PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO No. 220-221, SECTOR 34 A, CHANDIGARH

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PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH

PETITION NO. 02 OF 2019 FILED BY PSPCL FOR TRUE UP OF FY 2017-2018, ANNUAL PERFORMANCE REVIEW FOR FY 2018-19 AND APPROVAL OF REVISED ARR FOR FY 2019-20 AND DETERMINATION OF TARIFF FOR FY 2019-20

PRESENT: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S. Sarna, Member
Ms. Anjuli Chandra, Member

Date of Order: 27th May, 2019

ORDER

The Punjab State Electricity Regulatory Commission (Commission), in exercise of powers vested in it under the Electricity Act, 2003 (Act), passes this order for the true up of FY 2017-2018, Annual Performance Review (APR) for FY 2018-19, approval of Revised Annual Revenue Requirement (ARR) and determination of Tariff for FY 2019-20 for generation and supply of electricity by the Punjab State Power Corporation Limited (PSPCL) to the consumers of the State of Punjab. The petition filed by PSPCL, facts presented by PSPCL in its various submissions, objections received by the Commission from consumer organizations and individuals, issues raised by the public in the hearings held at Amritsar, Patiala, Ludhiana and Chandigarh, the responses of PSPCL to the objections and observations of the Government of Punjab (GoP), in this respect have been considered. The State Advisory Committee constituted by the Commission under Section 87 of the Act has also been consulted and all other relevant facts and material on record have been considered before passing this Order.

1.1 Background

The Commission has in its previous Tariff Orders determined the tariff in pursuance to the ARRs and Tariff Applications submitted by the erstwhile Punjab State Electricity Board (the Board) for FY 2002-03 to 2006-07, 2008-09 to 2010-11 and PSPCL for FY 2011-12 to FY 2018-19. The Tariff Order for FY 2007-08 had been passed by the Commission in suo-motu proceedings.

PSPCL has submitted that it is one of the 'Successor Companies' of the erstwhile Punjab State Electricity Board (PSEB), duly constituted under the Companies Act, 1956 on 16.04.2010 after restructuring of the Board by Government of Punjab vide notification no.1/9/08-EB(PR)/196 dated 16.04.2010, under the "Punjab Power Sector Reforms Transfer Scheme" (Transfer Scheme). As per the Transfer Scheme, the erstwhile Punjab State Electricity Board (the predecessor) has been unbundled into two entities i.e. Punjab State Power Corporation Limited (PSPCL) and Punjab State Transmission Corporation Limited (PSTCL). PSPCL is assigned with the Generation, Distribution and allied activities of the erstwhile PSEB and PSTCL is assigned transmission of electricity alongwith operation of State Load Despatch Centre (SLDC) functions.

The Commission notified the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014 (PSERC MYT Regulations, 2014) on 01.07.2014. These Regulations are effective from 01.04.2017 to 31.03.2020 vide notification dated 28 May, 2015.

1.2 True up for FY 2017-18, Annual Performance Review (APR) for FY 2018-19 and Revised ARR for FY 2019-20

PSPCL has filed the present petition for approval of True up of FY 2017-18, Annual Performance Review (APR) for FY 2018-19 and Revised Annual Revenue Requirement (ARR) and determination of Tariff for FY 2019-20 in terms of the PSERC MYT Regulations, 2014.

The petitioner has prayed to the Commission to:

a) admit the Petition seeking approval of True UP for FY 2017-18, APR for FY 2018-19 and Revised Estimates for FY 2019-20;

b) approve the True-Up for FY 2017-18, APR for FY 2018-19 and Revised Estimates for FY 2019-20 for Generation and Distribution business;

c) approve the Capital Investment for FY 2018-19 and FY 2019-20 for Generation and Distribution businesses;

d) exercise the 'Power to Relax' and 'Power to Remove Difficulty' and such other powers including the inherent powers vested with the Commission as specifically pleaded in the relevant sections;

e) pass any other order(s) as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;

f) take the appropriate view on the revenue gap projected by PSPCL, as per the PSERC MYT Regulations, 2014, while determining the Tariff for the FY 2019-20;

g) condone any error/omission and to give opportunity to rectify the same;

h) to make further submissions, addition and alteration to this Petition as may be necessary from time to time.

On scrutiny of the petition, it was noticed that the Petition was deficient in some respects. The deficiencies were conveyed to PSPCL vide letter No. 2247 dated 11.12.2018, 2307 dated 18.12.2018, 2376 dated 24.12.2018, 2377 dated 26.12.2018, and 2414 dated 02.01.2019. The reply to the deficiencies was furnished by PSPCL vide its Memo. No. 1150 dated 31.12.2018 followed by Memo. No. 40 dated 09.01.2019 and Memo No. 78 dated 17.01.2019 (Tariff Proposal). The petition was taken on record on 10.01.2019 as Petition No. 02 of 2019. Various meetings were taken with PSPCL on the data submitted in the ARR. The correspondence continued till end of April, 2019 and relevant correspondence between the Commission and PSPCL was placed on the website of the Commission.

1.3 Objections and Public Hearings

A public notice was published by PSPCL in The Tribune (English), Hindustan Times (English), Ajit (Punjabi) Daily Spokesman (Punjabi) and Punjab Kesari (Hindi) on 15.01.2019 inviting objections from the general public and stake holders on the said petition filed by PSPCL. A corrigendum dated 16.01.2019 was published on 16.01.2019 in Ajit (Punjabi) and Daily Spokesman (Punjabi). Copies of the Petition including deficiencies pointed out by the Commission and reply of PSPCL to the deficiencies were made available in the offices of the Chief Engineer/ARR & TR, PSPCL, Shakti Vihar, Patiala, in the offices of all the Chief Engineer(s) (Operation) and all the Superintending Engineer(s) in charge of the Operation Circles of PSPCL. Soft copies of the same were made available on the website www.pspcl.in of PSPCL & www.pserc.gov.in of PSERC. In the public notice dated 15.01.2019 the objectors were advised to file their objections with the Secretary of the Commission within 30 days of the publication of the notice, with an advance copy to PSPCL. The public notice also indicated that the Commission, after perusing the objections, may invite such objector(s) as it considers appropriate for hearing on the dates to be notified in due course.

The Commission decided to hold public hearings at Amritsar, Patiala, Ludhiana and Chandigarh as per details hereunder:

Venue	Date & time of public hearing	Category of consumers to be heard
LUDHIANA Multi Purpose Hall, Power Colony, PSPCL, Opp. PAU, Ferozepur Road, Ludhiana	**February 20th, 2019** 2.30 PM to 4.30 PM	All consumers/ organizations of the area.
AMRITSAR VIP Guest House, PPSCL, Batala Road, Verka at Amritsar	**February 25th, 2019** 02.30 PM to 4.30 PM	All consumers/ organizations of the area.
PATIALA Technical Training Institute (TTI), PSPCL Auditorium, Shakti Vihar, Badungar (near 23 No. Railway Crossing), Patiala.	**February 27th, 2019** 11.30 AM to 1.00 PM	All consumers/ organizations of the area.
CHANDIGARH Commission's Office i.e. SCO 220-221, Sector 34-A, Chandigarh.	**February 28th, 2019** 11.30 AM to 1.00 PM	Industrial consumers/ organizations
	3.00 PM to 4.30 PM	Officers'/Staff Associations of PSPCL and PSTCL
CHANDIGARH Commission's Office i.e. SCO 220-221, Sector 34-A, Chandigarh.	**March 1st, 2019** 11.30 AM to 1.00 PM	All consumers and their unions except Industry.

A public notice to this effect was uploaded on the website of the Commission as well as published in various news papers i.e. The Tribune (English), Hindustan Times (English), Ajit (Punjabi) and Punjab Kesari (Hindi) on 01.02.2019. Through this public notice, it was also intimated that the Commission will also hear the comments of Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited with respect to the objections raised by the public besides the Corporations' own point of view at the Commission's office at SCO 220-221, Sector 34-A, Chandigarh on 07.03.2019 from 11 AM to 1 PM (to be continued in the afternoon, if necessary).

1.4 The Commission held public hearings as per schedule from 20th February, 2019 to 1st March, 2019 at Ludhiana, Amritsar, Patiala, and Chandigarh. The views of PSPCL on the objections/comments received from public and other stakeholders were heard by the Commission on 07th March, 2019.

1.5 The Government of Punjab was approached by the Commission vide DO letter No. 2723 dated 28.01.2019 seeking its views on the Petition No. 02 of 2019 filed by the Punjab State Power Corporation Limited. In response, Government of Punjab, vide Memo No. 1/1/2019-EB (PR)/471 dated 21.05.2019, submitted its comments/ observations on the same.

1.6 The Commission, in all, received 30 written objections including the comments of Government of Punjab. The Commission decided to take all these objections into consideration. The number of objections/comments received from consumer groups, organizations and others are detailed below:

Sr. No.	Category	No. of Objections
1.	Apex Chamber PHD	1
2.	Industrial Associations	9
3.	Industry	7
4.	PSEB, Engg. Association	1
5.	Govt. of Punjab	1
6.	Others	11
	Total	**30**

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

1.7 State Advisory Committee

A meeting of the State Advisory Committee constituted under Section 87 of the Act was convened on 12.02.2019 for taking its views on the ARR. The minutes of the meeting of the State Advisory Committee are enclosed as **Annexure - III** to this Order.

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

1.9 Compliance of Directives

In its previous Tariff Orders, the Commission issued certain directives to PSPCL in the public interest. A summary of directives issued during previous years, status of compliance along with the directives of the Commission in these petitions is given in **Chapter - 5 and 6** of this Tariff Order.

Chapter 2
True up for FY 2017-18

2.1 Background

The Commission had approved the ARR of PSPCL for FY 2017-18 in the Tariff Order dated 23.10.2017 on the basis of expenses and income projected by the licensee for its Generation and Distribution businesses. In the Tariff Order for FY 2018-19, the Commission reviewed and re-determined the same on the basis of revised estimates submitted by PSPCL during APR of FY 2017-18. Now, PSPCL has submitted the true up of FY 2017-18 stating that the same is based on the actual values as per its audited annual accounts for the year.

This Chapter contains the true up for FY 2017-18 based on a prudence check of the figures submitted by PSPCL in the Petition.

2.2 Energy Sales

2.2.1 Metered Energy Sales

A. Metered Energy Sales within the State

The category wise sales approved by the Commission in the Tariff Order of FY 2017-18, subsequently revised in review by the Commission in the Tariff Order of FY 2018-19 and figures initially submitted by PSPCL for True-up in the ARR are as under:

Table 2.1 A: Metered Energy Sales within the State for FY 2017-18

MU (MkWh)

Sr. No	Category	Approved by the Commission in T.O. for FY 2017-18	Revised in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL in ARR for true up
I	II	III	IV	V
1.	Domestic	14387.66	13796.31	13770.77
2.	Non-Residential	4190.92	4028.39	3898.34
3.	Small Power Ind.	1005.93	1007.93	1052.09
4.	Medium Supply Ind.	2310.47	2343.90	2278.11
5.	Large Supply Ind.	12072.94	12647.99	12965.14
6.	Public Lighting	255.47	187.70	218.93
7.	Bulk Supply	744.99	673.87	717.31
8.	Railway Traction	187.22	206.55	217.14
9.	**Total metered Sales (within the State)**	**35155.60**	**34892.64**	**35117.83**

Commission's Analysis:

The Commission observed that the total metered sales figures submitted by PSPCL in its ARR did not match with the revenue shown in the audited accounts. In response, PSPCL vide its Memo No. 497/ARR/Dy.CAO/254/Deficiency/Vol.-II dated 15.03.2019, furnished the information of its slab-wise sales in kWh/kVAh respectively for categories billed on kWh/kVAh including adjustments for inflated/adjusted bills. However, since the kWh reading corresponding to the units for energy billed in kVAh was missing in the information supplied by PSPCL, it was not possible to compute the actual metered sales in kWh for FY 2017-18 as power factor was not shown.

The Commission noted that while introducing kVAh Tariff in the Tariff Orders for FY 2014-15 and FY 2015-16, it had directed PSPCL to continue to record energy consumption in kWh for the purpose of Energy Balance and Energy Audit and for any other purpose for which energy consumption data in kWh is required. PSPCL had also confirmed the compliance of the same w.e.f. 01.04.2014. Accordingly, the Commission directed PSPCL to submit the information of slab wise sales in kWh.

After a series of meetings, PSPCL informed that complete details of kWh readings of categories having kVAh based tariff could not be extracted for the period of FY 2017-18. However, PSPCL suggested that the same could be arrived at by converting the consumption in kVAh into kWh on the basis of category wise average power factor of a sample division for which such information is available. Accordingly, PSPCL vide its letter no. 578/ARR/Dy.CAO/254/Deficiency/Vol.-II, dated 28.03.2019 submitted the billing data for FY 2017-18 in kWh, taking power factor on the basis of category wise actual average power factor data of Rajpura Division, separately for the period of 01.04.2017 to 31.12.2017 (Single Part Tariff) and 01.01.2018 to 31.03.2018 (Two Part Tariff). Sales figures as per the billing data supplied by PSPCL are summarized as under:

Table 2.1 B: Sales figures as per the billing data supplied by PSPCL for FY 2017-18

Sr. No.	Category	Sales in MkWh		
		Single Part Tariff (01.04.2017 to 31.12.2017)	Two Part Tariff (01.01.2018 to 31.03.2018)	Total
I	II	III	IV	V
1.	Domestic	11209.93	2111.36	13321.29
2.	Non-Residential	2352.01	531.45	2883.46
3.	Small Power Ind.	606.75	193.62	800.37
4.	Medium Supply Ind.	1497.22	589.76	2086.98
5.	Large Supply Ind.	10085.98	3382.74	13468.72
6.	Public Lighting	109.96	65.07	175.03
7.	Bulk Supply	484.79	160.31	645.10
8.	Railway Traction	183.12	53.51	236.63
9.	**Total metered Sales (within the State)**	**26,529.76**	**7,087.82**	**33617.58**

It is apprehended that the same error might have occurred in the consumption data supplied to the Commission since introduction of kVAh tariff w.e.f. FY 2014-15. PSPCL is directed to supply the correct consumption data in kWh for the previous years within 3 months from the date of issue of this Tariff Order.

Further, PSPCL vide its letter no. 602 & 605/ARR/Dy.CAO/254/Deficiency/Vol.-II, Dated 05.04.2019 and 617/ARR/Dy.CAO/254/Deficiency/Vol.-II, dated 09.04.2019 submitted the detail of adjusted units in addition to billing data with the request that these units be also considered for the energy balance. Details of the same are as under:

Sr. No.	Description	MkWh
1.	Short Assessment detected by internal Audit Party	144.24
2.	Net Unbilled units	110.26
3.	Theft/UUE/wrong metering detected	193.03
4.	**Total**	**447.53**

Accordingly, the Commission accepts 34065.11 (33617.58+447.53) MkWh as metered energy sales within the state for True-up of FY 2017-18.

B. Common Pool/Outside State Sales

PSPCL submitted the figures of Common Pool and Outside State Sales as 305.71 MkWh and 1,218.68 MkWh respectively for True-up of FY 2017-18. PSPCL vide its Memo No. 1150/ARR/ Dy. CAO/254/Deficiency dated 31.12.2018, submitted the break-up of Outside State Sales as 426.11 MkWh, 577.09 MkWh and 215.48 MkWh through PTC, NVVNL and Tata respectively. PSPCL also submitted that 52.92 MkWh Royalty to HP from Shanan and 81.60 MkWh of free share of HP in RSD has not been shown in sales as the same has been reduced from the net Hydel Generation.

Accordingly, the Commission accepts 305.71 MkWh and 1218.68 MkWh as Common Pool and Outside State sales respectively for True-up of FY 2017-18.

2.2.2 **AP Consumption**

In the Tariff Order for FY 2018-19, the Commission approved the AP consumption of 11857.41 MkWh for FY 2017-18, against 12355.83 MkWh estimated by PSPCL. Now, PSPCL has submitted the figure of 12256.64 MkWh as actual AP consumption for True-up of FY 2017-18.

PSPCL's Submissions:

PSPCL submitted that it has determined the AP consumption on the basis of the month-wise energy pumped in AP feeders and requested the Commission to approve the AP consumption of Kandi area mixed feeders as 45% of the total consumption as against 30% being considered by the Commission with submissions as under:

i) The segregation of Agriculture feeders for Kandi area has begun and is likely to be completed in the near future. Till this work is complete, AP consumption for Kandi area mixed feeders has to be calculated as per the existing approach.

ii) There are around 285 Kandi area mixed feeders feeding both AP and other loads and in order to determine the share of pumped energy towards AP unmetered consumers, the Commission has assumed that usage of energy by AP consumers and Non-AP consumers is in proportion to their load. PSPCL submits that share of load is not an indicator for share of energy consumed by a particular category of consumer. For example, in Garhshankar division, 70% area is plain and paddy is being cultivated. Since, power to Kandi feeders is available 24x7 and AP motors are of higher capacity because of lower water level, AP consumption is bound to be higher than normal level.

iii) Though AP consumers have not been metered, but the other categories of consumers have been metered. Hence, share of AP energy can be deduced by reducing the amount of energy billed to metered consumers from the total pumped energy after accounting of losses of feeder. If the approach suggested by the Commission is continued, this would continue to result in under billing of AP consumers and further would add to the commercial losses of PSPCL.

Commission's Analysis:

i) The Commission also estimates AP consumption based on the methodology of pumped energy. In order to minimize the error on account of human intervention, the Commission had directed PSPCL in the Tariff Order for FY 2017-18, to ensure supply of monthly AMR data of AP feeders regularly to the Commission failing which a cut will be imposed on AP consumption. The Commission has noted that PSPCL has started submitting the monthly AMR data. But, since the data is of only about 1500 AP feeders against a total of about 5700 AP feeders and does not contain feeder wise sanctioned load of AP consumers, it is not possible to accurately estimate the AP consumption of the State as a whole. **Thus, the Commission decides to continue with the estimation of the AP consumption on the basis of pumped energy data supplied by PSPCL.**

ii) **Mixed Kandi Area Feeders**: For assessment of AP consumption fed from Kandi Area mixed feeders, the pumped energy for agriculture load is being considered as 30% of the total pumped energy, as per the percentage of AP load in the total load of consumers fed from Kandi Area mixed feeders, furnished by PSPCL vide its letter No. 2944 dated 23.12.2013. The request of PSPCL to consider 45% of the total pumped energy of Kandi Area mixed feeders as AP consumption, with the plea that although the percentage of sanctioned load of AP consumers fed from Kandi Area mixed feeders is around 30% however, the billed energy of the consumers is around 45% of the total pumped energy, was not found convincing by the Commission. During the processing of ARR for FY 2014-15, PSPCL was asked to submit comments on the observations of the Commission in the matter vide letter No. 702 dated 20.01.2014. Since, PSPCL had not submitted any comments in the matter; it was presumed that PSPCL had nothing more to say in the matter.

Further, in order to ensure more accurate assessment of agriculture consumption of Kandi Area feeders, directions were issued to PSPCL in the Tariff Order for FY 2013-14 that AP load of Kandi Area feeders fed from mixed feeders should be segregated and in case of any practical difficulty due to difficult terrain in certain areas, all AP motors of such feeders should be metered. These directions were reiterated in the successive Tariff Orders of the Commission. Also, in the Tariff Order for FY 2015-16, the Commission directed PSPCL specifically to utilise Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for segregation of mixed Kandi Area feeders and/or achieve 100% metering on these feeders. However, PSPCL has so far neither completed segregation of the mixed Kandi area feeders nor achieved 100% metering of AP consumers on such feeders.

The contention of PSPCL that, the share of AP energy can be deduced by reducing the amount of energy billed to metered consumers from the total pumped energy of the mixed feeder after accounting of losses of feeders also does not find favour with the Commission as it would result in loading of theft by other categories also onto the AP consumption.

Thus, pending implementation of its directive, the Commission has no option but to continue determining the AP consumption of mixed Kandi Area feeders as per the existing approach of considering the pumped energy for agriculture load as 30% of the total pumped energy, in line with the percentage of AP load in the total load of consumers fed from Kandi Area mixed feeders.

iii) **Unmetered load fed from urban feeders**: In the Tariff Order of FY 2017-18 the Commission directed PSPCL to ensure 100% metering of all AP consumers being fed from urban feeders, failing which unmetered load fed from urban feeders shall not be considered for calculating AP consumption. In the Tariff Order for FY 2018-19 also, the Commission reiterated its directive that after due validation, consumption of only metered AP consumers fed from urban feeders shall be considered while computing AP consumption. However, PSPCL has not yet achieved 100% metering of all AP consumers being fed from urban feeders. The Commission vide its letters no. 2247 dated 11.12.2018, 2376 dated 24.12.2018, 2414 dated 02.01.2019 and 2782-83 dated 01.02.2019, reminded PSPCL to submit the details of the metered AP consumers from urban feeders for computation of AP consumption of such consumers but PSPCL failed to submit the requisite data.

In view of non-implementation of the directive/non submission of the requisite data the Commission decides to consider the consumption of AP connections running on urban feeders on the basis of pro rating of the load as per previous practice.

iv) **Assessment of T&D losses on AP feeders:** To arrive at a more accurate conclusion regarding distribution losses in AP sector, the Commission, in the Tariff Orders for FY 2015-16 and FY 2016-17 issued directions to PSPCL to cover atleast 5% of the AP feeders under 100% metering spread across the State and to calculate T&D losses of these feeders on regular basis. However, in the Tariff Order for FY 2017-18, the Commission on PSPCL's request reduced the size of sample feeders to 1% and issued directions as under:

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

However, PSPCL is yet to submit the computed losses of the sample feeders. In reply to the Commission's directive, PSPCL has submitted that installation of 100% meters on 55 (1%) AP Feeders has been completed and engagement of 3rd party to compute T&D losses on 1% feeders is under progress and will be finalized shortly.

As, PSPCL has failed to implement the directions of the Commission and demonstrate its claim of lower T&D losses on the AP feeders, the Commission has no option but to continue with the assumption of losses

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

Accordingly, the Commission determines the AP consumption for FY 2017-18 as under:

Table 2.2 A: AP Consumption for FY 2017-18

Sr. No.	Description	(MkWh)
I	II	III
1.	**Energy pumped during the year:**	
	i) 3-phase 3-wire AP feeders	12500.73
	ii) 3-phase 4-wire AP feeders	[a] 0.93
	iii) Kandi Area mixed feeders feeding AP load	[b] 608.22
	iv) Kandi Area pure AP feeders	10.07
	Total	**13119.95**
2.	Less losses @10.24%[c] (85% of 12.05)	[c] 1343.48
3.	Net AP consumption	11776.47
4.	AP consumption for load (60.058 MW) running on Urban Feeders [not included above)]	[d] 73.49
5.	**Total AP consumption for FY 2017-18**	**11849.96**

[a] *Calculated by multiplying the number of 3-phase 4-wire AP feeders for each month with AP consumption per feeder for that month of 3-phase 3-wire AP feeders.*

[b] *Calculated by assuming the AP load on Kandi area mixed feeders feeding mixed load, as 30%.*

[c] *The loss @10.24%(11 kV and below) for FY 2017-18 has been worked out as per the target of distribution loss of 12.05% fixed in the Tariff Order for FY 2017-18.*

[d] *Calculated on the basis of per MW consumption of unmetered AP load.*

Thus, the Commission approves the AP Consumption of 11849.96 MkWh for True-up of FY 2017-18.

2.2.3 Total Energy Sales

The total energy sales submitted by PSPCL in the ARR and approved by the Commission for true up for FY 2017-18 is as under:

Table 2.2 B: Total Energy Sales for FY 2017-18

(MkWh)

Sr. No.	Particulars	Submitted by PSPCL in the ARR	Approved by the Commission for True-up
I	II	III	IV
1.	Metered sales within State	35117.83	34065.11
2.	AP consumption	12256.64	11849.96
3.	**Total sales within State**	**47374.47**	**45915.07**
4.	Common pool sale	305.71	305.71
5.	*Outside State sale	1218.68	1218.68
6.	**Total**	**48898.86**	**47439.46**

***** *Royalty to HP from Shanan and share of HP in RSD is not considered in sales as it has been reduced from the net Generation.*

2.3 Transmission and Distribution (T&D) Loss Target and Energy Requirement

In its ARR petition for first MYT Control Period, PSPCL had projected the overall T&D losses of 14.25% for FY 2017-18. The same was accepted and accordingly the Commission in the Tariff Order for FY 2017-18, had fixed the overall target of T&D losses for FY 2017-18 at 14.25%, including transmission losses of 2.50%. However, on the request of PSPCL to set separate target of losses for PSTCL and PSPCL, the Commission in the Tariff Order for FY 2018-19 approved the target of 12.05% for distribution losses while retaining the overall loss target (including the transmission loss level as 2.50%) of 14.25% for FY 2017-18. The Commission decides to retain the same for true-up FY 2017-18.

Accordingly, the energy requirement for FY 2017-18 approved by the Commission in the MYT Order, approved in Review by the Commission in the Tariff Order of FY 2018-19, submitted by PSPCL in the Petition and approved by the Commission for True-up is as under:

Table 2.3: Energy Requirement for FY 2017-18 for sales within the State

(MkWh)

Sr. No.	Particulars		Approved by the Commission in the MYT Order	Approved in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL in the Petition	Approved by the Commission with target losses	Determination of Actual Losses
I	II		III	IV	V	VI	VII
1.	**Total Sales within the State**		**46967.50**	**46750.05**	**47374.47**	**45915.07**	**45915.07**
2.	Distribution Loss	%	14.25*	12.05	13.68*	12.05	14.19
		MkWh	7805	6405.21	7508.42	6290.81	7595.75
3.	**Input Energy Required at Distribution/Transmission interface**			**53155.26**		**52205.88**	**53510.82**
4.	Transmission Loss	%	Included in 2 above	2.50	Included in 2 above	2.50	2.50
		MkWh		1362.96		1338.61	1372.07
5.	**Input Energy Required at State periphery for sale in the State**		**54772.50**	**54518.22**	**54882.89**	**53544.49**	**54882.89**

**Including transmission losses*

Accordingly, the Commission approves the input energy required at State periphery for sale in the State as 53544.49 MkWh for True-up of FY 2017-18. However, PSPCL has submitted a higher figure of 54882.89 MkWh as its actual requirement. Considering the trued-up figure of 45915.07 MkWh as Sales within the State, the actual distribution losses of PSPCL works out to be 14.19%

against the target losses of 12.05%. And, considering 2.5% as transmission losses, the T&D losses works out to 16.34%. The impact of the same is discussed in Para 2.6.

2.4 PSPCL'S Thermal Generation

2.4.1 Gross Thermal Generation:

PSPCL has submitted the figures of actual gross thermal generation during FY 2017-18 as 5520.09 MkWh for True-up.

PSPCL's Submissions:

PSPCL submitted that the generating plants are operating as part of an integrated grid and abide by the regulations framed by CERC and the Commission, to ensure the safety of the grid. In order to manage the frequency, PSPCL has to follow the instructions from Punjab State Load Dispatch Centre (SLDC). In FY 2017-18, PSPCL suffered loss of generation because of backing down of its generation on instructions received from SLDC even though it was available for generation. PSPCL requested the Commission to consider the loss of generation due to backing down instructions of SLDC for assessing the performance of its generating plants.

The plant wise installed capacity, gross generation approved in review by the Commission in Tariff Order for FY 2018-19, actual gross generation submitted by PSPCL for true up, deemed generation and actual plant load factor is as under:

Table 2.4 A: Gross Thermal Generation submitted by PSPCL for FY 2017-18

Sr. No	Generating Station	Installed capacity (MW)		Gross Generation (MkWh)		Plant Load Factor (%)
		Upto 31.12.2017	W.e.f. 01.01.2018	Approved in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL for True-up	
I	II	III	IV	V	VI	VII
1.	*GNDTP	460	0	301.31	301.31	9.92
2.	*GGSSTP	1260	840	2302.11	2274.33	22.45
3.	GHTP	920	920	2601.26	2944.45	36.54
4.	**Total**	**2640**	1760	**5204.68**	**5,520.09**	**26.01**

***** *GNDTP and 2 units of GGSSTP retired by PSPCL on 1st Jan., 2018.*

Commission's Analysis:

The Commission noted that PSPCL has submitted the gross generation which has been validated by SLDC vide its Memo No. 1531/32/T-543 dated 14.12.2018. **As such, the Commission accepts the same i.e. 5520.09 MkWh as actual gross generation for True-up of FY 2017-18.**

2.4.2 **Auxiliary Consumption:**

PSPCL's Submissions:

PSPCL submitted that it has striven hard to achieve the normative auxiliary consumption approved by the Commission. However, the actual auxiliary consumption is slightly higher than that approved by the Commission for all the three Generating Stations. PSPCL has further submitted that:

i) As per power demand scenario in the State of Punjab, its units remained under reserve shutdown for long periods and even during the operational period the units were backed down for a very large part of time as per directions of Power Controller (PC), Patiala. Thus, the actual Plant load factor for its plants is much lower than normative during FY 2017-18 because of partial load operation and backing down. Frequent stop/start after reserve shutdown and running of units under backing down adversely affects the performance of units. During backing down, power generation is reduced, but most of the auxiliaries remain running at nearly full load, which results in an increase in actual auxiliary consumption. Also, GNDTP, Bathinda has been permanently closed w.e.f. 01.01.2018 and was not in operation for the full year. It was an old generating station whose units had already outlived their useful life of 25 years.

ii) PSPCL requested the Commission to approve actual Auxiliary Consumption, Station Heat Rate and Secondary Fuel Oil Consumption for GNDTP, GGSSTP and GHTP for FY 2017-18 on account of part load operations as per Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 with submissions that:

- The Commission during APR of FY 2017-18 held that the above said amendments have not been yet adopted by the Commission in Punjab State Grid Code. It is understood that Punjab State Grid Code does not include the above said provision.
- The operation of power system is integrated which is governed by State Grid Code as well as Indian Electricity Grid Code. Isolated operation of any thermal generating station is not possible. Hence, being a part of an integrated system, the operation of the PSPCL's own Thermal Generating Stations is affected by the operation of the central generating stations. Compensation on account of partial load operation has been granted to Central Generating Stations and PSPCL is paying compensation charges to central generating stations on this account.

