 20/2021 dated 30.04.2021 Temporary amendment was made in Regulation 21.5.2 of supply code 2014. The Circular was issued pursuant to the order dated 22.04.2021 of PSERC in Petition No. 17/2021. As per the order regulation period would be financial year 2019-20 instead of previous year on Meter becoming defective / dead / stop/ burnt/ stolen during the period 23.03.2021 to 30.09.2021. The official of the PSPCL has not implemented the circular in true spirit. They are charging on the basis of LDHF formula.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on merit.

Issue: - 4. The number of changes have been made in billing system since 2010 by PSPCL, especially for the consumers with sanctioned load more than 100 kW/kVA, have been made more & more complicated & not easy to understand by the consumers as well as dealing officers / official. This aspect of PSPCL is creating a sense of unfriendly attitude amongst in consumers of all categories. Earlier timely readings were recorded manually as per fixed schedule by the competent officers/ officials & also entered in the Meter Reading passbooks/ cards placed in the premises of consumers for the information & knowledge of concerned consumers. This is mentioned in the regulations book namely ESIM updated upto 8/2018 in chapter Meter Readings under clause 81.2 at page 144. The passbook system was very helpful to resolve disputes and very easy to nab billing disputes in time schedule approved by the Competent Authorities. Now these are not in use for the only reason of Online Readings - Spot - Billing in SAP I CRM system. In the passbooks / cards every Officer / Official of PSPCL visiting the premises for readings or checking of the connections & they are required to pen down the reasons & findings. The details of cases where the dispute is going on areas under:

- i) NRC Verka Amritsar v/s East Division PSPCL Amritsar CA No. 3002808127 Case No. CGL 236/2019.
- ii) Essma Mills Amritsar v/s East Division PSPCL Amritsar now pending with CE Border Range Amritsar.
- iii) Brij Lal Mehra Mills Amritsar v/s East Division PSPCL Amritsar. The case decided in favour of consumer by quashing notices & fixing of responsibility of three organizations.
- iv) Ganpati-Cotex Majitha v/s Suburban Division PSPCL Amritsar pending with CE Border Rane Amritsar CA No. 3002808155.
- v) Mehra Hotel Amritsar v/s Civil Line Division PSPCL Amritsar full & final

implementation awaited as promised by new AEE Commercial CL & again confirmed on 03.01.2023 with request dealing Appeal No. CGFL 053/2020 CA No. 3002904047.

With the introduction of KVA tariff, TOD / threshold rebated Surcharges / Fixed charges etc. & installation of DLMS meters many consumers have started maintaining daily Meter readings record registers to know the power factor & effects of TOD tariff. There is no mention of TOD readings in the bills. Some consumers are also maintaining record of TOD Consumption by recording day reading 6 AM to 10PM and 12 at night.

Since 01.10.2022 Meter Readings printed in bills are mismatching. The matter was discussed with some official under Dy. CE billing Patiala. Two cases noticed one of City Circle & other of Suburban Circle Amritsar. The Mismatching is proved with allowing of refund in one case & in other case it is in process after checking by MMTS by taking the DDL of meter.

It is requested that for immediate solution the MDAS Excel sheet should be supplied along with bills / sent through E. mail or other modes.

The bill format should be amended by adding all the TOD readings in the bills.

It will be helpful for creating a customer friendly atmosphere for both consumers & PSPCL and earliest detection of mismatching and minimizing chances of losses too.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- The concern of the objector is noted. PSPCL also to note objectors concern.

Issue: -5. That PSPCL is demanding security for 1 ½ month based on the consumption of the previous year. Presently, the bills are issued by taking the reading from the modem just like spot billing. The bills are prepared and sent to the consumer online / uploaded on the website of the PSPCL. No Hard Copy of the bill is delivered to the consumer. It is the duty of the consumer to download the bill from the website or take a print from the mailed copy. As per the rule of the PSPCL, where the bill amount exceeds Rs. 20,000, the payment is to be made digitally. The time gap is less than 10 days to receive the bill amount from the consumer.

It is suggested that the period of 1 ½ month for charging security / AACD be reduced to 1 month only as is being done under spot billing case.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply Code issue. The concern of the objector is noted.

Issue: - 6. The interest paid to the consumer on ACD is very much on the lower side. Earlier interest paid by the PSPCL to the consumer on ACD was base rate of interest of State Bank of India (SBI) plus 2%. Later on, it was revised to Reserve Bank of India (RBI) rate of interest. Recently banks have revised rate of interest. The interest rate applicable to the industry on borrowing from bank is now minimum 11%.

Accordingly, rate of interest on ACD should be made at par with the lending rate of interest charged by the commercial banks from the entrepreneurs.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply Code issue. The concern of the objector is noted.

Issue: -7. Charges demanded as a result of checking/ additional demand/ arrears due to under assessment are included in regular supply bill by the PSPCL. If these charges / additional demand / arrears are not paid, penalty is levied and recovered from the consumer.

As per supply code clause 30.1.2, the bill cum notice for arrears shall be initially tendered separately and shall not be clubbed with current electricity bill. If the consumer raises any

objection that should be clarified with Rule & Regulation and with details. The opportunity of personal hearing should also be accorded. If arrears are not cleared by the consumer, such arrears shall be indicated regularly in the subsequent electricity bills. In case arrear bill is included in the current energy bill at the first instance, the distribution license shall not be entitled to take any punitive action against the consumer for nonpayment of such arrears amount along with the current energy bill. It is suggested that this clause should be strictly implemented and action should be taken against erring officer.

Reply of PSPCL: - This issue does not relate to the current tariff petition and shall be dealt with separately.

Commission's view:- This is a supply Code issue. The concern of the objector is noted.

Objection No. 16 A

Name of Objector: Focal point United Industries Association

Issue: -1. PSPCL issued Circular No. PR/2021 dated 01.07.2021 to 19/2021 dated 13.07.2021 by which certain restrictions were imposed to draw power for the LS Industry. The circulars were issued without following guidelines laid down in Supply Code 2014. The PSERC suo moto taken the action and Petition No. 52/2021 was filed against PSPCL. The PSERC vide order dated 21.01.2022 held that "PSPCL shall recover the fixed charges waived by it for the period under regulatory measures and shall refund the amount of penalty, if any, imposed on the defaulting consumer who drew power in excess of the limit specified in the said Circulars within a month from the date of order." As per the order of PSERC Fixed Charges are to be recovered only from those Industry who draw power in excess of the limit specified in the circulars. The PSPCL is recovering fixed charges from all the LS Consumers and as such violating the order of PSERC.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately

Commission's view:- Refer to the Commission's Order dated 21.01.2022 in petition No. 52/2021. PSPCL to clarify to the objector on the issue.

Issue: -2. PSPCL is charging transfer fee at the time of transfer of connection / change of name. There are number of Electricity Connection which are running in old name or in the name of dead persons. Number of times, it was represented that PSPCL should announce one-time voluntary policy for change of name without any charges. The Haryana Government announced such policy in February 2018. Voluntary policy should be announced by PSPCL for change of name without any charges. The connection should be linked with Aadhar. The number of times it is seen that in case of any dispute with consumer, PSPCL file case in the name of Connection Holder and later it is found that connection holder is dead. The whole exercise goes futile.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- Suggestion is noted. PSPCL may also note the suggestion.

Issue: -3. Every year PSPCL & PSTCL file petition with PSERC to increase the tariff. To increase the Electricity Tariff is not the solution. The Electricity Tariff is already high in Punjab as compared to other states. The PSPCL should reduce the transmission losses and to increase the revenue, the PSPCL should do the following:

- i) Metering at different tapping points to calculate the transmission losses then the mitigation plan to reduce it, it will also help to identify unauthorized tapping in between.
- ii) Online monitoring of energy meters to review energy consumption and losses.
- iii) Define the baseline and target for industry, online monitoring of losses.

- iv) To reduce the revenue loss, there should be scheduled inspection of overhead line specially during rainy and winter season.
- v) Upgradation and maintenance improvement to reduce the breakdowns in yards.
- vi) Grid connectivity ring circle to avoid grid overloading and black out.
- vii) One point contact for industries to reduce / increase the demand - online monitoring for progress of application stepwise, reasons for delay should reflect to take appropriate steps.
- viii) All disputed cases should be handled through single window with defined time frame.
- ix) Availability of critical spares and testing, list to be available on website so that customers can get these spares to reduce the breakdown and revenue loss.
- x) Power quality monitoring and penalty to supplier and consumers.

Reply of PSPCL: - In this Regard Point wise reply is submitted as following: -

- i) Metering has already been done at the source of feeder and at the consumer end which is sufficient to monitor losses of 66 KV Lines.
- ii) PSPCL will install Prepaid Smart meters and Smart Meters to Consumer connections, Distribution Transformers and Feeders under RDSS Scheme.
- iii) By installing Smart meters under RDSS scheme online monitoring of consumption and losses will be done.
- iv) Scheduled inspection of overhead lines is a routine process of Operation and P&M staff of PSPCL and also In-house Drone Technology is being proposed for efficient location of fault & preventive maintenance of Transmission lines for enhancing reliability through reduction in outages.
- v) This is a routine process being followed by P&M staff by doing periodical testing and maintenance.
- vi) Grid connectivity ring circle is being implemented and at Ludhiana and Mohali etc. it is already implemented.
- vii) Single Window system relates to the Office of CE/Commercial. However, changes have already been incorporated in Online system for being consumer friendly and access to consumers at each and every step.
- viii) PSPCL is already created an online system to handle the dispute cases. Instructions has already been issued to all field offices to get the pending DSC cases cleared within stipulated timelines, by issuing appropriate speaking orders and ensuring uploading of the decision online.
- ix) All DS and TS stores are operating Online and stock position, SR, SRW are issued online only.
- x) Power quality meters are to be installed on designated consumers for trial as per the instructions of Hon'ble PSERC.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 4. That Ministry of Small-Scale Industries has changed the criteria for classification of MSME in 2019. In spite of this change the Power Sector has not amended the criteria of classification of MSME enterprises till date. The Limits for MS Connection - 20KW to 100KW has not been changed since for the last 30 years. It is suggested that the limit of the same be increased to 200 KW. Similarly for SP connections it should be increased from 20 KW to 50 KW.

Reply of PSPCL: - The Commission may decide/review the request for changes in classification of consumers in terms of load for Small Industrial Supply (SP Connections) & Medium Industrial Supply (MS Connections) as the same comes under the preview of the Commission.

Commission's view:- The categorization is based on load and not as per investment limits prescribed by the Govt. of India.

Issue: - 5. That Presently PSPCL is having monopoly for distribution & transmission of electricity. To make it competitive and efficient, at least one more distribution/ transmission Company should be allowed to operate in power sector. This will help in all around betterments for PSPCL. Many other states are following this practice in our country.

Reply of PSPCL: - PSPCL is always on the path for improving existing system and making it consumer friendly. e.g. on Customer care system we have increased seating capacity from 60 to 120 along with the lines. Further for improving the single window system, new technology is being used to reduce outage time and monitoring and thus making system ROBUST with the help of RDSS Scheme.

Commission's view:- Provisions of the Electricity Act 2003 and related Rules and Regulations cover this issue.

Issue: - 6. That Demand of Power in the Old Focal Point, Amritsar has increased. There is no substation in the Focal Point and Power Supply is made from the Mall Mandi. It is requested that 132 KVA substation be installed at the Old Focal Point for which one plot has been kept reserved for the last 30 years by PSIEC.

Reply of PSPCL: - This issue does not relate to current tariff petition and shall be dealt with separately.

Commission's view:- The objector may note the reply of PSPCL. PSPCL may take appropriate decision on the demand of the consumer.

Issue: - 7. The PSERC should not increase tariff on the other hand PSPCL should reduce its transmission losses and expenses. In Winter Season, the State has Surplus Electricity and demand in the night is very much on lower side. The Rebate of 50% in rate should be allowed to the industry on use of electricity in the night to boost the industry to work in night.

Reply of PSPCL: - There is already provision of providing electricity at lesser rates at night hours during Winter season under TOD tariff. Further LS/MS Industrial consumers opting for special night tariff are given 50% rebate in fixed charges along with Special reduced tariff.

Commission's view:- The objector may note the response of PSPCL.

Issue: - 8. There is shortage of staff with the PSPCL. Ten years back, there were more than 90,000 hands and now it is below 30,000. With shortage of linemen etc., the complaints are not settled in time.

Reply of PSPCL: - PSPCL is always on the path for improving existing system and making it consumer friendly e.g. on Customer care system we have increased seating capacity from 60 to 120 along with the lines. Further for improving the single window system, new technology is being used to reduce outage time and monitoring and thus making system ROBUST with the help of RDSS Scheme.

Commission's view:- The objector may note the response of PSPCL. Efficiency and Productivity of the staff is the most point, not the numbers.

Issue: - 9. In order to reduce the losses and for efficient working, the PSPCL should go for Energy Audit. The reputed Auditor should be appointed for the audit. It will prove very fruitful in all respects.

Reply of PSPCL: - Energy audit is already in place and is being done under BEE mandatory Energy Audit Scheme and independent auditor M/s Katiani is appointed for the audit.

Commission's view:- The objector may note the response of PSPCL.

Issue: -10. To reduce the Transmission Losses & for uninterrupted electricity supply and breakdown, there should be timely dehydration of transformers. Presently, there is no such system & even there is NIL proper Earthing for all transformers.

Reply of PSPCL: - PSPCL is doing all out efforts to reduce losses and to provide uninterrupted power supply to its consumers. Proper dehydration of transformers is being done time to time and earthing of transformers are already done by PSPCL.

Commission's view:- The objector may note the response of PSPCL.

Issue: -11. Inspite of giving 300 units free, the Kundi Connection are still going on. Strict action should be taken against Kundi connection holders.

Reply of PSPCL: - Checking of connections is a routine process to stop power theft and if any consumer found involved in power theft then PSPCL charges penalty to the consumer as per the instructions of ESIM.

Further Yearly capital maintenance of Transformers is being done of 500 KVA and above. In addition to above, in case of Distribution Transformers PSPCL takes warranty of 5 years.

Commission's view:- The objector may note the response of PSPCL. Theft is forever to be checked with a strict hand.

Issue: -12. There should be frequent interaction with the Consumer. This will be helpful for Customer as well as for the PSPCL to resolve the matter on the spot. Right now, presently, interactions are ZERO.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- PSPCL to note the suggestion and increase consumer interface.

Issue: - 13. There should be a mini secretariat of electricity in each city. All officer of PSPCL should sit under one roof. It will increase efficiency and problem of delay will be solved. It will also be easy for the general public.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of Tariff determination. However, PSPCL may note the suggestion.

Issue: - 14. The officers of PSPCL should be transfer from one district to other. There should not be long stay of the officers at one station OR in one District.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of Tariff determination.

Issue: - 15. For taking power for above 1000 KW by LS Consumers from Power Grid the taxes levied by PSPCL should be reduced like adjoining States. It will help Industry to compete with adjoining states similar Industrial Units.

Reply of PSPCL: Levy of taxes is sole prerogative of Government of Punjab and PSPCL shall follow the direction given by Government of Punjab.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 16. There should be timely overhauling of old lines to reduce the breakdown.

Reply of PSPCL: - To strengthen its distribution system, PSPCL continuously undertakes schemes under System Augmentation & Improvement in which new technology is being used to reduce outage time and monitoring and thus making the system robust.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 17. The decisions of the DSC are not implemented in time due to quantification. The decision quantification should be done and not put again on the officers. This delays in the implementation of the decision.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of Tariff determination.

Issue: - 18. In spite of Monopoly Business, PSPCL is incurring Huge Losses every month. Healthy competition by appointing One or Two more Power Suppliers in Punjab will change the situation beyond expectations.

Reply of PSPCL: - This issue does not relate to the current petition. The suggestion is noted.

Commission's view:- The suggestion is noted.

Issue: - 19. Prior & Timely intimation about Power Cuts should be given to all MS & LS Consumers by PSPCL.

Reply of PSPCL: - All scheduled Power Cuts for maintenance are being regularly published in newspapers/ social media and through electronic media. Groups consisting of industrialists, PSPCL employees have been created at Zonal Level on which information regarding scheduled power cut is shared and even grievances are attended.

Commission's view:- The objector may note the reply of PSPCL.

Issue: - 20. Time Bound Implementation of all work under Right to Service Act should be implemented in PSPCL for better services to all customers.

Reply of PSPCL: - This issue does not relate to current petition and shall be dealt with separately.

Commission's view:- The issue does not pertain to the present exercise of Tariff determination.

Objection No. 17 : Mohali Private Unaided Schools Association

Issue (relevant prayers): -

- The Commission may create a separate consumer category for the schools run by the Intervener/Objector Association herein i.e. Mohali Private Unaided Schools Association.
- The tariff charged to the Intervener herein may be charged equivalent to the pooled power purchase cost of about Rs. 4.44/kWh. Alternatively, bulk supply cost of the distribution licensee i.e. PSPCL and the element of Return on Equity built into the tariff may also be removed while allocating cost.
- Electricity Duty and Municipal Tax may be waived off in the tariff charged by PSPCL to the Intervener herein.

Reply of PSPCL: - Currently NRS tariff is being charged to Private Unaided Schools. Whereas DS tariff is charged to Govt. schools/Govt. aided educational institutions. To change/reduce the tariff of any class of consumers comes under the preview of the PSERC, however Charging DS tariff to Private unaided schools will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb level of cross subsidy. Further, also submitted that it is not possible to charge tariff at pooled power purchase cost as there are various other administrative & establishment expenses over the purchased cost of power, however the decision on rate of tariff comes under the preview of the PSERC.

Commission's view:- The Commission notes the concern of the objector. Also, imposition of Electricity Duty and Municipal Tax is the prerogative of the State Government.

Objection No. 18 : Reliance Jio Infocomm Limited

Issue: - Presently the telecom industry is being charged commercial rates as against industrial rates resulting in undue financial burden on telecom industry which works round the clock like any other industry. The telecom sector as the backbone of digital infrastructure of the nation, is set to be the force multiplier for many other sectors as well. In present times, Telecom is effectively an essential service similar to access for water and electricity. It is a key driver of economic and social development in an increasingly knowledge intensive global scenario We

wish to bring to your kind notice that the Government of Andhra Pradesh vide its IT Policy 2021-24, dated 16.07.2021, has allowed the IT companies operating in Andhra Pradesh to pay industrial tariff for their power consumption. 24x7 Telecom Connectivity is essential and a prerequisite for seamless IT operations. Therefore, telecom network is also an integral part of IT eco-system. In fact, Telecom Connectivity is essential not only for IT operations but also for almost all-important infrastructure to enable various services such as Digital Payments, Industry 4.0 (connected Industries), Remote Education and other infrastructure such as Power Sector which harness the benefits of Machine to Machine (M2M) connectivity.

Further, with the launch of 5G, we are at the cusp of embracing another round of digital revolution. 5G technology is well poised to bring in revolutionary changes in the areas of health, agriculture, road safety, gaming, logistics, manufacturing, education, drones, smart cities, smart homes etc. Availability of 5G networks would necessarily require network densification through low distance small cells. There will be a need for EB connections around the state for this massive deployment of 5G small cells. Currently there are more than 7 lakh towers deployed in India. The National Broadband Mission (NBM) has set targets of 12 lakh mobile towers by the end of 2023 & 15 lakh by the end of 2024.

In order to achieve the NBM target of 50 lakh km of fiberization, 70% of tower being fiberized, and 50 megabits per second broadband speed, enhanced fiberization is a must'.

High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. It is estimated that almost 30 percent of the tower's OPEX is accounted for the towers are related to electricity tariffs, a significant portion.

There is a strong need of cross-sector collaboration between the power sector and telecom sector, which will not only reduce the cost for telecom companies but DISCOMs will also get a new revenue stream. In view of the above, we humbly request that in the State EB Tariff Orders, Telecom Industry electricity tariff may kindly be placed under Industrial rates rather than the commercial rates to bring the tariff on par with the IT services and other industries.

Reply of PSPCL: - The objector has requested for change of category of Tariff charged to telecom towers from NRS category to Industrial category. The tariff of industrial category is comparatively less than that of NRS category. To change the tariff of any class of consumers comes under the preview of the Commission, however, to levy of electricity tariffs for TSPs under industrial category will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb level of cross subsidy.

Commission's view:- The Commission notes the concern of the objector.

Objection No. 19: Small Scale Steel Re Rollers Association

Objection No. 25 : All India Steel Re roller Association

Objections to the True Up of FY 2020-21

Issue: - 1. Distribution Losses: For FY 2020-21, the approved distribution Losses were 12.34% but in actual these are 12.59 % which translated in Extra Distribution Loss of nearly 521 MU. This extra Distribution Loss should not be approved as the Genuine Consumers of the area where there are very little distribution Losses are being burdened with increase in Tariff due to the Distribution Losses of other Areas.

Reply of PSPCL: - PSPCL is continuously working on the reduction of distribution losses. Further, increase/decrease in the tariff is sole prerogative of the Commission.

Commission's view:- Objector may refer to the Tariff Order where this issue is addressed.

Issue: -2. Capital Expenditure: For FY 2020-21 had approved CAPEX of Rs 1662.90 Crores but PSPCL spent only Rs 1347.88 Crores. The Industrial Consumers are the most revenue generating segment of PSPCL but due to non-upgradation of existing infrastructure in areas of KHANNA Circle, there are always issues of quality supply. The non-availability of Spare

equipment's is also a cause of great Concern. But even after keeping in these facts, the Lower CAPEX is worrisome, and it needs to be clarified by PSPCL that when the Existing Infrastructure needs a makeover then how it is justified that CAPEX is below even the approved CAPEX.

Reply of PSPCL: - Due to COVID 19 Pandemic, the country was under lock down in year 2020-21. Due to which supply chains got disturbed. In view of the same new works or upgradation of existing infrastructure got delayed. Now the supply chains have resumed. Adequate spare and material is now available in stores for all kinds of works.

Commission's view:- PSPCL reply may be noted.

Objections for Control Period from FY 2023-24 to 2025-26

Issue: - 1. Distribution Loss trajectory for MYT Control Period: PSPCL is requesting to approve Distribution Losses for MYT Period as:

FY 2023-24	12.30%	7324 MU
FY 2024-25	12.20%	7714 MU
FY 2025-26	12.10%	8128 MU

When PSPCL admits that it is taking So much, measures like improvement in billing and Collection Efficiency, Replacement of defective meters, Aggressive Vigilance Drives, Strengthening of Sub Transmission and Distribution Network under DDUGJY and IPDS etc. As per Chapter 5 of Comments by PSERC and Directives for FY 2021-22, Number of Feeders with Losses more than 15% have decreased from 2697 (FY 2019-20) to 1526 (FY 2020-21 upto Dec 2020) But Still PSPCL submits to approve only reduction of 0.1 % per year in Distribution Losses which if translated in MU is not reduction in Distribution Losses but increase in Distribution Losses i.e. from nearly 7324 MU in FY 2023-24 to Nearly 8128 MU in FY 2025-26. So these high distribution Losses should not be approved by PSERC. Distribution Losses should be minimized in a time bound manner of 5 years and Minimum Reduction in Distribution Losses should be at least 10% of Previous years So we propose that PSERC should approve Distribution Losses as: FY 2023-24 11.33 % FY 2024-25 10.20 % and FY 2025-26 as 9.17 %

Reply of PSPCL: - PSPCL is working to improve its Billing and Collection Efficiency, timely replacement of defective meters and strengthening of its sub transmission and distribution network under various schemes and all efforts are being made to achieve the Distribution Loss trajectory approved by the Commission. PSPCL will install Smart Meter on Consumer connections, Distribution Transformers and Feeders under Modernization Works for better monitoring of losses and will also do various Infrastructure works to strengthen the Transmission and Distribution network under RDSS Scheme to bring down the losses.

Though transmission losses are more or less non variant, still however PSPCL have to de-load feeders by erecting new lines, and by doing so resistance of lines increases and thus in turn increase losses. For reducing Distribution & AT&C Losses, Smart meters are being installed which leads to 100% billing and also reduces human consumer interface. Thus, it will increase billing efficiency and leading to reduce the AT&C Losses. So, reduction of 0.1% per year in Distribution Losses is a tedious job, even then PSPCL is committed to reduce losses as per trajectory agreed with Government of India under RDSS Scheme.

Commission's view:- Suggestion is noted.

Issue: - 2. Rationalization of Staff and Equipment: There is shortage of technical staff and Equipment at Subdivision Level, which affects quality of Power Supply. So, it is requested that to ensure Quality of Supply, Some System of rationalization regarding availability of Staff and Equipment should be started.

Reply of PSPCL: - To deal with the shortage of technical staff at sub-division level, PSPCL hired CHB/CHGs through outsourcing for complaint handling. Further PSPCL is moving forward for recruitment of Technical and Non-technical staff in the long run.

Commission's view:- PSPCL reply may be noted.

Issue: -3. CAPEX: CAPEX that shall be approved must be Spent on infrastructure upgradation Especially 11 KV feeders of Khanna Circle. There are a lot of technical issues which need to be resolved on ground level. Availability of Spare equipment should be ensured to ensure Restoration of Power Supply in Short Period of time.

Reply of PSPCL: - Adequate funds have been earmarked for distribution system Augmentation and System improvement works. Ample quantity of spares/ equipment is available in PSPCL stores to all kinds of material requirement for system Augmentation and System improvement works. However, if there is any issue at local level, Matter may please be taken up with CE/Central PSPCL.

Commission's view:- PSPCL reply may be noted.

Objection No. 20 : Steel Furnace Association of India (Punjab Chapter)

Issue: - 1. Return on equity

PSPCL had equity base of Rs 6081.43 Cr on 16.4.2010 as per FRP approved by GOP when PSEB was bifurcated into PSPCL and PSTCL. This comprised of an amount of Consumer Contributions & Govt Grants of Rs.3132.35 crore, which was converted into equity of GOP by PSPCL at the time of finalization of Transfer Scheme and FRP and the same was admitted by PSERC as well. Though the matter regarding conversion of Consumer Contributions and Govt Grants into equity has not been approved by APTEL as well as CAG, still on a SLP filed by PSPCL in Supreme Court, the matter is under litigation and because of Stay granted by The Supreme Court, PSERC is granting ROE on Rs 6081.43 Cr to PSPCL and 605.88 Cr to PSTCL. APTEL had observed that the Govt can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE. Subsequently, MOP, GOI introduced UDAY scheme for stressed power sector and PSPCL, GOP and MOP entered into a tripartite agreement as per which PSPCL loans of Rs 15628.26 Cr were to be taken over by GOP through issue of SLR bonds by banks in the name of GOP and loans were to be taken off the books of PSPCL. It is not known whether the SLR bonds were actually issued or not. However, the UDAY scheme was up to 31.3.2020 and PSPCL proposed in ARR of 2020-21 to convert the loan amount of Rs 15628.26 Cr as GOP equity in PSPCL thereby increasing GOP equity from 6081.43 cr to 21709.69 cr. It was also proposed to recover ROE on this loan converted equity amount of Rs 15628.26 @ 15.90% which works out to Rs 2485 Cr in addition to Return on Equity on Rs 6081.42 crore. Thus, by simply maneuvering the entry of loan amount to equity, consumers were to be asked to pay 3423 Cr. This is clearly against the interest of the consumers. However, as per the Tariff order dated 28th May 2021 passed by this Hon'ble Commission, claim of such return on equity was rejected by the Commission and ROE was kept the same at Rs.974.74 crore on equity of Rs. 6081.43 crore for FY 2020-21.

Instead of agreeing to the decision of the Commission and knowing fully well that the equity amount being not a cash flow does not qualify to be equity for ROE purpose, and being aware of the fact that APTEL has already rejected PSPCL's previous similar attempt and an audit para in this regard is already raised by CAG, PSPCL in its ARR for FY 2022-23 dated 30th November 2021, came out with an entirely new argument for claiming increased equity and higher amount as Return on Equity. It was claimed that out of Rs.15628.26 Crore, Rs.2246.77 Crore were spent on capital expenditure and 13381.49 crore were working capital loan, out of

which Rs.2346.19 Crore were also diverted towards capital expenditure. As per PSPCL, taking together, Rs.4592 Crore should be treated as equity and return on equity should be now allowed on Rs. 10674 Crore (Rs.6081.43 crore + Rs.4592 crore). Many stake holders strongly objected to the PSPCL proposal to indirectly convert the UDAY loan amounts to equity to claim higher ROE. It was also pointed out by us that PSERC and APTEL have amply made clear that only cash flow is to be treated as equity for the purpose of ROE, MYT regulations provide that equity should be actually infused for creation of useful assets. Agreeing to our objections, PSERC rejected the contentions of PSPCL in the tariff order for 2022-23 vide Para 3.21 for the Year 2020-21 observing as under: -

The Commission has not considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore + Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans of prior period.

Similar observations were made by the Commission for 2021-22 and 2022-23 in Para 4.19 of the Tariff order. Now in current ARR for FY 2023-24 dated 29th November 2022, PSPCL has again come out with the same argument for claiming increased equity and higher amount as Return on Equity in Para 2.20 (True up for 2021-22), Para 3.12 (APR and RE 2022-23) and Para 4.17 (Projections for 2023-24 to 2025-26). In all these paras the equity has been claimed as 10674 Cr and ROE of 1684 Cr.

PSERC and APTEL have amply made clear that only equity funded through cash flow is to be considered for the purpose of ROE, MYT regulations provide that only that equity will count for ROE which is actually infused for creation of useful assets. The said Rs 15628.26 Cr were the loans outstanding on 30.9.2015 i.e. expenditure was incurred in the years prior to 2015-16. This amount was taken over by GOP as per conditions of UDAY MOU. On the expiry of UDAY scheme in 2020, the amount was transferred back to PSPCL by GOP but PSPCL allotted equity of equivalent amount as there was no cash flow but the amount was to be reflected in books of account. PSPCL claimed ROE on additional amount of Rs 15628.26 Cr which was not granted by PSERC in 2020-21. Next year the loans were bifurcated, and alleged loan of Rs 4592.96 Cr purportedly used for capital works were claimed as equity eligible for ROE which was also denied by PSERC. However, PSPCL has again claimed ROE on this amount in the ARR with the same arguments.

As discussed, and also held by PSERC, there is no case for allowing Return on Equity beyond Rs.6081.43 crore, which in principle is also under litigation, on which APTEL has decided adversely and matter is in Supreme Court. It is also pertinent to mention that all the assets considered for supply of electricity to the consumers of the States as admitted by PSERC are already accounted for and linked with corresponding source of funding through debts. Hence, there is apparently no case for allowing any return on equity beyond the admitted amount of equity.

It is also learnt that PSPCL has filed Appeal in APTEL for earlier TO and also review petition for last TO before PSERC in which the denial of ROE on the additional alleged equity of 4592.96 Cr is being contested. Though Public Hearing was held in review petition but as reasoned and self-speaking tariff order has been issued denying the ROE. PSERC will hopefully reject the review petition to safeguard consumer interest and should also fight, it out in APTEL to get the appeal on this account rejected thereby protecting the interest of consumers and also stop indirect funding of the financial losses due to inefficiency of PSPCL

as the ROE is not being passed on to GOP to which the equity belongs but used in house by PSPCL.

It is pertinent to state here that PSPCL submitted the effect of UDAY scheme on the ARR of 2016-17 vide its letter no 481/CC/DTR/Dy CAO/245/Vol 1 dated 12.4.2016 which clearly states that whole of the amount taken over by GOP under UDAY scheme comprises of debt.

Further, the tripartite agreement executed under UDAY scheme provided that 75% of the amount taken over by GOP will be converted into grant of GOP to PSPCL at the close of the scheme. Further, GOP was to compensate the loss of PSPCL in a graded manner during the period 2017-18 to 2020-21. However, so far neither any grant has been given by GOP in terms of UDAY tripartite agreement nor any loss compensation has been given/shown in ARR. Thus, PSPCL has failed to get any relief in the form of Grant of 75% of debt or compensation for the losses which would have given relief to the consumers in the shape of lower tariffs but has acted proactively to convert whole of the loan of GOP into equity and claim ROE for the same to load the consumers through higher tariff. The demand for return on higher equity needs to be rejected outrightly.

It is evident that in violation of the UDAY Scheme resolution, the amount of debt of Rs.15628 crore was converted into equity by PSPCL. As such, return on such debts has been artificially increased by showing it as equity and return sought is almost double as Regulations provide for return on equity @15-16% assuming 70:30 ratio of debt and equity. Even in such case, the amount of equity is to be kept at actual or 30% whichever is lower but such equity should have been infused by GOP. Hence, it is the basic tenet that higher return should not be given on equity, when it is not infused in cash and debt should not be proposed by PSPCL / allowed by PSERC to be camouflaged as equity with the sole aim of claiming higher return.

It is also highlighted here that as per PSPCL's own admission, the assets created by PSPCL as well as erstwhile Electricity Board/Electricity branch of PWD through debt, consumer contributions and Govt grants and not through any infusion of equity, there is need to investigate the source of funding of assets created by Discom/Board. It is pertinent to note that PSPCL has itself admitted that gross fixed assets of GNDTP were created through loans and no infusion of equity was made at any stage. (Reference para 2.20, page 56- 57, Tariff Order dated 28th May 2021). The relevant part is reproduced below

"The Commission has considered project-wise RoE based on the RoE approved in True up of FY 2017-18. As PSPCL did not submit project-wise/ plant-wise equity during the True-up of FY 2017-18, the allocation was done based on GFA. Further, PSPCL had submitted project report of GNDTP in which it is mentioned that there had been no infusion of equity in GFA of GNDTP and the same was financed completely through loans."

In this regard we wish to draw the attention of the Commission to Tariff order 2002-03 which clearly states as under: -

6.10. EQUITY AND RETURN ON EQUITY

The Government of Punjab has declared the PSEB as a body corporate with a Capital of Rs. 5 crores with effect from 10th Mach 1987 under Section 12A of Electricity (Supply) Act 1948 and converted Rs. 1612 crores representing Government loans granted upto 3/90 into equity during 1991-92 and Rs.1189.11 crores representing 50% of loans granted during 1990-91 to 1994- 95 in 1996-97. The total State Government Equity in PSEB is Rs.2806.11 Crores.

Further no ROE was allowed in the tariff Order 2002-03 by this Hon'ble Commission under Electricity Regulatory Commissions Act, 1998 and Electricity (Supply) Act 1948 and only 3% Return on Net Fixed Assets were allowed till 2005-06. ROE was allowed only from 2006-07 on Equity of Rs 2946.11 Cr as per Para 4.15 of TO. Evidently, as stated above, the equity shown then was also loans camouflaged as Equity to get higher returns.

