PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER FOR PSPCL
FY 2016-17

VOLUME-II

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ANNEXURE-I

GENERAL CONDITIONS OF TARIFF

1. General

Supply of electric energy to various categories of consumers shall be chargeable under the relevant Schedule of Tariffs. The particular Schedule applicable to a new consumer shall be determined with reference to 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 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.

4. Point of Supply

Unless otherwise approved by the Commission, the tariffs shall be applicable to supply at single point and at voltage specified in the Supply Code 2014. Supply at other points and/or other voltages shall be billed separately, if otherwise permissible.

5. Connected Load

Connected load shall mean the sum of manufacturer's rated capacities of all the energy consuming devices in the consumer's premises connected with distribution licensee's service line. This shall not include standby or spare energy consuming apparatus installed through change-over switch with prior permission of the Distribution Licensee. The connected load shall be determined as per PSERC (Electricity Supply Code & Related Matters) Regulations, 2014, as amended from time to time.

6. Applicability of Industrial Tariff Category

The applicable category of tariff under Schedules LS, MS & SP shall be based on the total of industrial and general load/demand (kW/kVA) as applicable i.e. bona-fide factory lighting, residential quarters and colony lighting including street lighting. While computing total load/demand (kW/kVA) for determining applicable Schedule, fraction of half and above shall be taken as whole kW/kVA and fraction below half shall be ignored.

7. Periodicity of Billing

Periodicity of Billing shall be as specified in PSERC (Electricity Supply Code & Related Matters) Regulations, 2014, as amended from time to time. 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, Fuel Cost Adjustment as per fuel cost adjustment formulae in accordance with the provisions of PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005 & PSERC (Conduct of Business) Regulations, 2005, as amended from time to time shall be applicable in addition to the tariff rates of various categories of consumers specified in relevant Schedule of Tariff.

8.2 Fuel cost adjustment clause shall be applicable to all metered and un-metered categories of consumers.

8.3 Fuel cost adjustment shall not be charged, if the energy bill including fuel cost adjustment remains within monthly minimum charges.

9. Monthly Minimum Charges

9.1 Electricity duty, octroi, cesses, taxes, surcharges, rebates, rentals and other charges leviable as per Schedule of General Charges shall be payable in addition to monthly minimum charges (MMC) wherever the billing is on monthly minimum charges.

9.2 **Monthly Minimum Charges vis-à-vis General Consumption**

Consumption charges for bona-fide factory lighting, residential quarters and colony lighting including street lighting as billed under relevant Schedules of LS/MS/SP categories shall be adjustable against the monthly minimum charges as the same shall be based on sum total of industrial and general load.

10. Contract Demand

10.1 Contract demand shall mean the maximum demand in kVA sanctioned to the consumer.

10.2 All consumers with load exceeding 100 kW (except Public Lighting & AP High

Tech/High Density Farming), MS/BS consumers and DS/NRS consumers with load exceeding 50 kW but upto 100 kW shall declare the maximum demand in kVA which shall not exceed 100% of the sanctioned load in kW and converted in kVA by using 0.90 power factor. However, in case of MS consumers, the maximum demand shall not exceed 100kVA. The date of applicability of contract demand for DS/NRS consumers with load above 50 kW and upto 100 kW shall be specified in Tariff Order.

10.3 The maximum demand for any month shall be considered as highest average load measured in kilovolt Ampere (kVA) during a block of 30 minutes period.

11. Metering

Metering equipment for HT/EHT consumers for the whole supply including general load shall normally be installed on the HV side of the transformer at the point of commencement of supply.

However, a separate single point connection may be allowed for the colony load including street lighting to LS consumers under PSERC (Single point supply to Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

12. Non availability of Metering Equipment

In case of HT/EHT consumers receiving supply at 11 kV and above, if metering equipment is installed on LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kWh/kVAh) and 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 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) Arc furnace loads upto 2500 kVA without specified protection system for suppressing voltage surges & other LS consumers with Contract Demand exceeding 2500 kVA and up to 4000 kVA, catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 7%.

iii) DS/NRS/BS/LS consumers with Contract Demand exceeding 4000 kVA catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 10%.

iv) All consumers catered at 33/66 kV against specified voltage of 132/220 kV shall be levied surcharge at the rate of 5%.

v) All these surcharges shall be leviable on the consumption charges including Demand Charges, if any or monthly minimum charges, whichever is higher.

vi) The exemptions from levy of surcharge(s) shall continue as under:-

(a) LS consumers existing as on 31.3.2010 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 31.3.2010 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.

13.2 In case there is any constraint in releasing a new connection or additional load/demand to an existing consumer at specified voltage, the distribution licensee may allow supply at a lower voltage on payment of voltage surcharge as specified above with the permission of Whole Time Directors.

13.3 Voltage Rebate

As the cost to serve at higher voltage is lower than the cost to serve at lower voltage so rebate may be allowed by the Commission to various HT/EHT categories of consumers as specified in the Tariff Order for relevant year.

14. Steel Rolling Mill Surcharge

All steel rolling mill consumers getting supply at 400 volts under schedule LS/MS categories shall be levied surcharge @ 5% on the charges determined as per applicable tariff including LT surcharge @ 15% as per clause 13.1 (i) above, wherever applicable.

15. Levy of Peak Load Exemption Charges/ToD Tariff

15.1 All Large Supply consumers and Medium Supply consumers (except essential services) having sanctioned load of 50 kW or more, may be subjected to Peak Load Hours Restrictions, during such period and on such terms and conditions as may be approved by the Commission in the Tariff Order. During peak load hours restrictions, the consumers shall be allowed to use only part of their sanctioned load without payment of any additional charges. However, a consumer shall be entitled to use additional load during peak load hours restrictions, which will be governed by such conditions and payment of Peak Load Exemption Charges (PLEC) as approved by the Commission. PLEC shall not be adjustable against MMC and will also be exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority.

15.2 All Large Supply consumers and Medium Supply consumers having sanctioned load of 50 kW or more, may be subjected to Time of the Day (ToD) tariff, during such period and on such terms and conditions as may be approved by the Commission in the Tariff Order.

16. Non-availability of MDI reading and/or kVAh Consumption

16.1.1 **Defective MDI:**

In case the MDI of a consumer becomes defective, the maximum demand shall be computed as under:

16.1.2 Higher of the average of maximum demands recorded during the preceding three months before the MDI became defective or the maximum demand of 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.

16.1.3 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.

16.1.4 In case of new connections where the previous reading record is not available the maximum demand shall be taken as 75% 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, the average of 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 upto a maximum of 9 months during the period of 1st September to 31st May next year. However, seasonal period for rice shellers shall be during the period 1st October to 30th June next year.

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

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 relevant Industrial Tariff shall be applicable in such cases. This option shall be exercised by the consumer at least one month prior to start of the season and billing as general industry shall be done for whole one year i.e. for a period of 12 months from the date of start of season.

18.5 Billing of Seasonal Industries

All seasonal industries shall be charged MMC as under:

(i) For exclusive Seasonal industries mentioned above (except Rice Shellers), billing shall be done monthly and Monthly Minimum Charges (MMC) as applicable in respective schedules of tariff shall be levied on full sanctioned load/demand for the period these industries work during seasonal period of 9 months (from 1st September to 31st May next year). However, this working period shall be taken as minimum of 4½ months for the purpose of levy of MMC on month to month basis. Industries which work for more than 9 months and up to 12 months, monthly minimum charges shall be levied on full sanctioned load/demand as mentioned above for the seasonal period of 9 months. For the remaining 3 months (i.e. 1st June to 31st August) billing shall be done as per tariff applicable to general industrial consumers and Tariff rate / rate of MMC shall be as given in Schedule of Tariff for general industrial consumers and as applicable depending upon the sanctioned load/demand.

(ii) However, billing of rice shellers (exclusive seasonal Industry) shall be done as under:-

- Billing for the rice sheller seasonal industry shall be done monthly. The Seasonal Minimum Energy Charges (SMEC) will be based on energy consumption formula (4800 + nx)x9 wherein monthly energy consumption of 50 kW rice sheller will be taken as 4800 units in accordance with LDHF formula (L-load: 50 kW. D-days: 24 days. H-hours: 10, F-demand factor: 0.4); where ‘n’ represents numerical number rounded off to two decimal point and will be positive/negative.

  0,1,2,3,4,5……..upto ‘n’ for each 10 kW increase/decrease, respectively, with respect to base load of 50 kW. “x” has been taken as 400 units per 10 kW change in load over base load of 50 kW.

- Once the amount equivalent to Minimum Energy Charges for 9 months (seasonal period) is deposited by the consumer in the form of consumption, thereafter the bill shall be raised on actual consumption only.

- During off season period, if the consumption of the consumer in any month exceeds the base energy units/monthly minimum energy consumption worked out with the energy consumption formula (4800 + nx), 1/3rd extra energy charges worked out by multiplying base energy consumption/monthly minimum energy consumption (i.e 4800+nx) with seasonal tariff rate shall be charged, in addition to regular off season energy charges during that month.

NOTE:

1. In case of MS and LS category of consumers the kWh consumption computed as per above procedure shall be converted to kVAh consumption by using Power factor of 0.90.

2. Rice Sheller Consumers shall not be required to serve any advance notice before closing/starting of the unit.

3. The Rice Sheller consumer shall also not be required to give an undertaking not to run his Sheller during off season.

(iii) For mixed load Industries, comprising load of seasonal Industries and general industry, billing shall be done/ MMC levied on full sanctioned load/demand for the period seasonal industry runs. MMC on full sanctioned load/demand as applicable to seasonal industries shall be applicable during the seasonal period as specified in condition 18.1 above, subject to minimum of 4½ months. For the remaining period when seasonal load is disconnected, MMC on the basis of general industrial load/demand actually being utilized by the consumer (above 100 kVA in case of LS consumers) shall be leviable. Industries found running seasonal load after having got disconnected the same and intimation having been given to distribution licensee or during off season period, shall be liable to pay MMC as applicable to seasonal industries units for full period of 12 months. If the load/demand actually being utilized during off seasonal period is found to have exceeded the load/demand fixed for off seasonal period, the load/demand surcharge, as applicable, shall be leviable. For LS/MS consumers, if the actual demand recorded during off seasonal period exceeds the pro-rata demand fixed for off seasonal period, only demand surcharge shall be leviable.

(iv) Consumption (kWh/kVAh) by exclusive seasonal industry during the off season shall be charged as per off-seasonal rates under the relevant Schedule of Tariff.

(v) The seasonal Industry consumers covered under para 18.5 (i) and (iii) shall be required to serve advance notice before starting/closing of the unit. Also such consumers shall give an under-taking not to run seasonal load during off season. These provisions shall not be applicable in case of seasonal Industry consumers who opt to be covered under general industry category as per clause 18.4 above.

19. Agricultural Pumping Supply

19.1 All AP connections shall be released only after installation of minimum four star labeled motor.

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 tube well shall be allowed to be used by the consumers only to irrigate the land in their possession.

20. Rounding-off Energy Bill

Consumption charges i.e. both demand 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 ₹10/- (Rupees ten) and difference due to rounding-off shall be adjusted in subsequent bills.

21. Late Payment Surcharge

In the event of the monthly 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 late payment surcharge as under:-

21.1 For all categories of consumers having HT/EHT specified supply voltage, if the full amount of the bill is not paid within due date, late payment surcharge shall be levied @ 2% on the unpaid amount of the bill up to 7 days after the due date. After 7 days, the surcharge shall be levied @ 5% on the unpaid amount of bill up to 15 days from the due date.

21.2 In case of consumers having LT specified supply voltage, if the full amount of the bill is not paid within due date, the late payment surcharge shall be levied @ 2% on the unpaid amount of the bill up to 15 days from the due date.

21.3 In case of AP consumers, late payment surcharge shall not be levied up to 7 days after the due date. After 7 days surcharge shall be levied as in the case of LT consumers.

21.4 Interest @ 1.5% per month on gross unpaid amount including surcharge payable as per clause 21.1, 21.2 & 21.3 above shall be levied after expiry of 15 days from the due date of the bill till the deposit of outstanding amount. Part of the month shall be treated as full month for this purpose.

22. Single Point Supply to Co-operative Group Housing Societies/Employers etc.

Distribution Licensee shall give supply of electricity for residential purposes including common services on an application by a Co-operative Group Housing Society/Employer which owns the premises at a Single Point at 11kV or above voltage for making electricity available to the members of such Society or employees residing in the same premises under PSERC (Single Point Supply to Co-operative Group Housing Societies/ Employers) Regulations, 2008. Provided that the provisions of these Regulation shall not in any way affect the right of a person residing in the Housing Unit sold or leased by such a Housing Society to demand supply of electricity directly from the distribution licensee.

23. 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 (FY 2016-17)

SI. SCHEDULE OF TARIFF FOR LARGE INDUSTRIAL POWER SUPPLY (LS)

SI.1 Availability

SI.1.1 This tariff shall apply to all industrial power supply consumers having contract demand exceeding 100 kVA.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive) & dairy farms 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 bye 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 and transformer winding capacity at the feeding sub-station.

SI.3 Tariff

	Description	Energy Rate (paise/kVAh)	MMC (₹/kVA)
SI.3.1	General Industry	603	188
SI.3.2	Arc Furnaces and Power Intensive Units including Induction furnaces, Chloro-alkaline units, Billet heaters, Surface hardening Machines & Electrolytic process industries	622	491
SI.3.3	Seasonal Industries covered under clause 18 of the General Conditions of Tariff:		
	(i) Seasonal Rate	603	518
	(ii) Off Seasonal Rate	727	NA
SI.3.4	Ice Factories, Ice Candies & Cold Storages	603	704 (April to July)
			140 (August to March next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff as amended from time to time & Tariff Order for this year.

Note:

(i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

(ii) ToD tariff shall be applicable as per the Tariff Order for this year.

(iii) Extra levy @ 10 paise per kVAh on pro-rata basis, for continuous process industries shall be levied as here-to-fore.

(iv) The energy charges under paras SI.3.1, SI.3.2, SI.3.3 & SI.3.4 above shall be without prejudice to levy of monthly minimum charges.

(v) As per policy of Government of Punjab applicable to industries, the energy charges for new/prospective industries which come up through Progressive Punjab Investor Summit, 2013 and 2015, will be @ 499 paise per kVAh (excluding FCA). The other terms and conditions shall be as applicable to the relevant industrial tariff category. GoP shall pay subsidy for difference in tariff applicable to relevant industrial category as approved by the Commission and special tariff @ 499 paise per kVAh announced by the State Government.

(vi) Supply to Dairy Farming, Fish Farming (exclusive), Goat Farming, and Piggery Farming shall be billed under AP metered tariff and GoP shall pay subsidy for the difference in tariff for the relevant industrial category and the AP metered tariff as approved by the Commission.

SI.3.5 For Arc/PIU industries, where the load is of mixed nature, i.e. in addition to Arc/Power Intensive loads, General Industrial loads are also running, monthly minimum charges shall be determined by computing the contract demand on prorate basis in proportion to such loads duly sanctioned by the load sanctioning authority. 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 monthly minimum charges.

SI.3.6 For industrial units having co-generation facility, MMC shall be levied on the sanctioned contract demand for the load to be exclusively fed from the distribution licensee's system or the actual demand in kVA recorded during the month, whichever is higher.

SI.3.7 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the tariff Order..

SI.3.8 Steel Rolling Mill Surcharge

Steel Rolling Mill Surcharge shall be applicable as per clause 14 of the General Conditions of Tariff, as amended from time to time.

SI.3.9 In case of HT/EHT consumers receiving supply at 11 kV and above, if metering equipment is installed on LV side of the transformer due to non- availability of metering equipment, both the energy consumption (kVAh) and maximum demand shall be enhanced as per clause 12 of General Conditions of Tariff, to account for the transformation losses.

SI.4 Seasonal Industries

Seasonal industries shall be billed as per clause 18 of General Conditions of Tariff, as amended from time to time.

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

SI.6.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SI.6.2 Demand Surcharge for exceeding the Contract Demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand, irrespective of number of defaults. 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, as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SI.6.3 Compensation for damage

Any consumer who exceeds his contract demand shall be liable to compensate the distribution licensee for all damages occasioned 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.

SI.7 Force Majeure applicable for Arc/Induction furnaces

In the event, where normal working of the industry is affected in the event 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 monthly minimum 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 monthly minimum charges under above conditions, the consumers shall, however, be required to pay atleast monthly minimum charges as applicable to general Industry large supply consumers.

SII **SCHEDULE OF TARIFF FOR MEDIUM INDUSTRIAL SUPPLY (MS):**

SII.1 **Availability**

This tariff shall apply to all industrial power supply consumers having connected load above 20 kW but contract demand not exceeding 100kVA.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive) and dairy farms meeting above criteria, shall also be covered in this schedule.

SII.1.1.1 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 bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SII.2 **Character of Service**

SII2.1 Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV (at consumer's discretion). The Contract Demand shall not exceed 100 kVA.

SII.2.2 Metered supply connections to poultry, goatery, piggery, fish farming (exclusive) & 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 Rate (paise/kVAh)	MMC (₹ per kVA)
SII.3.1	General Industry	551	188
SII.3.2	Seasonal Industries covered under clause 18 of the General Conditions of Tariff: (i) Seasonal Rate (ii) Off Seasonal Rate	 551 686	 518 NA
SII.3.3	Ice Factories, Ice Candies & Cold Storages	551	704 (April to July)
			140 (August to March next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff, as amended from time to time & Tariff Order for this year.

Note:

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) Extra levy @ 10 paise per kVAh on pro-rata basis, for continuous process industries shall be levied as here-to-fore.

iii) The energy charges under paras SII.3.1, SII.3.2 and SII.3.3 above shall be without prejudice to levy of monthly minimum charges.

iv) Time of Day (ToD) tariff shall be applicable as per the Tariff Order for this year.

v) Supply to Dairy Farming, Fish Farming (exclusive), Goat Farming, and Piggery Farming shall be billed under AP metered tariff and GoP shall pay subsidy for the difference in tariff for the relevant industrial category and the AP metered tariff as approved by the Commission.

SII.3.4 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of the General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SII.3.5 Steel Rolling Mill Surcharge

The steel rolling mill surcharge shall be applicable as per clause 14 of the General Conditions of Tariff, as amended from time to time.

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 clause 13 of the General Conditions of Tariff.

SII.4 Seasonal Industries

Seasonal industries shall be billed as per Clause 18 of General Conditions of Tariff, as amended from time to time.

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

SII.6.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SII.6.2 Demand Surcharge for exceeding the Contract Demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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, as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SII.6.3 Compensation for damage

Any consumer who exceeds his Contract Demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

SIII <u>SCHEDULE OF TARIFF FOR SMALL INDUSTRIAL SUPPLY (SP)</u>

SIII.1 Availability

Available to small power industries with connected load not exceeding 20 kW.

Oil Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive) & dairy farms meeting the 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 bye 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.

SIII2.2 Metered Supply connections to poultry, goatery, piggery, fish farming (exclusive) & 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 Rate (paise/kWh)	MMC (₹/kW)
SIII.3.1	General Industry	547	157
SIII.3.2	Seasonal industries covered under clause 18 of the General Conditions of Tariff: (i) Seasonal Rate (ii) Off Seasonal Rate	 547 645	 574 NA
SIII.3.3	Ice Factories, Ice Candies & Cold Storages	547	782 (April to July)
			157 (August to March of next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff as amended from time to time & Tariff Order for this year.

Note:

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The energy charges under paras SIII.3.1, SIII.3.2 & SIII.3.3 above shall be without prejudice to levy of monthly minimum charges.

iii) Supply to Dairy Farming, Fish Farming (exclusive), Goat Farming and Piggery Farming shall be billed under AP metered tariff and GoP shall pay subsidy for the difference in tariff for the relevant industrial category and the AP metered tariff as approved by the Commission.

SIII.4 Seasonal Industry

Seasonal industries shall be billed as per Clause 18 of General Conditions of Tariff, as amended from time to time.

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 Surcharge

SIII.6.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹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. The extra load permissible shall be to the extent that total load does not exceed 20 kW.

SIII.6.2 Compensation for damage

Any consumer who exceeds his sanctioned load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

SIII.7 Power Factor Surcharge/Incentive

SIII 7.1 The monthly average power factor of the plant and apparatus owned by the consumer shall not be less than 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 figures.

SIII 7.2 All consumers under this schedule shall be provided with meter/metering equipment to measure monthly average power factor. Power factor surcharge/incentive shall be applicable as prescribed below.

SIII.7.2.1 Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the bill amount 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.

SIII.7.2.2 Power Factor Incentive

If the monthly average power factor exceeds 0.90, incentive @ 0.25% for each increase of 0.01 above the limit of 0.90 shall be allowed on the bill amount.

SIII.7.3 For the purpose of power factor surcharge & incentive, the bill amount shall mean the consumption charges in a month, but not the bill amount payable on monthly minimum charges.

SIII.8 Capacitor Surcharge

SP consumers existing as on 08.09.2009 were given option either to opt for installation of meter/metering equipment to measure the monthly average power factor where after the surcharge/incentive would become applicable as specified in para SIII.7 above or continue under the provisions as detailed below:

Consumers who did not opt for new provisions for measurement of monthly average power factor under this clause shall also be covered under clause SIII 7 after six months from the date of issue of this Tariff Order and provision of Capacitor Surcharge shall stand deleted from the effective date. All such consumers shall be served with a notice of atleast three months within 15 days of the issue of this tariff Order.

Consumers who did not opt for new provisions for measurement of monthly average power factor shall be required to install ISI mark shunt capacitors.

In case Shunt Capacitor(s) is/are found to be missing or inoperative or damaged, a 15 days notice shall be issued to the consumer for rectification of the defect and setting right the same. If the defective capacitor(s) is/are not replaced/rectified within 15 days of the issue of notice, a surcharge @ 20% on bill amount shall be levied for the preceding two months and it shall continue to be levied till the defective capacitor(s) is/are replaced/rectified to the satisfaction of the distribution licensee. In case the capacitor(s) is/are found to be of inadequate rating, the capacitor surcharge shall be levied on pro-rata basis.

SIV SCHEDULE OF TARIFF FOR AGRICULTURAL PUMPING SUPPLY(AP)

SIV.1 Availability

Available for 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 as specified in the Supply Code 2014.

SIV.3 Tariff

	Description	Energy Rate	MMC
SIV.3.1	Agricultural Pumping Supply (AP) without GoP Subsidy	458 paise/kWh or ₹365/BHP/Month	NA
SIV.3.2	Agricultural Pumping Supply (AP) with GoP Subsidy	NIL	NA

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIV.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

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 determined by the Commission in the Tariff Order for this year 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: ₹900/- per annum

SIV.4.2.2 Fish culture in a pond above half acre but up to one acre: ₹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

SIV.6.1 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 ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to 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. However, if un-authorized extension is up to 10% of the sanctioned load, the consumer shall pay load surcharge but connection shall not be disconnected. The unauthorized load so detected shall, however, be got removed.

SIV.6.2 Any consumer who exceeds his sanctioned connected load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

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 kVAR 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 @ ₹4/- per kVAR per month from the date of installation. The rentals shall, however, be recovered on half yearly basis i.e. ₹24 per kVAR 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 Supply to non-residential premises such as business houses, cinemas, clubs, offices, hotels/motels, marriage palaces, departmental stores, shops, guest houses, restaurants for lights, fans, appliances like pumping set & air conditioning units/plants, lifts, welding sets, small lathes, electric drills, heaters, battery chargers, embroidery machines, printing presses, ice candy machines, dry cleaning machines, power presses, small motors 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 shall come under this category.

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. All NRS consumers with load above 50 kW shall get their contract demand sanctioned. For load/contract demand exceeding 100 kW/kVA, the supply shall be given at 11 kV or higher voltage as specified in the Supply Code, 2014 depending on quantum of contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SV.3 Tariff

	Description	Energy Rate	MMC
SV.3.1	For Loads not exceeding 50 kW i. Upto 100 kWh ii. Above 100 kWh	 653 paise/kWh 675 paise/kWh	₹190/kW
SV.3.2	For Loads exceeding 50 kW and upto 100kW i. Upto 100 kVAh ii. Above 100 kVAh	 588 paise/kVAh 608 paise/kVAh	₹171/kVA
SV.3.3	For loads/demand exceeding 100 kW/kVA i. Upto 100 kVAh ii. Above 100 kVAh	 601 paise/kVAh 621 paise/kVAh	₹171/kVA

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note :

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SV.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The tariff rates shall be increased by 25% for private hospitals & MRI/CT Scan centres getting continuous supply through independent feeders under this Schedule.

iii) NRS consumers running Marriage Palaces shall pay Annual Minimum Charges (AMC) @ ₹2280 per kW/₹2052 per kVA of sanctioned load/demand per annum instead of Monthly Minimum Charges (MMC) of ₹190 per kW/₹171 per kVA per month.

SV.3.4 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SV.3.5 MMC shall be computed on actual sanctioned load/demand without rounding off.

SV.4 Load/ Demand Surcharge

SV.4.1 Load Surcharge (for loads not exceeding 50 kW)

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 the rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SV.4.2 Demand Surcharge for exceeding the contract demand (for load exceeding 50 kW)

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SV.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without giving any notice to the consumer.

SVI <u>SCHEDULE OF TARIFF FOR DOMESTIC SUPPLY (DS)</u>

SVI.1 Availability

SVI.1.1 Supply to a residential premises 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.

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 Release of more than one connection in the premises of Domestic Supply consumer shall be admissible subject to the following conditions:-

SVI.1.6.1 In case where family members/occupants living in a house have separate cooking arrangements.

SVI.1.6.2 In case a tenant wants a separate connection, he shall furnish consent of the landlord in the form of affidavit duly attested by Notary Public that the landlord shall clear all the liabilities in case the tenant leaves the premises without paying licensee's dues.

SVI.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts as specified in Supply Code 2014. All DS consumers with load above 50 kW shall get their contract demand sanctioned. For load/ contract demand exceeding 100 kW/kVA, the supply shall be given at 11 kV or higher voltage as specified in the Supply Code, 2014 depending on quantum of contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SVI.3 Tariff

	Description	Energy Rate	MMC
SVI.3.1	For Loads not exceeding 50 kW i. Upto 100 kWh ii. Above 100 & upto 300 kWh iii. Above 300 kWh	 452 paise/kWh 614 paise/kWh 656 paise/kWh	₹52/kW
SVI.3.2	For Loads exceeding 50 kW and upto 100kW i. Upto 100 kVAh ii. Above 100 & upto 300 kVAh iii. Above 300 kVAh	 407 paise/kVAh 553 paise/kVAh 590 paise/kVAh	₹47/kVA
SVI.3.3	For loads/demand above 100 kW/kVA i. Upto 100 kVAh ii. Above 100 & upto 300 kVAh iii. Above 300 kVAh	 416 paise/kVAh 565 paise/kVAh 604 paise/kVAh	₹47/kVA

Golden Temple, Amritsar and Durgiana Temple, Amritsar

	Description	Energy Rate	MMC (₹)
SVI.3.4	First 2000 kWh	Free	NA
SVI.3.5	Beyond 2000 kWh	532 paise/kWh	NA

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note : Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SVI.3.6 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the

Commission in the Tariff Order..

SVI.3.7 MMC shall be computed on actual sanctioned load/demand without rounding off.

SVI.3.8 MMC for Single Point Supply to Group Housing Societies/ employers shall be as approved by the Commission in the Tariff Order for this year.

SVI.4 Load/ Demand Surcharge

SVI.4.1 Load Surcharge (for loads not exceeding 50 kW)

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 the rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SVI.4.2 Demand Surcharge for exceeding the contract demand (for load exceeding 50 kW)

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVI.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the Consumer.

SVI.5 Single Point Supply to Co-operative Group Housing Societies/ Employers etc.

SVI.5.1 A distribution licensee shall give supply of electricity for residential purposes including common services on an application by a Co-operative Group Housing Society/employer which owns the premises, at a Single Point at 11kV or above voltage for making electricity available to the members of such Society or employees residing in the same premises.

Provided that the above provisions shall not in any way affect the right of a person residing in the Housing Unit sold or leased by such a Housing Society to demand supply of electricity directly from the distribution licensee.

SVI.5.2 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 consumption charges as may be approved by the Commission. The MMC on the basis of Contract Demand of the consumer shall be applicable as specified in the Tariff Order for this year.

SVI.5.3 The housing society/employer will not charge its residents for electricity supply at a tariff higher than the rates for Domestic Supply, approved by the Commission.

SVI.5.4 The other terms & conditions shall be as per PSERC (Single Point Supply to Co-operative Group Housing Societies/Employers) Regulations, 2008.

SVII <u>SCHEDULE OF TARIFF FOR BULK SUPPLY (BS)</u>

SVII.1 Availability

SVII.1.1 Available for general or mixed loads exceeding 10 kW 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 Available for general or mixed loads exceeding 10 kW 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 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 and transformer winding capacity at the feeding sub-station. All BS consumers shall get their Contract Demand sanctioned irrespective of their connected load. Contract Demand above 100 kVA shall be released on HT/EHT only.

SVII.3 Tariff

Description	Energy Rate (paise/kVAh)	MMC (₹/kVA)
HT	609	307
LT	635	

Energy charges shall be levied without prejudice to the levy of monthly minimum charges.

Note:

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The tariff rates shall be increased by 25% in case of existing private hospitals & MRI/CT Scan centres getting continuous supply through independent feeders under BS Schedule. All Govt. hospitals and hospitals run by charitable institutions covered under Section 80-G of Income Tax Act, 1961 shall be exempted from levy of 25% extra tariff.

SVII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SVII.4 Load /Demand Surcharge

SVII.4.1 Load Surcharge

SVII.4.1.1 No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SVII.4.2 Demand Surcharge for exceeding the contract demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVII.4.3 Compensation for damage

Any Bulk Supply consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may cause the service of the consumer to be disconnected without any notice to the consumer.

SVIII SCHEDULE OF TARIFF FOR PUBLIC LIGHTING SUPPLY

SVIII.1 Availability

Available for Street Lighting system including signalling system and road & park lighting undertaken by the local bodies like Municipal Corporations, Municipal Committees, Nagar Councils, Panchayats, Institutions etc.

SVIII.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts as specified in the Supply Code 2014.

SVIII.3 Tariff

Energy Charges (paise/kWh)	Annual Minimum Charges (AMC)
669	As per 8 hours/day

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVIII.3 in accordance with clause 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	₹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	₹49/- per lamp per month
(ii)	Lamps of 125 watts	₹53/- per lamp per month
(iii)	Lamps of 250 watts	₹90/- per lamp per month
(iv)	Lamps of 400 watts	₹101/-per lamp per month

SVIII.4.1.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	₹26/- per point per month
(ii)	Single 4 ft 40 watts	₹43/- per point per month
(iii)	Double 2 ft 20 watts	₹43/- per point per month
(iv)	Double 4 ft 40 watts	₹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

Lamps up to 150 watts	₹14/- per lamp per month
Lamps above 150 watts	Special quotation and special lamps

SVIII.4.2.2 Mercury/Sodium Vapour lamps

(i)	Lamps of 80 watts	₹29/- per lamp per month
(ii)	Lamps of 125 watts	₹36/- per lamp per month
(iii)	Lamps of 250 watts	₹63/- per lamp per month
(iv)	Lamps of 400 watts	₹68/-per lamp per month

SVIII 4.2.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	₹23/- per point per month
(ii)	Single 4 ft 40 watts	₹40/- per point per month
(iii)	Double 2 ft 20 watts	₹39/- per point per month
(iv)	Double 4 ft 40 watts	₹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

Lamps up to 150 watts	₹11/- per lamp per month
Lamps above 150 watts	Special quotation and special lamps

SVIII.4.3.2 Mercury/Sodium Vapour lamps

Lamps of 80,125, 250 and 400 watts	₹13/- per lamp per month

SVIII.4.3.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	₹ 13/- per point per month
(ii)	Single 4 ft 40 watts	₹ 13/- per point per month
(iii)	Double 2 ft 20 watts	₹ 13/- per point per month
(iv)	Double 4 ft 40 watts	₹ 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	₹16/- per point per month
(ii)	Single 4 ft 40 watts	₹16/- per point per month
(iii)	Double 2 ft 20 watts	₹18/- per point per month
(iv)	Double 4 ft 40 watts	₹21/-per point per month

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.

SVIII.6 Annual Minimum Charges (AMC)

If the total number of units consumed in the whole year (financial year) are less than those which would have been consumed if the lamps had been lit on an average of eight hours per day for the whole year, the licensee shall charge for the difference between the stipulated units and units actually consumed at tariff rates. The units which would have been consumed in a financial year shall be calculated on the basis of 70% of the sanctioned load or connected load detected, whichever is higher. The annual minimum charges shall be exclusive of line maintenance and lamp renewal charges.

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/220 kV as specified in the Supply Code 2014, depending upon the availability of bus voltage and transformer winding capacity at the feeding sub-station wherever possible at the discretion of the distribution licensee.

SIX.3 Tariff

Energy Charges (paise/kVAh)	MMC (₹/kVA)
655	314

Energy charges shall be without prejudice to levy of monthly minimum charges.

Note : Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIX.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SIX.4 Contract Demand and Demand Surcharge

SIX.4.1 The contract demand means the maximum demand in kVA for which distribution licensee undertakes to provide facilities from time to time. The railways shall intimate the contract demand for sanction and the same shall be taken as connected load. Demand surcharge shall be levied @ ₹750/- per kVA on the excess demand irrespective of number of defaults.

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 purposes shall be computed as per clause 16 of General Conditions of Tariff as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SIX.4.2 Compensation for damage

Any consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned 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 giving any notice to the consumer.

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. <u>SCHEDULE OF TARIFF FOR TEMPORARY METERED SUPPLY (TM)</u>

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.

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 Rate	MMC
SX.1.3.1	Domestic (for Loads not exceeding 100 kW)	1139 paise/kWh	₹965 or ₹192/kW whichever is higher
SX.1.3.2	Domestic (for loads/ demand above 100 kW/kVA)	1048 paise/kVAh	₹965 or ₹173/kVA whichever is higher
SX.1.3.3	Non Residential Supply (for Loads not exceeding 100 kW)	1139 paise/kWh	₹1932 or ₹484/kW whichever is higher
SX.1.3.4	Non Residential Supply (for loads/ demand above 100 kW/kVA)	1048 paise/kVAh	₹1932 or ₹436/kVA whichever is higher

Rate as approved by the Commission shall be charged for entire consumption without prejudice to levy of monthly minimum charges.

Note : Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.1.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.1.3.5 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SX.1.4 Load/ Demand Surcharge

SX.1.4.1 Load Surcharge

SX.1.4.1.1 For loads upto 100 kW

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 the rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SX.1.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SX.1.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.1.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice.

SX.2 Tariff for Temporary Small, Medium and Large Industrial Power 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 Rate	MMC
SP	547 paise/kWh + 100%	₹774/kW
MS	551 paise/kVAh + 100%	₹697 per kVA
LS	603 paise/kVAh + 100% (For General Industry)	₹697/kVA
	622 paise/kVAh + 100% (For PIU/Arc Furnace)	

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note : Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.2.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.2.3.1 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SX.2.4 Factory Lighting

SX.2.4.1 In case of temporary supply to Large Industrial Supply, Medium Supply & Small Power consumers, the bonafide factory lighting and motive/ Industrial power consumption shall be measured through one and the same meter and charged at the relevant industrial 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 sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.2.6 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

SX.3 Tariff for Wheat Threshers

SX.3.1 Availability

Available for threshing of wheat for the period between April, 1st to June, 30th.

SX.3.2 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.3.3 Tariff

Description	Energy Rate	MMC
SP	547 paise/kWh + 100%	₹774/kW
MS	551 paise/kVAh + 100%	₹697 per kVA
LS	603 paise/kVAh + 100%	₹697/kVA

The Energy charges shall be without prejudice to monthly minimum charges.

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.3.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.3.3.1 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SX.3.4 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 double the rates as applicable under relevant schedule for permanent supply.

SX.3.5 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

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 Rate	MMC (₹)
HT	609 paise/kVAh + 50%	₹7730 per service
LT	635 paise/kVAh + 50%	

The Energy charges shall be without prejudice to the levy of monthly minimum charges.

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX 4.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.4.3.1 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SX.4.4 Load/ Demand Surcharge

SX.4.4.1 No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SX.4.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA or the rate approved by the commission from time to time, on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.4.4.3 Compensation for damage

Any consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may cause the service of the consumer to be disconnected without any notice to the consumer.

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

The energy charges shall be without prejudice to the levy of monthly minimum charges.

	Description	Energy Rate	MMC
SX.5.3.1	Lights and fans	1139 paise/kWh	₹1932 or ₹484/kW or ₹436/kVA of sanctioned load/ demand whichever is higher.
SX.5.3.2	Motive load: SP MS LS	 547 paise/kWh + 100% 551 paise/kVAh + 100% 603 paise/kVAh + 100%	

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX 5.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.5.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SX.5.4 Load/ Demand Surcharge

SX.5.4.1 Load Surcharge

SX.5.4.1.1 For loads up to 100 kW

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 the rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SX.5.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SX.5.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.5.4.3 Compensation for damage

Any consumer who exceeds his sanctioned connected load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SXI <u>SCHEDULE OF TARIFF FOR AP HIGH TECHNOLOGY/HIGH DENSITY FARMING SUPPLY</u>

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 SXI1.1, 1.2 & 1.3 whereas High Density AP Supply shall be subject to conditions mentioned at SXI1.4

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 Rate	MMC (₹)
458 paise/kWh	Not Applicable

Note:

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SXI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) Peak load restrictions and monthly minimum charges shall not be applicable to connections released under this category.

SXI.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

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

SXI1.5.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at an additional rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. If the unauthorized extension is up to 10% of the sanctioned load, the consumers shall be required to pay load surcharge and connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SXI.1.5.2 Compensation for damage

Any consumer who exceeds his sanctioned connected load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

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 bill amount 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 bill amount.

SXI.6.3 For the purpose of power factor surcharge & incentive, the bill amount will mean the consumption charges in a month. The bill amount for power factor surcharge & incentive shall also include the surcharge or rebate as applicable under para SXI.3.1 of this schedule.

SXII. SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY TO COMPOST PLANTS/SOLID WASTE MANAGEMENT PLANTS FOR MUNICIPALITIES/ URBAN LOCAL BODIES

SXII.1 Availability

Available for Industrial/motive loads of compost plants/solid waste management plants including pumps etc., for Municipalities/Urban Local Bodies. The connections shall be released under this category as per terms and conditions applicable to industrial consumers.

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. In case of consumers with load not exceeding 100 kW, the Contract Demand shall not exceed 100 kVA. For loads exceeding 100 kW, the Contract demand shall be above 100 kVA.

SXII.3 Tariff

Energy Rate	MMC (₹)/kVA
458 paise/kWh	47

Note :

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SXII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The consumers covered under this schedule shall be exempted from peak load hours restrictions and no PLEC shall be charged.

iii) The energy charges as mentioned above shall be without prejudice to levy of monthly minimum charges.

SXII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SXII.4 Power Factor Surcharge/Incentive

The monthly average power factor of the plant owned by the consumer shall not be less than 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 figures.

SXII. 4.1 Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the bill amount 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.

SXII.4.2 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 bill amount.

SXII.4.3 For the purpose of power factor surcharge & incentive, the bill amount will mean the consumption charges including demand charges, if any, in a month but not the bill amount payable on monthly minimum charges. The bill amount for power factor surcharge & incentive shall also include the surcharge or rebate as applicable in accordance under para SXII.3.1 of this schedule.

SXII.5 Load/Demand Surcharge

SXII.5.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SXII.5.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SXII.5.3 Compensation for damage

Any consumer who exceeds his sanctioned connected load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment 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.

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.

SXIII.3 Tariff

Energy Rate	MMC (₹)
603 paise/kVAh	Not Applicable

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 CPPs shall be governed by terms and conditions as specified in PSERC (Harnessing of Captive Power Generation) Regulations, 2009.

SXIII.5.3 The Condition for minimum monthly charges shall not be applicable to the generators.

SXIII.5.4 The generators shall be exempted from peak load hours restrictions and no PLEC shall be charged.

SXIII.5.5 The generator shall execute an agreement with the distribution licensee for meeting the requirement for start up power incorporating above terms and conditions.

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.

SXIV.2 Character of Services

Alternating Current, 50 cycles/second, three phase 400 volts for load not exceeding 100 kW as specified in Supply Code 2014. For loads exceeding 100 kW, the contract demand shall be above 100 kVA and supply shall be given at 11 kV or higher Voltage as specified in the Supply Code 2014 depending on quantum of load/contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SXIV.3 Tariff

	Energy Rate	**MMC (₹)**
SXIV.3.1	452 Paise per kWh for load not exceeding 100 kW.	52 per kW
SXIV.3.2	416 Paise per kVAh for total load/demand exceeding 100 kW/kVA	47 per kVA.

Energy charges shall be without prejudice to levy of monthly minimum charges.

Note : Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SXIV.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SXIV.4 Load/ Demand Surcharge

SXIV.4.1 Load Surcharge

SXIV 4.1.1 For loads up to 100 kW

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 the rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the Licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SXIV.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected 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.

SXIV.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. 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 shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SXIV.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the Licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the Licensee may also cause the service of the consumer to be disconnected without any notice to the Consumer.