- The mere absence of the provision of relaxation in the State Grid Code may not stop the Commission from granting relaxation to PSPCL in case of genuine difficulty. PSPCL requested the Commission to invoke its powers under Regulation 66 and 67 of PSERC MYT Regulations, 2014 for relaxation in Station Heat Rate, Auxiliary Consumption and Secondary Fuel Oil Consumption in view of partial load operation.
- Section 61 of the Act stipulates that the Commission shall be guided by the principles and methodologies specified by the Central Commission for determination of tariff applicable to generating companies. CERC has already specified methodologies for providing compensation for partial load operation.

Commission's Analysis:

The Commission observes as under:

i) Regarding auxiliary consumption of GNDTP, the Commission observed that Hon'ble APTEL in its combined judgment dated 18.10.2012 in the matter of Appeal No. 7, 46 and 122 of 2011 directed the State Commission to pass an appropriate order in the matter. The Commission initiated Suo-Motu petition no. 57 of 2012 to comply with the directions of Hon'ble APTEL. The Commission in its Order dated 07.01.2013 observed that no further relief in the matter of auxiliary consumption can be given to the Appellant. PSPCL again raised the same issue in its further Appeal No. 174 of 2013 before APTEL. The Hon'ble APTEL in its order dated 22.04.2015 upheld the decision of the Commission dated 07.01.2013.

ii) The Commission observes that Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 is an amendment in the Indian Electricity Grid Code Regulations (not in Tariff Regulations) and the same has not been adopted by the Commission in its State Grid Code. The Hon'ble APTEL in its Judgment dated 22.08.2016 in Appeal No. 34 of 2016 in the matter of Jaiprakash Power Ventures Limited versus Madhya Pradesh Electricity Regulatory Commission and others has held that there is no legal mandate as per IEGC for a Intra-State Generating Station to maintain the Technical Minimum as per the provisions of IEGC and in the absence of any such mandatory provisions the obligation to schedule power is traceable only to PPA entered between the parties. The relevant extract is as under:

*"…**In the absence of any mandatory provision either under the IEGC***

> ***notified by the Central Commission or the State Grid Code notified by the State Commission or under any other statutory Regulation, the obligation of Respondent No. 3 to schedule power is traceable only to the PPA*** *executed between Respondent No. 3 and the Appellant. Clause 6.3B (4) of the IEGC also affirms the above in respect of the generating stations other than the Central Sector Generating Stations and Inter State Generating Stations*
>
> *The provisions of the PPA do not contain any mandate on Respondent No. 3 to schedule a specific quantum of electricity, though it provides for payment of fixed charges for any unscheduled available capacity within the contracted capacity. On the other hand, Clause 7.1.1 of the PPA specifically provides that the Appellant shall be responsible to operate and maintain the generating station in accordance with the legal requirements and in particular, the Grid Code.*

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

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

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

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

Hence all the issues as above are decided against the Appellant*…"*

iii) The Commission also observes that, Proviso (vi) to the Regulation provides that "the compensation so computed shall be borne by the entity that has caused the plant to be operated at schedule lower than corresponding to Normative Plant Availability Factor up to technical minimum based on the compensation mechanism finalized by the RPCs". Since, PSPCL has tied up 100% of the generation of its plants for own use and PSPCL is also managing both the businesses, of generation and distribution in the State, as such, PSPCL itself is responsible for the coordinated operation of its plants as well as scheduling of power from the same. Also, PSPCL has entered into PPAs with other generators including IPPs being well aware of its own generation capacity. PSPCL also purchases power from outside sources (including short-term power) even at the cost of backing / shutting down its own units after evaluating all commercial aspects including deterioration of operating parameters of its own units.

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

> *"….. **Further if the relaxation of the norms is not in public interest the same is bound to be rejected**. **Further, if the said contention of the appellant is accepted it will result in further increase in tariff which will cause additional burden on the respondents and ultimately the end consumers of the electricity**. …In the case in hand the State Commission has rightly and legally refused to exercise the power to relax in favour of the appellant on this aspect while passing the impugned order....*
>
> ***No doubt discretionary power is vested with the State Commission but the discretion should be exercised judicially and judiciously that needs recording of special reasons in writing for the exercise of such power to relax**."*

Accordingly, the Commission, therefore, decides to retain the normative auxiliary consumption for GNDTP at 11.00% as discussed above and for GGSSTP & GHTP at 8.50% & 8.50% respectively, in line with the CERC Tariff Regulations, at the levels already approved in the Tariff Orders for FY 2017-18 and FY 2018-19.

The station-wise generation approved in Review by the Commission in the Tariff Order for FY 2018-19, submitted by PSPCL for true up and approved by the

Commission for True-up of FY 2017-18 is as under:

Table 2.4 B: PSPCL's Thermal Generation for FY 2017-18

(MkWh)

Sr. No.	Thermal Station	Approved in Review by the Commission in TO for FY 2018-19			Submitted by PSPCL for True- up			Approved by the Commission for True-up		
		Gross	Aux Consp	Net	Gross	Aux Consp	Net	Gross	Aux. Consp	Net
I	II	III	IV	V	VI	VII	VIII	IX	X	XI
1.	**GNDTP**	301.31	11.00%	268.17	301.31	12.43%	263.85	301.31	11.00%	268.17
2.	**GGSSTP**	2302.11	8.50%	2106.43	2274.33	9.06%	2068.28	2274.33	8.50%	2081.01
3.	**GHTP**	2601.26	8.50%	2380.15	2944.45	8.78%	2685.88	2944.45	8.50%	2694.17
	Total	**5204.68**		**4754.75**	**5520.09**		**5018.01**	**5520.09**		**5043.35**

Accordingly, the Commission approves the gross and net thermal generation for True-up of FY 2017-18 as 5520.09 MkWh and 5043.35 MkWh respectively.

2.5 PSPCL'S Hydel Generation

The station-wise installed capacity, generation approved in Review by the Commission in the Tariff Order for FY 2018-19, submitted by PSPCL for true-up and approved by the Commission for True-up of FY 2017-18 is as under:

Table 2.5: PSPCL's Hydel Generation for FY 2017-18

(MkWh)

Sr. No.	Hydel Station		Installed capacity in MW	Approved in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL for True- up	Approved by the Commission for True-up
I	II		III	IV	V	VI
1.	**Own Generation**					
	i) Shanan		110.00	519.45	508.49	508.49
	ii) UBDC	Stage I	45.00	383.60	151.82	151.82
		Stage II	46.35		257.26	257.26
	iii) RSD		600.00	1905.94	1,803.07	1,803.07
	iv) MHP	Stage I	207.00	1145.15	1234.20	1234.20
		Stage II	18.00		40.20	40.20
	v) ASHP		134.00	689.46	647.79	647.79
	vi) Micro hydel		5.60	5.63	6.36	6.36
	Total		**1165.95**	**4649.23**	**4649.19**	**4649.19**
2.	Less: Auxiliary consumption and Transformation losses			*38.85	35.02	*38.41
3.	Less: HP share in RSD				**81.60	**81.60
4.	Less: Royalty to HP from Shanan				**52.92	**52.92

Sr. No.	Hydel Station	Installed capacity in MW	Approved in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL for True- up	Approved by the Commission for True-up
I	II	III	IV	V	VI
5.	**Net own generation**		**4610.38**	**4479.65**	**4476.26**
6.	**Share from BBMB (Net)**				
	i) PSPCL's share	**1161**	3568.47	3,809.02	3,809.02
	ii) Common pool share		308.99	305.71	305.71
	Total Share from BBMB		**3877.46**	**4114.73**	**4114.73**
7.	**Total hydro generation (Net) (Own + BBMB)**		**8487.84**	**8594.38**	**8590.99**

**Transformation losses @0.5%, auxiliary consumption @0.5% for RSD & UBDC stage-1 (having static exciters) and @0.2% for others.*
***PSPCL has not included the royalty/ share of HP in its sale figures, thus the same has been excluded from its generation figures also.*

The Commission, therefore, approves the net Hydel Generation as 8590.99 MkWh for True-up of FY 2017-18, as shown in the Table above.

2.6 Energy Balance

The energy requirement, energy availability and the net purchase approved in Review by the Commission in the Tariff Order of FY 2018-19, submitted by PSPCL for True-up and approved by the Commission for True-up of FY 2017-18, is as under:

Table 2.6: Energy Balance for FY 2017-18

(MkWh)

Sr. No.	Particulars	Approved in Review by the Commission in TO for FY 2018-19	Submitted by PSPCL for True- up	Approved by the Commission for True-up
I	II	III	IV	V
A.	**Energy Requirement**			
	i) Input Energy Required at State periphery for sale in the State (Table 2.3)	**54518.22**	**54882.89**	**53544.49**
	ii) Sales to Common pool consumers	308.99	305.71	305.71
	iii) Outside State Sales	353.88	*1218.68	*1218.68
	Total requirement at State periphery	**55181.09**	**56407.29**	**55068.88**
B.	**Energy Available (Net)**			
	i) PSPCL's own Thermal	4754.75	5018.01	5043.35
	ii) PSPCL's own Hydro (Including from BBMB)	8487.84	8594.38	8590.99
	iii) UI (Open Access)		7.99	7.99
	iv) Purchase (net)	41938.50	**42786.91**	**41426.55**
	Total Energy Available	**55181.09**	**56407.29**	**55068.88**
C.	**Excess power purchase made by PSPCL**			**1360.36**

** Excluding royalty to HP from Shanan and share of HP & J&K in RSD.*

The balance energy (net) requirement for purchase from outside sources works out to 41426.55 MkWh for FY 2017-18 against the actual outside purchase of 42786.91 MkWh made by PSPCL. The difference is attributable to the under achievement of Distribution loss target (refer para 2.3) and normative auxiliary consumption resulting in increased net power purchase to the extent of 1360.36 MkWh. The issue of disallowance for the same is discussed in para 2.8.3.

2.7 Fuel Cost

The Gross Generation and Fuel Cost approved by the Commission in the Tariff Order for FY 2017-18, revised by the Commission in the Tariff Order of FY 2018-19 and submitted by PSPCL for True-up is as under:

Table 2.7 A: Fuel Cost for FY 2017-18

Sr. No.	Station	Approved in the T.O. FY 2017-18		Revised by the Commission in T.O. FY 2018-19		Submitted by PSPCL for True- up	
		Gross Generation (MkWh)	Fuel Cost (Rs. Crore)	Gross Generation (MkWh)	Fuel Cost (Rs. Crore)	Gross Generation (MkWh)	Fuel Cost (Rs. Crore)
I	II	III	IV	V	VI	VII	VIII
1.	GNDTP	0.00	0.00	301.31	96.95	301.31	96.15
2.	GGSSTP	3500.90	979.01	2302.11	680.86	2,274.33	778.82
3.	GHTP	2093.20	643.32	2601.26	812.33	2,944.45	944.52
4.	**Total**	**5594.10**	**1622.33**	**5204.68**	**1590.14**	**5520.09**	**1819.49**

PSPCL submitted that its fuel cost is based on various parameters i.e. calorific value and price of coal/oil, transit loss of coal, station heat rate and specific oil consumption, as under:

Table 2.7 B: Performance and Cost Parameters submitted by PSPCL for FY 2017-18

Sr. No.	Station	GCV of coal (kCal/kg)	CV of Oil (kCal/lt)	Price of Oil (Rs./ KL)	Price of coal (Rs./MT)	Transit Loss (%)	SHR (kCal/ kWh)	Sp.Oil Consp. (ml/kWh)	Net Energy Charge Rs/kWh
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	GNDTP	4151.51	9400.00	33134.00	5137.06	(-)0.05	2522.47	0.60	3.64
2.	GGSSTP	4076.00	9900.00	32385.59	5172.82	(-)0.52	2684.45	1.77	3.77
3.	GHTP	4023.00	9500.00	30061.00	5143.45	(-)1.51	2492.77	1.04	3.52

2.7.1 Station Heat Rate (SHR) and Secondary fuel consumption

PSPCL's Submissions:

PSPCL submitted that as per Regulation 36 of PSERC MYT Regulations, 2014, performance parameters for PSPCL's Generating stations shall be as per norms specified by CERC in its Tariff Regulations and re-iterated its submissions as brought out in Para 2.4.2 with a request to provide relaxation/compensation in view of part load operations and frequent stop / start of its units as per Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016.

Commission's Analysis:

i) PSERC Tariff Regulations, 2014 specifies as under:

> "***36. NORMS FOR PERFORMANCE PARAMETERS***
> *The norms for performance parameters for a generating company i.e. availability, load factor, station heat rate, specific oil consumption, auxiliary consumption etc. Shall be as per the CERC norms or as determined by the Commission..."*

Thus, the Commission is considering the normative parameters for Station Heat Rate (SHR) and Secondary fuel consumption as per norms specified by CERC in its Tariff Regulations.

ii) PSPCL's plea for relaxation/compensation as per Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016, has been already discussed by the Commission under para 2.4.2 (Auxiliary Consumption) of this tariff Order.

iii) The Commission further notes that, the contention that factors like ageing and backing down instructions caused higher station heat rate has been rejected by the Hon'ble APTEL vide its Judgment dated 18.09.2015 in Appeal Nos. 196 of 2014 and 326 of 2013 in the matter of Haryana Power Generation Corporation Limited versus Haryana Electricity Regulatory Commission and others has observed as under:

> *"The appellant contends that the* ***State Commission ought to have considered relaxation in the station heat rate of the aforesaid generating stations of the appellant due to frequent backing down instructions, poor quality of coal and since GCV has been accepted as an uncontrollable factor, hence, the station heat rate caused by deterioration on GCV is also to be allowed in tariff. On our careful consideration on this contention, we do not agree to the same*** *because this Appellate Tribunal has rejected the same contention vide its judgment dated 12.12.2013 in Appeal No.168 of 2012 in the Indraprastha Power Generation Company Limited vs. Delhi Electricity Regulatory Commission & Ors. Observing as under:*
>
> *".....31. By way of filing the present appeal in this Tribunal, the appellant has sought relaxation of the norms prescribed in DERC Tariff Regulations, 2011 under various counts on the ground that the appellant's power stations have not achieved the same norms due to the various factors (which we have mentioned in the upper part of the*

judgment) and it was not at all possible for the appellant's power generating stations to achieve the said norms. The reasons advanced by the appellant before us and also raised before the learned State Commission have been cited by us above and the repetition of the same is not proper. ***The appellant has not been able to make out any case for relaxation of the norms specified for that purpose, hence the appellant is not entitled to the relaxation*** *of DERC, Tariff Regulations 2011 in the case in hand before us considering the circumstances of the matter.* ***The learned State Commission in support of its findings has cited proper, cogent and valid reasons for arriving at the correct conclusion to which we are in full agreement. The appellant has miserably failed to establish that the relaxation of the norms prescribed under DERC Tariff Regulations, 2011 as sought by the appellant is in the public interest. The learned State Commission has not found the said relaxation in the public interest and rightly rejected the said contention of the appellant.***

32. After going through the impugned order of the learned State Commission, we find that the learned ***State Commission has rightly and correctly not allowed the request of relaxation of the norms for the power generating stations of the appellant****....*

...35. The appellant has also failed to give any reason whatsoever justifying the relaxation of the operation norms fixed in the MYT Regulations. ***The only reason argued before us, that the station is an old station and is envisaged to be closed down in near future, is not acceptable****...."*

In view of the above, the Commission finds no justification/reason to deviate from the normative parameters for working out fuel cost of Thermal Generating Stations of PSPCL for FY 2017-18. Thus, the Commission decides to continue with the normative Station Heat Rate and secondary fuel oil consumption for all three thermal generating stations, as approved in the Tariff Orders for FY 2017-18 and FY 2018-19, in accordance with the provisions of PSERC/CERC Tariff Regulations.

2.7.2 **Transit Loss of Coal**

PSPCL submitted that actual transit loss is negative for all Thermal generating stations for FY 2017-18 and requested the Commission to approve the actual transit loss, with the submission that the coal transit losses are not within its control and are attributable to the following reasons:

a) Calibration of measuring instruments – Weighing of coal at two different locations having different calibration of weighing machines leads to error more than permissible limits.

b) Seasonal Variation – 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) Transportation of Coal – The transportation of coal happens through open wagon. As soon as the goods are loaded on the wagon, it becomes owner risk and Railways' disowns the responsibility. It is subject to pilferages at all halts, which is beyond the control of PSPCL.

d) Unloading at site location – 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.

The Commission decides to approve the actual transit loss for all three Thermal Generating Stations at 1% or actual whichever is less in accordance with Regulation 40 of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014.

2.7.3 **Price and calorific value of Coal and Oil**

The price and calorific value of coal and oil for FY 2017-18 submitted by PSPCL is shown in Table 2.7 B.

Fuel cost being a major item of expense, the Commission thought it prudent to get the same validated. Further, the Commission has decided in the Tariff Order for FY 2016-17 to adopt the GCV of received coal as per CERC Tariff Regulations, 2014, for working out the fuel cost. The validated weighted average calorific value and price of oil & coal, and transit loss of coal are as under:

Table 2.7 C: Operational and Cost Parameters as validated for FY 2017-18

Sr. No.	Station	*Gross Calorific value of coal (kCal/kg)	Gross Calorific Value of Oil (kCal/lt)	Price of Oil (Rs./ KL)	Price of coal excluding transit loss (Rs./MT)	Transit Loss (%)	Quantity of Imported/ Captive Coal priced on FOR basis (MT)
I	II	III	IV	V	VI	VII	VIII
1.	GNDTP	4384.23	9746.57	33117.76	5102.00	(-)0.09	0.00
2.	GGSSTP	4305.00	9764.00	32385.60	5096.94	(-)0.52	0.00
3.	GHTP	4111.00	9978.00	30060.00	5191.62	(-)1.51	0.00

** The calorific value (GCV) shown is the calorific value of received coal*

2.7.4 On the above basis, fuel cost for FY 2017-18 worked out by the Commission for True-up of FY 2017-18 is as under:

Table 2.7 D: Approved Fuel Cost for FY 2017-18

Sr. No.	Item	Derivation	Unit	GNDTP	GGSSTP	GHTP Unit I & II	GHTP Unit III & IV	Total
I	II	III	IV	V	VI	VII	VIII	IX
1.	Gross Generation	A	MkWh	301.31	2274.33	1153.98	1790.47	**5520.09**
2.	Auxiliary Consumption	B		11.00%	8.50%	8.50%	8.50%	
3.	Net Generation	C		268.17	2081.01	1055.90	1638.27	**5043.35**
4.	Heat Rate	D	kcal/kWh	2750.	2450	2450	2428	
5.	Specific oil consumption	E	ml/kwh	0.50	0.50	0.50	0.50	
6.	Calorific value of oil	F	kcal/litre	9746.57	9764	9978	9978	
7.	Calorific value of coal	G	kcal/kg	4384.23	4305	4111	4111	
8.	Overall heat	H= (A x D)	Gcal	828603	5572109	2827249	4347273	
9.	Heat from oil	I = (A x E x F) / 1000	Gcal	1468	11103	5757	8933	
10.	Heat from coal	J = (H-I)	Gcal	827135	5561006	2821492	4338340	
11.	Oil consumption	K= (Ix1000)/F	KL	151	1137.	577.	895	
12.	Transit loss of coal	L	(%)	-0.09	-0.52	-1.51	-1.51	
13.	Total coal consumption excluding transit loss	M= (J*1000) /G	MT	188661	1291755	686327	1055300	
14.	Quantity of Imported/ captive coal priced on FOR basis	N	MT	0.00	0.00	0.00	0.00	
15.	Quantity of coal not priced on FOR basis	O=M-N	MT	188661	1291755	686327	1055300	
16.	Quantity of coal not priced on FOR basis including transit loss	P=O/(1-L/100)	MT	188491	1285073	676118	1039602	
17.	Total quantity of coal required	Q=N+P	MT	188491	1285073	676118	1039602	
18.	Price of oil	R	Rs./KL	33117.76	32385.60	30060	30060	
19.	Price of coal	S	Rs./MT	5102.00	5096.94	5191.62	5191.62	
20.	Total Cost of oil	T=R x K / 10^7	Rs. Cr.	0.50	3.68	1.73	2.69	8.60
21.	Total Cost of coal	U=Q x S/10^7	Rs. Cr.	96.17	655.00	351.02	539.72	1641.91
22.	**Total Fuel cost**	**V=T+U**	**Rs.Cr.**	**96.67**	**658.68**	**352.75**	**542.41**	**1650.51**
23.	**Per unit Cost (gross)**	**W=V*10/A**	**Rs./kWh**	**3.208**	**2.896**	**3.057**	**3.029**	**2.990**
24.	**Per unit Cost (Net)**	**X=V*10/C**	**Rs./kWh**	**3.605**	**3.165**	**3.341**	**3.311**	**3.273**

The Commission, thus, approves the fuel cost at Rs. 1650.51 Crore for Gross/Net generation of 5520.09/5043.35 MkWh for FY 2017-18.

2.8 Power Purchase Cost

The Power Purchase Cost for the FY 2017-18 approved in the Tariff Order of FY 2017-

18, approved in Review by the Commission in the Tariff Order for FY 2018-19 and submitted by PSPCL for True-up is as under:

Sr. No.	Particulars		Approved in the T.O of FY 2017-18	Approved in Review by the Commission in T.O. FY 2018-19	Submitted by PSPCL for True- up
1.	Power Purchase Cost	(Rs. Cr.)	17681.12	16791.36	*17311.87
2.	Gross Power Purchase	(MkWh)	42595.27	42636.62	43610.34
3.	Net Power Purchase	(MkWh)	42119.15	41938.50	42786.91
4.	Per Unit Cost	(Rs./kWh)	4.20	4.00	4.05

** including refund/adjustments of previous year*

PSPCL's Submissions:

2.8.1 PSPCL has submitted that:

i) The demand of power has been met by procurement of power from Central Generating Stations and other external sources apart from the state's Own Generation. The major sources from which PSPCL has procured power is from Central Generating Stations viz. NTPC, NHPC, NPC, SJVNL and THDC, etc., IPP's, Co-Generation Plants, Banking Arrangements and Traders.

ii) Actual average power purchase rate for FY 2017-18 worked out to Rs. 4.05/kWh, which is slightly higher than the approved values in the revised estimates.

iii) It has also purchased power from RE sources to meet the RPO obligation during the year. For computing net shortfall of RE power, PSPCL has adjusted excess purchase of solar power against non-solar purchase shortage.

iv) The source wise detail of Power Purchase cost for FY 2017-18 is as under:

Table 2.8 A: Power Purchase cost for FY 2017-18 submitted by PSPCL

Sr. No.	Source	Gross Purchase	External losses	Energy received by PSPCL	Annual Fixed Charges	PSPCL Allocation as per provisional REA of March 2018)/ Contracted Capacity	Variable Charges	Charges Paid by PSPCL			
								Fixed Charges	Variable Charges	Other Charges	Total
		MkWh	%	MkWh	Rs. Crore	%	Paisa/ Unit	Rs. Crore			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
I	**NTPC**										
1.	Anta (G/F)	24.88	3.02	24.13	213.75	13.35	249.53	28.54	6.21	0.08	34.83
2.	Anta (R/F)	1.10	3.02	1.06	-	-	650.23	-	0.71	-	0.71
3.	Anta (L/F)	0.03	3.02	0.03	-	-	917.93	-	0.03	-	0.03
4.	Auraiya (G/F)	16.91	3.02	16.40	301.58	13.67	315.87	41.22	5.34	4.35	50.92
5.	Auraiya (R/F)	0.80	3.02	0.77	-	-	782.75	-	0.62	-	0.62
6.	Auraiya (L/F)	0.13	3.02	0.13	-	-	923.46	-	0.12	-	0.12

Sr. No.	Source	Gross Purchase	External losses	Energy received by PSPCL	Annual Fixed Charges	PSPCL Allocation as per provisional REA of March 2018)/ Contracted Capacity	Variable Charges	Charges Paid by PSPCL			
								Fixed Charges	Variable Charges	Other Charges	Total
		MkWh	%	MkWh	Rs. Crore	%	Paisa/ Unit	Rs. Crore			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
7.	Dadri Gas (G/F)	237.61	3.02	230.44	336.30	16.67	296.42	56.08	70.43	5.44	131.95
8.	Dadri Gas (R/F)	0.85	3.02	0.83	-	-	719.16	-	0.61	-	0.61
9.	Dadri Gas (L/F)	0.53	3.02	0.51	-	-	897.99	-	0.47	-	0.47
10.	Singrauli	1,367.33	3.02	1,326.07	869.17	10.32	136.08	89.72	186.06	0.31	276.09
11.	Rihand-I	810.08	3.02	785.63	570.61	11.32	129.09	64.59	104.57	1.74	170.91
12.	Rihand-II	781.59	3.02	758.00	595.84	10.55	128.91	62.86	100.76	1.71	165.32
13.	Rihand-III	656.93	3.02	637.11	1029.18	8.66	130.34	89.09	85.62	2.00	176.71
14.	Unchahar-I	178.97	3.02	173.57	301.96	8.69	272.98	26.25	48.85	2.66	77.77
15.	Unchahar-II	324.49	3.02	314.70	280.12	14.67	273.25	41.09	88.67	1.78	131.54
16.	Unchahar-III	100.65	3.02	97.61	194.07	8.48	273.39	16.46	27.52	0.16	44.14
17.	Unchahar-IV	1.27	3.02	1.23	525.58	0.16	240.58	0.07	0.30	0.00	0.37
18.	Farakka (ER)	104.07	3.02	100.93	948.78	1.41	248.33	13.18	25.84	4.59	43.62
19.	Kahalgaon-I (ER)	267.84	3.02	259.76	585.80	6.10	238.17	35.72	63.79	0.71	100.22
20.	Kahalgaon-II (ER)	766.31	3.02	743.18	1,161.97	8.11	229.56	94.23	175.91	0.14	270.28
21.	NCTPS- 2C (DADRI II)	37.20	3.02	36.07	1,013.45	0.36	291.65	3.60	10.85	-0.03	14.42
22.	IGSTPS Jhajjar (NTPC JV)	58.89	3.02	57.11	1,747.67	0.84	291.80	13.11	17.18	-0.39	29.90
23.	Koldam	273.59	3.02	265.33	1,142.41	8.50	215.69	62.79	59.01	0.09	121.89
II	**NHPC**										
24.	Bairasuil	275.03	3.02	266.73	130.75	46.50	96.30	32.08	26.49	2.02	60.58
25.	Salal	820.00	3.02	795.25	312.86	26.60	58.30	60.31	47.81	96.33	204.45
26.	Tanakpur	55.87	3.02	54.18	123.56	17.93	152.02	13.39	8.49	0.95	22.83
27.	Chamera-I	231.31	3.02	224.33	321.08	10.20	105.21	20.30	24.34	2.94	47.58
28.	Chamera-II	182.02	3.02	176.53	258.59	11.99	99.10	19.08	18.04	3.28	40.40
29.	Uri	310.76	3.02	301.38	363.60	13.75	80.80	30.36	25.11	20.92	76.39
30.	Dauli Ganga	139.06	3.02	134.86	298.21	11.66	151.10	20.82	21.01	4.33	46.16
31.	Dulhasti	235.87	3.02	228.75	923.83	9.94	247.42	56.00	58.36	19.40	133.76
32.	Sewa-II	49.72	3.02	48.22	198.90	9.99	216.40	13.15	10.76	0.94	24.85
33.	Chamera-III	104.06	3.02	100.92	404.52	9.51	212.30	24.84	22.09	0.01	46.94
34.	Uri-II	115.02	3.02	111.55	466.47	9.34	234.08	36.10	26.92	10.21	73.23
35.	Parbati-III	72.92	3.02	70.72	330.09	9.52	273.80	16.65	19.97	0.02	36.63
III	**NPCIL**										
36.	NAPP	430.73	3.02	417.73	-	-	319.91	-	137.79	-	137.79
37.	RAPP-3 &4	761.89	3.02	738.90	-	-	348.56	-	265.57	0.13	265.69
38.	RAPP-5 & 6	411.48	3.02	399.06	-	-	405.17	-	166.72	0.13	166.85
IV	**OTHER SOURCES (Central Sector)**										