In this regard, it is worth mentioning that initial equity of Rs. 2946.11 crore of Punjab State Electricity Board, which became equity of PSPCL is also nothing but government loans, which was got converted into equity on different occasions by the then PSEB management(s) to reduce loan liability in its Books and to escape liability of payment of Interest on such loans to insulate consumers from increase in tariff prior to setting up of Regulatory regime. While there is no objection on such conversion for accounting purpose but for fixing tariff, apparently, there is no differentiation between loans given by Government of Punjab to Board/PSPCL and equity. In fact, all the assets of PSEB/PSPCL/PSTCL were/are created by borrowing and a part of it shown as equity of Board. This evidently has been done to help Discom to reduce its interest burden as no ROE/dividend is payable to Government of Punjab till PSEB/PSPCL incurs losses. Thus, a methodology devised to keep the tariffs on lower side is now being used to increase income of PSPCL by unduly loading the consumers and meeting the losses due to inefficient working of PSPCL. Consequently, the consumers of the State are burdened with the higher tariff and financial loss in the form of 15%-16% Return on Equity on such amount, which is in fact a government loan on which not more than 7-8% interest needs to be allowed.

ii. The consumer contribution and Govt grants, which have been shown as part of equity (Rs.3135.32 crore) is also not equity in any sense and the same should be reduced from the equity and taken back to consumer contribution or to be written off for ARR purpose and no return on equity to be allowed on the same. In this regard, MYT regulations of PSERC and APTEL decision should be relied upon-when no tangible benefits are given to consumers through equity infusion, the same cannot be burdened with higher interest cost in the garb of return on equity.

iii. PSPCL has claimed Rs.15628 crore as equity for previous years and this year, out of it Rs.4592 crore is claimed as additional equity over and above of Rs.6081.43 crore and return on equity is claimed on the same for FY 2021-22 and FY 2022-23 and also for 2023-24 to 2025-26. Tomorrow, if PSPCL raised loans from some sources, invest and create some assets and show the same as equity instead of loan for ARR purpose, how commission would approach the same?

It is also seen that In the ARR for 2023-24 etc., completely ignoring the TO 2022-23, PSPCL has again claimed the equity of 10674 Cr and ROE of 1684 Cr for all the years of 2021-22 to 2025-26. Hon'ble Commission in Para 23 in deficiency statement dated 21.12.2022 has discussed the issue and directed PSPCL to reply to the following query:-

23. Return on Equity

In Para-2.20.4 PSPCL has claimed an addition of Rs. Crore (2346.19+2246.77) Crore with opening balance of Rs. 10673.96 (Rs.6081+4592.96) Crore of FY2020-21 and claimed Return on equity @15.78% to the tune of Rs.1684.00 Crore during FY 2021-22 (True-up) with a note under Table-2.17(Return on Equity for FY 2021-22" RoE claimed on Opening Balance in addition to diverted loan for CAPEX funding". PSPCL in Petition No.68 of 2021 has submitted that out of total UDAY loans Rs.2246.77 Crore were capital expenditure loans and Rs.13381.49Crore of working capital loans. Out of which Rs.2346.19 Crore of working capital loans were diverted for capital expenditure funding which is already approved by the Commission. Hence, PSPCL has considered the amount of Rs.4592 (Rs.2346.19+2246.77) Crore. PSPCL to intimate the specific Tariff/Order vide which the Commission has allowed the diversion of working capital loan of Rs.2346.19 crore towards long term loan for allowing interest on long term loans.

PSPCL has replied to the query in its deficiency letter dated 30.12.2022 stating the year wise details of capital expenditure of Rs 2346.19 Cr funded from Working Capital loans during the

years 2010-11 to 2018-19. An amount of Rs 157.05 Cr is indicated for 2010-11 which is based on difference of Investment Plan amount and Capital Loans approved in the Tariff Order. In this regard we submit that: -

i) PSERC has never accepted the investment Plan amount submitted by PSPCL in ARR and always revised the figures of capex while approving. The deficit in approvals should have been included in the review petitions/appeals filed before the appropriate courts for these years at that time. If these were raised and decided in favor of PSPCL, it must have already got the relief. Therefore, there is no reason to revisit the same at this stage.

ii) In its reply to deficiency for this para 23, PSPCL has not explained the position regarding Rs 2246.77 Cr included in Rs 15628 Cr.

iii) Though UDAY scheme closed on 31.3.2020 but the issue came for discussion thereafter. The issue is as to what treatment is to be given to UDAY amount earlier taken over by GOP at the start of UDAY and transferred to PSPCL on the close of UDAY. Evidently, all the tariff orders since 2010-11 cannot be reopened at this stage for deciding the legal validity of claiming ROE on UDAY Amount used for capital works by PSPCL.

iv) It is relevant to note that amount to be covered or not to be covered under UDAY scheme was decided by PSPCL. Petition for revised ARR for 2016-17 to include the effect of UDAY scheme was filed by PSPCL. The issue now being raised seems to be for regularization of part loans taken during 2010-11 to 2019-20 for working capital as capital works loans which needs to be rejected out rightly.

On further scrutiny of reply of Para 23 of reply to deficiency, It is seen that

i) Hon'ble Commission regularized the Capital Expenditure of 1st MYT control period of 2017-18 to 2019-20 in the TO 2022-23 vide chapter1, revised the funding of capital works and also approved the increase in revenue requirement by Rs 105.63 Cr including the carrying cost up to 2022-23. PSPCL should have brought out the difference of previous years also at that time. Now, it cannot be allowed to agitate the figures of capital works up to 2019-20 since these have already been reviewed and finalized.

ii) It seems that PSPCL is continuing with the same line and now wants revision of capital expenditure from 2010-11 onward through ARR to protect consumer interest.

iii) It is also seen from Para 23 of the Reply to deficiency that for 2017-18, the capital Expenditure was Rs 1487.18 Cr and Rs 135.88 Cr is the difference sought to be approved now as diversion of WC loan to Capital Works loan. On scrutiny, we observe that this amount has already been reviewed in Chapter 1 of the TO 2022-23 and it reveals that

a) Capital expenditure of Rs 1487.18 Cr was reviewed and approved as 1465.51 Cr.

b) Table 10 of Chapter 1 of the TO indicates that the Capital expenditure pertaining to Generation business increased from 69.22 Cr to 90.70 Cr and Capital Expenditure of Distribution business was in fact reduced from 1417.96 Cr to 1374.81 Cr. PSPCL claims that the total Capital expenditure was funded by diversion of WC loans covered under UDAY scheme. It is also added here that as per revised petition of ARR for 2016-17, PSPCL had claimed that UDAY scheme covered loans taken for distribution Business only and Generation business was not covered under UDAY scheme.

c) Table 10 also states that Rs 135.88 Cr was the assistance from GOI sponsored schemes to be converted to Grant. As such the claim of PSPCL for 2017-18 totally falls as Grants are not to be covered as equity for the purpose of ROE as per MYT Regulation 20.

Therefore, the statement of PSPCL for treating Rs 4592.96 Cr as capital loans seems to be an afterthought, misleading, not based on facts and needs to be verified thoroughly.

In the light of above facts, it becomes obvious that PSPCL has been trying to show higher and higher amount of funds raised through loans as equity to claim higher return on the same in

the form of return on equity @15%-16%, which is about 7-8% higher than normal interest on loan i.e almost double benefit for PSPCL. While the matter of fact is that all funds invested for capacity creation for supply of power are borrowed funds on which only normal interest is to be paid. The methodology being adopted by PSPCL will be resulting into higher cost of supply year after year, which need to be looked into. Such a view become quintessential in the light of observations made in the REPORT OF THE FORUM OF REGULATORS ON “ANALYSIS OF FACTORS IMPACTING RETAIL TARIFF AND MEASURES TO ADDRESS THEM” (2020). Incidentally, ex Chairperson, PSERC happened to be chairperson of the Committee which prepared the above said report and Staff of this Hon’ble Commission may be aware of the same. The report analyzes the mechanism of the tariff fixation in detail and need for bringing modifications to make it more relevant and reduce the power tariff in different states. In para 2.1.3 of the report, which deals with fixed cost related factors, it is mentioned that

“A comparison of the RoE allowed by different States for generation, transmission and distribution revealed that the post-tax RoE has been in the range of 14% - 16%. An analysis was also made regarding the prevailing cost of debt and it was found that the lending rate has been on the lower side for quite some time. While the RoE has an element of risk premium, the data analysis revealed the need for reconsidering the RoE keeping in view the prevailing prime lending rate and 10 - year G-Sec rate”.

On return on equity, following observations have been made on page 22 of the report in para 4.1.1, which is reproduced below:

4.1.1. Return on equity allowed to Generation/ Transmission and distribution companies needs to be made more realistic and at par with interest rates.

- *RoE for generation and transmission should be linked to the 10 year G Sec rate (average rate for the previous 5 years) plus risk premium subject to a cap as may be decided by appropriate Commission.*
- *For a discom, the RoE could be fixed based on the risk premium assessed by the State Commission. Income tax reimbursement should be limited to the RoE component only.*
- *Performance of Distribution licensees has a significant impact on retail tariff for the consumers. Therefore, there is a need to link recovery of RoE with the performance of the utilities, based on the indicators such as supply availability, network availability, AT&C loss reduction”.*

Submission

A. In the light of above observations, it is necessary that return on equity need to be reduced drastically from the present level of 15%-16% to average long term rate of interest on government borrowings (to about 7-8%), linking it with return on government security for 10 years or more. This would result into

- i. Lower cost of supply leading to lower tariff for consumers and lower subsidy burden on Government of Punjab while fully reimbursing all genuine borrowing cost. (Let there be no mistake in accepting the fact that full financial requirements of PSPCL based on actual basis cannot be met as has not been met in last about 20 years and is also not obligatory on the Commission and the principle of inefficiencies not to be rewarded has to be followed.)
- ii. As all projects are financed by borrowing funds from banks and other financial institutions, as also admitted by PSPCL itself (the fixing of return on equity, which is essentially interest cost on borrowed funds), at par with interest rate given on long term borrowing would water down the intentions of PSPCL to charge higher return on equity to meet unapproved expenditure and discourage such practices in future also.
- iii. In no case, GOP/PSPCL be permitted to convert Consumer Contributions and Govt grants as equity.

B. Reduction in equity base by difference of accumulated depreciation exceeding debt repayment.

It is not understood as to how the amount of Equity is constant for the last more than 10 years though Hon'ble Commission is allowing depreciation of 90% of the cost of assets continuously for paying off the debt raised for creation of assets. In this regard, it is imperative that asset wise financing of debt and equity and depreciation earned for that asset be ascertained and placed in Public Domain.

Further, excess of depreciation reserve over the loan amount paid back should be worked out and reduced from the equity base, if any. In case, there is no equity for the creation of asset, then such excess of depreciation should be used to reduce the costly loan amount raised for capital creation purpose. This would result into lower fixed cost of supplying power to consumers and also reduce the subsidy burden of the Government of Punjab.

Reply of PSPCL: - Govt. of Punjab has converted its loan of Rs. 15,628.26 Crore given to PSPCL under UDAY Scheme into equity of equivalent amount during 2019-20. Govt. of Punjab is the only owner of PSPCL being 100% shareholder. Finance Department has got the approval in the meeting of Council of Ministers (Cabinet) and Vidhan Sabha for conversion of Loan into equity under scheme. Further Govt. of Punjab has converted its loan of Rs. 15,628.26 Crore into equity of Rs. 15,628.26 Crore after complying with the provisions of Section 62 (3) of the Companies Act 2013.

Commission's view:- The Commission has taken note of the issue raised by the Objector. The matter is sub-judice in the Supreme Court regarding conversion of Consumer contribution, grant and subsidies into equity. Decision is awaited and will be implemented in letter and spirit.

Issue: - 2. Norms of operation for generating stations

PSPCL has asked for relying on actual figures for generating stations which are quite old and as such could not meet the parameters given in MYT regulations. In this regard, PSPCL has also relied upon CERC regulations. PSPCL is also insisting that GGSTP and GHTP plants are kept as backup and generally run during Paddy Seasons to supply power to consumers. PSPCL has also asked for relaxation in PSERC MYT regulations for this purpose. This matter was fully dealt with in Tariff Order FY 22-23 dated 31st March 2022. No new information has been put forward by PSPCL. Hence there is no reason to revisit the approved norms set by PSERC and accordingly power generation and norms thereon need to be tried up as per Regulations. There are some issues which are related with working of old thermal generation plants in the State, merit order dispatch of power leading to more drawl of power from IPPs, pollution control measures required calling for fresh investment as also asked by PSPCL in its ARR. In this regard, following submissions are made:

a. The thermal power generating stations are mainly used as backup capacity and not fully operated throughout the year. Accordingly, the performance parameters would remain sub-optimal and could never meet the norms set by MYT regulations of PSERC.

Reply of PSPCL: - During the FY 2022-23, Units of GHTP Lehra Mohabbat are running continuously & the generation is 2817MU (up to Dec-2022) against the PSERC target of 2218MU resulting in reducing the generation cost from Rs.6.27 per unit for 2021-22 to Rs.5.57 per unit for 2022-23 (up to Nov-2022) for the year 2022-23 even when Unit-2 of GHTP is under breakdown conditions from 13-05-2022. The three units of GHTP are still running continuously to meet up the power demand. Similarly, GGSSTP is also running due to requirement of power.

Commission's view:- The Commission has taken note of the suggestion.

b. A large amount of working capital is also sought for running these plants and as projections are higher than actual performance, higher working capital is generally allowed, which is tried up subsequently. This can be avoided. Thus, working capital for cost of Coal Stock need to be allowed for 50% capacity for full year instead of 100% capacity for full year.

Reply of PSPCL: - The actual coal consumption during the year 2022-23 is 1873590 MT (up to Dec-2022) against the approved coal consumption of 1468055MT for the year 2022-23 due to continuous running of 3no. units at GHTP Lehra Mohabbat. The projected coal consumption for the year 2022-23 was revised as 2766382MT in Dec-2022. As such the working capital cost demanded for 3084298MT coal is genuine for the year 2023-24 keeping in the view the continuous running of units as per the current Power demand in the state.

Further, as per the demand scenario of State which cannot be predicted as such all the units are required to be kept available all time with adequate stock of Coal and Fuel Oil. This requires sufficient availability of Working Capital for purchase Fuel.

Commission's view:- The Commission has taken note of the suggestion. Working Capital is allowed on a normative basis as per Regulations.

c. Also high transportation charges to bring coal to these thermal plants is incurred. The transportation cost especially railway freight charges have increased drastically in last couple of years. This result into higher delivered cost of coal and higher power generation cost for such plants.

Reply of PSPCL: - Coal mines are situated at approximate distance of 1500Km from plants. Fixation of railway freight charges are beyond control of plants; transportation cost is paid to railways on actual basis and coal transportation through rail is the only mean for maintaining coal stock. However, the PSPCL's Pachwara coal mine has started operation as such the landed cost of coal will reduce there by reducing the cost of Generation.

Commission's view:- The Commission has taken note of the suggestion. Costs are allowed as per Regulations.

d. A substantial amount has to be spent on purchasing Renewable Energy Certificates for renewable power obligation for generating coal-based power. Further this RPO will go on increasing in the coming years.

Reply of PSPCL: - PSPCL has the obligations to consume RE Power for meeting its RPO Targets every financial year as specified by the PSERC. These targets are not solely based on the generation of power from coal based old thermal plants in the State, rather calculated in energy terms as a percentage of total consumption of electricity. Currently, PSPCL has multiple sources of energy attributed to its energy availability and thus to total consumption. Further, as per prevailing RPO Regulations, the Compliance of RPO by the Obligated Entities can be achieved by adopting following procedure:

- (a) By purchasing electricity from renewable sources of energy.
- (b) By purchasing Renewable Energy Certificates (RECs).
- (c) A combination of both.

To comply with the RPO compliance, PSPCL had made utmost efforts. The first priority of PSPCL is to purchase renewable energy. PSPCL is continuously increasing renewable energy in its Power Basket. It is evident from the incremental achievement of RPO compliance in terms of MUs, which is 3339, 4151 and 4722 for the last three years from FY 2019-20 to FY 2021-22 respectively. It is pertinent to mention here that PSPCL has not purchased any RECs during this period. Therefore, it is not always necessary that PSPCL has to spend on purchasing RECs for its RPO Compliance

Commission's view:- The Objector may note the reply of PSPCL.

e. Also, some forced power surrender must have happened to keep such plants running while if power is purchase from market, there would be less chances of power surrender related fixed cost. It is evident that these thermal plants serving the Punjab consumers only for 4 months are generating power at unviable rates.

Reply of PSPCL: - Power scenario has changed and all the units of GGSSTP and GHTP (Except unit-2 under breakdown condition) are running continuously generating 2817 MU up to dec- 2022, the PLF has also increased from 24.91 to 46.40 (up to Dec- 2022) i.e. 86% increase generating the power at viable rates.

Commission's view:- PSPCL reply may be noted.

f. Taken together, above points, it become quite lucid that these old thermal plants cannot be run on efficiency basis and cost of maintaining these power plants is also very high. Given the surplus situation of power in the country and large-scale integration of renewable specially, solar and wind capacity under COP 26 obligations, it would be far more imperative to close down such plants and power be sourced from either IPPs within State or through power purchase from outside States preferably from renewable power sources, without comprising on commercial considerations. This would help in bringing down the cost of power generation and leading to overall reduction in cost of supply.

Reply of PSPCL: -As it is clear from the above noted facts, the Power Scenario has changed and the units are running continuously resulting in increase in PLF thereby reducing the generation cost from which is likely to improve further up to 31.03.2023. Further, this Solar power cannot cater to the demand instantaneously all time as being achieved smoothly by Thermal Power Plants. The CEA, New Delhi, GOI has also advised to not to retire old thermal; plant till 2030 and to carry out R&M of existing units.

Commission's view:- The Commission has taken note of the suggestion.

g. Also unit no 2 of GHTP Lehra is on break down since 12.5.2022 and is still out due to breakdown. PSPCL has not brought out this fact and has claimed its availability throughout. Its working capital and other expenditure need to be disallowed.

Reply of PSPCL:-- The unit-2 of GHTP is expected to be available for producing power at viable rates after attending the breakdown during 2023-24 and its claimed expenditure in all respects needs to be allowed. As per the power scenario, Unit-2 (210MW) will help in fulfilling the power demand of Punjab at viable rates.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 3. Increase share of renewable based power

The power basket of discom shows disproportionately high share of coal-based power at 57%, RE share at 12% and GAS share at 2%. The coal cost estimated at Rs. 6-7/kg for the MYT period as shown on the page 104 of the ARR indicate a very high cost of coal-based power. If the low generation of own plant is also added leading to very low efficiency parameters, the coal-based power in the Punjab becoming unviable. Therefore, it is high time to change the power mix of Punjab and share of renewable power should be increased to 35% to 40% and above in next 4-5 years. If required, the coal-based plant may be backed down and even the fixed cost of stranded capacity is to be incurred for some IPPS set up in the state. For illustration, if the solar based power cost is about Rs.2.92 for Discom, as learnt from the marketplace, adding up the fixed cost of stranded power @ 90-95 paisa/unit (ARR 2021-22, last year), the total generation cost would be Rs.3.80- 3.90/unit against coal cost of Rs.6-7/ kg plus wastage plus fixed charges and other charges. Therefore, the Discom should focus on increasing share of renewable power at least to 35-40% of the total power requirement.

Reply of PSPCL: - PSPCL has the obligation to achieve its RPO Targets every year as specified by the PSERC from time to time. The Commission has issued the RPO Regulations 2022 vide notification no. PSERC/Secy./Reg./169 dated 12.12.2022 thereby specifies the RPO targets starting from FY 2023-24 and upto FY 2029-30 which reads as under:

"3. Renewable Purchase Obligation (RPO)

(1) RPO Targets: Every obligated entity shall meet at least a part of its consumption of electricity from renewable energy (RE) sources as specified below:

Table -1

Financial Year	RPO
2023-24	27%
2024-25	30%
2025-26	33%
2026-27	36%
2027-28	39%
2028-29	41%
2029-30	43%

(2) RPO may be met by energy produced from any RE power project.”

As such the RPO targets will go on increasing in the coming years and reaches 43.0% upto FY 2029-30. PSPCL is committed to comply with the targets specified by the Hon'ble Commission and thus it is expected that the share of renewable power in the PSPCL system will increase as per the Table above. Total RE capacity tied up with PSPCL is now 2729.82 MW and the addition of Renewable power to the tune of 417 MW is in commissioning stages and further 6420 MW is in pipeline.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 4. Depreciation charges

The MYT regulation provides that,

“The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets.”

- i. As is evident from the above, full value base is to be considered for the asset on its capitalization, it is to be depreciated for 90% of its value over its useful life and balance 10% is to be reduced from the value base on completion of useful life. In case of thermal plants, which have completed 25 years of their existence and are still in service for 4 years to 9 years over and above thereon as on 2022, how much is part of the same categorized as 90% depreciated on which no depreciation is to be allowed? Whether such part is being regularly reduced from value base for claiming year wise depreciation? We request the Commission to ask PSPCL and PSTCL to provide the details of the same for all assets.
- ii. What is the excess of accumulated depreciation over corresponding loans duly paid, for which the depreciation reserve is being created? It is submitted that the excess of accumulated depreciation over corresponding debt should be reduced from the equity in line with the recommendations of FOR committee headed by Ex Chairperson PSERC as referred to above and if there is no equity, the same should be reduced from the high-cost debt for interest.
- iii. Whether the fixed assets register is created and updated and available for public view. It is submitted that if the same is not available, about 25%-30% depreciation should be disallowed till the compliance is ensured as being done by other regulatory commissions like Uttar Pradesh State Electricity Regulatory Commission.

Reply of PSPCL: - Depreciation on assets is charged as per MYT Regulation. Excel utility is being used by all accounting units for calculation of depreciation up to 90% of value of asset automatically doesn't allow depreciation to go beyond 90% in any case. A report named 'List 90' in FAR utility is available which provides details of assets on which 90% depreciation had been charged. After going through the FAR it, would be clear that no depreciation in excess of 90% value of asset is being charged and list of assets on which depreciation upto 90% of cost of asset has been charged is separately available.

Commission's view:- Depreciation is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 5. Employee cost

We submit to the Commission to make all possible efforts to reduce the burden of employee cost and should not allowed increase in employee cost/unit unabatedly. Further, it is found that there seems to be over projections of employee cost by Discom to claim higher ARR. On page 88 of the ARR, table 3.21, the employee cost as per Tariff Order FY 2022-23 was Rs.8024 crore and in APR for same year, it is claimed as Rs.6229 crore-this way projections are 30% more than actual/APR figure of employee cost. This practice should be discouraged, explanation for such variance be sought from PSPCL and employee cost be approved based on prudent check.

Reply of PSPCL: - At the time of ARR petition for FY 2022-23 PSPCL considered the impact of arrears of pay revision from 01.06.2016 to 30.06.2021 in Employee cost. Further, the aforesaid, impact was not approved by GOP and hence is not claimed in the APR of FY 2022-23. The commission is already aware of the Impact and approved the same after prudent check.

Commission's view:- Employee Cost is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 6. Diversion fund figure to be updated

The diversion of funds happened in the past need to be continuously updated based on new facts and information. Such exercise is required to ensure that no more funds raised for capital purpose are diverted toward meeting revenue requirement of the Board. For instant, the Commission has been disapproving the excess expenses claimed by the Board in its previous ARRs, which were funded from somewhere by the Board. For illustration, PSPCL in its current ARR mentioned that out of Rs.15628.26 Crore, Rs13381.49 crore were working capital loans out of which Rs. 2346.19 crore were spent on capital expenditure, which is clearly against the norms given in MYT regulations related to interest on working capital and interest on loan for capital purpose. It may also be added here that amount of Rs 15628.26 Cr was identified while signing UDAY tripartite agreement in 2016 and it took 6-7 years to bring this fact to the notice of stake holders, that too when its request to grant ROE on this amount was not accepted by the Commission. Therefore, a detailed investigation in this regard is also required to work out the exact amount of diversion of funds to be disallowed for ARR purpose to safeguard the interest of the consumers.

Reply of PSPCL: - The Commission has allowed capital expenditure up to the extent of capex loans availed by PSPCL during the previous years from 2010-11 to 2020-21. The Commission has approved the total capex of Rs. 19344.26 crore from the FY 2010-11 to 2020-21. The consumer contribution received by PSPCL for this period was Rs. 4449.50 crore. As such, the net capital expenditure works out to be Rs. 14896.76 crore. Whereas PSERC has allowed capex loans of Rs. 12548.57 crore for this period. As such, PSPCL has funded its capex of Rs. 2346.19 crore (14894.76-12548.57) by diversion of working capital loans. PSERC has not allowed any interest on these working capital loans. PSERC has not allowed any interest on these working capital loans as the interest on working capital loans is allowed on normative basis. The year wise details of capex approved by PSERC, consumers contribution received and capex loans approved by the PSERC is also enclosed as under :

Year	Capital expenditure Approved by PSERC	Consumer Contribution	Net Amount	Loan addition approved by PSERC	Amount funded from working capitals Loans	Remark tariff order Page no.
2010-11	1911.95	164.02	1747.93	1590.88	157.05	To FY 2014-15 Page no.36
2011-12	1552.11	249.05	1303.06	1303.06	0	To FY 2014-15 Page no.79
2012-13	1630.23	366.43	1263.80	675.06	588.74	To FY 2016-17 Page no.56
2013-14	1776.96	321.60	1455.36	1158.89	296.47	To FY 2016-17 Page no.97
2014-15	1881.03	324.82	1556.21	1177.4	378.81	To FY 2017-18 Page no.45
2015-16	2013.64	204.18	1809.46	1723.73	85.73	To FY 2017-18 Page no.91
2016-17	2545.62	843.71	1701.91	998.40	703.51	To FY 2018-19 Page no.45
2017-18	1465.51	576.85	888.66	752.78	135.88	To FY 2022-23 Page no.13
2018-19	1717.80	469.61	1248.19	1248.19	-	To FY 2022-23 Page no.13
2019-20	1435.72	602.72	833.00	833.00	-	To FY 2022-23 Page no.13
2020-21	1413.69	326.51	1087.18	1087.18	-	To FY 2022-23 Page no.38
Total	19344.26	4449.50	14894.76	12548.57	2346.19	

Commission's view: The Commission allows ROE and interest in line with PSERC MYT Regulations after prudence check.

Issue: - 7. Sale of surplus power

The increase in expenses in ARR of PSPCL in recent years is due to power proposed to be surrendered on Merit order Dispatch due to commissioning of new IPP stations of PSPCL and availability of power from stations where PPAs were signed earlier. This saves the energy/variable charges but PSPCL has to bear the capacity/fixed charges for such non purchase of power. This position was predicted by PSERC and in this regard directive was given to PSPCL as early as in TO 2013-14 at page 83 para 4.8.5 to review all the PPAs and surrender costly contracted capacity in view of commissioning of IPPs in the state. However, PSPCL has failed to surrender any contracted capacity and the directive was dropped in 2018-19 without any result. PSPCL has also worked out the power plant wise year wise quantum of power (MUs) and Fixed Charge liability for idle capacity in Form D2 of ARR. The liability varies as under: -

- 12092.95 MUs were surrendered costing 1365.39 Cr in 2020-21 as per actuals
- 8808.72 MUs were surrendered costing 963.62 Cr in 2021-22 as per actuals.
- 8410.09 Mus are to be surrendered costing 1089.85 Cr. In 2022-23 as per RE.
- 2961.29 MUs and 439.85 Cr are projected in 2023-24
- 1643.65 Mus and 233.73 Cr for 2024-25
- NIL for 2025-26.

The Formats D-2 for various years indicate that the PSPCL has not taken into consideration the cancellation of PPAs as per the Termination of PPAs Act 2021 and orders of the Commission regarding DVC projects etc. as these projects are included as available during 3rd MYT control period in the formats. However, keeping in view the litigation involved with such cancellations, the actual surrender may vary. With Green Power open access provisions becoming a reality and roof top solar becoming popular as well as Discom signing renewable power agreements, there is very less likely that to get rid of excess capacity in thermal based power in the State. It is high time to revisit the IPP contracts and at least half of them should be cancelled and no fixed charge payment of such IPPs should be made part of ARR and should not be pass on to consumers.

Reply of PSPCL: - After TO 2013-2014, now the demand & supply pattern has taken a complete U-turn. The factors like rise in temperature causing early onset of summers and increase in economic activities with lifting of COVID-19 related restrictions, had contributed significantly to the increase in electricity demand. On the other hand, increase in the supply in market has been limited. The situation has been further aggravated due to geo-political factors affecting the fuel supply and certain domestic supply constraints. This had widened the gap between demand and supply. High price of imported coal leads to high variable charge for imported coal-based plants. Similarly, due to an increase in the international price of gas, the existing gas-based plants were not able to supply power in the market. High demand has been the cause of price rise. In addition to above Hon'ble CERC has also observed that energy requirement remained higher in 2022-23.

PSPCL is working out rather has already implemented some evitable measures to relinquish costlier power which is self-illustrated from the decreasing trend of surrendered MUs over the years i.e. 2020-21 to 2025-26 Further, M/s DVC filed an Appeal before APTEL challenging PSERC order dated 02.11.2021 wherein PSERC does not approved the procurement of power from DVC generating Stations. APTEL vide its interim order dated 02.11.2021 has stayed PSERC order dated 01.02.2021 and operation of PSPCL's Termination Notice dated 05.10.2021. The appeal is still pending before APTEL.

Commission's view:- Suggestion is noted.

Issue: - 8. Subsidy due from the Government of Punjab

PSPCL in its ARR has claimed subsidy due from the Government of Punjab at Rs.16515 crore. We hope that government will clear the dues after adding interest cost to the subsidy amount. However, the matter is between PSPCL and Government of Punjab and it should have no bearing on the ARR. All power sold, on which the GoP has committed the subsidy should be shown as revenue realized in the ARR by the Commission.

Reply of PSPCL: - The amount of Rs. 16,515 Crore is the projected subsidy for FY 2022-23. Further, the Commission applies its prudence while determining the subsidy amounts for the APR year and ARR year. Further, the carrying cost on pending subsidy have no impact on tariff of consumers.

Commission's view:- Allowing Subsidy to categories of consumers is the policy prerogative of the State Government. However, tariff is determined by the Commission in line with the prevailing MYT Regulations after prudence check.

Issue: - 9. Voltage Rebate for 66 KV consumers:

T&D losses for 66 KV consumers as per open access regulations worked out in TO 2018- 19 are 4.28% for 2018-19 against total T&D losses of 14%. The T&D loss for industrial consumers at 66 KV is taken as 4.67% against 8.30% in case of industrial consumers at 11 KV on page 164 of replies to deficiency dated 30/12/2022. However, there is no difference in the cost of supply shown in the category wise cost of supply between 66 KV consumers and 11 KV consumers. on page 165 of the aforesaid document. The cost of supply is shown Rs.7.77/unit for 66 KV consumers and 11 KV consumers.

In addition to T&D loss, the 66 KV consumer has to be compensated for the investment and operating cost of the 66/11 KV transformer and switchyard. Voltage rebate need to be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage. Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate for 66 KV consumers should also be 10%.

Reply of PSPCL: - Increasing voltage rebate will cause reduction in revenue, so it is requested that while considering fixing the voltage rebate in commensuration with cost of supply or on

percentage basis as demanded by the objector, the Commission may keep in mind the financial interest of PSPCL and allow PSPCL to recover legitimate cost claimed in the Petition. If revenue of PSPCL is reduced due to more HT Rebate, then Tariff for any other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross Subsidy levels.

Commission's view:- The Commission has taken note of the suggestion and PSPCL's reply.

Issue: - 10. Validation of Cost of Supply Study done by PSPCL through an independent agency The Board has submitted the category wise cost of supply. We appreciate the Board on this account to come up category wise cost of supply as well as related cross subsidy earned/given to each segment of consumers. However, an independent agency like TERI may be asked to validate the finding of the Cost of Supply Study of PSPCL.

Reply of PSPCL: - Determination of cost of supply is prerogative of the commission. the Commission determines Cost of supply after following the relevant rules and regulation with prudence check of data.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 11. T&D losses Against T&D losses as approved by the Commission at 12.34% for FY 2021-22, Discom has claimed 12.59% T&D losses, that too after considering higher agriculture consumption of 12533 MU against 11931 MU approved by the Commission. If Discom figure for agriculture consumption is considered with approved sale to metered consumers, the T&D losses may come down by 1% further than approved by the Commission. The agriculture consumption is projected to grow to above 15000 MU by the end of the MYT period in FY2025-26. Therefore, Commission should follow the trajectory of T&D losses as fixed in MYT Regulations 2019 for FY 2021-22. MYT regulations 2021 may be referred to approve T&D losses for MYT period ending FY2026.

In the current ARR, it is clearly conceded by PSPCL that wide spread theft has been the major bane for higher distribution losses. Major culprit areas were Border, South and West of Punjab. Therefore, burden of higher distribution losses was not of technical nature but are of commercial in nature and consumers should not be burdened with them and T&D losses level should continue to be fixed on trajectory adopted by Commission.

Reply of PSPCL: - PSPCL worked hard on strengthening of its sub transmission and distribution network under various schemes to bring down its losses. Now, PSPCL will install Smart Meter on Consumer connections, Distribution Transformers and Feeders under Modernization Works for better monitoring of losses and will also do various Infrastructure works to strengthen the Transmission and Distribution network under RDSS Scheme to bring down the losses.

To curb the theft of electricity during FY 2022-23 (up to Dec-2022) 764527 nos. of connections have been checked by Distribution Organization and Enforcement Wing of PSPCL. Out of which 77052 nos. Cases of theft and UUE etc. Have been detected and penalties to the tune of Rs. 14136.47 Lac. Have been imposed on such consumers those who are involved in power theft.

PSPCL is working to improve its Billing and Collection Efficiency, timely replacement of defective meters and strengthening of its sub transmission and distribution network under various schemes and all efforts are being made to achieve the Distribution Loss trajectory approved by Hon'ble Commission.

PSPCL will install Smart Meter on Consumer connections, Distribution Transformers and Feeders under Modernization Works for better monitoring of losses and will also do various Infrastructure works to strengthen the Transmission and Distribution network under RDSS Scheme to bring down the losses.

Though transmission losses are more or less non variant, still however PSPCL have to de-load feeders by erecting new lines, and by doing so resistance of lines increases and thus in turn increase losses.

For reducing Distribution & AT&C Losses, Smart meters are being installed which leads to 100% billing and also reduces human consumer interface. Thus, it will increase billing efficiency and leading to reduce the AT&C Losses. So, reduction of 0.1% per year in Distribution Losses is a tedious job, even then PSPCL is committed to reduce losses as per trajectory agreed with Government of India under RDSS Scheme.

Commission's view:- The Commission has taken note of the suggestion and PSPCL's reply. There is a constant endeavour to improve transmission efficiency and reduce losses and appropriate target trajectory is framed by the Commission.

Issue: - 12. Power purchase cost.

The power cost projection is given as Rs.5.41/unit. The power purchase cost should be subject to approved T&D loss by PSERC for FY 2021-22 onward. It is submitted that previous years expenses should be dealt separately and no expenses can be allowed in ARR simply due to reason that it is actually incurred. For part of ARR, it should be approved also by PSERC. Therefore, only after taking out of such exaggeration, the power cost should be approved. PSPCL should ensure that no costs relating to such PPAs are passed on to consumers. These IPPs will file civil suits in appropriate courts against the termination. The Commission should ensure that consumers are ring fenced appropriately and damages payable by PSPCL in case the termination is set aside by the courts are not passed on to consumers.

Reply of PSPCL: - PSPCL has claimed its legitimate cost in the tariff petition. The Commission applies its prudence check while allowing such costs in the tariff order.

Commission's view:- The Commission has taken note of the suggestion. There is a detailed prudence check while allowing power purchase costs to PSPCL.