ANNEXURE-III

Objection No.	Name & address of Objector
1.	Sh. Jaswant Singh Birdi, President & Sh.Balbir Singh Kharbanda, General Secretary, Cycle Trade Union (Regd.), Ludhiana.
2.	Shri Harinder Puri, Secretary, Steel Furnace Association of India, (Punjab Chapter), Ludhiana.
3.	Sh. P.P.Singh, vice President (E&U), Nahar Spinning Mills Ltd., Ludhiana.
4.	Shri Avtar Singh, President, Chamber of Industrial & Commercial Undertakings, Ludhiana.
5.	Sh. Parveen Rathee, Regional Director, PHD Chamber of Commerce, Chandigarh.
6.	Hansco Iron & Steels Pvt. Ltd., Mandi Gobindgarh.
7.	Sh. Surinder Nath Karnail, AGM (Legal), Siel Chemical Complex.
8.	Sh.Parmod Kumar, Chief Electrical Distribution Engineer, Northern Railway, New Delhi.
9.	Sh.R.L.Mahajan, President, Technocrats Forum, Ludhiana.
10.	Eden STEEL ALLOYS, Sirhind.
11.	Salasar Castings, Mandi Gobindgarh.
12.	Capt.S.S.Dhillon, IAS (Retd.), Chairman, I.N.A.Rural Development Society, Chandigarh.
13.	Sh.Rajinder Kumar Mittal, All Cotton Ginning Factories, Punjab.
14.	Sh.Rakesh Kumar, Milkhi Ram OIL & Dall Mills, Mansa.
15.	Sh.Vijay Kumar, Parkash Cotton Pressing Factory, Mansa.
16.	Shri Kushal Goyal, Makha Industries, Mansa.
17.	Sh.Sohan Lal, Shri Ram & Co., Mansa.
18.	Power Engineer Associates, Bathinda.
19.	PSEB Engineers' Association, Patiala.
20.	Sh.Nikhil Kapoor Energy Controller, Indus Towers Ltd., SAS Nagar.
21.	Er. Gurnek Singh Brar, Patiala.
22.	Sh.Aman Gupta, MD, S.T.Cottex Exports Pvt.Ltd., Ludhiana.
23.	Sh.R.L.Mahajan, President, Technocrats Forum, Ludhiana.
24.	Sh.Kamal Dalmia, President, Focal Point Industrial Welfare Association, Amritsar.
25.	Sh.Kulwarn Singh Atwal, State Awardee 2013 Innovative Farmer in Diversified Farming, Jalandhar City.
26.	Sh.Mohan Lal Grover, Chairman, Senior Citizen Welfare Congress (Punjab), Jalandhar.
27.	Sh.Sandeep Jain, Director, Antarctic Industries Limited, Ludhiana.
28.	Sh.P.K.Roy, Jt.General Manager (Engg.-Maint.), Amritsar Airport Maintenance Division, Amritsar.
29.	Sh. Atul Bansal, Advocate.

Objection No.	Name & address of Objector
30.	Sh.Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Mandi Gobindgarh.
31.	Dr.Parveen Rathee, Regional Director, PHD Chamber of Commerce and Industry, New Delhi.
32.	President, Sangrur District Industrial Chamber (Regd.), Sangrur.
33.	Sh. P.P.Singh, Vice President (E&U), Nahar Spinning Mills Ltd., Ludhiana.
34.	JCT Limited, Vill.Chohal, Distt. Hoshiarpur.
35.	Sh.Joginder Kumar, President, The Ludhiana Electroplates, Association, Ludhiana.
36.	Sh.H.N.Singhal, President (Corp.HR & Admn.), Nahar Industrial Enterprises Ltd., Ludhiana.
37.	Sh.P.P.Singh, Vice President (E&U), Nahar Fibres, Ludhiana.
38.	Mandi Gobindgarh Induction Furnace Association.
39.	Hansco Iron & Steel Pvt. Ltd., Mandi Gobindgarh.
40.	Sh.Parveen Rathi, Regional Director, PHD Chamber of Commerce and Industry, Chandigarh.
41.	Director, Hansco Iron & Steel Pvt. Ltd., Mandi Gobindgarh.
42.	Sh.P.D.Sharma, President, Apex Chamber of Commerce & Industry (Punjab), Ludhiana.
43.	Er.P.P.Singh, Ludhiana.
44.	Sh.Jaswant Singh Birdi, President & Sh.Balbir singh Kharbanda, General Secretary, Cycle Trade Union (Regd), Ludhiana.
45.	Sh.Inderjit singh Navyug, Sr.Vice President, United Cycle & Parts Mfrs. Association, Ludhiana.
46.	Sh.P.P.Singh, vice President (E&U), Nahar spinning Mills Ltd., Sangrur.
47.	Sh.Sandeep Jain,Director, Antarctic Industries Ltd., Ludhiana.
48.	Sh.K.K.Garg, President, Induction furnace Association of North India (Regd.), Ludhiana.
49.	Sh.P.D.Sharma, President, Apex Chamber of Commerce & Industry (Punjab), Ludhiana.
50.	Sh. Angad Singh, Col.(Retd.), General Secretary, Consumer Protection and Awareness Council (Regd.), Mohali.
51.	Govt.of Punjab, Department of Power (Power Reforms Wing).

ANNEXURE-IV

Objection No. 1: Sh. Jaswant Singh Birdi, President & Sh.Balbir Singh Kharbanda, General Secretary, Cycle Trade Union, Ludhiana

Issue No. 1: Increase in tariff for all categories

The Commission is requested not to allow any increase in tariff as well as MMC charges as PSPCL has not demanded for increase in the tariff.

Reply of PSPCL:

In the present petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.In its previous petitions, PSPCL has never proposed any percentage increase in tariffs as mentioned in the Objection.

PSPCL submitted that the input costs produced in the present petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff Regulations. It has been observed that during the year FY 2016-17, the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc has gone up and it resulted in increase in revenue gap.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure, the same is adjusted during the truing up process. Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17.

PSPCL therefore request the Hon'ble Commission to take an appropriate view on the increase in input cost and revenue gaps for respective years so as to equip PSPCL to maintain its regular functioning in an efficient manner.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order.

Objection No. 2: Shri Harinder Puri, Secretary, Steel Furnace Association of India, Ludhiana

Issue No.1: Separate Income and Expenditure Account for PSPCL

The Commission is requested to direct PSPCL to file a separate income and expenditure account along with balance sheet based on costs as approved by Hon'ble Commission from year to year.

Reply of PSPCL:

The tariff determination exercise is in accordance with the PSERC Tariff Regulations, 2005. PSPCL is required to submit every year the details of the actual costs incurred by it in the last year, revised estimates for the current year and projections for the ensuing year. The projections and revised estimates are to be prepared based on the applicable regulations whereas the actual for the last year are to be claimed as per annual accounts. PSPCL in the present petition has comprehensively compared the costs approved by the Hon'ble Commission with actual costs. Further accounts for FY 2012-13 and FY 2013-14 are submitted in Volume III of the Petition for verification.

Thus, PSPCL has claimed the ARR based on the actual data as per the audited annual accounts and requests the Hon'ble Commission to approve the same.

View of the Commission:

Tariff determination exercise is carried out as per PSERC Regulations. Expenses are allowed in line with PSERC Regulations after prudence check.

Issue No.2: Cap on the power supplied to Agriculture sector

The power supplied to Agriculture sector at subsidized rate needs to be capped year wise.

Reply of PSPCL:

The increase in power consumption by Agriculture tube wells is partly due to increase in the number of tube wells and partly due to weather conditions prevailing during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tube wells and drawing less water to sustain underground water level as well. 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.

View of the Commission:

Presently the supply of AP consumers is un-metered. As such capping of supply at subsidized rates may not be possible. The Commission is issuing directives to PSPCL in its Tariff Orders for achieving 100% metering to comply with Electricity Act, 2003.

Issue No.3: Diversion of Funds

A detailed investigation regarding the diversion of funds is required to work out the exact amount of diversion to be disallowed for ARR purpose to safeguard the interest of consumers.

Reply of PSPCL:

The amount disallowed by the Hon'ble Commission on account of diversion of funds every year has affected financial viability of the utility. The entire RoE allowed by Hon'ble Commission is getting eroded in meeting expenses against disallowances including disallowances on account of diversion of funds. PSPCL thus, requests the Hon'ble Commission to allow the interest on outstanding loan in order to keep financial interest and viability of the utility.

View of the Commission:

Diversion of funds, if any, is considered at the time of true-up.

Comments on the ARR FY 2012-13:

Issue No. 1 T&D Loss:

PSPCL is appreciated for achieving 16.77% T&D losses with Agriculture consumption of 10,794 MU in FY 2012-13 as against approved 18% T&D losses.

Reply of PSPCL:

PSPCL is obliged to receive appreciation from the Objector on reduction of T&D losses. This reduction in T&D losses is result of continual efforts and focused approach of PSPCL for improving operational efficiency. In future years also, PSPCL will undertake its best possible efforts for reduction in T&D losses.

View of the Commission

Refer to paras 2.2.3, 2.3 and 2.6 of this Tariff order.

Issue No. 2: Claim of Expenses

The expenses are claimed on actual basis and not as per the norms prescribed/followed by the Commission for approving expenses for various heads. An excess revenue requirement of ₹1133 crore as against approved by Commission has been claimed which may not be revised.

Reply of PSPCL:

PSPCL in the present petition has claimed the R&M and A&G expenses as per Regulation 28 of PSERC Tariff Regulations, 2005, as amended from time to time. Hon'ble Commission in its previous Tariff Order for FY 2014-15 has approved R&M and A&G expenses as per audited accounts. PSPCL has already submitted in the present petition that Hon'ble Commission while approving such expenses has taken an inconsistent approach and the methodology adopted of allowing the actual or normative whichever is less is an incorrect methodology and contrary to the decision of Hon'ble ATE in the Judgment dated 18th October, 2012 for allowing employee expenses on actual and concept of normative wherein the benefit for over achievement should remain with the utility. Further, PSPCL has claimed the employee expenses in FY 2012-13 on actual basis and the projections has been made considering the growth rate for different employee expenses heads.

As regards the employee expenses, PSPCL in the present petition has claimed employee expenses on actual basis in view of the Hon'ble Ate Judgment dated 19 October, 2012. Further, the reasons of claiming of interest expenses have been elaborately explained in the Petition.

Power purchase cost has been claimed on the basis of actual since PSPCL has no control over it. The power purchase cost entirely depends on the fuel price and cost of generation of each of the sources which is directly passed on to PSPCL. PSPCL has no other choice than to pass on this cost to its consumers.

PSPCL would like to submit that Prior Period items are defined as those items which arise on account of correction of error in accounts of prior periods, shortages or excess provision made in previous years and thus PSPCL requests the Hon'ble Commission to allow actual prior period expenses for the year.

The claim made by PSPCL in its Petition for FY 2012-13 are legitimate cost and has been provided with proper justification and therefore shall be allowed by the Hon'ble Commission.

View of the Commission:

Commission allows expenses in line with PSERC Regulations after prudence check.

Issue No. 3: Late payment of Surcharge

The late payment surcharge should be included in non tariff income to be reduced from ARR.

Reply of PSPCL:

PSPCL agrees for non inclusion of late payment surcharge in non-tariff income. PSPCL submits that the interest on working capital is allowed on normative basis which is lower and does not include the actual interest which PSPCL has to fund on account of late payment. Thus, when the late payments are received from the consumers, the loans taken to fund the gap and the delay in the receipt in payment is to be accounted and the same is not allowed in the revenue requirements. The same has also been confirmed by Hon'ble APTEL Judgment dated October 4, 2007 in Appeal No. 223 of 2006. Hence, PSPCL requests the Hon'ble Commission not to include late payment surcharge in Non tariff income.

View of the Commission:

Late payment surcharge is non-tariff income as per Regulation 34 of PSERC, Tariff Regulations.

Issue No. 4: Subsidy from Government

PSPCL has claimed lower receipt of subsidy from the government to the tune of ₹524 crore (Table 63, ARR 16-17). The same should be reduced from the interest on any payment due to the Government.

Reply of PSPCL

Probably, the table referred in the objection is 42 and not 63. In this regard, it is submitted that there is no such mechanism to recover amount from the dues payable to the Government. However, the Hon'ble Commission may pass any such orders to recover the amount.

View of the Commission:

Commission allows interest to PSPCL on delayed payment of subsidy by GoP.

Comments on the Revised ARR FY 2013-14:

Issue No. 1: Claim of Expenses

The expenses are claimed on actual basis and not as per the norms prescribed/followed by the Commission for approving expenses for various heads. An excess revenue requirement of ₹1551 crore as against approved by Commission has been claimed which may not be revisited.

Reply of PSPCL:

Refer to PSPCL reply against Issue No.2 above (Comments on ARR for FY 2012-13).

View of the Commission:

Commission allows expenses in line with PSERC Regulations after prudence check.

Comments on the Revised ARR FY 2015-16 and FY 2016-17:

Issue No. 1: Interest on Short Term Loans

The Hon'ble Commission is requested not to pass on the interest on short term loans taken to meet the revenue shortfall arising out of non receipt of subsidy from the. Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses. Only interest on working capital calculated according to PSERC Tariff Regulations for tariff determination should be allowed.

Reply of PSPCL:

In the last Tariff Order for FY 2015-16, interest on working capital allowed to PSPCL was on normative basis and as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL has to face cash deficit.

PSPCL has no alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow the interest on the above bridging loans.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 2: Over estimation of loan requirement for capital expenditure

The Hon'ble Commission is requested to look into the investment projections given by the Board for a realistic assessment of the same and accordingly approve interest cost for capital work for FY 2014-15 and FY 2015-16.

Reply of PSPCL:

PSPCL has planned significant capital works on various schemes of Generation, Distribution and Transmission functions and the details of the same are provided in the Tariff Petition. The Capital Expenditure plan has been made on the basis of detailed analysis of requirements of system improvement and infrastructure expansion and it is prayed that the Hon'ble Commission approve the same and allow interest cost on the same so as to ensure power availability to all the consumers in the state and also efficiency improvements such as reduction in losses beyond targets are continued to be achieved.

View of the Commission:

Investment proposal is approved keeping previous years' expenses in view and in line with PSERC Regulations after prudence check.

Issue No. 3: Interest on Diversion of funds

The Hon'ble Commission is requested that diversion of funds calculated by the Commission for the year in the Tariff Order of FY 2011-12 and disallowed interest may be updated in the light of latest data from the balance sheet of FY 2012-13 and the same may be disallowed for interest charged to annual revenue requirement of FY 2012-13, FY 2013-14 and FY 2015-16.

Reply of PSPCL:

The amount disallowed by the Hon'ble Commission on account of diversion of fund every year has affected financial viability of the utility. Its entire RoE allowed by Hon'ble Commission is getting eroded in meeting expenses against disallowances including disallowances on account of diversion of funds. PSPCL thus, requests the Hon'ble Commission to allow the interest on outstanding loan keeping in mind financial interest and viability of the Petitioner.

View of the Commission:

Diversion of funds, if any, is considered at the time of true-up.

Issue No. 4: High Employee Cost

The Hon'ble Commission is requested that increase in employee expenses asked by PSPCL should not be entertained and employee cost should be capped at approved level, however, if the same is to be increased it should increase to cover the increase in terminal benefits and WPI.

Reply of PSPCL:

The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost.

Further, disallowance of the same on the basis of normative parameter without considering its impact on the viability would result in deterioration of financial position of PSPCL. Further, expenditure on terminal benefits is a statutory requirement of the Corporation and has to be allowed as per actual. Similarly expenditure on funding of terminal benefits as per the Financial Restructuring Plan approved by the State Government on 24.12.12 is also mandatory expenditure to be incurred by the Corporation and hence should be allowed as per actual. There is no increase projected in per unit employee cost in FY 2016-17 over previous year if impact of progressive funding is allowed separately.

In view of above, it is submitted that Hon'ble Commission to consider the detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.

View of the Commission:

Employee cost is allowed in line with PSERC Regulations after prudence check.

Issue No. 5: IPP with Punjab

The consumers of the state should not be burdened with financial consequences coming out of faulty planning of power purchase with fixed costs paid to L&T Rajpura and other such power plants.

Reply of PSPCL:

PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPA's signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPA's due to decrease in demand.

However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA.

PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL, it is requested the Hon'ble Commission to discover ways and means through which open access consumption is curtailed and PSPCL may utilize its surplus power.

View of the Commission:

PSPCL should review the long term PPAs due to change of scenario of power in the State. Refer to Directive No.8.17 of this Tariff Order.

Issue No. 6: Cross Subsidy given by the LS consumers and fixation of industrial tariff as per category-wise cost of supply

It would not be prudent to allow the cross subsidy to grow per unit & the same may be brought down.

The tariff should be fixed according to category wise cost of supply, and tariff for subsidized class may be increased.

Reply of PSPCL:

The tariff and level of cross subsidy is determined by Hon'ble Commission. Further, fixation of tariff and determination of cross-subsidy level for industrial category is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations.

Further, Clause 8.3 of Tariff Policy states as under

"8.3 Tariff *design: Linkage of tariffs to cost of service.*

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 ± 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.

Hence in light of the same it is requested that while determining the tariff in conjunction with the cross subsidy factor, the Hon'ble Commission has also to keep in mind the interests of PSPCL.

View of the Commission:

As per provisions of Electricity Act, 2003, the cross subsidy levels are to be gradually reduced and not eliminated. Further as per Tariff Regulations Notified by the Commission the cross-subsidy is to be brought to the level of ± 20 %. This milestone has already been achieved. Refer para 9.2 and 9.3 of this Tariff Order.

Issue No. 7: Removal of Peak Load Exemption Charges

The peak load exemption charges levied on the industrial consumers should be removed as it will help in increasing the power consumption in the industrial sector in the state of Punjab.

Reply of PSPCL:

Peak load charges are pertaining to the purchase of power during peak hours. Though the State of Punjab is having surplus of power, such surplus is on annual basis since there is reduction of demand during night hours. However, during the peak hours, the purchase of power increases and PSPCL has to purchase such power to meet the demand. PSPCL while considering the power purchase cost has taken into account this aspect of surplus power and such power purchase cost is considered in ARR by PSPCL. Hence, the benefit of surplus power has already been considered in ARR. Further, the determination of rates applicable for industrial tariff is the prerogative of Hon'ble Commission as per Section 86, 61 and 62 of the Electricity Act, 2003.

PSPCL has been imposing peak load exemption charges as approved by the Hon'ble Commission in last Tariff Order of FY 2015-16. It is therefore submitted that determination of tariff for various category is under the purview of the Commission.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 8: Relaxation in Upper Limit of Supply Voltage for Arc Furnace Consumers

The Hon'ble Commission is requested to grant permission on case to case basis after carrying out technical feasibility for Arc furnace consumers to exceed their demand limit above 35 MVA at 66 KV supply voltage.

Reply of PSPCL:

PSPCL submits that the issue raised by the Objector is not pertaining to the present proceedings of tariff and therefore PSPCL has no comments to offer on the same. However the Hon'ble Commission can take an appropriate view in consultation with PSPCL on whether to increase the demand limit for Arc furnace consumers.

View of the Commission

The Commission has already taken up the issue with PSPCL. The matter is under the consideration of the Commission.

Objection No. 3: Sh.P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd.), Ludhiana.

A: General Comments:

Issue No. 1: Return on Equity

The Hon'ble Commission is requested to re-determine the return on equity for all years from FY 2011-12 onwards in view of the Hon'ble APTEL Judgement dated 17 December, 2014 in Appeal No. 168 and 142 of 2013 and adjust the same in ARR for FY 2016-17 along with carrying cost.

Reply of PSPCL:

PSPCL would like to submit that it has filed an Appeal in Hon'ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17th December, 2014 and the order of APTEL has been stayed by the Hon'ble Supreme Court. PSPCL submits that since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon'ble Commission in its previous orders. Hon'ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders.

View of the Commission:

The issue of RoE is pending with Hon'ble Supreme Court.

Issue No. 2: Cross Subsidy

The cross-subsidy level need to be calculated on cost of supply basis also and should be within ±20%. Also cross subsidy levels should not exceed the levels of previous year and therefore the tariffs of subsidized category should increase suitably.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (FY 2015-16 & 2016-17) of Objection No. 2.

Issue No. 3: Transmission Loss Estimation

PSTCL should be directed to declare the boundary metering immediately and the actual losses of STU should be available w.e.f. 1st April, 2015 and accounted for on actual basis in the RE of FY 2016-17 in ARR of FY 2017-18.

Reply of PSPCL:

It is submitted that the said objections pertains to PSTCL and not PSPCL and therefore

PSPCL has no comments to offer on the same.

View of the Commission:

Refer to para 6.4 of the Tariff Oder of PSTCL of FY 2016-17.

Issue No. 4: Plant Availability Incentive

PSPCL is claiming incentive for Plant Availability Factor (PAF) and want Hon'ble Commission to accept self-certification for the purpose of calculation of PAF. The Objector requested the Commission to reject the proposal of incentive of PAF and to direct PSPCL to prepare ARR as per PSERC Regulations and orders already upheld by APTEL.

Reply of PSPCL:

Regulation 20 and Regulation 37 of PSERC Tariff Regulations 2005 and as amended in 2009 states that while determining generation tariff, Commission shall be guided by CERC (Terms and Conditions of Tariff) Regulations, 2009 as amended from time to time. Further, Regulation 21 of the CERC (Terms and Conditions of Tariff) Regulations 2009 has linked the recovery of fixed charges inclusive of incentive payable with the Normative Annual Plant Availability Factor (NAPAF) for each station.

The Hon'ble APTEL in its Judgment dated 18 October 2012 in PSPCL versus PSERC in the Appeal Nos. 7 of 2011, 46 of 2011 and 122 of 2011 has decided in the favour of PSPCL. The relevant extract of the said Judgment has been summarized as follows.

*"…However, for the purpose of tariff, **the target plant availability as per the Central Commission's Regulations has to be considered**. It may be mentioned in this connection that in the case Punjab State Transmission Corporation vs. PSERC, it has been held that when the provisions of the Tariff Regulations of the Central Commission have been incorporated by reference in the Tariff Regulations of the State Commission, the same is required to be followed and cannot be ignored by the State Commission."(emphasis added)*

Further, Hon'ble ATE in its Judgment dated 11 September, 2014 in Appeal No. 174 of 2012 has reiterated the fact in Judgment dated 18 October, 2012 and directed as under:

"40.4. The State Commission is not justified in applying the provisions of Tariff Regulations for generation target availability for recovery of fixed charges and incentive. The said approach of the State Commission while deciding Issue No. (vi) is illegal and ill-founded. We have decided Issue No. (vi) in favor of the appellant as the same issue is covered by the earlier judgment of this Appellate Tribunal dated 18.10.2012 passed in Appeal No. 7 of 2011 & batch wherein it was held that when the provisions of the Tariff Regulations of the Central Commission have been incorporated by reference in the Tariff Regulations of the State Commission, the same is required to be followed and cannot be ignored by the State Commission. The State Commission has indicated that in the absence of segregated accounts for generation, the incentive cannot be worked out as per the Regulations for which we have given certain directions under paragraph 38. Accordingly, the State Commission shall examine the same issue afresh as per the directions given by this Appellate Tribunal in the aforesaid judgment dated 18.10.2012." (emphasis added)

In view of the above judgements, PSPCL request the Hon'ble Commission to determine generation incentive on account of higher Plant Availability Factor.

Moreover PSPCL would like to submit that the backing down/shut down on no demand is imposed by the Power Controller, Patiala and has to be strictly followed to maintain Grid Discipline.

Further Annual/Capacity Maintenance jobs are carried out as per the approved maintenance schedules. The back down/shutdown on no demand is imposed by the Power Controller, Patiala and has to be strictly followed to maintain the Grid Discipline and during these shut downs the Units are kept available to run as per instructions of Power Controller, Patiala. As such, during this period no maintenance can be carried out.

View of the Commission:

Refer to para 2.10 and para 3.10 of this Tariff Order.

Issue No. 5: Delay in CAG Audit and True Up

PSPCL in the present petition has not submitted the audited accounts for FY 2013-14 and accounts of FY 2014-15 is yet to be finalized. This delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Hon'ble Commission is requested to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.

Reply of PSPCL:

Erstwhile, PSEB was unbundled into two Companies i.e., PSPCL and PSTCL on 16th April, 2010 vide Government of Punjab Notification No. 1/9/08-EB(PR)/196 dated 16th April, 2010. The assets and liabilities were vested to PSPCL by Government of Punjab vide Notification No. 1/4/04-EB(PR)/620 dated 24 December, 2012. The first Annual accounts of PSPCL for year 2010-11 (from 16 April, 2010 to 31 March, 2011) were approved and accepted by Shareholders in AGM on 17 October, 2013. The Annual accounts for the year 2011-12 and 2012-13 were approved and accepted by Shareholders in the AGM on 30.07.2014 and 15.05.2015 respectively.

Thereafter, accounts for the year 2013-14 were finalised and Statutory Auditor submitted audit report on 03.07.2015. The accounts along with report of the Statutory Auditor were submitted to CAG and who conducted the audit from 13.07.2015 to 21.08.2015. The audit certificate has been received on 15.12.2015 and the same alongwith its reply of Management on comments of Statutory Auditor and CAG of India submitted to BOD for approval and onward submission for approval of Share Holders in the AGM. The same has been approved in the BOD in its 47th meeting on dated 06.01.2016 and placed before Members of the Company (AGM) for adoption. Now, the Accounts for the year 2014-15 are being finalized. In view of the above it is submitted that there is no delay or laxity in the finalization of accounts on the part of PSPCL.

View of the Commission:

Directive No.6.18 has been issued by the Commission in Tariff Order of FY 2015-16 for timely submission of Audited Annual Accounts by PSPCL. Refer to Directive No. 8.18 of the Tariff Order.

Issue No. 6: Revenue Gap and its Financing

The revenue gap projected in present petition is increasing every year and indicates that figures are being inflated for determining revenue requirement. The expenditure already denied by the Hon’ble Commission in previous Tariff Orders should not have been included in the ARR.

Reply of PSPCL:

In present petition for ARR and Tariff for FY 2016-17, PSPCL has submitted the truing up for FY 2012-13 based on audited annual accounts which are actual expenses. The expenses for FY 2013-14 are considered based on provisional annual accounts. Also, the methodology adopted by PSPCL for projecting the expenses for FY 2015-16 and FY 2016-17 is very well elaborated in the Petition and is in line with the regulatory principles set by Hon’ble Commission and PSERC tariff Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. Also, PSPCL has not claimed any expenses which were disallowed by Hon’ble Commission in earlier Tariff Orders. However, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL is in appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in next years.

PSPCL would like to submit that the input costs envisaged in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff Regulations. It has been observed that during the year FY 2016-17 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc has gone up and therefore will result in increase in revenue gaps.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. It is therefore not appropriate to hold that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon’ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17.

PSPCL would like to submit that the process which is being followed for determination of tariff is very well defined in Section 61, Section 62 and Section 64 of the Electricity Act, 2003 and therefore there are no grounds in the contentions of the Objector which says that seeking cost plus method in ARR is against the spirit of Electricity Act, 2003.

Further, PSPCL has requested the Hon’ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2016-17.

View of the Commission:

Revenue Gap is determined by the Commission keeping in view the expenses and income approved by the Commission. Carrying Cost, if any admissible, is allowed on the Revenue Gap determined by the Commission after prudence check as per PSERC Regulations.

Issue No. 7: Interest on Short Term Loans

The interest on short term loans to meet revenue shortfall arising out of non receipt of subsidy from Government, disapproval of expenses in past Tariff Orders, etc. should not be passed on to the consumers. Only those short terms loans which are taken for carrying on the activities related with the business of PSPCL should be charged to ARR and to be recovered from the consumers. The working capital should be allowed on normative basis as per regulations and therefore funds parked with PSPCL by employees in the shape of GPF and by consumers in the shape of Advance Consumption Deposit (Security) should be used by PSPCL to meet the working capital and claim of PSPCL for interest on these two items as well as interest on actual amount of short term loans as claimed by PSPCL in ARR need to be rejected.

Reply of PSPCL:

It is submitted that in the last Tariff Order for FY 2015-16, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit.

PSPCL would like to add that every financial year undergoes truing up of expenses when the audited accounts for that year are available. The tariff determination process is such that in case Hon'ble Commission had disallowed a cost while approving ARR of a particular year, it may approve the same cost while truing up of that year if the cost is legitimate and justifiable. Therefore it is not right on the part of Objector to say that the expenses which are already disallowed previously are being claimed again in this Petition.

Further, it is submitted that for meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1 April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC Tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past Tariff Orders and passed through in the ARR.

PSPCL has no other alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow such interest on the bridge loans.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

B) Detailed Comments on the ARR FY 2016-17:

Issue No. 1: A&G Expenses

The Hon'ble Commission is requested that A&G expenses of ₹30.61 crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund should be disallowed in Tariff Order and should be met by PSPCL out of its profit.

Claiming already disallowed expenditure again in True up/Review by PSPCL when it has not challenged such disallowance in any judicial forum needs to be discouraged by PSERC by imposing severe fine as it amounts to unnecessary burdening the consumers.

Reply of PSPCL:

₹30.61 crores pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund is the actual expenses incurred by PSPCL in FY 2013-14. PSPCL Board in FY 2013-14 decided to donate annually to the Cancer & Drug Addiction Eradication fund of the Government of Punjab to make every person in the State of Punjab free from such ailments. This is in line with the notification of Government of Punjab dated 30/04/2013. The consumers should appreciate that PSPCL is undertaking this noble cause and it would also be for their benefit if the State of Punjab is free from such menace. Accordingly, it is proposed that the above expenditure claimed under this head for FY 2013-14 and FY 2014-15 be allowed as it is for a social cause as impact of tariffs is negligible.

PSPCL has claimed cost in the ARR which are legitimate and allowable as per PSERC Tariff Regulations. Since FY 2013-14 is being trued up, most of the cost are claimed as per audited annual accounts as provided in the PSERC Tariff Regulations, 2005. PSPCL has not claimed any costs which have been previously disapproved by the Hon'ble Commission. However, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL is in appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in next years. Therefore it is not appropriate on behalf of the Objector to request the Hon'ble Commission to impose severe fines on PSPCL for claiming actual expenses in its Petition.

View of the Commission:

The Commission is allowing A&G Expenses as per PSERC Regulations. Refer to para 3.13 of this Tariff Order.

Issue No. 2: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The detailed comments on power purchase cost are submitted in the petition.

Reply of PSPCL:

For supplying power to the consumers, PSPCL takes power mainly from Thermal Generation in the State as well as purchase of power from Central Generating Stations and IPPs. This cost of power increases every year for reasons beyond control of PSPCL such as increase in coal cost, transportation cost, and increase in tariff by CERC for CGSs etc.

Power purchase cost for FY 2012-13 of ₹3.63/kWh (₹7219.09 crore for 19894 MUs purchase) has been submitted based on actual figures. As regards to the purchase of power, it is submitted that in case of reduction in anticipated sales, the power purchase quantum is to be reduced which further reduces the energy charges However, PSPCL has to pay fixed charges as per CERC Order (in case of CGSs), Hon'ble Commission's Order or PPA (in case of competitive bidding).

The average power purchase cost of ₹4.43 per unit as approved by Hon'ble Commission in tariff Order for FY 2015-16 is re-estimated at ₹4.12 per unit. The average power purchase cost is estimated at ₹4.68 per unit for FY 2016-17. PSPCL has estimated the power purchase cost based on available. Tariff Orders for the generators and best available secondary information. PSPCL has been making the best possible efforts to optimize the power purchase cost. While estimating the power purchase cost, PSPCL has also considered the purchase based on merit order stack so as to optimize its cost. The additional energy available with PSPCL also envisaged for direct sale or sale through banking so as to minimize the power purchase cost.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 3: Over estimation of loan requirement for capital expenditure

The capital expenditure submitted in petition is on higher side in comparison to past experience. The Hon'ble Commission should look into investment projections for a realistic assessment and accordingly approve interest cost for FY 2015-16 and FY 2016-17.

Reply of PSPCL:

In the present petition, PSPCL has claimed the expenses for FY 2012-13 as per actual capital investment plan based on audited accounts. PSPCL is preparing the capital investment plan for upgrading the power infrastructure to cope up with increasing demand in the State and considering the aging of current power infrastructure. PSPCL providentially assessed the investment plan requirement for generating plants and T&D schemes. Further, it is submitted that PSPCL has already submitted the project-wise details of the capital investment plan proposed in the Petition to Hon'ble Commission for prudence check. The Hon'ble Commission will approve the capital investment plan and related expenses only after applying prudence check.

It is prayed that the Hon'ble Commission to approve the same and allow interest cost on the same so as to ensure power availability to all the consumers in the state and also efficiency improvements such as reduction in losses beyond targets are continued to be achieved.

View of the Commission:

Investment proposal is approved keeping previous years' expenses in view and in line with

PSERC Regulations after prudence check.

Issue No. 4: Working Capital and Interest

PSPCL has claimed interest amounts around 3 to 5 times of the approved expenses which should not be allowed. An exemplary fine under section 142 on PSPCL for not obeying the orders of PSERC may be imposed. PSPCL has also claimed interest of ₹125.63 Cr for 2016-17 towards GPF amount of employees and similar amounts for previous years. Similarly, PSPCL has customers' security deposit with them which is being deducted while working out the Net working capital. On the same analogy, GPF amount needs be adjusted while computing Net working capital.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.7 above (General Comments).

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

True-up of FY 2012-13

Issue No. 1: T&D Loss

PSPCL has achieved 16.77% T&D losses in FY 2012-13; however losses have increased to 16.89% in FY 2013-14. Therefore the expenditure used for loss reduction has not been fruitful. The Hon'ble Commission is requested to ask PSPCL to explain how the cost recovery of huge loan taken for loss reduction will be affected and will not lead to debt increase.

Reply of PSPCL:

PSPCL has been continuously making efforts to improve the distribution loss of the system. PSPCL has been able to achieve 16.77% T&D loss in FY 2012-13 as against 18% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 1.23% during FY 2012-13. Moreover Hon'ble Commission had approved T&D loss of 17% for FY 2013-14. PSPCL during this year as well has been able to over achieve the target as compared to approved losses. Therefore there are no grounds in the Objector's contentions that the expenditure made for reduction in losses has not been fruitful.

It is further submitted that capital investment done for reduction of T&D losses and allied expenses was duly approved by Hon'ble Commission in previous Tariff Orders only after applying prudence check. Hence, the recovery of such loans taken will be done in accordance with expenses like depreciation, interest expenses, etc. approved by Hon'ble Commission.

View of the Commission:

Refer to paras 2.3 and 3.3 of this Tariff Order. The Commission dis– incentivises PSPCL as per its Tariff Regulations, when PSPCL does not achieve the T&D loss target fixed by the Commission for a particular year.

Issue No. 2: Claim of expenses on normative basis for FY 2012-13

In FY 2012-13, PSPCL has requested for approval of normative expenses where the actual expenses are less than normative like A&G, etc. The Hon'ble Commission is requested to follow regulations & also impose penalty for non-performance as per practice adopted for previous years.

Reply of PSPCL:

It is submitted that PSPCL in the present Petition has claimed the R&M and A&G expenses as per Regulation 28 of PSERC Tariff Regulations, 2005, as amended from time to time. Hon'ble Commission in Tariff Order of FY 2014-15 has approved R&M and A&G expenses as per audited accounts. PSPCL has already submitted in the present Petition that Hon'ble Commission while approving such expenses has taken an inconsistent approach and the methodology adopted i.e., allowing the actual or normative whichever is less, is an incorrect methodology and contrary to concept of normative wherein the benefit for overachievement should remain with the utility and decision of Hon'ble ATE in the Judgment dated 18 October, 2012.

View of the Commission:

R&M and A&G Expenses are allowed in line with PSERC Tariff Regulations after prudence check.

Issue No. 3: Revenue gap

PSPCL has claimed excess revenue requirement than approved by the Hon'ble Commission. Such expenses do not require to be revisited as no additional facts have been given by PSPCL except that such expenses are on actual basis and are non-controllable.

Reply of PSPCL:

In Tariff Order for FY 2013-14, the Hon'ble commission has approved the revenue gap of ₹1010.49 for FY 2012-13 based on revised estimates submitted in the Petition. However, as per present regulatory proceedings and as per Regulation 9 of PSERC Tariff Regulations, 2005, as amended from time to time, true-up for FY 2012-13 shall be carried out only after audited accounts are available. The revenue gap of ₹3404.27 crore arises after true-up for FY 2012-13 as submitted in present Petition based on the audited annual accounts. Hence, Hon'ble Commission is required to re-visit such expenses and approve the revenue gap for FY 2012-13 after true-up exercise.

Regarding issues on interest charges, prior period expenses and AP consumption that are being claimed in truing up of FY 2012-13, it is submitted that the entire claim is based on audited annual accounts except for expenses such as A&G and R&M. The Hon'ble Commission might have approved cost for FY 2012-13 in previous Tariff Order but those cost approved were estimations based on available facts at that point of time. These estimations are again revisited once final audited accounts are available for respective years. The revised gap is therefore arrived based on the final audited accounts of FY 2012-13 and hence Hon'ble Commission is requested to approve such gap as claimed in the Petition.

View of the Commission:

Revenue Gap is determined by the Commission keeping in view the expenses and income approved by the Commission.

True-up of FY 2013-14 and Actual of FY 2014-15

Issue No. 1: CAG Report not available for FY 2013-14

As the CAG Report for FY 2013-14 is still awaited and accounts of FY 2014-15 is under preparation so they are not in a position to provide comments for FY 2013-14 and FY 2014-15. Moreover they have requested Hon'ble Commission not to consider gap of FY 2013-14 and FY 2014-15.

Reply of PSPCL:

The accounts for FY 2013-14 have already been audited by Statutory Auditor on 3rd July 2015 and the report has been submitted in ARR of FY 2016-17. CAG has also conducted its audit exercise from 13 July 2015 to 21 August 2015 and the final audit report was received on 15th December 2015. The Board of Directors have also approved the same on 6th January 2016 but adoption in AGM is still pending. Hon'ble Commission is therefore requested to kindly consider final truing up of FY 2013-14 as well based on the figures submitted in the Petition since these expenses claimed are as per finalized audited accounts only.

Further accounts of FY 2014-15 are under preparation and therefore will be submitted in the subsequent Petition for final truing up.

PSPCL would like to submit that since there are no expenses claimed in the Petition for FY 2014-15, there has been no claim of revenue gap made by PSPCL for FY 2014-15.

View of the Commission:

Refer to view of the Commission on Issue No.5 Objection No.3.

Revised Estimates of FY 2015-16

Issue No. 1: Upward revision ARR for FY 2015-16

PSPCL has upwardly revised net revenue requirement by ₹1103.69 crore i.e. from the approved level of ₹24988.02 crore to ₹27073.60 Cores.

Reply of PSPCL:

PSPCL has estimated net revenue requirement of FY 2015-16 based on the actual available for first half of FY 2015-16. It has been observed that all the cost have revised based on actual of first half and therefore has been projected in the Petition as revised estimates.

The purpose of the performance review exercise is to provide the Hon'ble Commission a clear picture of the actual expenses that are going to incur during this year.

It is therefore requested the Hon'ble Commission to approve revised estimates of FY 2015-16 as submitted in this Petition since these expenses are claimed as per provisions of PSERC

Tariff Regulations, 2005.

View of the Commission:

The Commission allows expenses in line with PSERC Regulations & after prudence checks.

Issue No. 2: Charges payable to Punjab Government on power from RSD.

In case the expenditure to Punjab Government on power from RSD is allowed the same should be considered on actual basis with carrying cost in True Up

Reply of PSPCL:

As far as the issue of payment of royalty charges are concerned, it is intimated that no royalty charges are being paid to Government of Punjab. The charges that are being paid for maintenance of Ranjit Sagar Dam as per Punjab Government Notification.

With respect of claiming these expenses erratically with wide variation is concerned, it is intimated that these charges are being paid at 3% of the revenue received from the electricity produced from RSD every year. The revenue generated from RSD varies every year based on the generation and availability of water.

PSPCL would further like to submit that the charges that are claimed for future period are based on the expenses that are expected to incur and considering past trend of such expenses. However while truing up of respective year, the actual cost will get adjusted and the same will be passed on to the consumers.

Hon'ble Commission is therefore requested to kindly approve the maintenance expenses for future period as well, as PSPCL have to pay these expenses every year.

View of the Commission:

The Commission approves these charges as per Regulation 29(a) of PSERC Tariff Regulations.

Issue No. 3: Provision for DSM fund

The Objector submitted that provision of DSM fund should be rejected and fund requirement should be covered in capital investment plan only after PSPCL submits cost recovery qualification requirements as per Regulations. Alternatively, the Hon'ble Commission may consider the actual expenditure incurred on DSM activities, duly approved by the Hon'ble Commission.

Reply of PSPCL:

As per Regulation 1.8 of PSERC DSM Regulations, PSPCL is allowed to recover costs incurred in any DSM related activity including planning, conducting load survey / research, designing, implementing, monitoring and evaluating DSM programs by adding the costs to the Aggregate Revenue Requirement (ARR) to enable their funding through tariff structure or by implementing programs at the consumer premises that would attract appropriate return on investment.

PSPCL understands that intent of Hon'ble Commission to approve separate provision of DSM fund is only to emphasize upon DSM activities.

PSPCL has complied with the directions of Hon'ble Commission by signing MOU with BEE under Capacity Building Programme. Through this MOU study of load research and analysis of different categories of consumers will be conducted.

PSPCL is also in process of replacement of 16 Lakhs ICL's with LED's as per approval of Hon'ble Commission which will benefit in energy savings. PSPCL is planning to take up such other measures and will be submitting to the Hon'ble Commission for approval. It is therefore requested the Hon'ble Commission to kindly approve ₹10 crore for FY 2016-17 towards DSM activities and saving targets may be achieved for different categories of consumers.

View of the Commission:

Refer para 6.19 of this Tariff Order.

Projections for FY 2016-17

Issue No. 1: High employee Cost

PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced many activities and services. Further, employee expenses may be capped at appropriate level and the same should be increased, if required, to cover the increase in terminal benefits and WPI only. Also claim of ₹746 crore towards progressive funding is not justified. Moreover BBMB share need to be as per AFC approved by CERC. Also numbers of employees are coming down whereas the basic pay numbers are increasing which needs to be rectified.