Sr. No.	Source	Gross Purchase	External losses	Energy received by PSPCL	Annual Fixed Charges	PSPCL Allocation as per provisional REA of March 2018)/ Contracted Capacity	Variable Charges	Charges Paid by PSPCL			
								Fixed Charges	Variable Charges	Other Charges	Total
		MkWh	%	MkWh	Rs. Crore	%	Paisa/ Unit	Rs. Crore			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
39.	Nathpa Jhakri HEP (SJVNL)	814.36	3.02	789.79	1,368.83	11.23	117.42	96.30	95.62	0.12	192.04
40.	Rampur HEP (SJVNL)	134.88	3.02	130.81	521.71	6.63	159.51	24.23	21.51	0.43	46.17
41.	Tehri HEP (THDC)	272.70	3.02	264.47	1,316.60	8.79	256.77	68.38	70.02	0.07	138.47
42.	Koteshwer HEP (THDC)	91.03	3.02	88.28	393.33	7.45	191.50	17.00	17.43	0.02	34.45
43.	Durgapur TPS (DVC)	1,254.23	3.02	1,216.38	1,132.67	20.00	217.64	221.89	272.98	0.11	494.97
44.	Raghunathpur (DVC)	599.28	3.02	581.20	1,398.37	25.00	252.39	103.50	151.25	0.48	255.24
45.	Bokaro (DVC)	27.36	3.02	26.53	580.51	40.00	149.80	3.69	4.10	-	7.79
V	**TRADERS/IPPs (Long Term Power)**										
46.	Tala HEP (PTC)	84.96	3.02	82.39	-	-	216.00	-	18.35	-	18.35
47.	Pragati-III Gas Plant Bawana (PPCL)	230.51	3.02	223.56	1,083.03	10.00	296.03	94.43	68.24	0.09	162.76
48.	Mundra UMPP (CGPL)	3,146.19	3.02	3,051.26	-	12.50	144.42	297.79	454.36	0.20	752.35
49.	Mallana-II HEP (PTC)	304.79	3.02	295.59	167.83	100.00	272.94	86.41	83.19	21.02	190.62
50.	Sasan UMPP (RPL)	4,429.79	3.02	4,296.12	-	15.00	114.97	66.59	509.27	75.18	651.04
51.	Talwandi Sabo TPS (Sterlite)	7,822.29	-	7,822.29	-	100.00	288.37	1,193.51	2,255.71	-2.11	3,447.11
52.	TSPL UI	92.92	-	92.92	-	-	197.52	-	18.35	-	18.35
53.	NPL Rajpura TPS (L & T)	8,680.44	-	8,680.44	-	100.00	244.68	1,386.46	2,123.94	324.34	3,834.74
54.	NPL UI	-42.98	-	-42.98	-	-	173.62	-	-7.46	-	-7.46
55.	GVK	1,387.12	-	1,387.12	-	100.00	306.59	353.06	425.27	-123.50	654.83
56.	GVK UI	4.97	-	4.97	-	-	13.05	-	0.06	-	0.06
57.	SECI	72.45	3.02	70.27	-	-	591.06	-	42.82	-	42.82
58.	NVVNL Bundled Power (NTPC Thermal Power + Solar power)	296.21	3.02	287.27	-	-	476.91	-	141.27	-	141.27
VI	**Long Term NRSE Purchase within Punjab**										
59.	Solar	1,295.28	-	1,295.28	-	-	688.91	-	892.33	-	892.33
60.	Non solar	876.50	-	876.50	-	-	577.72	-	506.37	-	506.37
61.	Short Term NRSE Purchase within Punjab	-	-	-	-	-	-	-	-	-	-

Sr. No.	Source	Gross Purchase	External losses	Energy received by PSPCL	Annual Fixed Charges	PSPCL Allocation as per provisional REA of March 2018)/ Contracted Capacity	Variable Charges	Charges Paid by PSPCL			
								Fixed Charges	Variable Charges	Other Charges	Total
		MkWh	%	MkWh	Rs. Crore	%	Paisa/ Unit	Rs. Crore			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
VII	Other Charges										
62.	TRADERS (Short Term Power)	3,538.82	3.02	3,432.04	-	-	332.80	-	1,177.71	-	1,177.71
63.	OA Charges for short term power	-	-	-	-	-	-	-	-	71.78	71.78
64.	Net Banking	-1,949.21	-	-2,003.03	-	-	365.00	-	-711.46	-	-711.46
65.	OA Charges of Banking	-	-	-	-	-	-	-	-	35.10	35.10
66.	BSNL	-	-	-	-	-	-	-	-	0.02	0.02
67.	UI	-62.31	-	-62.31	-	-	-	-	83.15	-	83.15
68.	Congestion Charges	-	-	-	-	-	-	-	-	0.37	0.37
69.	Reactive Energy Charges	-	-	-	-	-	-	-	-	3.86	3.86
70.	PGCIL	-	-	-	-	-	-	1,168.39	-	-	1,168.39
71.	RRAS (NTPC) & RRAS (ER)	-	-	-	-	-	-	-	-	-17.38	-17.38
72.	Injection Charges (MPPMCL, HPSEB, UPCL)	-	-	-	-	-	-	-	-	-16.69	-16.69
73.	RECs	-	-	-	-	-	-	-	-	9.26	9.26
74.	NRPC Fee	-	-	-	-	-	-	-	-	0.07	0.07
75.	Patran Transmission Company	-	-	-	-	-	-	-	-	2.84	2.84
76.	LPS & TDS	-	-	-	-	-	-	-	-	33.35	33.35
77.	**Total Power purchase**	**43,610.34**	**-**	**42,786.91**	**-**	**-**	**244.74**	**6,263.31**	**10,673.35**	**605.98**	**17,542.65**
78.	Previous Payments made during 2017-18	-	-	-	-	-	-	-	-	-230.78	-230.78
79.	**Grand Total Power purchase (2017-18)**	**43,610.34**	**-**	**42,786.91**	**-**	**-**	**244.74**	**6,263.31**	**10,673.35**	**375.20**	**17,311.87**

With regard to the Commission’s query, PSPCL vide its Memo No. 1150/ARR/ Dy. CAO/254/Deficiency dated 31.12.2018 submitted that the other charges are towards RLDC charges, water charges, Foreign Exchange Rate Variation (FERV), Supplementary Bills etc. The details of Rs. 324.34 Crore paid to M/s NPL in FY 2017-18 include Rs. 301.44 Crore paid to M/s NPL as per Order of Hon’ble Supreme Court of India Order in CA No. 179 of 2017 dated 05.10.2018 and Rs. 22.89 Crore was paid to M/s NPL as per Contract Year Energy Incentive Payment, i.e. for Availability in a contract year in excess of 85%.

Further, with regard to the Commission's query on increase in cost of Power purchase for FY 2017-18, PSPCL vide its Memo No. 1150/ARR/ Dy. CAO/254/Deficiency dated 31.12.2018 submitted that major increase in actual cost of power purchase for FY 2017-18 is towards IPPs i.e. NPL, TSPL and GVK due to increase in coal prices as per CIL price notification dated 08.01.2018 leading to increase of around 15% in coal prices and levy of Evacuation Facility Charges of Rs. 50/Tonne as per CIL notification dated 19.12.2017.

Commission's Analysis:

2.8.2 The Commission observes that the power purchase cost of Rs. 17311.87 Crore submitted by PSPCL includes Rs. 9.26 Crore on account of purchase of RECs and previous year's adjustments of (-) 230.78 Crore and decides as under:

i) **UI/ Additional UI charges and Charges for delayed payment to UI account**: PSPCL has submitted that it has paid Rs. 29.16 Crore as additional UI charges during FY 2017-18. Further, an amount of Rs. 2.06 Crore has also been paid due to delayed payment to UI account/Regional deviation pool account fund during FY 2017-18. This is a part of the Rs. 83.15 Crore mentioned under UI charges at Sr. No. 67 on prepage. In this regard the Commission would like to emphasize that:

a) The Commission understands that during day to day operations, a utility may take some time to react to system exigency and there may be marginal over/under drawls by it. Accordingly, the Commission does allow the UI charges.

b) The Hon'ble APTEL in its Judgment dated 10.02.2015 in Appeal No. 171 of 2012 in the matter of Tata Power Delhi Distribution Ltd. Versus Delhi Electricity Regulatory Commission has also observed as under:

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

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

"...We are totally unable to accept the contention of the appellant that the appellant has taken all the necessary steps to ensure compliance with the requirements of UI Regulations, over-drawal from grid below 49.5 Hz frequency is inevitable despite efficient management of the appellant. ***These are the problems which are to be sorted out by a Discom by making efficient management, proper scheduling of power and procurement etc. What is provided under the Regulation is that the State Commission is bound to follow those Regulations, without giving any dilution or relaxation in the provisions of Act or Rules. We are unable to accept the appellant's contention that over-drawal or under-drawal depends on the scheduled generation available, since, the generation available changes constantly and further due to loss of generation the schedules are affected resulting in overdrawal by Discoms****. In view of the above discussions, we do not find any merit in the contentions of the appellant and hence, this Issue No.8 is decided against the appellant..."*

c) The Commission is of the firm view that the PSPCL needs to control its drawl, when frequency is lower. If no control is exercised by PSPCL, the purpose of the regulations to enforce discipline in the grid will be lost. The additional expenses incurred by the Utility for non-performance regarding the timely action required to stabilize the grid and Rs. 2.06 Crore on account of delayed payments to UI account/Regional deviation pool account fund cannot be passed on the consumers**.**

Thus, the Commission decides to disallow Rs. 29.16 Crore paid as additional UI charges and Rs. 2.06 Crore paid on account of delayed payments of the UI account under Central Electricity Regulatory Commission (Deviation Settlement mechanism and related matters) Regulations, 2014.

ii) **Late Payment Surcharge:** PSPCL has shown Rs. 33.35 Crore paid as Late Payment Surcharge (LPS) and TDS. PSPCL submitted that it has paid Rs. 32.81 Crore as LPS and Rs. 0.54 Crore as TDS.

The Commission observes that it has been allowing working capital to PSPCL in the Tariff Order. The revenue gap along with carrying cost, if any, is also being allowed in the Tariff Order in a timely manner without creating any regulatory asset. The basic financial principle also says that it is the responsibility of the utility to arrange funds and to make timely payments to the generators based on contracts /regulations, especially when all prudent expenses are being allowed by the Commission on regular basis. Thus, passing of delayed payment surcharge on to the consumers shall be unfair to the consumers. Moreover, by its very nature late payment surcharge is a charge for default in making timely payments and the expenditure incurred on such penal charges cannot be passed on to consumers. **Hence the Commission disallows the payment of LPS of Rs. 32.81 Crore made on account of delayed payment of power purchase bills by the utility.**

iii) **Previous year payments:** PSPCL has also considered the prior period payments of (-) 230.78 in the power purchase costs. **As per the practice followed in the past, the prior period expenses are not considered under the head Power Purchase and are dealt under Prior Period income/ expenses in para 2.22.**

iv) **Expense of Rs. 0.07 Crore shown as Northern Region Power Committee (NRPC) fee for holding meeting, is chargeable under A&G expenses being dealt under para 2.12.**

2.8.3 **Incentive /disincentive for under achievement of target/ normative parameters:**

PSPCL Submission

PSPCL has submitted that its T&D losses for FY 2017-18 works out to 13.68%, which is lower than the approved loss level of 14.25%, amounting to an over achievement of 0.57% in comparison to the target given by the Commission for the year and has claimed incentive of Rs. 147.40 Crore for the same as under:

Sr. No.	Particulars	FY 2017-18
1.	Actual Net power purchase (MkWh)	42,786.91
2.	Net Power Purchase with Normative T&D Losses of 14.25% (MkWh)	43,151.21
3.	Reduction in power purchase on account of lower T&D losses (MkWh)	364.31
4.	Average Power Purchase Rate(Rs./kWh)	4.05
5.	Incentive on account of lower T&D losses (Rs. Crore)	147.40

Commission's Analysis

The Commission observes that as discussed in para 2.3, PSPCL has under-achieved the Distribution loss level vis-à-vis the target approved by the Commission. Further, as discussed in para 2.6, under achievement of target/ normative parameters has resulted in additional power purchase of 1360.36 MkWh. And, PSPCL has purchased short term power (net) of 3432.04 MkWh at the total cost of Rs. 1249.49 Crore, part of which could have been avoided to the extent of excess input required due to under achievement of target/ normative parameters.

Further, as per Regulation 30 of PSERC Tariff Regulations, the entire loss on account of underachievement of the target set by the Commission is to be borne by the licensee. **Therefore, the Commission decides to consider 1360.36 MkWh of the short term power as excess power purchased on account of under achievement of target/ normative parameters and disallows the same at the average rate of short term power i.e. Rs. 3.64/kWh. Accordingly, a sum of Rs. 495.17 Crore is disallowed.**

2.8.4 **RPO Compliance for FY 2017-18**

The 'Input Energy Required' by PSPCL for distribution in its area of supply as now approved by the Commission in the true-up for FY 2017-18 is 52205.88 MU as per Table 2.3. As per clause 6.4 (1) of the Revised Tariff Policy dated 28.01.2016 notified by the Central Government, Hydro Power is to be excluded for Solar RPO compliance. The Hydro Power purchase/generation for FY2017-18 is 14172.45 MU. Accordingly, the input energy for RPO compliance (Solar) works out to 38033.43 MU (52205.88 MU – 14172.45 MU). The RPO compliance for FY 2017-18 is shown hereunder in Table 2.8 B.

Table 2.8 B: RPO Compliance for FY 2017-18

Sr. No.	Description		FY 2017-18	
1.	Input Energy	for Non-Solar	52205.88 MkWh	
		for Solar	38033.43 MkWh	
2.	RPO specified i. Non-Solar ii. Solar		% 4.2 % 1.8 %	MkWh 2192.65 684.60
3.	RE generation/purchase (RPO compliance) i. Non-Solar including a) short term purchase (992.24 MkWh) b) RECs (61.75 MkWh equivalent) ii. Solar including Net-Metering (44.86 MkWh)		44. 58% 3.91 %	2389.70 1485.82
4.	FY 2016-17 (True up) RPO shortfall allowed to be carried forward to FY 2017-18 in T.O. for FY 2018-19 i. Non-Solar ii. Solar		3.54%	1846.69 Surplus Solar adjusted against Non-Solar
5.	RPO balance after accounting for compliance/shortfall of previous year (3-4) i. Non-Solar ii. Solar		1.04 % 3.91 %	543.01 1485.82
6.	RE shortfall (Non-Solar) / surplus (Solar) (2-5) i. Non-Solar ii. Solar		3.16 % (-)2.11 %(Surplus)	1649.64 (-)801.22 (Surplus)

The Commission in its Order dated 16.03.2018 in petition no. 51 of 2017 filed by PSPCL had allowed the carry forward of the net short fall in Renewable Purchase Obligation (RPO) for FY 2016-17 to FY 2017-18 in respect of Non-Solar RPO after adjusting excess Solar RPO. PSPCL was directed to ensure compliance of the said carried forward shortfall along with the RPO compliance for FY 2017-18 in the year 2017-18 failing which necessary action as per Regulations would be initiated. However, in September 2018, PSPCL filed petition no. 34 of 2018 praying for carrying forward of the RPO shortfall for FY 2017-18 to FY 2018-19. The Commission in Order dated 21.12.2018 in the said petition no. 34 of 2018 noted that PSPCL has not complied with the aforementioned Order dated 16.03.2018. The Commission further observed that there was a cumulative shortfall of 1693.83 MU (Non- Solar), which if adjusted for excess Solar power after meeting the Solar RPO compliance for FY 2017-18, would work out to 931.08 MkWh. **The Commission in its Order dated 21.12.2018 allowed the adjustment of excess Solar power against shortfall of Non-Solar power and further directed PSPCL to fully comply with the RPO for FY 2018-19 (both Solar and Non-Solar) along with the shortfall of FY 2017-18 by 31.03.2019. The Commission imposed a token penalty of Rs. 100000/- (Rs. One Lakh only) on PSPCL for not complying with the aforementioned specific direction of the Commission in its Order dated 16.03.2018.**

Now in the True up for FY 2017-18, the net Non-Solar RPO shortfall after adjusting excess Solar Power works out to 848.42 MkWh (1649.64 MU – 801.22 MkWh) against 931.08 MU as brought out above. Accordingly, the Order dated 21.12.2018 in petition no. 34 of 2018 stands reviewed to that extent. PSPCL has filed a petition (06 of 2019) for correction of data of energy purchased from renewal sources by PSPCL w.e.f. FY 2011-12 to 2017-18 praying for revising the quantum of RPO shortfall from 931.08 MU to 824.962 MkWh due to facts explained in the said petition. The Commission shall decide the said petition on merits.

In the Tariff Order dated 19.04.2018 for PSPCL for FY 2018-19, the Commission in the APR for FY 2017-18 approved an amount of Rs. 1383.42 Crore for long term purchase of power from renewable energy sources as proposed in review by PSPCL against Rs. 1786.22 Crore for purchase of power from renewable energy sources provisionally approved in the previous Tariff Order dated 23.10.2017 for PSPCL for MYT control period from FY 2017-18 to FY 2019-20. In addition, in the said Order dated 19.04.2018, an amount of Rs. 90 Crore was provisionally approved for RPO compliance subject to actual at the time of true-up of FY 2017-18 as against

Rs. 326.96 Crore demanded by PSPCL. The Commission, however, allowed Rs. 48 Crore (Rs. 90 Crore – Rs. 42 Crore) only after disallowing Rs. 42 Crore. It was held as under:

"3.9.8.................. Further, PSPCL is directed to utilize Rs. 42.00 Crore for compliance of RPO, from the separate fund (Rs. 14.00 Crore each in the true-up for FY 2014-15, FY 2015-16 and FY 2016-17) already directed to be created in the true-up for FY 2014-15 under para 2.8.8 and as detailed under paras 3.8.8 & 4.9.10 in the Tariff Order dated 23.10.2017 for PSPCL for MYT Control Period from FY 2017-18 to FY 2019-20. Since the fund does not appear to have been created, the amounts set aside may be kept separately in interest bearing instrument till used.

Therefore, the Commission allows Rs.1383.42 Crore for purchase of power from renewable energy sources and Rs. 48.00 Crore (Rs. 90.00 Crore – Rs. 42.00 Crore) for RPO compliance.

The Commission notes that four micro hydel projects of PSPCL at Daudhar, Nidampur, Rohti and Thuhi (total capacity 3.9 MW) are non-functional since long. PSPCL has indicated that these 4 nos. Micro Hydel projects are not likely to be commissioned by 31.03.2018. Another 18 (2x9) MW MHP Stage-II project in Distt. Hoshiarpur has been delayed considerably and one unit (Unit-2) was commissioned on 06.06.2017 & Unit-1 was put on Trial-run on 14.02.2018, for which the COD has not been declared by PSPCL so far. However, Unit-2 commissioned on 06.06.2017, went into shutdown on 06.02.2018 due to technical fault in the machine. Unit-2 has contributed renewable energy to the tune of 34.66 MkWh during FY 2017-18. The projects which have not been commissioned, would otherwise have contributed RE energy to the tune of 55 MU (approx) during FY 2017-18. In view of this, the Commission disallows Rs. 8.00 Crore required for purchasing Non-Solar RECs in lieu of non-availability of the said energy. In view of the above, PSPCL is directed to deposit the said amount of Rs. 8.00 Crore in the separate fund already created in the true-up for FY 2014-15 under para 2.8.8 and as detailed under paras 3.8.8 & 4.9.10 in the Tariff Order dated 23.10.2017 for PSPCL for MYT control period from FY 2017-18 to FY 2019-20."

With regard to the disallowance of Rs.42 Crore, it is clarified that the Commission in the True up for FY 2014-15 and True up for FY 2015-16 in the Tariff Order dated 23.10.2017 for MYT control period from FY 2017-18 to FY 2019-20, disallowed

Rs.14.00 Crore each (Total Rs. 28 Crore) in lieu of non availability of 90 MU Renewable Energy as four Micro-Hydel Plants of PSPCL at Daudhar, Nidampur, Rohti and Thuhi (total capacity 3.9 MW) were non functional since long and another 18 (2 x 9) MW MHP Stage-II project in district Hoshiarpur had been delayed considerably. These projects, if functional, would likely to have contributed renewable energy to the tune of 90 MU annually. Further, the Commission in the True up for FY 2016-17 in the Tariff Order dated 19.04.2018 for FY 2018-19, again disallowed Rs. 14 Crore (totalling Rs. 42 Crore from FY 2014-15 to FY 2016-17) as the aforesaid projects were still non functional.

Considering the disallowance of Rs.8.00 Crore in the APR for FY 2017-18 as detailed in the quote above, **the total amount disallowed to PSPCL due to non receipt of renewable energy from the aforesaid projects works out to Rs. 50 Crore (Rs. 42 Crore + Rs.8 Crore) as tabulated below.**

(Rs. Crore)

Sr. No.	Tariff Order for the Year		Amount disallowed
1.	MYT Control Period from FY 2017-18 to FY 2019-20	a)True up of FY 2014-15 b)True up of FY 2015-16 c)Review of FY 2016-17	14 14 14
2.	FY 2018-19	a)True up of FY 2016-17 (Amount disallowed in Review of FY 2016-17 Trued up) b) Annual Performance Review (APR) of FY 2017-18	8
3.	**Total Amount disallowed**		**50**

Now in the petition for True-up for FY 2017-18 with the further clarifications provided vide memo no. 567/ARR/Dy.CAO/254/Vol.II/deficiency dated 27.03.2019 in response to the clarifications sought by the Commission vide letter dated 15.02.2019, PSPCL has claimed that an amount of Rs. 1699.51 Crore [Rs.1280.795 Crore (long term) plus Rs.418.713 Crore (short term)] has been incurred for purchase of power from renewable energy sources and Rs. 10.37 Crore including GST @12% for purchase of RECs (Non-Solar) equivalent to 61.751 MkWh in FY 2017-18 for RPO compliance.

The Commission notes that PSPCL in its ARR under Format 7 containing detailed breakup of its actual Power Purchase Cost for FY 2017-18 has shown total cost of purchase of RECs as Rs. 9.26 Crore. Accordingly, an amount of Rs.1699.51 Crore for purchase of renewable energy and Rs. 9.26 Crore for purchase of RECs (Non-Solar) is allowable. However, since neither the separate fund as directed by the Commission has been confirmed to be

created nor the amount of Rs.50 Crore confirmed to have been kept in a separate interest bearing instrument and utilized for RPO compliance, the Commission is constrained to deduct the amount of Rs. 50 Crore from the allowable amount. Thus, the Commission allows an amount of Rs. 1649.51 Crore (Rs. 1699.51 Crore – Rs. 50 Crore) for purchase of power from renewable energy sources and Rs. 9.26 Crore for RECs purchased by PSPCL for RPO compliance.

With regard to compliance of RPO shortfall, PSPCL vide aforementioned memo dated 27.03.2019 has informed that as per the decision of the Whole Time Directors in the meeting held on 18.02.2019, for Non-Solar RPO compliance upto FY 2018-19, the required Non-Solar RECs will be purchased in the first quarter of FY 2019-20. Accordingly, in FY 2019-20, an amount of Rs. 316.524 Crore for complying with the cumulative RPO shortfall upto FY 2019-20 has been proposed to be provided. **As such, the Commission notes with regret that the Order dated 21.12.2018 in petition no. 34 of 2018 has not been complied with by PSPCL despite a token penalty of Rs. One lakh levied by the Commission and deposited by PSPCL. It was held in the Order dated 21.12.2018 that in case of non compliance of RPO by 31.03.2019, further penalty would be imposed by the Commission. As the said Order has not been complied with even though PSPCL had sufficient time to do so, the Commission is constrained to levy an additional penalty of Rs. 10 lakh which shall be deposited by PSPCL forthwith in the Commission. This amount of Rs. 11 lakh is considered not allowable in the ARR of PSPCL and accordingly Rs. 1 lakh already deposited by PSPCL is disallowed in this Tariff Order (para 3.27) and Rs. 10 lakh penalty levied now shall be disallowed in the next Tariff Order.**

PSPCL is directed to comply with the Net Non-Solar RPO shortfall of 848.42 MkWh upto FY 2017-18 by the end of the first quarter of FY 2019-20 i.e. 30.06.2019 or within 60 days of the issue of this order, whichever is later.

2.8.5 Total Power Purchase Cost

In view of the above, the cost of power purchase for FY 2017-18 worked out by the Commission for True-up of FY 2017-18 is as under:

Table 2.8 C: Power Purchase Cost approved by the Commission

Sr. No.	Description	Amount (Rs. Crore)
I	II	III
1.	Power Purchase Cost (including RECs of Rs. 9.26 Crore)	17542.65
2.	Less: Additional UI charges & charges for delayed payments to UI a/c (29.16 + 2.06 =31.22)	31.22
3.	Less: NRPC Fee being an A&G expense	0.07
4.	Less: late payment surcharge paid by PSPCL	32.81
5.	Less disallowance of Short Term power Purchase on account of under-achievement of target/normative parameters (Refer Para 2.8.3)	495.17
6.	**Net Power Purchase cost**	**16983.38**
7.	Less: RPO fund*	-50.00
8.	**Total Power Purchase Cost for the Year**	**16933.38**
9.	**Per Unit Power purchase cost (Rs./kWh)**	**4.09**

Discussed under para 2.8.4

Accordingly, the Commission approves the power purchase cost (excluding intra-State Transmission and SLDC charges) of Rs. 16933.38 Crore for True-up FY 2017-18.

2.9 Capital Investment Plan (CIP) and Capital Expenditure (CAPEX) for FY 2017-18

The Commission had approved PSPCL's Capital Investment Plan (CIP) for MYT control period (FY 2017-18 to FY 2019-20) vide Order dated 11.01.2018 in Petition No. 46 of 2016 as under:

Table 2.9: PSPCL's Capital Investment Plan

Description	Approved Capital Investment Plan / Provision in MYT (Rs. Crore)			
	FY 2017-18	FY 2018-19	FY 2019-20	Total
Capital Investment Plan of PSPCL	1310.67	1303.25	966.72	3580.64

During the meetings held with PSPCL, it was pointed out by PSPCL that the approved CIP was exclusive of IDC, employee cost, A&G, depreciation etc. Also, Shahpur Kandi Power Project (SKPP) was not considered while approving the CIP, but PSPCL was advised to approach the Commission on commencement of SKPP.

The Commission observes that, PSPCL has submitted the CAPEX for FY 2017-18 as Rs. 1562.69 Crore including Rs. 275.00 Crore as IDC, employee cost, A&G, depreciation etc and Rs. 75.51 Crore for SKPP, against the approved CIP of Rs. 1310.67 Crore.

The Commission held various meeting with PSPCL authorities and after detailed deliberations decides to provisionally approve the actual CAPEX made

by PSPCL on the schemes already approved by the Commission, which comes out to approximately Rs. 1487.18 Crore. This includes about Rs. 262.00 ((275/1562.69)*1487.18) Crore as IDC, employee cost, A&G, depreciation etc. subject to the true up at end of the control period. This excludes CAPEX of Rs. 75.51 Crore claimed for Shahpur Kandi hydro power project (SKPP), which will be taken into consideration after its COD. However, the total CIP (excluding SKPP and IDC, employee cost, A&G, depreciation etc.) over the three years of the MYT Control Period of FY 2017-18 to FY 2019-20 will be limited to Rs. 3580.64 Crore.

2.10 GNDTP Bathinda

PSERC, in its Order dated 23.10.2017, allowed the expenses of GNDTP project for the period of 2017-18, 2018-19 and 2019-20 on the stated intention of the utility to keep the thermal plant as a 'stand by' option during peak requirement. The relevant extract of paragraph of the order is placed below:

> *"….5.12.9 Further, in its petition, the utility has highlighted its intention to keep the thermal plant in Bhatinda (GNDTP) as a 'stand by' option during peak requirement. Also, it is pertinent to note that no fuel cost has been claimed by the utility in this plant during the Control Period. However, R&M and A&G expenses have been claimed in GNDTP of Rs. 38.24 Crore in FY 2017-18, Rs. 38.79 Crore in FY 2018-19 and Rs.39.15 Crore in FY 2019-20. Against this, the Commission has computed allowable expenses (as discussed in Table 5.41) of Rs.37.99 Crore in FY 2019-20. The Commission permits to keep the Bhatinda plant operational as a back –up/stand by option for FY 2017-18 only and not for FY 2018-19 and FY 2019-20.*

Mawana Sugars Ltd. filed an Appeal before the Hon'ble APTEL No. 74 of 2018 inter alia challenging the allowance of fixed cost in relation to GNDTP for the period FY 2017-18 to FY 2019-20. The Hon'ble Appellate Tribunal of Electricity, New Delhi vide Order dated 08.03.2019 disposed of the said Appeal no. 74 of 2018 and Appeal no.113 of 2018, decided as under:

> *"..In view of the submission of the learned counsel for the Appellants and the Respondents and in the light of the statement made in Memo dated 28.01.2019 filed on behalf of the Appellant, Mawana Sugars Ltd., and also statement made in the Memo dated 08.03.2019 filed on behalf of second Respondent, PSPCL in Appeal No. 74 of 2018 and in terms and for the reason stated in the aforesaid memos, as stated supra, the instant two*

appeals, being Appeal No. 74 of 2018 and 113 of 2018, are hereby disposed of with the directions to the first Respondent/State Commission to reconsider the matter afresh and in the light of the statements made in the Memos dated 28.01.2019 filed by Appellant and dated 08.03.2019 filed by the second Respondent in Appeal No. 74 of 2018 and for the reason stated therein, pass an appropriate order afresh in accordance with law after affording reasonable opportunity of hearing to the Appellants, Respondents and the interested parties as expeditiously as possible.."