Issue: - 13. Excess capital expenditure incurred than approved

i. As per audited annual accounts for the period 1/4/21 to 31/3/2022, page 50, consumer contribution has increased from Rs.3531.3 crore in FY2021 to Rs.3655.55, by Rs.124 crore in FY2021-22. It is to be seen that whether the same is reduced from the capital expenditure requirement of PSPCL depicted in ARR for the year FY 2021-22 or not. It is our submission that the same should be reduced.

ii. In hydel project construction, 313 Crore are shown as expenditure for FY22 on page no 46 of the current ARR as payment made to water resource department. It is also mentioned in previous petition that most of the funds are spent on Shahpur Kandi project. In our view, Shahpur Kandi project is an irrigation cum power project. If it is so, then the total capital expenditure is to be divided between irrigation department of the Punjab Government and PSPCL suitably. As per a news-report, the project is aimed to produce 206 MW power and irrigate 37173-hectare land. The civil work is to be done by irrigation department of Punjab Govt. and PSPCL has to do only electro and mechanical work of power plant portion only as per Punjab Government notification. Therefore, it is to be ensured that a fair allocation of total expenditure is done between Irrigation department and PSPCL. Hence, the amount claimed by PSPCL of Rs.313 crore should not be allowed for ARR purpose. Taken together, it is our submission that only such cost of capital expenditure in terms of depreciation, interest and finance charge etc. should be passed on to the consumers of electricity in the State, for which benefits start flowing and remaining should not be allowed as a part of the ARR. The same approach needs to be adopted for FY2021-22 and FY 2022-23.

Reply of PSPCL: - CWC/CEA vide No. P. 12014/1/2015-SPR/7261-81 dated 19.12.2018 has approved the revised cost of Shahpur Kandi Power Project at Feb, 2018 Price Level as Rs

2715.70 Cr. Beside this, the interest during construction approved by CEA is Rs. 429.81 Cr. It has also apportioned total cost in ratio of 71.39% for Power Component & 28.61% for Irrigation Component. Govt. of Punjab vide its letter dated 21.08.2018 has concurred the cost apportionment as 71.39% for Power Component & 28.61% for Irrigation Component. Accordingly, the cost of Power Component works out to be Rs. 1938.74 Cr. & cost of Irrigation Component works out to be Rs. 776.96 Cr. WRD had incurred expenditure during the F.Y. 2021-22 against Irrigation component from its own sources which is not claimed/ included in this petition. Only the expenditure incurred towards power component is claimed in this petition.

Commission's view:- The Objector may note the response of PSPCL. The Commission allows the expenditure after detailed and thorough prudence check.

Issue: - 14. High interest and finance charges

i. Interest on working capital loans

The Commission has approved Rs. 138 Crore for FY 2021-22 in tariff order dated 30th March 2022. Against this, PSPCL has claimed interest on working capital loan at Rs.596.45 crore for FY2021-22 as per page 56 of the current ARR. Therefore, it is submitted that interest on working capital loan should be approved as per MYT regulations 2019 and MYT regulation 2021. It is also to be noted that working capital loan approved by the Commission was @10% whereas the actual interest rate is 8.01% as per PSPCL as given on page 51, para 2.17 of the current ARR. Therefore, the interest on approved working capital loan to be revised based on lower interest rate but the same may be referred for the full MYT control period for FY 2026.

ii. Interest on loans other than working capital loans

We submit to Hon'ble Commission to look into the details and approve interest on long term loan as per MYT regulations only and on approved part of the total loans taken by PSPCL rather than as appearing in its balance sheet and claimed by PSPCL.

Reply of PSPCL: - PSPCL has claimed its legitimate cost in the tariff petition. The Commission applies its prudence check while allowing such costs in the tariff order.

Commission's view:- Interest and Finance Charges are determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 15. Impairment losses of GNDTP Bhatinda Plant

PSPCL has claimed the impairment losses of Rs. 620.62 crore (Rs.138 crore plus 482.62 crore) for GNDTP Bhatinda. However, it is prayed that the disposal of the complete land, building and other assets need to be completed before any impairment claim is to be entertained. There is grid substation of 220 KVA, colonies land and building, land, lakes. If the same are disposed of, the total amount realized would be far more than the cost of the plant including land. Therefore, when the complete disposal of the GNDTP assets is completed only then the impairment losses should be ascertained and there will be not loss at all in such situation because the land cost has appreciated beyond limits in the last 25 years.

Reply of PSPCL : - GNDTP Bathinda Plant has been impaired in the books during FY 2017-18 in compliance to decision dt. 20-12-2017 of GOP. Accordingly, impairment loss has booked as Per Provisions of Ind AS-36 issued by the MCA under Companies Act, 2013. Commission in its Tariff Order FY 2020-21 has already decided that as and when the assets are finally disposed of by way of sale or reallocation etc., the matter will be reviewed. Accordingly, PSPCL has claimed the loss suffered on account of impairment loss in FY 2021-22 i.e., at the time of physical disposal of assets. Regarding disposal of land, it is intimated that GOP is acquiring the land at GNDTP Bathinda through Bathinda Development Authority. As and when the land is disposed-of necessary accounting will be made in books of accounts accordingly.

Commission's view:- The objector may note the reply of PSPCL

Issue: - 16. Overdue receivables

On page 166 of the current ARR, it is stated that there are outstanding dues of 4385 crore and out of which more than Rs. Two thousand crore is due towards Government department. We opined that prepaid meter be installed in government offices. However, as far as outstanding from Government office is concerned, the same should be deducted from the Government loans given to PSPCL or the Government equity be reduced by the same amount or government loans given to PSPCL may be reduced with principle amount plus due interest for delayed payments. This should be left to the government as how to deal with these outstanding amount of various government offices. Similarly, a detailed MIS system be developed to track such accounts where power is regularly supplied but payment is not received. Such account holders may be pursued suitably to pay due bill amount to PSPCL. Honest consumers should not be made to suffer through higher tariff for such lapse of GOP/PSPCL

Reply of PSPCL:- For recovery of Electricity Bills towards Govt Depts. & Boards/Trusts/Corporations/Religious Bodies etc., matter is being taken up with various Govt. Departments at the level of their Administrative Secretaries and meetings are also being held with Finance Department, GOP at the level of Principal Secretary Finance, to resolve the matter.

Commission's view:- PSPCL needs to take appropriate steps to recover the dues receivable. The Tariff is determined on the basis of assessed revenue and not on the actual revenue.

Issue: - 17. No deficit for FY 2021-22

As per PSERC tariff order FY 2021-22, the revenue estimate at Rs. 34604.03 Crore on the sale of 53712 MU units @ average realization of Rs.6.44/unit for FY 2021-22. In table 2.22 on page 59 of the ARR, PSPCL has shown revenue from sale of power at Rs. 22538 Crore. Thereafter added revenue from subsidy received from the government of Punjab of Rs. 11277 Crore and outside state sale of Rs.45 crore, total revenue realized is shown as Rs. 33861 Crore. On page 33-34 of the ARR, the actual sale (53521 MU) is shown more than approved sale (51385 MU). Therefore, there is no reason for the under recovery of the revenue as claimed by the Discom. We request the Hon'ble Commission to look into the detail of average revenue realization from consumers as well as subsidy received from government to find out the reason of lower realization. However, actual reported sale in units should be considered at the approved sale rate to find out revenue amount, which ought to be generated and same should be considered. If we restrict T&D losses at approved level, return on equity given on approved equity, interest on government subsidy is also added in accrual from the government and actual sale on approved sale price is considered and other MYT regulations are adhered to, there seems to be no reason of deficit for the year FY 2021.22. Hence no deficit should be allowed as a part of the ARR for FY 2021-22.

Reply of PSPCL: - PSPCL has worked hard on strengthening its sub transmission and distribution network under various schemes to bring down its losses. Now, PSPCL will install Smart Meter on Consumer connections, Distribution Transformers and Feeders under Modernisation Works for better monitoring of losses and will also do various Infrastructure works to strengthen the Transmission and Distribution network under RDSS Scheme to bring down the losses. As far as the revenue deficit is concerned, PSPCL has calculated as per its actual expenses and following MYT regulations. The Hon'ble Commission applies its prudence check while issuing the tariff order.

Commission's view:- The Commission has taken note of the suggestion. MYT regulations are meticulously followed while deciding the ARR for the year.

Issue: - 18. Security (Consumption)

Presently interest on Security is at RBI rate which is only around 4% whereas we have to take working capital loan at 8-9%. There is provision of pre-paid meter in Supply Code. PSPCL should spell out the road map for introducing Prepaid meters for industry. If PSPCL is not ready, then consumers be allowed the facility to submit Bank Guarantee for Security (Consumption) and the cash deposited for Security be refunded. It is also submitted that the MOP has also issued directions to install Smart meters with prepaid facility for all industrial consumers by March 2023. As such trajectory to achieve the installation of pre-paid meters on industry be finalized.

Reply of PSPCL: - Security consumption amount cannot be equated with a fixed deposit rather it is a security against sale of a good i.e. electricity on credit.

Commission's view:- This issue does not relate to the tariff petition. Comments of PSPCL may be noted. Regarding smart meters Directive No. 5.2 (ii) has been given by the Commission to PSPCL.

Issue: - 19. Allow green power to consumers opting for Green Power at a premium of 3-5 paisa/unit. There will be growing demand for green energy based products by the international and national customers. Even the government of India is also promoting GREEN STEEL MISSION. In coming years, there would be growing market of green power by the industry/real estate's/hotels/IT industry etc. It is proposed that the Commission may introduce power certificates to the industrial and other consumers by charging some premium over normal tariff. To start with, a premium of 3-5 paisa/unit may be charged to supply such power. This would help Discom to generate some extra revenue on this account especially from large power intensive consumers like steel, textiles and others. In coming years, when the market would grow, the premium for such green power may be increased based on demand and supply situation. Therefore, it is prayed to the Hon'ble Commission to take initiatives to develop Green Power market in Punjab from the ensuing Financial Year 2023-24.

Reply of PSPCL: - The PSERC has issued the RPO Regulations 2022 vide notification no. PSERC/Secy./Reg./169 dated 12.12.2022 and already makes a provision to promote green market in Punjab. The Clause no. 4 reads as under:

“4. Compliance/Fulfilment of RPO

(1) An Obligated entity may consume renewable energy as per its requirement/RPOs by one or more of the following methods specified in the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022:

(a) Own/Captive Generation;

(b) Through Open Access;

(c) By requisition from distribution licensee, which shall procure such quantity of renewable energy and supply it at the tariff, determined separately by the Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the energy.

Provided that.

(i) The consumer shall have flexibility to give separate requisition for solar and non-solar.

(ii) Any requisition from a distribution licensee shall be for a minimum period of one year.

(iii) The quantum shall be pre-specified for at least one year.

(iv) The energy purchased from distribution licensee or from RE sources other than distribution licensee in excess of RPO of obligated entity shall be counted towards RPO compliance of the distribution licensee.

Provided that, the credit for surplus, if any, accruing in RPO compliance of the distribution licensee shall be carried over to the next year.

(v) *The distribution licensee shall give green certificate on yearly basis to the consumers for the renewable energy supplied by the licensee to consumer on his request beyond the RPO of the consumer.*

(vi) *The State Agency may introduce the concept of rating of the consumers of distribution licensee, based on the percent of renewable energy purchased by such consumers."*

Therefore, the provision to procure Green Energy has made in the regulations and the tariff for which has to be determined separately by the Hon'ble Commission. The provision for Green Certificates has also made as detailed above.

Commission's view:- The Commission has taken a note of the issue and concern of the objector.

Issue: - 20. Aligning steel furnace tariff with general industry post implementation of Harmonics Regulations The tariff of steel furnace industry should be kept at par with general industry when harmonics standards are implemented in the State of Punjab. It is chiefly due to harmonics disturbance to the systems; the tariff of steel industry is kept higher than general industry. Now, PSERC has announced the harmonics related regulations on Power quality parameters but propose a very high penalty of 15% on tariff, if harmonic current generation increase by more than 1%. This is not acceptable as it would result into a heavy burden on the steel furnace industry. Therefore, it is proposed that those consumers, who controlled their harmonics within stipulated level, should be given general tariff rate and those who are not able to keep it within stipulated limit, should be asked to pay PIU tariff rates. It should be kept in mind cores of rupees need to be invested in controlling harmonics and same should be become unviable with such high penalty charges of 15%.

Reply of PSPCL:- PIU industries affect the Distribution System on account of various parameters like Voltage Dip, Voltage flickers and Voltage & current waveform distortion, harmonics, capacity loss of the utility Distribution System, Demand Factor, Energy loss in Distribution System, etc.

As such the tariff of PIU and Arc furnace consumer is on high side than general industry consumers. Utilization factor of such industries is high and per unit cost is low therefore such industries stand to gain due to inherent nature of two-part tariff.

It is submitted that as per 7th Amendment of Supply Code 2014, on the directions of Hon'ble Commission to install power quality meters within three years starting from 1st October, 2021 in a phased manner. The procurement of Power Quality Meters is under process by PSPCL and till the process of procurement and installation of Power Quality Meters is completed, present tariff structure may be continued.

Commission's view:- The Commission has taken note of the suggestion. Appropriate Regulations are in the process of being framed after ascertaining the views of all stakeholders.

Issue: - 21. Revenue surplus situation exist for PSPCL for FY 2021-22

PSPCL in its Balance sheet has shown net profit of Rs. 1069 crore for FY 2021-22. Keeping in view the fact that balance sheet is based on actual figures which are generally far more than approved expenses. Accordingly, the approved ARR is likely to generate a net profit for PSPCL for FY 2021-22. Even adding back excess interest and finance charges and interest on working capital claimed and excess return on equity claimed by PSPCL, there would be surplus. Besides that there would be more items excess claimed by PSPCL. Similarly FY2022-23 would also generate surplus rather than any deficit based on approved norms. In this regard, it is submitted that there is a strong case for reduction of tariff for those consumers who are subsidizing other categories of consumers.

Reply of PSPCL: - PSPCL has claimed its legitimate cost in the tariff petition along with the costs allowed as per MYT regulations. The Hon'ble Commission applies its prudence check while approving ARR in the tariff order.

Commission's view:- Various components of the ARR to work out the Revenue Gap are determined by the Commission in line with the prevailing MYT Regulations after prudence check and all surpluses/deficits are accounted for during true-up.

Issue: - 22. Continue with threshold consumption rebate

We request that threshold consumption rebate should be continued for FY 2022-23. However, it is pertinent to note that threshold consumption rate is calculated based on surrender power cost and other related variables to make it attractive. However, PSPCL is proposing threshold rebate at Rs.4.86/unit, which should not be accepted and calculation of the same should be shared with public also as well as provided in Tariff Order also. Based on quantum of surplus power with PSPCL and cost of surrender of power, the price of power above threshold level should be decided and should be increased, if there is increase in surrendered power cost.

Reply of PSPCL: - For meeting demand, PSPCL have to stack sources at its disposal, in order of their cost i.e. cheapest cost at bottom to meet with higher demand PSPCL have to rope in higher cost sources. This year due to unprecedented rise in demand & higher market prices impact of the same has been felt by PSPCL. In view of this reduced energy charges for industrial consumers for consuming Power above threshold limit above threshold may please be reviewed.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 23. Time of Day Tariff (TOD)

PSPCL has proposed TOD tariff to be started from 16th October 2022 against 1st October 2022. It is argued by PSPCL in its replies to deficiencies that irrigation demand for certain varieties of Paddy remain till 15th October. Therefore, TOD date to be postponed till 16th October. We strongly object to the PSPCL proposal and rationale given for the same. It is matter of fact that TOD tariff is discontinued from 1st June of each month while the supply to agriculture sector is started from 13th June (since last 2 years). Therefore, the TOD for summer months should continue till 12th June also.

Moreover, the TOD tariff period cannot be micro managed to cover all the varieties of the rice sowing period and linked with the majority Paddy season. Keeping in view this fact,

- i. The current regime of TOD should continue as it is
- ii. If the TOD date is extended from 1st October to 15th October, then TOD date should also be extended to 13-15th June against 31st May of each year because of reason explained above.

Reply of PSPCL: - The paddy season invariably spills over till about 15th October due to certain varieties of paddy which are harvested after 30th September. It is therefore, proposed not to extend the facility of special night tariff till 15th October.

Commission's view:- The Commission has taken note of the suggestion.

Objection No. 21

Name of Objector: Mandi Gobindgarh Induction Furnace Association

Issue: - 1. Timely issue of Tariff order for 2023-24.

PSPCL has already filed the Petition on due date of 30.11.2020 and PSERC has issued notice for Public Comments on 30.12.2022. Public Hearings are scheduled during Jan 9th to 19th of 2023. Thus, the tariff order for the year 2023-24 can very easily be issued by around 25th March 2023 to be made applicable from 1.4.2023 after due publication. We request the Hon'ble Commission to stick to the timelines and issue the T.O well in advance (as per practice adopted in 2022-23) so that industry is aware of the costing of the products and do not suffer financially on this count. This will also spare the GOP of the complications of bearing the arrears under subsidy. Further, if there is delay in issue of Tariff Order,

consumer should not be made to suffer and TO be made effective prospectively as per practice adopted prior to 2022-23 when TO was made applicable from 1st of June of the year.

Reply of PSPCL: - PSPCL would like to submit that as per Section 64 of the Electricity Act'2003, it is the sole prerogative of the State Regulatory Commission to issue a Tariff Order. The relevant excerpt of the aforesaid section is reproduced as under:

Section 64 (Procedure for Tariff Order)

(3) The Appropriate Commission shall, within one hundred and twenty days from receipt of an application under sub-section (1) and after considering all suggestions and objections received from the public, -

(a) issue a tariff order accepting the application with such modifications or such conditions as may be specified in that order;

As, issuance of Tariff Order is within the prerogative of the Commission, therefore the Commission may take appropriate action in the matter.

Commission's view:- The Commission has taken the note of the suggestion. The Commission always endeavours to issue the tariff order in time.

Issue: - 2. Cross Subsidization Levels of Agriculture and Domestic sectors

i) The National Tariff Policy stipulates to keep the average realization per unit from each category to the 20% (plus or minus) of combined average cost of supply (ACOS). APTEL has also given directions to PSERC in Appeal No 142 & 168 of 2013 titled Mawana Sugars & Bansal Alloys Vs PSPCL and others in para 14 of the order to work out the cross subsidy on the basis of voltage wise category wise cost of supply (VCOS) and has also directed the Commission as under: -

".....the cross subsidy with respect to voltage wise cost of supply is not increased. However, the tariffs for different categories have to be within + 20% of the overall average cost of supply as per the Tariff Policy "

In compliance to the orders of APTEL, PSERC has determined the cross-subsidy levels for both the ACOS and VCOS in the TO 2022-23. As per these, Domestic and Agriculture sectors are heavily cross subsidized. It is submitted that while working out the same in TO 2023-24, the tariff of the subsidized class of consumers i.e. agriculture sector and domestic consumers be managed suitably so that in the tariff order to be issued for 2023-24:

a) Cross subsidy levels based on VCOS remain equal to or are less than those of last year.
b) Cross Subsidy levels remain within +/-20% based on Average Cost of Supply as here to fore.

c) Back up calculations and assumptions taken in calculation of VCOS be included in the To. Further, APTEL has also ordered that trajectory for gradual reduction of cross subsidies shall also be finalized by the SERCs in line with provisions of the Section 61 of the Act. In this regard, Judgment dated 9. 1.2017 in Appeal No 134 of 2015 in Spentex Industries Limited Vs MPERC and others may be referred vide which Hon'ble APTEL has made following observations: -

"26 (e)-----The State Commission is required to prepare a road-map for reduction of cross subsidies amongst the various categories of consumers.

27(c). We would like to put a remark on this count that the State Commission while issuing the Retail Supply Tariff orders and avoiding tariff shock to consumers should also identify the road map for reduction of cross subsidy

Accordingly. Hon'ble Commission is also requested to identify the road map for reduction of cross subsidies.

PSPCL has not supplied the tariff proposals of different categories of consumers in the ARR and has also not enclosed format D-26. On deficiency raised by the Hon'ble Commission, PSPCL has submitted in Para 1 of reply to deficiencies vide letter dated 30.12.2022 that the

proposal on tariff will be submitted subsequently. Thus, we are unable to submit any comments at this stage and request for making available the tariff proposal of PSPCL for comments,

ii) Unlike previous years, while issuing the Tariff Order for 2022-23 the Commission has not worked out the amount of subsidy payable by GOP for the categories where GOP has agreed to bear the subsidy for the difference of tariff applicable and chargeable. However, the subsidy for LS category has been worked out by PSPCL in the ARR 2023-24 as under: -

Year	2019-20	2020-21	2021-22	2022-23	2023-24
TU2020off	2023, ARR24	Pg 270	2-1, Pg 280	3-3, 3-20,	4-9, 4-31
Units Cons.	14129 (Tble4)	16004	17377	17313	18932
Subsidy	1180.12	1726	1726	2191	2439
Rate/unit	0.835	1.078	0.993	1.266	1.288

The above figures for LS subsidy show that the amount being worked out has no consistency and True up of 2019-20 as determined by the Commission and actuals for 2020-21 & 2021-22 worked out by PSPCL (Since PSERC has stopped calculating subsidy in TO 2022-23) widely differ in spite of the fact that there was no increase in tariff for LS industry during 2022-23. Similarly, RE of 2022-23 and Projections of 2023-24 also needs thorough scrutiny.

iii) The data in formats D11, D-24 and D 25 is at variance. Similarly figures of these formats does not tally with the data given in tables/text of ARR. The total CD of LS category for 2021-22 is indicated on Page 271 as 6350.752 MVA but is reduced to 5459.810 MVA for 2022-23 on Page 273 without giving the reasons for the same.

iv) As PSPCL is supplying lot of data to PSERC directly which is uploaded at the web site very late, as such the Commission is requested to check the ARR of the Licensee critically and reject the excess claims. We feel that with the proposed increase in the consumption, additional flow of low-cost wind and solar power, there should be no requirement of increase in tariff for 2022-23. This is also evident from the tables of Status of RPO compliance given by PSPCL in Para 7 of the deficiency statements (Letter dated 30.12.2022 of PSPCL) which indicates the availability of RE generation as under: -

Year	RPO for the year Mus	Non-Solar power purchase Mus	Solar power Purchase MUs	Total Purchase Mus
2021-22	3729.42 (7.7%NS) + 2421.70 (5%S) = 6151.12	2724.04	1997.56	4721.60
2022-23	4752.19 (9.5% NS) + 4001.84 (8% S) = 8754.03	2886.83	3426.29	6313.12
2023-24	17724.38 (27%)	RPO revised and now RE Purchase includes Wind, Large Hydro and other RE (Solar, Biomass, Small Hydro and other RE Sources). RPO to be met through total RE and now not technology based.		21270.28
2024-25	20481.50 (30%)			25316.18
2025-26	23430.84 (33%)			26116.23

v) Unlimited subsidized electricity units are leading to wastage of electricity as well as resulting in additional financial burden on subsidizing categories. It may be brought out here that MOP&NG has fixed the number of LPG cylinders per family per year on which subsidy is admissible for low-income families. Similarly, quantity of Atta Dal under subsidy scheme to EWS is also pre fixed. Quantum of free electricity to Golden Temple and Durgiana Mandir is also prefixed. Limit of 300 units per month is specified for subsidy of Domestic consumers. It is therefore suggested that a limit on consumption should be specified by the Commission for the categories of consumers which are to be cross subsidized. Once the consumption of these

categories exceeds their limit specified in the order, they should be charged at normal tariff rate and not at subsidized rate. Thus, if supply of additional power to Agriculture Sector is to be given due to draught conditions thro' additional costly spot purchase or imposing cuts on highest tariff categories like industry, it should not be at subsidized but normal tariff and subsidy due from GOP be worked out accordingly.

The Objector shall like to highlight that, the cross subsidy burden on LS consumers which was only 47 paisa per unit in 2017-18 has increased which is evident from the table given below

Date of tariff order/tariff year	Average cost of supply as per tariff order (Paise per unit)	Applicable Tariff for LS consumers (Paise per unit)	Average Realization from LS Consumers (Paise per unit)	Cross subsidy per unit for LS KV consumers (Paise per unit)
23 rd Oct 2017 Year 2017-18	642	675	689	47
19 th Apr 2018 Year 2018-19	655	FC: Rs 280 + VC 611	725	70
27 th May 2019 Year 2019-20	663	FC: Rs 295 + VC 619	729	66
1 st June 2020 Year 2020-21	645	FC: Rs 295+ VC 641	717	72
28 th May 2021 Year 2021-22	642	FC: Rs 315 + VC649	707	65
28 th May 2021 Year 2021-22	648	FC: Rs315+ VC649	714	66

This is against the directions of the APTEL which need to be followed while issuing Tariff Order for 2023-24 and the cross subsidy for industry be eliminated.

Reply of PSPCL: - PSPCL submits point wise reply as follows:

i) The levy of Cross Subsidy Surcharge is a mandate which flows from the provisions of the Act, namely section 42 and helps the distribution licensees in performing their public duties by compensating them for the loss of consumers who were of the subsidizing category in order to serve poor consumers. As per PSERC Regulations and Electricity Act 2003, State Regulatory Commission have exclusive powers to determine the tariff for different categories of the consumers availing electricity in the jurisdiction of the state.

Moreover, as per National Tariff Policy (NTP), the Discom can levy cross subsidy up to a limit of +/-20% of the average cost of supply. Furthermore, the decision regarding the same is taken by the Hon'ble Commission; also, the cross-subsidy charges applied are within the limits as defined under NTP. Further, as per PSERC Tariff Order for FY 2021-22, PSERC has worked out the cross-subsidy surcharge which is within the limit of +/-20% of the average cost of supply as per NTP. Further it is submitted that determination of tariff is prerogative of Commission and the Commission determined tariff after prudence check of Discom submission.

ii) PSPCL has worked out the subsidy for LS consumers based on the notification of Government of Punjab and revised estimated revenue from sale of power from LS consumers for FY 2022-23. The mere comparison of per unit rate would not be appropriate for consideration of subsidy. PSPCL has provided the data in ARR petition for the prudence check of Hon'ble commission.

iii) All the relevant data has already been furnished to the Commission vide reply to the deficiencies pointed out by the Hon'ble Commission on ARR Petition from time to time.

iv) To increase in tariff for 2023-24 is sole prerogative of the commission. However, as an evident, Status of RPO Compliance of PSPCL is given showing the availability of RE power from FY 2021-22 to FY 2025-26. The figures of RE power given in the Table has been checked and found to be same as submitted by PSPCL in the said Tariff Petition.

v) Supply to various consumer categories in the State of Punjab is provided as per notification and policy of the Government and capping of the same is at the discretion of the Government of Punjab. As far as supply of power to subsidized category of consumers at cost of supply rate is concerned, the said issue is under the prerogative of the Commission. PSPCL would comply with the directions of the Commission.

vi) The determination of tariff, rebate or surcharge to any category is the prerogative of the Commission as per Electricity Act, 2003. Also, the factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are within the purview of the Hon'ble Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts.

Commission's view:- The Commission determines the tariff of various categories of consumers in line with the provisions of the Electricity Act, 2003 and PSERC Tariff Regulations further guided by various provisions of Tariff policy. Subsidy for various sectors of consumers is announced and is funded by the state Govt.

Issue: - 3. Return on Equity

A) The Commission approved 15.5% Return on Equity for 2010-11 to 2017-18 purportedly as per PSERC Regulations in line with the FRP of GOP as per which the Consumer Contribution, Subsidies and Grants were merged with GOP equity increasing the equity share capital of GOP in PSPCL from 2617.61 crore to 6081.43 crore which has led to increase of ROE from 405.73 crore to 942.62 crore i.e. an increase of 232% though without any fresh investment or infusion of cash by GOP. Similar is the case of PSTCL where the equity base of GOP was increased from Rs 328.50 Cr to Rs 605.88 Cr as per FRP and ROE increased from Rs 45.99 Cr to Rs 93.91 Cr, an increase of 204%. The matter was appealed by some consumers in APTEL and Hon'ble Tribunal directed PSERC to reconsider the issue vide judgment Dated 17-12-2014 in Appeal No 168 and 142 of 2013 as under:-

"48. We direct the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARRI True up for the year to provide relief to the consumers."

.....

"Issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc.

50.3 The findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission shall re-determine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.

There were objections from other agencies also. This was treated as against the Prudent financial Practices by the CAG also and an audit para was also raised by CAG vide Para 3.1.2.5 in their Audit Report No 2 of 2015 on PSUs. The Hon'ble Commission also recognized the wrong and amended the Tariff Regulations specifically prohibiting such conversion of Consumer contribution and subsidies/grants into equity.

As the PSPCL has filed Appeal in Supreme Court and the order of APTEL is under stay, we request the Commission to record our objection on the issue and the TO from 2011-12 onwards will be subject to review as per the orders of the Supreme court.

B) Continuing with its practice, PSPCL has again increased its equity on the closure of UDAY scheme and converted the loans taken over by GOP under UDAY scheme amounting

to Rs 15628.26 Cr into equity of GOP on 31.3.2020 in the ARR of 2020-21 and 2021-22. This amount was further split between Generation and distribution business though GOI's UDAY scheme was only for loans taken by PSPCL for distribution business only and loans of Generation business were not covered under UDAY scheme. Thus, Rs 7254.87 Cr was allocated as equity for Generation Business and Rs 8373.39 Cr was allocated for Distribution Business. PSPCL claimed ROE of 15.50% for Generation Business and 16% for Distribution Business on the revised total equity amount in each segment for 2020-21 and 2021-22. This was objected to by stake holders being against the conditions of UDAY scheme and there being no cash flow. Hon'ble Commission rejected the claim of PSPCL on the plea that there is no infusion of equity and ROE cannot be granted on such paper equity.

C) On rejection of its claim for ROE on revised equity amount. PSPCL came out with a novel proposal in the ARR of 2022-23, that the UDAY loan of Rs 15628 Cr includes Rs 2246.77 Cr as capital loans. Further, out of balance Rs 13381 Cr, Loans of Rs 2346.19 Cr were diverted for capital works during various years. Thus, a total of Rs 2246.77+2346.19 = 4592.96 Cr were considered as equity and ROE of 1684 Cr @ 15.77% was claimed on equity base of (6081.43+4592.96=) 10674.39 Cr in the ARR. The contention of PSPCL were not accepted by the Commission and additional ROE demand was rejected with following observations in Tariff order 2022-23 para 3.21 and 4.19 as under: -

The Commission has not considered the amount of Rs. 4592.96 Crore (Rs. 2346.19 Crore + Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs. 2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans relating to prior period.

The UDAY loans approved by the Commission till FY 2019-20 have not been considered as loans in FY 2021-22 and FY 2022-23. The Commission has considered the opening equity for FY 2021-22 as the approved closing of equity from the True-up of FY 2020-21. As explained in Table 102 and Table 103, no addition of equity has been considered in any of the years.

D) In the current ARR, PSPCL has again claimed the equity as 10674 Cr and ROE as 1684 Cr for all the years of 2021-22 (TU), 2022-23 (RE) and MYT period of 2023-24 to 2025-26. Hon'ble Commission raised the issue in Para 23 in deficiency statement dated 21.12.2022 as under:-

23. Return on Equity

i. In para 2.20.4 PSPCL has claimed an addition of Rs. Crore 2346.19+ 2246.77 crore with opening balance of Rs. 10673.96 (Rs. 6081+4592.96) crore of FY 2020-21 and claimed Return on equity @15.78% to the tune of Rs.1684.00 Crore during FY 2021-22 (True-up) with a note under Table-2.17 (Return on Equity for FY 2021-22" RoE claimed on Opening Balance in addition to diverted loan for CAPEX funding" PSPCL in Petition No.68 of 2021 has submitted that out of total UDAY loans

Rs.2246.77 Crore were capital expenditure loans and Rs.13381.49 Crore of working capital loans. Out of which Rs.2346.19 Crore of working capital loans were diverted for capital expenditure funding which is already approved by the Commission. Hence, PSPCL has considered the amount of Rs.4592 (Rs.2346.19+2246.77) Crore. PSPCL to intimate the specific Tariff/Order vide which the Commission has allowed the diversion of working capital loan of Rs.2346.19 crore towards long term loan for allowing interest on long term loans.

PSPCL has submitted the reply in its letter dated 30.12.2022 giving details of capex funded from WC loans during the years 2010-11 to 2018-19 totaling Rs 2346.19 Cr. This includes an

amount of Rs 157.05 Cr for 2010-11 which is based on difference of Investment Plan amount and Capital Loans approved in the Tariff Order. Similar must be the case for other years as well. In this regard we submit that:-

- i) The investment Plan amount may have been submitted by PSPCL in ARR but the same were not accepted and Hon'ble Commission worked out the revised
- ii) figure of investment plan and approved the same. PSPCL should have included the discrepancies in the review petitions/appeals filed before the appropriate courts for these years at that time. If these were raised and decided in favor of PSPCL, it must have already got the relief. This needs to
- iii) be checked thoroughly by the Commission since we do not have resources to check the same.
- iv) Raising this issue for the period 2010-11 to 2018-19 at this stage is barred by limitation since its review petitions and appeals have already been decided by appropriate courts.
- v) This is clearly an attempt to get additional revenue by presenting this issue for ROE knowing fully well that these amounts are not included in Review Petitions or Appeals filed against the respective tariff orders and no claim lies now being barred by limitation and no review lies against the orders on review petition/appeals.
- vi) PSPCL is aware that if this expenditure is acknowledged but not accepted for ROE, PSPCL can request for the interest charges for these amounts of capital loans.
- vii) PSPCL in its reply to deficiency for this para 23 has not explained the position regarding Rs 2246.77 Cr which are stated as amount of capital loans in the UDAY amount of Rs 15628 Cr.
- viii) UDAY scheme was for 5 years and closed on 31.3.2020 UDAY loans were transferred by GOP to PSPCL after 31.3.2020 and for reasons best known to GOP and PSPCL, these were converted to GOP equity in PSPCL. The issue came for discussion when ROE was claimed on this paper equity. The discussion pertained to treatment of UDAY loan amount earlier taken over by GOP at the start of UDAY and transferred to PSPCL on the close of UDAY. Clearly, all the tariff orders since 2010-11 cannot be reopened for deciding the legal validity of claiming ROE on UDAY Amount by PSPCL.
- ix) The amount to be covered under UDAY scheme was finalized by PSPCL. Petition for revised ARR for 2016-17 to include the effect of UDAY scheme was filed by PSPCL. The scheme closed on 31.3.2020. The issue is being raised now to get the part loans taken during 2010-11 to 2019-20 for working capital regularized as capital works loans which needs to be rejected out rightly.

(E) Everybody is aware that loans under UDAY scheme were on the interest rate of about 8.4% whereas after conversion into equity, consumers will have to bear the ROE @ 15.77%. While interest on loan is recoverable by PSPCL from consumers for payment to banks. ROE is recovered from consumers but retained by PSPCL for adjustment against its losses due to inefficiencies and wrong planning. We strongly oppose the proposal of PSPCL to convert any type of loan (irrespective of whether covered under UDAY or capital loan) into equity in this fashion and request for rejection of the claim as PSPCL is trying to load the consumers with unjustified ROE one way or other.

(F) It is also submitted that similar attempt of PSTCL to finance new capital works by taking 100% loan and then investing 30% as equity and 70% as loan has been rejected by the Commission in previous years as per its Regulation No 19 titled Debt Equity ratio which clearly states that where the equity is less than 30% then actual equity is to be considered for equity. Here clearly the equity is zero as total financing is through debt/Loan. PSPCL itself states that the UDAY scheme was for loans only, the terms and conditions of UDAY were never achieved,

there is no cash flow from GOP and thus, though GOP and PSPCL may treat such amount as equity but cannot qualify for Return on equity.