Reply of PSPCL:

PSPCL 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 has to be borne by PSPCL and is beyond its control.

Further, PSPCL has taken initiatives to reduce the employee cost as well as increase the productivity and efforts taken by PSPCL have also been recognized by the Hon'ble Commission in tariff Order of FY 2013-14.

The claim for progressive funding of ₹746 crore is on account of unfunded past Terminal liability of pension and gratuity based on the Transfer Scheme issued by Government of Punjab vide notification dated 24.12.2012. PSPCL submits as per conditions of the transfer scheme they have to payout these expenses which are beyond their control and therefore such expenses are to be allowed in the ARR.

PSPCL has been claiming share of BBMB as per the prevailing agreement between PSPCL and BBMB. The Hon'ble Commission in previous Tariff Order has been allowing share of BBMB as per the claims made by PSPCL. The Hon'ble Commission is therefore requested to continue allowing such expenses since these expenses are mandatory expenses to be borne by PSPCL as per agreement.

The capping of employee expenses means denial of employee expenses or provides any less favourable terms and conditions to the employee which is not legal.

View of the Commission:

Employee Cost is allowed as per PSERC Regulations as amended from time to time.

Issue No. 2: Determination of Wheeling Charges

The wheeling charges should cover only the wire business costs of the Licensee. The daily scheduling charges of ₹2000 per day to be paid by Open Access Consumers should be waived off.

Reply of PSPCL:

The wheeling charges are pertaining to the use of distribution system of PSPCL by Open Access consumer for wheeling of power through the distribution system of PSPCL. However, the daily scheduling charges are pertaining to the charges required for scheduling the power of Open Access consumers. The purpose of both charges is different and pertaining to different activities. Hence, the daily scheduling charges cannot be clubbed with wheeling charges or alternatively waived off.

View of the Commission:

The various charges are determined by the Commission as per its notified regulations.

Counter Objections of Nahar Fibres/Reply of PSPCL

A: General Comments

Issue No. 1: CAG audit report

The CAG has not accepted the merger of Consumer Contribution and Subsidies & grants with GOP Equity. The Objector has requested to provide the CAG report for the same.

Reply of PSPCL:

It is submitted that the said issue is not pertaining to the current Tariff petition and therefore PSPCL has no comments to offer. As far as, the CAG report is concerned, the same stands already submitted to the Hon'ble Commission.

View of the Commission:

CAG report is also considered wherever required in deciding the Tariff.

Issue No. 2: Cross Subsidy

The cross subsidy is the difference of tariff between two categories which is to be narrowed down in real terms over the years as per the Act.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6, Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No.6 (Revised ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: Applicable Regulations

PSPCL has to decide whether it wants to claim ARR for thermal plants as per CERC Regulations or combined ARR as per PSERC Regulations.

Reply of PSPCL:

PSPCL is a state generating company and a deemed Distribution License of the state of Punjab and therefore, the jurisdiction to determine the tariff as per the Electricity Act comes under the purview of State Regulatory Commission which is PSERC and not the Central Commission. Therefore, the combined ARR and tariff for generation and distribution business of PSPCL is to be determined by PSERC.

View of the Commission:

The Commission agrees with the comments of PSPCL.

Issue No. 5: Availability of Annual Audited Accounts

The annual accounts of particular year are only available after one and half year of the closing of that year. The Hon'ble Commission is to look into the matter.

Reply of PSPCL:

PSPCL submits that there was a delay in getting the accounts available for previous years due to unbundling done in FY 2010-11 and due to delay in notification of final transfer scheme. However going forward the delay in making the annual accounts available is been reduced to a large extent. PSPCL submits that the audited accounts for FY 2014-15 is expected to be available before the next filing and the audited accounts for FY 2015-16 are expected to be available after the receipt of CAG Report on Annual Accounts for FY 2014-15.

View of the Commission:

Refer to View of the Commission on Issue No.5 Objection No.3.

Issue No. 6 Profit in Operations but Gap in ARR

Though, PSPCL is showing profit in its accounts whereas it is showing a gap in ARR. The existing tariff is therefore already on a higher side as compared to neighbouring hilly states. Actual parameters are claimed by PSPCL which are higher than norms.

Reply of PSPCL:

It is submitted that the ARR for each of the year is filed in line with the Regulations specified by PSERC which is derived from the Electricity Act, 2003 and the accounts which are prepared are based on the Companies Act, 2013. Therefore a direct comparison of the accounts with the ARR is not suitable.

It is submitted that the decision of tariff to each category of consumer is the prerogative of the Hon'ble Commission and PSPCL has no comments to offer on the existing tariff structure of PSPCL. PSPCL has determined a cumulative gap for FY 2016-17 and asked PSERC to take an appropriate view on the same.

PSPCL submits that it has claimed the actual expenses in true up process as specified in the PSERC Tariff Regulations, 2005.

View of the Commission:

Refer to view of the Commission on Issue No.6, Objection No.3.

Issue No. 7 Other Issues

PSPCL has the highest billing recovery ratios in the country and therefore it should not be allowed increase in working capital requirement due to delayed payments by consumers. Moreover, consumers bear surcharge the rate of which is much-much higher than the bank rate. Interest on GPF should not be allowed to PSPCL. The ACD collected by PSPCL contains charges towards SOP, Electricity Duty, Infrastructure Development fund and Octroi for one and a half month is being used by PSPCL for capital requirement and interest is also being claimed from consumers.

Reply of PSPCL:

PSPCL submits that the interest on working capital is allowed by the Hon'ble Commission to PSPCL based on normative as specified in the Regulations and therefore cannot be deviated based on collection efficiency.

The Commission has been allowing interest on GPF in previous orders of PSPCL. PSPCL has therefore claimed such interest on GPF in line with past orders.

The security deposit collected from consumers is in line with the relevant regulations specified by the Hon'ble Commission. PSPCL is allowed to claim interest on consumer security deposit as a part of ARR since it has to be given back to consumers.

View of the Commission:

Working capital is allowed to PSPCL to cover delayed payments/collection and surcharge thereof. Interest on GPF is to be earned by PSPCL and interest on Security is also payable to the consumers.

B: Detailed Comments on ARR for FY 2016-17

Issue No. 1: Donations under CSR not to be considered

The expenditure for donations to Cancer fund has already been disallowed earlier and therefore should not be allowed by the Commission since it is unnecessary load on the consumers. PSPCL should mention any claim pending with the Hon'ble APTEL as consumers are not aware of the same.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1 Objection No.3.

View of the Commission:

Refer to the View of the Commission on Issue No.1 Objection No.3.

Issue No. 2: Power Purchase

PSPCL has not offered comment on the reasons for high cost power purchase and drawl under UI. PSPCL has also been purchasing short term power due to failure to make allocated coal mine operational. PSPCL has not factored the falling imported Coal and LDO/FO prices in fuel cost.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 Objection No.3.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 3:

PSPCL is silent on the query raised under this point and therefore it seems the PSPCL agrees to the same (over estimation of loan requirements for capital expenditure).

Reply of PSPCL:

PSPCL submits it has not overestimated the loan requirement for capital expenditure. The loan amount projected in the petition is 70% of the total capitalization that needs to be carried out during the year. Moreover other loans are projected based on the legitimate requirement of PSPCL to meet its expenses. PSPCL has provided enough justification of its expenses and interest cost in its petition. The Hon'ble Commission is requested to consider the same while approving such expenses.

View of the Commission:

Tariff is determined by the Commission after prudent check.

Issue No. 4:

The interest on GPF and ACD may be disallowed for previous years and relief may be given to LS industrial consumers.

Reply of PSPCL:

It is submitted that the interest on GPF and ACD has been claimed by PSPCL in its petition based on the methodology adopted by the Hon'ble Commission. The Commission has been allowing such interest in line with the Regulations.

View of the Commission:

Interest on GPF and ACD is allowed in line with PSERC Regulations.

True Up of FY 2012-13

Issue No. 1:

The capital investments shall be allowed as per DPRs and T&D losses as per trajectory.

Reply of PSPCL:

The capital expenditure is being incurred by PSPCL after detailed scrutiny of works that are carried out. Moreover the Hon'ble Commission has always adhered to the T&D loss trajectory and PSPCL has claimed gains on T&D losses due to achievement of lower losses as compared to approved as provided in the Regulations.

View of the Commission:

Refer to view of the Commission on Issue No. 1 (True up for FY 2012-13) of Objection No. 3.

Issue No. 2 and 3:

The Hon'ble Commission is requested to decide claim on expenses as per past practice.

Reply of PSPCL:

PSPCL states that as provided in the previous reply, truing up of expenses is with respect to actual expenditure carried out during the year with scrutiny. The Hon'ble Commission is, therefore, requested to carry out the truing up exercise as per the provisions of the Regulations.

View of the Commission:

True up is done after prudent check of the expenses viz-a-viz norms fixed for the same.

True Up of FY 2013-14 and FY 2014-15

Issue No. 1: CAG report

The Hon'ble Commission may decide on the issue of CAG report not being provided.

Reply of PSPCL:

CAG report for FY 2013-14 has already been made available to the Hon'ble Commission.

View of the Commission:

CAG Report for 2013-14 stands received.

Revised Estimates for FY 2015-16

Issue No. 1: Increase in ARR for FY 2015-16

The increase in ARR is not understandable as there was deflation in WPI during the year, there was fall in the prices of LDO/FO and imported coal, and there is reduction in the interest rate of banks. Further there was fall in spot price of power at the IEX. Work force of PSPCL is retiring and new appointees are given only basic pay for 2 years.

Reply of PSPCL:

The revised estimates for each of the components of ARR for FY 2015-16 have been made in line with the PSERC Regulations, 2005. Further PSPCL in its petition has also provided the justification for increase in cost in each of the parameter and therefore the Hon'ble Commission is requested to consider the same.

View of the Commission:

Tariff is decided after prudent check as per Determination of Tariff Regulations, 2005.

Issue No. 2: Royalty charges

PSPCL has now stated that the charges are paid for irrigation are maintenance charges and not Royalty charges, whereas ARR of previous years state these as Royalty charges.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 (revised estimates of FY 2015-16) above.

View of the Commission:

Royalty Charges are payable to State Government on account of maintenance as well as charges for remaining capital works of RSD as per regulation 29A of PSERC Tariff Regulations, 2005.

Issue No. 3: Non Expenditure of Approved expenditure

In view of non utilization of approved expenditure for last many years, we request PSPCL to check the actual expenditure till date for the year FY 2015-16.

Reply of PSPCL:

The Commission carries out truing up of expenses for respective years and it takes care of the expenses which were previously approved but not actually incurred by PSPCL. This exercise is being consistently followed by PSERC in every tariff order.

View of the Commission:

Non expenditures are taken care of at review and true up stages.

Provisions for FY 2016-17

Issue No. 1: High Employee Cost

The argument on high employee cost has not been addressed properly by PSPCL.

Reply of PSPCL:

PSPCL submits that the Objector in its previous query had raised concerns over high employee cost. PSPCL has already replied to this query in the previous reply and also has provided proper justification in the tariff petition for FY 2016-17. The Hon'ble Commission is requested to consider the same while approving employee expenses for FY 2016-17.

View of the Commission:

APTEL has already decided the issue of employee cost as per actual after prudent check by the Commission.

Issue No. 2: Wheeling Charges

The Objector states that when wheeling and transmission charges are already recovered in ARR, there is no meaning of charging ₹2000 per day as scheduling charges. The replies of PSPCL shall be made public. All the material submissions submitted by PSPCL to Hon'ble Commission regarding the ARR should also be made public.

Reply of PSPCL:

The scheduling charges are charges different from transmission and wheeling charges. These charges are being paid to SLDC for scheduling and maintaining the grid. As per the Act scheduling of power is a separate activity and cannot be clubbed with transmission.

The replies on public objection are part of the tariff order issued by the Commission and therefore it is made public every year.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No. 4: Sh. Avtar Singh, President, Chamber of Industrial & Commercial Undertaking, Ludhiana.

Issue No. 1: Adoption of Latest Technology

No efforts are being made to use latest technologies such as smart Grids and distribution system automation to reduce outage time /maintenance and manpower cost.

Reply of PSPCL:

PSPCL has also emphasised on the implementation of latest technology for improving operational efficiency. PSPCL considered implementation through R-APDRP schemes which have been considered in the capital investment plan. PSPCL requests the Hon'ble Commission to allow capital investment plan and allied expenses so as to expedite implementation of new technologies and I.T. initiatives.

View of the Commission:

Refer Directive no. 8.8 (iii) (iv) (v), 8.14 & 8.20 of this Tariff Order.

Issue No. 2: Recovery of dues from Punjab Government

No efforts are being made by PSPCL for recovery of hefty dues from the Punjab Govt. in shape of subsidies and the interest cost on borrowed funds has been therefore passed on to the consumers.

Reply of PSPCL:

PSPCL has made rigorous efforts for recovery of pending dues from Punjab Government. PSPCL is taking consistent follow up and is making best possible efforts to recover pending dues in the shape of subsidies from the Punjab Govt.

View of the Commission:

The subsidy by GoP is to be paid in advance monthly instalments. In case of delay in payment of subsidy, interest is charged from GoP on delayed payment of subsidy. Regarding outstanding dues from the State Govt. Departments, PSPCL needs to introduce concept of pre-paid metering in consultation with State Govt. Also refer to Directive No.8.9 of this Tariff Order.

Issue No. 3: Operational Efficiency in Generation of Power

PSPCL shall increase the operational efficiency in the generation of power through adoption of latest technology and optimum utilization of scarce resources.

Reply of PSPCL:

PSPCL is always keen to implement to new technologies in the generation system to improve process efficiency. PSPCL requests the Hon'ble Commission to allow capital investment plan and allied expenses so as to expedite implementation of new technologies in its generating stations.

View of the Commission:

Refer to para 6.4 and 6.7 of this Tariff Order.

Issue No. 4: Steps for recovery of Default Payment

PSPCL shall take Effective steps for recovery of the defaulted amounts in payment of electricity bills due from various Govt. Departments and other Boards/Trusts/Corp./ Religious Bodies etc so as to avoid burden of interest cost on consumers.

Reply of PSPCL:

PSPCL has made rigorous efforts for recovery of pending dues from the Government Departments/trusts/religious bodies, etc. Most of the pending dues are pertaining to high rank and essential service Government offices. Further, it is observed that Government Departments make payment as and when grant is received from the Government, which results in levy of DP charges and interest on arrears as per Tariff schedule. PSPCL is taking consistent follow up and is making best possible efforts to recover such pending dues from Government Offices.

View of the Commission:

Refer to View of the Commission on Issue No.2 above.

Issue No. 5: Identification of illegal/unauthorized connections

PSPCL shall make more efforts for identifying the illegal/unauthorized connections since theft of power during transmission is very high.

Reply of PSPCL:

PSPCL has also been consistently working towards curtailing theft, pilferages etc. Hon'ble Commission is aware of loss reduction targets for losses less than 16% which require huge capital investment. The efforts to reduce losses below these levels would require huge investments and appropriate cost benefit analysis is essential as return in the form of loss reduction may not justify the investments in certain cases. Thus the losses are projected to reach 15% during FY 2016-17 is quite reasonable. The Hon'ble Commission should view the past trends of T&D losses of PSPCL; the efficiency improvements actually made and accordingly approve the T&D loss targets.

View of the Commission:

Refer to para No.2.3, 3.3,5.3 & 6.2 of this Tariff Order.

Issue No. 6 Subsidy to be reimbursed by Punjab Government directly

The Subsidy should be reimbursed by the Punjab Govt. directly to the needy customers instead of routing through PSPCL.

Reply of PSPCL:

PSPCL would like to submit that since the subsidy depends on the consumption of electricity by each of the consumer category, it cannot be directly passed on to the needy consumers and therefore the suggestion of the Objector is not feasible.

View of the Commission:

Subsidy is allowed after prudent check by the Commission against actual/true consumption of AP Sector. The payment of subsidy to any class of consumer is the prerogative of the State govt.

Issue No. 7: Quality power supply for 24 hours

The quality power should be provided for 24 hours and frequent scheduled power cuts with poor power supply must be controlled at all costs.

Reply of PSPCL:

PSPCL is continuously making efforts for 24x7 quality power supply to its consumers. PSPCL has improved in terms of reduction in power outages and increased power availability. Moreover the Distribution system is regularly maintained and is being strengthened under R-APDRP schemes.

View of the Commission:

PSPCL has to maintain the reliability/performance norms.

Comments on Improving Operational Efficiency and Optimum Utilization of resources

Issue No. 1: Employee Cost

The numbers of employees are constantly in the decreasing trend; however the Employee's cost is showing an increasing trend by remarkable figures.

Reply of PSPCL:

PSPCL 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 has to be borne by PSPCL and is beyond its control.

Further, PSPCL has taken initiatives to reduce the employee cost as well as increase the productivity and efforts taken by PSPCL have also been recognized by the Hon'ble Commission in Tariff Order of FY 2013-14.

Though the number of employees are decreasing the employee cost is still increasing due to increase in terminal benefits and pension payments.

The claim for progressive funding of ₹746 crore is on account of unfunded past Terminal liability of pension and gratuity based on the Transfer Scheme issued by Government of Punjab vide notification dated 24.12.2012. PSPCL submits that as per conditions of the transfer scheme they have to payout these expenses which are beyond their control and therefore such expenses are to be allowed in the ARR.

PSPCL has been claiming share of BBMB as per the prevailing agreement between PSPCL and BBMB. The Hon'ble Commission in previous tariff order has been allowing share of BBMB as per the claims made by PSPCL. The Hon'ble Commission is therefore requested to continue allowing such expenses since these expenses are mandatory expenses to be borne by PSPCL as per agreement.

PSPCL submits that detailed justification of employee cost have already been submitted in the Petition. It is therefore requested to the Hon'ble Commission to kindly approve the employee cost as claimed in the Petition.

View of the Commission:

Employee Cost is allowed in line with PSERC Regulations as amended from time to time.

Issue No. 2: High Cost of Power Purchase

The purchase of power from the external sources has been increasing every year which results in escalation in input cost of energy prices. PSPCL shall therefore arrange for cheaper sources. Since high cost power is purchased for agriculture sector for rice growing, Govt. should go for alternative crops and decrease the paddy fields so that cross subsidy burden is reduced from industrial consumers. PSPCL shall be able to make effective steps for timely completion of Thermal Power projects.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 (Comments on ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 3: Cost of Fuel

By taking following effective steps, coal cost can be controlled and can be easily reduced by 10%.

1. Quality check of Coal purchased from the external sources.
2. Captive Coal Mine.
3. Limiting transit loss.
4. Avoidance of the Commitment charges.
5. Coal procurement agreement.

Reply of PSPCL:

PSPCL would like to submit that the steps that are being taken for controlling cost of coal are mentioned as below.

1. Quality Check: As per FSA signed between PSPCL and CIL subsidiaries and as per Govt. of India instruction the third party has been appointed to analyse the coal at the loading end.
2. Captive coal Mine: The Ministry of Coal has cancelled/de-allocated the captive coal mine w.e.f. 1st April 2015 and mining works at these mines are stopped. No coal is being received from captive coal mine. The mine has been again allotted to PSPCL and work regarding engagement of new mine developer cum operator at the captive mine is under process.
3. Transit Loss: PSERC has allowed transit loss of 1.0% and PSPCL has been able to maintain the transit loss within the approved limits.
4. Commitment charges: Commitment charges are being paid as per the Fuel Supply Agreement which cannot be avoided.
5. Coal Procurement Agreement: In case of receipt of imported coal, penalty clause has

been incorporated. However coal from CIL subsidiaries is being received as per FSA signed between CIL subsidiaries and CIL.

Keeping all the above factors in mind, PSPCL has projected cost of coal for FY 2016-17 and submitted in the Petition. Hon'ble Commission is requested to approve coal cost as submitted in the Petition.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 4: Free Power to Employees

The free power to employees should be stopped.

Reply of PSPCL:

PSPCL is providing only limited free units of electricity to its staff as per the HR policy of PSPCL and matter of internal administration of PSPCL. This view is well recognized by Hon'ble Commission in previous Tariff Orders.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 5: Recovery of defaulting amount/bad debts

Some part of defaulting amount pertains to Govt. Departments, which needs to be recovered without any further delay.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.4 (General Comments) above.

View of the Commission:

Refer to View of the Commission on Issue No.2 (General Comments) above.

Issue No. 6: Theft of Electricity

The T&D loss in the financial year 2015-16 are 15.50% and which has been further projected at 15.00% for the financial year 2016-17. Therefore improvements in terms of % is very much negligible which leaves an impression that no effective effort would be taken by the PSPCL for reducing and controlling the transmission losses as promised in their statements Serious efforts are required at the end of PSPCL to reduce such kind of losses with immediate effect. Further PSPCL has not provided the details of the theft penalty imposed/realized and number of FIR registered and conviction obtained etc.

Reply of PSPCL:

PSPCL would like to submit that it has shown significant reduction in T&D loss over the last few years by carrying out capital works for loss reduction. However going forward these reductions are going to reduce as there would always be a technical loss in the system which cannot be avoided.

Hon'ble Commission is requested to consider the area covered by PSPCL and the total distribution network while approving loss trajectories. The sales mix of PSPCL is also not favorable since substantial consumption is from agriculture consumers which contribute highest in these losses.

PSPCL has been every year taking rigorous efforts for reducing the T&D losses and therefore has been able to achieve the current loss levels above the targets provided by Hon'ble Commission.

Going forward it would be difficult for PSPCL to maintain the same kind of reduction on year on year basis as it has been approaching the optimum level of transmission and distribution losses.

View of the Commission:

Refer to view of the Commission on issue No.1 (True up for FY 2012-13) Objection No.3.

Issue No. 7: Energy Audit and T&D Losses

As per MOP guidelines under APDRP; AT&C losses (Not T&D) are required to be brought to below 15% limit with annual sustained improvement. If these guide- lines are followed in true spirit there may be no tariff increase for years to come.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.1 (True up for FY 2012-13) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No. 1 (True up for FY 2012-13) of Objection No. 3.

Issue No. 8: Interest Charges and Subsidy

The borrowed funds of PSPCL are increasing every year which ultimately affects the overall cost of power. Therefore effective steps shall be taken to recover the following dues.

1. Carrying cost and excess interest paid on gaps to be recovered from Punjab Government

2. Waiver of defaulting amounts of SC/BPL Consumers to be recovered from Punjab Government.
3. No need to borrow additional funds as the same needs to be taken from Punjab Government.
4. Subsidy to be provided directly to consumers.
5. Equity to be increased so that loan additions can come down.

Reply of PSPCL:

PSPCL has planned significant capital works on various schemes of Generation, Distribution and sub-transmission works. PSPCL has to raise long term loans from various financial institutions to finance these capital works.

The interest expenses have been projected on the basis of the current outstanding loans and new loans to be taken corresponding to the planned capital expenditure, loan repayment schedule and the interest rate charged to the respective loans in the period. For the new loans considered to fund the investment outlay, it has been assumed that average of the opening balance of the new loans and the closing balance of the new loans be considered for the calculation of the interest expense.

PSPCL submits that the carrying cost cannot be recovered from Government of Punjab as the subsidy amount that is to be recovered from the Government is dependent on the consumption of subsidized category during the year. Moreover subsidy cannot be directly provided to the respective consumers as it depends on the consumption pattern of the consumers.

PSPCL submits that the Hon'ble Commission has been allowing interest on bridge loans up to FY 2014-15. In view of the same PSPCL has claimed interest on bridge loans in the current Petition. The Hon'ble Commission has also allowed in the past interest on loans taken to replace recalled loans for GOP. PSPCL has therefore also claimed interest on the same. Moreover the Hon'ble Commission has been allowing interest on delay payment of subsidy. The relevant extracts of the tariff order for FY 2014-15 is mentioned below.

*"9.4.4 GoP is also liable to pay an amount of ₹206.01 crore (as discussed in para 2.18.2 of Tariff Order for FY 2011-12) on account of non-refund of excess interest paid by PSPCL to GoP. Also, as per para 2.15.12 of this Tariff Order, the amount payable by GoP to PSPCL on account of share of disallowance for diversion of capital funds for revenue purposes has been worked out to ₹5.43 crore**. Thus, the total amount payable to PSPCL by GoP works out to ₹211.44 (206.01+5.43) crore**.*

GoP is advised to make payment of ₹211.44 crore to PSPCL as discussed in para 2.19 of this Tariff Order.

*9.4.5 GoP is also to pay **an amount of ₹379.95 crore on account of carrying cost** to PSPCL as discussed in para 6.23 of this Tariff Order." (emphasis added)*

It is therefore requested that the Hon'ble Commission to allow interest on bridge loans, interest on loans taken to replace the recalled loans of GOP and interest on loans taken on delay of payment of subsidy as it has been allowing in previous tariff orders.

PSPCL would further like to submit that the suggestions made by the Objector in its objection can be taken up separately since the said suggestions are not relating to tariff; PSPCL has no comments to offer.

View of the Commission:

It is a matter between GoP and PSPCL. The utility should make efforts to recover its dues.

Issue No. 9: Power Surplus Scenario

On one hand PSPCL is claiming power surplus scenario and on the other hand demanding tariff revision. Power shall be tied up at cheaper rates and benefit of the same shall be passed on to the consumers.

Reply of PSPCL:

PSPCL would like to submit that it has signed PPA with generators on long term basis. As per the PPA's PSPCL has to bear fixed cost of generation even if power is not purchased from the generator. Since these are long term PPA's, PSPCL has to continue paying the fixed cost till the termination of the PPA's even if PSPCL is not purchasing power from the generator.

PSPCL is therefore considering the surrender of allocated share from the Central Sector Plans and some of the IPP's mainly which are costlier to purchase. The proposal is under consideration and if finalized, power purchase cost will be reduced and the benefit will be passed on to the consumers.

PSPCL further submits that the rate of power purchase depends on the rate approved by CERC/SERC for respective generators. PSPCL has no control over the rate of power of the generator from which it is procuring. Therefore if there is an increase in such rate of power purchase the burden has to be passed on to the consumers.

View of the Commission:

The Commission agrees with the Comments of PSPCL.

Issue No. 10: No Attractive Policy for installing roof-top Solar Panels

There is no attractive policy for installing the roof-top-solar panels for the domestic consumers, which shall replace the DG sets and invertors which will result in addition of power at the load centre.

Reply of PSPCL:

PSPCL would like to submit that the said issue does not relate to tariff and therefore, PSPCL has no comments to offer. Moreover formulation of policy/ framework is the prerogative of Government of Punjab. PSPCL in this case has no role to play and therefore in no position to state any remarks on the same. The Objector can raise this separately before the Hon'ble Commission.

View of the Commission:

The Commission has notified separate regulations for promoting Rooftop Solar plants under Net metering.

Issue No. 11: Quality Power Supply

PSPCL on the one hand is charging higher tariff from industrial consumers and on the other hand nothing is being done to ensure the reliability of supply of power to the industry.

Reply of PSPCL:

PSPCL is continuously taking efforts for 24x7 quality power supply to its consumer. PSPCL has improved in terms of reduction in power outages and increased in availability. The improvement in reliability of supply is ensured and all planned shut downs are given in newspapers or media besides flashing of telephonic message/uploading of websites.

View of the Commission:

PSPCL should ensure un-interrupted and quality supply of power to all Consumers.

Objection No. 5: Sh. Parveen Rathi, Regional Director, PHD Chamber Of Commerce and Industry, Chandigarh.

A: General Comments

Issue No. 1: Revenue Gap

The revenue gap which is projected as increasing every year clearly indicates that the figures are being inflated. It is also pointed out that the expenditure already denied by the Regulatory Commission in the previous tariff orders should not have been included in the ARR. This indicates that PSPCL is not bothered to adhere to the approved expenditure and follow the already notified regulations upheld time and again by even the APTEL in the Appeals filed by PSPCL itself.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.6 (General Comments) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No.6 (General Comments) Objection No.3.

Issue No. 2: Cost of Supply

The cross-subsidy level needs to be calculated on cost of supply basis also and should be within ±20%. Also cross subsidy levels should not exceed the levels of previous year and therefore the tariffs of subsidized category including agriculture sector should increase suitably.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.6 (Revised ARR for FY 2015-16 and FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (Revised ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: Cap on the power supplied to Agriculture sector

The power supplied to Agriculture sector at subsidized rate needs to be capped year wise and power supplied above that should be billed as COS for agriculture worked out in ARR.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (Comments on ARR for FY 2012-13) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No.2 (Comments on ARR for FY 2012-13) Objection No.2.

Issue No. 4: Transmission Loss Estimation

PSTCL should be directed to declare the boundary metering immediately and Transmission Loss trajectory of PSTCL for next 5 years be declared in the TO 2016-17.on the basis of 2.5%.

Reply of PSPCL:

The objection pertains to PSTCL and not PSPCL and therefore PSPCL has no comments to offer on the same. However since the current petition is for FY 2016-17 transmission loss can only be provided for FY 2016-17 and not beyond that as the current Regulation does not provide for such submission in tariff Petition. Therefore the loss trajectory for next five years cannot be provided in the current Petition.

View of the Commission:

Refer to para 6.4 of Tariff Order of PSTCL.

Issue No. 5: Plant Availability Incentive

The Objector submitted that PSPCL has failed to maintain separate accounts for the twin functions being performed by it but still it wants to claim incentive for Plant availability Factor (PAF). The Objector also mentioned that PSPCL has been doing the maintenance jobs during the shutdown periods and therefore does not want to be subjected to the clause of "Mis-declaration of Availability. The Objector requested the Commission to reject the proposal of incentive of PAF and to direct PSPCL to prepare ARR as per PSERC Regulations and orders already upheld by APTEL and Supreme Court.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.4 (General Comments) Objection No.3.

View of the Commission:

Refer to paras 2.10 and 3.10 of this Tariff Order.

Issue No. 6: Prior Period Expenses

The prior period expenses cannot be scrutinized as no details are given for claiming these expenses.

Reply of PSPCL:

The details of prior period expenses head wise have already been provided in the Petition for FY 2012-13 and FY 2013-14. Prior Period items are defined as those items which arise on account of retrospective changes in the basis of accounting for previous years, short or excess provision made, waiver of any liability relating to revenue expenses of past years is being treated as prior period income and vice-versa. Prior period expenses mainly comprise of power purchase expenses, depreciation and employee expenses for previous years which have not been accounted for earlier in previous years. PSPCL submits that since these expenses are nowhere reflected in prior accounts but have been incurred as actual expenses Hon’ble Commission is therefore requested to approve these expenses.

View of the Commission:

Prior Period expenses are allowed only after prudent check of the data submitted by the utility.

Issue No. 7: Delay in CAG Audit and True Up

PSPCL in the present Petition has not submitted the CAG audit report for FY 2013-14 The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Objector requested the Hon’ble Commission to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.5 (General Comments) Objection No.3.

View of the Commission:

Refer to Directive No.8.18 issued by the Commission.

Issue No. 8: Interest on Short Term Loans

The interest on short term loans to meet revenue shortfall arising out of non receipt of subsidy from Government, disapproval of expenses in past Tariff Orders, etc. should not be passed on to the consumers. 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. Only those short terms loans which are taken for carrying on the activities related with the business of PSPCL should be charged to ARR and to be recovered from the consumers. Further, the Objector requested to Hon'ble Commission to allow working capital on normative basis as per regulations and therefore funds parked with PSPCL by employees in the shape of GPF and by consumers in the shape of Advance Consumption Deposit (Security) should be used by PSPCL to meet the working capital and claim of PSPCL for interest on these two items as well as interest on actual amount of short term loans as claimed by PSPCL in ARR need to be rejected.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.7 (General Comments) Objection No.3.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 9: Appeal No. 106 of 2013 in APTEL

APTEL has issued a judgment in Appeal No 106 of 2013 wherein all the issues were decided against PSPCL except the employee cost. The Objector has requested the Hon'ble Commission to keep the judgment in view while issuing tariff for FY 2016-17.

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission. PSPCL in this matter has no comments to offer.

View of the Commission:

All judgments of Hon'ble APTEL are kept in view while processing ARR.

Detailed Comments on the ARR FY 2016-17:

Issue No. 1: Return on Equity

The Hon'ble Commission is requested to re-determine the return on equity for all years from FY 2011-12 onwards in view of the Hon'ble APTEL Judgement dated 17 December, 2014 in Appeal No. 168 and 142 of 2013 and adjust the same in ARR for FY 2016-17 along with carrying cost to provide relief to consumers.

Reply of PSPCL:

PSPCL would like to submit that it has filed an Appeal in Hon'ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17 December, 2014. Therefore the order of APTEL has been stayed till the final outcome of the order of the Hon'ble Supreme Court. PSPCL submits that since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon'ble Commission in its previous orders. Hon'ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 2: A&G Expenses

Hon'ble Commission is requested that A&G expenses of ₹30.61 crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund should be disallowed in Tariff Order and should be met by PSPCL out of its profit

This expenditure is neither related to power sector, nor exclusively for the employees of PSPCL, therefore burden on the consumers of the state for such donations, particularly when, the tariff is already very high is not at all justified.

Moreover CSR is governed by Section 135 of the Companies Act and as per sub section 5; the amount to be spent shall be 2% of the average profits for last 3 years. Since PSPCL was in loss for a combined period of three years it is not justified to spend such expenses.

The expenditure should be disallowed and the claim should be rejected out rightly with strict warning to PSPCL.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1(Comments on ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 3.13 of this Tariff Order, A&G Expenses are allowed as per PSERC Tariff Regulations.

Issue No. 3: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The Objector has also submitted detail comments on power purchase cost submitted in Petition.

The variation in approved and actual power purchase seems to be due to excessive dependence on purchase of short term power thro' traders and unfavorable power surrender/drawl under UI.

The year wise power purchase cost from FY 2012-13 to FY 2016-17 and objected on various rates from different sources with which PSPCL has tied up for power.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (Comments on ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 4: Over estimation of loan requirement for capital expenditure

The capital expenditure submitted in petition is on higher side in comparison to past experience. The Hon'ble Commission is requested to look into investment projections for a realistic assessment and accordingly approve interest cost for FY 2015-16 and FY 2016-17.

In the past during FY 2012-13 and FY 2013-14, PSPCL has expensed on a lower side as compared to that approved by Hon'ble Commission. Therefore, expenses may be scrutinized for FY 2016-17. Also inclusion of Multi Storied Complex at Badungar and Bed facility of 11 M Poles under Generation (items lll/other works of Table 117) is not understandable.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.3 (Detailed Comments on the ARR for FY 2016-17) Objection No.3

View of the Commission:

Capital Expenditure/Investment plan has been approved considering the actual expenditure during past years/current year after prudent check in line with PSERC Regulations.

Issue No. 5: Interest on Working Capital

PSPCL has claimed interest amounts around 3 to 5 times of the approved expenses. The Hon'ble Commission is requested not allow such expenditure and impose exemplary fine under section 142 on PSPCL for not obeying the orders of the Commission. PSPCL has also claimed interest of ₹125.63 Cr for 2016-17 towards GPF amount of employees and similar amounts for previous years. Similarly, PSPCL has customers' security deposit with them for which it has claimed interest charges. These amounts shall be adjusted while computing working capital interest.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.4 (Detailed comments on the ARR for FY 2016-17) Objection No.3

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

<u>True-up of FY 2012-13</u>

Issue No. 1: T&D Losses

PSPCL is appreciated for achieving T&D losses lower than approved. PSPCL has achieved 16.77% T&D losses in FY 2012-13; however losses have increased to 16.89% in FY 2013-14. Therefore the expenditure used for loss reduction has not been fruitful. The Objector requested Hon'ble Commission to ask PSPCL to explain how the cost recovery of huge loan taken for loss reduction will be affected and will not lead to debt increase.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1 (True-up for FY 2012-13) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No.1 (True up for FY 2012-13) of Objection No. 3.

Issue No. 2: Claim of expenses on normative basis for FY 2012-13

In FY 2012-13, PSPCL has requested for approval of normative expenses where the actual expenses are less than normative like A&G, etc. Hon'ble Commission is requested to follow regulations along with penalty on non-performance as per practice adopted for previous years. The Objector has also objected on claiming all the expenses on the basis of actual which is not justifiable and therefore requested to approve all expenses based on normative parameters.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (True up for FY 2012-13) Objection No.3.

View of the Commission:

A&G and R&M Expenses are allowed in line with PSERC Tariff Regulations after prudence check.

Issue No. 3: Revenue gap

The Objector submitted that PSPCL has claimed excess revenue requirement than approved by the Hon'ble Commission. Such expenses do not require to be revisited as no additional facts have been given by PSPCL except that such expenses are on actual basis and are non-controllable.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.3 (True up for FY 2012-13) Objection No.3.

View of the Commission:

Revenue Gap is determined by the Commission keeping in view the expenses and income approved by the Commission as per PSERC Regulations.

<u>True-up for FY 2013-14 and Actual for FY 2014-15</u>

Issue No. 1: CAG Report not available for FY 2013-14

As the CAG Report for FY 2013-14 is still awaited and accounts of FY 2014-15 is under preparation so, they are not in a position to provide comments of FY 2013-14 and FY 2014-15. Moreover they have requested Hon'ble Commission not to consider gap of FY 2013-14 and FY 2014-15.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1 (True up for FY 2013-14) Objection No.3.

View of the Commission:

The Commission has issued Directive No.6.18 to PSPCL for timely submission of Audited Annual Accounts.

<u>Revised Estimates of FY 2015-16</u>

Issue No. 1: Upward revision ARR for FY 2015-16

PSPCL has upwardly revised net revenue requirement by ₹1103.69 crore i.e. from the approved level of ₹24988.02 crore to ₹27073.60 crore.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.4 (Revised Estimates for FY 2015-16) Objection No.3.

View of the Commission:

Tariff is determined on the basis of PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005, as amended from time to time and after due prudent check.

Issue No. 2: Charges payable to Punjab Government on power from RSD.

It is requested that in case the expenditure payable to Punjab Government on power from RSD if at all is allowed, should be considered on actual basis with carrying cost in True Up.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (Revised estimate for FY 2015-16) Objection No.3

View of the Commission:

The Commission approves royalty charges as per Regulation 29(a) of PSERC Tariff

Regulations.

Issue No. 3: Provision for DSM fund

The provision of DSM fund should be rejected and fund requirement should be covered in capital investment plan only after PSPCL submits cost recovery qualification requirements as per Regulations. Alternatively, the Objector submitted that the Hon'ble Commission may consider the actual expenditure incurred on DSM activities, duly approved by the Hon'ble Commission.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.3 (Revised estimate for FY 2015-16) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No.3 (Revised estimate for FY 2015-16) Objection No.3.

<u>Projections for FY 2016-17</u>

Issue No. 1: High employee Cost

PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced many activities and services. Further, the Objector requested Hon'ble Commission to cap employee expenses at appropriate level and the same should be increased, if required, to cover the increase in terminal benefits and WPI only. Also claim of ₹746 crore towards progressive funding is not justified. Moreover BBMB share need to be as per AFC approved by CERC. Also numbers of employees are coming down whereas the basic pay numbers are increasing which needs to be rectified.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1 (Projection for FY 2016-17) Objection No.3.

View of the Commission:

Employee Cost is approved as per PSERC Tariff Regulations.

Issue No. 2: Determination of Wheeling Charges

The wheeling charges should cover only the wire business costs of the Licensee and /or daily scheduling charges of ₹2000 per day to be paid by Open Access Consumers should be waived off.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (Projection for FY 2016-17) Objection No.3.

View of the Commission:

The various charges are determined by the Commission as per its notified Regulations.

Objection No. 6: HANSCO Iron and Steels Pvt. Ltd., Mandi Gobindgarh.

A: General Comments

Issue No. 1: Return on Equity

The Hon'ble Commission is requested to re-determine the return on equity for all years from FY 2011-12 onwards in view of the Hon'ble ATE Judgement dated 17 December, 2014 in Appeal No. 168 and 142 of 2013 and adjust the same in ARR for FY 2015-16 along with carrying cost.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.1 (General comments) Objection No.3.

View of the Commission:

The issue of RoE is pending with Hon'ble Supreme Court.

Issue No. 2: Cross Subsidization

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. APTEL has directed PSERC to work out cross subsidy on the basis of voltage wise and category wise cost of supply. APTEL has also directed PSERC to work out the cross subsidy on the basis of voltage wise category wise cost of supply and has also held that the cross subsidy of any category of consumers will not be increased from the level of last year. Therefore tariff for agriculture sector and other subsidized domestic consumers be increased suitably.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.6 (Revised ARR for FY 2015-16 & FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (Revised ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: ARR and Carrying Cost of Revenue Gap

The revenue gap which is projected as increasing every year clearly indicates that the figures are being inflated.

The increasing gap clearly indicates that PSPCL is taking interest bearing working capital loans from various sources and incurring finance charges on arranging loans. Further carrying cost estimated by PSPCL needs to be reassessed and minimized.

The expenditure already denied by the Regulatory Commission in the previous tariff orders should not have been included in the ARR. This indicates that PSPCL is not bothered to adhere to the approved expenditure and follow the already notified regulations upheld time and again by even the APTEL in the Appeals filed by PSPCL itself.

An increase of 85.21% is required to meet the revenue gap proposed. This indicates PSPCL operations are going towards a debt trap.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.6 (General comments) Objection No.3. In addition, PSPCL submitted that carrying cost on past gaps is proposed by PSPCL due to the fact that the revenue gaps of previous orders are not approved on timely basis. The fact has also been recognized by the Hon'ble APTEL in its judgment dated 18 October 2012. PSPCL therefore has not violated any Regulation by claiming carrying cost in its Petition.

PSPCL would like to submit that Regulation 9 of PSERC Tariff Regulations, 2005 defines for audited actual expenditure to be submitted in true up of respective year for which audited accounts is available. The Hon'ble Commission will revisit the figures previously approved based on the audited accounts available and revise approve the cost while truing up exercise. PSPCL submits that it has not claimed anything against the Regulation of PSERC and therefore the contention that PSPCL has claimed the expenses while are already disallowed by the Commission is not true and therefore baseless.

Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2016-17.

View of the Commission:

Carrying Cost, if any, is allowed on the Revenue gap determined by the Commission after prudent check in line with PSERC regulations.

Issue No. 4: Excess Claim not accepted by Commission in Tariff Orders

The APTEL has issued a judgment in Appeal No 106 of 2013 wherein all the issues were decided against PSPCL except the employee cost. The Objector has requested the Hon'ble Commission to keep the judgment in view while issuing tariff for FY 2016-17.

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission and therefore PSPCL has no comments to offer.

View of the Commission:

Order of Hon'ble APTEL has been implemented.

Issue No. 5: Cap on the power supplied to Agriculture sector

The power supplied at subsidized rates to agriculture sector has been growing consistently at very high rate and needs to be capped year wise. The power supplied above that should be billed as COS for agriculture worked out in ARR. The induction furnace and Rolling mill industry PIU Category), to which the Objector belongs, is running their business in loss with the prevailing rate of power as the power cost is more than 50% of the operating costs and this is the reason that almost 50% industry is already closed or is running in one shift.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.2 Objection No.2. In addition, PSPCL submitted that with regards to supply of power to agriculture category of consumers at COS rate is concerned, the said issue is under the prerogative of Hon'ble Commission. PSPCL would comply with the directions of the Hon'ble Commission. PSPCL only request the Hon'ble Commission to kindly allow to recover the legitimate cost of PSPCL claimed in the Petition.

View of the Commission:

Refer to view of the Commission on Issue No.2 Objection No.2.

Issue No. 6: Transmission Loss Estimation

PSTCL should be directed to declare the boundary metering immediately and Transmission Loss trajectory of PSTCL for next 5 years be declared in the TO 2016-17.on the basis of 2.5%. The industrial consumers be divided into four separate distinct categories based on supply voltage levels i.e. 220/132 KV, 66KV, 33KV and 11 KV and voltage wise cost of supply based tariff be implemented for these consumers.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.4 (General Comments) Objection No.5.

View of the Commission:

Refer to para 6.4 of the T.O. of the PSTCL and also view of the Commission on Issue No.2 above.

Issue No. 7: Charges payable to Punjab Government on power from RSD.

In case the expenditure payable to Punjab Government on power from RSD is allowed, the same should be considered on actual basis with carrying cost in True Up.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.2 (revised estimate for FY 2015-16) Objection No.3.

View of the Commission:

The Commission approves these charges as per Regulation 29(a) of PSERC Tariff Regulations.

<u>True-up of FY 2012-13</u>

Issue No. 1: T&D Loss

PSPCL has achieved 16.77% T&D losses in FY 2012-13; however losses have increased to 16.89% in FY 2013-14. Therefore the expenditure used for loss reduction has not been fruitful. The Objector requested Hon'ble Commission to ask PSPCL to explain how the cost recovery of huge loan taken for loss reduction will be affected and will not lead to debt increase.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.1 (True-up for FY 2012-13) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No. 1 (True up for FY 2012-13) of Objection No. 3.

Issue No. 2: Claim of expenses on normative basis for FY 2012-13

In FY 2012-13, PSPCL has requested for approval of normative expenses where the actual expenses are less than normative like A&G, etc. The Hon'ble Commission is requested to follow regulations and also impose penalty or non-performance as per practice adopted for previous years. The claiming of all the expenses on the basis of actual is not justifiable and therefore, it is requested to approve all expenses based on normative parameters.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.2 (True-up for FY 2012-13) Objection No.3

View of the Commission:

A&G and R&M Expenses are allowed in line with PSERC Regulations.

Issue No. 3: Prior Period Expenses and AP consumption

The prior period expenses have not contributed in any way towards the electricity supplied to consumer and therefore shall not be part of ARR for FY 2015-16. The AP consumption allowed in True up of 2011-12 was 9455 MUs as per TO 2014-15. Now it is seen that PSPCL has sought true up of AP consumption of 10794 MUs for 2012-13 in ARR 2016-17. This works out to yearly increase of 14.19% which is not understandable.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.6 Objection No.5. Regarding AP Consumption, PSPCL would also like to submit that the AP consumption of 10794 MUs for FY 2012-13 is as per actual consumption in audited annual accounts.

View of the Commission:

Prior Period Expenses are allowed after prudent check of the data submitted by PSPCL in line with PSERC Regulations.

Issue No. 4: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The Objector has also submitted detail comments on power purchase cost submitted in petition.

The variation in approved and actual power purchase seems to be due to excessive dependence on purchase of short term power thro' traders and unfavorable power surrender/drawl under UI and is due to mismanagement of power.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.2 (Detailed comments on the ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 2.8 of this Tariff Order and also refer to view of the Commission on Issue No.2 Objection No.3.

True-up of FY 2013-14 (Provisional True Up)

Issue No. 1: Delay in CAG Audit and True Up

PSPCL in the present Petition has not submitted the CAG audit report for FY 2013-14 The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Hon'ble Commission is requested to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.5 (General comments) Objection No.3.

View of the Commission:

The Commission has issued Directive No.6.18 to PSPCL for timely submission of Audited Annual Accounts.

Issue No. 2: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The detail comments on power purchase cost submitted in Petition.

Reply of PSPCL:

Refer to comments of PSPCL on Issue No.2 (Comments on ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 3.8 of this Tariff Order.

<u>ARR FY 2014-15 (Provisional True Up)</u>

Issue No. 1: Delay in preparation of audited accounts and accounting of revenue gap

The accounts of PSPCL for FY 2014-15 is not yet prepared and therefore consumers have to bear carrying cost of Revenue Gap for 2 year. The Objector has also requested not to consider the Revenue gap worked out by PSPCL for the year 2014-15 till the audited statement is made available.

Reply of PSPCL:

Refer to the reply of PSPCL on Issue No.5 (General comments) Objection No.3.

View of the Commission:

Refer to Directive No.8.18 issued by the Commission.

<u>ARR FY 2015-16 (Revised Estimates)</u>

Issue No. 1: No reason for admitting expenses for FY 2015-16

The higher expenses than approved are same i.e. mainly all such expenses are beyond control of PSPCL and on actual basis with no reference to the regulations of tariff determination and/or the directive given in the Tariff order for FY 2015-16. There is no reason for admitting the same for the year 2015-16.

Reply of PSPCL:

PSPCL would like to submit that the expenses claimed in revised estimates for FY 2015-16 is based on actual numbers of first half of FY 2015-16 and estimated numbers for second half of FY 2015-16. The expenses for second half are estimated taking actual of first half as base figures. It is therefore submitted that the numbers estimated in the Petition for FY 2015-16 are not inflated and is with proper justification.

The Hon'ble Commission is therefore requested to kindly approve the ARR for FY 2015-16 as submitted in the Petition.

View of the Commission:

Expenses are approved in line with PSERC Regulations.

Issue No. 2: Provision for DSM fund

The provision of DSM fund should be rejected and fund requirement should be covered in capital investment plan only after PSPCL submits cost recovery qualification requirements as per Regulations. Alternatively, the Objector submitted that the Hon'ble Commission may consider the actual expenditure incurred on DSM activities, duly approved by the Hon'ble Commission.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.3 (Revised estimates for FY 2015-16) Objection No.3.

View of the Commission:

Refer to view of the Commission on Issue No. 3 (Revised estimates for FY 2015-16) Objection No.3.

Issue No. 3: Power Purchase

The rate of solar bundled power of NWNL and over drawl of UI is very much abnormal.

Reply of PSPCL:

The rate of unbundled solar power of NVVNL is not under the control of PSPCL but PSPCL has to pay the bills raised by NVVNL for buying solar energy. Similarly UI rates are based on the frequency at the time of overdraw and therefore cannot be controlled. PSPCL therefore submits that such an expense to be passed through in tariffs.

View of the Commission:

Refer to para 5.9 of this Tariff Order.

<u>ARR FY 2016-17 (Projections)</u>

Issue No. 1: Cross Subsidy

The cross subsidy should be get eliminated in phased manner and a road map may kindly be got drawn by PSERC and should be indicated in the tariff order.

Reply of PSPCL:

The authority to decide the tariff for each category of the consumer rest upon the Hon'ble Commission. PSPCL has therefore not proposed any tariff schedule in its ARR petition for FY 2016-17.

The Hon'ble Commission may take appropriate view on the tariff and the cross subsidy component of each of the category of consumer in consultation with PSPCL.

View of the Commission:

Refer to view of the Commission in Issue No. 6 (ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 2: AP Consumption

The Hon'ble Commission should freeze limit of consumption of the categories who are cross subsidized and utility should be directed to recover consumption exceeding that limit at the normal tariff - not at the subsidized tariff - from these consumers

Reply of PSPCL:

PSPCL submits the said objection is addressed to the Hon'ble Commission; PSPCL has no comments to offer. However PSPCL would like to submit that PSPCL has been estimating unmetered consumption based on the methodology approved by the Hon'ble Commission in previous tariff orders and therefore has been abiding by the directions of the Hon'ble Commission.

View of the Commission:

Refer to view of the Commission on Issue No.2, Objection No.2.

Issue No. 3: Interest on Short Term Loans

PSPCL needs to be told in clear terms that it has to stick to the approved expenses in Tariff Orders and any expenditure made over and above that will not be reflected and submitted for approval in the next ARR.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.7 (General Comments) Objection No.3.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 4: Over estimation of loan requirement for capital expenditure

The capital expenditure submitted in Petition is on higher side in comparison to past experience. The Objector requested Hon'ble Commission to look into investment projections for a realistic assessment and accordingly approve interest cost for FY 2015-16 and FY 2016-17.

In the past during FY 2012-13 and FY 2013-14, PSPCL has expensed on a lower side as compared to that approved by Hon'ble Commission. Therefore, expenses may be scrutinized for FY 2016-17. Also release of T/wells should either be payable by T/well consumers themselves or be paid by the Govt. as Capital tube well subsidy/Grant. Such burden should not be put on other categories of consumers.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.3 (Detailed comments on the ARR for FY 2016-17) Objection No.3. As regard to expenditure on release of T/well is concerned the said issue is a policy decision and may not be discussed in this platform, therefore PSPCL will not be able to comment on the same.

View of the Commission:

Capital Expenditure/Investment Plan has been approved considering the actual expenditure during the past years/current year after prudent check in line with PSERC Regulations.

Issue No. 5: Working Capital and Interest

PSPCL has claimed interest amounts around 3 to 5 times of the approved expenses. Objector has requested PSERC not allow such expenditure and impose exemplary fine under section 142 on PSPCL for not obeying the orders of PSERC. PSPCL has also claimed interest of ₹125.63 Cr for 2016-17 towards GPF amount of employees and similar amounts for previous years. Similarly, PSPCL has customers' security deposit with them for which it has claimed interest charges. These amounts shall be adjusted while computing working capital interest.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.7 (General Comments) Objection No.3.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 6: High employee Cost

PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced many activities and services. Further, the Objector requested Hon'ble Commission to cap employee expenses at appropriate level and the same should be increased, if required, to cover the increase in terminal benefits and WPI only.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.1 (projection for FY 2016-17) Objection No.3. Further, PSPCL has taken initiatives to reduce the employee cost as well as increase the productivity and efforts taken by PSPCL have also been recognized by the Hon'ble Commission in tariff Order of FY 2013-14.

The claim for progressive funding of ₹ 746 crore is on account of unfunded past Terminal liability of pension and gratuity based on the Transfer Scheme issued by Government of Punjab vide notification dated 24.12.2012. PSPCL submits as per conditions of the transfer scheme they have to payout these expenses which are beyond their control and therefore such expenses are to be allowed in the ARR.

The capping of employee expenses means denial of employee expenses or provides any less favourable terms and conditions to the employee which is not legal. It is submitted that the

Hon'ble Commission approve the expenses claimed in the Petition based on projections made with proper justification.

View of the Commission:

Employee Cost is approved in line with PSERC Regulations.

Issue No. 7: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The detailed comments on power purchase cost submitted in petition are given.

All the units of IPP's shall be commissioned by April 2016 which does not seem to be possible in view of the past record of private developers. Also the surrender of power needs to be reviewed/checked every month in view of changing scenario of coal cost due to allotment of coal mines. Through bidding process, Fall in imported coal prices and falling gas prices.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 (Detailed comments on the ARR for FY 2016-17) Objection No.3. Further the estimation made for new generation to come up is based on the information made available by such generators to PSCPL and therefore has been submitted in the petition.

Also surrender of power provided by PSPCL is based on the merit order principle adopted by the State Load Dispatch Centre based on the variable cost of power from each of the sources.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 8: Transmission and Distribution Losses

In case actual agriculture consumption goes above estimated consumption the differential shall be recovered at cost of supply tariff. Also the inefficiency of PSPCL in controlling theft, pilferages etc. should also not be loaded on honest consumers.

Reply of PSPCL:

PSPCL submits that the tariff for agriculture consumers is decided by the Hon'ble Commission through various tariff order. It is therefore submitted that the contention of the Objector that the tariff of the differential amount is to be charged as per cost of supply, is the prerogative of the Hon'ble Commission, PSPCL has no comments to offer on the same.

It is submitted that the increase in power consumption by Agriculture tubewells is partly due to increase in the number of tubewells and partly due to weather conditions prevailing during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tubewells and drawing less water to sustain underground water level as well. The increase in cost of supply of power to agriculture category will lead to increase in subsidy payable by Government of Punjab as supply to agriculture tubewells is free as per policy of the Government.

It is further submitted that power is available to Agriculture category for limited period of 8 hours, however, the industry consumers are availing 24x7 supply considering their importance of usage. Hence, if industry category consumers are paying higher tariff, the quality and availability of supply is also much better than other category of consumers. Also, industry category consumers are also availing other benefits like kVAh tariff, ToD tariff, etc. which are not available for Agriculture category of consumers.

Moreover with respect to controlling theft, PSPCL has taken respective measures for controlling theft and pilferage. PSPCL has been following the directives of the Hon'ble Commission to curb theft in the area of supply and improve efficiency.

View of the Commission:

Refer to para 6.2 of this Tariff Order.

Issue No. 9: Peak Load Exemption Charges

PLEC charges may not be applied in winter months.

Reply of PSPCL:

PSPCL has been levying peak load exemption charges based on the tariff approved by the Hon'ble Commission in previous tariff orders. It is the prerogative of the Commission whether to levy PLEC charges during winter months or not. PSPCL would be following the directives of the Commission in this regard.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 10: Cost of Supply/HT Rebate

The cost of supply for various categories as worked out in ARR 2016-17 does not seem to be realistic as cost of supply for Industrial Consumers at 66 kV has been shown higher than agricultural consumers, probably due to the assumption going wrong in view of the changing profile of consumers. PSPCL be asked to firm up the data required as lot of IT practice has been introduced. Further as per Orders of APTEL Cross subsidy levels be worked out on the basis of cost of supply and these levels should remain or less than last year and should not exceed 20% limit voltage rebate be further enhanced to make it commensurate with cost of supply.

Reply of PSPCL:

As regards the cross subsidy, it is submitted that determination of tariff and cross-subsidy level for agriculture category is prerogative of the Hon'ble Commission as per Electricity Act, 2003.

Further, it is requested that while determining the tariff in conjunction with the cross subsidy level for power intensive industry category, the Hon'ble Commission has also to keep in mind the interests of PSPCL.

View of the Commission:

Refer to paras 7.3, and 9.2 of this Tariff Order.

Issue No. 11: A&G Expenses

The Hon'ble Commission is requested that A&G expenses of ₹30.61 crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund should be disallowed in Tariff Order and should be met by PSPCL out of its profit.

The Objector stated that this expenditure is neither related to power sector, nor exclusively for the employees of PSPCL, therefore burdening of the consumers of the state for such donations, particularly when, the tariff is already very high is not at all justified.

Moreover CSR is governed by Section 135 of the Companies Act and as per sub section 5; the amount to be spent shall be 2% of the average profits for last 3 years. Since PSPCL was in loss for a combined period of three years it is not justified to spend such expenses.

The expenditure should be disallowed and the claim should be rejected out rightly with strict warning to PSPCL

Reply of PSPCL:

Refer to reply of the PSPCL on Issue No.1 (Comments on ARR for FY 2016-17) Objection No.3.

View of the Commission:

Refer to para 3.13 of this Tariff Order, A&G Expenses are approved in line with PSERC Regulations.

Issue No. 12: Prior Period Expenses

The prior period expenses have not contributed in any way towards the electricity supplied to consumer and therefore shall not be part of ARR for FY 2015-16.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (General Comments) Objection No.5.

View of the Commission:

Prior Period Expenses are allowed as per PSERC Tariff Regulation, 2005 after prudence check based on Audited Annual Accounts and expenses relating to the relevant period.

Issue No. 13: Power Procurement through Open Access

The open access should be encouraged as per the spirit of the Act 2003 and ongoing reforms in power sector

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission and PSPCL has no comments to offer. However PSPCL would like to submit that it has tied up power from various generators in order to meet the demand of the State as a whole since PSPCL being the incumbent licensee has the obligation to serve power to all the consumers in the State. In the present scenario PSPCL is in power surplus position since the demand has not grown as compared to the capacity tied up in the recent past. Also partially increase in open access consumption has also lead to surplus power available with PSPCL.

The Hon'ble Commission is therefore requested to discover ways and means through which open access consumption is curtailed and PSPCL may utilize its surplus power.

View of the Commission:

The Commission has notified open access regulation to facilitate open access & determines the open access charges as per regulation. Refer para 9.10 of this Tariff Order.

Objection No. 7: Sh.Surinder Nath Karnail, AGM, Siel Chemical Complex, Rajpura

A: Preliminary Submissions

Issue No. 1: Cross Subsidization

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. APTEL has directed PSERC to work out cross subsidy on the basis of voltage wise and category wise cost of supply. APTEL has also directed PSERC to work out the cross subsidy on the basis of voltage wise category wise cost of supply and has also held that the cross subsidy of any category of consumers shall not be increased from the level of last year.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6. (ARR for FY 2015-16 and FY 2016-17) of Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 2: Delay in CAG Audit and True Up

PSPCL in the present Petition has not submitted the CAG audit report for FY 2013-14 The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Hon'ble Commission is requested to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.5 (General comments) Objection No.3.

View of the Commission:

The Commission has issued Directive No.7.18 to PSPCL for timely submission of Audited Annual Accounts.

B: GENERAL COMMENTS ON ARR OF FY 2016-17

Issue No. 1: Abnormal Increase in Revenue Gap

The revenue gap which is projected as increasing every year clearly indicates that the figures are being inflated.

An increase of gap by 188% over six years is required to meet the revenue gap proposed which will result in undue tariff increase.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (General Comments) Objection No.3.

View of the Commission:

Revenue Gap is determined by the Commission keeping in view the expenses and income approved by the Commission as per PSERC Regulations.

Issue No. 2: Fixation of AP Tariffs and Capping of AP consumption

AP tariffs need to be fixed as per National Tariff Policy. The power supplied to agriculture sector has been growing consistently of very high rate due to release of new connections, unpredictable rains and lowering of water table.

It is imperative to cap the maximum amount of power year wise & approved by the commission that can be supplied to agriculture sector of subsidized rote inclusive of additional connections projected in a year and power supplied above that limit should be billed as COS for agriculture worked out in ARR.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 of Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No.2 Objection No.2.

Issue No. 3: PSPCL to provide prospective tariff

PSPCL should also project in their ARR the prospective tariff for each category in order to meet the revenue gap and also work out the category wise cross subsidy levels. This will facilitate all the stake holders to fully understand the impact of the ARR.

Reply of PSPCL:

PSPCL has proposed a cumulative revenue gap of ₹17117 crore for FY 2016-17. PSPCL has prayed the Hon'ble Commission to take appropriate view on the revenue gap as proposed in the Petition. PSPCL has also prayed the Hon'ble Commission to decide the tariff for all categories of consumers and cross subsidy levels.

View of the Commission:

The Commission has been directing PSPCL for submitting the prospective tariff with ARR. PSPCL is again directed to submit the same along with ARR for FY 2017-18 to FY 2019-20 (MYT).

Issue No. 4: Transmission Loss Estimation

PSTCL should be directed to declare the boundary metering immediately and Transmission Loss trajectory of PSTCL for next 5 years be declared in the TO 2016-17.on the basis of 2.5%. The industrial consumers be divided into four separate distinct categories based on supply voltage levels i.e. 220/132 KV, 66KV, 33KV and 11 KV and voltage wise cost of supply based tariff be implemented for these consumers.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.4 (General Comments) Objection No.5.

View of the Commission:

Refer to para 6.4 of Tariff Order of PSTCL.

Issue No. 5: Claim of already disallowed expenditure

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.

Reply of PSPCL:

PSPCL has not claimed any expenses which were disallowed by Hon'ble Commission in earlier Tariff Orders. However, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL is in appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in ensuing years. Further, PSPCL files an appeal before Hon'ble ATE as per Section 111 of the Electricity Act, 2003 only when it is aggrieved by Order of the Hon'ble Commission. Hence, it would not be correct to say that PSPCL is not bothered to adhere to the approved expenditure.

View of the Commission:

Expenditure under different sub-heads is allowed in line with PSERC regulations.

B: SPECIFIC ISSUES

Issue No. 1: Cross Subsidy

The cross subsidy should be eliminated in phased manner and a road map may kindly be got drown by PSERC and should be indicated in the tariff order.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (FY 2015-16 and FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (FY 2015-16 and FY 2016-17) Objection No. 2.

Issue No. 2: Agriculture Consumption

The power supplied to Agriculture sector at subsidized rate needs to be capped year wise and power supplied above that limit should be billed as Cost of Supply worked out in ARR.

Reply of PSPCL:

It is submitted that the increase in power consumption by Agriculture tube wells is partly due to increase in the number of tube wells and partly due to weather conditions prevailing during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tube wells and drawing less water to sustain underground water level as well. The increase in cost of supply of power to agriculture category will lead to increase in subsidy payable by Government of Punjab as supply to agriculture tube wells is free as per policy of the Government.

PSPCL has been estimating the AP Consumption by sample meter basis, however, the Hon'ble Commission approved the AP consumption on the basis of input energy methodology, which is lower than the sample meter basis. This method of Hon'ble Commission has been timely objected by PSPCL and is in appeal before Hon'ble ATE. PSPCL would like highlight some of the issues related AP consumption methodology as under:

a) In the Tariff Order for FY 2012-13, based on the methodology adopted for AP consumption, the Commission directed PSPCL to increase sample size of AP consumers to 10% and sample size of AP meters increased to 109516 no. i.e. 9.29% on March 2013.
b) In compliance of the above directives, pilot project has been completed by installing 52 meters on Mouly feeder in Mohali circle. The pilot project highlighted /projected the problem of damage/ burning of meters as well as stealing of meters.
c) Hon'ble Commission in tariff Order for FY 2013-14 has changed methodology for AP consumption and has been disallowing the actual sales for AP consumers.
d) Hon'ble Commission is wrongly taking AP consumption of Kandi area mixed feeders as 30% of the total consumption whereas PSPCL has calculated the same as 45% of the total consumption as attached in Volume II of this Petition.
e) Hon'ble Commission had assumed the losses of AP feeders by deducting 2.5% losses of transmission level and 15% of the distribution losses as sub-transmission level losses which is not based on the facts and in fact the losses of AP feeders nowhere more than 8.5% to 9% as there is not question of any commercial loss and rather the pumped energy being recorded is lesser to the extent there is unauthorised tapping for urban pattern supply feeders by AP consumers.

Hence, it would be correct to say that AP consumption estimated by PSPCL is inflated or unrealistic.

It is further submitted that power is available to Agriculture category for limited period of 8 hours; however, the industry consumers are availing 24x7 supply considering their importance of usage. Hence, if industry category consumers are paying higher tariff, the quality and availability of supply is also much better than other category of consumers. Also, industrial category consumers are also availing other benefits like kVAh tariff, ToD tariff, etc. which are not available for Agriculture category of consumers.

View of the Commission:

Refer to para No.2.2.3, 3.2.3 & 5.2.2. of this Tariff Order.

Issue No. 3: Interest on Short Term Loans

The Hon'ble Commission is requested not to pass on the interest on short term loans taken to meet the revenue shortfall arising out of non receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses. Only interest on working capital calculated according to PSERC Tariff Regulations for tariff determination should be allowed. PSPCL be asked to freeze loans & should seek approval for additional loans from PSERC.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.7 (General Comments) Objection No.3.

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 4: Over-estimation of loan requirement for capital expenditure

The Hon'ble Commission is requested to look into the investment projections given by the Board for a realistic assessment of the same and accordingly approve interest cost for capital work for FY2015-16 and FY 2016-17.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.3 (Detailed Comments on the ARR FY 2016-17) Objection No.3.

View of the Commission:

Capital Expenditure/Investment Plan has been approved keeping in view the expenses and income approved by the Commission during past years/current year as per PSERC Regulations.

Issue No. 5: Interest on Working Capital

PSPCL has claimed interest amounts around 3 to 5 times of the approved expenses. Objector has requested PSERC not allow such expenditure and impose exemplary fine under section 142 on PSPCL for not obeying the orders of PSERC. PSPCL has also claimed interest of ₹125.63 Cr for 2016-17 towards GPF amount of employees and similar amounts for previous years. Similarly, PSPCL has customers' security deposit with them for which it has claimed interest charges. These amounts shall be adjusted while computing working capital interest.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.7 (General Comments) Objection No.3

View of the Commission:

Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 6: Charges payable to Punjab Government on power from RSD.

It is requested that cost of generation of RSD power works out to ₹5.55 per unit which is highest amongst all generating plants of PSPCL. PSPCL shall exclude power from such sources under merit order.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 (Revised estimates for FY 2015-16) Objection No.3.

View of the Commission:

The Commission approves these charges as per Regulation 29(a) of PSERC Tariff Regulations.

Issue No. 7: High Cost of Power Purchase

The actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The Objector has also submitted detail comments on power purchase cost submitted in Petition.

The variation in approved and actual power purchase seems to be due to excessive dependence on purchase of short term power thro' traders and unfavorable power surrender/drawl under UI and is due to mismanagement of power.

In ARR FY 2015-16, PSPCL has neither given the report of consultant on review of PPAs nor worked out the liability for surrender of power. Methodologies adopted or proposed to be adopted for minimizing losses to PSPCL have also not been explained in the ARR.

Reply of PSPCL:

It is submitted that, for smooth running of the system, PSPCL has engaged a consultant M/s Mercados Energy Markets India Pvt. Ltd. for following jobs:-

a) Load forecasting on daily basis, day head basis, short term for monthly basis and yearly basis and medium term basis.
b) The availability during the corresponding times.
c) Identifying the surpluses.

Firm has developed "Demand forecasting modules" and Day Ahead Demand & Expected Exchange Rates are being projected. All the modules are on test run and expected to be put on actual use after December, 2014. After identifying the surpluses (as intimated by M/s Mercados), PSPCL has executed MOU with M/s TPTDL to dispose off that surplus power.

Also refer to reply of PSPCL on Issue No.2 (Detailed Comments on ARR for FY 2016-17) Objection No.3

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 8: T&D Loss:

The loss level target of 15% earlier proposed for FY 2015-16 has now been projected for FY 2016-17 by PSPCL which means that PSPCL again failed to achieve T&D losses fixed by Hon'ble Commission.

Further, some regulations should be framed to ensure that norms fixed by Hon'ble Commission are achieved and PSPCL may be asked to submit their report on quarterly basis to PSERC so as to ensure that if any deviation is there in any quarter, corrective steps can be taken. Further, the inefficiency of PSPCL in controlling theft, pilferages etc. should not be also loaded on honest consumers because industrial consumers receive power at higher voltage.

Reply of PSPCL

Refer to reply of PSPCL on Issue No.1 (True up for FY 2012-13) Objection No.3.

View of the Commission:

Refer para 5.3 and 6.2 of this Tariff Order.

Issue No. 9: High employee Cost

PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced many activities and services. Further, the Objector requested Hon'ble Commission to allow the increase in employee expenses in line with WPI index only.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.1 (Projection for FY 2016-17) Objection No.3.

View of the Commission:

Employee Cost is approved in line with PSERC Regulations.

Issue No. 10: Peak Load Exemption Charges

The Hon'ble Commission may review the desirability to impose Peak Load Exemption Charges during winter months after collecting data from PSPCL as demand falls almost half of the summer/paddy months. Further, Hon'ble Commission may consider imposition of PLEC on shopping malls and other similar high end consumers to part cover the cost of power. The Objector submitted PLEC charges may not be applied in winter months.

Reply of PSPCL:

It is submitted that during the peak load hours (6 PM to 10 PM) the demand on the system increases because of increase in lighting load from domestic and commercial consumers and to control maximum demand, PLEC was introduced.

Regarding the power purchased during peak load hours under Open Access, it is submitted that as the import of power increases the maximum demand on the system equally well as compared to power consumed from PSPCL, it would not be correct to say that extra charge should not be levied. Prior to introduction of TOD, the consumers (the Objector) was paying PLEC during peak load hours when power was consumed by it either from PSPCL or purchased through Open Access.

Further, Hon'ble Commission has introduced TOD tariff in Tariff Order for FY 2014-15 (para 7.3 of the Tariff Order) and decided to continue with the levy of PLEC charges for the consumers who do not opt for TOD. The Hon'ble Commission was of the view that with the implementation of the proposal of replacement of PLEC with ToD, the Large Supply and Medium supply industrial consumers will shift their operations to off peak hours, resulting in reduction in consumption during peak hours & normal hours and increase in consumption during off peak hours. The consumption during off peak hours may increase further, due to cheaper power available during this period. Further, PSPCL will be in a position to release more load/connections as a result of shifting of load. All this may give fillip to the industry, more employment opportunities, more revenue to the State Govt. etc. This may also result in increase in revenue of the utility.

In view of the above, the Commission approved the Time of Day (ToD) tariff for Large supply Industrial category and Medium Supply, Industrial category consumers.

The comparison made by the Objector to show the power consumed during peak load hours in summer shall cost ₹10.43 per unit and ₹9.38 per unit in winter is misleading. All Industrial consumers are paying PLEC are also availing peak load rebate and Hon'ble Commission has given the relief to Industrial consumer with rebate at ₹1.50 per kVAh for power consumed during period (10PM to 6AM). PSPCL has surplus power but the maximum demand during peak load has to be controlled to keep the demand within the limits to avoid collapse of transmission network. The demand of DS and NRS consumers has to be met during peak load hours as their primary requirement of power is to use it during peak load hours. Hon'ble Commission may consider imposing extra charge to shopping malls and other high end consumers.

Further, it is submitted that reduction of supply hours to agriculture tube wells is not possible as it will affect the growth of paddy and supply is being given to agriculture sector as per Policy of Government of Punjab vis-à-vis availability of power with PSPCL.

Further, during the winter months, the generation of power from Hydel projects drops considerably and peak load demand has to be controlled to keep the maximum demand on the system as per availability of power as well as to keep the transmission system in healthy condition.

PSPCL submits that PSPCL has been levying peak load exemption charges based on the tariff approved by the Hon'ble Commission in previous tariff orders. It is the prerogative of the Commission whether to levy PLEC charges during winter months or not. PSPCL would be following the directives of the Commission in this regard.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 11: Transit Loss

The transit loss levels are quite high and cannot be accepted by the Hon'ble Commission

Reply of PSPCL:

The transit loss of coal is not within the control of it and attributable to the following reasons:

a) Calibration of measuring instruments- Weighing of coal at two different locations having different calibration of weighing machines lead to error more than permissible limits.
b) The transit loss occurred because of seasonal variation during the transportation of the coal which changes the moisture content of the coal during the transportation.
c) The transportation of coal happens through open wagon. As soon as the goods are loaded on the wagon, it becomes owner risk and railways disown the responsibility. It is subject to pilferages at all halts, which is beyond the control of railways.

During the unloading, small quantities of coal get stuck at the edges of the transport wagons due to moisture and remains undelivered to the plant, contributing to transit losses.

PSPCL would like to submit that own generating stations are located far away from the coal mines/collieries. Transportation of coal from such long distances leads to more transportation losses on account of windage and evaporation of surface moisture which further leads to loss of weight. The transit loss is uncontrollable factor and is not in control of PSPCL. Hence, transit Loss shall be allowed as proposed in the Petition.

View of the Commission:

Refer to para 6.7.2 of this Tariff Order.

Issue No. 12: Tariff based on Power factor

The tariff based on kVAh should be rationalised and Hon'ble Commission may look into it keeping in view the benefit accruing to PSPCL in view of improved voltage profile and reduced losses.

Reply of PSPCL:

PSPCL had submitted the proposal for introduction of kVAh tariff before the Hon'ble Commission. Further, the Hon'ble Commission conducted the public hearing for receiving various suggestions and objections from the public on kVAh tariff proposal. Hon'ble Commission approved and implemented kVAh tariff for LS for Large Supply (General Industry), Large Supply (PIU/Arc Furnace), Bulk Supply (HT/LT), Railway Traction, Medium Supply, DS (Load more than 100 kW) and NRS (Load more than 100 kW) categories of consumers after verifying the proposal and only after considering the interest of the consumers.

Further, it is submitted that for working out kVAh tariff for PI industry and General industry, the average conversion factor of individual category was considered and the same was 0.98 for PI Industry and 0.95 for General Industry. The Industry should not object to this system as there will be no loss to PI Industry as kVAh units consumed by PI Industry shall be lower than general industry consumer for the same power used due to higher power factor of PI units.

View of the Commission:

The Commission approved the proposal of PSPCL for introduction of kVAh tariff after its scrutiny and following the laid down procedure.

Issue No. 13: Cost of Supply and HT Rebate

The Hon'ble Commission is requested that PSPCL be asked to firm up the data required for the cost of supply study since lot of computerization / digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL.

Further, as per recent orders of APTEL in an appeal filed by the Objector, it has been ordered that Cross Subsidy Levels be also worked out on the basis of Cost of supply and it should be ensured that these levels remain less than those of last year and should not exceed 20% limit. Further, voltage rebate be further enhanced to make it commensurate with the cost of supply.

Reply of PSPCL:

For working out Cost of Supply, PSPCL gave contract to an established firm (M/s TERI) who had wide experience and conducted similar studies for a number of Electricity Undertakings in

India. M/s TERI had submitted the report of the study for Cost of Supply after collecting/ analyzing the data collected from various sections of PSPCL. The study relates to voltage-wise, category-wise Cost of Supply only indicating the prevailing cross subsidization with respect to the existing tariff. M/s TERI has not given its recommendations relating to requirement of cross subsidization. The comments/ objections of various stakeholders/ consumers had been invited for obtaining their views/participation for the finalization of the said report. Thus, the views expressed by the objector are not in order.

PSERC constituted a committee vide its order No. 188 dated 14.8.2012 comprising of four members of PSERC, two members from PSPCL and two representatives from consultants from M/s TERI, New Delhi in order to expedite the determination of voltage-wise and category-wise Cost of Supply.

The Cost study is unique study that requires segregation and allocation of costs incurred by the utility in making available the services to various categories of consumers. The cost accounting practice that is followed by utilities requires some assumption for the segregation and allocation of the cost to various consumer categories. It should also be appreciated that this study is first of its kind for the State. The generation and transmission costs comprise predominant part of the total cost of PSPCL i.e. more than 80% of the total cost. The cost is further subdivided on the basis of demand and consumption and is not based on assumption. The balance cost is of the distribution. PSPCL has fair idea for the distribution of these costs to various heads. As such, CoS determined is based on sound and justified rationale.

There is no difference in the loss figures taken for the calculations of CoS for the two methodologies and are as approved by Hon'ble Commission in its various Tariff Orders. T&D Loss figures for 220 KV and 132 KV consumers had been taken as 2.5% for determining CoS for 2011-12 & 2012-13. Similarly T&D losses for agriculture had been taken as 19% for 2011-12 & 18% for 2012-13 as were approved by the Hon'ble Commission in its T.O and these agriculture losses were combined for HVDS agriculture consumers and AP consumers fed on LT supply. 220 KV consumers are not equated with 400 V LT domestic consumers in the study. Cross subsidy figures for 132 KV and 33 KV were arrived as per results of CoS study. Reasons for accepting methodology-II had been mentioned in chapter 5 of T.O. 2013-14.

The results obtained with methodology-I for the year 2011-12 & 2012-13 observed that CoS at 11 KV for industrial consumers is less than for the industrial consumers at 66 KV and 33 KV which is not acceptable, the same pattern is there in case of bulk supply and railway tractions and the results with methodology-II were realistic. Thus, the Hon'ble Commission decided to adopt methodology-II for determining the CoS for various categories of consumers. Further, fixing of Cross Subsidy levels is the prerogative of the Hon'ble Commission.

View of the Commission:

Refer Appendix-II, para 7.3 and para 9.2 of this Tariff Order. Also refer view of the Commission on Issue No. 6 (ARR for FY 2015-16 and 2016-17) of Objection No. 2.

Issue No. 14: Return on Equity

The Hon'ble Commission is requested to re-determine the return on equity for all years from FY 2011-12 onwards in view of the Hon'ble ATE Judgement dated 17 December, 2014 in Appeal No. 168 and 142 of 2013 and adjust the same in ARR for FY 2015-16 along with carrying cost.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.1 (General Comments) Objection No.3.

View of the Commission:

The issue of RoE is pending with Hon'ble Supreme Court.

Issue No. 15: Procurement through Open access

If the consumer is still going for open access, the PSPCL need to review its working and attitude towards LS consumers who have to compete with the industries from the neighboring states where the rate of power are less than the PSPCL rates and other incentives are also available. The Hon'ble Commission is further requested to take the issue of Open Access in totality and direct PSPCL to present a balanced view on Open Access.

The wheeling charges should cover only the wire business costs of the Licensee and /or daily scheduling charges of ₹2000 per day to be paid by Open Access Consumers should be waived off.

Further, since 66kV consumers are using only part of distribution system, the wheeling charges should be re-determined.

Reply of PSPCL:

PSPCL is making all its sincere efforts to reduce its expenses so that it can provide the competitive tariff compared to neighboring state. Also, PSPCL is committed to supply 24x7 reliable and quality power supply to Industrial consumer considering their need. Further, PSPCL has also been able to reduce its T&D losses up to the level of 16.77% which is one of the lowest in the country. Keeping in view of the same, in previous years, various benefits such as increase in TOD rebate, rebate on high voltage sale, kVAh tariff, and increased consumption than last year's average, a special rebate of ₹1/- per unit as per CC No. 49/2014 has been given due to power surplus.etc. are provided to Industrial consumers to make viable tariff for Industrial consumers.

On the other hand, PSPCL is giving Open Access to consumers as per the provisions of PSERC (Terms and conditions of Intra-State Open Access) Regulations, 2011, as amended from time to time. Further, PSPCL has levied the Open Access charges and other charges as determined by the Hon'ble Commission.

It is submitted that wheeling charges are pertaining to the use of distribution system of PSPCL by Open Access consumer for wheeling of power through the distribution system of PSPCL. However, the daily scheduling charges are pertaining to the charges required for scheduling the power of Open Access consumers. The purpose of both charges is different and pertaining to different activities. Hence, the daily scheduling charges cannot be clubbed with wheeling charges or alternatively waived off. Further, it is submitted that determination of wheeling charge is under purview of the Hon'ble Commission.

View of the Commission:

Refer to view of the Commission on Issue no. 13 (Projections for FY 2016-17) of Objection No. 6.

Issue No. 16: Provision for DSM fund

The provision of DSM fund should be rejected and fund requirement should be covered in capital investment plan only after PSPCL submits cost recovery qualification requirements as per Regulations. Alternatively, the Objector submitted that the Hon'ble Commission may consider the actual expenditure incurred on DSM activities, duly approved by the Hon'ble Commission.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.3 (Revised Estimate for FY 2015-16) Objection No.3.

View of the Commission:

Refer to View of the Commission on Issue No.3 (Revised Estimate for FY 2015-16) Objection No.3.

Issue No. 17: A&G Expenses

The Hon'ble Commission is requested that A&G expenses of ₹30.61 crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund should be disallowed in Tariff Order and should be met by PSPCL out of its profit

The Objector stated that this expenditure is neither related to power sector, nor exclusively for the employees of PSPCL, therefore burdening of the consumers of the state for such donations, particularly when, the tariff is already very high is not at all justified.

Moreover CSR is governed by Section 135 of the Companies Act and as per sub section 5; the amount to be spent shall be 2% of the average profits for last 3 years. Since PSPCL was in loss for a combined period of three years it is not justified to spend such expenses.

The expenditure should be disallowed and the claim should be rejected out rightly with strict warning to PSPCL

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.1 (Comments on ARR for FY 2016-17) Objection No.3

View of the Commission:

Refer to para 3.13 of this Tariff Order, A&G Expenses are allowed in line with PSERC Regulations.

Issue No. 18: Prior Period Expenses

The prior period expenses have not contributed in any way towards the electricity supplied to consumer and therefore shall not be part of ARR for FY 2015-16.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 Objection No.5

View of the Commission:

Prior Period Expenses are allowed as per PSERC Tariff Regulation, 2005 after prudence check based on Audited Annual Accounts and expenses relating to the relevant period.

Issue No. 19: Boundary Metering

PSTCL should declare the boundary metering within 3 months and the actual losses of STU should be available w.e.f.1 April, 2015 and accounted for on actual basis in the RE of 2015-16 in the ARR of FY 2016-17. PSTCL should be directed to commission metering system on transmission system boundaries and intimate actual loss in next tariff filing.

Reply of PSPCL:

It is submitted that the above said objection is not related to PSPCL. It is requested to seek reply from the PSTCL.

View of the Commission:

Refer para 6.4 of Tariff Order of PSTCL.

Objection No. 8: Sh.Parmod Kumar, Chief Electrical Distribution Engineer, Northern Railway, New Delhi.

A: Preliminary Submissions

Issue No. 1: Traction Tariff

The energy charges for railway traction are currently being levied at ₹6.55/kVAh. The existing tariff is very high as compared to other consumers in the State.