Accordingly, the Commission has vide Memo No. PSERC/Reg./3349-3351 dated 29.03.2019, issued notice to the concerned parties to make their submissions by the respective date(s) mentioned therein. A decision on the issue of expenses claimed by the PSPCL on account GNDTP Bhatinda will be taken after hearing all parties.

In the current petition, PSPCL has claimed the following expenses on account of GNDTP Bhatinda for true up of FY 2017-18.

Table 2.10: Allocation of Generation ARR – FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Amount
I	**II**	**III**
1.	Fuel Cost	96.15
2.	Employee Cost	172.59
3.	R&M and A&G Expenses	16.74
4.	Depreciation	539.72
5.	Interest Charges	19.99
6.	Return on Equity	77.27
7.	Interest on Working Capital	24.61
8.	**Net ARR**	**947.08**

PSPCL has claimed an impairment loss on account of GNDTP of Rs. 492.59 Crore of Gross Fixed Assets under the depreciation head for FY 2017-18. PSPCL has also claimed impairment loss of Rs. 55.49 Crore of GNDTP Bhatinda under capital work in progress (CWIP) head in Profit & Loss account for FY 2017-18.

PSPCL has run the plant and has generated 301.3 MU upto 31.12.2017 during 2017-18 and closed the plant w.e.f. 01.01.2018.

Therefore, for the time being, the Commission provisionally allows the fuel cost in para 2.7.4 and O&M expenses, depreciation, interest, ROE for FY 2017-18 as discussed in subsequent paras. The Impairment loss of Rs. 492.59 Crore on account of GFA and Rs. 55.49 Crore on account of Capital work in Progress are not being considered at this stage as the impact of the decision of the

Commission in the matter remanded by the Hon'ble APTEL vide Order dated 06.03.2019 in Appeal No. 74 of 2018 and 113 of 2018, would be considered in the subsequent Tariff Order.

2.10.1 **Capital Works in Progress and its funding**

PSPCL's Submission

PSPCL submitted addition of Gross Fixed Assets during FY 2017-18 and closing work in Progress as under:

Table 2.11: Capital Investment for FY 2017-18 as claimed

(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1.	Opening Capital work in progress	2375.28
2.	Add: Addition of Capital Expenditure during the year	1539.87
3.	Less: Transferred to fixed assets during the year	1883.73
4.	**Closing Capital Works in progress**	**2031.42**

2.10.2 PSPCL has stated it has considered funding of capital expenditure 100% through loan. PSPCL requested the Commission to approve the actual capital expenditure as submitted above.

Commission's Analysis

2.10.3 The Commission works out the provisional closing capital works in progress (31.3.2018) based on the provisionally approved capital expenditure of Rs. 1487.18 Crore as under:

Table 2.12: Capital Work in Progress for FY 2017-18 as approved by the Commission

(Rs. Crore)

Sr. No.	Particulars		Amount
I	II		III
1.	Opening Capital WIP		2375.28
2.	Add: Capital Exp. during the year		1487.18
3.	**Total**		**3862.46**
4.	Transferred to Gross Fixed Assets (A)	2845.81	
5.	Less:- Deletion of Assets (B)	962.08	
6.	Less: Transferred to fixed assets during the year (A-B)		1883.73
7.	**Closing Capital Work in Progress**		**1978.73**

The Commission allows 100% financing through long term loans after deducting funds raised through grants and Consumer Contribution Further, the Commission determines funding requirement of PSPCL for FY 2017-18 as under:

Table 2.13: Requirement of Long Term Loan as determined by the Commission for Generation and Distribution Business for FY2017-18

(Rs. Crore)

Sr. No.	Particulars	Generation	Distribution	TOTAL
I	**II**	**III**	**IV**	**V**
1.	Capital expenditure approved by the Commission	69.22	1417.96	1487.18
2.	Less: Funding through Consumer contributions	**-**	576.85	**576.85**
3.	Less: Assistance from Central Govt. sponsored schemes(loan to be converted into grant)	-	135.88	135.88
4.	**Net Requirement of Long Term Loans**	**69.22**	**705.23**	**774.45**

2.11 Employee Cost

2.11.1 In the MYT Petition for FY 2017-18 to FY 2019-20, PSPCL had projected employee expenses of Rs. 1029.97 Crore for its Generation and Rs. 4338.57 Crore for its Distribution Business for FY 2017-18. The Commission had approved employee cost of Rs. 722.01 Crore for Generation and Rs. 3966.29 Crore for Distribution Business to PSPCL for FY 2017-18.

2.11.2 In the APR for FY 2017-18, PSPCL had submitted revised estimates for employee cost of Rs. 1031.34 Crore for Generation and Rs. 4482.87 Crore for Distribution Business. The Commission approved the employee cost of Rs. 722.01 Crore for Generation and Rs. 3966.29 Crore for Distribution Business of PSPCL at the time of APR of FY 2017-18.

PSPCL's Submissions:

2.11.3 In the True Up Petition for FY 2017-18, PSPCL has submitted employee expenses of Rs. 4727.35 Crore for Generation and Distribution Businesses based on Audited Annual Accounts for FY 2017-18 (net of capitalization of Rs. 120.46 Crore). The claim is also inclusive of Rs. 246.39 Crore as PSPCL's share in BBMB.

Table 2.14: Employee Costs for FY 2017-18 as per Audited Accounts

(Rs. Crore)

Sr. No	Particulars	Total
1.	**Salaries& Allowances**	
2.	Basic Pay	980.83
3.	Overtime	15.02
4.	Dearness Allowance	1158.85
5.	Fixed Medical Allowance	20.07
6.	Conveyance Allowance	27.98
7.	Other Allowances	139.85
8.	Bonus/Generation Incentive	4.52
9.	Medical Expenses Reimbursement	15.14
10.	**Total (1 to 9)**	**2362.26**
11.	**Terminal Benefits**	
12.	Earned Leave Encashment	156.53
13.	Gratuity(including arrear)	243.49
14.	Workman's compensation	0.08
15.	**Total(12 to 14)**	**400.10**
16.	**Pension Payments**	
17.	Basic Pension	1690.33
18.	Dearness Pension	
19.	Dearness Allowance	
20.	Any other Expense	148.73
21.	**Total(17 to 20)**	**1839.06**
22.	**Total Expenses**	**4601.42**
23.	Less: Amount Capitalised	120.46
24.	**Net Amount**	**4480.96**
25.	Add: BBMB Share	246.39
26.	**Net employee's Cost**	**4727.35**

2.11.4 The Petitioner vide its office memo No.1150/ARR/Dy.CAO/254/Deficiency dated 31.12.2018 in reply to the deficiencies pointed out by the Commission vide memo No. PSERC/M&F/2247 dated 11.12.2018 submitted the following project-wise allocation of employee cost:

Table 2.15: Project wise Employee Cost- Hydro &Thermal (Generation Business) for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	17.88
UBDC	40.48
RSD	22.54
MHP	28.77
ASHP	23.00
Micro	-
BBMB	246.39
Total (Hydro) (A)	379.06
GNDTP	172.59
GGSSTP	306.18
GHTP	125.01
Total (Thermal) (B)	603.78
Total Generation (A+B)	982.84
Total Distribution	3744.52
Total Employee Cost	**4727.36**

2.11.5 The detail of employee cost claimed by PSPCL for 2017-18 is summarized in Table 2.16.

Table 2.16: Employee Cost claimed by PSPCL for FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Total
1.	Terminal Benefits	2239.16
2.	Other Employee cost	2241.80
3.	BBMB Employee cost	246.39
Total Employee Cost		**4727.36**

2.11.6 PSPCL has computed normative employee cost for FY 2017-18 as under:

(a) Actual other employee cost of Rs. 2306.23 Crore for FY 2016-17 as determined by the Commission in True-up for FY 2016-17 has been considered as base other employee Cost for FY 2017-18.

(b) Other employee cost for FY 2017-18 has been computed as Rs. 2376.20 Crore by applying escalation factor of 3.03%.

(c) Terminal benefits of Rs. 2239.16 Crore and Share of BBMB employee cost of Rs. 246.39 Crore has been considered on actual basis.

Accordingly, the normative employee cost has been derived as Rs. 4871.75 Crore for FY 2017-18

2.11.7 The Petitioner submits that the normative Employee Cost for FY 2017-18, is higher than actual audited Employee Cost for FY 2017-18, as seen from the Tables above. Although PSPCL is eligible for higher Employee Cost as per PSERC MYT Regulations, 2014, as amended from time to time, PSPCL claims the actual Employee Costs of Rs. 4727.35 Crore for FY 2017-18 for the purpose of True-up.The Petitioner prayed the Commission to allow actual employee cost on the basis of Audited Annual accounts.

Commission's Analysis:

Terminal benefits

2.11.8 The Terminal benefits expenses are to be determined as per Regulation-26 of PSERC MYT Regulations, 2014 (as amended from time to time). Relevant notes of Regulation 26 of MYT Regulations, 2014 are reproduced below for reference:

"Note-4: Terminal Liabilities such as death-cum-retirement gratuity, pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of pensioners will be approved as per the

actuals paid by the Applicant.

****

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

Accordingly, the Commission allows terminal benefits of Rs. 2239.16 Crore for Generation and Distribution Business of PSPCL for FY 2017-18.

Other Employee Cost

2.11.9 The baselines values of O&M expenses for the control period are to be determined as per Regulation 8(1) of PSERC MYT Regulations, 2014 which states as under:

"8.1 Baseline values

a) The baseline values for the control period shall be determined by Commission and the projections for the control period shall be based on these figures

b) The baseline values shall be inter-alia based on figures approved by the Commission in the past, latest audited accounts, estimates of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Commission."

2.11.10 The Commission, in its MYT Order dated 23.10.2017, has considered actual amount of employee cost of FY 2015-16 as the base for deriving the allowable amount for the Control Period due to the non-availability of Audited Accounts of FY 2016-17. The Commission in its Order recorded as under:

"5.10.4; The Commission has considered actual amount of employee cost of FY 2015-16 from the Audited Annual Accounts of FY 2015-16 as base for deriving the allowable amount of employee cost for the Control Period.

Further, while considering the petition of PSPCL for APR of FY 2017-18, the Commission in its Order dated 19.04.2018 decided as under:

"3.10.4; The Commission in the MYT Order dated 23.10.2017,approved total employee cost of Rs. 4688.30 Crore for FY 2017-18 and Rs. 4845.39 Crore for FY 2018-19, based on Regulation 26 of PSERC MYT Regulations. PSPCL has not explained reasons for its excess claim of employee cost, in accordance with concerned PSERC Regulation(s).

2.11.11 Hon'ble APTEL in its judgment dated 30.03.2015 in Review Petition No. 5 of 2015 in

Appeal No. 174 of 2012 regarding employee cost of PSPCL held that "actual costs need to be considered",

2.11.12 The Commission examined the actual other employee cost of PSPCL for the previous years i.e. from FY 2011-12 to FY 2017-18 based on the Annual Audited Accounts and the same is shown in Table 2.17:

Table 2.17: Other Employee Cost from FY 2011-12 to FY 2017-18

(Rs. Crore)

Sr. No.	Financial Year	Gross other employee cost	Employee cost capitalized	Net other employee cost	Allowed by the Commission
I	**II**	**III**	**IV**	**V**	**VI**
1.	2011-12	2490.20	108.41	2381.79	2381.79
2.	2012-13	2496.46	111.23	2385.23	2385.23
3.	2013-14	2484.26	132.36	2351.90	2351.90
4.	2014-15	2407.99	149.76	2258.23	2258.23
5.	2015-16	2477.92	121.48	2356.44	2356.44
6.	2016-17	2445.29	139.06	2306.23	2306.23
7.	**2017-18**	**2362.26**	**120.46**	**2241.80**	

2.11.13 The Commission observed that the other employee cost for FY 2017-18 after capitalisation is less by Rs. 64.43 (2306.23-2241.80) Crore as compared to FY 2016-17. Similarly, the other employee cost of FY 2016-17 after capitalisation is also less by Rs. 50.21 (2356.44 – 2306.23) Crore as compared to FY 2015-16. In view of the above, the Commission decides that it will be appropriate to take the actual expenditure for FY 2017-18 as the baseline value for 'Other Employee Cost' for FY 2017-18 and for subsequent years.

2.11.14 Accordingly, the Commission approves 'Other Employee Cost' for FY 2017-18 as Rs. 2241.80 Crore for Generation and Distribution Business after deducting the capitalization of Rs. 120.46 Crore. BBMB expenses (Rs. 246.39 Crore) claimed by PSPCL have not been considered here and have been allowed separately in this Tariff Order.

The Commission, therefore, approves the employee cost of Rs. 4480.96 Crore for FY 2017-18. The Commission further apportioned the employee cost to Generation and Distribution Business based on the allocation statement submitted by PSCPL vide its office memo No.1150/ARR/Dy.CAO/254/Deficiency dated 31.12.2018. The allocation statement is discussed in Table 2.18 and 2.19.

Table 2.18: Employee cost approved by the Commission for FY 2017-18

(Rs. Crore)

Particulars	Amount
Terminal Benefits	2239.16
Other Employee Cost	2241.80
Total Employee Cost	**4480.96**
Allocated to Generation	736.45
Allocated to Distribution	3744.51

Table 2.19: Project wise Employee Cost- Hydro & Thermal (Generation Business) approved by the Commission for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	17.88
UBDC	40.48
RSD	22.54
MHP	28.77
ASHP	23.00
Micro	-
Total (Hydro)(A)	**132.67**
GNDTP	172.59
GGSSTP	306.18
GHTP	125.01
Total (Thermal)(B)	**603.78**
Total Generation(A+B)	**736.45**
Total Distribution	**3744.51**

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

2.12.1 In the MYT Petition for FY 2017-18 to FY 2019-20, PSPCL had projected Repair & Maintenance (R&M) and Administrative & General (A&G) Expenses of Rs. 224.49 Crore for its Generation and Rs. 466.59 Crore for its Distribution Business for FY 2017-18. The Commission had approved R&M and A&G expenses of Rs. 133.56 Crore for Generation and Rs. 425.12 Crore for Distribution Business to PSPCL for FY 2017-18.

2.12.2 In the APR for FY 2017-18, PSPCL had submitted revised estimates R&M and A&G expenses of Rs. 223.86 Crore for Generation and had claimed Rs. 448.52 Crore for Distribution Business. The Commission approved the revised R&M and A&G expenses of Rs. 133.56 Crore for Generation and Rs. 425.12 Crore for Distribution Business of PSPCL at the time of APR of FY 2017-18.

PSPCL's Submissions:

2.12.3 In the True up Petition for FY 2017-18, PSPCL has submitted actual R&M and A&G

expenses of Rs. 187.80 Crore for Generation and Rs. 290.40 Crore for Distribution Business which includes R&M and A&G expenses of Rs. 49.27 Crore of BBMB. Charges payable to GoP on account of power from RSD of Rs. 12.00 Crore has been claimed separately. The detail of R&M and A&G expenses claimed by PSPCL is as under.

Table: 2.20: Actual R&M and A&G expenses as claimed by PSPCL for FY 2017- 18

(Rs. Crore)

Particulars	Generation	Distribution	Total
R&M Expenses	163.35	155.49	318.84
A&G Expenses	24.45	134.91	159.37
Total R&M and A&G Expenses	**187.80**	**290.40**	**478.21**

2.12.4 PSPCL has submitted that Regulation 26(1)(i) of the PSPCL Tariff Regulations (First Amendment), 2016 specifies that R&M and A&G expenses have been linked to K factor and WPI index. The Tariff Regulations specify the following formula for R&M and A&G Expenses:

"R&Mn and A&Gn=K*GFA*(WPIn/WPI(n-1))

***Where**,*

K' is a constant (expressed in %) governing the relationship between R&M and A&G expenses and Gross Fixed Assets (GFA) for the nth year. The value of "K" will be specified by the Commission in the MYT order.

'GFA' is the average value of the Gross Fixed Assets of the nth year.

'WPIn' means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the nth year. "

2.12.5 PSPCL has computed the normative R&M and A&G Expenses for FY 2017-18 in the following Table 2.21:

Table 2.21: Normative R&M and A&G expenses as computed by PSPCL for FY 2017-18

(Rs. Crore)

Particulars	Generation	Distribution	Total
Opening GFA	24,172.94	25,421.17	49,594.11
Closing GFA	24,527.81	26,950.04	51,477.84
Average GFA	24,350.37	26,185.61	50,535.98
K factor	0.86%	1.55%	
Escalation factor	2.92%	2.92%	
R&M and A&G Expenses	**215.53**	**417.73**	**633.25**
Add: Audit Fee	-	0.31	0.31
Add: License fees and fees for determination of tariff	-	13.70	13.70
Total R&M and A&G Expenses	**215.53**	**431.74**	**647.26**

2.12.6 The PSPCL vide its office memo No. 1150/ARR/Dy.CAO/254/Deficiency dated 31.12.2018 in a reply to the deficiencies pointed out by the Commission vide memo no. PSERC/M&F/2247 dated 11.12.2018 submitted the following project-wise allocation of R&M and A&G Expenses based on annual audited accounts:

Table 2.22: Project wise R&M and A&G Expenses as claimed by PSPCL – Hydro & Thermal (Generation Business) for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	1.97
UBDC	3.90
RSD	2.97
MHP	3.02
ASHP	2.29
Micro	-
BBMB	49.27
Total (Hydro)(A)	**63.42**
GNDTP	16.74
GGSSTP	59.04
GHTP	48.59
Total (Thermal)(B)	**124.37**
Total Generation(A+B)	**187.79**
Total Distribution	**290.40**
Total R&M and A&G Expenses	**478.19**

2.12.7 PSPCL submitted that it has been undertaking pro-active repair & maintenance of assets of generation and distribution function. It is further submitted that upkeep of the generation, sub-transmission and distribution equipment is pre-requisite to reasonable availability, reliability and quality of supply & consumer service. For the purpose of True-up, PSPCL claimed R&M and A&G Expenses as per actual based on audited accounts (net of capitalisation of Rs. 3.67 Crore for R&M expenses and Rs. 22.80 Crore for A&G expenses). R&M and A&G Expenses are lower than normative R&M and A&G Expenses for FY 2017-18.

Commission's Analysis:

2.12.8 The baselines values of O&M expenses for the control period are to be determined as per Regulation 8(1) of PSERC MYT Regulations, 2014 which states as under:

"8.1 Baseline values

c) The baseline values for the control period shall be determined by Commission and the projections for the control period shall be based on these figures

d) The baseline values shall be inter-alia based on figures approved by the

Commission in the past, latest audited accounts, estimates of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Commission."

2.12.9 The Commission, in its MYT Order dated 23.10.2017, calculated Repair and Maintenance expenses as per Regulation 26 of PSERC MYT Regulations, 2014. The Commission in its Order recorded as under:

"5.12.1 Actual figures of GFA, R&M and A&G expenses have been taken from Audited Annual Accounts for FY 2015-16 for computation of "K factor" for FY 2015-16 as baseline and for calculation of allowable expenses for Control Period for Generation and Distribution Business."

The Commission has already considered the addition of Gross Fixed Assets as Rs. 1883.73 Crore of FY 2017-18 in Capital Investment.

The Commission examined actual R&M and A&G expense of previous years based on Audited Annual Accounts, which is as under:

Table 2.23: Actual R&M and A&G expense of previous years i.e. from FY 2011-12 to FY 2017-18.

(Rs. Crore)

Financial Year	Actual R&M & A&G Expenses including BBMB	Expenses capitalized	Net R&M and A&G Expenses including BBMB	Allowed by the Commission
2011-12	441.69	23.90	417.79	417.79
2012-13	495.64	23.86	471.78	465.52
2013-14	609.32	31.84	577.48	518.16
2014-15	613.78	25.41	588.37	539.51
2015-16	597.26	24.32	572.94	523.01
2016-17	574.87	34.97	539.90	534.82
2017-18	504.67	26.48	478.19	

2.12.10 The Commission notes that normative R&M and A&G expenses based on FY 2016-17 are higher than actual expenses of FY 2017-18. The Commission has taken into account the actual R&M and A&G expense for FY 2017-18 as baseline for computing the expense for subsequent years. Claim for BBMB expenses (Rs. 49.27 Crore) have been considered separately. While validating the fuel expenses, the Commission observes that expenses of Rs. 2.02 Crore relating to R&M expenses are booked wrongly in fuel cost in GGSSTP Ropar. The Commission observes in para 2.8.2(c)(iv) of this chapter that expenses of Rs 0.07 Crore relating to Northern Region Power Committee (NRPC) fee is chargeable under A&G expenses. PSPCL paid Rs. 13.70 Crore for licence fees and Rs. 0.24 Crore as Audit fees during FY 2017-18. PSPCL also claimed Rs. 0.10 Crore for donations which has not been considered.

The Commission determines the baseline values of R&M and A&G expenses for FY 2017-18 as under:

Table 2.24: Baseline values of R&M and A&G expenses approved by the Commission

(Rs. Crore)

Particulars	Generation	Distribution
R&M and A&G expense as claimed	187.79	290.40
Add: NRPC fees		0.07
Less: Expenses of BBMB	49.27	
Less: Audit Fee		0.24
Less: License fee &ARR fee		13.70
Less:-Donation		0.10
Add: R&M expenses shifted from fuel cost of GGSSTP	2.02	
Base line Value of R&M and A&G	**140.54**	**276.43**

2.12.11 In addition to Rs. 276.43 Crore, the Commission allows license fee and audit fee as per actual. Accordingly, the Commission allows R&M and A&G expenses Rs. 290.37 Crore for FY 2017-18 for distribution business as under:

Table 2.25: R&M and A&G Expenses allowed by the Commission for Distribution Business for FY 2017-18

(Rs. Crore)

Particulars	Amount
Base line Value of R&M and A&G	276.43
Add: License & ARR fee	13.70
Add: Audit fee	0.24
R&M and A&G expenses for Distribution	**290.37**

2.12.12 The Commission has further allocated the R&M and A&G expenses as per allocation statement submitted by PSPCL vide its office memo No.1150/ARR/Dy.CAO/254/ Deficiency dated 31.12.2018 as mentioned in the Table No. 2.26.

2.12.13 Rs. 12.00 Crore as claimed for maintenance charges of RSD is approved.

Table 2.26: Project wise R&M and A&G Expenses – Hydro & Thermal (Generation and Distribution) allowed by the Commission for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	1.97
UBDC	3.90
RSD	2.97
MHP	3.02
ASHP	2.29
Micro	-
Total (Hydro) (A)	14.15
GNDTP	16.74
GGSSTP	61.06
GHTP	48.59
Total (Thermal) (B)	126.39
Total Generation (A+B)	140.54
Total Distribution	290.37
Total R&M and A&G Expenses	**430.91**

The Commission approves Rs. 140.54 Crore for Generation Business and Rs. 276.43 Crore for Distribution Business as baseline value for FY 2017-18 and for subsequent years.

Thus, the Commission approves R&M and A&G Expenses of Rs. 140.54 Crore for Generation and Rs. 290.37 Crore for Distribution Business for FY 2017-18.

Calculation of K-factor for FY 2018-19 and FY 2019-20 (excluding GNDTP)

Table 2.27: Calculation of K factor for R&M and A&G expenses determined by the Commission

(Rs. Crore)

Sr. No.	Particulars	Generation	Distribution	Total
I	II	III	IV	V
1.	Opening GFA of FY 2017-18	19993.72	25,421.17	45414.89
2.	Closing GFA of FY 2017-18	20332.14	26,950.04	47282.18
3.	Average GFA	20162.93	26,185.61	46348.54
4.	Base line Value of R&M and A&G	123.80*	276.43	
5.	**K factor**	**0.61%**	**1.055%**	

**excluding the R&M and A&G expenses of GNDTP.*

2.13 PSPCL's share in BBMB

2.13.1 PSPCL has claimed O&M expenses on account of BBMB share of Rs. 258.23 Crore in MYT Petition for FY 2017-18 .The Commission had approved Rs. 258.23 Crore O&M expense of BBMB in Generation Business for FY 2017-18 vide its Tariff Order dated 23.10.2017.

2.13.2 In the APR for FY 2017-18, PSPCL had submitted O&M expenses on account of BBMB share Rs. 258.23 Crore for Generation Business for FY 2017-18 and the same was approved FY 2017-18.

2.13.3 PSPCL, in the true-up for FY 2017-18, has claimed O&M expense (Employee cost Rs. 246.39 Crore + R&M and A&G expenses Rs. 49.27 Crore) on account of its share in BBMB amounting to Rs. 295.66 Crore for Generation Business as pass through subject to determination /true-up of BBMB expenses for FY 2017-18 by Central Electricity Regulatory Commission.

The Commission approves O&M expenses of PSPCL's share in BBMB as Rs. 295.66 Crore for Generation Business for FY 2017-18 subject to True up by CERC.

2.14 Depreciation Charges

2.14.1 In the ARR Petition for MYT control Period, PSPCL had projected depreciation charges of Rs. 587.45 Crore and Rs. 988.19 Crore for Generation and Distribution Business respectively for FY 2017-18. The Commission in its Order dated 23.10.2017 had approved Rs. 458.75 Crore and Rs. 770.07 Crore as depreciation charges for Generation and Distribution Business respectively.

2.14.2 PSPCL in APR Petition for 2017-18 claimed depreciation charges of Rs. 608.34 Crore and Rs. 988.96 Crore for Generation and Distribution Business respectively. The Commission in its Order dated 19.04.2018 allowed same depreciation as was allowed in Tariff Order dated 23.10.2017.

PSPCL's Submissions:

2.14.3 PSPCL has claimed the depreciation for FY 2017-18 of Rs. 1655.47 Crore based on Audited Annual Accounts. Petitioner further submitted that the Board of Directors of PSPCL had approved the significant accounting policies as per Ind AS compliant for Annual Accounts of PSPCL for FY 2016-17 & onwards. Accordingly, impairment loss of GNDTP Bathinda of Rs. 492.59 Crore has been recognised in FY 2017-18. This impairment loss has been considered based on the remaining depreciated value of the assets on permanent closure of the plant. PSPCL has claimed impairment loss for GNDTP for FY 2017-18 along with depreciation as under:

Table 2.28: Depreciation for FY 2017-18 as claimed by PSPCL

(Rs. Crore)

Sr. No.	Particulars	Generation	Distribution	Total
I	**II**	**III**	**IV**	**V**
1.	Opening GFA	24172.94	25421.17	49432.66
2.	Addition of GFA	390.69	2455.12	2838.74
3.	Retirement/deletion of GFA	35.82	926.25	962.08
4.	Net addition of Assets	354.87	1528.87	1883.74
5.	Closing GFA	24527.81	26950.04	51309.32
6.	Depreciation	**364.94**	**797.94**	**1,162.88***
7.	Depreciation for GNDTP (Impairment loss)	492.59	-	492.59
8.	**Total Depreciation**	**857.53**	**797.94**	**1,655.47**

**Depreciation is net of capitalisation of Rs. 1.37 Crore.*

Table No: 2.29: Project wise Depreciation claimed by PSPCL for Hydro & Thermal (Generation Business) for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	3.20
UBDC	7.79
RSD	146.22
MHP	-10.65
ASHP	1.50
Micro	0.10
BBMB	10.50
Total (Hydro) (A)	**158.66**
GNDTP	539.72
GGSS	19.46
GHTP	139.68
Total (Thermal) (B)	**698.86**
Total Generation (A+B)	**857.53**

PSPCL requested approval for depreciation of Rs. 857.53 Crore and Rs. 797.94 Crore for Generation and Distribution Business for FY 2017-18.

PSPCL vide memo no 471/ARR/DY.CAO/254- deficiency Vol.II dated 13.03.2019 in response to the Commission's Memo No. 2984/PSERC/Dir/M&F/294/Vol-III dated 21.02.2019 submitted that negative depreciation in the MHP generating unit was wrongly claimed due to misclassification in accounts head incurred inadvertently where as it is actually Rs. 6.67 Crore.

Commission's Analysis:

2.14.4 The depreciation has been determined as per Regulation 21 of PSERC MYT Regulation, 2014 (as amended from time to time).