(G) The amount of Rs 15628 Cr was finalized in 2014-15 when loans under UDAY scheme were jointly checked. UDAY scheme was closed on 31.3.2020. Thus, PSPCL already knew the details of capital and WC loans when the amount was finalized. The diversion of funds was also known to PSPCL. The interest on Loan and Finance charges are being claimed/approved during all this period of around 7 years but PSPCL never came out with such request. Almost 2 years have passed since the close of UDAY also. The assets of PSPCL have been depreciated year by year and depreciation amount has been deducted from the capital base as well loan amount. During all this period, PSPCL has filed review Petitions but never raised these issues. Thus, PSPCL is barred from making such claims at this stage. Moreover, such practice of time barred issues relating to 5 to 12 year old period being raised deliberately and challenging the rejection in APTEL and Supreme Court etc. need to be curbed with amendment in MYT regulations otherwise it is an endless process and stakeholders cannot bear huge expenditure on litigation and will be forced to seek privatization of Discoms.

(H) On checking of TOs since 2002-03, we find that there has never been any cash flow from GOP exclusively for equity in PSEB/PSPCL/PSTCL. Thus, all the funding is from loans presently at around 8% interest & consumer contributions and Govt Grants without any interest whereas by just making a paper entry, PSPCL/PSTCL are converting their around 6% average interest-bearing loans into 15.5 to 16% return bearing equity which by no means is justified. It is evidently an illegal and unjustified act of PSPCL/PSTCL by using provisions of regulations for benefits at the cost of consumers. Therefore, since there is no cash infusion, all the equity standing in the regulatory books of PSPCL/PSTCL be treated as Loans and PSPCL should not be allowed any ROE.

Reply of PSPCL: - Govt. of Punjab has converted its loan of Rs.15628.26 Crore given to PSPCL under UDAY Scheme into equity of equivalent amount during 2019-20. It is pertinent to mention here that Govt. of Punjab is the only owner of PSPCL being 100% shareholder. Finance Department has got the approval in the meeting of council of Ministers (Cabinet) and Vidhan Sabha for conversion of Loan into equity under scheme. Further Govt. of Punjab has converted its loan of Rs.15628.26 Crore into equity of Rs.15628.26 Crore after complying with the provisions of Section 62 (3) of the Companies Act 2013.

In addition to above PSPCL is claiming ROE as per the "PSERC MYT Regulation 2022".

"Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19"

The PSERC also allowing the return on equity at the rate according to regulations.

Commission's view:- Return on Equity is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 4. ARR AND CARRYING COST OF REVENUE GAP

The gap in realization with current tariff and expenditure incurred by PSPCL as projected in ARR along with carrying cost was earlier increasing every year as under: -

1st MYT Control Period

i) PSPCL had projected Net Revenue Requirement of 32718.64 Cr in the ARR of 2017- 18 with total revenue gap as 5576.21 Cr. The actual figures presented in ARR 2019- 20 for true up were Rs 31127.53 Cr and 5524.53 Cr respectively (Table 28 of ARR) whereas PSERC in

the TO 2019-20, trued up the ARR of 2017-18 as 27232.40 Cr (Table 2.50 of TO) with Revenue gap of 881.23 Cr only.

ii) ARR for 2018-19 presented the Net Revenue Requirement as 33562.12 Cr with total Revenue Gap of Rs 5339.33 Cr. The actual figures presented in ARR for 2020-21 under True Up as Rs 33000.28 Cr and Revenue gap of Rs 3715.89 Cr (Table 30 of ARR 2020-21) whereas PSERC in the TO 2020-21, trued up the ARR of 2018-19 as 30620.02 Cr (Table 64/TO) with Revenue gap of 515.80 Cr only

iii) In the ARR 2019-20, the Net Revenue Requirement has been worked out as 34505.60 Cr and total revenue gap with carrying cost has been worked out as 12118.55 Cr. The actual figures presented in the ARR for 2021-22 for True Up are Rs 34812.51 Cr and Revenue gap of Rs 3003.04 Cr (Format D-1 of ARR 2021-22) whereas PSERC in the TO 2021-22, trued up the ARR of 2019-20 as 30424.44 Cr (Table 66/TO) with Revenue surplus of 701.60 Cr.

2nd MYT Control Period

iv) In the ARR for 2020-21, PSPCL projected Net Revenue Requirement as Rs 35573.60 Cr and previous year's Revenue gap of 9016.30 Cr (Table 83 of TO 20-21). In the ARR 2022-23, the Actuals for 2020-21 were projected for True up as 33709 Cr, with revenue gap of 2101 Cr (Table 19). In the Tariff Order 2021-22 Hon'ble Commission approved Net Revenue Requirement of 31478.12 Cr with revenue surplus of 1669.84 Cr (Table 77 of TO 21-22).

v) In the ARR for 2021-22, PSPCL projected Net Revenue Requirement as Rs 37653 Cr and Revenue gap including gap of previous year's as 9807 Cr (Table 56 of TO 20-21). In the ARR 2023-24, the Actuals for 2021-22 were projected for True up as 37016.54 Cr, with revenue gap of 3317 Cr (Table 2-23). In the Tariff Order 2022-23, Hon'ble Commission had approved RE of the Net Revenue Requirement of 34606.10 Cr with revenue surplus of 1667.77 Cr (Table 143 of TO 22-23).

vi) In the ARR for 2022-23, The net revenue requirement is projected as 36848 Cr, Revenue as 36577 Cr and total Revenue gap with carrying cost as 1912 Cr. In the current year ARR 2023-24, RE for 2022-23 are projected as 43208 Cr and accumulated Revenue gap up to 2022-23 as 9961 Cr. The Tariff order figures for 2022-23 are 37776.68 Cr and gap of 88.05 Cr.

Now in the ARR for 2023-24, The Net Revenue Requirement is projected as 42753 Cr and Aggregate Cumulative Gap as 14109 Cr. (Table 5-1) The revenue at current tariff is projected as 38604 Cr. Thus for full recovery of ARR, the tariff has to be increased by 36.54% across the board. However, the ARR is apparently loaded with many items which will be pruned by the Commission during processing just as; -

- i) Disallowing additional claim of ROE,
- ii) Removal of claims of subsidy of GOP and interest on unpaid subsidy of previous years from the ARR through Revenue shortfall as per previous year practice
- iii) Setting right the discrepancy in higher sales and less revenue compared with Tariff orders of previous years
- iv) Increasing the non-tariff income to realistic level
- v) Correction of parameters of thermal plants etc., as per norms.
- vi) Flow of additional cheaper renewable power in the coming years due to steep increase in RPO.
- vii) Availability of low cost coal from PSPCL's Pachwara coal mine

After setting right the ARR and Revenue, PSPCL is likely to become Revenue Surplus. The pattern is evidently different from previous years.

Any increase in tariff for industry will prove disastrous for the consumers in Punjab. The ARR needs to be critically examined by the Hon'ble Commission. Any increase in Energy Charge

will have to be passed on to GOP which is already short of money. PSPCL should manage the increase in ARR from increase in sale of power and better utilization of its assets. Industry in Punjab cannot bear any increase in tariff and the tariff needs to be frozen for next five years. Further, in spite of 9.33% increase in Tariff in 2017-18, 2.17% in 2018-19, 1.78% in 2019-20, 3.55% in 2020-21, ~1% rise in 2021-22 and no increase in 2022-23 clearly indicates that there is something wrong in the ARR of PSPCL. It is also observed that PSPCL is many times shows surplus in Balance sheet but huge loss in ARR.

It is evident from the above that besides continuing with its inefficiencies, there seems to be a tendency on the part of PSPCL to inflate the figures of ARR to get higher tariff to cover up its continuing losses which need to be looked into by the Commission thoroughly otherwise the industry in Punjab will become totally uncompetitive with the industry of neighboring states and shall have to close down their factories.

Reply of PSPCL: - It has been transparent in filing the petition for the True up for FY 2021-22, APR for FY 2022-23 and ARR for FY 2023-24 and filed a detailed petition. In the present Petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2021-22, actual figures for the first half of FY 2022-23 as available at the time of petition filing exercise. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and provisions of the PSERC MYT Regulations, 2019 and PSERC MYT Regulations, 2022. It is submitted that the PSPCL has submitted the Expenses and Revenue of FY 2021-22 based on the actual annual audited accounts of FY 2021-22 and the same in on the discretion of the Commission to approve the appropriate gap based on the expenses and revenue as per audited annual accounts Hon'ble Commission does a thorough scrutiny of the Petition filed by PSPCL and follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.

Further, PSERC allowing the expense to PSPCL based on PSERC regulations. ROE is allowed based on regulations. PSPCL has not claimed any interest on unpaid subsidy by GOP in ARR petition. Further, the Commission may take an appropriate view on the submission made by the Objector and allow the expense after the scrutinizing of data made available.

Commission's view:- Revenue Gap is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 5. Excess claim not accepted by Commission in Tariff Orders

PSPCL had filed Appeal No 106 of 2013 in APTEL which was decided vide order dated 16.12.2015. The decision was further considered by Hon'ble Commission for compliance and order was issued on 4.1.2016. In these orders contentions of the PSPCL on many issues relating to tariff Order 2013-14 were considered and Hon'ble APTEL decided all the issues except one against PSPCL and upheld the orders of the Commission as per Tariff Order.

With the coming into force of new MYT regulations, PSPCL filed appeals in Hon'ble APTEL and has challenged all the disallowances in the Tariff orders. In this ARR also, PSPCL has again prepared the ARR on the same pattern. Thus, PSPCL is continuing its practice of incurring expenditure at will without caring for PSERC directions and Regulations and after the ARR is curtailed, wastes time and money and Hon'ble Commission's time seeking legal remedy on the already rejected contentions. The costs so involved are loaded on to consumers both by PSPCL in ARR as legal charges and by Hon'ble Commission through fees and charges. This is proving disastrous for the consumers as expenditure on legal fees is increasing every year without corresponding benefit. PSERC need to disallow legal fees in such cases and not burden the consumers with such unsuccessful litigations. It is also pointed out that the expenditure already denied / methodology already rejected by the Commission in

the previous tariff orders or by APTEL on appeals should not have been included/reiterated in the ARR at all but the PSPCL is continuing the practice. PSPCL reiterated the rejected arguments for justification of inflated Agriculture Consumption, Thermal parameters, Late payment surcharge etc. Thus, PSPCL wants to have the best of all. In our view, there is no reason for admitting the same and no reason for PSPCL to approach APTEL for each and every disallowance. It is also observed that PSPCL challenges almost all of the decisions of the Hon'ble Commission where prayers of PSPCL are rejected in APTEUHC. Thereafter after losing the case in APTEUHC, PSPCL approaches the Hon'ble Supreme Court for relief. However, the Commission does not approach the Supreme Court where PSPCL gets relief from APTEUHC. In order to protect the interests of consumers and to uphold its own decisions, Hon'ble Commission is also very kindly requested to approach the Supreme Court in such cases to protect the consumers interests and justify its orders OR else some fund be created to support consumer associations to fight costly legal battles in Supreme Court

Reply of PSPCL: - The revenue gap in the ARR arises out of the difference between the actual expenditure of the utility and the projected expenditure as approved by the Commission. Further, the objector has made such misleading allegations against the Utility in the name of inefficiency of the PSPCL without caring for principles which allow PSPCL to claim the actual expenditure. PSPCL is claiming its legitimate expenses based on the actual audited accounts for respective financial year while the Commission is allowing expenses based on normative basis. Thus, PSPCL has appealed before the APTEL aggrieved by orders made by the Commission in line to Section 111 of the Electricity Act 2003. The relevant excerpt of the aforesaid section is reproduced as under:

Section 111. (Appeal to Appellate Tribunal): --- (1) Any person aggrieved by an order made by an adjudicating officer under this Act (except under section 127) or an order made by the Appropriate Commission under this Act may prefer an appeal to the Appellate Tribunal for Electricity:

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 6. SURPLUS POWER AND CAPACITY CHARGE OF IDLE CAPACITY

The increase in expenses in ARR of PSPCL in recent years is due to power proposed to be surrendered on Merit order Dispatch due to commissioning of new IPP stations of PSPCL and availability of power from stations where PPAs were signed earlier. This saves the energy/variable charges but PSPCL has to bear the capacity/fixed charges for such non purchase of power. This position was predicted by PSERC and in this regard directive was given to PSPCL as early as in TO 2013- 14 at page 83 para 4.8.5 to review all the PPAs and surrender costly contracted capacity in view of commissioning of IPPs in the state. However, PSPCL has failed to surrender any contracted capacity and the directive was dropped in 2018-19 without any result. what to talk of surrender of contracted power.

PSPCL has also worked out the power plant wise year wise quantum of power (MUs) and Fixed Charge liability for idle capacity in Form D2 of ARRs. The liability varies as under:-

- a) 12092.95 MUs were surrendered costing 1365.39 Cr in 2020-21 as per actuals
- b) 8808.72 MUs were surrendered costing 963.62 Cr in 2021-22 as per actuals.
- c) 8410.09 MUs are to be surrendered costing 1089.85 Cr. In 2022-23 as per RE.
- d) 2961.29 MUs and 439.85 Cr are projected in 2023-24
- e) 1643.65 Mus and 233.73 Cr for 2024-25
- f) NIL for 2025-26.

As is evident, keeping in view the present projected pace of increase in sales and reduction in Fixed charges of idle capacity, the projections of reduction of around 650 Cr reduction in Fixed charges for idle capacity for the year 2023-24 seems to be over ambitious. Further, the

per year reduction of around Rs 200 Cr for 2024-25 and 2025-26 compared with 650 Cr in 2023-24 indicates that the projections are unrealistic. The Formats D-2 for various years indicate that the PSPCL has not taken into consideration the cancellation of PPAs as per the Termination of PPAs Act 2021 and orders of the Hon'ble Commission regarding DVC projects etc. as these projects are included as available during 3rd MYT control period in the formats. However, keeping in view the litigation involved with such cancellations, the actual surrender may vary. It is also added here that the termination angle needs to be scrutinized to the depth and their commercial and financial aspects need to be studied minutely so that no penalty is passed on to consumers subsequently. It needs to be made clear that any such liability shall have to be borne by PSPCL/GOP.

Keeping in view the additional power available from solar, wind & Hydro power capacity required to be contracted to meet ever increasing RPO and HPO as well as solar roof top plants being set up by the consumers, it will take another 4 to 6 years to consume the excess capacity. Therefore, PSPCL needs to devise innovative proposals to bring investments to Punjab for base load heavy industries to Punjab, facilitate setting up of EV charging stations, come out with scheme to allow separate metering facility for two and four-wheeler EV charging points in the houses/offices of consumers, allowing additional rebate for consumers having Captive power plants so as to replace the CPP power with PSPCL power etc..

Reply of PSPCL: - After TO 2013-2014, now the demand & supply pattern has taken a complete U-turn. The factors like rise in temperature causing early onset of summers and increase in economic activities with lifting of COVID-19 related restrictions, had contributed significantly to the increase in electricity demand.

On the other hand, increase in the supply in market has been limited. The situation has been further aggravated due to geo-political factors affecting the fuel supply and certain domestic supply constraints. This had widened the gap between demand and supply. High price of imported coal lead to high variable charge for imported coal-based plants. Similarly, due to an increase in the international price of gas, the existing gas-based plants were not able to supply power in the market. High demand has been the cause of price rise. In addition to above Hon'ble CERC has also observed that energy requirement remained higher in 2022-23.

PSPCL is working out rather has already implemented some evitable measures to relinquish costlier power which is self-illustrated from the decreasing trend of surrendered MUs over the years i.e. 2020-21 to 2025-26 Further, M/s DVC filed an Appeal before APTEL challenging PSERC order dated 02.11.2021 wherein PSERC does not approved the procurement of power from DVC generating Stations. APTEL vide its interim order dated 02.11.2021 has stayed PSERC order dated 01.02.2021 and operation of PSPCL's Termination Notice dated 05.10.2021. The appeal is still pending before APTEL

Commission's view:- The Commission has taken the note of the suggestion.

Issue: - 7. Employees expenses

Employee cost claimed In the ARR and approved by Commission in the tariff Orders is as under:

Employee cost as Projected by PSPCL in ARR, Projections Approved by PSERC in TO, RE as per ARR, RE Approved in TO, TU submitted in ARR, Approved in TO						
	ARR	TO	RE	TO	TU	TO
2014-15	5350.89	4286.13	4423.44	4386.47	4070.46	4076.46
2015-16	5480.61	4540.81	4788.69	4572.59	4397.99	4397.99
2016-17	5715.97	4835.58	5114.40	4547.56	4551.87	4551.87
2017-18	5368.54	4688.30	5514.21	4688.30	4727.36	4480.96

2018-19	5744.25	4845.39	5347.22	4738.98	4657.37	4666.50
2019-20	5748.17	4934.60	4958.44	5095.60	4730.57	4471.51
2020-21	5240.79	4837.41	5098.61	4860.22	4807.83	4659.60
2021-22	5314.49	5004.68	5269.00	5676.04	4472.20	
2022-23	5552.00	7718.85	5294.52			
2023-24	5802.84					

It is strange that, the claims made in the initial ARR are highly inflated and actual in RE/Actuals/true up have come down drastically and even lower than those approved by the Commission for some years. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARRs. In view of the fact that Now Audited Employee cost is being allowed in True Up as per APTEL orders, PSPCL should come out with realistic figures in ARR so that tariff determined by the Commission is somewhat realistic. The Commission had been allowing increase in employees cost on the basis of Wholesale Price Index as per Tariff Regulations which have been amended now to cover CPI also. Therefore, increase in employees cost on the basis of amended regulations may be allowed during MYT period. Recruitment of new employees and grant of any allowance need to be made by PSPCL keeping in view the provisions of the Tariff Order which should act as Budget for PSPCL which should not be exceeded at any cost.

Reply of PSPCL: - It has been transparent in filing the petition for the True up for FY 2021-22, APR for FY 2022-23 and ARR for FY 2023-24 and filed a detailed petition. In the present Petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2021-22, actual figures for the first half of FY 2022-23 as available at the time of petition filing exercise. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and provisions of the PSERC MYT Regulations, 2019, and PSERC MYT Regulation, 2022. The Commission does a thorough scrutiny of the Petition filed by PSPCL and follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections

Commission's view:- Employee Expense is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: - 8. COST OF SUPPLY/ HT REBATE

In compliance to APTEL orders, PSPCL has carried out the study on Cost of Supply, which was a part of ARR 2013-14 and PSERC accepted methodology II of the study. The cost of supply study was based on lot of assumptions which had to be taken at every step due to absence of actual data. PSERC had accepted methodology II and had worked out Voltage wise and category wise Cost of supply for 2013-14 in TO 2013-14. The Commission had further observed in para 5.2.10 of TO as under: -

5.2.10 It would be ideal to fix electricity tariff for all consumers on cost to serve basis. But, historically, there has been extensive cross subsidization in electricity sector. The tariff for consumers, who pay less than the cost to serve, will need to be hiked significantly to cover the gap between the tariff of subsidized consumers and cost to serve these consumers. As such, the Commission is raising tariff of subsidized consumers gradually to reduce such gap, and at the same time avoiding tariff shock to subsidized consumers and bringing the tariffs of various consumers within reasonable difference as compared to cost to serve these consumers.

In order to make the determination of cost of supply more realistic and reliable, it is requested that PSPCL be asked to make the study afresh and firm up the data required for the study

since lot of computerization/digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL/PSTCL.

The cost of supply study for 2023-24 is enclosed in the reply to Deficiency dated 30.12.2022. In this calculation, T&D losses for 220 and 132 KV consumers has been taken as 2.17% against 2.44% assumed by the Hon'ble Commission in Para 7.10 of the MYT tariff order dated 31.3.2022. T&D losses for LT consumers including agriculture as well as industrial consumers connected at 11 KV has been taken as 14.49% whereas it is known fact that the losses on LT feeders is higher than 11 KV feeders and actual loss of agriculture feeders is more than 20% as these consumers do not install Capacitors, use high wattage bulbs against LEDs permitted free with pump set, use non ISI motors and indulge in theft of power during paddy season. This has lowered the cost of supply of agriculture consumers artificially and increased the cost of supply of Industry and others. No other assumption is given in the write up. However, the determination of cost of supply is clearly biased against industrial consumers as the difference of COS of 66 KV industrial consumers (Rs 6.77) and 11kV industrial consumers (Rs 8.10) is only 33 Paise per unit against permitted 25 paise per unit. i.e. 66 KV HT rebate is nearly equal to being determined. In this regard it is to be noted that the Demand factor of 132/220/66 KV industry is taken as 75%, 33/11 KV industry as 30% and 11 KV industry as 40% which is distortion bringing down the demand charges for 66 KV and raising the demand charges for 11 KV to narrow down the difference. Last year the Demand factor for 11 KV industry was 60% and difference of 66 KV and 11 KV was 27 paise.

Accordingly rebate for EHT consumers reintroduced in 2013-14 be increased keeping in view the rise in tariff of 66 kV LS consumers since 2014-15 when 25 paise per unit voltage rebate was fixed. As PSPCL has added 400 KV also for supply to consumers in Supply code, as such Cost of Supply at 400 KV may also be included in the determination of Cost of supply.

Reply of PSPCL: - The determination of tariff, rebate or surcharge to any category is the prerogative of the Commission as per Electricity Act, 2003. Also, the factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are within the purview of the Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - 9. Tariff Related Issues

In Annexure 1 of Replies to Deficiencies dated 30.12.2022, PSPCL has submitted its proposal on Tariff Related Issues. First two issues were raised by PSPCL last year also and were not accepted by the Commission. PSPCL following the pattern has again come out with the same issues. These are again discussed as under: -

(A) Para 1 of Annexure proposes regarding Special Night tariff as under: -

(i) Normal Tariff be limited from 6 AM to 7 AM (Instead of 6 AM to 10 AM

OR

(ii) Some premium over and above normal tariff may be charged from the consumers opting for the same especially for the months of December and January.

Special Night Rebate was started as per Tariff Order 2018-19 to the industry opting for the same. Operations were allowed during 8 hours of night only for the period 1st Oct of the year to 31st June of next year i.e. excluding the paddy period. However, no industry opted for the same as viability of the industry required minimum 12 hours of operations in a day. On the persistent demand of Industry, with the concurrence of PSPCL, this was extended for 12 continuous hours i.e. during night hours on reduced tariff and on full tariff for 4 morning hours. Now, PSPCL wants to restrict the supply during morning hours again. The morning demand being experienced by PSPCL during Dec and January is solely due to domestic and

Commercial/NRS sector using lighting, geysers and heaters etc. Industry operates with continuous load whenever it operates. However, to accommodate these two sectors, Industry is being asked to limit its demand or pay more which is totally unfair. The industry will opt for the Special Night Tariff only if it is allowed to operate for minimum period of 12 hours on continuous and round the year basis as steel industry has to compete with steel producers of Gujarat and Chhattisgarh as well as neighboring states of HP and J&K where industry enjoys concessions. Therefore, it is viability of operations which needs to be kept in view.

It is also pointed out that power exchanges operate strictly on demand supply principles and price discovered are very volatile and there is no fixed pattern of rates and availability of power. It cannot be assumed that the rates this year will be necessarily followed next year as well. Moreover, as discussed in Tariff order 2022-23 Para 5.3, there are only about 70 to 80 consumers with aggregate demand of 229 MW availing this tariff and restricting such a small number will not give any countable relief to PSPCL.

It is also pertinent to state here that under Special Night tariff, industry gets 50% reduction in fixed charges. Night rebate is available to all industries whether they opt for it or not. Full energy charge is paid for consumption during 6 AM to 10 AM. Taking away such benefit through extra levy on morning consumption or through reduction in working hours / admissible days will make the whole package unattractive. So PSPCL be asked to look for some other option rather than imposing sufferings on the industry for problems not created by them.

B) PSPCL has also requested vide Para 2 of Annexure 1 that- Reduced Energy Charges for FY 2023-24 for consumption above threshold limit be reviewed in view of unprecedented rise in demand during 2022-23 which required scheduling of costly power in the stack.

In this regard it is submitted that the threshold rebate is being allowed due to surplus power with PSPCL. This issue is already discussed in Para 8 (i) above and are not being repeated here for the sake of brevity. As discussed therein, the projections of PSPCL in Format 02 regarding surplus power and Fixed cost liability needs to be reviewed.

However, it is also submitted in brief that even if figures of PSPCL in Format 0-2 are accepted, the surrendered power during H1 of 2022-23 is 5094.88 MUs (True up), during H2 of 2022-23 as 3315 Mus (RE) (Total 8410.09 MUs for 2022-23) and during 2023-24 as 2961.69 MUs. Thus the surplus scenario is likely to continue in the year 2023-24 and therefore the Threshold rebate needs to be continued. We also request the Commission to provide the calculations for working out the reduced energy charge in the tariff order (Rs 4.86/unit in FY 2022-23 and the revised charge for 2023-24 to be determined). While requesting for continuation of the rebate, it is also submitted that the tariff for the scheme is Rs 4.86/unit for 2022-23 with which the benefit with GOP subsidy (which is likely to continue) presently is only 14 paise per unit. This meager incentive is not a driving force to plan for increased consumption. Therefore, we request that the threshold rebate needs to be increased appropriately to make the scheme attractive.

C) PSPCL has proposed In Para 3 of Annexure 1 for approval as under: -

PSERC may approve commencement of TOD Tariff from 15th October in the next year tariff order for FY 2023-24 PSPCL has submitted that during last few years the paddy season spills over till about 15th October due to some varieties of paddy which mature near about 15th October. Therefore, TOD tariff (night rebate) needs to start from 15th Oct. In its support, PSPCL has also culled the provision of GOP order which requires paddy supply to be given till the maturing of the crop. In this regard we submit that the extra load during first two weeks of October is a rare happening due to delayed ripening of paddy and may or may not be repeated every year. It is to be noted that PSPCL has requested for start of Night rebate from 15th Oct but has not requested for levy of Peak TOD charge during this period of 1st Oct to 14th Oct.

Therefore, if at all this period needs to be extended, power consumed during 1st Oct to 14th Oct will be on normal tariff for 24 hours.

Further, PSPCL also needs to note that as per GOP order for paddy supply, paddy period starts from 13th to 15th of June, but PSPCL starts TOD peak charge from 1st of June each year. We request that in case, PSPCL's request is to be accepted, then TOD peak charge be also levied from 15th June to 30th November of each year.

Reply of PSPCL: - During month of December to February during the morning peak hours of 7:30 to 10:30 hours due to foggy weather coupled with delayed availability of solar power makes the task of meeting with demand more challenging, especially with higher rate of rise of demand during this period i.e. from 4500 MW at 4:30 AM to round 7000 MW by 8:00 AM and so on. Managing such sharp rise is not possible without power procurements along with hot spinning reserve available for smooth operation. Even the energy prices in the market during these hours are relatively higher.

It is further intimated that recently Hon'ble CERC in its order dated 28.12.2022 in the matter of capping of power market prices has also made observation on the morning peak hours. Relevant part of the same is reproduced as under:-

"In DAM on IEX the MCP of Rs 12/KWH.....In December (till 26 December 2022), the MCP of Rs 12/KWH..... along with morning peak from 0700 hrs. to 0945 hrs. These peaks are anticipated to become steeper as cold wave conditions prevail in Northern & North Western parts of India.

If normal tariff hours are needs to be considered for Industrial consumers under this category, then the industry may be proposed to operate its working hours from 1900 hrs. to 0700hrs of next day out of which 1900-2200 hrs. and 0600 to 0700 hrs. may remain as normal tariff hours. Proposed starting/end time of working hours appears to be more suitable for staff of industry as comparison to current timing i.e. 2200hrs to 1000 hrs. respectively."

In view of reasons given above, the normal tariff hours be limited from 6:00 hrs. to 7:00 hrs. only. Still in case present terms and conditions for normal tariff are to be continued, some premium over and above normal tariff needs to be charged from consumer opting for the same, especially for the month of December and January.

As per earlier submission of PSPCL, it is reiterated that the commission may review the provision of reduced energy charges for FY 2023-24 for consumption above threshold limit in view of unprecedented rise in demand during 2022-23 which required scheduling of costly power in the stack. Due to reason that paddy season invariably spills over till about 15th October due to certain varieties of paddy which are harvested after 30th September. It is therefore, proposed not to extend the facility of special night tariff till 15th October.

Commission's view:- The Objector may refer the Tariff Order for the Commission decision on this issue.

Issue: - 10. Submissions of Induction Furnace Industry

Induction furnace industry is facing tough challenges due to volatile industrial scenario, steep rise and fall on daily basis in the prices of scrap and end products, manipulations by vested interests thro SMS, frequent checking by Taxation personnel etc. The viability of the industry greatly depends on the hand holding of GOP and its departments. As the cost of power constitutes around 60 % of the total conversion cost, the tariff and rebates of electricity play vital role in its survival. Savings through' open access has stopped and industry is fully dependent on using PSPCL power. We thank the Commission for withdrawl of PLEC, increasing the night rebate period from 6 months to 8 months and increasing the night rebate to 1.25/unit and threshold rebate However. introduction of two-part tariff, increase in tariff rates dur ng 2017-22 period, recovery of Coal Washing Surcharge& FCA imposed from t.me to time

and increase in Electricity Duty by GOP, has taken away part of the meager reductions. Industry is looking forward to further concessions in power rates as under. -

1. There is full justification to Increase the 66 KV voltage rebate to reduce the gap between cost of supply & tariff.
2. Merging of PIU and General Category on introduction of Harmonics measurement as and when these are introduced.
3. Introduction of load factor rebate for industry.
4. We further request for timely issue of Tariff Order in the first week of April and if delayed, make it effective prospectively

Reply of PSPCL: - W.r.t point no 1, 2 & 3 i.e. to increase the voltage rebate to 66 KV consumers, Merging of PIU and General Category on introduction of Harmonics measurement as and when these are introduced & Introduction of load factor rebate for industry on, it is submitted that any change in Tariff as requested by the objectors will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb level of cross subsidy. Further, for point no 4 regarding timely issue of Tariff Order in the first week of April the matter comes under the preview of the PSERC.

Commission's view:- The Commission has taken the note of the suggestion.

Objection No. 22 : Steel City Furnace Association

Objection No. 23 : Hansco Iron & Steel Pvt Ltd

Objection No. 29 : Vimal Alloys Private Limited

Issue: - Return on Equity

1. The Then PSEB was constituted under Electricity (Supply) Act 1948 as per which PSEB was to finance all its Capital work through Loans only and interest on loan installments were recovered through Tariff. Loans were given by GOP and to escape the interest and installments payable to GOP, PSEB got the loan(s) converted into equity of GOP in PSEB.
2. PSERC issued first tariff order for the year 2002-03 which stated in para 6.10 that PSEB has been declared by GOP as a body corporate with a Capital of Rs.5 crores with effect from 10th March 1987 under section 12A of Electricity (supply) Act 1948 and converted Rs.1612 crores representing Government loans granted upto 3/90 into equity during 1991-92 and Rs.1189.11 crores representing 50% of loans granted during 1990-91 to 1994-95 in 1996-97. The total State Government Equity in PSEB is Rs.2806.11 Crores. Further no ROE was allowed in the tariff Order 2002-03 to 2005-06 by PSERC and only 3% Return on NET Fixed assets were allowed as per Supply Act 1948.
3. As is clear, initial equity of Rs. 2946.11 crore as on 2006-07 onwards on which ROE of Rs.412.46 Cr per year was allowed as per para 4.15 of TO were loans of GOP camouflaged as Equity to get higher returns thro ROE.
4. on restructuring of PSEB into PSPCL and PSTCL on 16.04.2010, equity (in fact loans) of Rs.2946.11 crore was also distributed as per provisional FRP/Transfer scheme as Rs.2617.61 cr. and 329.50 cr. and RoE was allowed separately as Rs.366.47 Cr and Rs.45.99 Cr for PSPCL and PSTCL respectively.
5. while there is no objection on such conversion for accounting purpose but for fixing tariff, apparently, there is no differentiation between loans given by government of Punjab to Board/PSPCL and equity. In fact, all the assets of PSEB/PSPCL/PSTCL were/are created by borrowing/debt and a part of it shown as equity of Board. This evidently was done to help Discom to reduce its interest and repayment burden as RoE/dividend is not payable under companies Act till PSEB/PSPCL is running in losses. Thus, a methodology devised to keep the tariff on lower side is now being used to increase income of PSPCL by unduly roading the consumers and to meet the financial losses due to inefficient working of PSPCL.

Consequently, the consumers of the state are burdened with the higher tariff in the form of 15%-16% RoE on such amount, which is in fact a government loan on which not more than 7%- interest needs to be allowed.

6. Subsequently, financial restructuring plan and transfer scheme was finalized and notified on 24.12.2012 by GoP. In this notification, an amount of Rs.3132.25 crore standing in the books of PSEB on 15.04.2010 under the head “consumer contribution & Govt Grant” etc. were also converted into equity of GoP and the same was admitted by PSERC as well. Thus, the equity of PSPCL were enhanced from Rs. 2617.61 cr. to 6081.43 Cr (para 3.16 of TO 2013-14) and from 328.50 cr. to Rs 605.83 Cr (para 3"10 of TO 2013-i4) respectively. Thus, the total equity was increased from 2946.11 Cr to 6687.26 cr.

7. The conversion of consumer contribution and Govt Grants/subsidies was appeared by consumers in APTEL and APTEL directed PSERC to reconsider the issue vide judgment Dated 17-12-2014 in Appeal No 168 and 142 of 2013 as under:

"48---we direct the State Commission to adjust the excess amount of ROE the impugned order from the FY 2011-12 onwards in ARR/true up for the year to provide relief to the customers"

50.3 The findings of this Tribunal in Appeal no.46 of 2014 shall squarely apply to the present case. The state commission shall redetermine the RoE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.

8. APTEL observed that the Govt can hold any amount as equity in PSPCL and PSTCL but ROE needs to be granted on actually subscribed and paid-up equity only i.e. cash money infused needs to be counted as equity for the purpose of RoE PSPCL has filled the Appeal against the order in supreme court and stay has been granted. Final order of SC is still awaited. however, because of stay granted by the supreme court, PSERC is granted RoE on Rs.6081.43 cr. To PSPCL and on 605.88 Cr to PSTCL. The CAG also objected to the conversion of non- interest-bearing consumer contribution and Govt grants /subsidies etc. into equity.

9. Subsequently, MOP, GOP and PSPCL entered into an agreement as per which PSPCL loans of Rs.15629.26 Crore were to be taken over by GOP by issue of SLR bonds by banks and roans were to be taken off the books of PSPCL. UDAY scheme ended on 31.03.2020 and PSPCL proposed in ARR 2020-21 to convert the loan amount of Rs.'15629.26 cr. as GOP equity in PSPCL i.e. increasing GOP equity from 6081.43 Crore to 21709.69 cr. PSPCL claimed RoE on Rs.15628.26 @15 90% i.e. Rs 2485 Crore in addition to RoE of Rs.6081.42 Crore. Thus, by simply maneuvering the entry of roan amount to equity, PSPCL was to road consumers by 3423 cr. However, vide tariff order dated 28th May 2021 PSERC rejected the proposal of PSPCL.

10. In the ARR of FY 2022-23 dated 30th November 2021, PSPCL has come out with an entirely new argument that out of Rs.15626.26 crore, Rs.2246.77 were spent on capital expenditure and out of balance 13381.49 crore working capital loan, Rs.2346.19 crore was also diverted towards capital expenditure Thus, total Rs.4592 crore should be treated as equity and RoE should. be now allowed on Rs.10674 crore (Rs.6081 .43 Crore +Rs.4592 crore) in spite of the fact that PSERC and APTEL have amply made clear that only cash frow is to be treated as equity for the purpose of RoE MYT regulations provide that equity should be actually infused for creation of useful assets. The claim of PSPCL was rejected the PSERC and in the tariff order for FY 2022-23 RoE was allowed on Rs.6081.43 crore only.