Reply of PSPCL:

The tariff and fuel cost adjustment charges levied by PSPCL for each of the category of consumer is decided as per Regulation of the PSERC or as decided by the Hon'ble Commission every year through its tariff order. It is therefore the prerogative of the Hon'ble Commission to take a view on the current tariff which is being charged to railways.

View of the Commission:

Refer to paras 9.2 and para 9.3 of this Tariff Order.

Issue No. 2: Cost of Supply and Cross Subsidy

The cost of supply for railway traction is the lowest of all consumers but even then the cross subsidy percentage is higher than HT bulk consumer. The cross subsidy should be reduced in phased manner and a road map with intermediate milestones may kindly be notified by PSERC and should be indicated in the tariff order

Reply of PSPCL:

Refer to reply of the PSPCL on Issue No.6 (Comments on revised ARR for FY 2015-16 & FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (Revised ARR for FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: T&D Losses

PSPCL should make more efforts to bring down the T&D losses from the current levels.

Reply of PSPCL:

PSPCL has been continuously making efforts to improve the distribution loss of the system. PSPCL has been able to achieve 16.77% T&D loss in FY 2012-13 as against 18% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 1.23% during FY 2012-13. Moreover Hon'ble Commission had approved T&D loss of 17% for FY 2013-14. PSPCL during this year as well has been able to over achieve the target as compared to approved losses. Therefore, constant efforts are being made by PSPCL through its capital expenditure to ensure loss levels at a minimum percentage.

It is further submitted that capital investment done for reduction of T&D losses and allied expenses was duly approved by Hon'ble Commission in previous Tariff Orders only after applying prudence check.

View of the Commission:

Refer to para 6.2 of this Tariff Order.

Issue No. 4: Additional Charges for Maximum Demand in Excess of the Contracted Demand

The Railway has no control over the maximum demand exceeding the contracted demand since it happens due to supply interruptions, public agitations, accidents etc.

The Objector requested the Commission to withdraw such charges or at least provide a cushion of 10% over contract demand for which penalty charges will not be paid.

Reply of PSPCL:

The additional charges on demand in excess of contracted demand is levied by PSPCL as per directions of the Hon'ble Commission as notified in the tariff order.

PSPCL would further like to submit that the scheduling of power is made on day ahead basis based on the contracted demand submitted by utility. Therefore any deviation from the scheduling of power lead to additional charges under UI mechanism. The additional charges are to be borne by PSPCL which adds in the power purchase cost. It is therefore necessary to pass on these charges on to the consumers responsible for deviating from the schedule of energy.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 5: Incentive for High Power factor

The Railway has spent substantial amount on providing capacitor banks to attain high power factor. This arrangement also helps in providing grid stability. The Objector is therefore requesting the Commission to introduce incentive for high power factor.

Reply of PSPCL:

It is submitted that the introduction of incentive for maintaining high power factor is the prerogative of the Hon'ble Commission. PSPCL in this regard would follow the directives of the Hon'ble Commission as notified in the tariff order.

View of the Commission:

Refer to view of the Commission on Issue No. 12 (Part-B specific issues) of Objection No. 7.

Issue No. 6: Revenue Gap

No tariff proposal to bridge revenue gap has been submitted by PSPCL in its tariff petition and therefore the revenue gap should be supported through Government subsidy and tariff should not be hiked.

Reply of PSPCL:

It is submitted that PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2016-17.

View of the Commission:

Refer to View of the Commission on Issue No.3 (General Comments on ARR for FY 2016-17) Objection No.7.

Issue No. 7: Metering of Simultaneous Maximum Demand

The Hon'ble Commission is requested to pass the order for levy of maximum demand charges and demand violation charges by taking into account the simultaneous maximum demand at all metering points and making single arrangement for all supply points for railway traction in Punjab.

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission for reconsideration of metering for simultaneous maximum demand. PSPCL in this regard would comply with the directions of the Hon'ble Commission as it would be specified in the tariff order.

View of the Commission:

The demand for each supply point has been sanctioned separately & there is no provision to record simultaneous maximum demand of multiple feeding Sub-stations.

Issue No. 8: Incentive for timely payment

The Hon'ble Commission is requested to introduce incentive for timely payment as Railway has been a good paymaster and they have never defaulted on payments

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission for introduction of incentive for timely payment. PSPCL in this regard would comply with the directions of the Hon'ble Commission as it would be specified in the tariff order.

View of the Commission:

Refer regulation 31.8 of the Supply Code, 2014.

Issue No. 9: Special Consideration by various SERC's

Various SERC's across the country have provided special considerations for tariff of Railways

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission for introducing special consideration for Railways in its tariff. PSPCL in this regard would comply with the directions of the Hon'ble Commission as it would be specified in the tariff order.

View of the Commission:

Railway has always been given due consideration.

Issue No. 10: Provision of Alternative Supply Arrangement for Railway Traction and Levy of load violation charges

No load violation charges to be levied whenever there is a supply failure.

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission for not levying load violation charges during supply failure. PSPCL in this regard would comply with the directions of the Hon'ble Commission as it would be specified in the tariff order.

View of the Commission:

Commission shall evaluate on merit any proposal on this issue submitted by PSPCL.

Issue No. 11: Payment of ACD/Consumption Security Deposit in the Shape of Letter of Assurance from RBI instead of cash

Railway may be exempted from payment of ACD/security Deposit as in Rajasthan or may be allowed ACD/Consumption Security Deposit in the shape of letter of assurance from RBI.

Reply of PSPCL:

PSPCL submits that the said issue is addressed to the Hon'ble Commission. PSPCL in this regard would comply with the directions of the Hon'ble Commission as it would be specified.

View of the Commission:

All the consumers are required to deposit Security (consumption) as per Supply Code.

Objection No. 9: Sh. R.L. Mahajan, President, Technocrats Forum, Ludhiana.

Issue No. 1: Data Projected in the Petition and Agriculture Consumption

The unmetered consumption of agriculture based on sample basis may be on the lower side. Sample measured consumption is likely to be on lower side. The consumption of Agriculture should be more accurate in order to recover subsidy from Government and will also affect the entire tariff fixation process.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.2 (Specific Issues) Objection No.7.

View of the Commission:

Refer to View of the Commission on Issue No.2 (specific Issues) Objection No.7.

Issue No. 2: Projected Revenue Gap

PSPCL has not mentioned any ways and means to bridge the revenue gap in the Petition. PSERC should direct PSPCL to do so. Increase in tariffs may be absorbed by improving efficiency of O&M and manpower productivity. Excess expenditure needs to be disallowed. State Government shall fully compensate for cost of AP sector. Techno-economic feasibility automation and digital monitoring should be introduced on large scale and T&D losses to be brought down at minimum level like in countries of South Korea and Japan etc.

Reply of PSPCL:

PSPCL has proposed a cumulative revenue gap of ₹17,117 crore for FY 2016-17 and has prayed to the Hon'ble Commission to take an appropriate view on the revenue gap proposed, while determining the tariff for FY 2016-17 in line PSERC Tariff Regulations, 2005. It is under the purview of the Hon'ble Commission to find out means and ways to bridge the revenue gap that has been arrived by PSPCL.

Further PSPCL would like to submit that the input costs envisaged in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff Regulations. It has been observed that during the year FY 2016-17, the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc. have gone up and therefore will result in increase in revenue gap.

PSPCL has been making efforts to improve its efficiency in O&M cost and increasing its productivity.

PSPCL submits that it cannot be compared with countries like South Korea and Japan since the technological advancements available there and the geographical landscape of these countries helps them to reduce the losses to bare minimum.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every possible opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17.

View of the Commission:

The Commission process the ARR as per its notified regulations & determine the gap after prudent check of expenses.

Issue No. 3: Tariff to reflect cost of Supply

As per Electricity Act, 2003, cross subsidy should have been zero by now. Subsidy should be calculated based on cost of supply for Agriculture category which will substantially reduce the revenue gap. Cost of supply of AP consumers shown is less than Cost of supply for DS and SP consumers in the Petition, which seems to be incorrect. Subsidy to the extent of ₹ 1708 crore is claimed less.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (Revised ARR for FY 2015-16 & FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 4: Abnormal Increase in Tariffs

The primary reason for revenue loss in the past is due to adopting highly unreasonable subsidized tariff. If this method is followed for FY 2016-17 also, tariff increase would be 19% for covering the next year gap i.e. FY 2016-17 and 65% increase if prior period gaps are also to be bridged. Such high tariff hike may not be acceptable.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (General Comments) Objection No.3.

View of the Commission:

Refer to View of the Commission on Issue No.6 (General Comments) Objection No.3.

Issue No. 5: Subsidy claimed lower than cost of supply

The subsidy is not claimed as per cost of supply. Also recovering fewer subsidies from Government has strained the Government financial resources less and put more pressure on finances of PSPCL. Due to which, PSPCL has to pay interest on additional loans taken by them to meet the day to day and capital expenses. The Government should take over this liability from PSPCL to enable it to avoid paying undue interest on this standing liability.

Reply of PSPCL:

PSPCL submits that the subsidy amount is recovered from the Government based on agriculture consumption for the ensuing year and the tariff which is being levied by PSERC in its tariff order. The decision of what tariff to be levied completely rest with the Hon'ble Commission. It is therefore necessary to understand that subsidy cannot be recovered based on cost of supply for Agriculture consumers unless the tariff of Agriculture consumers is exactly matched with the cost.

View of the Commission:

As per the provision of Tariff Policy, the cross subsidy levels are to be brought below ±20% which has been achieved.

Objection No. 10: Eden Steel Alloys. Sirhind.

And

Objection No. 11: Salasar Castings, Mandi Gobindgarh.

Issue No. 1: Option for Security Deposit

In Supply code 2007, consumer had the option to deposit/maintain Security (Consumption) for one month if bill payments are made on fortnightly basis and for one and a half month if bill payments are made on monthly basis. However this option was removed in Supply Code 2014 and consumers have to maintain security deposit for one and half month consumption for payment of bills on monthly basis. The It is difficult to deposit additional security amount of 15 days and therefore had asked PSPCL to provide the option of prepaid metering. The Objector has asked PSERC to direct PSPCL to provide its consumers the option of prepaid metering as per provision of Electricity Act, 2003.

Reply of PSPCL:

PSPCL submits that the said issue pertains to Supply Code Regulations and not related to tariff for FY 2016-17. This issue can be taken up separately by the Objector in a separate forum.

View of the Commission:

The issue does not relate to ARR.

Objection No. 12: Capt. S.S. Dhillon, IAS (Retd), Chairman, I.N.A. Rural Development Society, Chandigarh.

Issue No. 1: Tariff for wheat threshers to be deleted from the Schedule of Tariff

The Hon'ble Commission is requested to delete tariff of wheat threshers from 'schedule of tariff' by referring the General Conditions of Tariff for the year 2015-16 in prevailing tariff order.

Reply of PSPCL:

The schedule of tariff is determined by Hon'ble Commission in its tariff order. Further, fixation of tariff and determination of schedule of tariff for all categories is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations, 2005.

PSPCL in the current petition has not proposed any schedule of tariff to any category of consumer. With regard to the matter for deletion of tariff for particular category of consumer, the decision to do so rests upon the Hon'ble Commission. However, PSPCL feels that Schedule of Tariff 2015-16- "SX.3 Tariff of Wheat Threshers" needs to be deleted from the Schedule of Tariff.

View of the Commission:

As per clause 19.2 of the General Conditions of Tariff, AP supply is allowed for self use of Chaff Cutters, threshers & cane crushers. The temporary supply for wheat threshers under schedule SX3 is for other than self use.

Issue No. 2: Dairy and Poultry Farming under Agriculture Category

The Hon'ble Commission is requested to include Dairy and Poultry farming activity under agriculture category and not under industrial power supply category.

Reply of PSPCL:

As per Tariff Order for FY 2014-15, Dairy farming and Poultry farming are covered under relevant industrial tariff. However, keeping in view the initiative taken by Government of Punjab (GOP) to diversify the agriculture sector, Hon'ble Commission while taking decision against Petition No. 49/2013 has issued directive as per which Dairy farm consumer shall be billed under AP metered tariff instead of relevant industrial tariff subject to the payment of the subsidy by GOP towards the difference of industrial tariff and AP metered tariff.

Commercial Circular No. 04/2015 dated 11th February, 2015 has already been issued in this regard and is being implemented. Further, dairy farming/poultry farming connections are being released from urban/UPS/industrial feeders at par with the other categories of the industrial connection.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 3: Supplying of Electricity to Agriculture Pump (AP) categories connections

The Hon'ble Commission is requested to supply of Electricity to Agriculture Pump (AP) categories connections throughout the year for a minimum period of 10-12 hours preferably during day time hours.

Reply of PSPCL:

Hon'ble National Green Tribunal in case no. 09/2014 (Safal Bharat Guru Parampara Vs State of Punjab & others) issued a judgment on 20.07.2015 and directed as under

*para 43 (2) (a) - Grant of tub well connections shall be subject to the **restriction regarding the use of electricity and hours to be specifically notified by the State Govt. of Punjab**.*

para 43 (2) (d) - The above directions shall apply not only to the new connections to be issued from among 1.25 Lakhs of applications but also in respect of the existing tube well connections through electricity throughout the State of Punjab.

para 43(3) - The State Government shall make necessary notification regarding the restriction of power supply to the tube well connections along with the timings and eligible criteria for the beneficiaries in clear terms within a period of 30 days from the date of this order. After such notification the same shall be effectively implemented.

In compliance to the above order, GoP has issued notification no. 1/33/08-EB(PR)/683 dated 14th October, 2015 (copy enclosed).

In view of the above, power supply for AP consumers has been restricted to 8 hours on alternate days from April to June, 8 hours per day from June to September and 10 hours on alternate days from October to March as per Government of Punjab notification dated 14th October 2015.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No.13: Sh. Rajinder Kumar Mittal, All Cotton Ginning Factories, Punjab.

Issue No.1: Waive Off MMC for Agro based Industries

The Hon'ble Commission is requested to waive MMC on ginning industries and charge the bill according to actual consumption. The Objector also requested not to charge MMC on the units which got disconnected permanently last year against reconnection next year.

Reply of PSPCL:

In present Petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regard to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon'ble Commission keeping the interest of PSPCL in view. As far as PSPCL is concerned, it has been charging MMC as per instruction in vogue.

View of the Commission:

The matter is under the consideration of the Commission.

Objection No. 14: Sh. Rakesh Kumar, Milkhi Ram Oil & Dall Mills, Mansa

Issue No. 1: MMC tariff regarding mixed load (General & Seasonal)

The Objector has raised a query that his general load and seasonal load is charged at seasonal tariff, when the seasonal load is started.

Reply of PSPCL:

PSPCL would like to submit that this particular issue pertains to the billing of a consumer of mixed load. PSPCL would like to submit that the objections/suggestions that are invited are on the tariff petition filed by PSPCL for FY 2016-17. Since this issue is not related to present exercise of ARR, PSPCL has no comments to offer on the same. However the Objector can raise this issue in a separate forum.

View of the Commission:

The Issue does not relate to ARR.

Objection No. 15: Sh. Vijay Kumar, Prakash Cotton Processing Factory, Mansa

Issue No. 1: Peak Load Charges and Night Rebate

The peak load charges to be levied should be of ₹1/unit and night rebate to be given of ₹3/unit.

Reply of PSPCL:

It is submitted that in present Petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 2: Tariff rates shall be reduced

Since fuel prices are coming down the electricity rates should also come down.

Reply of PSPCL:

The input costs envisagedin the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff Regulations. It has been observed that during the year FY 2016-17 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc has gone up and it resulted in increase in revenue gap.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. Moreover Hon’ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order.

Issue No. 3: Different tariff rates for New Industry

There should be no discrimination on tariff rates for old and new industries.

Reply of PSPCL:

PSPCL submits that the fixation of tariff is the prerogative of the Hon’ble Commission and PSPCL has no comments to offer. PSPCL will apply the tariff to the consumers based on the tariff rates decided by the Hon’ble Commission in its tariff order.

View of the Commission:

Refer to view of the Commission on Issue No. 2 above.

Issue No. 4: TOD Meters

The TOD meters are to be installed across the state.

Reply of PSPCL:

PSPCL submits that there is no such shortage of TOD meters and PSPCL has been providing connection with TOD meters wherever necessary. Moreover the consumer also has an option of purchasing TOD meter at their own level and get it tested from PSPCL.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No. 16: Sh. Kushal Goyal, Makha Industries, Mansa

Issue No. 1: Waiver on MMC of Ginning Industries

The Hon’ble Commission is requested to give waiver on MMC for ginning industries for the year 2015-16.

Reply of PSPCL:

In present petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon’ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regards to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon’ble Commission keeping the PSPCL interest also in view. As far as PSPCL is concerned, it has been charging MMC as per instructions in vogue.

View of the Commission:

The issue is under consideration of the Commission.

Objection No. 17: Sh. Sohan Lal, Shri Ram & Co., Mansa

Issue No. 1: Waiving off MMC on Cotton Industry

The Hon’ble Commission is requested to waive MMC for FY 2015-16 and for future also, as it is an additional burden to the industry due to damage of cotton crop.

Reply of PSPCL:

In present petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon’ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regards to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon’ble Commission keeping the interest of PSPCL also in view. As far as PSPCL is concerned, it has been charging MMC as per instructions in vogue.

View of the Commission:

The issue is under consideration of the Commission.

Objection No. 18: Power Engineer Associates, Bathinda

Issue No. 1: Review of huge service connection charges on connected load

The Hon'ble Commission is requested to review the huge service connection charges to connect 97 KVA load of "Astha Enclave East Extension" at Barnala.

Reply of PSPCL:

PSPCL would like to submit that the issues of the objection are not related to the present exercise of ARR and Tariff Petition filed by PSPCL for FY 2016-17. However, a copy of the objection has been sent to the concerned office for taking necessary action in the matter.

View of the Commission:

The Issue does not relate to ARR.

Objection No. 19: PSEB Engineers Association, Patiala

A: Preliminary Submissions

Issue No. 1: Transfer Scheme Notification

As per transfer scheme notification, the funding of the Terminal Benefit Trusts in respect of pension, gratuity and leave encashment of the personnel shall be a charge on the tariff. PSPCL is required to give a time bound action plan for implementing the amendments and Commission may decide the details and modality of the implementation.

Reply of PSPCL:

Following were the salient features of the amendments dated 24.12.2012 in the Transfer Scheme:

i) As per the transfer scheme, the funding of the Terminal Benefit Trusts in respect of pension, gratuity and leave encashment of the personnel, shall be a charge on the tariff of Powercom and Transco, respectively, on yearly basis, as may be decided by the Punjab State Electricity Regulatory Commission.

ii) The Terminal Benefit Trusts in respect of pension, gratuity and leave encashment, shall be progressively funded by the Powercom and Transco, respectively, as decided by the Punjab State Electricity Regulatory Commission, in the ratio of 88.64:11.36, over a period of 15 Financial Years commencing from 1 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. Thus, funding shall continue even after the absorption of personnel in Transco and the trust shall be administered jointly by the said Powercom and Transco.

iii) The General Provident Fund Trust, shall be funded by Powercom and Transcom both, as per the apportionment made in the opening balance sheet, on and with effect from the 16^{th} April, 2010, and the same shall be funded over a period of ten years commencing on and with effect from the 1^{st} April 2013, along with interest as applicable.

There was a cumulative liability of ₹16183 crore as per actuarial valuation on account of terminal benefits & pensionary payments of employees/pensioners as on 01.04.2014. This liability was to be met by Powercom & Transco in their respective ratios & a funding was required for 15 years to cover this liability. Accordingly, PSPCL has claimed ₹914.00 crore and ₹830.50 crore for progressive funding of terminal benefits as per FRP under employee cost in the ARRs for FY 2014-15 and 2015-16 respectively. However, PSERC has disallowed the same in the respective Tariff Orders and for which PSPCL is in appeal before Hon'ble ATE. Further, PSPCL has claimed ₹746.00 crore for progressive funding of terminal benefits for FY 2016-17 in the ARR for FY 2016-17 and requested the Hon'ble Commission to allow the same. Regarding GPF Trust, PSPCL submits that it is already functioning since 2013.

View of the Commission:

GoP did not reflect the outstanding terminal liability on the opening balances of balance sheet of the new entities, so it is not liability of PSPCL&PSTCL, rather it is a liability of GoP.

Issue No. 2: AP Consumption

PSPCL has been adopting method of sample meters to arrive at AP consumption. PSPCL may inform that out of the 9.29% sample meters, what is the percentage of meters actually in working condition. In case the sample meters are not in working condition, PSPCL may give its calculation of AP consumption on the basis of pumped energy data.

Reply of PSPCL:

PSPCL would like to submit that 8.46% of the sample meters are in healthy condition (excluding defective/burnt meters). Efforts are being made to replace the defective/burnt meters. In this context necessary instructions have been issued to zonal Chief Engineers, so that the target of 10% sample metering is achieved. PSPCL would also like to state that it has been regularly submitting details of pumped energy for AP consumers to the Hon'ble Commission.

PSPCL would further like to submit that in Kandi area, the population is scattered over large geographical areas with most of people residing in clusters comprising of 15-20 houses. The AP motors in the fields adjacent to these houses, make it more difficult for segregation of AP and non AP load.

Under DDUGJY, the funds allocated for segregation of feeders are very meager. Moreover feeder segregation of Kandi feeders and 100% metering of AP connections were not incorporated in DPR's of concerned districts. However regarding accurate computation of energy consumption of AP load and non AP load, the segregation of AP energy input and non-AP energy input is being done accurately in the ratio of the consumption in each category.

All non AP consumers are metered and their consumption is being assessed accurately from the meter readings. AP consumption is being computed from the sample meters and the input energy has been segregated according to the ratio of their consumption, on the basis of the fact that losses on the feeders are common to both the categories.

View of the Commission:

Refer to paras 2.3, 3.2.3, 5.2.2 and 6.1.3 of this Tariff Order.

Issue No. 3: Loss figures to change based on AP consumption

The loss of 16.77% for FY 2012-13 will change depending upon the on AP consumption as finally decided by the Commission.

Reply of PSPCL:

The T&D losses have been arrived based on the AP consumption based on sample metering. PSPCL has already provided the justification for not using pumped energy data for calculation of AP consumption as the consumption arrived from this method is incorrect. It is therefore requested that the AP consumption may be approved based on sample metering method and therefore allow T&D loss of 16.77%.

View of the Commission:

Refer to paras 2.2.3 and 2.3 of this Tariff Order.

Issue No. 4: Loss figures to change based on AP consumption

In case a new methodology is to be implemented for working out the AP consumption, that methodology should be implemented prospectively and not retrospectively. The Objector request the Commission to adopt pumped energy data instead of sample meter data as it covers actual energy supplied.

Reply of PSPCL:

As already mentioned under reply to the point no. 3, calculation of AP consumption through pumped energy method is not the correct way to calculate AP consumption. The reasons as stated in the Petition are again reproduced as follows.

1. Hon'ble Commission is wrongly taking AP consumption of Kandi area mixed feeders as 30% of the total consumption whereas PSPCL has calculated the same as 45% of the total consumption. PSPCL has already supplied detailed calculations to this effect to PSERC vide its Memo No. 2944/CC/DTR-121/Vol.11/TR-II dated 23 December, 2013.
2. Hon'ble Commission has assumed the losses of AP feeders by deducting 2.5% losses of transmission level and 15% of the distribution losses as sub-transmission level losses which is not based on the facts. All new AP connections and shifting of connections are on HVDS line only and as seen from the analytical studies, losses of HVDS feeder's ranges from 6-10% while losses from non HVDS feeder's ranges from 12-20%.

It is therefore requested that sample meter method is a more reliable way to calculate AP consumption.

View of the Commission:

Refer to paras 2.2.3, 3.2.3, 5.2.2 & 6.1.3 of this Tariff Order.

Issue No. 5: Coal Transit Loss

The coal transit loss of (-) 0.13% indicates that the in motion weigh bridge at Ropar is recording higher weight of about 0.5%, Since Ropar has got about 40 Lac Tonne supply from Pachhwara mine in FY 2012-13 (where the billing is on the basis of received coal) a 0.5% weighment error at Ropar implies an extra payment of about ₹5 crore in that year.

Reply of PSPCL:

The motion weigh bridge at GGSSTP is regularly calibrated in presence of Inspector (Weights and Measures), Govt. of Punjab and all the coal company representatives. The same is put into use only after getting valid certificate from Inspector, Legal Metrology (Weights and Measures), Govt. of Punjab.

It is calibrated/tested in accordance with Railway RDSO schedule allowing +/- 1% variation/tolerance limit. There is no weighment error as transit loss calculated at GGSSTP end is showing different range from +ve to –ve side over all types of coal received throughout FY 2012-13 as evident from information supplied. Therefore the mention of weighment error of 0.5% is not correct.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 6: Incentive on SHR norms

The principle and methodology of station heat rate is in itself having the concept of incentive or disincentive inbuilt.

Reply of PSPCL:

PSPCL submits that the Regulation 9.2 of PSERC Tariff Regulations, 2005 stats as follows

"After audited accounts of an year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as per the audited accounts. This exercise with reference to audited accounts shall be called 'Truing Up'.

The Truing Up for any year will ordinarily not be considered after more than one year of 'Review' .."

As stated in the above Regulations, truing up is to be carried out based on the actual figures reflecting in audited accounts. PSPCL has submitted the actual figures in the Petition and claimed in true up. It is therefore submitted that the true up shall be allowed based on audited accounts by the Hon'ble Commission.

Similar is the case with the station heat rate which has been claimed on actual basis and therefore arrived at the fuel cost. Hon'ble Commission is requested to allow fuel expenses on actual basis.

However the Commission may allow incentive/disincentive as it deem fit and as provided in the Regulation.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 7: Power Purchase FY 2012-13

The 651.34 MUs for UI is very much on the higher side as it reflects upon heavy over drawl and indicates grid indiscipline. To assess the justification of the UI figure of 651.34 Mu, PSPCL should indicate the quantum of power cuts applied in 2012-13 in MUs.

Reply of PSPCL:

PSPCL submits that UI charges are paid on account of over drawl/under drawl by consumers of PSPCL on real time basis. However it is beyond the control of PSPCL that how much power is being drawn on real-time basis. The UI charges are paid by PSPCL based on the over/under drawl of power on real time basis.

During the FY 2012-13, due to shortage of power and in order to meet the demand of the state, 651.92 MUs were overdrawn from the grid and 2607 MUs of Power cuts were imposed.

The desired data regarding the quantum of power cuts imposed during the over-drawl of power from the grid in FY 2012-13 is very voluminous and therefore such details can be sought by the Objector from the office of PSPCL.

View of the Commission:

Refer para 2.8 of this tariff order.

Issue No. 8: Other Expenses

The Objector submitted that the other expenses have been lumped and shown as ₹58.8 crore. The break up / detail of ₹58.8 crore should be given. In particular, the following components may be given (a) Legal expenses (b) Expenses for outsourced meter reading.

Reply of PSPCL:

The detail of other expenses is shown in the table below.

Particulars	₹ crore
Satellite charges	0.01
Legal charges	5.97
Audit Fee	0.00
Trusteeship Charges	0.00
Credit rating charges	0.07
certification & filing charges	0.00
License Fee	0.00
Fees and subscription	12.95
Books and periodicals	0.05
Printing and stationary	2.41
Computer time hire cost	6.43
Advertisement expenses	0.81
Expense relating to NPS	0.00
Donations	0.00
Cost of Revenue stamps for office use	0.00
Meter reading / Bill distribution exp.by private parties	14.98
Expenses on Training of ULDC / Others	0.01
Free elecy.to religious places	0.01
Entertainment	0.02
Hospitality	0.56
Conference expences	0.22
Publicity Expenses	0.07
Mtc. of Guest houses	0.19
Festival Celebration	0.00
Gift other than employee	0.00
Other hospitality in offices	0.00
Miscellaneous Expenses	12.41
Admn & Gen. Expenses - school	0.01
Adm. & Gen. Expenses PSEB Colonies	0.02
Mobile set purchase expenses	0.02
Sewak Machine Hire Charges	1.58
Total	**58.80**

View of the Commission:

A&G expenses are allowed in line with PSERC Regulations after prudence check.

Issue No. 9: Interest on Loan

The long term loan burden to the tune of ₹1,013.94 crore as detailed below is creating unnecessary burden on PSPCL.

Particulars	Amount (₹ crore)
Loan Taken	675.06
Loan Repaid	794.46
Net Loans	119.40
Interest	894.54
Impact on Loans on PSPCL	1013.94

Reply of PSPCL:

The increase in loan was primarily because of fact that short term loans and medium term loans outstanding as on 16 April, 2010 were repaid and new loan for a longer period were raised in subsequent years as per statutory notification of Government of Punjab.

PSPCL further submits that the short-term borrowings by the PSPCL are higher than the normative working capital requirements as determined by the Hon'ble Commission due to the following reasons:

a) Regulatory disallowances on account of high employee costs;
b) Regulatory disallowances in fuel cost and power purchase cost;
c) Regulatory disallowances in interest & finance charges on accounts of assessed diversion of funds;
d) Non-refund of interest payment by the GoP leading to cash flow issues further leading to increased dependence on short-term borrowings.
e) Regulatory disallowances on account of carrying costs

Since these loans are necessary to be taken, PSPCL has loaded it in the ARR. However PSPCL submits that it is not going to debt trap as submitted by the Objector.

View of the Commission:

Loans are considered as per capital investment approved in the ARR and interest thereon is allowed in line with PSERC Regulations after prudence check.

Issue No. 10: Working Capital Loans

The interest on bridge loans taken from time to time is not justified and the root cause due to which these bridge loans were originated need to be corrected at this stage.

Reply of PSPCL:

PSPCL has already given the justification of including cost of interest on bridge loans in the ARR. Also Hon'ble Commission had been allowing this interest on bridge loans in previous tariff order for FY 2014-15. PSPCL has claimed this amount based on the allowance by the Hon'ble Commission in previous tariff orders.

View of the Commission:

Interest on WCL is approved in line with PSERC Regulations.

Issue No. 11: Shortfall of ₹524.07 crore

In table 42, a shortfall of ₹ 524.07 crore has occurred by way of lesser payment of subsidy by Govt. of Punjab to PSEB. Since Sec.65 of the Electricity Act, 2003 prescribed advance cash payment of subsidy, the following steps may be considered / accepted by the Commission:-

a) To allow interest on shortfall in subsidy payment over the year 2012-13.
b) To direct Govt. of Punjab to make the payment of shortfall of subsidy payment.

Reply of PSPCL:

The request made by the Objector is to the Hon'ble Commission, PSPCL has no comments to offer.

View of the Commission:

GoP has been requested to make the payment of shortfall in subsidy. Interest is also allowed to PSPCL on the shortfall in subsidy payment by GoP.

Issue No. 12: CAG report

The copy of CAG audit report for FY 2013-14 may be supplied.

Reply to Issue No. 12

The copy of CAG report for FY 2013-14 is already submitted to the Hon'ble Commission.

View of the Commission:

A copy of the report may also be supplied to the Objector.

Issue No. 13: AP consumption and Status of AMR Scheme

PSPCL should be directed to give its calculation of AP consumption on the basis of pumped energy data instead of sample meter data. PSPCL was required to complete AMR scheme by which the pumped energy of all the 4200 AP feeders should have been ensured. PSPCL has stated that only 1740 meters have been read out of 4200 which is just 41%.

Reply of PSPCL:

PSPCL would like to submit that the calculation of AP consumption on pumped energy basis is being provided to the Hon'ble Commission on regular basis and the Hon'ble Commission has been considering the same while estimating AP consumption in the tariff order.

PSPCL is in the process of upgrading the AMR system to read both Modbus & DLMS protocols modems. At present the system is under testing. As and when the system stabilizes, PSPCL will replicate it at all existing substations and start submitting data generated from the AMR system to PSERC. Timelines for the same will be submitted after stabilization.

PSPCL would further like to submit that in Kandi area, the population is scattered over large geographical areas with most of people residing in clusters comprising of 15-20 houses. The AP motors in the fields adjacent to these houses, make it more difficult for segregation of AP and non AP load.

Under DDUGJY, the funds allocated for segregation of feeders are very meager. Moreover feeder segregation of Kandi feeders and 100% metering of AP connections were not incorporated in DPR's of concerned districts. However regarding accurate computation of energy consumption of AP load and non AP load, the segregation of AP energy input and non-AP energy input is being done accurately in the ratio of the consumption in each category.

All non AP consumers are metered and their consumption is being assessed accurately from the meter readings. AP consumption is being computed from the sample meters and the input energy has been segregated according to the ratio of their consumption, on the basis of the fact that losses on the feeders are common to both the categories.

View of the Commission:

Refer to paras 2.2.3, 3.2.3, 5.2.2 & 6.13 of the Tariff Order. Refer to Directive No.8.5 of this Tariff Order.

Issue No. 14: NR Pool Account

PSPCL had to make a payment of ₹75.66 crore into the NR pool account which can be avoided if PSPCL avoids under drawing at high frequency.

Reply of PSPCL:

PSPCL schedules power as per the demand estimated for particular time period. However it may happen that on real time basis, power may be overdrawl at high frequency which is beyond the control of PSPCL. Therefore additional charges are to be bear in order to avoid load shedding. Since the overdrawal is due to consumer demand at peak load, PSPCL has considered UI charges in ARR.

Backdown of Thermal Plants, Surrender of power, Over/Under-drawl of power at High/Low Frequencies from the grid and imposing power cuts are the REAL TIME phenomena exercised in order to maintain Grid Security. Load is continuously varying and the response time of the power plants does not always match with that of the load and hence the UI occurs. Therefore, UI is an integral part of the power system and best efforts are always made to minimize it. But due to the dynamic and unpredictable nature of the load, UI cannot be avoided.

It is therefore requested that UI charges may be allowed by the Hon'ble Commission as per actual.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 15: Negative transit loss

The negative transit loss indicates that the weigh bridge at Ropar would be recording on the higher side which is direct loss to PSPCL.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.5 above.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 16: Normative Approach to be adopted

The normative approach applies that with lower SHR, the station / utility is entitled to retain the savings of coal and conversely if the unit operates with poor efficiency or higher SHR, the extra coal consumption would be to the account of the generator.

Reply of PSPCL:

PSPCL submits that the claim made in truing up is based on actual expenses incurred by the Utility. PSPCL submits that the Regulation 9.2 of PSERC Tariff Regulations, 2005 states as follows.

"After audited accounts of an year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as per the audited accounts. This

exercise with reference to audited accounts shall be called 'Truing Up'.

The Truing Up for any year will ordinarily not be considered after more than one year of 'Review' ..."

As stated in the above Regulations, truing up is to be carried out based on the actual figures reflecting in audited accounts. PSPCL has submitted the actual figures in the Petition and claimed in true up. It is therefore submitted that the true up shall be allowed based on audited accounts by the Hon'ble Commission.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 17: High cost energy from NTPC stations

The high cost generating stations operating on RLNG are not generating its full load but are charging entire capacity charge resulting into very high overall energy rate.

Reply of PSPCL:

The purchase from central generating stations like NTPC is based on the long term power purchase agreement made between PSPCL and NTPC. As per these PPA's PSPCL is liable to pay fixed charge even if no energy is purchased from these stations. As per these PPA's fixed charge is an obligation that is to be paid which cannot be avoided. The generation in these plants is based on availability of fuel and is not in control of PSPCL. However in any case fixed charges are to be paid to these generators based on the availability of the plants.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 18: A&G cost

The Objector has asked for the following details:-

List of advocates who received more than ₹1 crore over the year.

1. Documentary proof of payments of ₹25 crore and ₹5 crore.

Reply of PSPCL:

No advocate was paid more than ₹1 crore over the year. PSPCL Board in FY 2013-14 decided to donate annually to the Cancer & Drug Addiction Eradication Fund of the Government of Punjab to make every person in the State of Punjab free from such ailments. This is in line with the notification of Government of Punjab dated 30/04/2013. The consumers should appreciate that PSPCL is undertaking this noble cause and it would also be for their benefit if the State of Punjab is free from such menace. Accordingly, it is proposed that the above expenditure claimed under this head for FY 2013-14 may be allowed as it is for a social cause and its impact on tariffs is negligible. Moreover the amount paid for cancer and drug treatment has been already booked in accounts and has been authenticated by statutory auditors and CAG therefore no documentary evidence is required.

View of the Commission:

A&G Expenses are allowed in line with PSERC Regulations after prudence check.

Issue No. 19: Working Capital Loans

The Objector has asked for the following details

a) Copy of the "One Time Settlement Scheme" of RBI bonds and indicate where it is permissible to adjust these amounts against subsidy.
b) Regarding non-payment of ₹426.15 crore, PSPCL may supply copy of representation/ reminders to Govt. of Punjab for payment of this amount as decided/ ordered by the Commission.

Reply of PSPCL:

The Copy of "One Time Settlement Scheme" of RBI bonds is supplied. It is submitted that while notifying the opening balance sheet as on 16.04.2010 of PSPCL, Govt. of Punjab has vested the liability of RBI bonds along with the interest paid amounting to ₹1090.47 crore with PSPCL.

It is further submitted that the case regarding non-payment of ₹426.15 crore is pending with the Hon'ble Supreme Court and therefore the matter is under consideration.

View of the Commission:

Interest on WCL is allowed in line with PSERC Regulations.

Issue No. 20: Details of Loans

PSPCL may give details of loans replaced on 16.4.2010 and details of guarantee fee paid.

Reply of PSPCL:

PSPCL has already mentioned in the Petition that the finance charges claimed in the Petition are the guarantee fees paid. The detail of loans replaced on 16.4.2010 has been supplied.

View of the Commission:

PSPCL has made the compliance.

Issue No. 21: Determination of AP consumption

PSPCL shall adopt the methodology of pumped energy instead of sample meter for arriving at unmetered consumption as per directions of Hon'ble Commission in its tariff order.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.13 Objection No.19. Further, an appeal has been filed for methodology of arriving AP consumption for FY 2014-15 and FY 2015-16. The appeal is pending with the Hon'ble APTEL.

PSPCL understands the importance of this matter and therefore PSPCL has been making efforts to arrive at a more realistic consumption of Agriculture category so that adequate subsidy can be claimed from the Government against AP consumption.

View of the Commission:

Refer to paras 2.2.3, 3.2.3, 5.2.2 and 6.1.3 of this Tariff Order.

Issue No. 22 and 23: Deterioration in SHR and GCV for GGSSTP

The SHR for GGSSTP has deteriorated significantly and therefore from 2538 in FY 2012-13 it has come down to 2879 in H1 of FY 2015-16. It is submited that unless the problem of over invoicing is solved, (declaration of higher GCV at loading end), this problem of difference in GCV between received coal and bunkered coal will remain. The Objector submits that such problem arised due to coal from Panem had stopped coming.

Reply of PSPCL:

PSPCL submits that deterioration of Station Heat Rate is indeed a matter of concern. It is affected mainly by the operating conditions. Due to cyclic power demand in the state huge variation is faced in power demand during day and night hours. GGSSTP Units are subjected to operate at partial load or even have to shut down due to low power demand. These operating conditions badly affect plant performance and Station Heat Rate which is evident from the extracts of the 'Performance Guarantee Test Report' of BHEL (copy of PG test report for guaranteed heat rates at 210 MW and 170 MW is supplied).The running of units at partial load increases the heat rate by 2% to 3% . Here it is pertinent to mention that many a times during backing down the units have to run at as low as 150 MW of load and at this level of partial load operation the heat rate is further deteriorated.

The Station Heat Rate is also affected by ageing of the main equipment. GGSSTP units are running since year 1984 for more than 31 years and no major R&M has been carried out so far. The main equipments at GGSSTP are of BHEL design and make. BHEL acknowledge the variation in heat rate of turbine due to ageing and the relevant extract in 'Performance Guarantee Test Report' of BHEL (copy supplied) is reproduced as under:-Primary factors involved in ageing are:-

1. Salt deposition of blades.
2. Deterioration of surface finish of blades.
3. Increase in the clearances in the blading flow path.
4. Deposits in Heat Transfer Areas.
5. Increase in losses of valves seats.

Actual test values will thus be inferior to the expected values to the extent the plant undergoes ageing. However, GGSSTP is making all out efforts to maintain SHR at lower levels.

GGSSTP is making all out efforts to maintain the GCV difference between received coal and bunkered coal below 150 Kcal/Kg. The main reason of GCV drop is that generally the unloaded (received) coal is not fed directly to bunkers, but is stacked in the coal yard; therefore the feeding of coal to bunkers is delayed resulting in GCV loss and resulting in variable GCV drop.

GGSSTP is located far away from the coal mines and it becomes necessary to maintain the coal stock at GGSSTP for sufficient days as per CEA guidelines. As a result there is always a huge variation in coal stock which affects the variation in drop in GCV as when older stacked coal is fed to bunkers which has deteriorated GCV as compared to fresh received coal GCV resulting in higher drop or when freshly received coal is directly fed to bunkers it is having GCV nearer to that of received coal resulting in lower drop. This varying nature of drop is evident from figures mentioned below:

Month	Apr-13	May-13	June-13	July-13	Aug-13	Sept-13
GCV Difference	190	175	183	175	146	115

Month	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
GCV Difference	129	123	196	136	146	134

Month	Apr-14	May-14	June-14	July-14	Aug-14	Sept-14
GCV Difference	76	91	143	400	239	210

Month	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
GCV Difference	198	315	212	195	88	87

Month	Apr-15	May-15	June-15	July-15	Aug-15	Sept-15
GCV Difference	113	139	126	139	167	492

Month	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
GCV Difference	78	68	212	222	854

It is also submitted that the matter regarding fixing Higher Station Heat Rate by giving due consideration for old Units should be considered by the Hon'ble Commission. Some of the examples of allowance of higher SHR by various SERCs is as mentioned below:

State	Thermal Station	Yr. of Commissioning of units	Ref. Year (s)	SERC	Approved Heat Rate Kcal/ Kwh
Chhattisgarh	HTPS Korba West (4x210 MW)	06/83,03/84, 03/85,3/86	2010-11 to 2012-13, 2013-14 to 2015-16	CSERC	2650
Gujarat	Wanakbori TPS (6x210MW)	03/82,01/83, 03/84,03/86 09/86,11/87	2011-12 to 2015-16	GERC	2625
Maharashtra	Khaparkhera (4x210 MW)	04/88,01/90, 05/00,12/00	2013-14 2014-15 2015-16	MERC	2605.64 2607.24 2606.70
	Chandrapur (4x210MW+ 3x500MW)	08/83,07/84, 05/85, 3/86	2013-14 2014-15 2015-16		2686.42 2679.52 2683.63
Haryana	Panipat (2x210 MW) U # 5 & 6	03/89,03/01	2014-15 to 2016-17	HERC	2550

Here it is pertinent to mention that the Hon'ble Commission fixes unachievable norms for performance parameters like Generation, Station Heat Rate, Specific Coal Consumption and Specific Oil Consumption.