2.14.5 The Commission in para no. 2.10 regarding GNDTP Bhatinda has provisionally disallowed the impairment loss of Rs. 492.59 Crore due to closure of GNDTP Bathinda plant. Normal depreciation of FY 2017-18 on account of GNDTP is allowed provisionally.

2.14.6 Two units of GGSSTP Ropar were also closed by PSPCL with effect from 01.01.2018 and no impairment loss has been claimed. The Commission provisionally approves the depreciation of GGSSTP as claimed. In the next petition, PSPCL will submit details of depreciation up to the closure of the units.

2.14.7 Further, the Commission noted the submission of PSPCL on account of incorrect negative depreciation of MHP generating plant and allows the correct depreciation.

Accordingly, the Commission approves the project wise depreciation for Generation Business and depreciation for Distribution Business as per Table 2.30 and 2.31.

Table 2.30: Depreciation approved by the Commission for FY 2017-18

(Rs. Crore)

Particulars	Generation	Distribution	Total
Opening GFA	24172.94	25421.17	49594.11
Addition of GFA(net of disposal/ retirement of assets)	354.87	1528.86	1883.73
Closing GFA	24527.80	26950.04	51477.84
Depreciation	**382.50**	**797.94**	**1180.44**

Table 2.31: Project wise Depreciation approved for Hydro & Thermal (Generation Business) for FY 2017-18.

(Rs. Crore)

Projects	Amount
Shanan	3.20
UBDC	7.79
RSD	146.22
MHP	6.68
ASHP	1.50
Micro	0.10
BBMB	10.50
Total (Hydro) (A)	**175.99**
GNDTP	47.37
GGSSTP	19.46
GHTP	139.68
Total (Thermal) (B)	**206.51**
Total Generation (A+B)	**382.50**

2.15 Interest and Finance Charges

2.15.1 In the MYT Petition for FY 2017-18 to FY 2019-20, PSPCL had claimed Interest & Finance charges of Rs. 79.12 Crore for its Generation Business and Rs. 3462.61 Crore for its Distribution Business for FY 2017-18. The Commission had approved Interest & Finance charges of Rs. 55.14 Crore for Generation and Rs. 800.60 Crore for Distribution Business to PSPCL for FY 2017-18.

2.15.2 In the APR for FY 2017-18, PSPCL had submitted revised estimates of Interest & Finance Charges of Rs. 62.21 Crore for Generation Business and Rs. 3104.88 Crore for Distribution Business. The Commission approved the same interest & finance charges (Rs. 55.14 Crore for Generation and Rs. 800 Crore for Distribution Business) as were approved in Order dated 23.10.2017. Further, interest on GPF, interest on consumer security deposits, finance charges and interest capitalization previously allowed by the Commission were maintained.

PSPCL's Submission

2.15.3 PSPCL has submitted the actual Interest and finance charges of Rs. 2886.47 Crore for FY 2017-18 for the purpose of True-up. PSPCL has to raise long term loans from various financial institutions to finance its capital works. For the purpose of True-up, PSPCL has claimed the actual Interest and Finance Charges for FY 2017-18 based on audited annual accounts, as shown in the following Table 2.32:

Table 2.32: Interest and Finance Charges as claimed by PSPCL for FY 2017-18

(Rs. Crore)

Particulars	Amount
Non SLR Bonds	32.53
REC Limited	463.65
Commercial Banks	254.09
Interest to consumers	116.24
PFC Limited	0.07
GPF	113.13
CSS Loans	45.02
Working Capital Loan	646.28
Others	9.21
TOTAL	1,680.22
Add: State Government loan	1,306.95
Total	2,987.17
Less: Interest capitalised	126.70
Add: Finance Charges	26.00
Total Interest and Finance charges	**2,886.47**

2.15.4 PSPCL submitted that Commission has limited the interest on working capital loans on normative basis. PSPCL has been under severe financial strain and the actual interest on working capital loans is higher. The working capital loans have been taken by the company to fund its deficit in the financials, which have been disallowed earlier, for funding the delayed payments from the consumers. PSPCL requests to allow actual Interest on Working capital for FY 2017-18.

The Commission vide letter no. PSERC/M&F/2247 dated 11.12.2018 required PSPCL to explain the reason for excess borrowing. PSPCL in its reply vide memo no 1150/ARR/ Dy.CAO /254/Deficiency dated 31.12.2018 submitted that annual plan for FY 2017-18 was fixed at Rs. 2401.28 Crore and for funding this annual plan, capex loan of Rs. 1656.56 Crore has been raised. The excess borrowings was in view of the annual plan of Rs. 2401.28 approved by PSPCL and its working capital requirement.

Commission's Analysis:

2.15.5 The actual long term loan addition submitted by PSPCL for FY 2017-18 is Rs. 1656.56 Crore which cannot be considered as the Commission has provisionally allowed capital expenditure of Rs. 1487.18 Crore for FY 2017-18. The Commission allowed 100% financing through loans after deducting funds raised through grants and Consumer Contribution The requirement of loan is determined at Table 2.13 of para 2.10.3 of this chapter and reproduced below:

Table 2.33: Requirement of Long Term Loan as determined by the Commission for Generation and Distribution Business for FY 2017-18

(Rs. Crore)

Particulars	Generation	Distribution	Total
Capital expenditure approved by the Commission	69.22	1417.96	1487.18
Less: Funding through Consumer contributions	-	576.85	576.85
Less: Assistance from Central Govt. sponsored schemes (loan to be converted into grant)	-	135.88	135.88
Net Requirement of Long Term Loans	**69.22**	**705.23**	**774.45**

Further, interest on GPF Liability is discussed separately.

The Commission determines the opening and closing balances of Loans (other than working capital Loans) along with actual weighted average interest for Generation Business and Distribution business for FY 2017-18 as shown in Table 2.34 and Table 2.35:

Table 2.34: Project wise Loan details of Hydro & Thermal Plants (Generation Business) for FY 2017-18

(Rs. Crore)

Projects	Opening Loan	Loan Additions	Loan Repayment	Closing Balance	Interest on Loan
Shanan	0.00	26.76	0.00	26.76	1.28
UBDC	0.54	2.50	0.54	2.50	0.15
RSD	137.59	2.13	0.00	139.72	16.94
MHP	13.95	24.62	2.56	36.01	3.05
ASHP	0.00	1.87	0.00	1.87	0.09
Micro	0.00	0.00	0.00	0.00	0.00
BBMB	137.45	0.00	30.78	106.67	11.72
Total (Hydro) (A)	**289.53**	**57.88**	**33.88**	**313.53**	**33.23**
GNDTP	92.23	0.00	88.54	3.69	5.19
GGSSTP	83.50	10.58	16.07	78.01	9.59
GHTP	51.35	0.75	51.35	0.75	1.43
Total (Thermal) (B)	**227.08**	**11.33**	**155.96**	**82.45**	**16.21**
Total Generation (A+B)	**516.61**	**69.21**	**189.84**	**395.98**	**49.44**

Table 2.35: Interest on Loan (Other than WCL and GoP Loans) approved for Generation and Distribution Business by the Commission for FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Generation	Distribution
I	**II**	**III**	**IV**
1.	Opening Loan	516.61	8460.20
2.	Loan addition during the year	69.22	705.23
3.	Repayment during the year	189.84	777.11
4.	Closing Loan	395.99	8388.32
5.	Average Loan	456.30	8424.26
6.	**Weighted average rate of Interest**	**10.84%**	**9.60%**
7.	**Interest on Loan**	**49.44**	**808.74**

2.15.6 **Interest on GPF**

PSPCL has claimed interest on GPF liability (GPF loan as on 1.4.2017 was Rs. 1542.61 Crore and Rs. 1363.80 Crore on 31.3.2018) in its distribution Business, amounting to Rs. 113.13 Crore (weighted average rate of interest 7.75%)as per annual audited accounts for FY 2017-18. **Interest of Rs. 113.13 Crore on GPF Fund being statutory payment is allowed as claimed by PSPCL for FY 2017-18.**

2.15.7 **Interest on Consumer Security Deposit**

In the True up of FY 2017-18, PSPCL has claimed Rs. 116.24 Crore towards interest on consumer security deposit on the basis of Audited Annual Accounts for FY 2017-18. **The Commission allows the interest of Rs. 116.24 Crore on consumer security deposit.**

2.15.8 **Capitalization of Interest Charges**

In the True up Petition of FY 2017-18, PSPCL has claimed Rs. 126.70 Crore towards capitalization of interest charges based on Audited Annual Accounts for FY 2017-18. **The Commission approves capitalization of interest of Rs. 126.70 Crore for FY 2017-18.**

2.16 Finance Charges

PSPCL's Submission

2.16.1 PSPCL has claimed finance charge of Rs. 26.00 Crore which includes guarantee fees, based on Audited Annual Accounts for FY 2017-18.

Commission's Analysis

2.16.2 PSPCL claims finance charges on loan requirement of Rs. 1656.56 Crore whereas the Commission determines the loan requirement of Rs. 774.45 Crore. **Accordingly,**

the Commission approves proportionate finance charges as Rs. 12.15 (26.00*774.45/1656.56) Crore for FY 2017-18.

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

Table 2.36: Interest and Finance charges for Distribution Business for FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Amount
I	**II**	**III**
1.	Interest on Loan (Distribution) as per Table 2.35	808.74
2.	Add: Interest on GPF	113.13
3.	Add: Finance Charges	12.15
4.	Less: Capitalization of Interest charges	126.70
5.	Sub Total	807.32
6.	Add: Interest on Consumer security deposits	116.24
7.	**Interest & Finance charges (Distribution)**	**923.56**

Accordingly the Commission approves Interest & Finance charges of Rs. 923.56 Crore for Distribution and Rs. 49.44 Crore for Generation Business for FY 2017-18.

2.17 Interest on Working Capital

2.17.1 In the Tariff Order for FY 2017-18, the Commission approved interest of Rs. 103.43 Crore and Rs. 208.26 Crore on working capital loan of Generation and Distribution Business respectively. In the Review of FY 2017-18, the Commission approved interest of Rs. 102.38 Crore and Rs. 204.30 Crore on working capital loan of Generation and Distribution Business respectively. In the True Up Petition of FY 2017-18, PSPCL has claimed Rs. 143.74 Crore for Generation business and Rs. 646.28 Crore for Distribution Business as interest on working capital borrowings for FY 2017-18.

2.17.2 The Working Capital & Interest rate on Working Capital has been determined as per Regulation 25 of PSERC MYT Regulations, 2014 (as amended from time to time). The project wise details of working capital requirement and allowable interest thereon are depicted in the following Tables:

Table 2.37: Working Capital and interest thereon for Thermal (Generation Business) allowed by the Commission for FY 2017-18

(Rs. Crore)

Particulars	FY 2017-18			
	GNDTP	GGSSTP	GHTP	Total
Maintenance Charges @ 15% of O&M	28.40	55.09	26.04	109.53
Fuel Cost for 2 months	16.11	109.78	149.19	275.08
O&M Exp for 1 month	15.78	30.60	14.47	60.85
Receivables for 2 months	71.29	193.59	222.90	487.78
Total Working Capital	**131.58**	**389.06**	**412.58**	**933.23**
Interest on Working Capital	**12.32**	**36.42**	**38.62**	**87.36**

Table 2.38: Working Capital and interest thereon for Hydro (Generation Business) allowed by the Commission for FY 2017-18.

(Rs. Crore)

Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
Maintenance Charges @ 15% of O&M	2.98	6.66	3.83	4,77	3.79	-	-	22.03
O&M Exp for 1 month	1.65	3.70	2.13	2.65	2.11	-	-	12.24
Receivables for 2 months	4.59	11.83	59.75	10.32	6.70	0.10	55.72	149.01
Total Working Capital	**9.22**	**22.19**	**65.71**	**17.74**	**12.60**	**0.10**	**55.72**	**183.28**
Interest on Working Capital	**0.86**	**2.09**	**6.15**	**1.66**	**1.18**	**0.01**	**5.21**	**17.16**

Table 2.39: Working Capital and interest thereon for Distribution allowed by the Commission for FY 2017-18

(Rs. Crore)

Particulars	Amount
Maintenance Charges @ 15% of O&M exp.	605.22
O&M Exp for 1 month	336.24
Receivables for 2 months	3935.58
Sub-Total	**4877.04**
Less: Consumer Security Deposit	2983.37
Total Working Capital	**1893.67**
Interest on Working Capital@9.36%	**177.25**

Accordingly, the Commission approves Interest on Working Capital of Rs. 104.52 (87.36+17.16) Crore for FY 2017-18 for Generation Business and Rs. 177.25 Crore for FY 2017-18 for Distribution Business.

2.18 Return on Equity

2.18.1 In the ARR and Tariff Petition for FY 2017-18, PSPCL claimed the Return on Equity of Rs. 942.62 Crore on base equity of Rs. 6081.43 Crore against which the Commission had approved RoE of Rs. 942.62 Crore to PSPCL.

2.18.2 In the Review of FY 2017-18, PSPCL had claimed Rs. 942.62 Crore as RoE for FY 2017-18, against which the Commission approved RoE of Rs. 942.62 Crore.

2.18.3 In the True Up Petition for FY 2017-18, PSPCL has claimed RoE of Rs. 942.62 Crore @ 15.5% on Govt. equity holding of Rs. 6081.43 Crore.

In accordance with the Regulation 20 of PSERC MYT Regulations, 2014 (as amended from time to time), the Commission allows RoE of Rs. 942.62 Crore @15.5% on the equity of Rs. 6081.43 Crore for FY 2017-18.

However, the Commission has apportioned the RoE to different projects based on the respective Gross Fixed Assets (GFA) of the project. Accordingly, the return on equity is approved as under:

Table 2.40: Project wise ROE allowed by the Commission for Generation and Distribution Business for FY 2017-18

(Rs. Crore)

Projects	Amount
Shanan	2.36
UBDC	16.60
RSD	151.65
MHP	18.76
ASHP	12.14
Micro	0.50
BBMB	11.20
Total (Hydro) (A)	**213.21**
GNDTP	76.86
GGSSTP	70.16
GHTP	88.89
Total (Thermal) (B)	**235.91**
Total Generation (A)+(B)	**449.12**
Distribution	**493.50**

2.19 Other Debits and Extraordinary Items

PSPCL's Submission

PSPCL has submitted that 'Other Debits' are items which arise on account of retrospective changes in material cost variances, bad & doubtful debts written off, miscellaneous losses and write off etc. PSPCL has recorded 'other debits' of Rs. 29.39 Crore in the Audited Annual Accounts of FY 2017-18, details of which are shown in Table 2.41.

Table 2.41: Other Debits claimed by PSPCL as per Audited Annual Accounts of FY 2017-18

(Rs. Crore)

Particulars	Amount
Bad & doubtful debts written off	0.17
Provision for Bad & doubtful debts	23.31
Total	**23.48**
Miscellaneous losses and write offs	5.90
Loss on sale of Assets- Plant & Machinery	0.01
Total	**29.39**

Commission's Analysis:

Other Debits of Rs. 29.39 Crore claimed by PSPCL primarily include bad and doubtful debts written off, miscellaneous losses and write off etc. Regulation 49 of PSERC MYT Regulations, 2014 related to 'Bad & Doubtful Debts' states that the Commission may allow a provision for bad debts upto 1% of receivables in the revenue requirement of the generating company / licensee.

The Commission allows other debits and extraordinary items of Rs. 29.39 Crore for FY 2017-18.

2.20 Impairment Loss

2.20.1 PSPCL has recognized impairment loss in compliance to the decision dated 20.12.2017 of Cabinet, Govt. of Punjab, to close GNDTP, Bathinda and two units of GGSSTP Ropar with effect from 01.01.2018. Accordingly, management has impaired the relevant assets of GNDTP, Bathinda. However in case of GGSSTP Ropar, there is no impairment by PSPCL. In addition, the amount outstanding under SYL projects the capital works in progress has also been impaired as the work stopped due to interstate water dispute between the States of Punjab and Haryana. The detail of amount of impairment losses as shown in the annual audited accounts for FY 2017-18 is as under:

Table 2.42: Impairment loss

(Rs. Crore)

Particulars	Amount
Fixed Assets(P&M)- GNDTP Bathinda	492.59
Capital work in Progress(CWIP)	
GNDTP Bathinda	55.49
SYL- Civil works	40.03
SYL- P&M	56.22
Sub Total	151.74
Total	**644.33**

Commission's Analysis

The Commission has issued notices to the concerned parties (Mawana Sugars Ltd. and Northern India Textiles Mills Associations) to file their submissions / application in view of the Hon'ble APTEL Order dated 08.03.2019 in Appeal No. 74 of 2018 and Appeal No. 113 of 2018. The decision on the issue of impairment loss claimed by the PSPCL on account GNDTP Bhatinda will be decided after hearing both parties. The impact of the Order will be considered in the next Tariff Order after issue of the said Order.

The impairment loss of Rs. 96.25 Crore of capital work in progress of SYL project where the work was stopped more than 30 years ago, much before the restructuring of PSEB and cannot be passed on to consumers of Punjab State now.

Therefore, the Commission disallows impairment loss of SYL of Rs. 96.25 Crore. Further the impairment loss of GNDTP of Rs. 548.08 (492.59+55.49) Crore will be decided later on

2.21 Non- tariff Income

2.21.1 In the ARR and Tariff Petition for FY 2017-18, PSPCL projected Non-Tariff Income of Rs. 617.70 Crore against which the Commission had approved Rs. 858.52 Crore. In the Review of FY 2017-18, PSPCL revised the Non-Tariff Income to Rs. 788.52 Crore for FY 2017-18 against which the Commission had approved Rs. 1049.43 Crore for FY 2017-18.

PSPCL's Submission

2.21.2 In the True-Up Petition for FY 2017-18, PSPCL has submitted Non-Tariff Income of Rs. 653.76 Crore details of which are given in Table 2.43.

Table 2.43: Non-Tariff Income for FY 2017-18 as claimed by PSPCL

(Rs. Crore)

Sr. No.	Particulars	Amount
I	II	III
1.	Meter/service rent	95.38
2.	Late Payment Surcharge	271.27
3.	Misc. Receipts	596.25
4.	Misc. Charges (except PLEC)	9.08
5.	Wheeling charges	11.72
6.	Interest on staff loans & advance	54.04
7.	Income from trading	6.10
8.	Income staff welfare activities	0.06
9.	Excess found on Physical verification	2.91
10.	Income from Investments, call deposit& bank balances	7.88
11.	Financial Assistance received under National Training Programme for imparting training	3.94
12.	Gain on sale of asset	1.59
13.	**Total income**	**1060.22**
14.	BBMB income	4.04
15.	**Total non-tariff income**	**1064.26**
16.	Less: late payment surcharge	271.27
17.	Less: Rebate for timely Payment of Power Purchase	139.23
18.	**Net Non-tariff income**	**653.76**

2.21.3 PSPCL requested the Commission not to consider the amount against the Late Payment Surcharge as a part of the Non-Tariff Income for the purpose of truing-up for FY 2017-18. Further, PSPCL submitted 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 for and the same is not allowed in the revenue requirements. However, when the consumer pays the late payment surcharge for the delay in the payment, instead of the same being available to set off the costs incurred by PSPCL, the late payment surcharge is included in the non-tariff income to reduce the revenue requirements. There is no compensation to the PSPCL on account of interest accrued on delayed payments against bills issued to the consumer. Accordingly, considering the Late Payment Surcharge as Non-Tariff/ Other Income adversely impacts the cash flow position of the PSPCL. Also, the surcharge for late payment for power purchase is being disallowed by the Commission. On the same analogy, the rebate for timely payment of power purchase should not be considered in the Non-tariff income.

2.21.4 PSPCL requested that the Late Payment Surcharge of Rs. 271.27 Crore and rebate of Rs. 139.23 Crore for timely payment of power purchase may not be considered in Non-Tariff Income and accordingly Non-Tariff Income may be approved.

2.21.5 PSPCL vide memo no. 594/ARR/Dy.CAO/254/Vol-II dated 2.04.2019 intimated that the Government of Punjab granted Rs. 141.81 Crore by taking over 5% loss of FY 2016-17 under UDAY Scheme. PSPCL requested that this amount may not be considered as Non- Tariff Income.

Commission's Analysis:

2.21.6 The Commission observes that receipts on account of Late Payment Surcharge are to be treated as Non-Tariff Income as per Regulation 28 of PSERC MYT Regulations, 2014. Moreover, interest on working capital is allowed to the utility on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on normative basis.

2.21.7 In view of PSPCL's letter dated 02.04.2019 mentioned in para no. 2.21.5, the Commission notes that Rs. 141.81 Crore received from GoP to compensate the loss of FY 2016-17 under UDAY scheme cannot be considered as Non-Tariff Income. Accordingly, the Commission determines the Non-Tariff Income as under:

Table 2.44: Non-Tariff Income approved by the Commission in for FY 2017-18

(Rs. Crore)

Particulars	Amount
Net Non-tariff Income claimed	653.76
Add: Late Payment Surcharge	271.27
Add: Rebate for timely payment of power purchase	139.23
Less: Loss compensation by GoP under on UDAY Scheme	141.81
Non-Tariff Income approved by the Commission	**922.45**

The Commission accordingly approved Non-Tariff Income of Rs. 922.45 Crore for FY 2017-18 in Distribution Business.

2.22 Prior Period Income/Expenditure

2.22.1 In response to the Commission's query, PSPCL submitted the break-up of previous year payments of Rs. 230.78 Crore made during FY 2017-18 as shown under:

Table 2.45: Previous Years payments claimed by PSPCL for FY 2017-18

(Rs. Crore)

Particulars	Amount
PGCIL	65.65
TSPL	16.01
Mallana (HEP),	(-) 29.04
GVK	(-)7.92
CGPL,	52.76
Sasan	(-)1.22
CGS & others	(-)327.02
Total	**(-) 230.78**

2.22.2 PSPCL submitted that these previous year adjustments/payments in respect of CGSs and PGCIL are on account of revised bills on the basis of various CERC Orders. These also include payments to Mallana-II as per the Commission's Order dated 20.12.16 and 08.08.2017, previous year payments to TSPL as per Order of Hon'ble Supreme Court in Civil Appeal No. 10525-26 of 2017 and payments to GVK has been made due to revision of bills of FY 2017-18 on account of road transportation, testing charges, liaison and handling charges. Also, payments towards CGPL have been made on account of Change in Law.

Accordingly, the Commission allows Rs. 230.78 Crore as prior period income for FY 2017-18.

2.23 Transmission & SLDC Charges payable to PSTCL

2.23.1 The Commission, in its Tariff Order of PSTCL of FY 2019-20, determined Annual Revenue Requirement of FY 2017-18 as Rs. 1174.99 Crore as the Transmission &

SLDC charges payable by PSPCL for FY 2017-18.

Accordingly, Rs. 1174.99 Crore is being included in the true-up of PSPCL for FY 2017-18 as Transmission & SLDC charges.

2.24 Aggregate Revenue Requirement of Generation Projects(Hydro and Thermal) for FY 2017-18

A summary of project wise Aggregate Revenue Requirement (ARR) of Generation Business of PSPCL (consisting of Hydro and Thermal Plants/Projects) for FY 2017-18 has been given from Table 2.46 to 2.47.

Table 2.46: ARR for Thermal Plants (Generation Business) for FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Amount			
		GNDTP	GGSSTP	GHTP	Total
I	II	III	IV	V	VI
1.	Fuel Cost	96.67	658.68	895.16	1650.51
2.	Employee Cost	172.59	306.18	125.01	603.78
3.	R&M and A&G Expenses	16.74	61.06	48.59	126.39
4.	Depreciation	47.37	19.46	139.68	206.51
5.	Interest Charges	5.19	9.59	1.43	16.21
6.	Return on Equity	76.86	70.16	88.89	235.91
7.	Interest on Working Capital	12.32	36.42	38.62	87.36
8.	**Revenue Requirement**	**427.74**	**1161.55**	**1337.38**	**2926.67**

Table 2.47: APR for Hydro Plants (Generation Business) for FY 2017-18

(Rs. Crore)

Sr. No.	Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	Employee Cost	17.88	40.48	22.54	28.77	23.00	-	-	132.67
2.	R&M and A&G Expenses	1.97	3.90	2.97	3.02	2.29	-	-	14.15
3.	BBMB O&M Expenses	-	-	-	-	-	-	295.66	295.66
4.	Depreciation	3.20	7.79	146.22	6.68	1.50	0.10	10.50	175.99
5.	Interest Charges	1.28	0.15	16.94	3.05	0.09	-	11.72	33.23
6.	Return on Equity	2.36	16.60	151.65	18.76	12.14	0.50	11.20	213.21
7.	Interest on Working Capital	0.86	2.09	6.15	1.66	1.18	0.01	5.21	17.16
8.	Maint. Charges payable to GoP for RSD	-	-	12.00	-	-	-	-	12.00
9.	**Revenue requirement**	**27.55**	**71.01**	**358.47**	**61.94**	**40.20**	**0.61**	**334.29**	**894.07**

Table 2.48: Total ARR for Generation Business for FY2017-18

(Rs. Crore)

Projects	Amount
GNDTP	427.74
GGSSTP	1161.55
GHTP	1337.38
Total Thermal (A)	2926.67
Total Hydro (B)	894.07
Total Generation (A) + (B)	**3820.74**

2.25 DSM Fund

PSPCL claimed Rs. 10 Crore on account of DSM fund but has not incurred any expenditure on this account during FY 2017-18, hence the same is disallowed.

2.26 Revenue from sale of power

2.26.1 In the True-Up Petition for FY 2017-18, PSPCL has submitted revenue from sale of power at Rs. 28566.32 Crore (including FCA) being actual as per Audited Accounts.

2.26.2 The Commission approves the revenue from sale of power as Rs. 28778.92 Crore for FY 2017-18 as under:

Table 2.49: Revenue from Sale of Power for FY 2017-18

(Rs. Crore)

Sr. No.	Description	Actual as per Audited Annual Accounts		As approved by the Commission	
		Energy Sale (MU)	Revenue (Rs. Crore)	Energy Sale (MU)	Revenue (Rs. Crore)
I	II	III	IV	V	VI
1.	Domestic	13770.77	7718.39	13321.29	7920.06
2.	Non Residential Supply	3898.34	2637.69	2883.46	2511.36
3.	Public Lighting	218.93	155.55	175.03	140.37
4.	Small Power Ind.	1052.09	724.56	800.37	550.72
5.	Medium Supply Ind.	2278.11	1417.98	2086.98	1351.11
6.	Large Supply Ind.	12965.14	8677.15	13468.72	9262.05
7.	Bulk Supply	717.31	466.51	645.10	439.16
8.	Railway Traction	217.14	157.32	236.63	174.75
9.	Grid Supply	-	2.39		
10.	**Sub Total**	**35117.83**	**21955.15**	**33617.58**	**22349.58**
11.	Agricultural Supply	12256.64	6292.98	11849.96	6084.17
12.	**Total Sale within State**	**47374.47**	**28248.13**	**45467.54**	**28433.75**
13.	Common Pool	305.71	140.96	305.71	140.96
14.	Outside State	1218.68	460.09	1218.68	460.09
15.	**Total Sales**		**28851.57**	**46991.93**	**29034.80**
16.	Surcharges/Rebates	-	- 8.43		-366.21
17.	SOP recognised by PSERC	-	-276.82		
18.	Short assessment/ Net Unbilled/ Theft			447.53	110.33
19.	**Grand Total**	**48898.87**	**28566.32**	**47439.46**	**28778.92**

2.27 Impact of Carrying Cost for FY 2010-11 and FY 2011-12

2.27.1 PSPCL's Submission

PSPCL submitted that the Commission has decided that an amount of Rs. 312.48 Crore is recoverable from Govt. of Punjab as carrying cost on account of delay in finalization of the opening balance sheet. Principal Secretary/Power, GoP vide memo. No. dated 11/31/20156-PE(2)/436 dated 27.02.2017 intimated that the delay on account of finalization of opening balance sheet was attributable to non-completion of audit of accounts of erstwhile PSEB upto 16.04.2010. Accordingly, PSPCL is claiming the amount of Rs. 312.48 Crore as impact of carrying cost.

2.27.2 Commission's Analysis

The Commission is of the view that the cost of the delay in finalization of opening balance sheet cannot be burdened onto the consumers of State of Punjab and the same is disallowed.

2.28 Carrying Cost on Revenue Gap

2.28.1 True up of FY 2017-18

The Commission has determined a Surplus of Rs. 1546.52 Crore in True up of FY 2017-18 in Table 2.50. Accordingly, the Commission calculates carrying cost as recoverable on the revenue surplus of Rs. 1546.52 Crore for six months of FY 2017-18, full year of FY 2018-19 and for six months of FY 2019-20 @9.36% as Rs. 289.51 Crore.

2.29 Revenue Requirement for FY 2017-18

A final summary of Net Revenue Requirement of Distribution Business of PSPCL for FY 2017-18 has been given in Table 2.50.