Now in the ARR for FY 2023-24 dated 29.11.2022 PSPCL has again shown the opening equity at Rs.10674 crore instead of Rs.6081.43 Crore as allowed by the PSERC in previous Tariff order for the year 2022-23. There are no details available in ARR as to why the increased

equity has been shown as opening balance of equity while determining return of equity in the tariff order. The equity which qualifies for RoE was determined only at Rs.6081.43 crores only. There was no fresh flow of funds from GOP. Therefore, this year also RoE should be allowed only at Rs.6081.43 crores only.

It is also worth mentioning that UDAY scheme was accepted by PSPCL, GOP and central Govt. TPA was signed by above three parties and as per para 1.2 (d) of the UDAY agreement in which 25% or the total loans will be converted into equity of GOP and balance 75% will be given to DISCOM as grants. The para 1.2 (d) is reproduced as under: -

" The borrowing made by the State to takeover DISCOM debt during 2015-16 and 2016-17 shall be utilized- by Government of Punjab solely for the purpose of discharging the DISCOM debt and transfer to DISCOM as mix of grant loan of equity as described in following table:

Year	Total debt taken over	Transfer to Punjab DISCOM in the form of grant	Transfer to Punjab DISCOM in the form of Loan	Transfer to Punjab DISCOM in the form of equity	Rs. In crores Outstanding state loan of Punjab DISCOM
Year 1	50% of the total debt		10418.84		10418.84
Year 2	25 % of the total debt		5209.42		15628.26
Year 3					15628.26
Year 4					15628.26
Year 5		11720.26		3900	

From the above chart it is quite clear that there is no justification of converting loan of 15628.26 crore into GOP equity as at per Tripart agreement under UDAY scheme. The only 25% loans should have been converted in GOP equity and balance 75% was to be given as grant to PSPCL and PSTCL but converting entire loans into equity of GOP is misconceived and is to road the consumers with higher return on equity and higher tariff and this should not at all be allowed by PSERC.

Interest on loan capital:

Under the head interest on loan capital at sub head 23.5 it is proposed in the ARR as follows:-

" 23.5 The interest on excess equity treated as loan shall be served at the weighted average interest rate of actual loan taken from the lenders"

But there is no justification at all to allow interest on the excess equity which cannot be treated as loan as there was no such provision in UDAY scheme which was adopted by PSPCL, GOP and MOP and as per the UDAY scheme to 75% of loan were to be given as grant to PSPCL and PSTCL as explained in for para no.10. Therefore, the claim of PSPCL should be rejected on this account.

Reply of PSPCL: - Govt. of Punjab has converted its loan of Rs. 15,628.26 Crore given to PSPCL under UDAY Scheme into equity of equivalent amount during 2019-20. It is pertinent to mention here that Govt. of Punjab is the only owner of PSPCL being 100% shareholder. Finance Department has got the approval in the meeting of council of Ministers (Cabinet) and Vidhan Sabha for conversion of Loan into equity under scheme. Further Govt. of Punjab has converted its loan of Rs.15628.26 Crore into equity of Rs.15628.26 Crore after complying with the provisions of Section 62 (3) of the Companies Act 2013.

In addition to above PSPCL is claiming ROE as per the "PSERC MYT Regulation 2022".

"Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations"

with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19". The PSERC also allowing the return on equity at the rate according to regulations.

Commission's view:- The Commission allows ROE and Interest in line with PSERC MYT Regulations after prudence check.

Issue: - Voltage wise rebate to 66/220 KV Industrial consumers

HT rebate is granted in accordance with the Electricity Act 2003 providing that tariff should be in line with the difference of voltage wise cost of supply for the relevant voltage. Hon'ble APTEL has also upheld this provision and voltage rebate was also granted to-Punjab consumers in view of the numerous orders issued by APTEL in this regard. Due to the difficulties in implementing voltage wise cost of supply-based tariff, voltage rebate is given to partially compensate such consumers. The difference in cost of supply for the consumers connected at 66 KV vis a vis 11 KV consumers as per previous tariff orders issued by the Hon'ble Commission is extracted as under

Tariff order of year	Cost of supply Rs/Unit for		Difference
	66 KV industry	11 KV industry	
2017-18	6.32	5.94	0.38
2018-19	6.12	6.63	0.51
2019-20	6.22	6.86	0.64

As is evident, the difference in cost of supply is increasing over the years and is much more than the HT rebate of Rs 0.25/unit available to 66 KV consumers. Instead of increasing the HT rebate to bring the tariff of HT consumers in line with cost of supply as directed by APTEL, HT rebate should be as shown in the above table in accordance with cost of supply and HT rebate is kept fixed at @0.25/unit whereas it should increase as difference in cost of supply of 66 KV and 11KV consumers increases.

Before issuing the tariff order for the FY 2021-22 reply from PSPCL was sought on voltage rebate their reply was as under: -

Reply of PSPCL:

"PSPCL would like to submit that an increasing voltage rebate will cause reduction in revenue in so it is requested that the while considering fixing the voltage Rebate in commensuration with cost of supply or on percentage basis as demanded by the objector, Hon'ble commission may keep in the mind the financial interest of PSPCL and allow PSPCL to recover legitimate cost claimed in the petition. If revenue of PSPCL is reduced due to more HT Rebate, then tariff for any other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross subsidy levels."

PSPCL reply means that 66 KV consumers should subsidize more to the other category of consumers even to the 11 KV consumers of general industry and power intensive industry fed at 11 KV. It is already well known that the industry is already cross subsidizing the other categories of consumers. Here we want to put an example to substantiate our claim for higher H.T Rebate.

For example: - Suppose the industrial consumers are subsidizing such as agricultural and domestic consumers to subsidy level for 66 KV consumers will be

$$\text{Rs. } 1 + .64 - .25 = 1.39 \text{ per unit.}$$

This difference is as per cost of supply worked out for the year 2019-20. Although it will be much more in the year 2022-23 and 2023-24.

66 KV consumers should not be made to cross subsidize more to other category of consumers and even to general industry and power intensive units fed at 11 KV. If 66 KV consumers are

given full rebate as per their cost supply then it may increase the Tariff for other categories of consumers by mere a fraction of 1 paisa per KWH which will not pinch other categories at all. Hence giving a mere 25 paisa/unit rebate to 66 KV consumers is unfair and unjust also.

Reply of PSPCL: - Increasing Voltage rebate will cause reduction in revenue, so it is requested that while considering fixing the voltage rebate in commensuration with cost of supply or on percentage basis as demanded by the objector, the Commission may keep in mind the financial interest of PSPCL and allow PSPCL to recover legitimate cost claimed in the Petition. If revenue of PSPCL is reduced due to more HT Rebate, then Tariff for any other category will have to be increased to compensate for the said revenue loss which may further lead to disturbance of Cross Subsidy levels.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - Two Part tariff

Two-part tariff was introduced as few years back and it was said at the time of introducing two-part tariff that this is revenue neutral. There is no difference of revenue for DISCOM but it does not suit at all to the consumers. Therefore, it is requested that PSERC should revert back to the single tariff as it is used to be before two introductions of Part Tariff as DISCOM will earn same revenue as by Two-part Tariff.

Reply of PSPCL: - Two Part Tariff was implemented w.e.f. 01.01.2018 as per provisions of National Tariff Policy, after giving two months' time to the consumers, so that they could optimize/reduce the sanctioned load as per their requirement. Two Part Tariff for respective categories was split at certain Utilization Factor (UF), Consumer having UF higher are liable to pay less per unit cost as compared to consumer having lower UF i.e the consumers who consume more power as per their sanction load/contract demand will be benefitted because in such cases as the consumption rise, per unit electricity rate comes out to be low. However, as requested by objector, reverting back to single tariff comes under the preview of Hon'ble PSERC.

Commission's view:- The Two-Part Tarrif is a nationally accepted principle which is followed in most states. The Commission has noted the suggestion. The objection may also based on a logical province.

Issue: - Night rebate of tariff

The night rebate was introduced to encourage the consumers to consume more electricity during night as there is less demand during night hours. It is worth mentioning that rebate as conveyed is @ Rs. 1.25 per unit but due to cap imposed on Tariff, the actual effected of This rebate is only 14 to 15 paise per unit which otherwise should be Rs.1.25 per unit. The cap imposed for Tariff should be removed and the effected rebate should be at least Rs.1.25 per unit

Reply of PSPCL: - In case the cap imposed for Tariff is removed, it will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb level of cross subsidy.

Commission's view:- The Commission has taken note of the suggestion.

Issue: - Cost of supply of Power intensive Units

Cost of supply for power intensive units is less and also the Tariff for power intensive units is different from other categories of consumers, the cost of supply for power intensive units should be separately calculated and the Tariff for these consumers should fixed separately as per cost of supply

Reply of PSPCL: - Difference in the tariff of PIU industry and General industry is due to the nature of Load. As PIU units generate Harmonics in the system. The presence of harmonics

in the system increases the Iron/Energy Losses of Utility Power Transformers. The energy loss in Utility Power Transformer increases with the increase in non-linear load.

It is also submitted that the work of Installation of Power Quality meters is under process, as and when same are installed then provision shall be made for considering PIU category industries in general industries.

Commission's view:- The Commission has taken note of the suggestion.

Objection No. 24 : Indian Energy Exchange

Issue: - 1. Computation of Voltage Wise Wheeling Charges

1.1 As per regulation 10 of the PSERC (Terms and Conditions for intra-state open Access Regulations), 2011, the Commission has allowed open access to consumers with contracted capacity more than 1 MW and connected at 11 kV or above. The above entails that the open Access consumers are utilizing HT network only as they are allowed connection at 11 kV and above only. This is also evidenced from the regulation 4.2 of the PSERC (Electricity supply code) Regulations, 2014, which lays down the supply voltages applicable at different load levels.

1.2 The commission in the past tariff orders, has determined the wheeling charges for Distribution system including the cost associated with both LT and HT network of the Distribution Licensee. It is evident that there is a requirement to align the computation of wheeling charges in the Tariff order with the PSERC open Access Regulations. PSERC Open Access Regulations, 2011 allows open access only to HT consumers connected at 11 kV and above, therefore levy of LT network Charges by way of wheeling charges on the open access Consumer seems to be against the essence of the Commission's Regulation.

1.3 the Hon'ble Appellate Tribunal of Electricity has in plethora of judgements (e.g. Judgement dated 17.12.2014 in Appeal Nos 142 of 2013 & 168 of 2013 between M/s Mawana sugar Ltd Versus PSERC and PSPCL) has held that the wheeling charges and losses must be computed voltage wise. The Hon'ble APTEL has emphasized on the necessity of imposing voltage wise wheeling losses and charges on the open access consumers.

1.4 States such as Gujarat, Maharashtra, Delhi, Kerala, Karnataka, etc. while computing wheeling charge for the purpose of open access consider wheeling ARR for HT network only to arrive at the wheeling charges associated with the HT network.

1.5.1 In view of the above the Commission is requested to align the computation of wheeling charge in Tariff Order with the PSERC Open Access computation of wheeling charge In Tariff order with PSERC Regulations, for determination of voltage wise wheeling charges.

Reply of PSPCL: - The Computation of Voltage wise wheeling charges are determined by the commission by following due procedure and hearing all concerned stakeholders.

Commission's view:- The charges are determined in line with the relevant PSERC Regulations.

Issue: - 2. Power Purchase through Short Term Market

2.1 The Petitioner has projected short term purchase through traders of approx. 3300 MUs at an average rate of Rs. 5.08/unit. Further, the Petitioner has projected banking of surplus power at the rate of Rs 4.18 unit in FY 2023-24 same as for previous financial year. In this context it is understood that the Petitioners are returning the banked power during December to February months of the year. The average market clearing price during Dec'22 - Jan'22 was Rs. 6.13/unit. The Petitioner can utilize the short-term markets for selling surplus during such period when the tariff in the market is higher leading to higher revenue compared to cost incurred by the Discoms to buy power during deficit months.

2.2 A bouquet of products are available in market starting from real time delivery for the next hour till up to an year, and that includes buy and sell through power exchanges and bilateral through traders/DEEP.

2.3 The Distribution Licensees now have the option to trade conventional and non-conventional power at our platform for delivery of conventional and non-conventional power up to 90 days of trade. The Hon'ble CERC vide Order dated 7th June 2022 allowed IEX to trade Power on its platform for delivery up to next 90 days. These contracts allow the participants to contract power sale or purchase for the near future at competitive prices. IEX introduced 4 products under this segment namely Daily Contracts, Weekly Contracts, Monthly Contracts and Any Day Single Sided Contracts (Reverse Auction).

2.4 In view of the above, we request the Commission to consider and approve all the available options in the short-term market for optimizing power purchase costs as well as to meet the deficit requirements of the Discoms. The Petitioner is requested to explore the option of sale of power through power exchanges rather than 100% banking of surplus power, in order to generate revenues from such sale.

Reply of PSPCL: - The projected costly Power purchase is as per requirement (generally during paddy season), whereas available/surplus power under banking is exported during lean season and imported in peak demand season to harness the reliability of banking power transaction to both parties involved. In addition to above, Available power under banking is exported during lean season and imported in peak demand season to harness the reliability of banking power transaction to both parties. Moreover, banking of power immunizes both the transacting sides from the possibility of volatility in market energy prices. PSPCL is also selling power in exchange as per suitability of market prices and has sold 367.99Mus @ Rs 8.17/unit in 2022-23. Further, PSPCL is already exploring all available products i.e. DAM, TAM, LDC, RTM & GDAM at various exchanges as per its requirement and Suitability so that reliable power available at optimum prices along with deficient requirement can be arranged.

Commission's view:- The objector may note reply of the PSPCL.

Objection No. 26: Dr. Inderjeet Kaur, President: All India Pingalwara Charitable Society (Regd.), Amritsar.

Issue: ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਅਮ੍ਰਿਤਸਰ ਦੇ ਬਿਜਲੀ ਦੇ ਬਿੱਲਾਂ ਦੀ ਮੁਆਫੀ ਬਾਰੇ।

ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਦੇ ਬਿਜਲੀ ਬਿੱਲਾਂ ਵਿਚ ਰਾਹਤ ਦੇਣ ਲਈ ਕੇਸ ਮਾਨਯੋਗ ਮੁੱਖ ਮੰਤਰੀ ਪੰਜਾਬ ਨੂੰ ਰਾਹੀਂ ਪੱਤਰ ਨੰਬਰ 911/2022 ਮਿਤੀ 02.12.2022 ਨਾਲ ਭੇਜਿਆ ਗਿਆ ਸੀ। ਇਸ ਸਬੰਧੀ ਰਾਹਤ ਦੇਣ ਲਈ Chairman, Punjab State Electricity Board ਨੂੰ ਵੀ ਪੱਤਰ ਨੰਬਰ 867/2022 ਮਿਤੀ 12.12.2022 ਭੇਜਿਆ ਗਿਆ ਸੀ। ਸ਼ਬਦਸ਼ਬਦ: ਨੇ ਇਨ੍ਹਾਂ ਕੇਸਾਂ ਦੇ ਜਵਾਬ ਵਜੋਂ ਪਤਰ ਸੰਖਿਆ/SV-96/Misc-Vol-5 ਮਿਤੀ 10.01.2023 ਨੂੰ ਇਹ ਕਿਹਾ ਹੈ ਕਿ ਇਸ ਬਾਰੇ ਰਾਹਤ ਸਿਰਫ ਸ਼ਚਅਹਲ State Electricity Regulatory Commission/GOP ਦੁਆਰਾ ਹੀ ਦਿੱਤੀ ਜਾ ਸਕਦੀ ਹੈ।

ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਸਮਾਜ ਵਲੋਂ ਦੁਰਕਾਰੇ/ਤ੍ਰਿਸਕਾਰੇ, ਅਪਾਹਜ, ਪਾਗਲ, ਮਾਨਸਿਕ ਤੌਰ ਤੇ ਅਪਾਹਜ, ਅਨਾਥ, ਬਿਰਧ ਅਤੇ ਲਾਇਲਾਜ ਅਤੇ ਭਿਆਨਕ ਬਿਮਾਰੀਆਂ ਤੋਂ ਪੀੜਤ ਵਿਅਕਤੀਆਂ ਲਈ ਇਕ ਘਰ ਹੈ। ਇਸ ਸਮੇਂ ਪਿੰਗਲਵਾੜਾ ਵਿੱਚ 1800 ਤੋਂ ਵੱਧ ਬੇਸਹਾਰਾ ਮਰੀਜ਼ ਹਨ ਅਤੇ ਬਹੁਤਿਆਂ ਨੇ ਸਾਰੀ ਜ਼ਿੰਦਗੀ ਪਿੰਗਲਵਾੜਾ ਵਿਚ ਬਿਤਾਉਣੀ ਹੈ। ਪਿੰਗਲਵਾੜਾ ਦੀਆਂ ਕੁੱਲ

8 ਸ਼ਾਖਾਵਾਂ ਹਨ । ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਵਲੋਂ ਗਰੀਬ ਅਤੇ ਲੋੜਵੰਦ, ਮੰਦਬੁੱਧੀ, ਮਾਨਸਿਕ ਤੌਰ ਤੇ ਅਪਾਹਜ ਅਤੇ ਬੋਲੇ ਬੱਚਿਆਂ ਲਈ 5 ਵਿਦਿਅਕ ਸਕੂਲ ਵੀ ਚਲਾਏ ਜਾ ਰਹੇ ਹਨ ਜਿਥੇ ਸਾਰੇ ਬੱਚਿਆਂ ਨੂੰ ਬਿਨਾਂ ਕਿਸੇ ਤਰ੍ਹਾਂ ਦੀ ਫੀਸ ਲੈਣ ਦੇ ਨਾਲ-ਨਾਲ ਕਿਤਾਬਾਂ ਅਤੇ ਸਟੇਸ਼ਨਰੀ ਵੀ ਦਿੱਤੀ ਜਾਂਦੀ ਹੈ। ਇਸ ਤੋਂ ਇਲਾਵਾ ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਵਿਚ ਇਕ ਮਸਨੂਈ ਅੰਗ ਕੇਂਦਰ, ਫਿਜੀਓਥੈਰੇਪੀ ਸੈਂਟਰ, ਡੈਂਟਲ ਸੈਂਟਰ, ਓਪਰੇਸ਼ਨ ਥੀਏਟਰ, ਰੀੜ ਦੀ ਹੱਡੀਆਂ ਦਾ ਮੁੜ ਵਸਾਓ ਕੇਂਦਰ ਆਦਿ ਵੀ ਚਲਾਏ ਜਾ ਰਹੇ ਹਨ।

ਆਪ ਜੀ ਨੂੰ ਬੇਨਤੀ ਕੀਤੀ ਜਾਂਦੀ ਹੈ ਕਿ ਪਿੰਗਲਵਾੜਾ ਸੰਸਥਾ ਵਲੋਂ ਮਾਨਵਤਾ ਦੀ ਭਲਾਈ ਲਈ ਕੀਤੇ ਜਾਂਦੇ ਕਾਰਜਾਂ ਨੂੰ ਮੁੱਖ ਰੱਖਦਿਆਂ ਹੋਇਆ ਬਿਜਲੀ ਦੇ ਬਿੱਲਾਂ ਵਿਚ ਮੁਨਾਸਿਬ ਰਾਹਤ ਦਿੱਤੀ ਜਾਵੇ ਜੀ।

Reply of PSPCL ਬਿਜਲੀ ਦੇ ਬਿੱਲਾਂ ਦੀ ਮੁਆਫੀ/ਬਿੱਲਾਂ ਵਿੱਚ ਰਾਹਤ ਪੰਜਾਬ ਸਰਕਾਰ ਦੇ ਅਧਿਕਾਰ ਖੇਤਰ ਵਿੱਚ ਆਉਂਦੀ ਹੈ।

Commission's view:- The objector may note PSPCL reply.

Objection No. 27 : Digital Infrastructure providers association

1. DIPA (Digital Infrastructure Providers Association) is an apex representative body of telecom infrastructure providers in India dedicated to accelerating the success of Indian telecom evolution & represent the interest of >7lac telecom towers Pan-India, serving 1.2 Bn mobile subscribers across the country

2. Apropos the above references, wherein PSERC has asked objections/comments in respect of Draft Punjab State Electricity Regulatory Commission (Terms and Conditions for determination of Generation, Transmission Wheeling and Retail Supply Tariff) (1st Amendment) Regulations, 2022, we wish to thank you for giving us the opportunity to raise our request on electricity tariffs for the telecom industry. Presently, the telecom industry is being charged commercial rates as against Industrial rates, resulting in undue financial burden on the telecom industry which works round the clock like any other industry.

3. As you are aware, Telecommunications is vital to the development of India and played a crucial role in the country's GDP during the COVID-19 lockdown, accounting for about 35% of GDP and directly contributing about 6%. As the nation moves towards 5G deployment, it will require the densification of networks including the deployment of several-distance distance small cells, and enhanced fiberization to support 5G services and meet National Broadband Mission targets. This will require significant capital expenditure, increasing the cost of telecom infrastructure

4. To ensure uninterrupted service, telecom operators are required by their license to maintain a network availability of over 99.5% of the time. Reliable, affordable power around the clock at all urban, semi-urban, and rural locations is therefore necessary to power telecom installations. The Indian government has recognized the importance of telecom infrastructure and has given it infrastructure status. Additionally, telecom towers are included on the "Updated Harmonized Master List of Infrastructure Sub- Sectors" in the Gazette of India dated October 7, 2013

5. High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. It's estimated that almost 30 percent of the tower's OPEX accounted for are related to electricity tariffs, which is a significant amount

6. The Electricity (Rights of Consumers) Rules. 2020 and the 2022 amendment from the Ministry of Power as well as the Recommendations of the Working Group to the FOIR on

Cross-Sector Collaborative Regulation between Telecom Regulators and Electricity Regulators," outline that agencies and distribution companies should provide timely electricity connections with smart meters and industrial/utility category tariffs to the telecom industry.

7. The Telecom Regulatory Authority of India has acknowledged the important role that telecom and broadband services play in the economic development of connected regions and has suggested in a report that telecom sites should be given access to electricity at industrial or utility tariffs. The report, titled "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" and dated November 29, 2022, cites the current high charges for providing electricity to telecom sites as justification for this recommendation.

8. We would like to inform the Honorable Commission that the working group's additional Recommendations on "Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators" (enclosed) recommend that telecom sites should be provided with electricity connections under the Utility/Industrial tariff. The State Electricity Regulatory Commissions (SERCs) may be asked to include this in their tariff orders.

9. Further, It may be kindly noted that the Government of Maharashtra, as part of their IT/ITES policy notified the applicability of industrial tariff to the telecommunication towers instead of commercial tariff. It is submitted that the Maharashtra State Electricity Regulatory Commission (MSERC) after taking into consideration the IT/ITeS policy of the Government of Maharashtra specifically categorized Telecommunication Towers in the Industry Tariff vide its order dated 30.03.2020 in Case No. 322 of 2019. In furtherance to the same the Maharashtra State Electricity Distribution Company Ltd. vide Commercial Circular No. 323 dated 03.04.2020 has revised the electricity tariff for telecommunication towers by placing them in the Industrial Category.

10. In view of the above, we earnestly request that in the State EB Tariff Order, Telecom Industry electricity tariff may kindly be placed under Industrial rates rather than the commercial rates.

11. We believe that enabling industrial rates for the telecom industry in Punjab will help propel telecom and data services in the progressive State, whereby crucial services Such as e-governance, m-banking, m-health, m- education and the likes could be delivered, while facilitating the march towards the vision of achieving a Digital Punjab We hope to receive your support for these reforms, which will further boost the state's economy

Reply of PSPCL: - The objector has requested for change of category of Tariff charged to telecom towers from NRS category to Industrial category. The tariff of industrial category is comparatively less than that of NRS category. To change the tariff of any class of consumers comes under the preview of Hon'ble PSERC, however, to levy of electricity tariffs for TSPs under industrial category will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb level of cross subsidy.

Commission's view:- The Commission notes the suggestions of the Objector.

Objection No. 28 : Er Rupinder Jit Singh Randhawa, Engineer in Chief, ARR & TR

In public hearings most of the organizations have pointed that working of Officials and staff of PSPCL is not proper. Service is also very bad. Losses are not maintained. Billing is not pro consumer and so people are harassed a lot. There are many reasons for these short comings, but one main reason is due to, too much centralization of powers. For efficient and result oriented Corporate, delegation of power is must. But in PSPCL all powers lie with CMD and his advisors. For good working, there needs to be posting of CAPABLE officers and their stability in office. But posting and transfers are done on basis of groupism and proximity to group close to CMD. As these officers are posted with protective hand, so these officers work arrogantly and consumers are harassed and leads to corruption. ALM to Chief Engineer is

transferred by CMD office. Rather powers be delegated to officers so they can get capable person to work under them. Even Directors are not even to get CEs and SEs of their choice. It is not the present scenario, but even in past also groupism in past also resulted in downfall of PSPCL. So, its requested that there should be good Transfer policy and delegation of powers for efficient system which will result less overheads and thus help in reducing the tariff in future.

Reply of PSPCL: - The issue does not relate to current tariff petition and shall be dealt with separately.

Commission's view:- PSPCL to note the suggestions. Objector should also take it up internally with the CMD. It's an organisation related issue.

Objection No. 30: Lt. Gen Dr. SP Kochhar (COAI)

1. At the outset, we would like to introduce ourselves as COAI (Cellular Operators Association of India), a non-profit and non-governmental body with the vision to establish and sustain a world-class telecom infrastructure and facilitate affordable mobile communication services in India. The association's main objective, among others, is to assist the government in promoting the growth of Cellular Mobile Services in the country.

2. Apropos the above references, wherein PSERC has asked objections/comments in respect of Draft PSERC (Terms and Conditions for determination of Generation, Transmission Wheeling, and Retail Supply Tariff) (1st Amendment) Regulations, 2022, we wish to thank you for giving us the opportunity to raise our request on electricity tariffs for the telecom industry. Presently, the telecom industry is being charged commercial rates as against industrial rates, resulting in undue financial burden on the telecom industry which works round the clock like any other industry.

3. We submit that telecom is well recognized as a public utility service and growth engine for socio-economic development of the country. It is a well-established fact that telecom penetration has a multiplier effect on the nation's GDP growth. Mobile connectivity brings multifarious benefits and is a critical factor in the growth development of the nation. It is pertinent to note that services like, telephones (Mobile & broadband services), hospitals, delivery of essential services including Emergency services (Police/Ambulance/Fire etc.) are essential and must be available 24x7 without interruption. Telecommunication has now become a national priority. Widespread adoption of data services via telecom has enabled inclusion empowerment and socio-economic progress of the Indian citizens, while also contributing substantially to the GDP of the country.

4. Further, with the launch of 5G, we are at the cusp of embracing the next stage of digital revolution. Considering the strategic importance of 5G for the citizens, society and Industries, the Central Government has already taken various initiatives, such as issuance of Indian Telegraph Right of Way (Amendment) Rules, 2022 (dated 17th Aug 2022), to ease the deployment of 5G infrastructure across the country. Early deployment of 5G in the States will lead to multiple new sources of revenue generation for local bodies, State Governments, Start-ups, existing Businesses, and most importantly, benefits for the citizens. For this massive deployment of small cells (5G), there will be need for high number of EB connections across the state.

5. High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. It is estimated that almost 30 percent of the tower's OPEX accounted for are related to electricity tariffs, which is a significant amount.

6. It is submitted that the Telecom Regulatory Authority of India (TRAI) in its report titled, "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" dated 29.11.2022, after careful examination of the functioning of the telecom sector and after

having considered the vital role being played by the telecommunication and broadband service sector in the economic growth of connected areas and the charges currently raised for providing electricity to telecom sites being very high, has also recommended that it is justified that telecom sites be provided electricity connection at industrial/utility tariffs. Copy of the report is attached (kindly refer to Chapter 3, Summary of Recommendations, E. Power related issues and solutions, 3.24, viii).

7. Further, we like to bring to the notice of the Hon'ble Commission that as part of the additional Recommendations (clause iii) of the working group to the Forum Of Indian Regulators (FOIR) on "Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators" (Copy Enclosed) it is stated that "Telecom sites should be provided electricity connection under Utility /Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders."

8. It may kindly be noted that the Government of Maharashtra, as part of their IT/ITES policy notified the applicability of industrial tariff to the telecommunication towers instead of commercial tariff. The Maharashtra State Electricity Regulatory Commission (MSERC), after taking into consideration the IT/ITeS policy of the Government of Maharashtra, specifically categorized Telecommunication Towers in the Industry Tariff vide its order dated 30.03.2020 in Case No. 322 of 2019. In furtherance to the same, the Maharashtra State Electricity Distribution Company Ltd. vide Commercial Circular No. 323 dated 03.04.2020, revised the electricity tariff for telecommunication towers by placing them in the Industrial Category. Kindly find attached copy of the said circular, please refer under section LT V: LT-Industry, pages 26, 27.

9. In view of the above, we earnestly request that in the State EB Tariff Orders, Telecom Industry electricity tariff may kindly be placed under Industrial rates rather than the commercial rates.

10. We believe that enabling industrial rates for the telecom industry in Punjab will help propel telecom and data services in the progressive State, whereby crucial services such as m governance, m-banking, m-health, m-education and the likes could be delivered, while facilitating the march towards the vision of achieving a Digital Punjab.

Reply of PSPCL: - That the objector has requested for change of category of Tariff charged to telecom towers from NRS category to Industrial category. The tariff of industrial category is comparatively less than that of NRS category. To change the tariff of any class of consumers comes under the purview of Hon'ble PSERC, however, levy of electricity tariffs for telecom towers under industrial category will reduce the revenue realization of PSPCL and it will have negative effect on the tariff of other class of consumers which will disturb the level of cross subsidy.

Commission's view:- The Commission has notes the suggestion of the objector.

Objection No. 31 : Bodal Chemicals Limited

Issue: - 1) Cross Subsidy Level based on Voltage Wise Cost of Supply

a) APTEL has given directions to PSERC in para 14 of the order in Appeal No 142 & 168 of 2013 between Mawana Sugars & Bansal Alloys Vs PSPCL and others as under:

".....We only want that the cross-subsidy with respect to actual cost to supply should also be shown to reflect the cross-subsidies transparently and to ensure in the future tariff exercise that the cross subsidy with respect to voltage wise cost of supply is not increased"

c) In line with above directions of the Hon'ble APTEL, this Commission has worked out the cross subsidy w.r.t. cost of supply in the tariff orders as under: -

Category 66 KV Industrial	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cost of Supply	5.37	5.38	6.32	6.12	6.22	5.81	6.18	
Cross Subsidy Level	21.60%	12.02%	3.71%	15.51%	14.58%	23.90%	15.31%	10.09%

As is evident, the Cost of supply of the objector's category in 2015-16 and 2020-21 were beyond the 20% ceiling to be followed by the SERCs as per Tariff Policy and thus was in violation to the orders of APTEL. We, request that the orders of APTEL may please be complied with in the MYT Tariff orders as well and cross subsidy levels based on cost of supply for 2022-23 should be kept below 20%.

Reply of PSPCL: - The category-wise cross-subsidy levels determined by the Commission in its tariff orders for respective financial years were already within the permissible limit of +/- 20% of Average Cost of Supply. However, the determination of the same is being purview of the Commission.

Commission's view:- The Commission has always endeavoured to reduce cross subsidy as provided in the Tariff Policy.

Issue: - 2) Determination of Voltage wise Cost of Supply

a) Section 61(g) of the Electricity Act, 2003 mandates as follows:

"... The tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission; "

b) Hon'ble APTEL In its order dated 12.07.2012 passed in Review Petition No. 8 of 2012, filed by Mawana Sugars Ltd, directed PSERC/PSP L to ensure completion of the exercise of determination of voltage-wise cost of supply by the end of November 2012. Pursuant to these directions, a voltage wise cost of supply was got conducted by PSPCL from "The Energy and Resources Institute (T.E.R.I.)" and cost of supply was worked out detailing data considered/ assumptions taken etc. for the years 2011-12 and 2012-13. Thereafter PSPCL and PSERC are working out the Cost of Supply every year on the same assumptions and data. The cost of supply for the Objector's category (LS PIU industry 66 KV) and the tariff fixed for the year along with voltage rebate is tabulated as under:

Year	Avg. Cost of Supply	Cost of Supply	Difference	Basic Tariff/EC/FC	Voltage Rebate	Net Tariff	Difference
1	2	3	4(2-3)	5	6	7(6-5)	8(7-3)
2017-18	6.42	6.32	0.1	6.75	0.25	6.5	0.18
				5.98	0.25	6.5	0.18
				295/0.77			
2018-19	6.55	6.12	0.43	6.11	0.25	6.6	0.48
				280/0.74			
2019-20	6.63	6.22	0.41	6.19	0.17 (for 16 Hours)	6.79	0.57
				295/0.77			
2020-21	6.45	5.81	0.64	6.41	0.25	7.22	1.41
				295/0.77			
				0.29 (Addl. Surcharge)			
2021-22	7.07	6.18	0.89	6.49	0.25	7.06	0.88
				315/0.82			
2022-23	7.14	6.43	0.71	6.49	0.25	7.06	0.63
				315/0.82			

Thus, the difference between tariff and cost of supply has increased from Rs 0.18/unit in 2017-18 to Rs. 1.41 in 2020-21 and 0.63 in 2022-23, meaning thereby that industry is being loaded with increased Cross Subsidy in successive tariff orders which may be kept in view while determining tariff for 66 KV PIU category for 2023-24.

c) HT rebate is granted in accordance with the Electricity Act 2003 to compensate 66 KV consumers for the investment on 66/11KV equipment and Transformation losses. EA 2003 provides that tariff should be in line with the difference of voltage wise cost of supply for the relevant voltage. Hon'ble APTEL has upheld this provision and Voltage rebate was also granted to Punjab consumers in view of the many orders issued by APTEL in this regard. In Tariff Order FY 2013-14, para 4.21, page 104, the Commission accepted that cost of supply for HT consumers is much lower than their tariff and accordingly gave relief to the consumers drawing power at higher voltage. Due to the difficulties in implementing voltage wise cost of supply-based tariff, voltage rebate is given to partially compensate such consumers. The difference in cost of supply for the consumers as per recent tariff orders is extracted as under:

Tariff order for the year	Cost of supply Rs/Unit for		Difference	
	66 KV industrial	11 KV industrial	Rs	%
2018-19	6.12	6.63	0.51	9.23
2019-20	6.22	6.86	0.64	9.06
2020-21	5.81	6.36	0.56	9.13
2021-22	6.18	6.65	0.47	7.60
2022-23	6.43	6.66	0.23	

As is evident, though the voltage rebate is only 25 paisa per unit, but cost of supply of 66 KV consumers is being worked out less by 47 to 64 paisa per unit. However, though there was no change in tariff for 2022-23 but the difference has been worked out less than voltage rebate. Neither PSPCL nor PSERC are disclosing the assumptions made in the calculations and the actual/derived parameters, there seems to be some error in the working of Cost of Supply. Therefore, there is full justification to increase the Voltage rebate for 66 KV consumers.

d) It is also submitted that Voltage rebate of 20 paisa was allowed to 66 KV consumers in the year 2013-14 which was increased to 25 paisa from 2014-15. The rebate is stagnant since 2014-15 whereas the tariff which under single part tariff in 2014-15 was Rs 6.33 per unit has increased to Rs 7.31 per unit in 2021-22 (As per Table of previous Para (b) above). Thus, the tariff has increased by 15.4%. The WPI which was 114.1 in April 2014 has increased to 150.4 in December 2022, a rise of 31.8%. CPI for Industrial workers (Base 2001) which was 242 in April 2014 increased to 338 in August 2020, and CPI (Base 2016 - 100) increased from 118.1 in August 2020 to 132.5 in Nov 2022 i.e. cumulative increase of 56.73% during the period. Therefore, justice demands that the voltage rebate be increased to at least 30 paisa per unit for 2023-24 and cost of supply study/calculation along with assumptions and actual data be provided to stakeholders.