- Norms for performance should be based on the national average rather than based on the top performers.
- GGSSTP is making all possible efforts to achieve the norms but PSERC has made these tougher over the years (Like Heat Rate from 2500 to 2450 Kcal/kWh and Oil Consumption from 1.00 to 0.50 ml/kWh) which are very difficult to achieve.

Sampling & analysis at loading points of CIL & unloading end of PSPCL Thermal Plants is being done by an agency appointed by PSPCL viz. M/s Elegant Surveyors, Delhi w.e.f. 01.08.2015. For other collieries also, joint sampling is already being done strictly as per various provisions of the FSAs.

FSA's have been signed between PSPCL & CIL subsidiaries for the supply of coal and according to those FSA's, the test results of the loading end are taken for the purpose of payment to the coal companies.

Further, in the PSERC Tariff Order for FY2014-15, the SHR to be calculated is allowed on the basis of GCV of received coal. Earlier SHR was allowed to be calculated on the basis of GCV of bunkered coal to the extent GCV of received coal minus 150 Kcal/Kg.

Before FY 2014-15, GCV of bunkered coal was allowed by PSERC to the extent GCV of received coal minus 150 Kcal/Kg. But in FY 2014-15, this norm has been changed and now, GCV of received coal is allowed by PSERC. GCV of the received coal is not overstated as the test analysis is being done at the PSPCL's own labs.

However PSPCL is of the view that SHR should be allowed on the basis of GCV of bunkered coal. A drop of at least 150 Kcal/Kg in GCV should be allowed between received coal & bunkered coal.

View of the Commission:

Refer to paras 2.7, 3.7, 5.8 and 6.7 of this Tariff Order.

Issue No. 24: Unavailability of Coal from Pachhawara coal mine

It is incorrect on part of PSPCL to claim that 50% of the coal requirement of Bathinda would be met through Pachhawara coal mine in 2016-17 as the mine is shut down. PSPCL should give a detailed report of its gross failure to auction the coal mine and to resume the production of coal. PSPCL should further submit a detailed and time bound action plan by which it proposes to award / auction the coal mine and to bring it back into operation

Reply of PSPCL:

After allotment of Pachhwara Central coal mine to PSPCL by Ministry of Coal, PSPCL engaged M/s 'XYKno Capital Services Ltd., Nagpur on 06.04.2015 as consultant for assisting PSPCL for selection of Mining Contractor/Mine developer-cum-Operator of Pachhwara Central Coal Mine after following competitive bidding route. A Bid document for selection of MDO was also in final stages when the Draft Guidelines for Model Contract Agreement for coal mining was issued by Ministry of Coal on 22.04.2015 seeking comments of utilities by 29.04.2015. Comments on the same were submitted by PSPCL on 29.04.2015. The comments/views received in the Ministry of Coal were looked into and the Model Contract Agreement (MCA) was issued by Ministry of Coal vide its letter No. 480231112015-CA-II dated 05.08.2015. Tender Specifications were made keeping in view the guidelines issued by Ministry of Coal vide its letter no 480231112015-CA-II dated 05.08.2015.

Afterwards, Global Tender Enquiry No. 4/CE/FUELIC -273 (V) dated 31.08.2015 "For selection of Mine Developer cum Operator for development and operation of Pachhwara Central Opencast Coal Mining Project, Distt. Pakur, Jharkhand" was floated on PSPCL website on 31.08.2015. After processing of Technical and Commercial Bids, the price bid of the four number eligible firms, which was scheduled for opening on 11.02.2016 could not be opened due to the reasons that various bidders have filed the CWPs in Punjab & Haryana High Court Chandigarh against this tender enquiry. Hearings in these CWPs were held on 14.12.2015, 03.01.2016, 02.02.2016, 10.02.2016, 01.03.2016, 02.03.2016, 10.03.2016, 17.03.2016. & 04.04.2016 and next date of hearing is fixed on 25.04.2016.

The other important aspect for resumption of mining operations at the mine is grant of mining lease by the Jharkhand state government and getting approvals and clearances from various departments of the Central/State Govt., which are mandatory for undertaking the mining operations. PSPCL has already submitted applications for transfer and vesting of various clearances/licenses including Mining Lease in the name of PSPCL which were earlier in the name of prior allottee. PSPCL has completed all the requisite formalities and has cleared objections raised by the concerned authorities.

The transfer of various clearances/licenses is held up by the concerned authorities due to non-issuance of Mining Lease in the name of PSPCL. The issue is being regularly pursued with them by PSPCL for early grant of clearances/licenses in the name of PSPCL. As such, inspite of timely actions taken by PSPCL for early resumption of mining operations at Pachhwara Central coal mine, the selection process of Mine Developer cum Operator through e-tendering has been held up due to the CWPs filed by various bidders in Punjab & Haryana High Court, Chandigarh against this tender enquiry.

In view of the position brought out above, it is submitted that the mining operations and consequent dispatch of coal from Pachhwara central coal mine shall start as soon as above approvals/ clearances are obtained and MDO gets appointed for development and operation of Pachhwara Central coal mine.

View of the Commission:

PSPCL is directed to pursue vigorously various issues due to which coal availability from Pachhwara coal mine is held up.

Issue No. 25: Coal from captive mine not available in FY 2016-17

PSPCL would not be able to get the captive coal mine into operation in FY 2016-17 and would have to depend on the coal from CIL sources and even costlier coal from imports.

Reply of PSPCL:

PSPCL expects captive coal mine to be available in FY 2016-17 and therefore has projected a reduction in coal price during this period as compared to FY 2015-16. In case the expected reduction in coal prices does not happen the same can be taken up in truing up exercise of FY 2016-17.

In this regard, it is submitted that inspite of timely actions taken by PSPCL for early resumption of mining operations at Pachhwara Central coal mine, the selection process of Mine Developer cum Operator through e-tendering has been held up due to the CWPs filed by various bidders in Punjab & Haryana High Court Chandigarh against this tender enquiry. The mining operations and consequent despatch of coal from Pachhwara central coal mine shall start as soon as the approvals/ clearances are obtained and MDO gets appointed for development and operation of Pachhwara Central coal mine. Due to non availability of coal supplies from Pachhwara central coal mine, Ministry of coal has been requested to provide additional coal supplies to meet the increased coal requirement of PSPCL thermal power stations during the paddy summer season.

View of the Commission:

Refer to view of the Commission on Issue No. 24 above.

Issue No. 26: Details of coal imports to be provided

The Objector has asked PSPCL to provide details of all orders for the import of coal during 2015-16 (actual) and 2016-17 (proposed / projected) indicating the following:

i) Source/ supplier firm.
ii) GCV and rate at the loading point.
iii) Landed rate at PSPCL station.
iv) Allocation to different power plants of PSPCL.
v) Quantity and schedule of dispatch of imported coal month wise during 2016-17.
vi) Cost analysis/ comparison of economics of imported coal in terms of ₹ per million calories in respect of imported coal vis-a-vis CIL coal and captive coal mine supply.

Reply of PSPCL:

The details of actual coal imports for FY 2015-16 is as follows

i) Purchase order No. lglCElFuellC-257(V) dated 22-05.2015 for supply of 6 Lac MT (Six Lac MT) of imported coal to GGSSTP Ropar and GHTP Lehra Mohabbat during 2015-16 was placed on M/s Adani Enterprises Limited. The quantity to be supplied has been amended as 4.76 Lac MT.

ii) **GGSSTP**

During FY 2015-16, average GCV (on air dried basis) is 6593.23 Kcal/Kg and average rate is US$ 64.70/MT.

GHTP

During FY 2015-16, average GCV (on air dried basis): 6593.23 Kcal/kg and average rate is US$ 64.70/MT.

For FY 2016-17 no contract agreement has been signed for supply of imported coal so far.

iii) Landed Rate at GGSSTP is ₹8639.30/MT (up to Jan-16, FY 2015-16).

Landed Rate at GHTP is ₹7995/MT (up to Jan 2016) (5890 Average coal cost + railway freight 2105).

iv) GGSSTP Ropar = 2.65 Lac MT, GHTP Lehra Mohabbat= 2.11 Lac MT for the amended quantity of 4.76 Lac MT of imported coal.

v) There is no schedule of dispatch for imported coal against the above PO during 2016-17 as the amended quantity is to be supplied upto 01.04.2016.

vi) Cost analysis/Comparison of economics of imported coal in terms of ₹Per Million Calories vis-a-vis CIL coal and Captive coal mine supply for the period from April-15 to November-'15.

Coal Source	Landed Coal cost in ₹ Per Million Calories
Imported Coal	1.314
CIL Coal	1.168
Captive Coal Mine	No coal supplied after 31.03.2015

With respect to details of imported coal to be supplied for FY 2016-17, Board of Directors of PSPCL have accorded approval for floating the Global e-Tender Enquiry to import 3.0 Lac Metric Tonnes imported coal for the year 2016-17 Tender Enquiry shall be floated shortly.

View of the Commission:

The information sought by the objector stands supplied by PSPCL.

Issue No. 27: Details of GCV may be provided

PSPCL has provided the values of GCV as 4050, 3925 and 3900 for GNDTP, GHTP and GGSSTP. PSPCL may provide similar data for imported coal.

Reply of PSPCL:

PSPCL would like to submit that GNDTP, Bathinda does not use imported coal for power generation therefore no GCV of imported coal can be provided.

For GGSSTP

i) Wt-average GCV(f/b) for H1 (Apr-15 to Sept-15) is 6200 Kcal/Kg.
ii) Wt-average GCV(f/b) for H2 (Oct-15 to Mar-16) is 6666 Kcal/Kg.
iii) Regarding projections for FY 2016-17 a tender has been floated for supplying non coking imported coal of GCV (ADB) of 6200-7200 Kcal/Kg.

For GHTP

During FY 2015-16

Station	GCV of receipted coal (equilibrated basis) Kcal/Kg	₹/ton	₹/1000 Kcal
GHTP	6417	7995	1.24

During FY 2016-17

Station	GCV of receipted coal (equilibrated basis) Kcal/Kg	₹/ton (5% increase)	₹/1000 Kcal
GHTP	6417	8395	1.30

View of the Commission:

The information sought by the objector stands supplied by PSPCL.

Issue No. 28: Fuel cost of GNDTP

The Objector has asked the following details on GNDTP.

1. PLF assumed on higher side.
2. Panem Coal is not going to get materialize.
3. GCV of GNDTP will be higher than 4050 with 50:50 blending of Indian / CIL coal.

Reply of PSPCL:

PSPCL submits the following reply:

1. Keeping in view of the scenario of backing down/reserve outage for FY 2013-14, FY 2014-15 and FY 2015-16 (up to Sep 2015), the loss due to less demand has been considered around 33.9%, 28%, 44.3% and 52.7% for Q1, Q2, Q3 and Q4 of FY 2016-17. Planned outage, forced outage and partial loss has been considered as 4.11%, 5.0% and 2% respectively. Keeping in view of these factors the PLF is assumed as 51.67%.
2. As there is no proposal for sourcing of imported coal for GNDTP, Bathinda only domestic coal is considered for FY 2016-17.
3. The work of coal extraction from Panchwara Coal mine has not been started due to some requisite statutory clearances are yet to be received and the appointment of Mine Developer has been stalled due to court case. Therefore it is not very clear as to how much coal can be extracted during FY 2016-17. During FY 2012-13 the GCV of CIL and Panem Coal was 4041.51 kCal/kg. During FY 2013-14 the Panem coal consumption was around 70%, the GCV of bunkered coal was around 4145 Kcal/kg. So tentative GCV of coal for FY 2016-17 has been taken as 4050 Kcal/kg.

View of the Commission:

The information sought by the objector stands supplied by PSPCL.

Issue No. 29: Fuel cost of GGSSTP

The Objector has asked the following details on GGSSTP.

1. PLF assumed on higher side.
2. SHR abnormally high than norm.
3. Panem Coal is not going to get materialize.
4. GCV of GGSSTP will be higher than 3900 with 50:50 blending of Indian / CIL coal with Panem Coal.

Reply of PSPCL:

PSPCL submits the following reply:

1. PSPCL submits that PLF figure of 76.10% is projected for FY 2016-17 though seems to be high in view of current trends of backing down but as GGSSTP has projected availability 91.10% this can be achieved if units are allowed by Power Controller, Patiala to operate.
2. PSPCL submits that deterioration of Station Heat Rate is indeed a matter of concern. It is affected mainly by the operating conditions. Due to cyclic power demand in the state huge variation is faced in power demand during day and night hours. GGSSTP Units are subjected to operate at partial load or even have to shut down due to low power demand. These operating conditions badly affect plant performance and Station Heat Rate which is evident from the extracts of the 'Performance Guarantee Test Report' of BHEL (copy of PG test report for guaranteed heat rates at 210 MW and 170 MW is supplied).The running of units at partial load increases the heat rate by 2% to 3% . Here it is pertinent to mention that many a times during backing down the units have to run at as low as 150 MW of load and at this level of partial load operation the heat rate is further deteriorated.
   The Station Heat Rate is also affected by ageing of the main equipment. GGSSTP units are running since year 1984 for more than 31 years and no major R&M has been carried out so far. The main equipments at GGSSTP are of BHEL design and make. BHEL acknowledge the variation in heat rate of turbine due to ageing and the relevant extract in 'Performance Guarantee Test Report' of BHEL (copy supplied) is reproduced as under:-
   Primary factors involved in ageing are:-
   1. Salt deposition of blades.
   2. Deterioration of surface finish of blades.
   3. Increase in the clearances in the blading flow path.
   4. Deposits in Heat Transfer Areas.
   5. Increase in losses of valves seats.

   Actual test values will thus be inferior to the expected values to the extent the plant undergoes ageing. However, GGSSTP is making all out efforts to maintain SHR at lower levels.
3. As per the situation at the time of preparation of ARR data it appears that Panem mine will be operational so quantity of coal was assumed from it.
4. The GCV of coal cannot be predicted as it is resultant of all the coal that is used at the plant so the GCV of coal was assumed near to then actual values.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 30: Fuel cost of GHTP

The Objector has asked the following details on GGSSTP.

1. PLF assumed on higher side.
2. Panem Coal is not going to get materialize.
3. Rate of Coal needs to be clarified by PSPCL.

Reply of PSPCL:

PSPCL submits the following reply:

1. PSPCL submits that the target PLF of 79.95% was proposed based upon the past performance of the plant. However taking into account the prevailing scenario, CEA has approved a target PLF of 47.15% for FY2016-17.
2. The work of coal extraction from PSPCL's captive coal mine Pachwara Central has not been started yet as some requisite statutory clearances are still pending and tender for appointment of Mine Developer CUM Operator has been stalled due to court case. So, at this stage, it can't be predicted how much coal can be extracted during 2016-17.
3. The rate of ₹5197.62 per MT for coal supply during FY 2016-17 was estimated based on the assumption that CIL coal and Pachwara coal would be received in 50:50 ratio.

However the landed cost of coal upto January, 2016 is ₹5075 per MT. It is expected to increase in FY2016-17 due to increase in clean energy cess, service tax etc. in the Union budget proposals of 2016-17 and comes out to be approximately 5300 per MT.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 31: Values of GCV and Coal Prices

The Objector has asked to clarify the values of GCV and price that are given in the Petition are on the basis of 50:50 blending of CIL coal with Panem coal for 2016-17. Also impact of reduced PLF due to increased backing down shall be provided.

Reply of PSPCL:

The values of GHTP are on the basis of 50:50 blending of CIL coal with Pachwara coal for FY 2016-17. If exclusive CIL supply is taken, then the expected values would be as under:

Station	GCV	₹/ton	₹/1000 Kcal
GHTP	3925	5300	1.35

It is possible to run the station with CIL supply only at the PLF (47.15%) fixed by CEA for GHTP for FY 2016-17.

Similarly in case of GGSSTP the GCV values are assumed near to the actual values and the projection of rate has been made with a 50:50 Panem: CIL case. The rate of CIL coal taken at the time of preparation of ARR is ₹5586/MT.

In case of GNDTP, Bathinda the values are on the basis of 50:50 blending of CIL coal with Panchwara coal for FY 2016-17. If exclusive CIL supply is taken, then the expected coal cost would be as under:

Station	GCV	₹/ton	₹/1000 Kcal
GNDTP	4050	5300	1.31

It is possible to run the station with CIL supply only at the PLF (27.32%) fixed by CEA for GNDTP for FY 2016-17.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No. 32: Power from RSD to J&K

The Objector has asked PSPCL to confirm if 20% power from RSD to J&K has been included in the Table 109.

Reply of PSPCL:

The 20% share from RSD to JK has not been accounted for in the present ARR for FY 2016-17 as the matter relating to cost of power is still pending for its final decision.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 33: Fixed Charges additional burden of NTPC plants

The NTPC generating stations from which no energy is drawn; PSPCL has to bear fixed charges especially from gas based stations.

Reply of PSPCL:

PSPCL has signed PPA with generators on long term basis. As per the PPA's PSPCL has to bear fixed cost of generation even if power is not purchased from the generator. Since these are long term PPA's, PSPCL has to continue paying the fixed cost till the termination of the PPA's even if PSPCL is not purchasing power from the generator.

PSPCL is therefore considering the surrender of allocated share from the Central Sector Plans and some of the IPP's mainly which are costlier to purchase. The proposal is under consideration and if finalized, power purchase cost will be reduced and the benefit will be passed on to the consumers.

PSPCL further submits that the rate of power purchase depends on the rate approved by CERC/SERC for respective generators. PSPCL has no control over the rate of power of the generator from which it is procuring. Therefore if there is an increase in such rate of power purchase the burden has to be passed on to the consumers.

The projection of Surrender of Surplus power from the various power plants is based in the latest available Merit Order Dispatch (MOD) before the filing of the ARR for the next year. The MOD is not fixed as it is based on the Variable Cost of power of the various power plants and it keeps on changing on monthly basis. Hence, for the estimation/projection purpose, the costliest power is surrendered maximum and the cheaper one is surrendered thereafter.

However in actual practice, Scheduling/Surrender of power is a REAL TIME phenomenon and in fact as and when the need arises the costly power is scheduled/surrendered depending upon the power system requirement.

View of the Commission:

Refer to para 6.8 of this Tariff Order.

Issue No. 34: 20% share from RSD to J&K

The energy has been shown from RSD to HP but 20% share of J&K has not been shown in table 114, even though there was a recent decision of PSPCL as well as Govt. of Punjab to give the 20% share from RSD to J&K.

Reply of PSPCL:

The 20% share from RSD to JK has not been accounted for in the present ARR for FY 2016-17 as the matter relating to cost of power is still pending for its final decision.

View of the Commission:

Refer view of the Commission on Issue No. 32 above.

Issue No. 35: 10% share of Pragati Bawana Gas Power Station is for PSPCL

The 10% capacity charge should be contested as non-payable since it is resulting from failure of Delhi Govt. to arrange requisite quantity of natural gas to run this station.

Reply of PSPCL:

PSPCL has signed PPA with Pragati Bawana Gas Power Station on long term basis and therefore as per PPA even if the off take of power is not there, PSPCL is liable to pay the fixed charges that are allotted to them. In line with the same PSPCL has been paying fixed charges to the generator.

View of the Commission:

The Commission agrees with the reply of PSPCL. Refer to directive No.8.17 of this Tariff Order.

Issue No. 36: Details on RPO

The Objector has asked for the following details from PSPCL

a) Position as on 31.3.16 with respect to target RPO versus actual solar capacity.
b) The position / anticipated position for coming years i.e. 2017-18, 2018-19 and 2019-20 should be given by PSPCL indicating the anticipated target RPO and the expected capacity commissioned / operational.

Reply of PSPCL:

The information regarding Present Solar Power position and anticipated position upto 2019-20 is as under.

Position of Solar Power as on 31.3.2016 and Solar capacity available/anticipated position up to 2019-20 in the State is as indicated in the table below.

Particulars	FY 2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Projected Energy (MU)	51057	58216	62752	67703	72881
Solar RPO Target (%)	1	1.3	1.8	2.2	2.5
Solar Target (MUs)	511	757	1130	1489	1822
Expected Solar Power (MW)	483	540	1060	2110	2110
Expected Solar Energy (MUs)	370	809	1589	3164	3164
Expected Solar RPO Shortfall/ Surplus	-151	52	459	1675	1342

PSPCL submits that

a) Solar power purchased up to Feb., 2016 is 327.66Mus.
b) Solar Capacity additions are as per projections made by PEDA of 500MW during current FY and 1050MW during next FY shall be added. But past experience shows that only about 70% of the projected capacity actually achieved.

View of the Commission:

a) As per data submitted by PSPCL vide Memo No.540 dated 26.05.2016, Solar power purchase up to 31.03.2016 is 386.48 MU against the requirement of 494.24 MU worked out on the basis of 1% of the total consumption of electricity in the area of Distribution Licensee i.e. 49424 MU, as specified by the Commission.
b) PSPCL is mandated to comply with the RPO specified by the Commission in PSERC

(Renewable Purchase Obligation and its compliance) Regulations, 2011 as amended on 06.05.2015 from FY 2015-16 to FY 2019-20.

Issue No. 37: Details on Fuel cost of IPP's

The Objector has asked for the following details from PSPCL regarding fuel cost of IPP's

a) Imported coal used as per actual for 2015-16 giving the landed cost and GCV and month-wise consumption.
b) Additional transportation charges claimed by IPP to have been incurred at Rajpura and anticipated expenditure on this account for 2016-17.

PSPCL should claim the extra fuel transportation charges from the Indian Railways as it is due to their constraint that the problem of additional freight charges has occurred.

Reply of PSPCL:

PSPCL would like to submit that power purchase is a phenomenon entirely beyond the control of PSPCL. It is submitted that the rates that have been claimed in the Petition by PSPCL from various sources are as per the power purchase bills which are charged by various generators. The actual bills of power purchase have already been submitted in *Annexure 4 of the main Petition*. These bills can be used by general public and the Hon'ble Commission for verification of power purchase cost. PSPCL would like to submit that since the rate of power purchase of various sources is decided by the different CERC/SERC's it is evident that PSPCL has to accept the rates approved and accordingly pay its power purchase bills.

The rate of energy charge from Rajpura and/or any other IPP's is as per the energy charges approved by the Hon'ble Commission in the respective tariff order. PSPCL has to adhere to the charges that are approved by respective Commission's either CERC/PSERC for these stations and it cannot question these charges as they are approved by the Commission after prudence check by the Commission. PSPCL cannot go beyond its functions and question the levy of these charges against the order of the Commission.

With regards to claim of extra fuel transportation charges from the Indian Railways, it is submitted that PSPCL has not paid any additional transportation charges from Gobingarh/Chandigarh to plant site of NPL.

View of the Commission:

PSPCL is directed to supply the information sought by the objector at (a) above.

Issue No. 38: Details of Capital Expenditure for Generation

PSPCL is requested to provide details of capital expenditure on generation for SP Kandi Project for FY 2015-16 and FY 206-17 and against Mukerian thermal project for FY 2015-16 and FY 2016-17.

Reply of PSPCL:

it is intimated that the work of Main Dam along-with two Head Regulators and Hydel Channel of Shahpurkandi Dam Project being executed by Punjab irrigation Department was started in April 2013. The Electro-Mechanical (E & M) works of 206 MW Shahpurkandi Hydro Electric Project (HEP) was awarded by PSPCL to M/S BHEL, New Delhi on 29.01.2014. The cost apportionment between Irrigation and Power component is 28.61% and 71.39% respectively. The payments of civil works are being made by PID for which PSPCL has to release the funds by raising loan from REC.

For FY 2014-15 an outlay of ₹100 crore was approved. The actual expenditure incurred during FY 2014-15 on civil works of Main Dam, Hydel Channel & Head Regulators is ₹113.28 Cr. Besides this the payment amounting to ₹0 .80 Cr have been made to WAPCOS (Consultant) for E & M works

An outlay of ₹ 80 crore was approved for FY 2015-16. The actual expenditure incurred up to 31.12.2015 on civil works of Hydel Channel & Head Regulators is ₹13.69 Cr. The bills amounting to ₹30 Cr submitted by PID are pending for release of payment. The payment amounting to ₹0.65 Cr have been made to WAPCOS (Consultant) for E & M works'

The proposed utilization of ₹90 Cr during the FY 2016-17 would be as under:

a. Payments to be made to WAPCOS & BHEL against E&M works: ₹35 Cr.
b. Payment to be made to PID against civil works of Shahpurkandi Dam Project: ₹55 Cr.

View of the Commission:

PSPCL is directed to supply the information to the Objector.

Issue No. 39: Details of Capital Expenditure for Transmission

PSPCL is requested to provide details of capital expenditure on transmission as follows.

a) List of 66 KV lines and sub stations executed in 2015-16 (amount of ₹400 crore) may be supplied by PSPCL.
b) Proposed list of 66 KV lines and sub stations for 2016-17 for utilizing ₹550 crore may be supplied by PSPCL.

Reply of PSPCL:

The list of 66 KV lines and sub stations executed in 2015-16 and proposed to be executed in FY 2016-17 has been supplied.

View of the Commission:

PSPCL is directed to supply the information to the Objector.

Issue No. 40: Details of APDRP Project

The Objector has requested to provide details of the following

Particulars	2015-16	2016-17
APDRP II Part-A	60	100
APDRP II Part-B	650	760
Integrated Power Development Scheme	0	280

Reply of PSPCL:

The details of the works carried out under APDRP Part-A and APDRP Part-B supplied.

View of the Commission:

PSPCL is directed to supply the details to the Objector directly.

Issue No. 41: Return on Equity

PSPCL may be allowed ROE as claimed and may not be adjusted against subsidy.

Reply of PSPCL:

PSPCL welcomes the suggestion given by the Objector and request the Commission to allow ROE as claimed in the Petition for the ensuing years.

View of the Commission:

RoE is allowed in line with PSERC Regulations.

Issue No. 42: Interest on Bridge Loans

The Objector states that the interest on bridge loans may not be justified.

1. Bridge loans to be borne by Government of Punjab and not the consumers.
2. Loans due to non payment from Govt. Of Punjab shall not be burdened by consumers.
3. Non payment of Government of Punjab despite Commission order.
4. Details of justification of the payment of ₹390 crore for Pachhawara mine.
5. Reasons for the captive mine not been successfully auctioned.

Reply of PSPCL:

The short-term borrowings by the PSPCL are higher than the normative working capital requirements as determined by the Hon'ble Commission due to the following reasons:

a) Regulatory disallowances on account of high employee costs.
b) Regulatory disallowances in fuel cost and power purchase cost.
c) Regulatory disallowances in interest & finance charges on accounts of assessed diversion of funds.
d) Non-refund of interest payment by the GOP leading to cash flow issues further leading to increased dependence on short-term borrowings.
e) Regulatory disallowances on account of carrying cost.

The point wise reply is as follows.

1. The Hon'ble Commission has been allowing interest on bridge loans up to FY 2014-15. However during FY 2015-16 Hon'ble Commission has changed its approach and interest on bridge loans was not allowed by them. Hon'ble Commission is therefore requested to allow the interest on bridge loans and adopt the methodology as adopted in tariff order for FY 2014-15.
2. Hon'ble Commission in its tariff Order for FY 2014-15 has also approved the interest on delayed payments of subsidy and carrying cost. The relevant extracts are as under.
   "9.4.4 GoP is also liable to pay an amount of ₹206.01 crore (as discussed in para 2.18.2 of Tariff Order for FY 2011-12) on account of non-refund of excess interest paid by PSPCL to GoP. Also, as per para 2.15.12 of this Tariff Order, the amount payable by GoP to PSPCL on account of share of disallowance for diversion of capital funds for revenue purposes has been worked out to ₹5.43 crore ***. Thus, the total amount payable to PSPCL by GoP works out to ₹211.44 (206.01+5.43) crore****.*

GoP is advised *to make payment of ₹211.44 crore to PSPCL as discussed in para 2.19 of this Tariff Order.*

9.4.5 GoP is also to pay ***an amount of ₹379.95 crore on account of carrying cost*** *to PSPCL as discussed in para 6.23 of this Tariff Order." (emphasis added)*

The Hon'ble Commission is therefore requested to approve the loans balance as per the tariff order for FY 2014-15.

3. It is submitted that PSPCL has no control over the amount of subsidy that is received from the Government of Punjab. PSPCL has issued letters to the Government for release of subsidy as specified in the tariff order. However during FY 2015-16 only ₹4,847 crore was received adjusted till 31.03.2016 which is much less than the total amount receivable. It is therefore requested to the Hon'ble Commission to take up the matter with the Government of Punjab.
4. The Supreme Court vide its order dated 24.09.2014, cancelled 214 coal blocks out of total 218 coal blocks allocations made from 1993 to 2010. The Pachwara (Central) coal block allocated to PSEB (now PSPCL) was also cancelled. As per the order, the supply from this coal block was allowed only upto 31.03.2015. As such, coal supply against FSA with M/s PANEM had stopped. However the mine has now been reallocated to PSPCL but with an additional cost of ₹390 crore. PSPCL had to take an additional loan of this amount in order to get the mine reallocated. Therefore this interest has become an additional burden to PSPCL.

   PSPCL requested M/s Panem Coal Mines Ltd. vide this office letter No" 23651661C-145 dated 30.12.2014 to immediately deposit the amount of additional levy as per the orders of Hon'ble Supreme Court to the office of Coal Controller, MOC. It was also emphasized through this letter that any failure on Panem's part to do so shall be entirely at their cost and risk; however M/s Panem did not come forward for depositing this amount. Contempt petition already stands filed by the Ministry of Coal against defaulter's including M/s Panem Coal Mines Ltd. for not depositing the additional levy amount with the Central Govt. It is mentioned that legal opinion of PSPCL legal counsel Sh. M.G. Ramachandran was taken on the judgment of Supreme Court cancelling coal blocks including PSPCL's Pachhwara (Central) Coal Block. Sh. Ramachandran in his opinion has strongly emphasized that on the strict instruction of the provisions of the Ordinance, the liability to pay the entire amount of ₹295 per MT will be on PANEM Coal Mines Limited and not on PSPCL as a shareholder of PANEM Coal Mines Limited. However, PSPCL should not take chance of not depositing the amount equivalent to 26% shares and allowing the Coal Controller or the Ministry of Coal of taking the view that there has been no compliance on the part of PSPCL. The approach adopted by the Hon'ble Supreme Court in the coal allocation matter has been very strict. The Supreme Court may not grant any relief to PSPCL in case the Coal Controller or the Ministry of Coal declines the allotment of Pachhwara (Central) Coal Block to PSPCL on the ground that there has been a failure to deposit the requisite amount.

   PSPCL had also filed an application for directions being Criminal Miscellaneous Application No. 24084 of 2014 before the Hon'ble Supreme Court, mainly seeking waiver/ deferment of the payment of ₹295 per MT for the coal extracted from the Pachhwara (Central) Coal Block since 2006. Similar applications were moved by others including the Karnataka Power Utilities and they had specifically prayed for a direction from the Hon'ble Supreme Court that the amount of ₹295 per MT is payable by the Joint Venture Company or EMTA as majority shareholder of the Joint Venture Company and not by the State Utilities. There were other applications seeking permission to participate in the coal auction without payment of ₹295 per MT. There were several requests made to the Hon'ble Supreme Court in regard to the non-payment of ₹295 per MT or in regard to the mining rights being protected. All the above applications were considered by the Hon'ble Supreme Court on 08.12.2014. The Hon'ble Judges were however not inclined to allow any of the application. After hearing for some time including the contention of PSPCL, the Hon'ble Supreme Court rejected all the requests made without any exception. Since, PSPCL was in critical need of the allotment of the Pachhwara Central Coal Block, therefore as a matter of abundant caution to become eligible for allotment of coal mine, PSPCL after getting the opinion of legal counsel Sh. M. G. Ramachandran, Advocate deposited a sum of ₹391.46 crore (to the extent of PSPCL's share in JV Company i.e. M/s Panem) i.e. 26% of ₹295/MT of the coal extracted upto 24.09.2014 from Pachhwara Central coal block. It is mentioned here that Karnataka State Utility, who are also having similar Joint Venture with M/s EMTA for supplying coal from their Captive Coal Mine, has also paid additional levy to the Government corresponding to 26% (i.e. their share in the JV Company) of ₹295 per MT.

It shall be appreciated that Pachhwara Central coal mine has been allotted to PSPCL by the Ministry of Coal on the basis of application made in this regard, as PSPCL has satisfied the condition laid down in the Ordinance regarding deposit of additional levy, The Pachhwara Central Coal Mine is a valuable asset for the State of Punjab having adequate coal reserves sufficient for meeting economically the coal requirements of its thermal power stations for decades to come.

5. A meeting was taken on 30.08.2014 by Secretary, Ministry of Power at New Delhi, wherein critical coal stock position in PSPCL thermal power stations was discussed. This meeting was attended by Secretary (Power), Govt. of Punjab along with PSPCL officers. The team from Punjab highlighted the super critical position of coal stock at its thermal power stations and emphasized for stepping up the coal supplies to PSPCL thermal power stations, so as to meet the day to day requirement of PSPCL thermal power stations in the ongoing paddy season. During the meeting, the representatives of Ministry of Power and Ministry of Coal emphasized that power utilities should also take necessary initiatives for import of coal, so as to augment coal supplies to their thermal power stations.

   Accordingly as per the decision of BODs taken in its 36th meeting held on 29.12.2014 on Agenda No.149/CE/Fuel/C-257{3} dated 26.12.2014, the global e-tender was floated on the website of PSPCL for import of coal for 2015-16. As per the comparative statement, M/s Adani Enterprises Limited, Gurgaon was L1 bidder with equated rates of ₹8696.25 per MT for GGSSTP, Ropar and ₹8360.66 per MT for GHTP Lehra Mohabbat. Further, as per the decision of the BOD's taken in its 39th meeting held on 06.05.2015 at Mohali on Agenda No" 163/CE/Fuel/C-257(V) dated 05.05.2015 constituted a committee of Director/Generation, Director/Finance, Director/Commercial and Chief Engineer/Fuel to negotiate the rates and terms & conditions with L1 bidder" i.e" M/s Adani Enterprises Limited, Gurgaon.

   Purchase order No. 19/CE/Fuel/C-257(V) dated 22.05.2015 for supply of 6 Lac MT (Six Lac MT) of imported coal was placed on M/s Adani Enterprises Limited at negotiated rates as per terms and conditions mentioned in tender specification as per BODs decision conveyed vide Company Secretary U.O. No. 1319/BOD-39.2/2015/PSPCL dated 15.05.2015. In view of the position brought above, it is submitted that as per the instructions of Ministry of Coal and due to non-availability of coal supplies from Pachhwara Central coal mine, imported coal supplies were arranged after following competitive bidding process.

Further, with regard to the non-commencement of coal supplies from Pachhwara Central coal mine, it is submitted that inspite of timely actions taken by PSPCL for early resumption of mining operations at Pachhwara Central coal mine, the selection process of Mine Developer cum operator through e-tendering has been held up due to position brought out below.

i) After allotment of Pachhwara Central coal mine to PSPCL by Ministry of coal, PSPCL engaged M/s XYKno capital services Ltd., Nagpur on 06.04.2015 as consultant for assisting PSPCL for selection of Mining Contractor/Mine developer-cum-Operator of Pachhwara Central Coal Mine after following competitive bidding route.

ii) Bid document for selection of MDO was in final stages when the Draft Guidelines for Model Contract Agreement for coal mining was issued by Ministry of Coal on 22.04.2015 seeking comments of utilities by 29.04.2015. Comments on the same were submitted by PSPCL on 29.04.2015. The comments/views received in the Ministry of Coal were looked into and the Modal contract Agreement (MCA) was issued by Ministry of Coal vide its letter No. 48023/1/2015-CA-II dated 05.08.2015. Tender Specifications were made keeping in view the guidelines issued by Ministry of Coal vide its letter no 48023/1/2015-CA-II dated 05.08.2015.

iii) Afterwards, Global Tender Enquiry No. 4/CE/FUEL/C -273 (V) dated 31.08.2015 "For selection of Mine Developer cum Operator for development and operation of Pachhwara Central Opencast Coal Mining Project, Distt. Pakur, Jharkhand" was floated on PSPCL website on 31.08.2015.

iv) After processing of Technical and Commercial Bids, the price bid of the four number eligible firms, which was scheduled for opening on 11.02.2016, could not be opened due to the reasons that various bidders have filed the CWPs in Punjab & Haryana High Court Chandigarh against this tender enquiry.

v) Hearings in these CWPs were held on 14.12.2015, 13.01.2016, 02.02.2016, 10.02.2016, 01.03.2016, 02.03.2016, 10.03.2016, 17.03.2016, 04.04.2016 and next date of hearing is fixed on 25.04.2016.

vi) The other important aspect for resumption of mining operations at the mine is grant of mining lease by the Jharkhand state government and getting approvals and clearances from various departments of the Central/State Govt., which are mandatory for undertaking the mining operations. PSPCL has already submitted applications for transfer and vesting of various clearances/licenses including Mining Lease in the name of PSPCL which were earlier in the name of prior allottee. PSPCL has completed all the requisite formalities and has cleared objections raised by the concerned authorities.

vii) The transfer of various clearances/licenses is held up by the concerned authorities due to non-issuance of Mining Lease in the name of PSPCL" The issue is being regularly pursued with them by PSPCL for early grant of clearances/licenses in the name of PSPCL.

In view of the position brought out above, it is submitted that inspite of timely actions taken by PSPCL for early resumption of mining operations at Pachhwara Central coal mine, the selection process of Mine Developer cum Operator through e-tendering has been held up due to the CWPs filed by various bidders in Punjab & Haryana High Court Chandigarh against this tender enquiry.

The mining operations and consequent dispatch of coal from Pachhwara Central coal mine shall start as soon as the approvals/ clearances are obtained and MDO gets appointed for development and operation of Pachhwara Central Coal Mine.

View of the Commission:

Interest on loans is allowed in line with PSERC Regulations after prudence check.

Issue No. 43: Directive for Government of Punjab

The Hon'ble Commission may direct Government of Punjab to make cash payment against previous subsidized supply or alternately the interest on these bridge loans must be paid by Govt. of Punjab and not loaded on the consumers.

Reply of PSPCL:

It is the request of the Objector to the Hon'ble Commission and hence PSPCL has no comments to offer.

View of the Commission:

Interest on delayed payment of subsidy is being charged to Govt. of Punjab. Refer para 9.4 of this Tariff Order.

Issue No. 44: Directives may be provided

The Objector states that implementation of directives may be supplied.

Reply of PSPCL:

PSPCL submits that the compliance to directives has already been submitted in the Petition under Section V. Also the revised updates on the compliance to directives are being sent to the Hon'ble Commission on quarterly basis.

View of the Commission:

A Copy of the status of implementation of directives may be supplied to the Objector.

Issue No. 45: Compliance Report

The Objector states that the copy of compliance report may be provided which was to be submitted within 6 months of tariff order.

Reply of PSPCL:

It is submitted that PSPCL has been complying with all the directives of the Hon'ble Commission and the status of the revised updates on each of the directives along with all the compliance reports are being sent to the Hon'ble Commission on quarterly basis.

View of the Commission:

A copy of the compliance report may be supplied to the Objector.

Issue No. 46: List of Overloaded Substation

PSPCL should provide list of 66 KV sub stations which will have overloading problem in the paddy season of 2016.

Reply of PSPCL:

The list of 66 KV sub stations which will have overloading problem in the paddy season of 2016 is supplied.

View of the Commission:

PSPCL should supply the list to the Objector.

Issue No. 47: GCV of Coal Received

GCV of coal as received should be determined through joint sampling and testing at the receiving end (power plant end) and this value must be adopted for purpose of payment and also determination of station heat rate. This issue needs to be taken up at the level of Forum of Regulators and also with Ministry of Power and Ministry of Coal.

Reply of PSPCL:

PSPCL states that the said issue is not directly linked to ARR or tariff for FY 2016-17 and therefore may not be addressed under the current proceedings.

However it is submitted that Ministry of coal, GoI has formed a "Forum" named "Alternative Dispute Resolution Mechanism (ADRM)" for resolution of disputes of Power Utilities with CIL subsidiaries. PSPCL has referred the issue of Sampling & Analysis of coal to ADRM Forum and meeting in this regard was held by the Ministry of Coal on 29.03.2016. Secretary Power, Govt. of Punjab and Chief Engineer/Fuel, PSPCL attended this meeting. The Punjab State has nominated Secretary Power, Govt. of Punjab as its nominee to ADRM Forum for resolution of disputes through ADRM. During the meeting it was decided that further guidelines for sampling and analysis will be circulated shortly.