Table 2.50: Net revenue Requirement of Distribution Business of PSPCL for FY 2017-18

(Rs. Crore)

Sr. No.	Items of Expenses	Proposed by PSPCL in the Review	Approved by the Commission in Review	Claimed by PSPCL in True-Up	Finally approved by the Commission
I	II	III	IV	V	VI
1.	Cost of power purchase	17001.58	16791.36	17311.87	16933.38
2.	Employee Cost	4482.87	3966.29	3744.52	3744.51
3.	R &M and A&G expenses	448.52	425.12	290.40	290.37
4.	Depreciation	988.96	770.07	797.94	797.94
5.	Interest & Finance charges	3104.88	1359.09	2640.10	1100.81
6.	Return on Equity	364.72	496.94	496.94	493.50
7.	Cost of Generation	4257.77	3943.31	4847.15	3820.74
8.	Transmission & SLDC charges	1234.87	1240.06	1465.57	1174.99
9.	Provision for DSM	10.00	10.00	10.00	0.00
10.	Other Debits	-	-	29.39	29.39
11.	Prior Period Expense(Income)	-	20.80	-	-230.78
12.	Incentive on Loss reduction	-	-	147.40	0.00
13.	**Total Revenue Requirement**	**31894.17**	**29023.04**	**31781.28**	**28154.85**
14.	Less: Non-Tariff Income	788.51	1049.43	653.76	922.45
15.	**Net Revenue Requirement**	**31105.66**	**27973.61**	**31127.52**	**27232.40**
16.	Revenue from existing tariff	29549.72	29297.53	28566.32	**28778.92**
17.	**Gap: Surplus(+)/ Deficit(-) for FY 2016-17**	**(-)1555.94**	**(+) 1323.92**	**(-)2561.20**	**(+)1546.52**
18.	Gap: Surplus(+)/ Deficit(-) upto FY 2016-17 (as per table 3.14 of Tariff Order dated 23.10.2017)			(-)2252.13	(-)2252.13
19.	Carrying Cost on FY 2016-17 Gap (as per table 5.66 of Tariff Order dated 23.10.2017)			(-)254.18	(-)465.13*
20.	Impact of Carrying cost of FY 2010-11 and FY 2011-12			(-)312.48	-
21.	Carrying cost on surplus during the year			(-)144.53	289.51
22.	**Gap Surplus (+)/Deficit (-) upto FY 2017-18**			**(-)5524.52**	**-881.23**

** As per para 3.25 of Tariff Order for FY 2018-19.*

2.30 Subsidy payable by GoP for FY 2017-18

PSPCL in its True-Up Petition has claimed subsidy of Rs. 8288.35 Crore for FY 2017-18 based on the Audited Annual Accounts of FY 2017-18. The Commission has worked out the category wise subsidy payable by GoP for FY 2017-18 as under:

Table 2.51: Subsidy payable by GoP for different Categories for FY 2017-18

(Rs. Crore)

Sr. No.	Category	Allowed by the Commission
1.	AP Consumption (including FCA)	6084.17
2.	Scheduled Caste (SC) / Domestic Supply (DS) free power	1233.91
3.	Non-SC/BPL DS consumers	76.91
4.	Backward class DS consumer free power	102.72
5.	Small Power (concessional tariff @ Rs.499 paise per unit)	103.95
6.	Supply to Dairy Farming, Fish Farming (exclusive), Goat Farming and Pig Farming.	1.05
7.	Medium Supply Consumers	52.54
8.	LS supply consumers	425.35
9.	**Total**	**8080.60**

Interest on delayed payment of subsidy: The GoP has paid Rs. 6577.57 Crore subsidy to PSPCL during FY 2017-18 in staggered instalments. There is a shortfall of Rs. 2918.67 Crore subsidy paid by GoP till 1st April.2017. The Commission observed that there was delay in payment of subsidy to PSPCL in FY 2017-18. With a view to compensate PSPCL on this account, the Commission levies interest on the delayed payment of subsidy @9.36% (effective rate of interest on working capital loan) which works out to Rs. 463.85 Crore.

Accordingly, the subsidy payable for FY 2017-18, inclusive of interest on delayed payment of subsidy, has been determined by the Commission at Rs.11463.12 (2918.67+8080.60+463.85) Crore against which GoP had paid subsidy of Rs. 6577.57 Crore. As such, there is shortfall subsidy of Rs. 4885.55 (11463.12-6577.57) Crore ending FY 2017-18. This has been carried forward to para 3.32.

Chapter 3
Annual Performance Review of FY 2018-19 and Revised Estimates for FY 2019-20

3.1 Background

PSPCL, in its petition for Annual Performance Review (APR) of FY 2018-19 and Revised Estimates (RE) for FY 2019-20, has submitted the energy demand/ requirement viz-a-viz availability, expenses/income of its generation & distribution businesses and the resultant gap; based on actual figures of H1 of FY 2018-19, estimated performance for the H2 of FY 2018-19 and revised estimates for FY 2019-20. The Commission has analyzed the same in this Chapter.

3.2 Energy Demand (Sales)

3.2.1 Metered Energy Sales

A. Metered Energy Sales within the State

PSPCL's submissions:

PSPCL submitted that, actual figures of energy sales has been considered for H1 of FY 2018-19 and energy sales for H2 of FY 2018-19 has been estimated by applying 3-Year half yearly (H2) CAGR on actual sales of H2 of FY 2017-18. Further, energy sales for FY 2019-20 have been projected by applying 3-Year CAGR on estimated sales for FY 2018-19. The CAGRs considered by PSPCL are as under:

Table 3.1 A: CAGR of Energy Sales

Sr. No.	Consumer Category	3 Yr CAGR	3 Yr Half Yearly (H2) CAGR
I	II	III	IV
1.	Domestic	6.24%	3.77%
2.	Non Residential	6.08%	4.07%
3.	Small Power Ind.	4.78%	5.85%
4.	Medium Supply Ind.	4.29%	3.46%
5.	Large Supply Ind.	5.32%	6.65%
6.	Street Lighting	6.10%	9.87%
7.	Bulk Supply	3.91%	3.28%
8.	Railway Traction	12.51%	14.08%

Commission's Analysis:

i) Metered Energy Sales within the State for FY 2018-19

In the Petition, PSPCL has submitted 37073.01 MkWh of metered energy sales within State comprising of 19652.08 and 17420.93 MkWh respectively for H1 and H2 of FY 2018-19. However, as discussed in detail under para 2.2.1, in response to the Commission's observation that the metered sales figures submitted by PSPCL did not match with the assessed revenue shown in the petition, PSPCL vide its letter No 578/ARR/Dy.CAO/254/Deficiency/Vol.-II, dated 28.03.2019 furnished the revised/ corrected information for H1 of FY 2018-19 in kWh, including adjustments for inflated/adjusted bills.

Commission observes that PSPCL vide its letter dated 28.03.2019 has revised the sale figures for Medium Supply to 698.61 MkWh (in place of earlier figure of 1197.06 MkWh). In addition, the sales figures for Public lighting and Railway Traction have been increased. Further, PSPCL in its petition had estimated the sales for H2 of FY 2018-19 by applying the 3 year H2 CAGR on sale figures of H2 of FY 2017-18. But, in the absence of the break-up of actual sales for H1 and H2 for the revised/corrected sales data submitted by PSPCL for FY 2017-18, it is not possible to re-work the correct estimates of sales for H2 of FY 2018-19 at this stage. Thus, for the purpose of review of FY 2018-19, the Commission decides to consider provisionally the sales data for H2 of FY 2018-19 as submitted by PSPCL in its Petition. The Commission shall re-examine the same at the time for True-up of FY 2018-19. Accordingly, the sales worked out by the Commission for review of FY 2018-19 are as under:

Table 3.1 B: Metered energy sales within State for FY 2018-19

(MkWh)

Sr. No	Category	Submitted for APR by PSPCL in petition	Sales for H1 of FY 2018-19		Sales for H2 of FY 2018-19 Submitted for APR by PSPCL in petition	Estimated Sales for review	*Approved by the Commission for review
			Submitted for APR by PSPCL in petition	Revised vide PSPCL's letter dated 28.03.2019			
I	II	III	IV	V	VI	VII=V+VI	VIII
1.	Domestic	14161.49	8036.86	7608.85	6124.63	13733.48	13733
2.	Non Residential	4027.04	2254.26	1949.92	1772.78	3722.70	3723
3.	Small Supply Ind.	1077.14	522.27	460.65	554.87	1015.52	1016
4.	Medium Supply Ind.	2382.51	1197.06	698.61	1185.45	1884.06	1884
5.	Large Supply Ind.	14221.00	7064.25	6680.22	7156.74	13836.96	13837
6.	Street Lighting	238.47	101.61	118.65	136.86	255.51	255
7.	Bulk Supply	732.12	366.46	345.73	365.66	711.39	711
8.	Railway Traction	233.25	109.31	115.88	123.94	239.82	240
9.	Adjusted Units	included in above	included in above	167.64	included in above	167.64	168
10.	**Total**	**37073.01**	**19652.08**	**18146.15**	**17420.93**	**35567.08**	**35567**

**Rounded off*

Thus, the Commission approves metered energy sales within State as 35567 MkWh for review of FY 2018-19.

ii) Metered Energy Sales within State for FY 2019-20

PSPCL in its Petition has submitted 39184.76 MkWh as metered energy sales within the state for FY 2019-20. The Commission re-estimates the same by applying the category wise 3 year CAGR (Table 3.1A) on the Metered Energy Sales approved by the Commission for FY 2018-19.

The projected metered energy sales within the State approved by the Commission in the MYT Order, Revised Estimates (RE) submitted by PSPCL in the petition and approved by the Commission are as under:

Table 3.1 C: Metered Energy Sales within State for FY 2019-20

(MkWh)

Sr. No.	Category	Projections approved by the Commission in MYT Order	RE submitted by PSPCL	*Approved by the Commission
I	II	III	IV	VII
1.	Domestic	16908.72	15045.50	14590
2.	Non-Residential	4891.33	4271.81	3949
3.	Small Power Ind.	1041.64	1128.64	1065
4.	Medium Supply Ind.	2538.28	2484.70	1965
5.	Large Supply Ind.	12510.18	14977.93	14573
6.	Public Lighting	314.80	253.02	271
7.	Bulk Supply	822.21	760.74	739
8.	Railway Traction	214.46	262.42	270
9.	**Total**	**39241.62**	**39184.76**	**37422**

**Rounded off*

Accordingly, the Commission approves the revised estimates of metered sales within the State as 37422 MkWh for FY 2019-20.

B. Common Pool/Outside State Sales

PSPCL has projected sales to common pool consumers for FY 2018-19 and FY 2019-20 as 305.40 MkWh and 309.30 MkWh respectively. Outside State Sale has been projected as 1822.94 MkWh for FY 2018-19 and NIL for FY 2019-20. With regards to the Commission's query, PSPCL submitted that it has not shown the Royalty to HP from Shanan and Share from RSD to HP/J&K in sales as the same has been reduced from the net Hydel generation.

The Commission decides to accept the figures for Common Pool sales submitted by PSPCL for FY 2018-19 and FY 2019-20. The Commission also accepts the figures for outside State Sales submitted by PSPCL for FY 2018-19. However, in view of PSPCL being surplus in energy and seeing its record of outside State Sales in FY 2017-18 and FY 2018-19 (H1), the

Commission feels it prudent to consider outside State Sales for FY 2019-20 as 900 MkWh i.e. at about 50% of the figures of outside State Sales for FY 2018-19.

3.2.2 **AP Consumption**

Against the estimated AP consumption of 12124.20 MkWh for FY 2018-19 approved by the Commission in Tariff Order for FY 2018-19. PSPCL has submitted the AP consumption of 11762.92 MkWh for review of FY 2018-19 and revised estimates of 12508.52 MkWh for FY 2019-20.

PSPCL's submissions:

PSPCL, reiterated its submissions regarding the assessment of AP consumption of Kandi Area mixed feeders as contained in the true up of FY 2017-18 and submitted that, the same has been estimated on the following basis:

i) For H1 of FY 2018-19, PSPCL has considered actual AP consumption based on pumped energy methodology. PSPCL observes that, AP consumption in H1 of FY 2018-19 is lower compared to H1 of FY 2017-18, because of delay in paddy season and better water level. And, for next six months (H2 of FY 2018-19), AP consumption has been estimated by applying CAGR of 6.35%.

ii) For FY 2019-20, AP consumption has been projected by applying 3 Year CAGR of 6.34% on estimated energy sale for FY 2018-19.

Further, PSPCL vide Memo No. 1150/APR/Dy.CAO/254/Deficiency dated 31.12.2018 submitted the revised AP pumped energy of 9264.54 MkWh for H1 of FY 2018-19 including 545.42 MkWh of energy pumped from Kandi Area mixed feeders.

Commission's Analysis:

A. AP consumption for FY 2018-19

Submissions made by PSPCL in respect of AP consumption of Kandi Area mixed feeders has been already discussed under para 2.2.2 of this Tariff Order. Also, issues of submission of AMR data, losses on AP feeders and unmetered AP loads running on urban feeders has been deliberated under the same para.

Thus, assessment of AP consumption for H1 of FY 2018-19 has been made on the same pattern as adopted in the chapter 2 of this Tariff Order, on the basis of pumped energy data supplied by PSPCL. For estimation of consumption for H2 of FY 2019-20, the average of percentages of AP consumption in H2 to H1 during previous 3 years has been taken into consideration. Accordingly, estimated AP consumption for review of FY 2018-19 has been worked as under:

Table 3.2 A: AP Consumption for FY 2018-19

Sr. No.	Description	MkWh
I	II	III
1.	**Energy pumped during H1 of FY 2018-19**	
	i) 3-phase 3-wire AP feeders	8711.98
	ii) 3-phase 4-wire AP feeders	[a]1.49
	iii) Kandi Area mixed feeders feeding AP load	[b]362.95
	iv) Kandi Area pure AP feeders	5.82
	Total	9082.24
2.	Less losses @10.11%[c] (85% of 11.89)	[c]918.23
3.	Net AP consumption for H1 of FY 2018-19	8164.19
4.	AP consumption for load of 60.058 [d] MW running on Urban Feeders [not included above] {(3)x60.058/(9732.305-60.058)[d]}	[d]50.69
5.	**Total AP consumption for H1 of FY 2o18-19**	8214.88
6.	**Estimated AP consumption for H2 of FY 2018-19** @35.25% of H1	[e]2895.75
7.	**Total AP consumption for FY 2018-19**	11110.63 Say 11111

a. *Calculated by multiplying the number of 3-phase 4-wire AP feeders for each month with AP consumption per feeder for that month of 3-phase 3-wire AP feeders.*

b. *Calculated by considering the AP load on Kandi area mixed feeders feeding mixed load, as 30%.*

c. *The loss @10.11% (11 kV and below) for FY 2018-19 has been worked out as per the distribution loss target of 11.89%% fixed in the Tariff Order for FY 2018-19.*

d. *AP load running on urban feeders has been considered same as of 2017-18 i.e. 60.058 MW and AP consumption for the same has been calculated on the basis of per MW consumption of unmetered AP load.*

e. *35.25% is average of the percentages of AP consumption during the H2 to the H1 during previous 3 years.*

B. AP consumption for FY 2019-20

The AP consumption for the previous 5 years (from FY 2012-13 to FY 2017-18), determined by the Commission in various Tariff Orders is summed up as under:

AP Consumption (MkWh)	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**
	9886.00	9190.93	9629.86	10793.71	11545.96	11849.96
5 year CAGR	**3.69%** (FY 2012-13 to FY 2017-18)					

From the above Table, it is seen that there is no fixed pattern of variation in AP consumption from year to year. As such, the Commission decides to estimate the consumption for FY 2019-20 by applying the 5 year CAGR of 3.69% on revised AP consumption of FY 2018-19. Accordingly, the revised estimate of AP consumption worked out by the Commission for FY 2019-20 is as under:

Table 3.2 B: AP Consumption for FY 2019-20

(MkWh)

RE Submitted by PSPCL for FY 2019-20	AP Consumption worked out by the Commission for review of FY 2018-19	RE for FY 2019-20 worked out as per 5 Yrs CAGR (3.69%)
I	II	III
12508.52	11111	11521

Thus, the Commission approves the AP Consumption of 11111 MkWh for review of FY 2018-19 and 11521 MkWh as revised estimate for FY 2019-20. The Commission shall re-assess the same at the time of true up of respective years based on the actual figures available and after considering the efforts/physical progress made by PSPCL regarding the compliance of various directives given by the Commission.

3.2.3 Total Energy Sales

The metered energy sales within State, AP Consumption, Common Pool and Outside State Sales projected by PSPCL in APR/RE Petition and revised by the Commission for FY 2018-19 and FY 2019-20 are as under:

Table 3.2 C: Total Energy Sales

(MkWh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20	
		Submitted by PSPCL for APR	*Approved by the Commission	RE submitted by PSPCL	*Approved by the Commission
I	II	III	IV	V	VI
1.	Metered sales within State	37073.01	35567	39184.76	37422
2.	AP consumption	11762.92	11111	12508.52	11521
3.	**Total sales within State**	**48835.93**	**46678**	**51693.28**	**48943**
4.	Common pool sale	305.40	305	309.30	309
5.	Outside State sale	1822.94	1823	-	900
6.	**Total**	**50964.27**	**48806**	**52002.58**	**50152**

* *Rounded off*

3.3 Transmission & Distribution Losses and Energy Requirement

3.3.1 Transmission & Distribution Losses

PSPCL's Submissions:

PSPCL submitted that, for the purpose of APR for FY 2018-19 and Revised estimates for FY 2019-20, it has projected T&D Losses same as approved by Commission in MYT Order i.e. 14.00% for FY 2018-19 and 13.75% for FY 2019-20. Further, the Commission is approving T&D loss target collectively for PSPCL and PSTCL and has considered Transmission Losses of 2.5% in the MYT Order. Subsequently, the Commission had reduced Transmission losses for FY 2018-19 to 2.40% and accordingly revised distribution loss target to 11.89%. However, the actual transmission losses are much higher than approved level of 2.5%. PSPCL submitted that this additional burden of transmission losses is being taken to PSPCL, which has an adverse impact on PSPCL's technical and financial performance. PSPCL requested the Commission to set separate target of transmission and distribution losses for both the companies PSTCL and PSPCL for FY 2019-20 as well.

Commission's Analysis:

i) In the Tariff Order for FY 2017-18 the Commission had accepted the T&D loss trajectory as projected by PSPCL for MYT Control Period as 14.00% and 13.75% for FY 2018-19 and FY 2019-20 respectively**.** However, on the request of PSPCL to set separate target of losses for PSTCL and PSPCL, the Commission in the Tariff Order for FY 2018-19 approved the target of 11.89% for distribution losses. The Commission decides to retain the same for review of FY 2018-19.

ii) The issue of intra-State transmission losses for FY 2018-19 and FY 2019-20 has been discussed under para 3.3 of T.O. for PSTCL wherein the Commission has decided to consider the intra-State transmission losses for FY 2018-19 and FY 2019-20 at 2.50%. Accordingly the Commission has worked out distribution loss target of 11.54% for FY 2019-20.

3.3.2 Energy Requirement

The energy requirement for FY 2018-19 and FY 2019-20 approved by the Commission in the MYT Order, revised by the Commission for FY 2018-19 in the Tariff Order for FY 2018-19 and submitted by PSPCL in APR/RE is as under:

Table 3.3 A: Energy Requirement submitted by PSPCL

(MkWh)

Sr. No.	Particulars		FY 2018-19			FY 2019-20	
			Projections approved by the Commission in MYT Order	Revised by the Commission in TO of FY 2018-19	Submitted by PSPCL for APR	Projections approved by the Commission in MYT Order	RE submitted by PSPCL
I	II		III	IV	V	VI	VII
1.	**Sales within the State**		**49204.54**	**49092.80**	**48835.93**	**51591.82**	**51693.28**
2.	Distribution Losses	**%**	*14.00	11.89	*14.00	*13.75	*13.75
		MkWh	8010.00	6624.83	7950.04	8225.00	8240.96
3.	**Energy required at Dist. periphery for sales within the State**			55717.63			
4.	Transmission Losses	**%**	Included in 2 above	2.40	Included in 2 above	Included in 2 above	Included in 2 above
		MkWh		1370.11			
5.	**Energy required at State periphery for sales within the State**		**57214.54**	**57087.74**	**56785.97**	**59816.82**	**59934.24**
6.	Sales to Common pool consumers		341.64	341.64	305.40	333.72	309.30
7.	Outside State Sales		52.66	126.18	1822.94	52.66	0.00
8.	**Total requirement at State periphery**		**57608.84**	**57555.56**	**58914.30**	**60203.20**	**60243.54**

**Including Transmission losses*

3.3.3 The energy requirement for FY 2018-19 and FY 2019-20 worked out by the Commission, is as under:

Table 3.3 B: Energy Requirement approved by the Commission

(MkWh)

Sr. No.	Particulars		FY 2018-19	FY 2019-20
I	II		III	IV
1.	**Total Sales within the State**		**46678**	**48943**
2.	Targeted Distribution Losses	%	11.89	11.54
		MkWh	6298.96	6384.83
3.	**Input Energy Required**		**52976.96**	**55327.83**
4.	Targeted Transmission Losses	%	2.50	2.50
		MkWh	1358.38	1418.66
5.	**Total Energy Input Required**		**54335.34**	**56746.49**
6.	Sales to Common pool consumers		305.40	309.30
7.	Outside State Sales		1822.94	900
8.	**Total requirement at State periphery**		***56464**	***57955**

* *Rounded off*

Accordingly, the Commission approves the revised energy requirement of 56464 MkWh for review of FY 2018-19 and 57955 MkWh as revised estimates of FY 2019-20.

3.4 PSPCL's Thermal Generation

3.4.1 Gross Thermal Generation

Gross Thermal Generation for FY 2018-19 and FY 2019-20 approved in MYT Order, revised by the Commission for FY 2018-19 in the Tariff Order for FY 2018-19 and submitted by PSPCL in APR/RE is as under:

Table 3.4 A: Thermal Generation (Gross) submitted by PSPCL

(MkWh)

Sr. No.	Station	FY 2018-19			FY 2019-20	
		Approved by the Commission in MYT Order	Revised by the Commission in TO of FY 2018-19	Submitted by PSPCL for APR	Approved by the Commission in MYT Order	RE submitted by PSPCL
I	II	III	IV	V	VI	VII
1.	GGSSTP	3468.60	3623.47	2181.85	3774.88	2041.56
2.	GHTP	2103.23	1855.46	2490.37	2387.12	2723.16
3.	**Total**	**5571.83**	**5478.93**	**4672.22**	**6162.00**	**4764.72**

PSPCL's Submissions:

PSPCL submitted that, it has not considered any projections towards GNDTP since the plant has been retired and power availability from State's own thermal Generating Stations has been projected on the basis of various performance parameters such as plant load factor, gross generation and auxiliary consumption. Further, PSPCL has considered that at least one unit of GGSSTP and GHTP shall be running throughout the year. PSPCL also submitted that, it has undertaken consistent and regular maintenance apart from timely renovation and overhaul of its units to sustain the generation from each of these power plants at the target output level set by the CEA.

Commission's Analysis:

The Commission noted that PSPCL has surplus energy available from various tied up sources including central generating stations and IPPs in the State. PSPCL has to surrender the excess energy, to manage demand and maintain the energy balance. The Commission in its previous Tariff Orders has been consistently directing PSPCL that the surrendering of energy should be strictly as per merit order dispatch from all the thermal generating stations, including PSPCL's own generating stations. **As such, the Commission accepts the gross thermal generation projections from its own plants submitted by PSPCL for FY 2018-19 and FY 2019-20.**

3.4.2 **Auxiliary Consumption**

PSPCL's Submissions:

PSPCL submitted that, its own thermal Generating stations are operated as per Merit Order Despatch and thus remain under backing down/reserve outage for long periods. The issue of Auxiliary Consumption, Station Heat Rate and Secondary Fuel Consumption under part load operations has already been discussed in the pleadings for True up of FY 2017-18. Accordingly, PSPCL has considered the Auxiliary consumption, Station Heat Rate and Secondary Fuel Consumption based on the performance of H1 of FY 2018-19 and requested the Commission to approve the same for FY 2018-19 and FY 2019-20. PSPCL also reiterated its submissions made in the True up for FY 2017-18 to invoke powers under Regulation 66 & 67 of PSERC MYT Regulations, 2014 for relaxation of the operating norms.

Commission's Analysis:

Submissions made by PSPCL in respect of relaxed norms for auxiliary consumption are the same as made in the True up of FY 2017-18, which has been already discussed in detail under para 2.4.2 of this Tariff Order. Further, Regulation 36 of the

PSERC MYT Regulations, 2014 specifies that norms for performance parameters shall be in accordance with CERC norms. **Thus for FY 2018-19 and FY 2019-20, the Commission decides to retain the normative auxiliary consumption at 8.50% for both GGSSTP and GHTP, as specified in CERC Tariff Regulations and approved in the Tariff Orders for FY 2017-18 and FY 2018-19.**

Accordingly, the station-wise auxiliary consumption for FY 2018-19 and FY 2019-20, approved by the Commission in the Tariff Orders for FY 2017-18 & FY 2018-19, submitted by PSPCL in APR/RE and considered by the Commission is as under:

Table 3.4 B: Auxiliary Consumption

Sr. No.	Station	Approved by the Commission in MYT Order		Submitted by PSPCL in the APR/RE		Considered by the Commission	
		FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	II	III	IV	V	VI	VII	VIII
1.	GGSSTP	8.50%	8.50%	9.03%	9.00%	8.50%	8.50%
2.	GHTP	8.50%	8.50%	9.29%	9.00%	8.50%	8.50%

3.4.3 The net generation for FY 2018-19 and FY 2019-20, submitted by PSPCL in APR/RE and as per normative auxiliary consumption is as under:

Table 3.4 C: Net Thermal Generation

(MkWh)

Sr. No.	Station	Submitted by PSPCL in APR/RE		As per normative auxiliary consumption	
		FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	II	III	IV	V	VI
1.	GGSSTP	1984.78	1857.82	1996.39	1868.03
2.	GHTP	2259.04	2478.08	2278.69	2491.69
3.	**Total**	**4243.82**	**4335.90**	***4275**	***4360**

**Rounded off*

Accordingly, the Commission approves the net thermal generation of 4275 MkWh for review of FY 2018-19 and revised estimate of 4360 MkWh for FY 2019-20, from PSPCL's own plants.

3.5 Hydel Generation

PSPCL's Submissions:

PSPCL submitted that availability from own Hydel plants for FY 2018-19 and FY 2019-20 has been re-estimated on the basis of actual generation figures for H1 of FY 2018-19 and the revised generation target for the respective Hydel plants for H2 of FY 2018-19. To work out net hydel generation, PSPCL has excluded the Royalty to HP from Shanan and Share to HP from RSD for FY 2018-19. Further, share to J&K from RSD has also been excluded from January, 2019.

Commission's Analysis:

In response to the Commission's query, PSPCL vide its Memo No. 1150/APR/Dy.CAO/254/Deficiency dated 31.12.2018 submitted that due to reduced inflow of water, low hydro generation has been estimated for FY 2018-19. PSPCL also submitted that J&K's share from RSD generation has been considered at 20% and calculated as 52 MkWh for January to March, 2019 and 302 MkWh for FY 2019-20.

The Commission accepts the station-wise gross hydel generation submitted by PSPCL in the present petition. The station-wise hydel generation approved for FY 2018-19 by the Commission in the Tariff Order for FY 2018-19, submitted by PSPCL in the APR/RE and approved by the Commission is as under:

Table 3.5 A: Hydel Generation

(MkWh)

Sr. No.	Station		Approved by the Commission in T.O. for FY 2018-19	Submitted by PSPCL in APR/RE		Approved by the Commission	
			FY 2018-19	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	**II**		**III**	**IV**	**V**	**VI**	**VII**
1.	Shanan		519.00	452.14	480	452	480
2.	UBDC	Stage I	350.00	121.48	168	121	168
		Stage II		207.17	168	207	168
3.	RSD		1680.00	1433.63	1510	1434	1510
4.	MHP	Stage I	1127.00	1053.48	1072	1053	1072
		Stage -II		58.76	90	59	90
5.	ASHP		720.00	504.51	680	505	680
6.	Micro Hydel		5.00	6.13	5	6	5
7.	**Total own generation (Gross)**		**4401.00**	**3837.29**	**4173**	**3837**	**4173**
8.	Less: Auxiliary consumption and Transformation Loss		*36.38	32.62	#20.24	*31.53	*34.25
9.	**Less: HP and J&K share in RSD			115.34	371.46	115.34	371.46
10.	**Less HP Royalty in Shanan			52.92	52.92	52.92	52.92
11.	**Total own generation (Net)**		**4364.62**	**3636.41**	**3728.38**	**3637.21**	**3714.37**
12.	**PSPCL share from BBMB**						
(a)	PSPCL share excluding common pool share (Net)		3421.88	3267.87	3261.77	3267.87	3261.77
(b)	Add Common pool share		341.64	305.40	309.30	305.40	309.30
13.	**Net share from BBMB**		**3763.52**	**3573.27**	**3571.07**	**3573.27**	**3571.07**
14.	**Total hydro availability (Net) (Own + BBMB)**		**8128.14**	**7209.69**	**7299.45**	*****7210**	*****7285**

 # Not in line with the normative auxiliary consumption & transmission losses.

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

*** Since, PSPCL has not included the HP royalty from Shanan and share of HP/J&K from RSD in its sales, same are excluded from its generation.*

**** Rounded off*

The Commission, thus, approves the PSPCL's own net hydel generation of 7210 MkWh for review of FY 2018-19 and 7285 MkWh as revised estimate for FY 2019-20.