Reply of PSPCL: - It is submitted that the industrial consumers are already availing the benefit of subsidized power supply @ Rs. 5/unit within the state of Punjab. However, in addition to this, PSPCL is already allowing a threshold rebate in case consumption during available surplus power with PSPCL. ToD is already implemented in order to give tariff relaxations to industrial consumers.

Therefore, any further increase in HT rebate will cause revenue loss to PSPCL and the same will be compensated by increasing the tariff for other categories which will further distort the cross subsidy levels within the categories.

Commission's view:- It may be noted that the voltage wise cost of supply is based on the estimation / allocation of assets at different voltage levels. It, therefore, does not give a true picture of average cost of supply voltage wise.

Issue: -3. True up of Previous Year 2021-22

a). PSPCL has submitted Financial Statements for 2021-22 along with the MYT ARR which are prepared by Independent Auditors appointed by PSPCL. Certificate/Report of CAG on the audited accounts is supplied at Page 169-170. The CAG has pointed out that PSPCL has three fully owned subsidiary companies namely Punjab Thermal Generation Limited, Gidderbaha Power Limited and Panem Coal Mines & Birbhum Coalfields Ltd. Further Rs 130 Cr of Panem Coal Mine liability has not been disclosed. This may be looked into by the Commission.

Reply of PSPCL:- The Company has fully owned two number subsidiary companies i.e. M/s Punjab Thermal Generation Limited & M/s Gidderbaha Power Limited and one Joint Venture i.e. M/s Panem Coal Mines Ltd. in respect of M/s Bengal Birbhum Coalfields Limited. The Company has opted out of the JV during FY 2018-19 and the proceeds of investment stand received back. It is also added that PSPCL Management has accorded approval to wind up M/s Panem Coal Mine and petition has been filed in NCLT, New Delhi for winding up. Same has been disclosed at note no. 45(1) in Audited Financial Statements for FY 2021-22, Regarding Panem Coal Mine's liability amounting to Rs. 130 Crore, it is intimated that it is of contingent nature and same would be disclosed in Financial Statement for the FY 2022-23.

Commission's view:- The Objector may note the response of PSPCL.

b). COMMENTS ON TRUE UP FOR 2021-22, RE FOR 2022-23 And Proj. for MYT period 2023-24 to 2025-26.:

ARR applications submitted by the PSPCL for the years post FRP indicate steep rise in the total revenue requirement as under: -

Year	Net Revenue Requirement In Rs crores			
	As projected by PSPCL in ARR for the respective year	As per Revised Estimates proposed by PSPCL in ARR	Approved by Commission in True Up (as per latest Tariff Order)	Difference ARR and TU
2010-11	16612.00 (Page 88 of ARR 2010-11)	16187.66	14849.23 (TU Page 53 of TO 2014-15)	(-) 1762.77
2017-18	32718.64 (Page 76 of MYT ARR 2017-18)	31105.66	27232.40 (Page 70 of TO 2019-20)	(-) 5486.24
2018-19	33562.12 (Page 71 of ARR 2018-19)	33796.12	30620.02 (Page 60 of TO 2020-21)	(-) 2942.10
2019-20	34505.60 (Page 88 of ARR 2019-20)	35371.34	30424.44 (Tobie 66 of TO 2021-22)	(-) 4081.16
2020-21	36156.38 (Table 85 of ARR 2020-21)	34457	31478.12 (Table 73 of TO 2022-23)	(-) 4678.26
2021-22	37653.00 (Table 56 of ARR 2021-22)	35039 (Table 50 of ARR)	TO yet to be issued (37016.54 actuals (Table 2-20 of ARR)	
2022-23	36848.00 (Table 50 of ARR 2022-23)	43208 (Table 3-21 of ARR)		
2023-24	42753 (Table 4-32 of ARR 2023-24)			

Thus, the Difference between Net Revenue Requirement presented by PSPCL in ARR of the year is escalated to claim higher Revenue requirement but in the end during true up, the requirement comes down by about Rs 3000 to 5000 cr.

If the Revenue gap and carrying cost is also considered, the escalation of ARR will be much more. The revenue gap projected year after year indicates that PSPCL is in debt trap. The abnormal rise in projected requirements seems to be artificially escalated to get very hefty tariff escalations and needs careful consideration by the Commission so that all consumers, like the Petitioner, are not burdened with undue tariff increase.

Reply of PSPCL: - The methodology adopted by PSPCL for True up of FY 2021-22, APR for FY 2022-23 and RE for FY 2023-24 is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC MYT Regulations. It is submitted that the PSPCL has submitted the Expenses and Revenue of FY 2021-22 based on the actual annual audited accounts of FY 2021-22 and the same in on the discretion of the Commission to approve the appropriate gap based on the expenses and revenue as per audited annual accounts. Hence, it would not be correct to say that the claims are in excess to the actuals. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.

Commission's view:- The ARR is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

2. It is also felt that many suggestions made by the objectors during previous hearings on ARRs do not yield any result. Every year, PSPCL comes up with actual expenditure during RE and True up and requests for approval irrespective of laid down regulations and defined caps/approvals. The repetition of arguments for AP consumption of Kandi Area agriculture consumption, seeking actuals or normative whichever is higher with unjustified justifications, Interest charges on disapproved long term & working capital loans and Late Payment Surcharge/Rebate for early Payment in Non-Tariff income etc. shows that PSPCL does not care about the Regulations for determination of tariff, Suggestions like reclassification of categories of consumers, restrictions on release of connections to consumers and justification of consumption of agriculture sector, road-map towards cross subsidy reduction and voltage based categorization of tariff are some of the suggestions which are imperative and convincing, but still ignored. The Commission is requested to adopt Electricity Reforms to give relief to consumers

Reply of PSPCL: - As per section 42(1) of the EA 2003, distribution licensee is obligated to develop and maintain an efficient distribution system in his area of supply. In addition to above, under section 9.2.1 of the PSERC Electricity Supply Code Regulations, 2014 a distribution licensee is responsible to ensure upgradation, strengthening & extension of the distribution system to meet demand for electricity including future growth and such cost shall be recover through tariff after prudence check by the Commission.

While the unapproved expenditure incurred during the year is due to the unavoidable circumstances under which PSPCL has to incur necessary expenditure for successful implementation of the ongoing schemes in the State of Punjab and in order to develop and maintain an efficient and economical distribution system for providing seamless power to its consumers under its jurisdiction.

Commission's view:- The Commission has noted the suggestion. It is emphasised that every stakeholder including PSPCL is required to follow the Regulations which the Commission consistently endeavours to ensure.

3. PSPCL presented Distribution loss of 13.55% for 2019-20 but the Commission approved/retained the trajectory level of Distribution Loss in True Up for 2019-20 as 11.54%. PSPCL has claimed 12.99% Distribution loss against PSERC approved 12.94% in the actuals/true up for 2020-21. The Commission approved loss level of 12.94% as per target loss. For FY 2021-22, PSPCL has now claimed Distribution Loss of 12.49% against PSERC approved 12.34%. For 2022-23, PSPCL has projected Distribution loss level of 12.40% against the 12.04% approved by the Commission directing that reduction in distribution loss will be 0.3% every year. For MYT period beginning from 2023-24, PSPCL has proposed Distribution loss level of 12.30, 12.20 and 12.10% respectively.

As is evident, PSERC had to increase the trajectory in 2020-21 as PSPCL failed to achieve the trajectory of distribution losses. It is also a fact that the assets created in 11KV system and below are mostly added through consumer contributions/Franchisees and Central Grants etc. for which PSPCL is getting full capex from these quarters. The capex of PSPCL is mostly spent on 66 KV infrastructure which should intact decrease the distribution losses but on the reverse, PSPCL is coming to PSERC year after year for enhancing the trajectory which results in loading of consumers. but its losses are increasing which indicate fudging of figures. Therefore, Hon'ble Commission is requested to allow T&D losses as per actuals or as per trajectory, whichever is lower.

PSPCL proposed T&D loss level of 12.30%, 12.20% and 12.10% for the years 2023-24, 2024-25 and 2025-26 respectively in Petition No 49 of 2022 regarding Business Plan for MYT period. The Commission has provisionally approved T&D loss of 12.30%, 12.10% and 11.90%. This is further conditional as per note below table 8 of approved Business plan stating that "the distribution loss trajectory shall be subject to revision based on actual figures for FY 2022-23 true up but will not be considered if higher than the approved trajectory. Also, the reduction trajectory of 0.20% shall remain the minimum benchmark subject to actual during true up if achievement is better than 0.20%". This needs to be considered while deciding the ARR of PSPCL.

Further, the rebate being given to consumers connected at 66/33 KV (compensation for investment of 66 KV equipment plus T&D Losses) is only 25 paisa per unit since 2014-15. 66 KV consumers are paying more fixed and energy charges compared with 11 KV industrial consumers as per slab system though they use less of the grid system and have to invest on the 66 KV system. Thus the 66 KV consumers are not getting adequate incentive on account of heavy investment made on creating and maintaining facilities by the consumer and the resultant reduction in T&D losses accruing to PSPCL. It is therefore submitted that in view of directions of Hon'ble APTEL ;

- a) the industrial consumers be divided into four separate distinct categories based on supply voltage levels i.e. 220/132 KV, 66 KV, 33 KV and 11 KV and voltage wise cost of supply based tariff be implemented for these consumers, OR
- b) adequate voltage rebate be given commensurate with cost of supply worked out with actual data (without assumptions) till implementation of such tariff, OR
- c) the voltage rebate be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage. Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate for 66 KV consumers should also be 10%.

Reply of PSPCL: - PSPCL is working on to strengthen its sub transmission and distribution network under various schemes and every effort is being made to achieve the Distribution Loss trajectory approved by the Commission. PSPCL will install Smart Meter on Consumer connections, Distribution Transformers and Feeders under Modernisation Works for better monitoring of losses and will also do various Infrastructure works to strengthen the Transmission and Distribution network under RDSS Scheme to bring down the losses. Though transmission losses are more or less non variant, still however PSPCL have to de-load feeders by erecting new lines, and by doing so resistance of lines increases and thus in turn increase losses. For reducing Distribution & AT&C Losses, Smart meters are being installed which leads to 100% billing and also reduces human consumer interface. Thus, it will increase billing efficiency and leading to reduce the AT&C Losses. So, reduction of 0.1% per year in Distribution Losses is a tedious job, even then PSPCL is committed to reduce losses as per trajectory agreed with Government of India under RDSS Scheme.

Commission's view:- The Commission has taken note of the suggestion.

4. The expenditure already denied by the regulatory commission in the previous tariff orders should not have been included in the ARR at all but the PSPCL is continuing the practice of presenting/preparing ARR as per expenditure already incurred and continues to put forward the same arguments time and again to justify and defend the denied expenditure. PSPCL had approached even APTEL on some of these issues but their arguments were rejected there as well. With the introduction of new Tariff Regulations for MYT period 2020-21 to 2022-23, PSPCL has again filed appeals in APTEL challenging each and every disallowance in the Tariff Orders under MYT Regulations. Consumers neither have financial resources nor understanding to contest such appeals. Therefore, Hon'ble Commission is requested to contest the claim of PSPCL to full extent and needs to contest such orders of APTEL in Supreme Court instead of granting relief to PSPCL straightaway.

It is also added that PSPCL's legal expenses are increasing exponentially and the item 4 of Note 36 of the Financial Statement of 2021-22 indicate that Legal charges which were Rs 9.82 Cr in 2020-21 have increased to Rs 12.48 Cr in 2022-23 have been spent. These were Rs 9.53 Cr in 2019-20. The Commission is requested to not load this expenditure to consumers as consumers can not be asked to bear costs of litigation against them.

Reply of PSPCL: - PSPCL is being transparent in its filing before the Commission and furnishing the data from time to time as required for their prudence check. However, as per applicable regulations as per EA'2003, PSPCL is to be contesting before APTEL for the erroneous disallowances and the same is being pending before the APTEL. However, the Commission is allowing the net revenue requirement to PSPCL after prudence check and already passing on benefits of reduced cost to consumers

Commission's view:- The Objector may note the response of PSPCL. Whatever may be the claim filed, the Commission follows MYT regulations and prudence checks before allowing the ARR.

5. The ARR for 2023-24 now submitted indicate Net Revenue Requirement of Rs 42753 Cr. Thus the ARR of Rs 16612 crores in 2010-11 when PSPCL was formed has escalated to Rs 42753 crores in 2023-24 indicating an increase of 257% over 13 years. The total requirement tried up for 2010-11 plus Gap as $(14849.23 + 1433.91 =)$ 16283.14 crore has now been projected for 2021-22 as $(37017 - 161 =)$ Rs 36856 Crore, indicating a rise of 226% over 11 years. As against this, the Total Energy Requirement which was projected as 42915 MUs at Punjab Periphery in 2010-11 has increased to only 70125 MUs in 2023-24 showing increase of 163% only, The abnormal rise in projected revenue requirements seems to be artificially escalated to get very hefty tariff escalations and needs careful consideration by the

Commission so that all consumers, like the Objector, are not burdened with undue tariff increase.

Reply of PSPCL: - The energy requirement of PSPCL for FY 2023-24 is being projected on the basis on projected category-wise sales to be made during FY 2022-23 based on 3 to 5 year CAGR. The methodology of projecting energy requirement of PSPCL is already well elaborated in the current petition of PSPCL. PSPCL has elaborated the methodology of each ARR component projected for FY 2022-23 as per PSERC MYT Tariff Regulations, 2019 the same is being under consideration for prudence check of the Hon'ble Commission

Commission's view:- The ARR is determined by the Commission in-line with the prevailing MYT Regulations after prudence check.

Issue: -6. GOP ordered to retire 4 units of GNDTP Bhatinda and 2 units of GGSSTP Ropar w.e.f. 1.1.2018 but earlier ARRs of PSPCL was silent on the amount recovered from disposal of the scrap of the material of retired assets. Now in this True up of ARR 2021-22 Para 2.24 has claimed impairment loss of GNDTP after adjusting the sale proceeds of the scrap of plant and machinery. In para 2.24. I, PSPCL has referred to Petition No 60 of 2016 but this Petition is not for GNDTP but of Ind Swift Ltd. Disposal of the Land of Plant and colony of both the projects, lakes area is also to be disposed off and sale proceeds of the same are also to be counted since PSPCL has already declared on record that there was no equity and all the funding through loans. Further, Ash dyke area of GNDTP and Power colony of Ropar plant have been handed over to PUDA for development as colonies and PSPCL is likely to get windfall amounts from sale of land. Since consumers have borne the total loan and interest cost through tariff. PSTCL has taken over 132/220 KV Grid of GNDTP Bhatinda and the transfer value of the Grid are also to be counted. Thus, the request of PSPCL for settlement of impairment loss is premature and should be rejected. PSPCL should request for impairment loss after completion of disposal of all the assets of GNDTP. On 01.01.2018, 2 units of GGSSTP Ropar were also retired but PSPCL is yet to convey the receipt of sale proceeds of these units.

Reply of PSPCL: - The Sale order no. 01/GNDTP-20 for the dismantling & disposal of the scrap was issued to M/s H.R. Commercials, Mumbai on dated 08- 10-2020 and the work got completed on 06.07.2022 Accordingly, the amount recovered from the disposal of scrap could not be claimed in the ARRs prior to 2021-22. Further, GNDTP Plant area & lake area has been transferred to PUDA under 80:20 scheme for its development but development activities are not yet started. No income from the transfer of land has been received so far and the same cannot be adjusted from the impairment losses claim in the ARR petition. Further GNDTP colony land has still not been transferred to PUDA. Ash Dyke area has also been transferred to PUDA under 80:20 scheme for its development but development activities are not yet started. 220 KV sub-station was transferred to PSTCL at Net Book value of Rs.22.26 crore (No impairment has been provided on 220 KV Sub-station). The value of these assets has not been included in the value of dismantled assets.

Commission's view:- The Objector may note the response of the PSPCL.

D) SPECIFIC ISSUES:

Issue: - 1. CROSS SUBSIDY:

i) As per the mandate given under the Electricity Act, 2003 to the Commission, the cross subsidies have to be progressively reduced. The same provision has been made In the National Tariff Policy also, Central government has advised State Regulatory Commissions to fix time frame for eliminating cross subsidy and declare the trajectory upfront. APTEL is also issuing orders for declaring such trajectories. The Objector requests the Commission to declare the trajectory in the tariff order for 2023-24.

(ii) There are only three categories of consumers which are being cross subsidized i.e. AP & AP High Technology ((-) 12.70 %), Domestic ((-) 12.11 %). The lowest slab of Domestic Consumers is subsidized the most but the same is not appearing separately in the table.

Fixing trajectory of gradual elimination of cross subsidy of Agriculture Sector has been badly ignored by the Commission while issuing tariff orders so far. Since the market is very competitive, it is very difficult for the industry to bear the burden of cross subsidizing other categories of consumers. It is, therefore, requested that the cross subsidy should be got eliminated in phased manner and a road map may kindly be drawn by PSERC.

Reply of PSPCL: - Factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are in the purview of the Commission, keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts. The cross-subsidization factor/cost of supply is always taken care of by the PSERC. Further, Clause 8.3.2 of Tariff Policy states as under:

“8.3 Tariff design: Linkage of tariffs to cost of service

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy....”

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, if cross subsidy burden on LS consumers is reduced then Tariff for any other category will have to be increased.

Commission's view:- The concern is noted. The Commission has always endeavoured to reduce the cross subsidy as provided in the Tariff Policy.

Issue: -2. AGRICULTURAL CONSUMPTION:

AP Category of consumers get cross subsidized to a large extent by the industrial consumers. But, consumption of AP consumers earlier increasing exceptionally year by year has suddenly started showing decreasing trends and again started rising. We are giving below a table showing consumption projected by PSPCL in ARR versus consumption actually occurred in agriculture sector year by year.

Tariff year	A proposed by PSPCL in ARR (MU)	Approved by Commission/Revised by PSPCL (MU)	Difference between projection and finally approved (MU)
2013-14	12029	9191 (True up)	(-) 3838
2014-15	11586	9630 (True up)	(-) 1956
2015-16	11374	10794 (True up)	(-) 580
2016-17	11697	11546 (True up)	(-) 151
2017-18	12337	11850 (True up)	(-) 487
2018-19	11763	10836 (True Up)	(-) 927
2019-20	12509	11468 (True up)	(-) 1041
2020-21	12555	12817 (True up)	(+) 262
2021-22	12782	12533 (Actuals)	(-) 249
2022-23	12255	13631 (RE)	(+) 1376
2023-24	13682		

From above table, following has been observed:

i) Objector had been repeatedly stressing in its objections that AP consumption being estimated based on sample meters/grid meters was not correct. Probably this is the reason that PSPCL is not ensuring 100% metering of agriculture consumers as per Act 2003 and not complying with repeated directives of PSERC in this regard. This compelled PSERC to start estimating the Agriculture Consumption based on Pumped Energy. Thus, the increasing trend of agriculture consumption has been arrested and actual consumption has fallen steeply in audited/actual accounts.

Reply of PSPCL: - i) PSPCL has already installed meters on 10% AP connections under sample metering and as per the instruction of the PSERC, PSPCL has done 100% metering of AP connections on 1% AP Feeders. It is not possible to install meters on all the AP connections due to resistance from Farmers and Kissan unions. PSPCL started estimating the agriculture consumption based on Pumped Energy as per the directions of the PSERC.

Commission's view:- The concern is noted. PSPCL has been directed to supply the readings of connections of 1% AP feeders.

ii) PSERC has disallowed a portion of Pumped Energy of PSPCL for 2014-15 to 2016-17 as per Suo Motu Petition No 42 of 2016. However, no such exercise has been undertaken thereafter. PSERC is requested to undertake such exercise again to stop inflating the agriculture consumption by PSPCL.

Reply of PSPCL: - PSPCL has done meticulous implementation on the observation made by the PSERC in Petition No. 42 of 2016 and instructions were issued to P&M wing to ensure correctness of data.

Commission's view:- PSPCL reply be noted.

iii) The Format D5 has not been supplied. Number of consumers, connected load and consumption in Formats D25 are not depicted in correct form and figures are not co-relatable and we are not able to offer detailed comments on the same. Correctly filled formats be made available

Reply of PSPCL: - Format D-25 contains all the information related to category wise number of consumers, sales, connected load along with revenue projected as per the formats specified by the commission.

Commission's view:- PSPCL is directed to provide the information to the objector and upload it on PSPCL's website also.

iv) The actual consumption of agriculture category for 2022-23 now submitted for RE is substantially higher from that submitted in ARR of 2021-22 by 1376 MUs and further projections for MYT period have also been unduly escalated. This increase is abnormal and needs to be checked.

Reply of PSPCL: - As per the directions of the PSERC, agriculture consumption is being calculated on the basis of pumped energy. The actual consumption of agriculture category is purely based upon feeder meter readings of dedicated pure AP feeders and 30% consumption of Kandi Mixed feeders.

Commission's view:- The concern is noted. Prudence check will be applied by the Commission.

Issue: - 3. INTEREST COST:

PSPCL is increasing the burden of loans every year. The total loans including working capital loans which were 14649.80 Cr on 1.04.2010 were projected as 31601.85 Cr on 1-4- 2019 (Page 350 of that years ARR). This evidence financial indiscipline of PSPCL.

Further, after Rs 15628.26 Cr were converted as equity of GOP after close down of UDAY scheme, the balance loan worked out as 15921 Cr on 1.04.2020 which is further indicated as under: -

1.4.2020	15921		Page 249
1.4.2021	16508.7	(+)587.74	250
31.3.2022	16840	(+)337.30	250
1.4.2023	8694.04	(-)8146.00	251
1.4.2024	9122.3	(+)428.26	252

PSPCL had also earlier submitted that the loans of Rs 15629 Cr taken over by GOP under UDAY scheme have been reinvested in PSPCL as GOP equity and accordingly the amount has been taken off from Loan Register. However, now on amount of Rs 4592 Cr (Para 2.20.2 of ARR) is now being claimed as equity out of Uday loan amount of 15629 Cr. The adjustment of Rs 15628 Cr and now revised to Rs 4592 Cr needs to be rejected out rightly as it is an afterthought and is a review of the earlier true up indirectly which is not permitted without competent orders on petition/appeal against the then issued and trued amounts as per tariff orders which have already attained finality. Also refer to Para 7 below on this issue.

In this regard, following additional submissions are also brought out:-

i) Interest on Short Term Loans and Working Capital Loans

PSPCL has been raising short term loans to meet the revenue shortfall arising out of various factors viz. Non/late receipt of subsidy from the Government, delayed/non payments of bills for electricity utilized by Govt Deptts, theft of power and Disallowances of unjustified expenditures etc., Under MYT Regulations, most expenses are allowed on normative basis and thus there are no disapprovals. PSPCL is getting ROE but not paying the same to GOP. The mismatch between the ARR approved by the Commission in the Tariff Order and actual expenses incurred by the PSPCL should be met through internal accruals and ROE being retained by PSPCL.

Post Uday Scheme, PSPCL has again raised working capital loans much more than admissible to meet its funding requirement. Since now PSERC has stopped calculation of subsidy amounts which is a matter between PSPCL and GOP. As such Working capital loans projected are not to be considered by PSERC and it should be calculated on normative basis as here to fore.

Reply of PSPCL: - PSPCL has been availing working capital loans to meet with its working capital requirements including cash gap arisen due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to huge disallowances of expenditure by PSERC, PSPCL has been claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis only.

Commission's view:- Interest Cost is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

Issue: -4. POWER PURCHASE COST:

A) PSPCL claims that the increase in ARR is due to power proposed to be surrendered on merit order principle due to excess availability. This will only save the energy/variable part of tariff but PSPCL has to bear the capacity/fixed charges for such non purchase of power. This position was predicted by PSERC and in this regard directive given to PSPCL in TO 2013-14 at page 83 para 4.8.5 may be referred to directing PSPCL to review all the PPAs and surrender costly powers in view of commissioning of IPPs in the state. However, the Directive was dropped in TO 2018-19.

However, now PSPCL has indicated in Format D-2 that excess power will be fully utilized by 2025-26. However, till 2025-26, PSPCL has to come out with strategy to increase consumption by existing / prospective consumers of Punjab so that consumers do not go in for captive generation for self-use and facilitating conditions have to be provided by GOP/PSPCL/PSERC. PSPCL should change its mind set to encourage increase in consumption by the industry and other consumers.

Instead of bringing reforms in its working by adopting consumer friendly practices enabling ease of doing business, it is creating environment in which industry feels suffocated and pressed against the wall. Billing errors are prevailing on large scale and industry has to run from pillar to post to get the errors rectified.

The facility of pre-paid meters is not being made available since PSPCL will have to refund the security amount of the consumers. Remote reading of LS consumers under SAP has been introduced but neither display units are being provided to consumers nor initial and final reading for TOD time blocks are being conveyed for cross checking. Software update for revised tariff is delayed and in the meanwhile consumer suffers. Threshold limit is not displayed on bills in advance. Supplementary bills are issued without providing details and consumers are asked to pay with-in 10 days which are quite inadequate for arranging huge amounts.

Such reform measures should not be left at the mercy of PSPCL and time bound action needs to be ensured as it will encourage consumers to plan their consumption in an efficient manner.

Reply of PSPCL: - Fixed charges have to be paid against the reliability of source exclusively kept reserve to supply power to PSCPL. And surrender of power is inseparable part of power system operation based on demand variation due to various reasons. PSPCL has taken various steps of relinquishing its share from projects, considered not being utilized, in recent years. Further, PSPCL has relinquished its share from Anta, Auriaya and Dadri gas stations of M/s NTPC in view of PSERC order dated 05.08.2021 in Petition no. 28 of 2021.

Commission's view:- The concern of the objector is noted. PSPCL to consider necessary action in the matter. Commission will consider issuing the appropriate directive to PSPCL.

B) PSPCL has provided month wise details of Unscheduled Interchange charges in Format D 29 of ARR (Page 287) which shows that PSPCL has over drawn in 2 months only and for 16 months, it is underdrawn. Thus, PSPCL has underdrawn and also paid to the UI pool. This is a double blow to the consumers as in addition to the cost of power, consumer has to bear the cost of surrender also. Further, Additional UI charges paid to UI pool of 20.823 Cr in 2021-22 and 15.45 Cr for HI of 2022-23 are not payable in ARR as per CERC orders and previous practice being followed by the Hon'ble Commission.

Reply of PSPCL: - PSPCL never intends to purchase of power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of system, because Punjab being a heavy power consuming State where load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer – domestic load variations. Most of them are dependent on weather. UI cost indicates Net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole.

In view of this actual cost during True-up shall be considered.

Commission's view:- The objector may note the repose of PSPCL. Further, the quantum of Power Purchase is determined by the Commission in-line with the prevailing PSERC MYT

Regulations after prudence check and accordingly the objector may refer to the Tariff Order for the Commission decision.

C) Perusal of year wise power purchase data given reveals that PSPCL is not exercising due care in its planning of power purchases as under:

a) True Up for 2021-22

i) As disclosed by PSPCL in earlier ARR, the allocated capacity of Anta, Auriaya and Dadri gas has already been surrendered and the notice period is also over in February 2022, as such no comments are being offered for the same. This is a welcome step and will help the Discom to reduce the cost of idle power. As already requested last year also, similar exercise needs to be undertaken for other coal-based plants as and when their useful life is over till we are rid of the surplus capacity. However, it is added that PSPCL has purchased power @ Rs 55.26/unit, Rs 19.06/unit and Rs 18.68/unit from Anta, Auriaya and Dadri units.

ii) On perusal of UI of PSPCL at Sr No 88, we find that PSPCL has under drawn 525.76 MUs and received Rs 4.95 Cr from UI pool account thus sale @ paisa 9.4 only. This is a double blow to consumers as power had been sold at 9 paisa against variable cost of almost Rs 4/unit.

Reply of PSPCL: - The reply mentioned at para 4 (A) & (B) above is applicable for (i) & (ii) as well.

Commission's view:- The objector may note the repose of PSPCL. Further, Power Purchase is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check. The objector may refer the Tariff Order for further details on the Commission decision.

III) Late Payment Surcharge and TDS claimed as Rs 32.27 Cr need to be disallowed as Early Payment Rebate is not being counted in Power Purchase cost and being retained by PSPCL and PSPCL gets refund of TDS at a later stage.

Reply of PSPCL: - PSPCL claimed LPS as per the PSERC MYT regulation and adjusted the rebate in non-tariff income. PSERC will allow/disallow the same after prudent check.

Commission's view:- Power Purchase is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

iv) Previous Year Payments/adjustments of Rs 345.05 Cr need to be scrutinized and justified -amount need to be considered under prior period payments. Main amounts relate to IPPs of Punjab which needs to be checked as PSPCL has also claimed Additional Surcharge from consumers for these IPP projects. Further, counting of Prior period in the year of payment increases the rate of power in current year sending wrong signals for MOD.

Reply of PSPCL: - The year wise detail of previous year payments has already been submitted in Deficiencies for FY 2021-22 & FY 2022-23 H1. Further, as per Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 Clause 15(2)(b), the second bill shall be raised to adjust variations on account of any revision in transmission charges allowed by the Commission, including incentives as applicable: Provided that under-recovery or over-recovery of any amount on account of such revision in transmission charges in respect of a billing period shall be billed by the Central Transmission Utility to DICs in proportion to their first bill in the relevant billing month. Accordingly, CTUIL raised second bill for the period of Oct 21 to Dec 21 and Jan 22 to Mar 22 in line with various CERC orders corresponding to revision of transmission tariff for the previous years in FY 2022-23 and PSPCL made these payments amounting to Rs. 304.46 crore towards CTUIL in FY 2022-23.

Commission's view:- The objector may note the repose of PSPCL. Further, Power Purchase is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check. The objector may refer the Tariff Order for further details.

v) The feasibility of surrender of allocation from Unchahar and Meja Station of NTPC and Pragati Gas need to be explored in view of high cost of power vis a vis NPL and TSPL. Similarly as MOP has not allocated any share to Punjab during Paddy from unallocated share, we may surrender the allocation from unallocated share of Unchahar IV and Dadri II permanently being costly.

Reply of PSPCL:- Notices for termination of PPAs with Meja TPS and Pragati Gas Station were issued by PSPCL on dated 05.10.2021. However, operation of the notices has been stayed by APTEL. Further, MoP has allocated and generally allocates power from, its unallocated share of power as per overall availability/demand of generator/states along with possibility of smooth power system operation.

Commission's view:- The objector may note the repose of PSPCL.

b) RE for 2022-23 (Page 170-175)

i) PSPCL has not purchased any electricity from Anta Auriaya and Dadri plant which is a right step and we appreciate PSPCL on this count.

ii) The comments at sub-Para (ii) to (v) of Para (a) above are applicable for this year also with change of figures.

Reply of PSPCL:- The reply for the same is mentioned in sub para (ii) to (v) of para 4. C. a) above are applicable for this as well respectively.

Commission's view:- The objector may note the repose of PSPCL.

Issue:- 5. EMPLOYEES EXPENSES:

In the ARR, employee cost has been claimed as under for previous years:

Year	Projected by PSPCL in ARR		Approved by PSERC		Trued up/RE approved by PSERC	
2014-15	5350.89		4286.13		4076.47 (True UP)	
2015-16	5480.61		4540.81		4397.99 (True Up)	
2016-17	5715.97		4835.58		4551.87 (True Up)	
	Generation	Distribution	Generation	Distribution	Generation	Distribution
	Projected in ARR		Approved by PSERC		Trued up/RE as per TO	
2017-18	1029.97	4338.57	722.01	3966.29	736.45 (TU)	3744.52 (TU)
2018-19	1111.71	4235.52	746.2	4099.19	600.40 (TU)	3796.61 (TU)
2019-20	1195.07	4553.11	620.85	4313.65	869.60 (TU)	3869.42 (TU)
2020-21	1096.52	4144.27	912.93	5099	687.08 (TU)	3972.52 (TU)
Now Projected in ARR 2022-23						
2021-22	1146.21	4332.09	705.26	4032.01	915 (Actual)	4346 (Actual)
2022-23	1077	4475	735.47	4204.77	1084 (RE)	5145(RE)
2023-24	1188	5639				

It is strange that throughout, the claims made for Employee cost in ARR are highly inflated and actuals have come down drastically. As per APTEL order, audited Employee Cost has to be approved in True up. Therefore, either PSPCL needs to control the employee cost or else we request that all the recruitments of new employees should be subject to the approval of

PSERC. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARR.

The abnormal decrease in employee cost during true up over the ARR figures confirms our argument that projections are initially inflated to claim higher revenue. PSPCL is unable to find the real cause of abnormal increase in employee cost year after year compared with the increase admissible as per Regulations in spite of repeated disallowances.

Commission had been allowing increase in employees cost on the basis of WPI and CPI as per Tariff Regulations. Therefore, increase in employees cost on the basis of regulations may be allowed for the period. Any additional expenditure should be met by the PSPCL by way of internal efficiency improvement or by way of reducing their costs over and above the performance levels fixed by the Commission or from the ROE which is being retained by PSPCL and not being passed on to GOP.

Reply of PSPCL: - The employee cost is being projected as per applicable Regulation 26 of the PSERC MYT Tariff Regulations, 2019 and 2022. However, Hon'ble commission is allowing the employee cost after prudent check.

Commission's view:- Employee cost is determined by the Commission in line with the prevailing PSERC MYT Regulations after prudence check.

Issue: - 6. TARIFF FOR POWER INTENSIVE LS INDUSTRY(PIU) BASED ON POWER FACTOR:

The tariff of General Vs PIU industries in highest slabs for various years is tabulated as under:

Category	2016-17	2017-18 (9 months)	2017-18 (3 months)		2018-19		2019-20		2020-21	
	EC	EC	FC	EC	FC	EC	FC	EC	FC	EC
General	6.03	6.55	230	5.78	240	5.9	260	5.98	260	6.19
PIU	6.22	6.75	295	5.98	280	6.11	295	6.19	295	6.41
Difference	0.19	0.2	65	0.2	40	0.21	35	0.21	35	0.22

Category	2021-22 and 2022-23	
	FC	EC
General	285	6.27
PIU	315	6.49
Difference	30	0.22

Thus, the PIU industry has been put in a disadvantageous position under two part tariff as in addition to existing 20 paise per unit in single part tariff, PIU industry was loaded with Rs 35 to Rs 65/KVA/Month also compared with General Industry. Based on the comments submitted by PIU industry and submissions made in Public Hearings, Hon'ble Commission reduced the FC in the TO 2018-19 observing of under in Para 4.5.I of TO 2018-19:

The Commission notes that the provisions for compliance with the specified harmonics standards, measurements/monitoring of harmonics currents generated by a consumer and provision for penal action against consumers contributing harmonic distortion in excess of the specified standards already exists in Regulation 24 of the Supply Code 2014. However, PSPCL is yet to submit a proposal before the Commission, regarding the penalty to be levied on the consumers contributing harmonic distortion in excess of the specified standards Thus, till a system for measurements/monitoring of Harmonics currents generated by a consumer

and levy of penalty on the consumers contributing harmonic distortions in excess of the specified standards is put in place, the Commission decides to give some relief in the fixed charges payable by the Arc/ P/U units.