View of the Commission:

The Commission has already directed PSPCL vide its Order dated 09.06.2016 in petition No. 41 of 2016 (SUO MOTU) to file status report regarding the effect of introduction of third party verification of GCV (results as well as supplier) by 30.06.2016. further PSPCL was directed to ensure DO From Principal Secretary/Power GoP to Secretary Coal GoI on GCV payment issues to Keep the GoI abreast of /alive the issues besides pursuing vigorously and endeavour to ensure the third party testing of GCV at receiving end is followed for billing purposes.

Issue No. 48: Capacity Charge as per capacity declared available

The Objector has stated that the payment of capacity charge should be made on the capacity declared on the basis of natural gas available only.

Reply of PSPCL:

PSPCL in its earlier submission has already stated that the fixed cost obligation towards the generators is based on the long term PPA's signed with the generators which cannot be avoided. The capacity charge is therefore needs to be paid till the existence of PPA as the terms and conditions of PPA cannot be changed.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 49: Details need to be provided

The Objector has requested for the following details:

a) PSPCL may give the list of LS connections (if any) which are held up or pending due to over loading of the 66 KV sub stations.

b) PSPCL may give the list of 66 KV sub stations which will not be able to give 8 hour daily supply to tube-wells during the coming paddy season (i.e. to give supply in 4 groups of 6 hours instead of 3 groups of 8 hours).

Reply of PSPCL:

PSPCL submits that there are no LS connections which are held up or pending due to over loading of the 66 KV sub stations.

The list of 66 KV sub stations which will not be able to give 8 hour daily supply to tube-wells during the coming paddy season is attached is supplied.

View of the Commission:

The licensee should supply details to objector.

Issue No. 50: Subsidy amount to be safeguarded

In approving the subsidy payment for financial year 2016-17, the Commission may include adequate safeguards against short payment of subsidy or nonpayment of subsidy or adjustment of ROE against subsidy. Commission may also specify regarding levy of full tariff in case of default in subsidy, as stipulated in Section 65 of Electricity Act, 2003.

Reply of PSPCL:

PSPCL welcomes the suggestion of the Objector in this regard and request the Hon'ble Commission to take necessary steps to safeguard the interest of PSPCL.

View of the Commission:

GoP has been requested to make up the shortfall in payment of subsidy. In case of delay in payment, PSPCL is allowed interest which is charged from GoP.

Issue No. 51: ARR as per UDAY Scheme

The Hon'ble Commission is requested to determine ARR and tariff on the basis of Sec 61(b) and 61 (d) of the Electricity Act and as per the latest policy of UDAY Scheme of GOI.

Reply of PSPCL:

In this regard, it is submitted that the Impact of UDAY Scheme on the ARR for FY 2016-17 already stands filed with Hon'ble Commission vide this office memo no. 481/CC/DTR/Dy.CAO/246/Vol.I dated 12.04.2016.

View of the Commission:

The Commission agrees with the Comments of PSPCL. The Commission determines the ARR expenses after prudent check and determines tariff for various categories of consumers as per notified regulations**.**

Objection No.20: Shri. Nikhil Kapoor Energy Controller, Indus Towers Limited, SAS Nagar.

Issue No. 1: No information on website

No information was available on the PSERC website (http://www.pserc.nic.in/) regarding the dates for filing the comments/objections or about public hearing till March 01 2016.

Reply of PSPCL:

PSPCL has followed the procedure defined in the Electricity Act and Regulations of the Hon'ble Commission. The ARR petition for FY 2016-17 was admitted by the Hon'ble Commission on 23rd December 2015 and within 7 days of the admission of the petition; PSPCL had published a public notice in the widely circulated English and local newspaper in the State. The public notice had also mentioned the last date of filing the suggestion/objections. It is therefore not correct to say that no information was made available by PSPCL. PSPCL however may not be able to comment on the information not available on PSERC website.

View of the Commission:

The Commission agrees with the Comments of PSPCL. The ARR Petition and related documents are available on PSPCL's website only.

Issue No. 2: Rationalization of Tariff for Telecom Towers in the State

The tariff for telecom towers, which is the tariff for non residential consumers is one of the highest in Punjab. It is, therefore, costlier to operate a telecom tower in Punjab as compared to all other major states in the country. Therefore tariff should be brought down.

Reply of PSPCL:

In present petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17.

PSPCL has not proposed any tariff structure or tariff rates for any category of consumer. Instead it has requested the Hon'ble Commission to decide the tariff for the respective category of consumers. Therefore PSPCL cannot comment specifically whether the tariff for non residential consumers will change or not.

PSPCL would further like to submit that the input costs envisaged in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff Regulations. It has been observed that during the year FY 2016-17 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc have gone up and it resulted in increase in revenue gap.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17.

View of the Commission:

The Commission determines the tariff for various categories of consumer as per its Tariff Regulations. Refer para 9.2 of this Tariff Order.

Issue No. 3: Two part tariff structure implementation in the State

The Hon'ble Commission is requested to push PSPCL to submit the proposal on two part tariff at the earliest and take suitable actions towards it. The Objector also requested to direct PSPCL to take measures for providing reliable and high-quality power to all consumers in the State.

Reply of PSPCL:

PSPCL would like to submit that the proposal for two part tariff is under consideration of the management of PSPCL. The outcome is expected in a short span of time. With regard to quality of supply, it is submitted that PSPCL is continuously making efforts for 24x7 quality power supply to its consumers. PSPCL has improved in terms of reduction in power outages and increased power availability. Moreover the Distribution system is regularly maintained and is being strengthened under R-APDRP schemes.

View of the Commission:

Refer to para 7.1 of this Tariff Order.

Issue No. 4: Introduction of new Sub-category for Telecom Towers within Commercial category.

The Hon'ble Commission is requested to introduce a new sub-category for Telecom Towers within Commercial category and appropriate relaxations in tariff should be provided.

Reply of PSPCL:

PSPCL states the tariff determination is a process to be carried out by the Hon'ble Commission in an unbiased way unless for factors mentioned in the Section 62 of the Electricity Act.

The Hon'ble Commission on its own may provide concession to a particular category/industry/sector by introducing a sub category and determine tariff for such consumers. In case such an action is taken, the Hon'ble Commission shall also keep in mind the interest of PSPCL.

View of the Commission:

There is no justification for creating sub-category in the schedule.

Issue No. 5: Inclusion of additional consumers in TOD tariff

The Hon'ble Commission is requested for inclusion of telecom towers in TOD tariff regime prevailing in the state and also allow to be a part of ToD scheme as applied to Medium Supply industrial category consumers.

Reply of PSPCL:

PSPCL states that TOD tariff was introduced by the Hon'ble Commission as per tariff order for FY 2014-15. The same was continued as per tariff order for FY 2015-16. The decision to apply TOD tariff was made by Hon'ble Commission in the tariff schedule notified in the tariff order. Therefore, it is the prerogative of Hon'ble Commission whether to extend the benefit of TOD to other categories or not.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 6: Implementation of Consolidated billing and roll out of AMR meters

The Hon'ble Commission is requested that in view of National Tariff Policy, 2016 appropriate directions may be issued to the distribution utility PSPCL for supporting the proposal of installation of AMR meters and roll out of consolidated billing for large consumers with multiple connections.

Reply of PSPCL:

AMR project in PSPCL was started around 2008 using Modbus technology with propriety firmware from M/s Voila technologies ltd. During this new meter data protocol "DLMS" was introduced. PSPCL is now in the process of upgrading the system to be able to read both Modbus & DLMS protocols. This however will take some more time, but PSPCL is taking efforts to complete it at the earliest.

The case for firmware upgradation in existing AMR system is being finalized so that remaining feeder's data where DLMS meters have been installed can also be read through AMR. It is, therefore, submitted that PSPCL is taking all necessary steps to implement AMR metering as early as possible.

View of the Commission:

PSPCL should expedite the commissioning of the project.

Objection No. 21: Er. Gurnek Singh Brar, Patiala

Issue No. 1: Subsidy not receivable from Government

The Government of Punjab has paid subsidy amount of ₹4400 crore instead of ₹5599.61 crore payable as per tariff order for FY 2015-16. The Government of Punjab may be directed to ensure subsidy payment as per Sec 65 of Electricity Act, 2003. The Objector also said that the unpaid amount of subsidy for 2015-16 and the corresponding interest on delayed payment may be included by the Commission to the subsidy payable for 2016-17.

Reply of PSPCL:

PSPCL would like to submit that it has no control over the subsidy amount that is received from the Government of Punjab. PSPCL agrees with the contentions of the Objector that a shortfall in the amount of subsidy puts an additional burden on the finances of PSPCL and it has to raise loans from other sources to fund its working capital requirement.

View of the Commission:

GoP has been requested to make up the shortfall in payment of subsidy. In case of delay on payment of subsidy, PSPCL is allowed interest.

Objection No. 22: Shri Aman Gupta MD, S.T. Cottex Exports Pvt. Ltd, Ludhiana

Issue No. 1: Tariff Increase

The spinning industries are losing basic manufacturing cost every day due to rise in electricity rates. The electricity rates have increased from 15% to 60%. Further, the Objector stated that new policy of giving cheaper electricity power of ₹4.99/unit to the new projects or industries coming up after 2013 will kill them even further and requested the Hon'ble Commission to look into the matter and give concrete solution to come over worst situation.

Reply of PSPCL:

The contention that rates of Power in Punjab w.r.t. competing States have increased from 15% to 60% in some cases and leaving no option to Spinners, is not correct.

The competing States mentioned by the Objector (HP, Uttrakhand, Haryana, Rajasthan, MP) has two part tariff and as such variable charges cannot be compared directly. Topographical conditions are also not similar as Punjab has to rely upon Thermal Power, HP and Uttrakhand has Hydro Generation.

Hon'ble Commission in Tarif Order for FY 2015-16 has worked out average cost of power as 597.81 paise/unit and as such it is not technically and commercially viable to provide electricity at 499 paisa/unit to all existing industries.

Proposed tariff @₹4.99/unit announced by GoP for new industries is only for specific period of 5 years and the same is to promote new industry in the State and additional consumption will utilize surplus power and will offset fixed charges to be paid for surrender of surplus power.

The tariff for existing industries is decided by Hon'ble Commission.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order.

Objection No. 23: Shri R.L. Mahajan, President, Technocrats Forum, Ludhiana

Issue No. 1: Impact on Tariff

PSPCL has not provided the impact on tariff due to the increase in ARR. Moreover subsidy for AP consumers is calculated based on ₹4.58 per unit and not on the basis of ₹6.05 per unit which is the cost of supply for AP consumers.

Reply of PSPCL:

It is submitted that in present Petition for ARR and Tariff for FY 2016-17, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulations, 2005, while determining the tariff for FY 2016-17. Therefore PSPCL is not in a position to provide the impact on tariff due to increase in cost/expenses as provided in the Petition.

PSPCL would like to submit that the subsidy collected from the Government of Punjab against AP consumption is based on the tariff determined by Commission for AP consumers in the prevailing tariff order. PSPCL is not authorized to collect the subsidy amount from Government based on cost of supply to AP consumers.

View of the Commission:

Directions were issued in the past to PSPCL to submit the proposed tariff due to increase/ decrease in ARR. PSPCL is again directed to submit the same in the future ARR. Refer para 9.2 of this Tariff Order.

Issue No. 2: Tariff to reflect Cost of Supply

Section 61(g) relating to Tariff Regulation mandates that tariff should be related to COS and subsidy allowed should be gradually reduced and ultimately come to an end in a period to be specified by the Commission. Moreover the cost of supply should be different for each category of consumers and tariff should not be determined based on average cost of supply.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (FY 2015-16 and FY 2016-17) of Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: Cost of supply for AP is on lower side

The cost of supply to AP consumers arrived in the Petition is on the lower side as compared to SP category which is on the higher side. The cost of SP consumers shall be same as that for AP consumers.

Reply of PSPCL:

PSPCL would like to submit that the cost of supply derived in the Petition is based on the methodology adopted by the Hon'ble Commission in its previous tariff order. PSPCL has taken certain assumptions to carry out the cost of supply study for each category of consumers which is provided in the Petition. The Hon'ble Commission may have a prudence check on the same.

PSPCL would further like to submit that the cost of supply for each category of the consumer provided in the Petition is in line with the directions of the Hon'ble Commission and as per the methodology adopted by the Hon'ble Commission in last tariff order. The intention to provide cost of supply is to equip the Hon'ble Commission to determine tariff in close proximity with the cost of supply for each category of consumers. PSPCL request the Hon'ble Commission to take an appropriate view on the same.

View of the Commission:

Please refer to view of the Commission on Issue No. 2 above.

Issue No. 4: Data regarding subsidy

The following information may be provided.

1. Year wise grant of subsidy to AP consumers in percentage of tariff adopted for this class of consumers and its relation with the COS for these consumers.
2. Information whether this subsidy has been gradually reduced or increased successively
3. By what time will subsidy in AP tariff come to an end and tariff would be related to this category as provided in the Act and not combined average COS for all the consumers clubbed together.

Reply of PSPCL:

The point wise reply is provided as follows.

1. The subsidy payable by the Government of Punjab, the amount actually received by PSPCL and the amount pending from Punjab Government is provided in the Petition in table no. 42 for FY 2012-13 and table no. 89 for FY 2013-14. The subsidy amount receivable for FY 2015-16 is provided in table no. 133 of the Petition against which ₹4,400 crore is received till date. The amount of subsidy shown in table no. 134 for FY 2016-17 is entirely due from Government of Punjab. PSPCL submits that the amount of subsidy arrived for FY 2016-17 is worked out on the basis of the tariff that was determined by the Hon'ble Commission for AP consumers and the consumption of AP category projected for the future year. The cost of supply for AP consumers has no relation with the subsidy amount claimed from the Government.
2. It appears the Objector in this point is talking about reduction in cross subsidy for AP consumers and not subsidy from the Government. It is submitted that from table no. 7.2 of the tariff order for FY 2015-16, the cross subsidy levels are already brought down to 19.65% for AP consumers. This step is very much in line with national tariff policy which says that tariff should be in the range of +-20% of the cost of supply of that category.
3. PSPCL submits that it is the prerogative of the Hon'ble Commission to decide the tariff of all categories of consumers and to also make sure that the cross subsidy levels are not

increased to any category from the existing levels. PSPCL in its petition has not submitted any tariff proposal and has requested the Hon'ble Commission to take an appropriate view on the same.

View of the Commission:

The information sought stand supplied by PSPCL.

Objection No. 24: Shri. Kamal Dalmia President ,Focal Point Industrial Welfare Association (Regd.), Amritsar

Issue No. 1: Meetings in Amritsar

Amritsar is a very significant city in the State of Punjab and therefore important meetings shall also be conducted in Amritsar.

Reply of PSPCL:

PSPCL submits that the decision on the location to conduct public hearings and other important meetings completely rests upon the Hon'ble Commission and therefore PSPCL has no comments to offer.

View of the Commission:

The Commission notes the suggestion.

Issue No. 2: No increase in tariff due to power surplus situation

Considering the power surplus situation in Punjab, rates should not be increased. Industries are going through worldwide recession and therefore increase in tariff will add fuel to fire.

Reply of PSPCL:

PSPCL would like to submit that it has signed PPA with generators on long term basis. As per the PPA's PSPCL has to bear fixed cost of generation even if power is not purchased from the generator. Since these are long term PPA's, PSPCL has to continue paying the fixed cost till the termination of the PPA's even if PSPCL is not purchasing power from the generator.

PSPCL is therefore considering the surrender of allocated share from the Central Sector Plans and some of the IPP's mainly which are costlier to purchase. The proposal is under consideration and if finalized, power purchase cost will be reduced and the benefit will be passed on to the consumers.

PSPCL therefore request the Hon'ble Commission to take an appropriate view on the increase in input cost and revenue gaps for respective years so as to equip PSPCL to maintain its regular functioning in an efficient manner.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order**.**

Issue No. 3: Concessional Tariff for New Industries

The existing industries shall also be charged at the concessional tariff of ₹5 per unit which is the rate for new industries.

Reply of PSPCL:

it is submitted that the average cost of power (for all categories) as determined by the Hon'ble PSERC in the Tariff Order for the FY 2015-16 comes out to be 597.81 paisa/unit. So, it will not be both technically or economically viable for PSPCL to provide the electricity @ 499p/unit to all the existing industries as it will not even fully recover the cost of power and thus will prove to be incurring loss to the PSPCL and the organisation will go in financial turmoil.

The proposed Tariff @ ₹4.99/unit to be provided by PSPCL to the new industries is as per the policy and announcements made by the Govt. of Punjab during Progressive Punjab Investors Summit 2015. The said tariff will be provided to the new industries only for specific period of 5 years and thereafter the normal tariff as decided by the Hon'ble PSERC from time to time will be applicable to them. This rebate has been announced by the Govt. of Punjab in order to promote the new industries in the State. The additional consumption of power by the new industries will utilise the part of the surplus power available with PSPCL and will partially offset PSPCL and consumers of the state from the burden of the fixed charges to be paid for surrender of surplus power.

The tariff for the existing Industries/units including concessions/rebate, if any, is decided by the Hon'ble Commission on year on year basis after considering all the aspects, needs/requirement of the industry as well as other consumers.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order.

Issue No. 4: Communication through Mails

PSPCL must start communicating with all LS consumers through email for better services and co-ordinates in order to sort out practical problems.

Reply of PSPCL:

PSPCL submits that the said issue is not related to ARR and tariff for FY 2016-17 for which the current proceedings are conducted. Therefore PSPCL would not like offer any comments on the same.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No. 25: Sh. Kulwarn Singh Atwal, Jalandhar City

Issue No. 1: Surplus power at concessional tariff

The sick units which are closed down should be allowed to restart without paying MMC and such units should be provided with electricity at concessional rates. MMC is additional income of PSPCL and it is not reflecting anywhere.

Reply of PSPCL:

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regards to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon'ble Commission keeping the interest of PSPCL in view. As far as PSPCL is concerned, it has been charging MMC as per instructions in vogue.

MMC collected from consumers is a part of revenue and is reflecting in the accounts of PSPCL. The Hon'ble Commission also calculates revenue for PSPCL taking into account the MMC from consumers.

With regard to providing power at concessional tariff, PSPCL submits that the decision to provide electricity at lower tariff is with the Hon'ble Commission and PSPCL would only follow the guidelines as per the tariff order. PSPCL would only like to request the Hon'ble Commission that in case electricity is provided at concessional rates, interest of PSPCL shall also be kept in view.

View of the Commission:

Refer to para 9.2 of this Tariff Order.

Issue No. 2: Concessional Tariff

All new industrial connections whether MS or LS be given at concessional rate of supply i.e. ₹4.99 per unit as per announcement of Deputy Chief Minister of Punjab.

Reply of PSPCL:

PSPCL would like to submit that it has to abide by the Electricity Act and the Regulations notified by PSERC while charging tariff to any category of consumers. PSPCL can only charge tariff for industrial consumers on a concessional rate in case the same is provided by the Hon'ble Commission in its tariff order. PSPCL is not authorized to go beyond the guidelines of the Hon'ble Commission. Therefore, PSPCL has no specific comments to offer on this issue.

View of the Commission:

The Commission processes the ARR as per its notified regulations and determine the gap after prudent check of expenses. Also refer para 9.2 of this Tariff Order.

Issue No. 3: Categorization to be changed

The limit of M.S Consumer be raised from 100 KVA to 200 KVA. Such change would not affect the finances of PSPCL.

Reply of PSPCL:

PSPCL would like to submit that the issue of categorizing a particular consumer under LS or MS category is not related to the ARR and tariff for which the current proceedings are undertaken. However PSPCL would like to submit that the categorization of load for consumer category is based on Supply Code Regulations notified by PSERC. It is not in the hands of PSPCL to provide a connection to a particular consumer for medium supply or large supply.

The Supply Code has clearly specified the differentiation between large supply and medium supply. Also such categorization is also provided in the tariff order. PSPCL only follows these guidelines and based on them releases the connection. PSPCL therefore on its own cannot determine a particular consumer as LS or MS.

View of the Commission:

The issue does not relate to ARR.

Issue No. 4: Concessional TOD tariff

The concessional TOD Tariff should be applicable from 8.00 P.M.to 8.00 A.M. and 24 HRS on Saturday, Sundays, National Holidays and Festivals, when electricity is surplus with PSPCL

Reply of PSPCL:

PSPCL has been charging TOD tariff for different categories of consumers as provided in the prevailing tariff order. The decision to change the time slots for TOD tariff rests upon the Hon'ble Commission.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 5: Tariff for High Technology Business

The Poly houses, Green houses, Tissue culture Labs, Pack Houses at Farm Gates, Orchards etc. which use high end technology should be charged at ₹3.00 Per unit.

Reply of PSPCL:

PSPCL states the tariff determination is a process to be carried out by the Hon'ble Commission in an unbiased way unless for factors mentioned in the Section 61 of the Electricity Act.

The Hon'ble Commission on its own may provide concession to a particular category/industry/sector and determine tariff for such consumers. In case such an action is taken it should also keep in mind the interest of PSPCL so that its revenues are not affected.

View of the Commission:

Refer to View of the Commission on Issue No.2 above.

Issue No. 6: More energy released during rainy seasons

During rainy season PSPCL release more Power to Tubewell, where, farmers are not able to run the motor and control water and power. Power is wasted due to such arrangements and farmers do not get the benefit. Farmers should be informed on schedule of supply through SMS Service.

Reply of PSPCL:

It is submitted that the increase in power consumption by Agriculture tubewells is partly due to increase in the number of tubewells and partly due to weather conditions prevailing during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tubewells and drawing less water to sustain underground water level as well. Supply to agriculture tubewells is free as per policy of the Government and capping of the same is at the discretion of the Government of Punjab.

View of the Commission:

PSPCL should explore the option of informing the farmers about supply schedule through SMS.

Issue No. 7: Quality of Power Supply and consumer complaints

The quality of power supply should improve and PSPCL should also respond to complaints instantaneously

Reply of PSPCL:

It is submitted that PSPCL is continuously making efforts for 24x7 quality power supply to its consumers. PSPCL has improved in terms of reduction in power outages and increased power availability. Moreover the Distribution system is regularly maintained and is being strengthened under R-APDRP schemes.

View of the Commission:

PSPCL should implement Standard of Performance.

Objection No. 26: Sh. M.L.Grover, Chairman, Senior Citizen Welfare Congress (Punjab), Jalandhar

Issue No. 1: Concessional Tariff for Senior Citizen/ Retired PSEB/Powercom employees

Power should be supplied to senior citizens/ retired PSEB/Powercom employees at a concessional rate.

Reply of PSPCL:

PSPCL would like to submit that the issue of providing concessional tariff for senior citizens/ retired PSEB/Powercom employees is not linked to ARR or its current proceedings for FY 2016-17 and therefore PSPCL has no comments to offer on the same.

View of the Commission:

Refer to para 9.2 of this Tariff Order.

Objection No. 27: Shri Sandeep Jain, Director, Antarctic Industries Limited, Ludhiana

Issue No. 1: Applicability of new tariff with retrospective effect

The tariff is announced way beyond 1st April and is made effective retrospectively. It is requested that the tariff to be announced should be annualized and be made effective from the date of announcement.

Reply of PSPCL:

It is submitted that PSPCL files ARR & Tariff Petition every year within the stipulated time i.e. on or before 30th November as specified in the Regulations. The reply to deficiencies is also submitted within the specified time limits.

The issuance of tariff order on time is the outlook of the Hon'ble Commission. PSPCL has no comments to offer. PSPCL has carried out all its duties as per the Regulations within the specified time.

PSPCL request the Hon'ble Commission that even if the tariff order is issued with a delay, the Hon'ble Commission should take care that there is no revenue loss to PSPCL.

View of the Commission:

The ARR of PSPCL for FY 2016-17 covers the complete financial year. The recovery of tariff, therefore has to be such that the total revenue requirement of PSPCL for 2016-17 is recovered in this period.

Issue No. 2: Cost of Supply

As per APTEL judgments tariffs are to be recovered on the basis of cost of supply plus nominal profit. The current rates are against the above norm. Industrial category at 440 KV is charged lower than the LS category which is at 11 KV supply. Also (PIU) is charged higher tariff (currently Re. 0.19 more than LS category)

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (FY 2015-16 and FY 2016-17) Objection No.2.

View of the Commission:

Refer to view of the Commission in Issue No. 6 (FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 3: ToD Tariff

PSPCL has offered a night rebate of ₹1 under TOD tariff for six month i.e. from 1st Oct to 31st March. The Objector requests increase the night rebate to be increase to ₹2 per unit. Also TOD shall be applicable throughout the year.

Reply of PSPCL:

It is submitted that the tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. Further, fixation of tariff and application of TOD rebate to particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would sell electricity to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 4 Peak Load Exemption Charges vis-a-vis ToD

The peak load timings are 4 hours from 6.00 PM to 10.00 PM and the energy consumed during this period is charged @ normal tariff + ₹3/- per KWH. This peak load TOD should be allowed for whole year. This saves, firstly the exercise of applying for peak load exemption on every 1st April and again surrender it and opt for TOD on 1" October. Secondly, there is no dispute off peak load violations as whatever is used in peak load timings is charged additionally @ ₹3/- per KWH.

Reply of PSPCL:

It is submitted that the peak load exemption charges levied to consumers are determined by Hon'ble Commission. Further, fixation of tariff and application of TOD rebate to particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would levy charges to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.

View of the Commission:

Refer to para 7.2 of this Tariff Order.

Issue No. 5: Open Access of Power

As per the new Open Access Regulations it is virtually impossible to buy power privately. It is requested to re-examine the new open access regulations and bring out a model which is suitable to both consumers and PSPCL.

Reply of PSPCL:

It is submitted that the request made by the Objector is to the Hon'ble Commission. PSPCL has no comments to offer.

View of the Commission:

Refer view of the Commission on Issue No. 13 (ARR FY 2016-17 projections) of Objection No. 6.

Issue No. 6: Unauthorized use of electricity

UUE should only be made applicable where there is difference of tariff, difference of supply voltage or where revenue of PSPCL is affected but not in the case where a consumer has changed its machinery or land area or any other such change which is immaterial so far as PSPCL's revenue is concerned.

Reply of PSPCL:

PSPCL submits that the tariff is applicable to consumers based on the purpose of usage electricity as specified in the tariff order. In case the purpose of usage of electricity changes, the tariff applicable also changes. PSPCL is bound to follow the regulations and violation of such code is UUE as per the Regulations.

View of the Commission:

The Issue does not relate to ARR.

Objection No. 28: Shri P.K. Roy, Joint General Manager, Amritsar Airport, Amritsar.

Issue No. 1: Rationale behind the request for seeking revision in tariff plan

There would be considerable increase in monthly billing expenditure due to additional power requirement for additional load and therefore the current tariff plan under which power is supplied needs to be reviewed and reduced.

Reply of PSPCL:

PSPCL has filed the current tariff petition for FY 2016-17 along with the true up of FY 2012-13 and FY 2013-14 and revised estimates for FY 2015-16. PSPCL has claimed a cumulative gap up to FY 2016-17 in the present petition. PSPCL has not proposed any tariff schedule for its consumers and requested PSERC to take an appropriate view on the cumulative gap. Therefore the decision of tariff to be levied to any category of consumer is the prerogative of the Hon'ble Commission. PSPCL has no comments to offer on the above issue.

View of the Commission:

Refer to view of the Commission on Issue No. 1 Objection No. 1.

Issue No. 2: Special consideration for tariff of AAI.

The tariff for AAI merits requires special consideration as AAI is a public service utility.

Reply of PSPCL:

As provided in the reply to Issue No.1, the decision on what tariff to levy on what category of consumers and the decision to give special consideration to a particular category of consumer lies entirely on PSERC.

View of the Commission:

The objector does not qualify for special treatment as per Section 62(3) of the Act.

Issue No. 3: Cross subsidization

Based on the current policy and the thought process, cross subsidization of tariff may be reduced and therefore tariff needs to be rationalized and reviewed.

Reply of PSPCL:

Refer to reply of PSPCL on Issue No.6 (FY 2015-16 and FY 2016-17) of Objection No.2.

View of the Commission:

Refer to view of the Commission on Issue No. 6 (FY 2015-16 and FY 2016-17) of Objection No. 2.

Issue No. 4: Rebate for 11 KV (DS/NRS)

In case special tariff for AAI is not possible then the rebate applicable for 11 KV (DS/NRS) may be approved.

Reply of PSPCL

It is submitted that the tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. Further, fixation of tariff and application of any rebate to any particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL sells electricity to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.

View of the Commission:

Refer to para 9.2 of this Tariff Order.

Objection No.29: Sh. Atul Bansal, Advocate

Objection No.30: Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnance Association, Mandi Gobindgarh

Objection No.31: Dr. Parveen Rathee, Regional Director, PHD Chamber of Commerce and Industry, New Delhi

Objection No.32: President, Sangrur Distt. Industrial Chamber (Regd.), Sangrur

Objection No.33: Sh.P.P.Singh, Vice President (E&U), Nahar Spinning Mills Ltd., Ludhiana

Objection No.34: JCT Limited, Hoshiarpur

The Objections from 29 to 34 relate to Two Part Tariff & shall be dealt separately.

Objection No. 35:Sh. Joginder Kumar, Ludhiana Electroplates Association, Ludhiana

Issue No. 1: Huge Debt of PSPCL

It is not understood as to how the huge debt has increased so much only on account of free power supply to Agriculture & dues from Govt. Departments. The Municipal Corporation of Ludhiana demanded 2 paisa Octroi which was abolished but still is being charged. 14% electricity duty was being charged in terms of paisa. The Industry cannot pay for inefficiency of PSPCL and the Government shall bear this debt and clear it from electricity duty collected. No increase in tariff shall be encouraged and Govt. should compensate with budgetary provisions from electricity duty collected.

Reply of PSPCL:

PSPCL would like to submit that the increase in debt burden is mainly due to increase in working capital loans. The working capital loans have increased due to following reasons.

1. Regulatory disallowances on account of high employee costs;
2. Regulatory disallowances in fuel cost and power purchase cost;
3. Regulatory disallowances in interest & finance charges on accounts of assessed diversion of funds;
4. Non-refund of interest payment by the GOP leading to cash flow issues further leading to increased dependence on short-term borrowings.
5. Regulatory disallowances on account of carrying cost.

With regards to Octroi and electricity duty, PSPCL would like to submit that these levies are imposed by the Govt. Of Punjab and PSPCL cannot comment in this regard. The revenue received on these accounts are passed on to the Government. Regarding increase in tariff, the Hon'ble Commission is requested to consider the same keeping in view the interest of PSPCL also.

PSPCL has no comments to offer on the proposal of the Objector to clear the debt burden from the electricity duty since PSPCL cannot retain the amount collected from electricity duty and is to be passed on to the Government.

The MOU signed under Uday clearly mandates the Utility to carry out works for reduction in

T&D losses. The funding for these works can only happen through tariff hike and therefore 5% tariff hike is proposed in FY 2016-17 as per the MOU.

The Hon'ble Commission is therefore requested to allow the interest cost on outstanding loan balances which is not due to inefficiency of PSPCL but is due to delay in recovery of expenses either from the Regulator or from the Government.

View of the Commission:

WCL and interest thereon is approved on normative basis as per PSERC Regulations. The Commission processes the ARR as per notified regulations & determines the gap after prudent check of expenses.

Objection No.36: Shri. H.N Singhal, President, Nahar Industrial Enterprises Ltd., Ludhiana

The Objection relates to Two Part Tariff & shall be dealt separately.

Objection No. 37: Sh. P.P Singh, Vice President, Nahar Fibres, Ludhiana

Objection No. 38: Mandi Gobindgarh Induction Furnace Association, Mandi Gobindgarh

Objection No. 39: Director, HANSCO Iron and Steels Pvt. Ltd., Mandi Gobindgarh

Objection No. 40: Sh. Parveen Rathi, PHD Chamber of Commerce and Industry, Chandigarh

Objection No. 41: Director, HANSCO Iron and Steels Pvt. Ltd., Mandi Gobindgarh

Issue No. 1: Impact of UDAY Scheme

PSPCL has not disclosed the funds required to meet the additional expenditure for DT metering, smart meters for non-agriculture consumers, feeder improvement programme, feeder segregation, subsidized, distribution of LEDs, replacing existing agriculture pump sets with efficient pumps, reduction in T&D losses etc. as proposed in the MOU. Since, all these expenditure are to be met from the already projected ARR, the ARR already projected is an inflated one and Hon'ble Commission, therefore, needs to scrutinize the expenditure.

Reply of PSPCL:

The MOU was adopted by the Government of Punjab on 4th March 2016. The Commission had asked PSPCL to file a revised ARR for FY 2016-17 vide letter dated 9th March 2016. PSPCL has filed the impact of UDAY on the ARR for FY 2016-17 on 12th April 2016.

PSPCL submits that it will claim the capital expenditure on the basis of actual works carried out under Uday scheme at the time of truing up of FY 2016-17. The impact of Uday filed before the Commission shows the majority of the impact which is on interest expenses and power purchase cost.

Regarding inflated capital expenditure, the objector has requested the Hon'ble Commission to scrutinize the figures.

As the request is to the Hon'ble Commission, therefore, the Hon'ble Commission may take an appropriate view while allowing the capital expenditure after making required prudence check.

View of the Commission:

Capital expenditure/investment and interest thereon is allowed in line with PSERC Regulations after prudence check. Impact of UDAY Scheme on interest element has been taken cognizance of.

Interest Cost of FY 2016-17

Issue No. 1: Loans to be taken over by Government

The total capital expenditure and WC loans as per revised ARR should be handed over by PSPCL to State and consumers should not be burdened with higher interest cost for such loans retained by PSPCL.

Reply of PSPCL:

The loans taken over by the Government of Punjab is as per MOU signed on 4th March 2016. PSPCL submits that the scheme of UDAY is applicable only for Distribution Companies and therefore, the capex and working capital loans with respect to generation will still remain as outstanding in the books of accounts.

Moreover, the quantum of loans to be taken over has already been specified in the MOU and therefore, the working has been carried out in the impact of Uday Scheme document. The total loans to be taken over by the Government are already decided and are not subject to change.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 2: Excess of loans than approved by PSERC

The Commission in tariff order for FY 2015-16 had approved total loans of ₹12,065.77 crore including loans for capex and working capital against which PSPCL indicated ₹26,568.17 crore. The State Government has now taken over loans to the tune of ₹15,628.26 crore which is an excess of ₹3,562.49 crore as compared to approved loans. Hon'ble Commission should, therefore, pass the benefit of such excess to the consumers.

Reply of PSPCL

PSPCL would like to submit that the loans taken over by the Government of Punjab as per MOU signed under Uday Scheme are ₹15,628.26 crore. The amount is derived as 75% of the outstanding loans of PSPCL in the books of accounts pertaining to Distribution Company.

The loans to be taken over by the Government has no linkage to the total amount of loans approved in the tariff order by Hon'ble PSERC for FY 2015-16 and therefore cannot be compared. Though PSERC has not been approving loans to the extent of ₹26,568.17 crore, these loans are still outstanding in the books of accounts of PSPCL and therefore needs to be addressed.

PSPCL has calculated the impact on interest expenses on the basis of loans to be taken over by the Government as specified in the MOU. Hon'ble Commission is, therefore, requested to adjust only the savings in interest cost as provided in the revised ARR submission for FY 2016-17 and allow remaining of the expenses as claimed.

View of the Commission:

Impact of UDAY Scheme on interest element as per MoU has been taken note of by reduction in interest cost in the ARR for FY 2016-17.

Issue No. 3: Checking of calculation

The Commission is requested to have a prudence check on the amount of interest on the approved amount and at revised rates and savings accruing in the ARR.

Reply of PSPCL:

The interest has been worked out based on the MOU signed by Government of Punjab which also specifies each of the type of loan which is to be taken over. PSPCL, therefore, requests the Hon'ble Commission to adjust only the savings computed in the Impact of Uday scheme document and pass through rest of the amount in tariff.

View of the Commission:

Impact of UDAY Scheme on interest element as per MoU has been taken note of by reduction in interest cost in the ARR for FY 2016-17.

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Issue No. 4: Earlier comments on the interest and Finance Charges submitted in the comments on original ARR may be considered

The Hon'ble Commission is requested to consider the earlier comments made on the original petition where they have mentioned that the figures of loans are inflated.

Reply of PSPCL:

PSPCL has already provided the reply on the original numbers that are present in the Petition and therefore has no comments to offer separately.

View of the Commission:

Interest cost is approved in line with PSERC Regulations after prudence check.

Issue No. 5: Approving Interest as per Regulations

The Commission is requested to consider the submissions in the revised ARR and MOU strictly as per the Regulations and keeping in view the previous year's tariff order.

Reply of PSPCL:

The adjustments made in interest expenses and the saving in interest cost projected for FY 2016-17 is based on the MOU signed by the Government of Punjab under Uday Scheme.

The Hon'ble Commission is requested to adjust the same in ARR for FY 2016-17 and pass through remaining of the expenses as projected in the Original Petition.

View of the Commission:

Impact of UDAY Scheme on interest element as per MoU has been taken note of by reduction in interest cost in the ARR for FY 2016-17.

Tripartite MoU of Uday Scheme

Issue No. 1: Return on Equity

The Return on Equity has not been considered while working out cost components of ACS. The reasons need to be elaborated as a Company running in losses is not required to distribute dividend on equity but it is being collected from consumers and being paid to Punjab Govt.

Reply of PSPCL:

The MOU prepared is based on latest annual accounts available at the time of signing of MOU. Return on Equity does not form part of accounts as accounts are prepared as per Companies Act. Return on Equity forms part of ARR as per PSERC Regulations and therefore, not considered in MOU.

PSPCL would like to submit that the Return on Equity is recovered in line with the PSERC Regulations. Further there is no dividend paid to Punjab Govt., as specified by the Objector.

View of the Commission:

RoE is allowed to PSPCL in line with PSERC Regulations.

Issue No. 2: Revenue gap as per MOU

The gap for FY 2015-16 in ARR in Tariff Petition was projected to be ₹3,202.44 crore. As per MOU it has come down to ₹1,839 crore as per preamble. Therefore, the revenue gap is overstated.

Reply of PSPCL:

PSPCL would like to submit that the expected revenue deficit of 1,839 crore is projected based on the latest annual accounts available with PSPCL. PSPCL would like to submit that the annual accounts and regulatory accounts cannot be compared directly. The gap arrived for FY 2015-16 in the Petition is based on the Regulations specified by PSERC which indirectly is as per Electricity Act, 2003. However, the accounts of an individual Company are prepared based on Companies Act. This results in to a difference in treatment given to various cost parameters.

View of the Commission:

Expenses and income is approved in line with PSERC Regulations after prudence check and revenue gap is determined accordingly.

Issue No. 3: Accumulated losses as per MOU

The gap for FY 2015-16 in ARR in Tariff Petition was projected to be ₹10,184.16 crore. As per MOU, it has come down to ₹3374 crore as per preamble of MoU. Therefore, the revenue gap is overstated.

Reply of PSPCL:

The expected revenue deficit of ₹1,839 crore is projected based on the latest annual accounts available with PSPCL. PSPCL would like to submit that the annual accounts and regulatory accounts cannot be compared directly. The gap arrived for FY 2015-16 in the Petition is based on the Regulations specified by PSERC which indirectly is as per Electricity Act, 2003. However the accounts of an individual Company are prepared based on Companies Act. This results in to a difference in treatment given to various cost parameters.

View of the Commission:

Revenue gap is determined after approving income and expenditure in line with PSERC Regulations.

Issue No. 4: Interest charges to sales

The interest charges to sales works out to be 42.5 paise per unit as per review of FY 2014-15 in Tariff Order for FY 2015-16. The preamble of MoU specifies it at 59 paise per unit.

Reply of PSPCL:

The MOU adopted under Uday scheme is prepared on the basis of latest annual accounts available of PSPCL. The approved interest charges and sales is not in line with the actual interest charges reflecting in the annual accounts due to various disallowances by PSERC. It is, therefore, submitted that the interest charges and sales in the MOU cannot be directly compared with the tariff Order. Moreover at the time of truing up of FY 2014-15, PSPCL would be able to provide actual interest and sales and therefore interest charges per unit which may be considered by the Commission.

View of the Commission:

Interest on loan is approved in line with PSERC Regulation.

Issue No. 5: Variance in figures of ARR, T.O and MoU

The figures in all the three documents such as the ARR petition, the MOU signed under Uday and the Tariff Order for FY 2015-16 are different. Therefore, Hon'ble Commission may consider the figures given in MoU strictly in accordance with the Regulations.

Reply of PSPCL:

PSPCL has already submitted in previous reply that the basis of all the three documents which are mentioned by the Objector are different and therefore there is variance in numbers. Following are the details provided for all these documents:

1. ARR Petition for FY 2016-17-Prepared based on revised estimates for FY 2015-16 is indirectly based on unaudited numbers of FY 2014-15. Also based on the Regulations specified by PSERC.
2. Tariff Order for FY 2015-16- Prepared based on the cost allowed by Hon'ble Commission after prudence check.
3. MOU under Uday-Prepared based on the latest annual accounts of PSPCL available at the time of signing of the MOU.

View of the Commission:

The Commission processes its ARR as per its notified regulations and determines the same after prudent check of expenses.

Issue No. 6: Increase in Tariff

There is a tariff hike indicated in the MOU. Increase in tariff is not mandatory and may subject to feasibility etc.

Reply of PSPCL:

PSPCL would like to submit that the statement clearly gives an indication for increase in tariff for FY 2016-17. The MOU is prepared considering the increase in tariff for respective years. This would pump in additional revenue for PSPCL and it will be able to execute all the works as specified under Uday in timely manner.

View of the Commission:

Refer to view of the Commission on Issue No. 5 above. Also refer to para 9.2 of this Tariff Order.

Issue No. 7: Parameters not specified in MOU

The MOU does not give any amount against relief received as unpaid overdue interest and penal interest waived off by banks. Also it does not give any outstanding electric dues from the State Govt Departments to PSPCL and the status of recovery. Also revenue earned from improved efficiency parameters undertaken under UDAY is also not stated. These numbers need to be quantified in ARR.