3.6 Energy Balance/Purchase (Net) required

The total energy requirement, PSPCL's own Gen availability and purchase (Net) required from outside sources submitted by PSPCL in the APR/RE and approved by the Commission is as under:

Table 3.6: Energy Balance

(MkWh)

Sr. No.	Particulars	Submitted by PSPCL in APR/RE		Approved by the Commission	
		FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	II	III	IV	V	VI
1.	**Total Energy requirement** (Table 3.3B)	**58914.30**	**60243.54**	**56464**	**57955**
2.	**PSPCL's own Gen**				
	i) PSPCL's Thermal Gen	4243.82	4335.89	4275	4360
	ii) PSPCL's Hydel Gen	7209.69	7299.45	7210	7285
	Total	**11453.51**	**11635.34**	**11485**	**11645**
3.	**UI (Open Access)**	**1.99**			
4.	**Purchase (net)**	**47458.80**	**48608.20**	**44979**	**46310**

Thus, the Commission approves the purchase (net) requirement of PSPCL as 44979 and 46310 MkWh for FY 2018-19 and FY 2019-20 respectively.

3.7 Fuel Cost

Fuel Cost approved by the Commission in the MYT Order, revised for FY 2018-19 in the Tariff Order of FY 2018-19 and submitted by PSPCL is given as under:

Table 3.7 A: Fuel Cost submitted by PSPCL

Sr. No.	Particulars		Approved by the Commission in MYT Order		Approved by the Commission in T.O. for FY 2018-19	Submitted by PSPCL in APR/RE	
			FY 2018-19	FY 2019-20	FY 2018-19	FY 2018-19	FY 2019-20
I	II		III	IV	V	VI	VII
1.	Gross Generation	(MkWh)	5571.83	6162.00	5478.93	4672.22	4764.72
2.	Net Generation	(MkWh)	5098.23	5638.23	5013.23	4243.82	4335.90
3.	Fuel Cost	(Rs. Cr.)	1616.38	1789.28	1651.09	1656.25	1737.81

PSPCL has submitted as under:

i) Actual Fuel Cost has been considered for H1 of FY 2018-19, while for H2 of FY 2018-19 and FY 2019-20 the fuel cost has been projected based on actual weighted average GCV & Price of fuels for H1 of FY 2018-19.

ii) 5% escalation for price of coal over actual price of Coal for H1 of FY 2018-19 has been considered. Further, no escalation has been projected for FY 2019-20 considering the anticipated supply from own coal mine.

iii) For GGSSTP, PSPCL has considered 5% escalation over actual price of Oil for H1 of FY 2018-19. For GHTP, PSPCL has considered the price of oil as Rs. 55,000/kL based on latest Oil stock. For both plants, Oil price has been considered Rs. 52,500/kL for FY 2019-20.

iv) Based on its performance parameters, PSPCL has computed the Energy Charge Rate (ECR) for H2 of FY 2018-19 and FY 2019-20. The same ECR has been considered for Merit Order Dispatch for H2 of FY 2018-19 and FY 2019-20.

v) PSPCL has submitted the revised estimates of fuel cost based on following parameters:

Table 3.7 B: Operational and Cost Parameters submitted by PSPCL

Sr. No.	Parameters		GGSTP			GHTP		
			FY 2018-19		FY 2019-20	FY 2018-19		FY 2019-20
			H1	H2		H1	H2	
I	II		III	IV	V	VI	VII	VIII
1.	GCV of coal	kCal/kg	4047	4050	4050	3981	4000	4000
2.	Price of coal	Rs./MT	5261.07	5524.12	5524.12	5144.25	5401.46	5401.46
3.	CV of Oil	kCal/lt	9900	9900	9900	9500	9500	9500
4.	Price of Oil	Rs./ KL	36073.91	37877.60	52500	32602	55000	52500
5.	Auxiliary Consumption	%	9.06	9.00	9.00	9.46	9.00	9.00
6.	Transit Loss	%	-1.19	0.80	0.80	0.04	0.80	0.80
7.	Specific Oil Consumption	ml/kWh	1.90	1.5	1.10	1.33	1.1	1.1
8.	Station Heat Rate	kCal/ kWh	2693.93	2688.00	2684.00	2642.42	2600.00	2600.00

3.7.1 **Station Heat Rate (SHR) and Secondary Fuel Oil Consumption**

PSPCL's Submissions:

PSPCL has requested the Commission to allow technical performance of stations at relaxed level with same submissions as submitted in the true up for FY 2017-18, contained in para 2.4.2 and 2.7.1 of this Tariff Order.

Commission's Analysis:

The submissions made by PSPCL has been already considered by the Commission under para 2.4.2 and 2.7.1 of this Tariff Order and the Commission finds no justification/reason to deviate from the norms specified in CERC Tariff Regulations for determination of fuel cost. Regulation 36 of the PSERC MYT Regulations, 2014 provides that norms for performance parameters shall be in accordance with CERC norms. Accordingly the Commission has considered the norms for performance parameters for FY 2018-19 as per CERC Tariff Regulations, 2014. However, norms for performance parameters for FY 2019-20 have been considered as per CERC Tariff Regulations, 2019.

3.7.2 **Transit and Handling Loss of Coal**

PSPCL's submission:

PSPCL has considered actual transit loss for H1 of FY 2018-19 and submitted that it has considered Transit Loss of 0.8% as per PSERC MYT Regulations, 2014 for FY H2 of FY 2018-19 and FY 2019-20.

Commission's Analysis:

Regulation 40 of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014 specifying that, *"the landed cost of fuel ..... for the purpose of computation of energy charge, and in case of coal shall be arrived at after considering normative transit and handling losses as percentage of the quantity of indigenous coal dispatched by the coal supplying company as 1.0% (one) percent or actual, whichever is less.."* has been substituted vide PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) (2nd Amendment) Regulations, 2018 as under:

> *"40 LANDED COST OF FUEL The landed cost of fuel for the month for the purpose of computation of energy charge shall be as specified in Regulation 30(8) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, as amended from time to time. Provided that no transit and handling losses shall be permissible in case of coal which is priced on FOR destination basis."*

And, Regulation 30(8) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 specifies the norms in respect of transit loss as 0.8% for non pit head thermal generating stations. The same has been also retained in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 notified vide No. L-1/236/2018/CERC dated 07.03.2019.

The above stated amendment in Commission's regulations came into effect w.e.f 01.10.2018, thus the Commission decides to consider the transit and handling losses for H1 of FY 2018-19 at the actual i.e (-)1.13% and (-)1.02% for GGSTP and GHTP respectively. However, transit and handling losses for FY H2 of 2018-19 & FY 2019-20 are allowable @0.8% as per the norms specified in CERC Tariff Regulations, except for the coal which is priced on FOR destination basis.

3.7.3 **GCV and Price of Coal/ Oil**

Fuel cost being a major item of expense, the Commission thought it prudent to get the same validated for H1 of FY 2018-19. The calorific value of oil & coal and the price of oil & coal as per validation obtained by the Commission are indicated in Table 3.7C. The Commission decides to consider the validated values of GCV & prices of fuel to determine fuel cost for PSPCL's thermal Generating stations. GCV of coal shown at Sr. No. 1 of Table is the calorific value of received coal and as discussed in earlier paras, the Commission's Regulations provide for consideration of norms for performance parameters as per CERC Tariff Regulations. Accordingly, the Commission has decided to adopt the GCV of received coal as per CERC Tariff Regulations, 2014, for working out the fuel cost for FY 2018-19.

However, for FY 2019-20; the Commission shall be considering Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based stations less 85 Kcal/Kg on account of variation during storage at generating station as per Regulation 40 and 43(2)(a) of the CERC Tariff Regulations, 2019. Also, as coal supply from PSPCL's captive coal mine is now not expected to materialize during FY 2019-20, the Commission decided to consider 5% escalation in the validated price of coal to cover the price escalation of coal for FY 2019-20. The Commission shall be reviewing the same during the review/True-up of FY 2019-20.

3.7.4 The Operational and Cost Parameters considered by the Commission for working out the fuel cost are as under:

Table 3.7 C: Operational and Cost Parameters

Sr. No.	Parameters		GGSTP		GHTP	
			FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	II		III	IV	V	VI
1.	GCV of coal	kCal/kg	4198	4113	4102	4017
2.	CV of Oil	kCal/lt	9756	9756	9976	9976
3.	Price of Oil	Rs./ KL	36073.91	36073.91	32602	32602
4.	Price of coal	Rs./MT	5228.90	5490.35	5188.94	5448.39
5.	Auxiliary Consumption	%	8.50	8.50	8.50	8.50
6.	Transit Loss H1	%	-1.13	0.80	-1.02	0.80
	Transit Loss H2	%	0.80		0.80	
7.	Oil Consumption	ml/kWh	0.50	0.50	0.50	0.50
8.	Station Heat Rate	kCal/ kWh	2450	2430	2450	2430
					2428	2387

Based on the above parameters, the fuel cost for FY 2018-19 and FY 2019-20 has been worked out as under:

Table 3.7 D: Fuel Cost for FY 2018-19 (H1)

Sr. No.	Item	Derivation	Unit	GGSSTP	GHTP Unit I & II	GHTP Unit III & IV	Total
I	II	III	IV	V	VI	VII	VIII
1.	Generation Gross	A	MkWh	1259.53	635.15	932.90	**2827.58**
2.	Heat Rate	B	kcal/kWh	2450	2450	2428	
3.	Specific oil consumption	C	ml/kwh	0.50	0.50	0.50	
4.	Calorific value of oil	D	kcal/litre	9756	9976	9976	
5.	Calorific value of coal	E	kcal/kg	4198	4102	4102	
6.	Overall heat	F = (A x B)	Gcal	3085849	1556118	2265081	
7.	Heat from oil	G = (A x C x D) / 1000	Gcal	6144	3168	4653	
8.	Heat from coal	H = (F-G)	Gcal	3079705	1552950	2260428	
9.	Oil consumption	I=(Gx1000)/ D	KL	630	318	466	
10.	Transit loss of coal	J	(%)	-1.13	-1.02	-1.02	
11.	Total coal consumption excluding transit loss	K=(H*1000)/ E	MT	733612	378584	551055	
12.	Quantity of coal priced on F.O.R. basis	L	MT	0	0	0	
13.	Quantity of coal other than coal priced on F.O.R. basis	M=K-L	MT	733612	378584	551055	
14.	Quantity of coal other coal priced on F.O.R. basis, including transit loss	N=M/(1-J/100)	MT	725415	374761	545491	
15.	Total quantity of coal required	O=L+N	MT	725415	374761	545491	
16.	Price of oil	P	Rs./KL	36073.91	32602	32602	
17.	Price of coal	Q	Rs./MT	5228.90	5188.94	5188.94	
18.	Total Cost of oil	R=P x I / 10^7	Rs. Crore	2.27	1.04	1.52	4.83
19.	Total Cost of coal	S=O x Q/10^7	Rs. Crore	379.32	194.46	283.05	856.83
20.	**Total Fuel cost**	**T=R+S**	**Rs. Crore**	**381.59**	**195.50**	**284.57**	**861.66**
21.	Per unit Cost (Gross)	U=T*10/A	Rs./kWh	3.030	3.078	3.050	3.047
22.	Net Generation	V	MkWh	1152.47	581.16	853.60	**2587.23**
23.	Per unit generation cost (Net)	W=T*10/V	Rs./kWh	3.311	3.364	3.334	3.330

Table 3.7 E: Fuel Cost for FY 2018-19 (H2)

Sr. No.	Item	Derivation	Unit	GGSSTP	GHTP Unit I & II	GHTP Unit III & IV	Total
I	II	III	IV	V	VI	VII	VIII
1.	Generation Gross	A	MkWh	922.32	373.59	548.73	**1844.64**
2.	Heat Rate	B	kcal/kWh	2450	2450	2428	
3.	Specific oil consumption	C	ml/kwh	0.50	0.50	0.50	
4.	Calorific value of oil	D	kcal/litre	9756	9976	9976	
5.	Calorific value of coal	E	kcal/kg	4198	4102	4102	
6.	Overall heat	F = (A x B)	Gcal	2259684	915296	1332316	
7.	Heat from oil	G = (A x C x D) / 1000	Gcal	4499	1863	2737	
8.	Heat from coal	H = (F-G)	Gcal	2255185	913433	1329579	
9.	Oil consumption	I=(Gx1000)/ D	KL	461	187	274	
10.	Transit loss of coal	J	(%)	0.80	0.80	0.80	
11.	Total coal consumption excluding transit loss	K=(H*1000)/ E	MT	537205	222680	324129	
12.	Quantity of coal priced on F.O.R. basis	L	MT	0	0	0	
13.	Quantity of coal other than coal priced on F.O.R. basis	M=K-L	MT	537205	222680	324129	
14.	Quantity of coal other coal priced on F.O.R. basis, including transit loss	N=M/(1-J/100)	MT	541537	224476	326743	
15.	Total quantity of coal required	O=L+N	MT	541537	224476	326743	
16.	Price of oil	P	Rs./KL	36073.91	32602	32602	
17.	Price of coal	Q	Rs./MT	**5228.90**	**5188.94**	**5188.94**	
18.	Total Cost of oil	R=P x I / 10^7	Rs. Crore	1.66	0.61	0.89	3.16
19.	Total Cost of coal	S=O x Q/10^7	Rs. Crore	283.16	116.48	169.55	569.19
20.	**Total Fuel cost**	**T=R+S**	**Rs. Crore**	**284.82**	**117.09**	**170.44**	**572.35**
21.	Per unit Cost (Gross)	U=T*10/A	Rs./kWh	3.088	3.134	3.106	3.103
22.	Net Generation	V=A-Aux Consup.	Mkwh	843.92	341.83	502.10	1687.85
23.	Per unit generation cost (Net)	W = T*10/V	Rs./kWh	3.375	3.424	3.395	3.391
24.	**Total Gross Generation H1+ H2**	**X =3.7D(A)+ 3.7E(A)**	**MkWh**	**2181.85**	**1008.74**	**1481.63**	**4672.22**
25.	**Total Net Generation H1+H2**	**Y =3.7D(V)+ 3.7E(V)**	**MkWh**	**1996.39**	**922.99**	**1355.70**	**4275.08**
26.	**Total Fuel cost H1+H2**	**Z =3.7D(T)+ 3.7E(T)**	**Rs. Crore**	**666.41**	**312.59**	**455.01**	**1434.01**
27.	**Per unit Cost (Gross)**	**AA=Z*10/X**	**Rs./kWh**	**3.054**	**3.099**	**3.071**	**3.069**
28.	**Per unit generation cost (Net)**	**AB =Z*10/Y**	**Rs./kWh**	**3.338**	**3.387**	**3.356**	**3.354**

Table 3.7 F: Fuel Cost for FY 2019-20

Sr. No.	Item	Derivation	Unit	GGSSTP	GHTP Unit I -III	GHTP Unit IV	Total
I	II	III	IV	V	VI	VII	VIII
1.	Generation	A	MU	2041.56	1945.36	777.80	**4764.72**
2.	Heat Rate	B	kcal/kWh	2430	2430	2387	
3.	Specific oil consumption	C	ml/kwh	0.50	0.50	0.50	
4.	Calorific value of oil	D	kcal/litre	9756	9976	9976	
5.	Calorific value of coal	E	kcal/kg	4113	4017	4017	
6.	Overall heat	F = (A x B)	Gcal	4960991	4727225	1856609	
7.	Heat from oil	G = (A x C x D) / 1000	Gcal	9959	9703	3880	
8.	Heat from coal	H = (F-G)	Gcal	4951032	4717522	1852729	
9.	Oil consumption	I=(Gx1000)/D	KL	1021	973	389	
10.	Transit loss of coal	J	(%)	0.80%	0.80%	0.80%	
11.	Total coal consumption excluding transit loss	K=(H*1000)/E	MT	1203752	1174389	461222	
12.	Quantity of coal priced on F.O.R. basis	L	MT	0	0	0	
13.	Quantity of coal other than coal priced on F.O.R. basis	M=K-L	MT	1203752	1174389	461222	
14.	Quantity of coal other coal priced on F.O.R. basis, including transit loss	N=M/(1-J/100)	MT	1213460	1183860	464942	
15.	Total quantity of coal required	O=L+N	MT	1213460	1183860	464942	
16.	Price of oil	P	Rs./KL	36073.91	32602	32602	
17.	Price of coal	Q	Rs./MT	5490.35	5448.39	5448.39	
18.	Total Cost of oil	R=P x I / 107	Rs. Crore	3.68	3.17	1.27	8.12
19.	Total Cost of coal	S=O x Q/107	Rs. Crore	666.23	645.01	253.32	1564.56
20.	**Total Fuel cost**	**T=R+S**	**Rs. Crore**	**669.91**	**648.18**	**254.59**	**1572.68**
21.	Per unit Cost (Gross)	U=T*10/A	Rs./kWh	3.281	3.332	3.273	3.301
22.	Net Generation	V=A-Aux Comp	MU	1868.03	1780.00	711.69	4359.72
23.	Per unit Cost (Net)	W=T*10/V	Rs./kWh	3.586	3.641	3.577	3.607

The Commission, therefore, approves the fuel cost of Rs. 1434.01 Crore for gross thermal generation of 4672.22 MkWh for review of FY 2018-19 and Rs. 1572.68 Crore for gross thermal generation of 4764.72 MkWh for FY 2019-20.

3.8 Power Purchase Cost

PSPCL's Submissions:

3.8.1 PSPCL has submitted as under:

A. Assessment of availability:

i) The demand of power is met by procurement of power from central generating stations and other external sources apart from state's own Generation. The major sources from which PSPCL procures Power are:

- Central Generating Stations viz. NTPC, NHPC, NPC, SJVNL and THDC
- IPP's
- Co-Generation Plants
- Banking Arrangements
- Traders

ii) The state of Punjab receives its fixed share from the Central Generating Stations (CGSs) based on its allocation from each of the respective stations. Moreover, Punjab also receives a quantum of power from the unallocated share in various CGSs at different intervals during a year.

iii) The power procurement has been projected from own thermal plants as per Merit Order principle except for one Unit of GGSSTP and GHTP. PSPCL has scheduled its procurement from various CGSs and IPP's on the merit order principles after due consideration for contractual obligations and technical constraints. The following factors have been considered for deciding the procurement/generation schedule:

- Load profiles during various seasons;
- Technical constraints;
- Avoidable costs after giving due consideration to contractual obligations
- Sources with equal merit order have been considered together in proportion to their available capacity.

iv) Projected energy availability from all existing Central Hydro Generating Stations and BBMB stations has been taken as per target provided by Central Hydro Generating Stations and BBMB stations for the FY 2018-19 and FY 2019-20.

v) Projected Energy from the New Hydro and Thermal projects has been calculated in accordance with the CEA regulations / Designed Energy as mentioned in the PPA. PSPCL has considered the energy from Tapovan Vishnugarh (39.10 MkWh) and Parbati-II (301.90 MkWh) in FY 2019-20.

vi) However, it should be noted that during FY 2018-19 and FY 2019-20, PSPCL is projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, surplus energy has been projected to be surrendered. Surrendering has been projected as per Merit

Order of power purchase from existing thermal and gas stations on monthly basis. Merit Order is based upon the variable rates of September 2018. After surrender of energy, only variable charges have been reduced and fixed/other charges are assumed same.

B. Annual Fixed Charges:

i) CERC Tariff Regulations, 2014 are effective from April 1, 2014 for a period of 5 years i.e. up to March 31, 2019. The generating companies or the transmission licensees are allowed to recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate of the respective financial year directly without making any application before the CERC. Further, Annual Fixed Charges with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be shall be trued up by CERC along with the tariff petition filed for the next tariff period.

ii) The AFC for existing Stations has been assumed same as in H1. As the fixed charges (FC) for Central sector plants depend upon the AFC, percentage share and plant availability factor, they have been assumed same as that in H1 period. Further, no CERC Tariff Order is available for Central Generating Stations for FY 2019-20. Hence, FC for FY 2019-20 has been considered based on FC of FY 2018-19 as approved by CERC.

iii) Fixed charges for Sasan UMPP, Mundra UMPP, NPL and TSPL have been evaluated as per PPA (Schedule 11). For GVK, Mallana-II, Karcham, and Pragati fixed charges has been calculated at normative rate 220 paise/unit, 237.04 paise/unit, 168.42 paise/unit and 108.81 paise/unit, respectively.

C. Variable Charges:

i) PSPCL has considered the variable charge of September, 2018 for projecting the energy charges and has not considered any upward rise in cost for the projection of energy charges for H2 of FY 2018-19 and FY 2019-20.

ii) For existing hydro plants, VC is based upon the applicable AFC.

iii) For FY 2019-20, the variable rates of new plants whose rates have been quoted by the company have escalated by 5% every year from quotation to the COD, after wards the same rates have been assumed. The variable rates of new plants whose rates have not been quoted have been assumed at the maximum rates of Thermal & Hydro Plants

iv) Under the title of ‘Others’ charges, water usage charges for NHPC stations has been assumed for the period of H2 of FY 2018-19. The per unit rate of water charges for plants Salal,Uri, Dulhasti, Sewa-II & Uri-II have been assumed same as that of previous year i.e. FY 2017-18. For FY 2019-20, water usage charges for NHPC stations has been assumed at the per unit water charges rate of FY 2017-18 for Salal, Uri, Dulhasti, Sewa-II & Uri-II.

v) Energy rates of NRSE power and Bundled power through NVVNL has been assumed at the same rate as H1 period.

vi) Cost of banking for H2 has been assumed the same as that for H1 i.e. Rs. 3.69/kWh

vii) The surplus energy during H2 period has been surrendered and variable charges for the same have been reduced.

D. Transmission charges:

i) Actual charges paid to Power Grid on account of Transmission charges for the period H1 of 2018-19 have been assumed same for H2 of 2018-19. However, charges for FY 2019-20 have been escalated by 5% from the FY 2018-19.

ii) Intra-state transmission charges payable to PSTCL is taken as approved by the Commission in Tariff Order for FY 2018-19.

E. Further, PSPCL has also purchased the power from RE sources to meet RPO obligation during FY 2018-19 based on energy input target approved by the Commission. For computing net shortfall for purchase, PSPCL has adjusted excess purchase of solar power against Non-solar purchase shortage.

F. With reference to the Commission’s query on increase in cost of Power purchase for FY 2018-19, PSPCL vide its letter No. 1150/ARR/ Dy. CAO/254/Deficiency dated 31.12.2018 submitted that major increase in actual cost of power purchase is towards IPPs i.e. NPL, TSPL and GVK due to following reasons:

i) NPL

As per the Hon’ble Supreme Court of India in CA no. 179 of 2017 dated 05.10.2017, washing and related charges were allowed to NPL and hence washing and related charges have been paid in the 2nd quarter of FY 2018-19 while the same were not covered in the approved variable charges by the Commission for FY 2018-19. Also, as per MOM dated 26.05.2017, 1.5 Lakh MT Imported coal was allowed between June to Sept 2018, while 6.5 Lakh

MT was allowed between April to September, 2018 leading to increase in Variable Rate in 2nd Quarter of FY 2018-19.

ii) TSPL

As per the Hon'ble Supreme Court of India in CA No. 0525-26 of 2017, TSPL was allowed washing and related charges and the same have been paid in the 2nd quarter of FY 2018-19, while these charges were not covered in the approved variable charges by the Commission for FY 2018-19. Also, as per MOM dated 11.06.2018, 3 Lakh MT of imported coal was allowed to M/s TSPL to be used from June to September 2018 hence leading to increase in variable rate for 2nd quarter of FY 2018-19.

iii) GVK

Surface transportation charges has been paid in the month of July 2018 as per the Commission's Order dated 11.06.2018, while the same was not taken in Sept, 2017 i.e. in the approved variable charges by the Commission for FY 2018-19.

Commission's Analysis:

3.8.2 **i) Inter State Losses:**

PSPCL in the Petition has projected the provisional inter-State loss at 2.89% and 2.86% for FY 2018-19 and FY 2019-20 respectively, which the Commission accepts, subject to true up and validation of the same.

ii) Previous year payments:

In the Power Purchase Cost for FY 2018-19, PSPCL has included previous year payments of Rs. 185.50 Crore. **As per the practice followed in the past, the previous year expenses are not considered under the head Power Purchase and are considered under prior period expenses in Table 3.48.**

iii) Other expenses/Charges:

PSPCL has also shown expenses of Rs. 0.10 Crore as Northern Region Power Committee (NRPC) fee, Rs. 4.57 Crore as additional UI charges, Rs. 9.65 Crore as Late payment surcharge in the Power Purchase cost of FY 2018-19. **The Commission shall be dealing with them at the time of True-up of FY 2018-19.**

iv) The Commission observes that the actual power purchase cost has shown an upward increase trend during the past few years, which has to be passed onto the consumers either in the form of FCA or as a revenue gap along with carrying cost on account of increased power purchase cost at the time of true-up. Further, the per unit power purchase cost of FY 2019-20 works out to be lower than that submitted by PSPCL for FY 2018-19 which seems to be incorrect considering the past trend of increasing power purchase cost. Thus, the Commission decides to consider the fixed cost and other charges same as that approved by the Commission for FY 2018-19 and allows a 5% increase in the per unit variable cost approved for FY 2018-19 to work out the revised estimates for power purchase cost of FY 2019-20.

3.8.3 Accordingly, the total cost of power purchase cost for FY 2018-19 and FY 2019-20, is worked out as under**:**

Table 3.8 A: Power Purchase cost

Sr. No.	Description		FY 2018-19			FY 2019-20	
			Approved by the Commission in TO of FY 2018-19	Submitted by PSPCL in APR	Approved by the Commission in review	Submitted by PSPCL	RE approved by the Commission
I	II		III	IV	V	VI	VII
1.	**Power Purchase (Net)**		**44414.19**	**47458.79**	**44979**	**48608.20**	**46310**
2.	External Losses	(%)	2.93	2.89	2.89	2.86	2.86
		(MkWh)	729.05	862.46	862.46	810.09	810.09
3.	**Power Purchase (Gross)**		**45143.24**	**48321.25**	**45841.46**	**49418.29**	**47120.09**
4.	**Cost of Power Purchase**						
	a) Fixed Cost		8094.81	7121.53	7121.53	6743.94	7121.53
	b) Variable Cost		10381.40	12744.40	12090.37	12904.21	13048.98
	c) Other Charges		154.10	347.95	347.95	146.77	347.95
	Total		**18630.31**	**20213.88**	**19559.85**	**19794.92**	**20518.46**
5.	Add Cost of Purchase of RECs		89.82	89.82	0.00	*316.52	*316.52
6.	**Total Cost of Power Purchase (including RECs)**						
7.	Less: Previous payments **			185.50	185.50		
8.	**Actual Power Purchase Cost for the year i.e. excluding previous year adjustments/payments**		**18720.13**	**20118.20**	**19374.35**	**20111.44**	**20834.98**
9.	**Per Unit Average Power Purchase Cost**		**4.21**	**4.24**	**4.31**	**4.14**	**4.50**

** Discussed under para 3.8.4. (RPO compliance).*
*** Dealt under Prior Period Expenses head.*

The Commission reiterates that the quantum and rate of power approved by the Commission is only for the purpose of power purchase and energy

balance. PSPCL needs to carefully plan the best course available to deal with the surplus power i.e. whether it should be surrendered or sold in the market, after assessing its day to day requirement and market conditions. The surrendering of power should be strictly as per merit order dispatch from all the thermal generating stations, including its own thermal generating station after giving due consideration to compensation payable to CCL for less lifting of allotted quantity of coal. While considering merit order dispatch from IPPs within the State, PSPCL should consider the variable cost with domestic coal, if sufficient quantity of domestic coal is available with the IPPs for the power to be scheduled. The inter-state transmission losses be also kept in view while surrendering power as per merit order dispatch. Efforts should be made for sale of surplus power by PSPCL at the best possible rate. The endeavour of PSPCL should be to reduce the burden of fixed charges on the consumers of the State.

The Commission also observes that, since PSPCL has sufficient contracted generation capacity to meet its load/demand, it does not need Short Term Power. However, in case of any exigency or for commercial considerations, PSPCL may go for purchase of short term power in a judicious and economical manner, after following procedure as specified in regulations notified by the Commission and also resort to Demand Side Management Practices to maintain its commercial viability.

Accordingly, the Commission approves the revised power purchase cost (excluding Transmission and SLDC charges paid/payable to PSTCL) of Rs. 19374.35 Crore for purchase of 44979 MkWh (Net) for FY 2018-19, and Rs. 20834.98 Crore, comprising Rs. 20518.46 Crore for purchase of 46310 MkWh (Net) & Rs. 316.52 Crore for purchase of RECs for FY 2019-20 respectively.