PSPCL opposed the merger of PIU and General Industry category as per para (vi) of Page 190 of ARR of the 2019-20 on some logic. PSERC had amended the Supply Code Regulations to include regulations on harmonics which were to become operational w.e.f. 1.10.2021. However, since the Power Quality meters were yet to be procured by PSPCL, the implementation has been delayed. After the suppliers of Power Quality meters had been shortlisted, PSPCL came out with separate draft power Quality Regulations as per which the monitoring of current harmonics have been made so stringent that industry may not be ready to implement these as none of the states except one or two have adopted these regulations which are as per European standards. The specifications / literature of shortlisted meter is not available on the supplier's web site. There is no clarity on the statistical evaluation methodology for working out deviations. The 7th amendment required measurement of deviations on 10-minute basis only whereas draft regulations require 3 second measurement also along with 10-minute readings. No guidance is available in the matter from PSPCL side, but they will be ready to impose penalties. IT and some other industries which were covered in 7th amendment have been now not included in the Designated consumers.

It is unfair to impart undue preference to General Industry consumer's vis-a-vis PIU. PSPCL is conveniently forgetting that PIU industry has higher utilization factor and also better power factor than general industry. Therefore, Harmonics regulations should not be onerous for implementation.

We also submit that tariffs based on KVAH should be rationalized and PSERC may look into it keeping in view the higher Power factor and higher Load factor of PIU industry and pass on the benefits accruing to PSPCL in view of improved voltage profile and reduced line losses to PIU consumers in view of the fact that all the expenditure on equipment installed is borne by the consumer.

Reply of PSPCL: - The draft regulations for Power Quality Meters have been circulated by the PSERC for seeking objections/views of all stake holders including PSPCL. First Public hearing has already taken place regarding this and another public hearing is planned by Hon'ble PSERC on 16.02.2023. The regulations as finalized by PSERC will be applicable /binding on all stake holders.

Commission's view:- The 7th Amendment to Supply Code, 2014 has not yet been implemented as PSPCL has not short listed sufficient number of vendors for supply of Power Quality meters and further time was sought by the Industry for smooth transition to the new regime (Refer Para 5.4 of the Tariff Order for FY 2022-23). Draft PSERC (Power Quality) Regulations, 2023 containing comprehensive proposal for installation of Power Quality meters and compensation mechanism have already been published. After going through the comments of stakeholders received and further consultation held on various aspects of power quality metering, the Power Quality Regulations will be notified shortly.

Issue: - 7. Return on Equity: -

A) Conversion of Consumer Contribution on Subsidy to equity through FRP:

The FRP approved by GOP has increased the cost of assets by their revaluation/merging of consumer contribution, subsidies and grants with its equity leading to increase in the equity share capital of GOP in PSPCL from 2617.61 crore to 6081.43 crore w.e.f 16.4.10 which has led to increase of ROE from 607.55 crore in ARR to 1411.50 crore i.e. an increase of 232% in both the figures without any fresh investment by GOP or PSPCL. This revaluation is causing cyclic increase in ARR for subsequent years also.

It will be appreciated that this revaluation of dead assets is neither a cash flow nor the increased cost of assets is reclaimable for cash flow. These revaluation assets remain in books only and it cannot be used for any improvement in financial performance of the licensees. GOP has already recalled its loans advanced to the then PSEB due to financial crunch in GOP due to huge subsidy amount of agriculture power. Now GOP may start recalling its equity from PSPCL or adjust it against the subsidy amount forcing financial crunch in PSPCL.

Further, earlier regulation 25.4 was very clear that only cash infusion is to be treated as equity for grant of ROE. The consumer contribution, grants and subsidies are not cash flow for the purpose of equity as per settled financial principles and this has been acknowledged by the Commission in the proposed amendment of Regulation 25.4 and more recently in MYT Regulations.

This matter was appealed in APTEL and it has already directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013 as under: -

"48. ----- We direct the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARRI True up for the year to provide relief to the consumers."

"Issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc."

50.3 The findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission shall re-determine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.

PSPCL has filed an Appeal against the order in Supreme Court and stay has been granted. Accordingly we will approach the Commission to re determine ROE for all the years w,e,f, 2011-12 onwards after the verdict of the Hon'ble SC.

B) Loans taken over by GOP under UDAY scheme:

PSPCL had proposed in Para 4.17 of the ARR 2020-21 that loans taken over by GOP under UDAY scheme on 31.3.2020 amounting to Rs 15628.26 Cr have been converted into equity of GOP in PSPCL. PSPCL had accordingly converted the UDAY loans into equity of GOP on 31.3.2020 whereby GOP equity in PSPCL was increased from 6081.47 Cr to 21709.74 Cr (10077.98 er for generation+ 11631.76 er for distribution) and increase in Return on Equity @ 15.5% for Generation and 16% for Distribution i.e. from Rs 943 er in 2019-20 to 3422.17 er in 2020-21 and 2021-22 (1562.09 er for Generation +1861.08 er for distribution).

This was objected to by us since MOU entered into between PSPCL, GOP and MOP dated 4.3.2016 regarding implementation of UDAY scheme in Punjab clearly says that the Loans of Rs 15628.26 Cr are to be adjusted by conversion of Rs 11728.26 Cr as GOP grant at the end of 5th year and Rs 3900 Cr as equity. However, UDAY scheme had other targets to be met like reduction of T&D losses, matching revenue realization with cost of supply etc and thus conversion of UDAY loan into equity is not a binding condition, GOP and PSPCL cannot make their own paper entries at this stage for the whole or part of amount of loan into equity as it will kill the very purpose of the UDAY scheme and will be illegal.

It was also pointed out that for the purpose of grant of ROE the equity actually contributed and subscribed by GOP is to be considered and any subscription for equity must be through cash flow and not through book adjustment as it will undue burden the consumers of the state. It is not mandatory for the PSERC to consider the equity as projected by PSPCL for the purpose of ROE irrespective of what is being shown in Balance Sheet (as decided by APTEL in above referred Appeal) and can work out the actually contributed equity for the purpose of ROE.

It was also submitted that UDAY scheme was for Discoms only and only loans for distribution were considered under UDAY. PSPCL knowingly and without any basis, diverted the purported equity of Discom partly to generation business to maintain loan equity ratio only. PSERC was kind enough to reject the claim of PSPCL for ROE on UDAY loan amount.

C) New Proposal

PSPCL has in the ARR of last year as well as this ARR come out with a new proposal that the UDAY loan of Rs 15628 Cr includes Rs 2246.77 Cr as capital loans. Further, out of balance Rs 13381 Cr, Loans of Rs 2346.19 Cr were diverted for capital works. Thus a total of Rs 2246.77 + 1346.19 = 4592.96 Cr have been used for capital works and have been considered as equity and ROE has been claimed on 6081.43+4592.96=10674.39 Cr and ROE has been claimed as 1684 Cr in the ARR @ 15.77% for all the years covered in the ARR. This equity has also further allocated to Distribution and generation business without any justification.

Everybody is aware that loans under UDAY scheme was on the interest rate of about 8.4% whereas after conversion into equity, consumers will have to bear the ROE @ 15.77%. While interest on loan is recoverable by PSPCL from consumers for payment to banks, ROE is recoverable from consumers and being retained by PSPCL for adjustment against its losses due to inefficiencies and wrong planning. We strongly oppose the proposal of PSPCL to convert the UDAY loans into equity in this fashion and request for rejection of the claim as PSPCL is trying to load the consumers with unjustified ROE one way or other and there is no cash flow in this case also. If ROE is allocated it will be against the orders of APTEL which have only been stayed and not set aside till date.

It is also submitted that the Tariff Order for 2022-23 covered this aspect vide Para 3.21 for the Year 2020-21 and Para 4.19 for 2022-23 & 2022-23 observing as under: -

The Commission has not considered the amount of Rs. 4592 Crore (Rs. 2346.19 Crore + Rs. 2246.77 Crore) in addition to amount of Rs. 6081 Crore to admissible equity for return. Accordingly, no addition of equity has been considered by the Commission to the opening equity of FY 2020-21 on account of conversion of UDAY loans of Rs.2246.77 Crore as it is not utilized for meeting the capital expenditure for new Projects. Similarly, Rs. 2346.19 Crore as claimed by PSPCL which was diverted for capital expenditure funding is also not considered for infusion towards equity as these were working capital loans of prior period.

As is evident above, the PSERC rejected the claim on account of the fact that it is not used for meeting capital expenditure of new projects and these were working capital loans whereas our objection is also that there is no cash flow and whether, such expenditure incurred during 2010-11 to 2018-19 can be considered at this stage when true up of all these years has already been done and tariff orders have attained finality and there is review petition/appeal is pending. The denial is also due to there being no cash flow but the fact is not mentioned in the above Para. PSPCL has simply found the reply to the objections which itself were partially correct. Therefore, the claim of PSPCL needs to be rejected outrightly.

D) Rate of Return on equity.

PSPCL has claimed ROE for 2020-21 and 2021-22 @ 16% and for distribution business @ 15.5% for Generation Business. There is no justification for additional claim of 0.5% for distribution business as both the businesses are under same management, there is one balance sheet and risk factors are same and ROE be allowed on only admissible equity @ 15.5% for both businesses.

It is submitted that MYT Regulation 19 is very clear that the Debt Equity ratio will be kept as normative 70:30 if the actual equity is more than 30% and actual equity if it is less than 30% and not at 30%. Therefore, there is no requirement of artificially financing the capital works at the level of 30% equity by withdrawing loan on 8 to 9% and converting it into equity

earning 15.5 to 16% ROE on the same thereby loading the consumers by 7 to 8% of Return. Such arrangement needs to be rejected outright with strong message to the Licensee that such attempts to increase the sale rate of power on artificial means.

E) Report of The Forum of Regulators On "Analysis Of Factors Impacting Retail Tariff And Measures To Address Them"

The report prepared by the Ex-Chairperson of PSERC gives many suggestions to reduce Retail tariff of discoms. It is requested that the report available on web site of Forum of regulators be implemented in Punjab at the earliest.

G) It is also submitted that Forum of Regulator has carried out a Study on Evolving Principles of Depreciation for Distribution Assets and Operating and Financial norms. One of the recommendations of FOR is as under: -

The SERCs may continue to use Rof based margin determination. This will be dependent on availability of adequate and accurate data from the utilities. Further, the SERCs may carry out detailed diligence of existing performance parameters and fix suitable limits of performance parameters for determination of ROE. As the adoption of smart meters increases, the implementation of Consumer Rights (Rules) becomes easier. To achieve this, the SERCs may develop a roadmap for gradual transition into consumer level performance indices. Simultaneously, SERCs may phase out Rof based distribution margin and retain only consumer level performance parameters as a mechanism for rewards/penalties

This also equally need to be implemented in PSPCL.

Reply of PSPCL: - As per clause 1.2 of the MOU under UDAY scheme, 75% of the PSPCL's debt as on 30.9.2015 amounting to Rs.15628.26 Crore is to be taken over by Govt. of Punjab. In compliance to the MOU, Non-SLR bonds amounting to Rs.15628.26 Crore were issued by Govt. of Punjab and transfer this amount to PSPCL as GOP loan upto 2019-20 and on 31.03.2020 converted this loan into equity.

Amount of Rs.15628.26 Crore comprise of 2246.77 Crores Capex Loans and Rs.13381.49 Crore Working Capital Loan. PSERC has allowed interest on Rs.2246.77 Crore upto 2019-20 being Capex Loans.

PSERC has disallowed the interest on Working Capital Loans used for Capital Expenditure as per annexure attached from FY 2010-11 to 2018-19. These Rs.2346.19 Crore Working Capital Loans has been used for Capital Expenditure duly approved by PSERC.

In this regard it is requested to allow return on equity of Rs.4592.96 Crore (2246.77+2346.19) instead of Rs.15628.26 crore along with return on Rs.6081 Crore opening equity capital of FY 2019-20 as loans of Rs. 15628.26 Crore (Working Capital & Capex Loan) has been converted into equity and this loan in the FY 2020-21 and FY 2021-22 does not exist and balance equity capital may be adjusted as equity contribution on normative basis as per Regulation 19 and 20.

Commission's view:- Return on Equity is determined by the Commission in-line with prevailing PSERC MYT Regulations after prudence check.

Issue: - 8. Tariff Related Issues

PSPCL has submitted its proposal on Tariff related issues vide Annexure I of Reply to Deficiencies vide PSPCL Letter dated 30.12.2022. Though some of these issues were raised last year also and PSERC had rejected the same, PSPCL has again brought out these issues. Our comments on the same areas under: -

A) Para 1 of Annexure - Special Night Tariff

It has been proposed that Normal Tariff be limited from 6 AM to 7 AM (Instead of 6 AM to 10 AM OR alternatively some premium over and above normal tariff may be charged for Morning

peak period from the consumers opting for the same especially for the months of December and January.

Though we are not affected by the proposal directly but we submit that the morning demand during Dec and Jan is solely due to domestic and Commercial/NRS consumer using lighting, geysers and heaters etc. Industry operates mostly with continuous load whenever it operates. This is unfair to seek relief from Industry to accommodate other sectors. It will be more appropriate to introduce TOD tariffs for Hotels, Big religious places, Milk Plants, Diaries and Domestic/NRS consumers having load above 100 KW.

It is therefore submitted that the PSPCL be asked to look for some other option rather than imposing sufferings on the industry for problems not created by them.

Reply of PSPCL: - During month of December to February during the morning peak hours of 7:30 to 10:30 hours due to foggy weather coupled with delayed availability of solar power makes the task of meeting with demand more challenging, especially with higher rate of rise of demand during this period i.e. from 4500 MW at 4:30 AM to round 7000 MW by 8:00 AM and so on. Managing such sharp rise is not possible without power procurements along with hot spinning reserve available for smooth operation. Even the energy prices in the market during these hours are relatively higher.

In view of reasons given above, the normal tariff hours be limited from 6:00 hrs to 7:00 hrs only. Still in case present terms and conditions for normal tariff are to be continued, some premium over and above normal tariff needs to be charged from consumer opting for the same, especially for the month of December and January.

It is further intimated that recently Hon'ble CERC in its order dated 28.12.2022 in the matter of capping of power market prices has also made observation on the morning peak hours. Relevant part of the same is reproduced as under: -

"In DAM on IEX the MCP of Rs 12/KWH.....In December (till 26 December 2022), the MCP of Rs 12/KWH..... along with morning peak from 0700 hrs. to 0945 hrs. These peaks are anticipated to become steeper as cold wave conditions prevail in Northern & North Western parts of India.

It is also submitted that if normal tariff hours are needs to be considered for Industrial consumers under this category, then the industry may be proposed to operate its working hours from 1900 hrs. to 0700hrs of next day out of which 1900-2200 hrs. and 0600 to 0700 hrs. may remain as normal tariff hours. Proposed starting/end time of working hours appears to be more suitable for staff of industry as comparison to current timing i.e. 2200hrs to 1000 hrs. respectively."

W.r.t paddy season from 1st June to 30th September, it is submitted that the paddy season invariably spills over till about 15th October due to certain varieties of paddy which are harvested after 30th September. It is therefore, proposed not to extend the facility of special night tariff till 15th October.

Commission's view:- The concern of the objector is noted.

B) Reduced Energy Charges for FY 2023-24 for consumption above threshold limit

PSPCL has requested that Reduced Energy Charge be reviewed in view of unprecedented rise in demand during 2022-23 which required scheduling of costly power in the stack.

It is submitted that the threshold rebate is being allowed to reduce surplus power of PSPCL by incentivizing increase in usage of electricity by industry. PSPCL has also projected in Format D-2 that there will be no surplus capacity at the end of MYT period i.e. by 2025-26. However, we do not agree with the view of PSPCL since the projections for the future years made by PSPCL are unrealistic.

The monthly consumption data as per CEA web site data is submitted as under:-

Punjab Energy Demand as per CEA data (in MUs)					
Month	2020-21	2021-22	2022-23	Rise	Rise
1	2	3	4	$5-(2-1)*\%/1$	$6=\{3-2\}*\%/2$
Apr	2287	3711	4981	62.26	34.22
May	4032	4639	6312	15.05	36.06
Jun	6676	6994	7482	4.76	6.98
Jul	7390	8319	8131	12.57	-2.26
Aug	7527	8269	8906	9.86	7.7
Sep	7268	6518	7617	-10.32	16.86
Oct	4702	4987	4959	6.06	-0.56
Nov	3167	3391	3738	7.07	10.23
Dec	3847	4129	4351	7.33	5.38
	46896	50957	56477	8.66	10.83

As is evident from the above table, the increase in yearly consumption is between 8 to 10% only and PSPCL's estimation of sudden jump in consumption is not proved by historical data. Thus, the surplus scenario is likely to continue beyond 3rd MYT period also.

Further, even if figures of PSPCL in Format D-2 are accepted, the surrendered power during H1 of 2022-23 is 5094.88 MUs (True up), during H2 of 2022-23 as 3315 Mus (RE) (Total 8410.09 MUs for 2022-23) and during 2023-24 as 2961.69 MU. Thus, the surplus scenario is likely to continue in the year 2023-24 and therefore the Threshold rebate needs to be continued. The reduced tariff for the scheme is Rs 4.86/unit for 2022-23 which gives us benefit of only 14 paise per unit with GOP subsidy (which is likely to continue). This meager incentive is not a driving force to plan for increased consumption. Therefore, we request that the threshold rebate needs to be increased appropriately to make the scheme attractive. Back up Calculations for Rs 4.86 also need to be shared with stakeholders.

Reply of PSPCL: - For meeting demand, PSPCL have to stack sources at its disposal, in order of their cost i.e. cheapest cost at bottom to meet with higher demand PSPCL have to rope in higher cost sources. This year due to unprecedented rise in demand & higher market prices impact of the same has been felt by PSPCL. In view of this reduced energy charges for industrial consumers for consuming Power above threshold limit above threshold may please be reviewed. The prices of power in the market have been increased sharply due to various local and global reasons and trend is likely to continue. The comparative detail of prices is as under: -

Sr. No	Year	Avg. Market Price (Rs./kWh)
1	2021-22	4.62
2	2022-23 (Till 17.01.2023)	6.32

From available sources at the disposal of PSPCL's own Thermals are costlier. During this FY more generation from own thermal plants has been utilized. It has been utilized 85 % higher as compared to same period i.e. till Dec last FY. The prices of power market are expected to remain higher during next FY also. In view of this it is requested that reduced energy charges for FY 2023-24 for Small Power, Medium Supply and Large Supply Industrial Consumers who consume power above the threshold limit may be reviewed.

Commission's view:- The concern of the objector is noted.

C) Commencement of TOD Tariff from 15th October in tariff order for FY 2023-24

PSPCL has also proposed that TOD tariff (night rebate) need to start from 15th Oct as the paddy season spills over to about 15th October due to some varieties of paddy maturing late i.e. near about 15th October. PSPCL has also extracted the provision of GOP order which requires paddy supply to be given till the maturing of the crop, it is submitted that the extra load during first two weeks of October is a rare happening due to delayed ripening of paddy and may or may not be repeated every year. Therefore, there is no reason to re-fix the TOD periods. PSPCL is only trying to increase its revenue at the cost of Industrial consumers.

We wish to submit that as per GOP order for paddy supply extracted, power supply for paddy is to start from 13th to 15th of June. It is also to be noted that PSPCL has requested for start of Night rebate from 15th Oct but has not requested for levy of Peak TOD charge during this period of 1st Oct to 14th Oct. Therefore, if at all this period needs to be extended, power consumed during 1st Oct to 14th Oct will be on normal tariff for 24 hours. As such TOD rebate needs to be re-fixed from 15th Oct up to 14th of June and TOD peak charge from 15th June to 30th Sept.

Reply of PSPCL: - Paddy season invariably spills over till about 15th October due to certain varieties of paddy which are harvested after 30th September. It is therefore, proposed not to extend the facility of special night tariff till 15th October.

Commission's view:- The concern of the objector is noted.

Issue: - 9. Delay in receipt of subsidy from GOP.

GOP has ordered NIL/reduced billing to some categories of consumers like Agriculture, industry and Domestic category and has agreed to pay subsidy for the shortfall in revenue. Earlier, PSERC was determining the amount of subsidy and carrying cost of unpaid subsidy to be carried forward to next year. However, as per tariff order 2022-23, PSERC has stopped determination of subsidy and its carrying cost as it is a matter between PSPCL and GOP. PSERC has worked out the ARR, revenue realization on the declared tariff for each category and the Gap/carrying cost for 2021-22 (True up), 2022- 23 (RE) and 2023-24 (Projections). PSPCL has not been receiving the GOP subsidy on time and in full for the last many years. This has increased the working capital loans of PSPCL forcing PSPCL to alter the contents of ARR components like artificial increase in equity to claim higher ROE which are being retained by PSPCL and not paid to GOP which claims to have invested the equity, Interest and Finance Charges by claiming interest on WC on actual basis instead of normative basis and wrong claims of Non-Tariff Income after adjusting the unpaid subsidy. Though all such claims are rejected while issuing the tariff orders, but still the unpaid subsidy remains a problem for PSPCL. Domestic and agriculture consumers are being almost fully subsidized. There is no subsidy for NRS and about 15 to 20% subsidy is paid to industry. Therefore, only industrial and NRS category are paying the bills to PSPCL.

As already being highlighted, industry is a manufacturing activity recovering the conversion charges only. The raw material has to be brought from outside the state and manufactured items have to be sold outside the state. Punjab being land locked state situated in a corner of the country is located disadvantageously and thus conversion charges have to be minimized. Electricity cost comprises major chunk of conversion cost and thus has to be such that the sale price of product remains competitive with the other states where there is no such problem of unpaid subsidies. The Commission is requested to ensure that the burden of unpaid cross subsidies should not be passed on to the industrial consumers of the state through additional surcharges/reduction of rebates/increase in base tariff.

Reply of PSPCL: - PSPCL would like to pray the Commission to true-up the subsidy for every year along with true-up of year. Further, giving subsidy to any category is prerogative of GoP and cross subsidy determination is prerogative of the Commission.

Commission's view:- The concern of the objector is noted.

Issue: - 10. Para 4.30.2 of the ARR Petition

Para 4.30.2 of the Petition is extracted as under: -

4.30.2 As per the Provision of the Electricity Act 2003, the Discom has been filing the Annual Revenue Requirement for carryout the wheeling and supply business. However, there has been major disallowance in the interest cost, Power Purchase Expense and O&M expense. Disallowance of realistic expenses leads to reliance on short term loans as even the ROE approved by the Commission is not enough to meet such deficit. Disallowance in the actual power purchase cost deeply impacts the investments into the power sector in the state. Besides this, the same also leads to cash flow issues for which the utility may be required to procure increasing working capital loans. The same therefore leads to a cascading effect on the disallowances of expenditure as the Hon'ble commission allows the interest on working capital on a normative basis.

WE strongly object to the request of the PSPCL to grant higher ROE to meet its liability of interest on WC loans (even if it is against the Regulations). We submit that the disallowances are only ordered by the Commission as per regulations. PSPCL has been filing appeals and PSERC is already revising the tariff orders wherever PSPCL is able to get relief from the Appellate Authority. Though PSPCL is entitled to get revenue on Cost plus approach but there has been controllable and non-controllable items of expenditure duly defined in the MYT regulations and every cost incurred is not to be accounted for on actuals.

It is also submitted that equity once approved cannot be reduced afterword and ROE will become a liability forever whereas PSPCL may be in profit thereafter. Will PSPCL allow reduction of equity at that time. DERC has already issued draft MYT regulations restricting the ROE to 10% because there is no risk being faced by PSPCL whereas in private companies, the equity is very risky. FOR has already suggested that ROE should not be more than Interest on Govt Securities.

All the disallowances are affected as per Regulations and speaking orders are issued in the form of tariff order. PSPCL has been filing Appeals against almost every order of the Commission, where decisions are against the PSPCL and even going to Supreme court. Consumers neither have the time nor resources to fight such litigations in tribunals and courts. Thus, such requests for raising the tariff of consumers by artificial increase of revenue against the regulations should not be accepted.

Reply of PSPCL: - PSPCL has claimed ROE as per the rates specified in the PSERC MYT regulation. Further the Commission is allowing the same after prudent check.

Commission's view:- The concern of the objector is noted.

Objection No. 32 : Cycle Trade union (Regd.)

Our association strongly oppose, recent any increase/amendment for next year and with retrospective effect in Tariff as well as fixed charges of all types of consumers of PSPCL Punjab, PSPCL lists of Rs. 40000 crores Revenue gap before PSERC which we do not trust with their inflated, enhanced, created as well as fabricated figures shown in their above noted petitions without the production of original Audited – Certified balance sheets of PSPCL to check their claim in depth, truth of GAPS irregularities. Non-Tariff income & Estimated subsidy which should be kept continue from their existing resources & We support it. Further Estimated subsidy for middle class having load up to 7KW should not be withdrawn at any cost. Moreover, the tariff as well as fixed charges of Punjab are already unbearable. If the PSPCL cannot control their inventories and losses as desired. Please handover these white elephants of Punjab to the private players as is done by the Central Government.

Reply of PSPCL:- Providing subsidy to consumer is sole prerogative of Government of Punjab and PSPCL shall follow the direction given by Government of Punjab.

Commission's view:- PSPCLs reply may be noted. The objectors concern is taken note of by the Commission.

Issue:- Please curb malpractice/Injustice on PSPCL consumers of Punjab while billing tariff on them. Preparation of bills with average readings is done as department is out of stock with Meters. First billing with M.M.C & later bills with full units reading. Non-Availability of (concerned officials in their offices on duty with excuse of leave on field duty).

Reply of PSPCL:- This issue does not relate to ARR tariff petition and shall be dealt with separately.

Commission's view:- This issue does not relate to the tariff petition. PSPCL to consider the matter on merit.

Objection No. 33: Government of Punjab, Department of Power (Power Reforms Wing), Chandigarh

Issue No. 1:

PSPCL vide this instant APR Petition has depicted cumulative revenue gap for the year 2023-23 as Rs. 12870 Crore approximately. The increase in the gap is mainly because of increase in Power Purchase Cost, Employee Cost, Interest & Finance Charges etc.

The Commission while determining electricity tariff on the basis of tariff petitions filed by PSPCL disallows certain expenses such as Interest Charges, Employee Cost and also on account of non-achieving of various norms, performance parameters and targets fixed by it. These disallowances have impacted the financial health of the PSPCL and have eroded its capacity to make investments that would help it provide quality and affordable power to the consumers in the State. These disallowances seem to be a major reason for the accumulated commercial losses of the PSPCL. While, there have been improvements in the performance/working of PSPCL, we do believe that there is still a lot that needs to be achieved, if PSPCL is provided the requisite support in the performance of its commercial operations.

Commission's view:- The ARR is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

Issue No. 2: Power Purchase Cost

PSPCL has projected Power Purchase Cost for the period for FY 2022-23 and FY 2023-24 at Rs. 26722 Crore and Rs. 28118 Crore respectively. Although, PSPCL has purchased power on merit order basis to meet demand supply gap, efforts must be made by PSPCL to purchase power for FY 2023-24 at competitive prices. PSPCL should ensure that Power Purchase and its sale to the consumers should be commercially viable and do not result in any net loss to PSPCL. PSPCL should endeavor to buy bio-mass based renewable power at competitive price so as to fulfill the Non-solar RPO at lower price. Suitable tie-ups are required to be explored urgently by PSPCL.

The Commission is requested to allow the actual Power Purchase Cost and also take a judicious view as regards the quantum of power being purchased vis-a-vis its optimum utilization/requirement.

Commission's view:- Power Purchase is determined by the Commission in-line with the prevailing PSERC MYT Regulations after prudence check.

Issue No. 3: Employee Cost

The Commission has been consistently disallowing the Employee Cost to the Utility, which can in no way be reduced, since the terms and conditions of an employee once recruited cannot be changed to his disadvantage during the course of his service. Further, PSPCL is making only those recruitments which are very much necessary for its survival. Even employees who are retiring are also contributing to increase in employee cost of PSPCL by way of payment of Gratuity, Pension etc. Though, PSPCL is trying best to reduce employee cost and bring in efficiency, but it will take time for PSPCL to reduce the employee cost and

bring it at par with other advanced State Utilities. Till then, the Employee Cost, which is a genuine cost of Utility, must be passed on to the end consumers on an actual basis keeping in view the genuine requirements which are statutory in nature.

Commission's view:- Employee cost is determined by the Commission in line with the prevailing PSERC MYT Regulations after prudence check.

Issue No. 4: It should be made obligatory for the utility to carry out energy audit of its system to identify high loss areas and take remedial measures to reduce the same. PSPCL should also ensure that the schemes such as RDSS etc. being implemented for improving the Distribution System and hence T&D losses, are completed within the targets specified by Ministry of Power, Government of India so that the grants are utilized fully. In case timelines and targets are not achieved, PSPCL should bear the liability on account of conversion of grant into loan in such schemes.

Commission's view:- PSPCL has already been advised through directive to take action to reduce losses of feeders with high losses. Suitable directive has been issued to undertake the energy audit. PSPCL is also directed to take note the suggestion of the State Government.

Issue No. 5: PSPCL should evaluate the rise in AP consumption keeping in view the cultivation area of the State remained constant and various measures like DSR, MSP on Moong cultivation and other diversification measures that are expected to lower the AP consumption.

Commission's view:- PSPCL is directed to take note of the concern of the State Government. **Issue No. 6: T&D Losses**

The main emphasis should be to continue to pursue the loss reduction programs initiated in earlier years and also increasingly use the technology to target erring consumers and reduce the losses further during the projection period. The investments being made under Sub-transmission and Distribution strengthening schemes are also expected to aid in the reduction of Distribution loss both in urban and rural areas. Accurate estimation of T&D Losses has gained importance as the level of losses directly affects the sales and power purchase requirements and hence has a bearing on the determination of electricity tariff of a utility by the Commission. The issue of T&D Losses is of equally deep concern to the Government, as there is a direct correlation between for AP consumption and T&D loss pattern. Any disallowance/reduction in AP consumption estimated by the PSPCL is reflected as a corresponding increase in T&D loss level in Commission's estimate. It is requested that the Commission may keep AP Tariff hike at a nominal level till the various other aspects like improvement in accuracy in measurement in AP and T&D losses are taken care of.

Commission's view:- The concern is noted.

Issue No. 7: AP Consumption

It is vital to accurately measure the AP consumption of the State. As the funds for feeder segregation in Kandi area have been allocated under RDSS, PSPCL should complete the work on war-footing. It is hoped that the Commission will make prudence checks on the AP consumption on some of the AP feeders and arrive at AP consumption as accurate as possible.

Commission's view:- PSPCL to note concern of the State government. The Commission allows AP consumption after AP validation & prudence check only.

Issue No. 8: PSPCL should evaluate the actual R&M expenditure of Rs. 479 Crore submitted in True-up for FY 2021-22 against approved amount of Rs. 416 Crore by PSERC in the respective Tariff Order.

Commission's view:- The R&M expenses are approved in line with the relevant provisions of the MYT Regulations.

Issue No. 9:

- i) PSPCL has projected transmission loss of 2.44% for the FY 2022-23. However, the actual transmission losses incurred during FY 2021-22 is 2.21%. The reason for claiming higher transmission losses has not been mentioned.

- ii) PSPCL has projected distribution losses of 12.40% against loss level of 12.04% approved by the Commission for FY 2022-23. PSPCL should take all measures to reduce the distribution losses in line with PSERC order after analyzing the reasons for higher distribution losses.

Commission's view:- The Commission approves the loss trajectory keeping in view the relevant provisions of the MYT Regulations.

Issue No. 10:

- i) PSPCL has projected employee cost of Rs. 7009 Crore for FY 2022-23 as against actual employees cost of Rs. 5261 Crore in FY 2021-22.
- ii) PSPCL has projected A&G expenses of Rs. 242 Crore for FY 2022-23 against actual A&G expenses of Rs. 172 Crore during FY 2021-22. The PSPCL should give detailed reasoning to justify the increase in A&G expenditure item-wise.
- iii) PSPCL has projected interest on working capital loan of Rs. 633 Crore for FY 2022-23 against Rs. 226 Crore approved by the Commission in its tariff order for FY 2022-23. The PSPCL should give detailed reasoning to justify the increase in interest on working capital.

Commission's view:- The Employee Cost, A&G expenses and interest on working capital are approved in line with the relevant provisions of the MYT Regulations.

Issue No. 11: The CAGR for energy sale projections for FY 2023-24 to FY 2025-26 has been considered 5% for domestic and agriculture consumers, whereas, the growth during various years is in range of 2.14% to 3.58% in case of domestic category and 0.74% to 4.22% in case of agriculture consumers. As such, the CAGR of 5% considered needs to be relooked after considering the actual sale data of last few years & after making certain adjustments for increase due to other justifiable factors.

Commission's view:- The concern is noted. Please refer tariff Order.

Issue No. 12: The target for T& D losses is proposed at 14.80% for 2023-24. The reduction of T&D losses for FY 2023-24 is very less even as compared to Tariff Order for FY 2022-23 as the target was of 14.48%. Hence, not only has the PSPCL not achieved the target given in Tariff Order but has fixed the target for FY 2023-24 is way higher than the target as per Tariff Order 2022-23 (14.48%).

Commission's view:- The Commission approves the loss trajectory keeping in view the relevant provisions of the MYT Regulations. PSPCL to note State Government concern regarding reducing the T&D losses.

Issue No. 13: PSPCL has projected interest charges of Rs. 1093 Crore for FY 2025-26 as against claim of Rs. 809 Crore for FY 2024-25. PSPCL should justify the reason for such an increase whether it is due to substantial increase in Capex expenditure for FY 2025-26 or higher interest rate or any other reason.

Commission's view:- The interest charges are approved in line with the relevant provisions of the MYT Regulations.

Issue No. 14: The Non-Tariff Income as reported in FY 2022-23 (Revised) is Rs. 1069 Crore and further PSPCL has decreased this amount to Rs. 973 Crore for Multi Year Control Period from FY 2023-24 to 2025-26. The reasons for decrease in Non-Tariff Income over the years may be looked into.

Commission's view:- Refer the tariff Order.

Issue No. 15: Subsidy

The State Government is committed to provide free power to the agriculture consumers, 600 units bi-monthly/300 units monthly of free electricity to Scheduled Caste (SC), Non-SC BPL, Backward Class (BC) and Freedom Fighter domestic consumers in the State in the State. In case the consumption of these SC/BC/Non-SC BPL domestic consumers

exceeds 600 units bi-monthly/300 units monthly, then they will pay only for the units consumed in excess of 600 units bi-monthly/300 units monthly along with full fixed charges and meter rentals. The electricity consumption in excess of 300 units per month shall be billed as per the applicable slabs of tariff above 300 units. The same provision will also be applicable to the beneficiaries belonging to the freedom fighter category.

Besides, the Government will pay subsidy for all other domestic consumers using electricity for residential purpose only, having consumption upto 600 units/bi-monthly/300 units monthly along with fixed charges, Meter rental and Government levies/taxes. In case their consumption is more than 600 units bi-monthly/300 units monthly, these consumers shall pay energy charges for their entire consumption as per applicable slabs of monthly tariff along with fixed charges, Meter rentals Government levies.

In addition, the State Government is committed to provide subsidized tariff @ Rs. 5.50 per Kvah (Energy Charges) with 3% annual escalation to all Industrial Manufacturing Industries and IT & ITES industries in the approved Industrial Parks and Amusement Parks/Adventure Parks developed on minimum area of 50 acres duly registered with Department of Tourism.