Reply of PSPCL:

PSPCL would like to submit that it does not have the authority to comment on the numbers that are not provided in the MOU signed under Uday. However the Hon'ble Commission may take a view on these parameters and quantify the same in the ARR**.**

View of the Commission:

The issue has been taken care of while processing the ARR.

Issue No. 8: T&D losses in different locations

The Commission is requested to take PSPCL's view on the exceptionally high T&D loss levels of Amritsar, Tarntaran, Batala, Patti, Bhikhiwind, Malout, Bhatinda, Bhagta Bhai Ka, Jalalabad, Giderbaha, Mukatsar and Badal Divisions of PSPCL. Also tariff to be determined based on voltage-wise cost of supply so that cross subsidy is eliminated.

Reply of PSPCL:

PSPCL submits that the request made is to the Hon'ble Commission therefore it has no comments to offer. However with regards to tariff determination on the basis of voltage-wise cost of supply, PSPCL would like to submit that it has already submitted the voltage-wise cost of supply working as a part of its Petition. The Hon'ble Commission may adopt the same while determining tariff for FY 2016-17.

View of the Commission:

Refer to para 6.2 of this Tariff Order and view of the Commission on Issue No. 6 (FY 2015-16 and 2016-17) of Objection No 2. PSPCL is directed to ensure to achieve AT&C loss level of below 15% within allotted time.

Issue No. 9: Revised ARR strictly as per Regulations

The Hon'ble Commission is requested to consider the submissions in the revised ARR and MOU strictly as per Regulations and keeping in view of the previous tariff orders. Adopting the figures of MoU as such will amount to indirectly accepting/approving these figures which have never been accepted by the Hon'ble Commission.

Reply of PSPCL:

The request is made to the Hon'ble Commission. PSPCL has no comments to offer. However it is submitted that the adjustments made in interest expenses and the saving in interest cost projected for FY 2016-17 is based on the MOU signed by the Government of Punjab under Uday Scheme.

The Hon'ble Commission is requested to adjust the same in ARR for FY 2016-17 and pass through remaining of the expenses as projected in the Original Petition.

View of the Commission:

Impact of UDAY Scheme on interest element as per MoU has been taken note of by reduction in interest cost in the ARR for FY 2016-17.

Issue No. 10: Power Purchase quantum is subject to change

The energy available with PSPCL is bound to change as per submissions made in petition no. 13 of 2016, as power from Talwandi Sabo, 3rd unit of GVK project and Kishanganga project as projected in ARR will not be available during paddy 2016. The banking import will also be 1084 MU against projected 1205 MU. Thus projected reduction in T&D losses need to be reviewed by the Commission.

Reply of PSPCL:

The reduction in T&D losses are considered as per the Uday scheme and therefore, the power purchase quantum and cost is reduced to that extent.

The reduction in power purchase quantum and cost is shown in net banking in ARR of FY 2016-17. The corresponding reduction is shown in power purchase cost.

The purchase of power from various sources is a dynamic phenomenon and therefore projections for the same are considerably difficult. The actual power purchase quantum and cost can only be arrived at the time of truing up and therefore for the purpose of projections, PSERC is requested to allow the power purchase quantum and cost as projected in the Impact of Uday scheme document filed subsequently.

View of the Commission:

Refer paras 6.2 and 6.8 of this Tariff order.

Issue No. 11: Inflated loan figures.

The Objector requested the Commission to consider the earlier comments made on the original petition where they have mentioned that the figures of loans are inflated.

Reply of PSPCL:

PSPCL has already provided the reply on the original numbers that are present in the Petition and therefore has no comments to offer separately.

View of the Commission:

Loans and interest thereon are approved in line with PSERC Regulations after prudence check.

Objection No. 42: Sh. P.D.Sharma, President, Apex Chamber of Commerce & Industry, Ludhiana

The Objection relates to Two Part Tariff & shall be dealt separately.

Objection No. 43: Shri P.P. Singh, Ludhiana

Issue No. 1: Transmission and Distribution Losses

The Commission should fix division wise target losses with respect to average target loss and any deviation from the target loss should be debited to PSPCL and consumer shall not bear the expenses for additional losses.

Reply of PSPCL:

The Commission determines the target loss on overall basis as specified in the Regulation and not on the basis of divisions of PSPCL.

PSPCL has to adhere to the target loss and any further losses beyond the target loss shall be accountable to PSPCL as per the Regulations.

The MOU signed under Uday has specified division wise losses for FY 2014-15 to FY 2018-19. The variation in division wise losses is due to the variation of consumer mix in that particular area.

The difference in losses in each of the division as compared to the average loss will always prevail, due to diversification in region and it would be difficult to determine the target loss on division basis.

View of the Commission:

Refer to para 6.2 of this Tariff Order.

Issue No. 2: Surrender of Power

The Commission is requested to seek data from PSPCL on 11 KV and 66 KV lines. Every feeder of 11 KV and 66 KV should have hourly meter installed to know actual power received per day by the consumer. The Uday scheme states that cost of power generation shall be reduced, but PSPCL shown tariff hike of 9% for the FY 2017-18 and 3% for FY 2018-19. So it seems they do not want to take steps for reducing the tariff.

Reply of PSPCL:

PSPCL would not like to comment on the hourly metering of 11 KV and 66 KV lines as it is not related to ARR and tariff for FY 2016-17.

Further, as far as issue of tariff hikes for FY 18 and FY 19 is concerned, the same does not relate to ARR for FY 2016-17, hence PSPCL has no comments to offer.

View of the Commission:

The Commission processes the ARR & determines the Tariff as per the notified Regulations.

Objection No.44: Sh. Jaswant Singh Birdi & Sh. Balbir Singh Kharbanda, Cycle Trade Union

Objection No.45: Sh. Inderjit Singh Navyug, Sr. Vice President, United Cycle & Parts Mfrs. Association, Ludhiana

Objection No.46: Sh. P.P.Singh, Vice President, Nahar Spinning Mills Ltd., Sangrur

Objection No.47: Sh. Sandeep Jain, Director, Antarctic Industries Ltd., Ludhiana

Objection No.48: Sh. K.K.Garg, President, Induction Furnace Association of North India (Regd.), Ludhiana

Objection No.49: Sh. P.D. Sharma, President, Apex Chamber of Commerce & Industry (Punjab), Ludhiana

Objection No.50: Sh. Angad Singh, Col. (Retd), General Secy., Consumer Protection and Awareness Council (Regd.), Mohali

The issues raised in the aforesaid objections relate to Two Part Tariff & shall be dealt separately.

Objection No.51: Government of Punjab, Department of Power (Power Reforms Wing), Chandigarh

Issue No.1: Disallowances

The Commission while determining electricity tariff on the basis of tariff petitions filed by PSPCL has been making some disallowances. These have been mainly on disallowances related to employee costs, interest charges and also on account of non-achieving of various norms, performance parameters and targets fixed by the Commission. These disallowances have weakened 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 and Short-Term Loans 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.

View of the Commission:

The Commission processes the ARR and fixes various norms, parameters and targets as per its notified regulations and accordingly determines the ARR on prudent check of the expenses projected in the ARR. The justified costs are allowed to the utility after processing the ARR as per the notified regulations. The Commission has stressed PSPCL in its various Tariff Orders for improvement in its working by limiting its expenses within the approved amounts and improving the performance parameters. The accumulated losses of the utility are due to non achievement of various norms, performance parameters, targets fixed by the Commission and non implementation of various directives issued in its Tariff Orders. The utility has to improve its performance through various efficiency measures and achieve the targets in respect of various parameters fixed by the Commission. Inefficiencies of the utility cannot be passed on to the consumers.

Issue No.2: Roadmap for improving financial health of the utility/PSPCL:

As State Government and PSPCL has adopted UDAY scheme, therefore, the revised total cumulative gap is approximately ₹16326.63 crore, which has increased by approximately ₹6142.47 crore (i.e. from ₹10184.16 crore to ₹16326.63 crore). The major components of increase in this gap are as below:-

			(₹ in crore)
i)	Fuel Cost	=	1446.68
ii)	Power Purchase	=	1185.5
iii)	Employee Cost	=	927.28
iv)	R&M Expenses	=	56.59
v)	A&G Expenses	=	28.61
vi)	Depreciation	=	140.86
viii)	Transmission Charges payable to PSTCL	=	47.72

The increase in the gap is mainly because of increase in Fuel Cost, Power Purchase Cost, and Employee Cost etc. It is the statutory duty of the State Government to promote the Financial, Operational and Technical viability of PSPCL. Hence, in terms of Section 86 of the Electricity Act, 2003, the Commission in pursuance to its duties is requested to suggest a road map to meet this goal.

View of the Commission:

The Commission processes the ARR as per its notified regulations and accordingly revises the tariffs for various categories of consumers to recover the gap determined on prudent check of the expenses projected in the ARR. The Commission has been laying down a road map for improving the financial health of the utility through various directives in its Tariff Orders. The fuel cost, power purchase cost, employee cost and interest and finance charges are being determined and approved by the Commission as per the notified regulations and as per various norms and performance parameters fixed by the Commission. The PwC submitted report on manpower planning to PSPCL in March, 2011, but till date, no decision has been taken by PSPCL to implement this report, despite repeated directions from the Commission. The Govt. may impress upon PSPCL to take appropriate decision on the implementation of PwC report. PSPCL may also be directed to implement re-organisation of distribution set-up on functional lines in a time bound manner, to improve manpower productivity and efficiency. PSPCL has appointed M/s Mercados as consultant for implementing the Energy/Load Management and Cost Optimisation System in PSPCL. PSPCL may be advised to implement the report under intimation to the Commission so that savings in the power purchase cost could be achieved by implementing the report.

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, Government is impressing upon PSPCL 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.

View of the Commission:

The Commission allows employee cost as per PSERC Tariff Regulations, which were notified after consultation with all the stakeholders. While approving employee cost, terminal benefits and share of BBMB employee expenses are allowed on actual basis. Employee cost is allowed in line with PSERC Regulations/APTEL judgments after prudence check.

Issue No.4: Power Purchase Cost

PSPCL has projected Power Purchase Cost for 2016-17 at ₹13370 crore against 2015-16 (RE) of ₹12184.50 crore showing increase of 9.72% in 2016-17.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. Reduction in Power Purchase Cost is very important to promote the financial viability of PSPCL.

View of the Commission:

The Commission is approving the power purchase cost of PSPCL as per its Tariff Regulations and Power Purchase & Procurement Process of Licensees Regulations. The entire cost of power purchase against long term contracts is being allowed to the utility, whereas the cost of short term power purchase is allowed to the utility on prudent check, subject to the provision of the ibid regulations. Also refer para 6.8 of this Tariff Order.

Issue No.5: Utilization/disposal of Surplus Power

Due to commissioning of new power plants Punjab is now surplus in power and it will have to incur expenditure on account of the fixed charges to be paid to private generating companies for surrendering of surplus power. Therefore, it becomes all the more important to optimize the generation and sale of surplus power to other States/consumers so that PSPCL is not compelled to surrender the costly power. The Commission is requested to keep the targets for Renewable Purchase Obligations (RPOs) such that for 2-3 years targets are kept to bare minimum so that the utility is not bound to purchase costly power from the renewable projects. Otherwise, buying of this costlier power will further aggravate the problem of paying exorbitant fixed charges. Suitable tie-ups nationally/internationally and other avenues for sale of power 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.

View of the Commission:

In order to promote the consumption of more power, the Commission has replaced PLEC with ToD and has also approved incentive in the form of lower tariff for consuming more power than a threshold limit. Refer paras 7.2 and 7.4. PSPCL appointed Mercados as consultant for implementing Energy/Load Management and Cost Optimisation System for PSPCL. The Commission also appointed IIM, Ahmedabad as Consultant to suggest ways to use surplus power in the State. Various recommendation of the Consultants are being examined for implementation. Further, the Commission has directed PSPCL (Directive at Sr.No.8.31) to prepare a plan for sale of surplus power available in the State in the market and submit quarterly progress to the Commission.

Issue No.6: DSM Fund

The Commission is requested to approve DSM fund to promote various DSM programmes, as these programmes will help in reducing the Power Purchase Cost. The utility in this regard needs to be proactive to innovate and implement various DSM programmes.

View of the Commission:

The Commission had approved an amount of ₹40.76 crore in the Tariff Order for FY 2014-15 as claimed by PSPCL for implementation of various DSM programmes in accordance with the provision of DSM regulations. PSPCL was directed to keep this amount in a separate DSM fund and use exclusively for achieving objectives of DSM regulations. In the Tariff Order for FY 2015-16, the Commission approved ₹10.00 crore as claimed by PSPCL. However, PSPCL has failed to create a separate DSM fund and utilise these funds. In the ARR for 2015-16, PSPCL has expressed its inability to implement the Demand Side Management measures which require help of technical experts in the field and participation of the consumers. PSPCL has now informed that Memorandum of Understanding with Bureau of Energy Efficiency has been signed under Capacity Building Programme of Ministry of Power, Govt. of India. In this programme, Energy Efficiency Services Limited will prepare DSM plan on the basis of load research and analysis. The Commission has approved ₹10.00 crore as claimed by PSPCL in the ARR for FY 2016-17 for creation of DSM fund. Also refer to Directive No.8.4 issued to PSPCL in this Tariff Order.

Issue No.7: Fuel Cost

The Fuel Cost of PSPCL in the instant ARR is comparable with that approved by the Commission in last Tariff Order. In the instant ARR, the PSPCL has depicted a combined Fuel Cost of ₹5804.62 crore for Bhatinda, Ropar and Lehra Mohabbat Thermal Plants. This figure is arrived at considering the various factors like PLF, Gross Calorific value, SHR and Auxiliary Consumption etc.

The Commission is requested to approve the Fuel Cost based on actual increase in the cost of fuel and also keeping in view the target specified for the parameters. PSPCL should be incentivized for over achieving the targets specified by PSERC, otherwise the cost should be pass through in the ARR based on the Norms specified.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No.8: Encouraging Energy Consumption & Efficiency

The Commission on its part should device a mechanism to encourage energy consumption while at the same time encouraging energy efficiency. The Commission should determine a tariff structure that encourages such behaviour from the consumer and also incentivize industry which shall increase economic output, boost employment and increase consumption.

View of the Commission:

The Commission has notified PSERC (Demand side Management) Regulations, 2011 to facilitate energy conservation & DSM in the State of Punjab. The Commission has introduced ToD Tariff to flatten the demand curb in the State and to incentivise industry to utilize additional energy during non peak hours.

Issue No.9: AP Consumption

It is vital to accurately measure the AP consumption of the State. Data from AMR scheme, which has now been introduced, should be compared with the data of sample meters. Anomalies if any found should be removed so that the desired accuracy can be reached. PSPCL has projected 5% growth in AP consumption from 11139.77 MUs for 2015-16 (RE) to 11696.76 (MUs) in 2016-17. In 2015-16 (RE) the AP consumption rose by 4.52% over 2014-15. Therefore, PSERC should allow AP consumption for 2016-17 at 11696.76 (MUs) a rise of 5% over 2015-16 (RE) consumption of 11139.77 (MUs).

View of the Commission:

The Commission has been issuing directives to PSPCL through various Tariff Orders to operationalize the AMR of AP feeders & supply the data. PSPCL has stopped supplying AMR data to the Commission since March, 2014. Refer to directive No.8.5 (c) of this Tariff Order. Due to large scale fudging of sample meter data, the Commission has been assessing the AP consumption on the basis of Pumped Energy. Refer to paras 2.2.3, 3.2.3, 5.2.2 & 6.1.3 of this Tariff Order

Issue No.10: T&D Losses and Energy audit of Distribution System

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 various schemes 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. The efforts should be made to achieve the ultimate T&D loss target of 15.30% by the FY 2016-17.Interest benefit should also be given to Government for advance releases/excess subsidy paid to PSPCL.

View of the Commission:

The Commission has been issuing various directives to PSPCL for T&D loss reduction & energy audit of distribution system. The schemes like shifting of meters outside consumer premises, replacement of electro-mechanical meter with electronic meter, conversion of Low Voltage Distribution System (LVDS) to High Voltage Distribution System (HVDS), installation of capacitors, load balancing of DS transformers are being monitored regularly by the Commission. However, PSPCL has failed in the implementation of these measures along with execution of R-APDRP (Part B) schemes in a time bound manner resulting in non-achievement of T&D loss reduction target fixed by the Commission. Regarding Energy Audit of distribution system, though all 47 towns have been declared "GO LIVE" by PSPCL but the data is yet to stabilise. As per MoU signed under UDAY Scheme, PSPCL is required to complete energy audit up to 11 kV level in rural areas by September, 2016 & PSPCL has been directed to ensure updation of Consumer Indexing before September, 2016. GoP may impress upon PSPCL to supply energy audit report to the Commission.

Issue No.11: Capital Expenditure

The Commission is requested to approve the proposed Capital Expenditure amounting to ₹3183.95 crore which includes R&M activities of the Thermal Power Plants, Network Capacity Addition, Improvement Projects for Network up to 66 KV, Construction of new Sub-Stations and Mini Grid Sub-Stations along with Associated Transmission Lines and for Improvement works in Distribution for the year 2016-17.

View of the Commission:

Capital Expenditure is approved keeping in view the capital expenditure incurred during previous years and after prudent check in line with PSERC Regulations.

Issue No.12: Commercial Viability

While, it is not disputed that the utilities need to bring efficiency in their operations, it is also imperative to ensure that financial health of the utility doesn't suffer due to disallowance of expenditure, which the utility is unable to avoid due to historical reasons or other constraints.

PSERC would appreciate that a financially strong and commercially viable power utility is ultimately in the long term Interest of the consumers and the State. The National Tariff Policy also provides that "the Regulatory Commission needs to strike the right balance between the requirements of Commercial viability of the Distribution Licensees and Consumers' interests". 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.

View of the Commission:

Refer to the View of the Commission on Issue No.1&2 above.

Issue No.13: Tripartite Agreement on UDAY Scheme

Tripartite Memorandum of Understanding amongst Ministry of Power, Government of India and Government of Punjab and PSPCL have been signed under UDAY Scheme in which key assumption for tariff hike for FY 2016-17 is specified as 5%.

View of the Commission:

The Commission processes the ARR and determine the Tariff as per PSERC Tariff Regulations.

Issue No.14: Free power to AP, SC, BPL Consumers & Special Tariff to prospective Industries

The State Government is committed to supply free power to AP Consumers and SC consumers & Non SC BPL Consumers as per the prevalent practice. Besides, the State Government has announced to offer electricity of 499 Paise per Kvah (excluding FCA) to the new/prospective industries for a fixed period of five years, which comes up through Progressive Punjab Investors Summit, 2015, as per policy of the State Government applicable to the industries. The special tariff has been approved by the Hon'ble Chief Minister and the matter has been referred to the Finance Department, Punjab for making provisions for the funds in lieu of difference of tariff applicable to the existing industry and the special tariff @ 499 paise per kVAh announced by the State Government.

View of the Commission:

The subsidy payable by GoP related to AP, SC, non-SC, BPL, DS consumers has been determined in Chapter 9 of this Tariff Order. Regarding offer of electricity at 499 paise/kVAh to new/prospective industries, the Commission has made the provision subject to payment of subsidy by the State Govt.

ANNEXURE – V

Project wise cost for FY 2012-13 submitted by PSPCL and allowed by the Commission (₹ crore)																						
Source	**Salary**		**R&M**				**A&G Exp**		**Depreciation**		**RoE**		**Int on long term**		**Fuel cost**				**Int. On Working capital**			**Cost of Generation**
	Claimed	**Allowed**	**Claimed**	**Allowed**	**Cost of water**	**Total R&M**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**BBMB O&M after effect of CERC order**	**Working capital reqd**	**Claimed**	**Allowed 1.4.2012-16.9.2012 (169 days)**	**Allowed 17.9.2012-31.3.2013 (196 days)**	**without fuel cost**
GNDTSP, Bhathinda	158.34	158.34	18.49	18.15	1.51	19.66	1.25	1.25	18.16	14.79	94.73	94.73	8.74	8.39	398.24	379.38		105.06	36.57	7.17	6.36	**310.71**
GGSTP, Ropar	262.52	262.52	79.49	78.03	8.71	86.74	3.77	3.77	19.61	15.97	96.46	96.46	3.62	3.48	2063.85	2013.75		418.00	152.94	28.55	25.32	**522.81**
GHTP, Lehra Mohabbat	116.61	116.61	47.35	46.48	6.85	53.33	3.54	3.54	140.85	114.74	118.50	118.50	126.66	121.64	1403.68	1500.63		290.58	99.36	19.85	17.60	**565.81**
Total Thermal	**537.47**	**537.47**	**145.33**	**142.67**	**17.07**	**159.74**	**8.56**	**8.56**	**178.62**	**145.51**	**309.69**	**309.69**	**139.02**	**133.51**	**3865.77**	**3893.76**		**813.64**	**288.87**	**55.57**	**49.28**	**1399.33**
Shanan	14.86	14.86	1.01	0.99		0.99	0.42	0.42	2.49	2.03	2.41	2.41	0.35	0.34				3.80	1.03	0.26	0.23	**21.54**
UBDC	25.13	25.13	1.13	1.11		1.11	0.31	0.31	5.61	4.57	21.84	21.84	0.37	0.36				6.19	1.68	0.42	0.38	**54.11**
RSD	15.51	15.51	0.72	0.71		0.71	0.65	0.65	210.07	171.13	201.58	201.58	-2.43	-2.33				3.94	1.07	0.27	0.24	**387.75**
MHP	27.77	27.77	1.15	1.13		1.13	0.49	0.49	17.69	14.41	24.77	24.77	-5.04	-4.84				6.86	1.86	0.47	0.42	**64.61**
ASHP	22.08	22.08	0.64	0.63		0.63	0.15	0.15	2.94	2.39	13.49	13.49	-0.15	-0.14				5.33	1.44	0.36	0.32	**39.29**
Micro	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.41	0.33	0.67	0.67	-0.13	-0.12				0.00		0.00	0.00	**0.88**
SYL	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	2.57	2.57	0.00	0.00				0.00		0.00	0.00	**2.57**
Total Hydro	**105.35**	**105.35**	**4.65**	**4.56**		**4.56**	**2.02**	**2.02**	**239.21**	**194.86**	**267.33**	**267.33**	**-7.03**	**-6.75**	**0.00**	**0.00**		**26.12**	**7.08**	**1.78**	**1.58**	**570.74**
BBMB	111.84	111.84	22.01	21.61		21.61	1.20	1.20	6.31	5.14	2.29	2.29	15.69	15.07			58.00	13.53	8.53	0.92	0.82	**158.89**
Total Gen. cost	**754.66**	**754.66**	**171.99**	**168.84**		**185.91**	**11.78**	**11.78**	**424.14**	**345.51**	**579.31**	**579.31**	**147.68**	**141.83**	**3865.77**	**3893.76**		**871.18**	**304.48**	**58.28**	**51.69**	**2128.96**
Trans. Charges	80.75	80.75	4.56	4.48		4.48	1.23	1.23		0.00		0.00	0.00	0.00	801.44			20.17		1.38	1.22	
Cost at trans. end	835.41	835.41	176.55	173.32		190.39	13.01	13.01	424.14	345.51		0.00	147.68	141.83				242.39				
Dist, Exp.	3033.00	3033.00	165.43	162.40		162.40	99.72	99.72	372.18	303.18	363.31	363.31	781.88	750.88				768.86	687.42	93.34	108.92	
Cost at Cons. End	**3868.41**	**3868.41**	**341.98**	**335.72**	**17.07**	**352.79**	**112.73**	**112.73**	**796.32**	**648.69**	**942.62**	**942.62**	**929.56**	**892.71**	**3865.77**	**3893.76**		**1660.21**	**1500.23**	**153.00**	**161.83**	

Project wise cost for FY 2013-14 submitted by PSPCL and allowed by the Commission (₹ crore)																				
Source	**Salary**		**R&M**				**A&G Exp**		**Depreciation**		**RoE**		**Int on long term**		**Fuel cost**		**Working capital reqd.**	**Int. On Working capital**		**Cost of Generation**
	Claimed	**Allowed**	**Actual**	**Allowed**	**Cost of water**	**Total R&M**	**Actual**	**Allowed**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**Claimed**	**Allowed**	**Allowed**	**BBMB O&M after effect of cerc order**		**Claimed**	**Allowed**	**without fuel cost**
GNDTSP, Bhathinda	147.23	147.23	26.66	24.71	2.64	27.35	1.81	1.46	27.21	26.95	84.49	84.49	8.05	6.60	410.07		109.42	46.16	12.54	**306.61**
GGSTP, Ropar	258.21	258.21	110.39	102.30	12.93	115.24	4.07	3.29	18.26	18.08	86.02	86.02	4.58	3.75	2005.51		422.16	193.41	48.38	**532.97**
GHTP, Lehra Mohabbat	112.65	112.65	43.96	40.74	10.77	51.50	5.72	4.62	140.81	139.44	105.35	105.35	102.99	84.38	1502.94		289.87	127.15	33.22	**531.16**
Total Thermal	**518.09**	**518.09**	**181.01**	**167.75**	**26.34**	**194.09**	**11.60**	**9.37**	**186.28**	**184.47**	**275.86**	**275.86**	**115.62**	**94.72**	**3918.52**		**821.45**	**366.72**	**94.14**	**1370.74**
Shanan	17.07	17.07	1.54	1.43		1.43	0.42	0.34	2.48	2.46	2.14	2.14	-0.30	-0.25			4.40	1.50	0.50	**23.69**
UBDC	33.12	33.12	0.84	0.78		0.78	0.35	0.28	5.67	5.61	19.35	19.35	0.28	0.23			7.98	2.70	0.91	**60.29**
RSD	20.46	20.46	1.63	1.51		1.51	0.90	0.73	203.17	201.20	178.58	178.58	-6.13	-5.02			5.30	1.81	0.61	**398.06**
MHP	32.90	32.90	2.33	2.16		2.16	0.53	0.43	16.02	15.86	21.94	21.94	-12.72	-10.42			8.28	2.82	0.95	**63.82**
ASHP	28.21	28.21	0.73	0.68		0.68	0.37	0.30	2.77	2.74	11.95	11.95	-0.36	-0.29			6.81	2.31	0.78	**44.36**
Micro	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.41	0.41	0.59	0.59	0.00	0.00			0.00	0.00	0.00	**1.00**
SYL	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	2.30	2.30	0.00	0.00			0.00	0.00	0.00	**2.30**
Total Hydro	**131.76**	**131.76**	**7.07**	**6.55**		**6.55**	**2.57**	**2.08**	**230.52**	**228.28**	**236.85**	**236.85**	**-19.23**	**-15.75**	**0.00**		**32.76**	**11.14**	**3.75**	**593.52**
BBMB	150.55	150.55	19.87	18.41		18.41	0.65	0.53	9.43	9.34	4.64	4.64	16.54	13.55		79.10	39.55	13.49	4.53	**201.55**
Total own/ BBMB Hydro	282.31	282.31	26.94	24.97		24.97	3.22	2.60	239.95	237.62	241.49	241.49	-2.69	-2.20			72.30	24.64	8.29	**795.07**
Total Gen. cost	**800.40**	**800.40**	**207.95**	**192.72**		**219.06**	**14.82**	**11.97**	**426.23**	**422.09**	**517.35**	**517.35**	**112.93**	**92.52**	**3918.52**		**893.75**	**391.36**	**102.42**	**2165.81**
power purchase	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.78	7.19				663.38		
total Gen/Power purchase	800.40	800.40	207.95	192.72		219.06	14.82	11.97	426.23	422.09	517.35	517.35	121.71	99.71				1054.74		
Trans. Charges	65.92	65.92	8.03	7.44		7.44	0.98	0.79	0.00	0.00	0.00	0.00	0.00	0.00			17.30	97.46	1.98	**76.13**
Cost at trans. end	866.32	866.32	215.98	200.16		226.50	15.80	12.76	426.23	422.09	0.00	0.00	121.71	99.71			257.97	1152.19	29.56	
Dist, Exp.	3143.75	3143.75	175.81	162.93		162.93	143.56	115.97	450.90	446.52	425.27	425.27	829.08	679.24			798.62	278.98	91.52	
Cost at Cons. End	**4010.07**	**4010.07**	**391.79**	**363.09**	**26.34**	**389.43**	**159.36**	**128.73**	**877.13**	**868.61**	**942.62**	**942.62**	**950.79**	**778.95**	**3918.52**		**1709.67**	**1431.17**	**195.93**	

ANNEXURE - VI

Apportionment of Cost among various functions as per PSPCL's Audited Accounts for FY 2013-14 (submitted by PSPCL vide letter no. 709 dated 21.06.2016)

(₹ crore)

Sr. No	Particulars	Hydel	Thermal	Total Generation	Distribution	Total
A - ASSETS						
	Direct	10903.78	12513.08	23416.86	17808.34	41225.2
	Apportioned	353.33	405.48	758.81	577.07	1335.88
	Total (Amount)	**11257.11**	**12918.56**	**24175.67**	**18385.41**	**42561.08**
	Total (%)	**26.45%**	**30.35%**	**56.80%**	**43.20%**	**100.00%**
B - EXPENSES						
1	**Power Purchase Cost**	**0**	**0**	**0**	**9649.02**	**9649.02**
	Power Purchase Cost - %	**0.00%**	**0.00%**	**0.00%**	**100.00%**	**100.00%**
2	Fuel Cost	0	3841.87	3841.87	0	3841.87
	Other Fuel Related Costs	0	58.97	58.97	0	58.97
	Sub Total	**0.00**	**3900.84**	**3900.84**	**0**	**3900.84**
	Addl Fuel Related Losses	0	44.17	44.17	0	44.17
	Total	**0.00**	**3945.01**	**3945.01**	**0**	**3945.01**
	Total Fuel Cost (%)	**0.00%**	**100.00%**	**100.00%**	**0.00%**	**100.00%**
3	**Repair & Maintenance**					
	Direct	27.16	182.42	209.58	184.99	394.57
	Apportioned	0.01	0.12	0.13	0.4	0.53
	Less: Capitalisation	0.23	1.53	1.76	1.55	3.31
	Total (Amount)	**26.94**	**181.01**	**207.95**	**183.84**	**391.79**
	Total (%)	**6.88%**	**46.20%**	**53.08%**	**46.92%**	**100.00%**
4	**Employee Cost**					
	Direct	230.08	345.51	575.59	2029.62	2605.21
	Apportioned	63.92	190.13	254.05	1283.16	1537.21
	Less: Capitalisation	11.69	17.55	29.24	103.11	132.35
	Total (Amount)	**282.31**	**518.09**	**800.40**	**3209.67**	**4010.07**
	Total (%)	**7.04%**	**12.92%**	**19.96%**	**80.04%**	**100.00%**
5	**Administration & General**					
	Direct	2.76	9.37	12.13	113.48	125.61
	Apportioned	0.88	3.65	4.53	57.75	62.28
	Less: Capitalisation	0.42	1.42	1.84	26.69	28.53
	Total (Amount)	**3.22**	**11.60**	**14.82**	**144.54**	**159.36**
	Total (%)	**2.02%**	**7.28%**	**9.30%**	**90.70%**	**100.00%**

Sr. No	Particulars	Hydel	Thermal	Total Generation	Distribution	Total
6	**Depreciation & Related Debits (Net)**					
	Direct	240.04	186.35	426.39	451.07	877.46
	Apportioned	0	0	0	0	0
	Less: Capitalisation	0.09	0.07	0.16	0.17	0.33
	Total (Amount)	**239.95**	**186.28**	**426.23**	**450.90**	**877.13**
	Total (%)	**27.36%**	**21.24%**	**48.59%**	**51.41%**	**100.00%**
7	**Interest & Finance Charges**					
	Direct	38.37	504.24	542.61	2140.06	2682.67
	Apportioned	3.47	21.11	24.58	1.99	26.57
	Less: Capitalisation	19.89	43.03	62.92	264.37	327.29
	Total (Amount)	**21.95**	**482.32**	**504.27**	**1877.68**	**2381.95**
	Total (%)	**0.92%**	**20.25%**	**21.17%**	**78.83%**	**100.00%**
8	**Return on equity (in ratio of assets)**	**241.49**	**275.86**	**517.35**	**425.27**	942.62
	Return on equity (%)	**25.62%**	**29.27%**	**54.88%**	**45.12%**	**100.00%**

ANNEXURE - VII

Proportion of Plant-wise cost of Generation for FY 2013-14 (As per information submitted by PSPCL vide letter no. 709 dated 21.06.2016)

Units in MkWh
(₹ in Lacs)

Sr. No	Particulars	HYDEL									THERMAL				Total
		RSD	Mukerian Hydel	UBDC	Shanan	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal	
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV = (XII+XIII+XIV)	XVI = (XI+XV)
1	MkWh generated during the year	1575.89	1246.74	361.62	355.87	735.00	10.82	2765.40	1612.00	**8663.34**	8005.87	1635.46	6664.94	**16306.27**	**24969.61**
2	MkWh used in auxiliaries	5.29	20.56	2.32	4.66	3.03	0.55	0.00	0.00	**36.41**	675.68	183.01	547.52	**1406.21**	**1442.62**
3	**MkWh sent out**	**1570.60**	**1226.18**	**359.30**	**351.21**	**731.97**	**10.27**	**2765.40**	**1612.00**	**8626.93**	**7330.19**	**1452.45**	**6117.42**	**14900.06**	**23526.99**
4	Total depreciated capital cost of generating assets in use at the beginning of the year including share of G.E	643857.42	68160.35	75155.12	8102.98	52159.48	1309.14	8368.51	113.52	**857226.52**	294473.21	367063.40	319767.44	**981304.05**	**1838530.57**
5	Total capital expenditure on generation assets brought in use during the year with date of commissioning including share of G.E.	35.53	0.00	5.95	25.82	-22.76	0.00	11802.56	0.00	11847.10	2578.24	2581.87	1719.79	6879.90	18727.00

Sr. No	Particulars	HYDEL									THERMAL				Total
		RSD	Mukerian Hydel	UBDC	Shanan	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal	
I	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**	**XI = (III to X)**	**XII**	**XIII**	**XIV**	**XV = (XII+XIII+XIV)**	**XVI = (XI+XV)**
6	**COST OF GENERATION**														
I	Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	206442.31	40719.75	144705.20	**391867.26**	**391867.26**
ii	Oil, water & stores	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**500.00**	1572.26	249.34	312.71	**2134.31**	**2634.31**
iii	Salaries & wages including contribution made for Pension, Provident, Superannuation of Officer/Staff	2045.88	3290.00	3311.70	1707.23	2821.15	0.00	7915.55	7140.15	**28231.66**	25820.80	14723.35	11264.67	**51808.82**	**80040.48**
iv	R&M expenses	163.09	233.47	83.57	153.84	73.18	0.00	720.64	1266.57	**2694.36**	11039.42	2666.20	4395.53	**18101.15**	**20795.51**
v	Adm. Charges attributable to generation	89.58	52.91	35.13	42.26	36.97	0.00	57.22	7.94	**322.01**	407.43	180.70	572.09	**1160.22**	**1482.23**
vi	Specified Depreciation including share of G.E.	20317.47	1602.12	567.36	247.70	276.86	40.67	38.48	904.58	**23995.24**	1826.11	2720.89	14081.09	**18628.09**	**42623.33**
vii	Interest	48875.54	5174.09	5705.06	615.10	3959.45	99.38	635.26	8.62	**65072.50**	22353.61	27863.97	24273.71	**74491.29**	**139563.79**
	Total cost of Generation	**71991.56**	**10352.59**	**9702.82**	**2766.13**	**7167.61**	**140.05**	**9367.15**	**9327.86**	**120815.77**	**269461.94**	**89124.20**	**199605.00**	**558191.14**	**679006.91**
	Cost of Generation per kWh in paise	458.37	84.43	270.05	78.76	97.92	136.37	33.87	57.87	**140.04**	367.61	613.61	326.29	**374.62**	**288.61**

ANNEXURE - VIII

Proportion of Plant-wise cost of Generation for FY 2013-14 (As per Annexure - VII)

(in %age)

Sr. No	Particulars	HYDEL									THERMAL			
		RSD	Mukerian Hydel	UBDC	Shanan	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV = (XII+XIII+XIV)
1	MkWh generated during the year	18.19%	14.39%	4.17%	4.11%	8.48%	0.12%	31.92%	18.61%	100.00%	49.10%	10.02%	40.87%	99.99%
2	MkWh use in auxiliaries	14.53%	56.47%	6.37%	12.80%	8.32%	1.51%	0.00%	0.00%	100.00%	48.05%	13.01%	38.94%	100.00%
3	MkWh sent out	18.21%	14.21%	4.16%	4.07%	8.48%	0.12%	32.06%	18.69%	100.00%	49.20%	9.75%	41.05%	100.00%
4	Net fixed asset	75.12%	7.95%	8.77%	0.95%	6.08%	0.15%	0.97%	0.01%	100.00%	30.01%	37.40%	32.59%	100.00%
5	Total capital expenditure on assets addition during the year	0.30%	0.00%	0.05%	0.22%	-0.19%	0.00%	99.62%	0.00%	100.00%	37.47%	37.53%	25.00%	100.00%
6	**COST OF GENERATION**													
I	Fuel	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	52.68%	10.39%	36.93%	100.00%
ii	Oil, water & stores	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	73.67%	11.68%	14.65%	100.00%
iii	Employee cost + FBT	7.25%	11.65%	11.73%	6.05%	9.98%	0.00%	28.05%	25.29%	100.00%	49.84%	28.42%	21.74%	100.00%
iv	R&M expenses	6.05%	8.66%	3.10%	5.71%	2.72%	0.00%	26.75%	47.01%	100.00%	60.99%	14.73%	24.28%	100.00%

Sr. No	Particulars	HYDEL									THERMAL			
		RSD	**Mukerian Hydel**	**UBDC**	**Shanan**	**Anadpur Sahib**	**Micro Hydel**	**L.Bank R.Bank**	**Beas & extn.**	**Total Hydro**	**GGSSTP Ropar**	**GNDTP Bathinda**	**GHTP Mohabbat**	**Total Thermal**
I	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**	**XI = (III to X)**	**XII**	**XIII**	**XIV**	**XV = (XII+XIII+XIV)**
v	Admin & General Expenses	27.81%	16.43%	10.91%	13.12%	11.48%	0.00%	17.77%	2.47%	99.99%	35.12%	15.57%	49.31%	100.00%
vi	Other expenses including depreciation	84.67%	6.68%	2.36%	1.03%	1.15%	0.17%	0.16%	3.77%	99.99%	9.80%	14.61%	75.59%	100.00%
vii	Interest	75.11%	7.95%	8.77%	0.95%	6.08%	0.15%	0.98%	0.01%	100.00%	30.01%	37.41%	32.58%	100.00%
	Total cost of Generation	59.59%	8.57%	8.03%	2.29%	5.93%	0.12%	7.75%	7.72%	100.00%	48.27%	15.97%	35.76%	100.00%

ANNEXURE - IX

Plant-wise Revenue Requirements for FY 2016-17 (on the basis of Annexure VIII)

(₹ crore)

S.No	Item of expense	Hydel	RSD	MHP	UBDC	Shanan	ASHP	Micro Hydel	L.Bank R.Bank	Beas & extn.	Thermal	GGSSTP	GNDTP	GHTP	Basis of Apportion-ment (from Annexure VI)
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	XVI
1	Cost of fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2397.56	1180.27	277.53	939.76	Fuel Cost as per Table 6.15
2	Employee cost	340.42	24.67	39.65	39.92	20.60	34.01	0.00	95.48	86.09	624.76	311.38	177.56	135.82	Employee cost
3	R&M expenses	28.78	1.74	2.50	0.89	1.64	0.78	0.00	7.70	13.53	193.25	117.86	28.47	46.92	R & M expenses
4	A&G expenses	2.79	0.77	0.46	0.30	0.37	0.32	0.00	0.50	0.07	10.05	3.53	1.56	4.96	A & G expenses
5	Depreciation	291.00	246.41	19.44	6.87	3.00	3.35	0.49	0.47	10.97	225.91	22.14	33.01	170.76	Net Fixed Assets
6	Interest Charges	13.83	10.39	1.10	1.21	0.13	0.84	0.02	0.14	0.00	304.51	91.37	113.91	99.23	Interest on Depreciated Cost of Generation
7	Return on Equity	241.50	181.40	19.20	21.18	2.29	14.68	0.36	2.37	0.02	275.90	82.79	103.20	89.91	Net Fixed Assets
8	DSM Funds	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	
9	Charges payable to GoP on Power from RSD	8.26	8.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	**Total Revenue Requirement**	**926.58**	**473.64**	**82.35**	**70.37**	**28.03**	**53.98**	**0.87**	**106.66**	**110.68**	**4031.94**	**1809.34**	**735.24**	**1487.36**	

S.No	Item of expense	Hydel	RSD	MHP	UBDC	Shanan	ASHP	Micro Hydel	L.Bank R.Bank	Beas & extn.	Thermal	GGSSTP	GNDTP	GHTP	Basis of Apportion-ment (from Annexure VI)
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	XVI
11	Add: Consolidated Gap and carrying cost of gap ending FY 2015-16	-7.93	-4.03	-0.71	-0.61	-0.24	-0.46	-0.01	-0.92	-0.95	-34.49	-15.49	-6.28	-12.72	In proportion to Total Revenue Requirement
12	**Gross revenue requirement (9+10)**	**918.65**	**469.61**	**81.64**	**69.76**	**27.79**	**53.52**	**0.86**	**105.74**	**109.73**	**3997.45**	**1793.85**	**728.96**	**1474.64**	

Date: July 27, 2016

Place: CHANDIGARH

Sd/- Sd/-

(S.S. Sarna) (D.S. Bains)
MEMBER CHAIRMAN

Certified

Sd/-

Secretary
Punjab State Electricity Regulatory Commission,
Chandigarh.