Further, the Small Power Industrial consumers may be charged at subsidized Tariff @ Rs. 5.50 per Kvah (Energy Charges) with 3% annual escalation and full waiver of fixed charges. Similarly, Medium Supply (MS) Industrial consumers may be charged @ Rs. 5.50 per Kvah (Energy Charges) with 3% annual escalation and 50% waiver in fixed charges. The Large Supply (LS) Industrial consumers may be charged @ Rs. 5.50 per Kvah (Energy Charges) with 3% annual escalation.

The difference between the Energy Charges determined by the Commission and subsidized tariff shall be borne by the State Government. No subsidy is allowed for Central/State/PSUs/PSPCL/ PSTCL/ BBMB offices and Government water supply connections having electricity connection under Industrial category (SP/MS/LS). Therefore, all Central/State/PSU/PSPCL/PSTCL/BBMB offices and Government water supply connections having electricity connection under Industrial category (SP/MS/LS) be charged under relevant tariff.

Commission's view:- Noted.

Issue No. 15: The Commission should raise the following issues in Forum of Regulators or at suitable platforms: -

- i) The Government of India has made it mandatory to use 6% imported coal for blending. The importing of coal for thermal power plants of Punjab entails a huge expenditure which otherwise could be avoided. This mandatory guideline of Government of India is appropriate for the States which have sea Ports. But in case of Punjab this cost of imported coal will add to the already high freight charges because of the State being farthest from the coal mines and sea Port. Therefore, Punjab needs to be relaxed for mandatory use of imported coal for blending in thermal power plants.
- ii) High coal price leads to high generation cost resulting into costly power to the consumers. The coal price needs to be reduced to provide cheaper power to the consumers.
- iii) The States have to bear high railway freight charges to procure coal from the mine located at far distance. All this leads to high generation cost. The railway freight charges for Generators need to be rationalized and should be same for all the generators located beyond 500 KMs.
- iv) Coal Compensation Cess levied on coal is also quite high and needs to be abolished.
- v) Inter-State Transmission Charges have increased by around 45% in the last 3-4 years, resulting in hike in tariff for electricity consumers. Therefore, the Inter-State Transmission Charges for a distance of 500 KM and above needs to be reduced.
- vi) Fixed Charges being paid to NTPC/NHPC etc. needs to be reduced by reducing the Return on Equity.
- vii) Pre-payment penalty imposed by REC/PFC for swapping of loans is exorbitantly high and should be brought down to a reasonable level.

viii) Both REC/PFC should offer loans for various projects and working capital requirement to PSPCL/PSTCL at a very competitive rate of interest.

Commission's view:- Suggestion is noted. However, PSPCL is also directed to take up the issues with Ministries of Power/Coal, Central transmission Utility, CERC etc..

Issue No. 15:

- i) The Commission would appreciate that a financially strong and commercially viable power utility is ultimately in the long-term Interest of the consumers and the State. Thus, the Commission is requested to balance the interest of all the stakeholders and in the long run to provide for a vibrant power sector in the State.
- ii) The Commission is also requested to keep in view above aspects, overall expenditure of the utility and various guidelines/ instructions issued by Ministry of Power, Government of India and various Judgments by other Courts while finalizing the tariff for FY 2023-24.

Commission's view :- Noted. The Commission always endeavors to balance the interest of stakeholders & Power utilities / sector of Punjab.

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH
ORDER

Dated: 11.05.2023

In the matter of: Determination of the tariff for requisition of green energy under the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022

1. Introduction

Ministry of Power, Govt. of India (GoI), vide notification dated 6th June, 2022 has notified the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022. Subsequently, an amendment, namely the Electricity (Promoting Renewable Energy through Green Energy Open Access) Amendment Rules, 2023 has also been notified vide notification dated 27th January, 2023; substituting the word “*entity*” in Rule 4(2)(C)(a) with “*consumer*”. The rules provide an option to any consumer who has contracted demand or sanctioned load of 100 kW or more to consume RE power by purchasing it from DISCOM at a green tariff decided by respective State Commission in accordance with clause 4(2)(C)(c) of the Rules. The relevant extract of the Rules reads as under:

“4(2) (C) By requisition from distribution licensee:-

- (a) Any consumer may elect to purchase green energy either upto a certain percentage of the consumption or its entire consumption and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;*

- (b) *The consumer may purchase on a voluntary basis, more renewable energy, than he is obligated to do and for ease of implementation, this may be in steps of Twenty five per cent and going upto Hundred per cent;*
- (c) *The tariff for the green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy;*
- (d) *Any requisition for green energy from a distribution licensee shall be for a minimum period of one year;*
- (e) *The quantum of green energy shall be pre-specified for at least one year;*
- (f) *The green energy purchased from distribution licensee or from Renewable Energy sources other than distribution licensee in excess of Renewable Purchase Obligation of obligated entity shall be counted towards Renewable Purchase Obligation compliance of the distribution licensee;*
- (g) *The Accounting of renewable energy supplied at distribution licensee level shall be on a monthly basis;”*

In view of above, in addition to the normal retail tariff, the Commission is mandated also to determine the tariff for supply of green energy (in place of normal mix energy) to the consumers opting for same under said Rules.

2. Accordingly, an Explanatory Memorandum was prepared illustrating the following alternatives for determination of tariff for the green energy:

(a) PSPCL's Proposal:

PSPCL, vide Memo. No. 390/ARR/ Dy.CAO/265 dated 24.03.2023, has proposed as under:

“As per Clause 4(2)(C)(c) of the Rules, the component for green tariff shall include average pooled power purchase cost of renewable energy, cross-subsidy charges and service charges covering prudent cost of distribution licensee for providing green energy.

Since, PSPCL will be providing such green energy to its consumer from the tied up sources, its RPO obligation to that extent will get reduced. To cover up the shortfall in its RPO obligation, PSPCL will have to resort to purchase of Renewable Energy Certificates (REC).

It is submitted that From December 2022 onwards, as per the CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022, RECs are traded without bifurcation into solar and non-solar certificates. The market price of RECs (solar and non-solar) discovered from December 2022 till February 2023 is Rs. 1/unit + applicable taxes.

Thus, the premium of Rs 1.15 per unit may be recovered from the consumer who opts for Green Energy. In addition to this, the administrative cost at the rate of 10 percent of the premium may be charged for procuring, billing and accounting of such power....

In view of above, it is proposed that “green energy tariff” may be charged from the consumers who opt for green energy at the rate of Rs. 1.27/unit for Solar as well as non-Solar energy, over and above the normal tariff applicable for the respective consumer category to which such consumer belongs.”

**(b) Suggestion received in the State Advisory Committee (SAC)
Meeting held on 16.02.2023:**

Dr. Harish Anand, member of the SAC, has submitted/suggested as under:

- i) It is clear that such green tariff could not be less than the average tariff applicable to that class of consumers seeking green energy tariff and the consumer has to pay a

premium for the same. It is also clear from the formula given in the PSERC Regulations that there is scope for the Commission to dovetail the premium by factoring reasonable cross subsidy, if any, and the prudent distribution system charges. However, the same is already inbuilt in the average tariff fixed for that class of consumers in the tariff order.

- ii) That, all consumers may not require the RECs as having no Renewable Power Obligation and no intent to have carbon trading benefits. Their requirement is only certificate from the Discom that power supplied to them is green power. Thus, with supply of RE power, the Discom will also save on RPO and related REC cost if same are not claimed by the consumer, which should be built into while fixing the premium. The present market cost of the REC translates to about Rs. 1.00/unit of electricity (Rs 1000/REC of 1000 kWh). Therefore, two premium amounts be worked out; one for those who do not need RECs and second for those who need RECs. The price of 2nd be higher than the first one.
- iii) Based on the average RE power cost, it is suggested that a reserve premium of 10-20 paisa may be fixed for making available the renewable power to those seeking green power certificate without REC benefits on auction basis.

(c) Methodology followed by the other State Commissions:

Some of the other State Commissions i.e MERC, MPERC, UPERC and Telangana are already determining the green energy tariff for some category of consumers, even before the notification of said Rules, based mainly on the following methodology;

- i) The amount of energy consumed by consumer remains the same and only source of such energy is being changed to green sources, thus quantum of energy flow remains unchanged. However, since the Distribution Licensees would have to incur additional expenses for arranging RE for such consumers, the same need to be recovered from them without burdening other consumers.
- ii) As such, the consumers who opt for Green Energy should bear the additional power purchase cost of Renewable Energy sources over and above the normal tariff approved for such consumers. However, no administrative cost is considered as power procurement and billing to consumer is normal activity of any Distribution Licensee which it has to undertake irrespective of consumer opting for green power or otherwise.
- iii) Accordingly, the Green Power Tariff is worked out as the difference between pooled power purchase cost of non-conventional and conventional sources of energy (only variable cost) in the State.
- iv) Also, as the distribution licensee would be able to use green power, consumed by consumers who do not want to avail RPO benefits, towards fulfilment of its RPO target, certain benefit of the same needs to be passed on to concerned consumers. Hence, the levy shall be only 50% of charge determined as Green Power Tariff.

In line with the above methodology and considering the power purchase cost projected by PSPCL for FY 2023-24 in its ARR petition, the Green Energy tariff for FY 2023-24, was proposed as under:

Sr. No.	Particulars	Rs./Kwh		
		Solar (without Storage)	Non-Solar	Composite
I	II	III	IV	V
1	Pooled power purchase cost of RE Power at State periphery	4.19	4.73	4.39
2	Variable Cost of Coal/Gas plants	3.48		
3	Green Energy Tariff/Additional cost for supply of exclusive RE power at State periphery (1-2)	0.71	1.25	0.91
4	Green Energy Tariff applicable to consumers opting for transfer of the green attributes to the Distribution Licensee. (50% of 3)	0.36	0.63	0.46

Note:

This Green Energy Tariff shall be payable in addition to the regular retail Tariff approved by the Commission. Further:

- (i) Since, it has been worked out on the basis of power procurement cost at the State periphery, levy of same at the consumer end shall be computed by grossing up with applicable voltage wise T&D losses, specified in the Tariff Order for intra-State open access consumers, depending upon the supply voltage of the respective consumer.*
- (ii) Further, as solar power (without additional cost of battery storage) is available during the day time only, considering the trend of recently discovered tariffs (i.e. Rs. 9/kWh for with storage vis-à-vis Rs 3/kwh for without storage), an additional levy of Rs. 6/kWh shall also be applicable, to account for storage cost, in case solar power is requisitioned on RTC basis.*

3. The Explanatory Memorandum was uploaded on the Commission's web-site for inviting comments/ suggestions from all the stakeholders and other interested persons regarding the same. The public notice in this regard was got published on 30.03.2023. In response, the Commission received four (4) submissions from the following:

Sr. No.	Name
1.	M/s Steel Furnace Association of India (Punjab Chapter), Ldh.
2.	M/s Reliance Industries Limited, Hoshiarpur.

3.	Mr. Tushar Tayal
4.	Punjab State Power Corporation Limited (PSPCL)

A Public Hearing was also conducted on 26.04.2023 in the office of the Commission, to hear the persons/organisations interested in presenting their views in the matter. However, no one turned up for the public-hearing.

4. The Commission observes that, the request made by Mr. Tushar Tayal (**Sr. No. 3**) for change in settlement period of solar power for Rice Mills pertains to the Net-Metering arrangement and does not relate to the issue under consideration. And, the submission by PSPCL (**Sr. No. 4**) is reiteration of its proposal already contained in the Explanatory Memorandum put up for public consultation process, while inviting comments/ suggestions on thereof. The comments/ suggestions submitted by M/s Steel Furnace Association of India (**Sr. No. 1**) and M/s Reliance Industries Limited (**Sr. No. 2**) are summarised along with the Commission's analysis thereof, as here under:

4.1 Suggestions/comments

It has been submitted that:

a) **Electricity Rules, 2022**

The methodology needs to be strictly as per the Rule 4(2)(C)(c), which specifies that the tariff for the green energy shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy. The same formula has been adopted in the PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2022.

However, PSPCL in its proposal has not considered average pooled cost for procuring and supplying such requisitioned green energy to the consumers. Instead, it stated that by providing such green energy to its consumer it will have to purchase REC to meet its own RPO obligation, and considered the cost of purchasing REC with additional premium as the green energy tariff. The proposal would not be able to face scrutiny of law and will become untenable.

The incremental green energy tariff over the period may be determined so that a large consumer base joins this sustainable journey and in turn help DISCOMs to generate better revenue. In case, the same works out to be lower than the prevailing normal tariff, a nominal premium of 2-3 paisa may be charged from the consumers, who wish to avail green power tariff without RPO benefit. Gradually, a market mechanism would evolve in the state with the rising demand for green energy by different consumers mainly industrial consumers.

b) Electricity Act, 2003

The proposal does not go in line with section 86(1)(e) of the Electricity Act 2003 which mandates the State Commissions to promote generation of electricity from renewable sources of energy. Also the proposed green energy tariff is too high to encourage the consumers to opt for green energy from the Discoms, rather consumers will opt to buy Green Power under Open access or buy RECs from the market to fulfil their RPO.

c) Methodology followed in other States

It is pertinent to mention here that the other States in the country have dealt with the green energy tariff fixation before the notification of Green Energy Rules 2022 and/or prior to

amendment in their RPO Regulations to incorporate the formula prescribed in Rules 2022. Therefore, same cannot be relied upon for working of green tariff fixation. It is learnt that most of the States are not able to sell such green power because of high premium fixed by respective State Electricity Regulatory Commissions.

d) Issue of green certificate

The Distribution Licensee should issue green certificate on monthly basis as per billing cycle to such consumers. Also these certificates should be allowed to be submitted to State Nodal Agency for RPO compliance.

4.2 PSPCL's Response to the Comments/Suggestions

PSPCL has submitted as under:

- a) Since this is the first time that such option is being provided to the consumers, there could be various contingencies that cannot be factored in the proposal in the first instance. Also, it is not possible to ascertain the number of consumers who may opt for green energy tariff. However, the additional expenses for arranging RE power for such green energy consumers need to be recovered from them without burdening other consumers. Therefore for initiating this provision in the State, PSPCL proposed that since it will be providing green energy under the said provision to its consumers from its already tied up sources, its own RPO compliance to that extent will get reduced. Thus, to cover up the RPO shortfall, PSPCL will have to resort to purchase of Renewable Energy Certificates (REC) and will have to bear the additional cost of the same. Hence, PSPCL is of the view that the REC cost should be taken into account while determining the tariff of green energy in the larger interest of the other consumers.

- b) Also, in case the demand for green energy under this provision is significantly higher, then PSPCL will have to purchase green energy at the prevailing market prices which could be higher than the existing average pooled power purchase cost (APPC) of PSPCL. Another potential concern is that it could lead to backing down of the conventional sources of power, putting additional impact of fixed cost on other consumers of the distribution licensee who did not opt for green power.
- c) Further, as the provisions of the existing Rules/Regulations states that the distribution licensee shall give green certificate on yearly basis to the consumers for the green energy supplied by the licensee to consumer on his request beyond the renewable purchase obligation of the consumers. Therefore, the request to issue the same on monthly basis is not in line with the Rules and Regulations framed in this regard.

4.3 Commission's Analysis:

a) The Electricity Rules, 2022

The Commission refers to the Rule 4(2)(C)(c), which reads as under:

“The tariff for the green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy;”

The Commission observes that, in normal course, a consumer pay the retail tariff consisting of the average pooled power purchase cost from various sources of mixed nature, cross-subsidy charges (if any) and service charges (transmission and/or wheeling charges) covering the prudent cost of the distribution licensee.

In the said mechanism, wherein the consumers requisition exclusive green energy in place of the usual mixed sources; the energy consumed by such consumers remains the same as only the source of energy is being swapped from mixed sources to green sources. Thus, with the quantum of energy flow remaining unchanged, there would be no impact on components of tariff other than the change in cost of power procurement on account of swapping of a part of its already tied up conventional sources with the green sources.

Since, the consumers who opt for green energy shall also be paying the applicable retail tariff consisting of the average pooled cost of power purchase (including Fixed Cost) from various tied up sources, applicable cross-subsidy charge and service charges covering the prudent cost of the distribution licensee, only the additional expenses for sourcing of exclusive green energy is required to be determined and charged from such consumers.

Such a difference in cost of power from green and conventional sources can also be termed as environmental/ green attributes of RE power, and manifested in the form of RECs. However, PSPCL's proposal to provide the requisitioned green energy to such consumers from the RE sources tied up by it to meet its mandated RPO compliance and meet the resultant RPO shortfall by procuring RECs, is not in line with the spirit of the Rule 4(2)(C)(a), which reads as under

“Any consumer may elect to purchase green energy either upto a certain percentage of the consumption or its entire consumption and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;”

Also, the Commission does not agree with PSPCL's proposal to charge the administrative cost at the rate of 10 percent of the premium for procuring, billing and accounting of such power, as power procurement and billing to its consumer is the normal activity of any Distribution Licensee which it has to undertake irrespective of the consumer opting for green power or otherwise.

The Commission is conscious of the provisions contained in the Rules/Regulations and as such intends to determine only the additional expense likely to be incurred by the distribution licensee in supplying the green energy requisitioned by its consumers under the said Rules. However, presently, in view of high volatility in the prices of green energy, it is not possible to determine the incremental cost of the same accurately for the coming year.

b)The Electricity Act 2003

The Commission refers to the Section 86(1)(e) of the Act, which reads as under:

“(e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;”

As is evident; promotion of generation of electricity from RE sources is mandated under the Act by providing suitable measures for connectivity with the grid, sale of electricity to any person and specification of RPO for purchase of electricity from such sources. It does not mandate any preferential tariffs for power from such sources. Accordingly, the Commission agrees with PSPCL that the additional expenses for arranging green energy for consumers requisitioning the same need to be

recovered from them without burdening other consumers. However, in case any consumer opts to not avail the RPO benefits of the same, the Commission considers a reasonable levy of 50% of charge determined as Tariff for the Green Power, since the distribution licensee would be able to use such power towards compliance of its RPO targets. This will be reviewed in the subsequent year after appropriate data analysis

c) Methodology followed by the other State Commissions:

A perusal of the recent tariff orders issued by various State Electricity Regulatory Commissions reveals that they are continuing with the same methodology for determination of tariff for the green energy even after notification of the Electricity Rules, 2022. The only difference now is that they have specified the tariff for those consumers also who intend to account for the same in fulfilling their RPO compliance requirements. As such, the submission that the methodology followed by other States cannot be relied upon as the same was for the period before the notification of these Rules is not a correct depiction of the facts.

d) Issuance of Green Certificate

The Commission refers to Rule 10 of the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, which reads as under:

***“10. Green certificate.**–The distribution licensee shall give green certificate on yearly basis to the consumers for the green energy supplied by the licensee to consumer on his request beyond the renewable purchase obligation of the consumers.*

As such, the Commission agrees with PSPCL’s observation that the Rules mandate issuance of green certificate on yearly basis.

However, the Commission also refers to the Rule 4(2)(C)(g), which specifies that:

“(g) The Accounting of renewable energy supplied at distribution licensee level shall be on a monthly basis;”

Thus, the Commission directs that the Distribution licensee shall indicate separately the quantum of green energy supplied to such consumers in their monthly bills. Further, such monthly bills can be submitted to the State Nodal Agency as documentary proof of RPO compliance by such consumers.

5. Tariff for the Green Energy:

a) The Commission has already observed above that:

- i) In normal course, a consumer pays the retail tariff consisting of the average pooled power purchase cost from various sources of a mixed nature, cross-subsidy charges (if any) and service charges (transmission and/or wheeling charges) covering the prudent cost of the distribution licensee.
- ii) In the said mechanism, wherein the consumers requisitions exclusive green energy in place of energy from the usual mixed sources, there would be no impact on the components of tariff other than the change in the cost of power procurement on account of swapping a part of the distribution licensee's already tied up conventional sources with the green sources.
- iii) Since, the consumers who opt for green energy shall also be paying the applicable retail tariff consisting of the average pooled power purchase cost (including Fixed Cost) from various tied up sources, applicable cross-subsidy charge and service charges covering the prudent cost of the

distribution licensee, only the additional expenses for sourcing of exclusive green energy is required to be determined. However, no administrative cost for the same is to be considered as power procurement and billing to its consumer is the normal activity of any distribution licensee which it has to undertake irrespective of the consumer opting for green power or otherwise.

iv) The Commission is of the view that such additional expenses for supply of green power need to be recovered in full from such consumers opting for the same, without burdening the other consumers. However, in case, such consumer opts not to avail the RPO benefits of the said green energy, he shall be levied only 50% of the charge determined as Tariff for the Green Power, since the distribution licensee would be able to use such power towards compliance of its RPO targets.

b) Since, it is difficult to determine accurately the incremental cost of swapping of conventional power with the green power in view of the high volatility prevailing in the green energy market, the Commission has analysed the following methodologies emerging out of the consultation process:

- (i) To consider the same as the environmental/green attributes of such power, as manifested in the market cost of RECs, which comes out to be Rs. 1.00/kWh.
- (ii) To consider the same to the tune of average pooled power purchase cost of RE Power of the distribution licensee minus the average variable cost of power from conventional sources to be surrendered/ backed-down for availing the requisitioned green power.

The Commission observes that in order to supply the green energy requisitioned by its consumers, the distribution licensee would need to re-arrange its power procurement portfolio by procuring additional requisitioned green energy and simultaneously surrendering/ backing-down corresponding power from its existing tied up conventional (Coal/Gas) sources. As such, the second methodology, which is also adopted by most of the other State Commissions, appears to be the more rational approach for determination of tariff for green energy. However, the Commission may review the same in the subsequent years.

- c) Further, as the capital intensive Large Hydro Projects (LHPs) are generally tied up under long term contracts, the demand of such additional requisition of green energy is expected to be met from the RE sources other than LHPs. Accordingly, the Commission has considered the pooled power purchase cost of RE Power (other than LHPs) of the distribution licensee.
- d) Accordingly, the Commission determines the Tariff for requisition of the Green Energy for FY 2023-24, for consumers opting for same under the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, based on the projections for power purchase figures of PSPCL considered by the Commission for FY 2023-24, as under:

Sr. No.	Particulars	Rs./Kwh		
		Solar (without Storage)	Non-Solar	Composite (Solar/ Non-Solar)
I	II	III	IV	V
1	Average Pooled Power Purchase Cost of RE Power at the State periphery	4.19	4.73	4.39
2	Average Variable Cost of power from Conventional (Coal/Gas) sources	3.45		
3	Tariff/Additional cost for supply of green energy at the State periphery (1-2)	0.74	1.28	0.94

Sr.	Particulars	Rs./Kwh		
4	Tariff for green energy applicable to such consumers who opt to transfer their green attributes to the Distribution Licensee. (50% of 3)	0.37	0.64	0.47

Note:

- 1) The tariff for the green energy is purely optional which shall be applicable only to the consumers exercising an option for the same as per the provisions of the Rules;
- 2) The Distribution licensee shall indicate separately the quantum of green energy supplied to such consumers, in their monthly bills. Such monthly bills can be submitted to State Nodal Agency as a documentary proof of RPO compliance by such consumers.
- 3) Tariff for the Green Energy determined above shall be payable in addition to the regular retail Tariff applicable for the respective consumers. Further:
 - (i) Since, the additional tariff for green energy has been worked out on the basis of power procurement cost at the State periphery, levy of the same at the consumer end shall be computed by grossing up with applicable voltage wise T&D losses, specified in the Tariff Order for intra-State open access consumers, depending upon the supply voltage of the respective consumer.
 - (ii) Further, as solar power (without additional cost of battery storage) is available during the day time only, considering the trend of the tariffs discovered in Dec., 2022 (i.e. Rs. 9/kWh for with storage vis-à-vis Rs 3/kwh for without storage), an additional levy of Rs. 6/kWh shall also be applicable, to account for storage cost, in case solar power is requisitioned on RTC basis.
6. The above tariff for requisition of green energy by the consumers from the distribution licensee under the provisions of the Electricity (Promoting Renewable Energy through Green Energy Open Access)

Rules, 2022 as amended from time to time, has been finalized after following due process of public consultation.

Sd/-

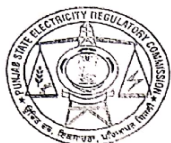
(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: **11.05.2023**



Parneet Mahal Suri, IRS
Secretary

Punjab State Electricity Regulatory Commission
Plot No. 3, Sector 18-A, Madhya Marg, Chandigarh
Tel : 0172-2540066, Fax: 0172-2540491

DO. No. 562-563

Dated : 17/3/23

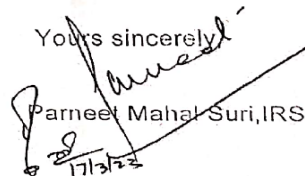
Subject: Petition for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Revised Estimates/Determination of Tariff for FY 2023-24 of PSPCL-Payment of Subsidy by the State Government for FY 2023-24.

This has reference to this office D.O. Letter vide No.248 dated 25th January, 2023, followed by letter No. 480-481 dated 2nd March,2023 on the subject noted above.

Vide the said letters, it was requested that the Govt. of Punjab may convey its decision in respect of grant of subsidy to various categories of electricity consumers for FY 2023-24.

You are again requested to intimate the decision of Govt. of Punjab, in respect of grant of subsidy to various categories of electricity consumers for FY 2023-24, as the budget of Govt. of Punjab stands announced. Further, comments of Govt. of Punjab on the said tariff petition(s) may also be furnished at the earliest as the tariff order for FY 2023-24 is to be issued by 31st March,2023.

Yours sincerely,


Parneet Mahal Suri, IRS
17/3/23

Sh. Vijay Kumar Janjua, IAS,
Chief Secretary to Govt. of Punjab,
Chandigarh.

cc: Sh. Tejveer Singh, IAS, Principal Secretary to Govt. of Punjab,
Department of Power, Chandigarh.



Parneet Mahal Suri, IRS
Secretary

Punjab State Electricity Regulatory Commission
Plot No. 3, Sector 18-A, Madhya Marg, Chandigarh
Tel : 0172-2540066, Fax: 0172-2540491

DO. No. 480-481
Dated : 02/03/23

Subject: Petition for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Revised Estimates/Determination of Tariff for FY 2023-24 of PSPCL-Payment of Subsidy by the State Government for FY 2023-24.

This is with reference to this office D.O. Letter No. 248 dated 25th January, 2023, on the subject noted above (copy enclosed for ready reference).

Vide the said D.O., Govt. of Punjab was requested to convey its decision in respect of grant of subsidy to various categories of electricity consumers for FY 2023-24. It is further added that PSPCL in its Tariff Petition for FY 2023-24 has claimed subsidy to the tune of Rs.18104.00 crore for FY 2023-24 at prevalent rate of Tariff and there is a backlog of subsidy of Rs.9020 crore as on 01.04.2022.

You are again requested to intimate the decision of Govt. of Punjab, in respect of grant of subsidy to various categories of electricity consumers for FY 2023-24 so as to facilitate timely issue of Tariff Order.

Yours sincerely,

[Signature]
Parneet Mahal Suri, IRS
21/3/23

Encl: As above

Sh. Vijay Kumar Janjua, IAS,
Chief Secretary to Govt. of Punjab,
Chandigarh.

cc- Sh. Tejveer Singh, IAS, Principal Secretary to Govt. of Punjab,
Department of Power Chandigarh.



Punjab State Electricity Regulatory Commission
Plot No. 3, Sector 18-A, Madhya Marg, Chandigarh
Tel : 0172-2540066, Fax: 0172-2540491

Parneet Mahal Suri, IRS
Secretary

DO. No. 248
Dated : 25/1/2023

Subject: Petition for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Estimates/Determination of Tariff for FY 2023-24 of PSPCL – Payment of Subsidy by the State Government for FY 2023-24.

As per section 65 of the Electricity Act, 2003, the State Government may provide subsidy to consumers as under:-

"Provision of subsidy by state Government:- If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under Section-62, the state Government shall notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified the amount to compensate the person affected by the grant of subsidy for the License or any other person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the License or any other person concerned to implement the subsidy provided for by the State Government.

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard."

2. The Govt. of Punjab (Deptt. Of Power) had earlier conveyed its decision regarding subsidy as under: -
 - I. To continue to provide free power to the agriculture sector and therefore agree to support PSPCL as subsidy on account of agriculture supply.
 - II. To pay subsidy on account of free power up to 200 units per month to SC/DS, Non-SC, BPL/DS and BC/DS consumers with a contracted load up to 1KW subject to the condition that subsidy on account of free supply of 200 units per month with a connected load up to 1 KW

shall be provided only to BPL, SC, DS, BPL, Non-SC and BPL Backward classes consumers.

- III. To pay subsidy for consumers under Freedom Fighters, eligible successors (sons, daughters, grandsons, granddaughters of freedom fighters) upto 300 units per month with sanctioned load of 1 KW.
- IV. To pay subsidy on account of free power upto 600 units bi-monthly/ 300 units monthly along with fixed charges, water rental and Government levies/ taxes w.e.f. 1.7.2022 to SC/DS, Non-SC, BPL/DS, BC/DS consumers and Freedom Fighters of the State. As free 600 units bimonthly/ 300 units monthly shall pertain to initial slabs of tariff, therefore, the electricity consumption in excess of 600 units bimonthly/ 300 units monthly shall be billed as per the applicable slabs of monthly tariff above 300 units.
- V. To pay subsidy for all other domestic consumers using electricity for residential purpose only, having consumption upto 600 units/bimonthly / 300 units monthly along with fixed charges, water rental and Govt. levies/taxes w.e.f. 01.07.2022. In case their consumption is more than 600 units bimonthly/ 300 units monthly, these consumers shall pay energy charges for their entire consumption as per applicable slabs of monthly tariff along with fixed charges, water rentals Government levies.
- VI. To continue to provide power at the rate of Rs. 4.99 per unit to all new/prospective industries that has applied to invest in Punjab after 31st October, 2015 for medium supply and Large Supply industries.

3. Further, the decision of Council of Ministers taken in its meeting held on 16.10.2017, was conveyed vide Department of Power (Energy Branch) memo No.11/24/20132-PE2(PF-1)/3382 dated 17.10.2017 regarding approval to provide power at a variable tariff of Rs. 5.00 per KVAH for five years with no increase in the existing fixed electricity tariff. The variable tariff shall be applicable for providing power at this subsidized rate to the industry.

4. Further, Govt. of Punjab, Department of Power (Energy Branch) vide its memo No. 01/288289/2021 dated 06th December, 2021 addressed

-3-

to PSPCL had conveyed its commitment towards reimbursement of financial impact to PSPCL on account deduction in tariff rates upto Rs. 3.00 per units to all domestic consumers with sanctioned load upto 7 KW and reduction of fixed charges with sanctioned load upto 7KW and reduction of fixed charges to be levied from medium supply consumers by 50% w.e.f. November, 2021 to March, 2022.

It is requested that Govt. of Punjab may convey its decision in respect of subsidies to various categories of consumers for FY 2023-24 along-with clearance of backlog of subsidy due to PSPCL, as the tariff order will be issued within the stipulated period.

Yours sincerely,

(Parneet Mahal Suri)

Sh. Vijay Kumar Janjua, IAS,
Chief Secretary to Govt. of Punjab,
Chandigarh.

CC- Sh. Tejveer Singh, IAS,
Principal Secretary to Govt. of Punjab,
Department of Power,
Chandigarh.

**GOVERNMENT OF PUNJAB
DEPARTMENT OF POWER
(Energy Branch)**

To

The Secretary,
Punjab State Electricity Regulatory Commission,
Chandigarh.

Memo.No.13/01/2023-PE2/1947

Dated, Chandigarh, the 31 March, 2023

Subject: - Petition filed by PSPCL before PSERC for True-up for 2021-22, Annual Performance Review (APR) for FY 2022-23 and Estimates/Determination of Tariff for FY 2023-24 - Payment of Subsidy by the State Government for FY 2023-24

Please refer to your demi official letter No.248 dated 25.01.2023 on the subject cited above.

2. In this regard the State Government has decided:-

- i) To continue to provide free power to the Agriculture Sector and agrees to pay subsidy to PSPCL on account of Agricultural Supply. Budget provision amounting to Rs.9330.90 Crore (including 1817.61 Crore on account of legacy dues plus carrying cost) for FY 2023-24 has been made in this regard.
- ii) To provide 600 units bi-monthly/300 units monthly of free electricity to Scheduled Caste (SC), Non-SC BPL, Backward Class (BC) and Freedom Fighter domestic consumers in the State in the State. In case the consumption of these SC/BC/Non-SC BPL domestic consumers exceeds 600 units bi-monthly/300 units monthly, then they will pay only for the units consumed in excess of 600 units bi-monthly/300 units monthly along with full fixed charges and meter rentals. The electricity consumption in excess of 300 units per month shall be billed as per the applicable slabs of tariff above 300 units. The same provision will also be applicable to the beneficiaries belonging to the freedom fighter category.

Besides, the Government will pay subsidy for all other domestic consumers using electricity for residential purpose only, having consumption upto 600 units/bi-monthly/300 units monthly along with fixed charges, Meter rental and Government levies/taxes. In case their consumption is more than 600 units bi-monthly/300 units monthly, these consumers shall pay energy charges for their entire consumption as per applicable slabs of monthly tariff along with fixed charges, Meter rentals Government levies.

Additionally, the Government will continue to pay subsidy to PSPCL on account of reduction in tariff @ Rs. 3.00 per unit (including taxes) to all domestic consumers having sanctioned load upto 7 KW.

For providing free and subsidized power to Domestic Category Consumers, budget provision amounting to Rs.7779.48 Crore (including 469.48 Crore on account of legacy dues plus carrying cost) for FY 2023-24.

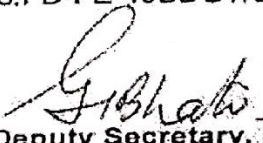
- iii) To provide subsidized tariff @ Rs.5.50 per Kvah (Energy Charges) with 3% annual escalation to all Industrial Manufacturing Industries and IT & ITES industries in the approved Industrial Parks and Amusement Parks/Adventure Parks developed on minimum area of 50 acres duly registered with Department of Tourism.

Further, the Small Power Industrial consumers may be charged at subsidized Tariff @ Rs.5.50 per Kvah (Energy Charges) with 3% annual escalation and full waiver of fixed charges. Similarly, Medium Supply (MS) Industrial consumers may be charged @ Rs.5.50 per Kvah (Energy Charges) with 3% annual escalation and 50% waiver in fixed charges. The Large Supply (LS) Industrial consumers may be charged @ Rs.5.50 per Kvah (Energy Charges) with 3% annual escalation.

The difference between the Energy Charges determined by the Commission and subsidized tariff shall be borne by the State Government. No subsidy is allowed for Central/State/PSUs/PSPCL/ PSTCL/ BBMB offices and Government water supply connections having electricity connection under Industrial category (SP/MS/LS). Therefore, all Central/State/PSU/PSPCL/PSTCL/BBMB offices and Government water supply connections having electricity connection under Industrial category (SP/MS/LS) be charged under relevant tariff.

For providing subsidized power to Industrial Category Consumers, budget provision amounting to Rs.3133.38 Crore (including Rs.247.91 Crore on account of legacy dues plus carrying cost) for FY 2023-24 has been made.

3. The concurrence of Finance Department regarding budget provision for the Power Subsidy amounting to Rs.20243.76 Crore for FY 2023-24 has been obtained vide their file No.FD-FE-40BDGT/38/2023-2FE4-I/535973/2023 dated 28.03.2023.


Deputy Secretary, Power