3.8.4 **RPO Compliance**

A. FY 2018-19

The 'Input Energy Required' by PSPCL for distribution in its area of supply as now approved by the Commission in the Annual Performance Review for FY 2018-19 is 52976.96 MU as per Table 3.3 B. As per clause 6.4 (1) of the Revised Tariff Policy dated 28.01.2016 notified by the Central Government, Hydro Power is to be excluded for Solar RPO compliance. The Hydro Power purchase / Generation for FY 2018-19 is 13240.42 MU. Accordingly, the input energy for RPO compliance (Solar) works out to 39736.54 MU (52976.96 MU – 13240.42 MU). The RPO compliance for FY 2018-

19 is shown in Table 3.8 B.

Table 3.8 B: RPO Compliance for FY 2018-19

Sr. No.	Description	FY 2018-19	
1.	Input Energy (MkWh)	52976.96 (for Non-Solar) 39736.54 (for Solar)	
		%	MkWh
2.	RPO specified i. Non-Solar ii. Solar	4.3% 2.2%	2278.01 874.20
3.	RE generation/purchase (RPO compliance) i. Non-Solar including short term purchase (737.32 MkWh) ii. Solar including Net-Metering (66.00 MkWh)	3.75% 3.66%	1987.13 1455.62
4.	FY 2017-18 (True up) RPO shortfall i. Non-Solar ii. Solar	1.60%	848.42 Surplus Solar adjusted against Non-Solar
5.	RPO balance after accounting for compliance/shortfall of previous year (3-4) i. Non-Solar ii. Solar	2.15% 3.66%	1138.71 1455.62
6.	RE shortfall (Non-Solar) / surplus (Solar) (2-5) i. Non-Solar ii. Solar	2.15% (-)1.46% (Surplus)	1139.30 (-)581.42 (Surplus)

In the Tariff Order for PSPCL for FY 2018-19, the Commission in the Revised Estimates for FY 2018-19 allowed Rs. 1745.17 Crore for purchase of power from renewable energy sources and Rs. 89.82 Crore for purchase of RECs for RPO compliance subject to actual at the time of true-up of FY 2018-19.

Now in the petition for APR for FY 2018-19 with the further clarifications provided vide memo no. 567/ARR/Dy.CAO/254/Vol.II/deficiency dated 27.03.2019, PSPCL has proposed an amount of Rs. 1731.04 Crore (Rs.1412.626 Crore long term plus Rs. 318.416 Crore for short term) for purchase of power from renewable energy sources. **The Commission allows the same.**

PSPCL in the aforementioned memo dated 27.03.2019 has informed that as per the Whole Time Directors decision in the meeting held on 18.02.2019, for Non-Solar RPO compliance upto FY 2018-19, the required Non-Solar RECs will be purchased in the first quarter of 2019-20. Accordingly, in FY 2019-20, an amount of Rs. 316.524 Crore for complying with cumulative RPO shortfall upto FY 2019-20 has been proposed to be provided. The Non-Solar RPO shortfall as on 31.03.2019 works out to 1139.30 MU as per Table 3.8 B. After the adjustment of Solar surplus of 581.42 MU, the net Non-Solar RPO shortfall works out to 557.88 MU, if allowed by the Commission.

PSPCL is directed to comply with the aforesaid net Non-Solar RPO shortfall of 557.88 MU pertaining to FY 2018-19 after adjusting surplus Solar renewable energy of 581.42 MU which the Commission hereby allows, upto the end of the first quarter of FY 2019-20 i.e. 30.06.2019 or within 60 days of issue of this Order, whichever is later.

B. FY 2019-20

The 'Input Energy Required' by PSPCL for distribution in its area of supply as now provisionally approved by the Commission for FY 2019-20 is 55327.83 MU. The Commission vide Notification No. PSERC/Secy./Reg./134 issued on 02.01.2019 amended the PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011. The said Regulations provide that the RPO shall be on total consumption of electricity within the State excluding consumption met from Hydro sources of power. The hydro power purchase / generation for FY 2019-20 is 13068.34 MU. Accordingly, the input energy for RPO compliance works out to 42259.49 MU (55327.83 MU – 13068.34 MU). The RPO compliance for FY 2019-20 is projected in the Table 3.8 C.

Table 3.8 C: RPO Compliance for FY 2019-20

Sr. No.	**Description**	**FY 2019-20**	
1.	Input Energy (MkWh)	55327.83 42259.49 (excluding Hydro)	
2.	RPO specified i. Non-Solar ii. Solar	% 5.5 % 4.0 %	MkWh 2324.27 1690.38
3.	RE generation/purchase (RPO compliance) i. Non-Solar ii. Solar including Net – Metering (66 MkWh)	 4.28 % 3.53 %	 1807.54 1493.12
4.	FY 2018-19 (APR) RPO shortfall i. Non-Solar ii. Solar	 Nil Nil	 Nil Nil
5.	RPO balance after accounting for compliance/shortfall of previous year (3-4) i. Non-Solar ii. Solar	 4.28% 3.53%	 1807.54 1493.12
6.	RE shortfall (2-5) i. Non-Solar ii. Solar	 1.22% 0.47%	 516.73 197.26

In the Revised Estimates for FY 2019-20, PSPCL has proposed an amount of Rs. 968.60 Crore for long term purchase of solar power, Rs. 638.19 Crore for long term purchase of non-solar power and Rs. 28.22 Crore for purchase of RECs for FY 2019-20. However, with the further clarifications provided vide memo no. 567/ARR/Dy.CAO/254/Vol.II/deficiency dated 27.03.2019, PSPCL has proposed an amount of Rs.1634.429 Crore for long term purchase of power from renewable energy sources for FY 2019-20 and Rs. 316.524 Crore for purchase of RECs for complying with the cumulative shortfall in RPO compliance upto FY 2018-19 and estimated shortfall in RPO compliance for FY 2019-20. **The Commission allows the proposed amount of Rs. 1634.43 Crore for purchase of power from renewable energy sources for FY 2019-20. In addition Rs. 316.52 Crore is being provisionally provided for purchase of RECs for complying with the cumulative shortfall in RPO compliance upto FY 2018-19 and estimated shortfall in RPO compliance for FY 2019-20 with the direction to fully comply with the RPO within specified time.**

3.9 Capital Investment Plan (CIP) and Capital Expenditure (CAPEX) for FY 2018-19 and FY 2019-20

The Commission has approved PSPCL's Capital Investment Plan (CIP) of Rs. 3580.64 Crore for MYT control period (FY 2017-18 to FY 2019-20) vide Order dated 11.01.2018 in Petition No. 46 of 2016. As discussed in para 2.9, the approved CIP was exclusive of IDC, employee cost, A&G, depreciation etc. Also, while approving the CIP, Shahpur Kandi Power Project (SKPP) was not considered but PSPCL was advised to approach the Commission on commencement of SKPP.

The approved CIP and that submitted by PSPCL in the present petition is as under:

Table 3.9: PSPCL's Capital Investment Plan

Description	Approved plan / Provision in MYT (Rs. Crore)		Capital plan submitted by PSPCL in ARR (Rs. Crore)	
	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
Capital Investment plan of PSPCL	1303.25	966.72	2409.26	2490.43

The Commission has held detailed discussion with PSPCL on the Capital Investment Plan of PSPCL for the MYT control period (FY 2017-18 to FY 2019-20) and decides as under:

a) **FY 2018-19:** PSPCL had initially in its ARR projected an expenditure of Rs. 2409.26 Crore during FY 2018-19. But during the meetings held with PSPCL, it was informed that the expected expenditure for the year would be around Rs. 1600 Crore. After excluding the SKPP amount of Rs. 200 Crore, the expenditure for FY 2018-19 comes out to approximately Rs.1400 Crore. Further PSPCL vide letter No. 658 dated 21.04.2019 intimated that the amount with respect to IDC, employee cost, A&G, depreciation etc. has not been included in the Capital investment plan which is approximately Rs. 300 Crore.

Thus, for FY 2018-19, the Commission provisionally approves the CAPEX of Rs. 1700 Crore (including Rs. 300 Crore towards IDC, employee cost, A&G, depreciation etc. claimed by PSPCL separately subject to the true up at end of the control period). However, PSPCL is directed to furnish the details of Rs. 801.65 Crore, claimed for the normal development works (including system improvement schemes) and consumer contributions/grants, if any.

b) **FY 2019-20:** Against the originally approved total MYT period CIP of Rs. 3580.64 Crore (Rs. 1310.67 Crore for FY 2017-18, Rs. 1303.25 Crore for FY 2018-19 and Rs. 966.72 Crore for FY 2019-20), the investment (excluding IDC, employee cost, A&G, depreciation etc) has been Rs. 2625.18 Crore in the first two years. Further, PSPCL will have to incur Capital Expenditure on the installation of FGDs at GHTP and GGSSTP. PSPCL has indicated that though the estimated cost would be approximately Rs. 1200 Crore, expenditure during FY 2019-20 would be about Rs. 100 Crore as the NIT is still under preparation and competitive bids have to be invited.

Accordingly, the Commission provisionally approves Capital Investment Plan of Rs. 1055.46 Crore for FY 2019-20, including Rs. 100.00 Crore for installation of FGDs at GHTP and GGSSTP.

The Capital investment for Shahpur Kandi hydro power project (SKPP) will be taken into consideration after its COD.

3.10 Capital Works in-Progress and Funding

PSPCL's Submission

PSPCL submitted addition of Gross Fixed Assets during 2018-19 and 2019-20 and closing work in Progress as under:

Table 3.10: Capital Work – in- Progress ending FY 2018-19and FY 2019-20 as claimed

(Rs.Crore)

Sr. No.	Particulars	2018-19	2019-20
1.	Opening Capital work in progress	2031.42	3000.21
2.	Add: Addition of Capital Expenditure during the year	2409.26	2490.43
3.	Less: Transferred to fixed assets during the year	1440.47	1161.87
4.	**Closing Capital Works in progress**	**3000.21**	**4328.77**

PSPCL further submitted that capital expenditure will be met through 100% raising of loans from financial institutions/commercial Banks.

Commission's Analysis

3.10.1 The Commission approved the capital expenditure of Rs.1700.00 Crore for FY 2018-19 and Rs.1055.46 Crore for FY 2019-20. The Commission considers addition of Gross Fixed Assets as claimed and works out closing Work-In-Progress based on capital expenditure approved by the Commission as under:

Table 3.11: Capital Work in Progress for FY 2018-19 and FY 2019-20 as approved by the Commission

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Opening Capital WIP	1978.73	2238.26
Add: Capital Exp. during the year	1700.00	1055.46
Total	**3678.73**	**3293.72**
Less: Transferred to fixed assets during the year	1440.47	1161.87
Closing Capital Work in Progress	**2238.26**	**2131.85**

The Commission considers PSPCL's proposal 100% funding through loans from Financial Institutions for capital expenditure during FY 2018-19 and FY 2019-20. Based on approved amount of capital expenditure of Rs. 1700.00 Crore for FY 2018-19 and Rs. 1055.46 Crore for FY 2019-20, the Commission determines loan requirement for FY 2018-19 and FY 2019-20 as under:

Table 3.12: Requirement of Long Term Loan as determined by the Commission for Generation and Distribution Business for FY2018-19 and 2019-20

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Total Capital expenditure approved	**1700.00**	**1055.46**
Generation		
Capital expenditure approved by the Commission	187.42	100.82
Less: Assistance from Central Govt. sponsored schemes(loan to be converted into grant)	-	-
Net Requirement of Long Term Loans	**187.42**	**100.82**
Distribution		
Capital expenditure approved by the Commission	1512.58	954.64
Less: Funding through Consumer contributions	200.00	200.00
Less: Assistance from Central Govt. sponsored schemes(loan to be converted into grant)	149.05	-
Net Requirement of Long Term Loans	**1163.53**	**754.64**

3.11 GNDTP

PSPCL submitted projections of O&M expenses GNDTP Bathinda for FY 2018-19 and FY 2019-20 as under:

Table 3.13: ARR of GNDTP Bathinda for FY 2018-19 and FY 2019-20 claimed by PSPCL

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Employee Cost	69.57	70.64
R&M and A&G expenses	4.44	3.59
TOTAL	**74.01**	**74.23**

PSPCL submitted that as per decision of Government of Punjab dated 21 December, 2017, GNDTP Bathinda has been permanently closed with effect from January 1, 2018. No expenditure for generation of electricity since 1 January, 2018 has been incurred. However, the following activities are still being carried out irrespective of closure of GNDTP:

(a) Maintenance of 220/132 kV Sub-station

(b) Store and Transport, inventory

(c) Maintenance of thermal colony (officers of Employees of PSTCL, are also residing in thermal colony and some of the houses have also been leased on market rent)

(d) Maintenance of power distribution of colony and C-compound

(e) Maintenance of Special school and dispensary

(f) Maintenance of VIP Guest House and Lake view Guest House

PSPCL submits that the expenditure on these activities is independent and un-avoidable irrespective of closure of GNDTP. Moreover, some other activities cater to preservation of units, security and fire-fighting, common facilities and civil maintenance of the plant area. PSPCL has submitted the employee cost of Rs. 69.57 Crore for FY 2018-19 and Rs. 70.64 Crore for FY 2019-20 for GNDTP.

The Petitioner vide its office memo No. 1150/ARR/Dy.CAO/ 254/ Deficiency dated 31.12.2018 in a reply to the deficiencies pointed out vide this office memo No. PSERC/M&F/2247 dated 11.12.2018 claimed interest on long term loans as Rs.0.72 Crore for FY 2018-19 and Rs. 0.67 Crore for FY 2019-20.

PSPCL requested the Commission to approve Employee cost for GNDTP as submitted.

The Commission at para No. 2.10 of this Tariff Order has discussed the issue of impact of the allowance of fixed cost of GNDTP for FY 2017-18. The Commission for time being provisionally considers employee cost of GNDTP for FY 2018-19 and FY 2019-20 under Distribution Business. However, the Commission is not considering R&M & A&G expense and interest on long term loans at the moment. The impact of the decision, which is to be taken by the Commission in the matter remanded by the APTEL mentioned in the para 2.10 of this Tariff Order will be considered in the Tariff Order which follows the Commission's Order.

3.12 Employee Cost

PSPCL's Submissions:

3.12.1 PSPCL in this Petition has proposed the employee expenses for FY 2018-19 and FY 2019-20 on the basis of actual expenses of past years, increase in Dearness allowance, addition of new employees. PSPCL has considered the addition of 7943 employees in FY 2018-19 and 3335 employees in FY 2019-20. Further, PSPCL has considered the impact of addition of new employees and retirement of employees while estimating the employee cost for FY 2018-19 and FY 2019-20. Dearness Allowance has been considered as 132% for FY 2018-19 and the same is estimated to increase by 5% in FY 2019-20.

3.12.2 In the Petition for FY 2019-20, PSPCL has submitted revised employee expenses of Rs. 5347.22 for FY 2018-19 and Rs. 5748.17 for FY 2019-20 (net of capitalization of Rs. 124.58 Crore and Rs. 128.85 Crore for FY 2018-19 and FY 2019-20 respectively). The claim is inclusive of BBMB share. The detail of employee cost claimed by PSPCL as under:

Table 3.14: Employee cost for FY 2018-19 and FY 2019-20 claimed by PSPCL

(Rs. Crore)

Sr. No.	Particulars	FY 2018-19	FY 2019-20
1.	**Salaries & Allowances**		
2.	Basic Pay	1,102.27	1,167.81
3.	Overtime	15.53	16.07
4.	Dearness Allowance	1,455.00	1,652.22
5.	Fixed medical Allowance	20.76	21.47
6.	Conveyance Allowance	28.94	29.93
7.	Other Allowances	144.64	149.59
8.	Bonus/ Generation Incentive	4.67	4.83
9.	Medical Expenses Reimbursement	15.66	16.19
10.	**Total (1 to 9)**	**2,787.48**	**3,058.11**
11.	**Terminal Benefits**		
12.	Earned Leave Encashment	161.89	167.43
13.	Gratuity (including arrear)	250.79	258.32
14.	Workman's compensation	0.08	0.09
15.	**Total (12 to 14)**	**412.77**	**425.83**

Sr. No.	Particulars	FY 2018-19	FY 2019-20
16.	**Pension Payments**		
17.	Basic Pension	1,862.92	1,970.44
18.	Dearness pension		
19.	Dearness Allowance		
20.	Any other expense	153.82	159.09
21.	**Total(17 to 20)**	**2,016.74**	**2,129.53**
22.	**Total Expenses(10+15+21)**	**5,216.98**	**5,613.47**
23.	Less: Amount capitalised	124.58	128.85
24.	**Net amount**	**5,092.40**	**5,484.63**
25.	Add: BBMB share	254.82	263.55
26.	**Net Employee's Cost**	**5,347.22**	**5,748.17**

3.12.3 The Petitioner vide office memo No.1150/ARR/Dy.CAO/254/Deficiency dated 31.12.2018 in reply to the deficiencies pointed out by the Commission vide memo No. PSERC/M&F/2247 dated 11.12.2018 submitted the following project-wise allocation of employee cost.

Table 3.15: Project wise Employee Cost- Hydro &Thermal (Generation Business) for FY 2018-19 and FY 2019-20 as claimed by PSPCL

(Rs. Crore)

Sr. No.	Projects	FY 2018-19	FY 2019-20
I	**II**	**III**	**IV**
1.	Shanan	24.97	27.30
2.	UBDC	56.52	61.80
3.	RSD	31.47	34.41
4.	MHP	40.18	43.93
5.	ASHP	32.11	35.12
6.	Micro	-	-
7.	BBMB	254.82	263.55
8.	Total (Hydro) (A)	440.07	466.11
9.	GNDTP	69.57	70.64
10.	GGSSTP	427.52	467.46
11.	GHTP	174.55	190.86
12.	Total (Thermal) (B)	671.64	728.96
13.	**Total Generation (A+B)**	**1111.71**	**1195.07**
14.	**Total Distribution**	**4235.52**	**4553.11**

3.12.4 Further, PSPCL submitted the Share of Employee cost for BBMB as Rs. 254.82 Crore for FY 2018-19 and Rs. 263.55 Crore for FY 2019-20. Accordingly, PSPCL has considered the employee expenses for FY 2018-19 and FY 2019-20 as under:

Table 3.16: Employee cost for FY 2018-19 and FY 2019-20 as claimed by PSPCL

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Employee Cost – Generation, including BBMB	1111.70	1195.06
Employee Cost – Distribution	4235.52	4553.11
Total Employee Cost	**5347.22**	**5748.17**

PSPCL requested the Commission to approve Employee Cost for FY 2018-19 and FY 2019-20 as submitted in the Table above.

Commission's Analysis:

Terminal benefits

3.12.5 The Terminal benefits expenses are to be determined as per Regulation-26 of PSERC MYT Regulations, 2014 (as amended from time to time). Relevant notes of Regulation 26 of MYT Regulations, 2014 are reproduced below for reference:

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

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

Accordingly, the Commission allows terminal benefits of Rs. 2429.48 Crore and Rs. 2555.35 Crore for Generation and Distribution Business of PSPCL for FY 2018-19 and FY 2019-20 respectively.

3.12.6 Since the employees from GNDTP and the closed GGSSTP units are to be redeployed within PSPCL, thus, the closure of the aforesaid units will not have any impact on the total employee cost of PSPCL.

3.12.7 O&M expenses of BBMB are considered separately.

3.12.8 The Commission has considered figures of FY 2017-18 approved by the Commission in True-up of FY 2017-18 as base for computing the allowable employee cost for the Control Period.

Regulation-26.1 of PSERC MYT Regulations-2014 specifies that increase in 'other employee cost' is to be limited to average Wholesale Price Index (WPI) and Consumer Price Index. The WPI and CPI index for FY 2018-19 and FY 2019-20 are not available, therefore the percentage increase in WPI and CPI index respectively of FY 2017-18 over FY 2016-17 has been considered for FY 2018-19 and FY 2019-20. The Commission determines average increase of Consumer Price index and Wholesale Price Index as under:

Table 3.17: Increase of Consumer Price index and Wholesale Price Index

Particulars	FY 2016-17	FY 2017-18	Increase in %
Consumer Price Index	284.41	275.92	3.08
Whole Sale Price Index	111.60	114.90	2.96
Average Increase			**3.02**

3.12.9 The Other Employee Cost' in the true up for FY 2017-18 has been determined at Rs. 2241.80 Crore in this Tariff Order. By applying the increase due to indexation, the Commission determines the 'Other Employee Cost' for Generation and Distribution Business as under:

Table 3.18: Other Employee cost for FY 2018-19 and FY 2019-20 approved by the Commission.

(Rs. Crore)

Particulars	Amount
Base Line Values	2241.80
Multiplying factor for FY 2018-19	1.0302%
Other Employee cost for FY 2018-19	**2309.50**
Multiplying factor for FY 2019-20	1.0302*1.0302
Other Employee cost for FY 2019-20	**2379.25**

The Commission approves 'Other Employee Cost' of Rs. 2309.50 Crore and Rs. 2379.25 Crore on normative basis for FY 2018-19 and FY 2019-20 respectively. The Commission provisionally allocates employee cost of GNDTP in distribution business. The Commission allocates the total employee cost for Generation and Distribution Business for FY 2018-19 and FY 2019-20 as under:

Table 3.19: Employee Cost approved by the Commission for FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Terminal Benefits	2429.48	2555.35
Other Employee Cost	2309.50	2379.25
Total Employee Cost	**4738.98**	**4934.60**
Allocated to Generation	**596.31**	**620.95**
Allocated to Distribution	**4142.67**	**4313.65**

Accordingly, the Commission reallocates employee cost based on information supplied by the petitioner vide memo No.1150/ARR/Dy.CAO/ 254/ Deficiency dated 31.12.2018 in a reply to the deficiencies pointed out.

Table 3.20: Project wise Employee Cost - Hydro & Thermal (Generation Business) approved by the Commission for FY 2018-19 and FY 2019-20

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
Shanan	18.91	19.69
UBDC	42.80	44.58
RSD	23.83	24.82
MHP	30.43	31.68
ASHP	24.32	25.33
Total (Hydro) (A)	**140.29**	**146.10**
GNDTP	-	-
GGSSTP	323.81	337.18
GHTP	132.21	137.67
Total (Thermal) (B)	**456.02**	**474.85**
Total Generation (A)+(B)	**596.31**	**620.95**
Total Distribution	**4142.67**	**4313.65**

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

3.13.1 PSPCL has submitted that the Commission in MYT Order approved R&M and A&G Expenses of Rs. 104.19 Cr. for FY 2018-19, Rs. 108.02 Cr. for FY 2019-20 for Generation Business and Rs. 455.23 Cr. for FY 2018-19, Rs. 482.13 Cr. for FY 2019-20 for Distribution Business. PSPCL has computed R&M and A&G expenses for FY 2018-19 and FY 2019-20 on normative basis as per PSERC MYT Regulations, 2014. PSPCL has considered K-factor as approved by the Commission in MYT Order.

3.13.2 PSPCL submitted that the R&M and A&G expenses of Rs. 4.44 Crore for FY 2018-19 and Rs. 3.59 Crore for GNDTP for FY 2019-20. PSPCL has reduced the normative expenses for GNDTP and added back the estimated expenses for FY 2018-19 and FY 2019-20. The R&M and A&G Expenses for FY 2018-19 and FY 2019-20 has been computed for FY 2018-19 and FY 2019-20 as shown in the following Table 3.21:

Table 3.21: R&M and A&G Expenses for Generation Business as claimed by PSPCL

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Opening GFA	24,527.81	24,734.95
Closing GFA	24,734.95	24,856.13
Average GFA	24,631.38	24,795.54
K factor	0.89%	0.92%
Escalation factor	3.76%	3.76%
R&M and A&G Expenses	**226.22**	**236.30**
Less: Normative R&M and A&G Expenses for GNDTP	38.53	39.99
Add: Estimated Expenses for GNDTP	4.44	3.59
Total R&M and A&G Expenses	**192.12**	**199.91**

Table 3.22: R&M and A&G Expenses for Distribution Business as claimed by PSPCL

(Rs. Crore)

Distribution	FY 2018-19	FY 2019-20
Opening GFA	26,950.04	28,183.37
Closing GFA	28,183.37	29,224.06
Average GFA	27,566.70	28,703.71
K factor	1.60%	1.66%
Escalation factor	3.76%	3.76%
R&M and A&G Expenses	**456.31**	**493.02**
Add: Audit Fee	0.31	0.31
Add: License fees and fees for determination of tariff	13.70	13.70
Total R&M and A&G Expenses	**470.33**	**507.04**

Table 3.23: Project wise R&M and A&G Expenses for Generation Business (Generation Business) for FY 2018-19 and FY 2019-20 as claimed by PSPCL

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
Shanan	2.16	2.26
UBDC	4.27	4.47
RSD	3.26	3.41
MHP	3.32	3.47
ASHP	2.52	2.63
BBMB	54.06	56.55
Total (Hydro) (A)	**69.59**	**72.79**
GNDTP	4.44	3.59
GGSSTP	64.78	67.76
GHTP	53.31	55.76
Total (Thermal) (B)	**122.53**	**127.12**
Total Generation (A)+(B)	**192.12**	**199.91**

Commission's Analysis

3.13.3 The Commission has determined the K factor for Distribution and Generation Business during True-up of FY 2017-18 in Chapter 2 of this Tariff Order. The WPI increase for FY 2018-19 and FY 2019-20 has also been determined as 2.96% and 6% respectively. The value of Gross Fixed Assets as on 31.03.2018 of Generation Business is determined as Rs 24527.81 Crore. Value of Gross Fixed Assets of GNDTP as on 31.03.2018 is Rs. 4195.67 Crore. Gross Fixed Assets of GNDTP has been deducted to work out R&M and A&G expenses for FY 2018-19 and FY 2019-20. Considering average Gross Fixed Assets of each business of respective year, the R&M and A&G expenses for Generation and Distribution business work out as under:

Table 3.24: Calculation of 'K' factor for R&M and A&G expenses for FY 2018-19 and FY 2019-20 by the Commission

Particulars	FY 2018-19	FY 2019-20
Generation		
Opening Gross Fixed Assets	20332.14	20539.27
Closing Gross Fixed Assets	20539.27	20660.46
Average Gross Fixed Assets	20435.70	20599.86
'K' factor	0.61%	0.61%
Basic R&M and A&G expenses	124.64	125.65
WPI increase	2.96%	**6.00%**
R&M and A&G expenses for Generation Business	**128.27**	**133.35**
Distribution		
Opening Gross Fixed Assets	26950.04	28183.37
Closing Gross Fixed Assets	28183.37	29224.05
Average Gross Fixed Assets	27566.70	28703.71
'K' factor	1.055%	1.055%
Basic R&M and A&G expenses	290.82	302.82
WPI index	2.96%	6.00%
R&M and A&G expenses for Distribution Business	**299.55**	**322.54**

3.13.4 In addition to the above, the Commission allows license fees and audit fees of Rs. 13.94 Crore as projected. **Accordingly, the Commission allows R&M and A&G expenses Rs. 313.49 Crore for FY 2018-19 and Rs. 336.48 Crore for FY 2019-20 for distribution business.**

3.13.5 The Petitioner vide office memo No.1150/ARR/Dy.CAO/ 254/ Deficiency dated 31.12.2018 in reply to the deficiencies pointed out by the Commission vide memo No. PSERC/M&F/2247 dated 11.12.2018 submitted the project-wise allocation of R&M and A&G expenses. The Commission has not considered the R&M and A&G expenses for FY 2018-19 and FY 2019-20 of GNDTP Bathinda due to closure of plant w.e.f. 01.01.2018. Accordingly the Commission allocates the R&M and A&G expenses of Generation and Distribution business as per Table 3.25.

Table 3.25: Project wise R&M and A&G Expenses- Hydro & Thermal for FY 2018-19 and FY 2019-20 approved by the Commission

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
Shanan	2.10	2.28
UBDC	4.04	4.21
RSD	3.06	3.16
MHP	3.21	3.45
ASHP	2.37	2.47
Micro	-	-
Total (Hydro) (A)	**14.78**	**15.57**
GNDTP	-	-
GGSSTP	63.46	66.24
GHTP	50.03	51.54
Total (Thermal) (B)	**113.49**	**117.78**
Total Generation (A+B) R&M and A&G expenses	**128.27**	**133.35**

Accordingly, the Commission allows R&M and A&G expenses of Rs. 313.49 Crore for FY 2018-19 and Rs. 336.48 Crore for FY 2019-20 for Distribution Business and Rs. 128.27 Crore for FY 2018-19 and Rs. 133.35 Crore for FY 2019-20 for Generation Business.

3.14 PSPCL's share in BBMB

3.14.1 PSPCL in the current Petition has claimed O&M expenses of Rs. 308.88 Crore and Rs. 320.10 Crore on account of PSPCL's share in BBMB in Generation Business for FY 2018-19 and FY 2019-20 respectively as pass through subject to determination/ true-up of BBMB expenses for FY 2018-19 and FY 2019-20 by Central Electricity Regulatory Commission.

The Commission approves O&M expense of PSPCL's share in BBMB as Rs. 308.88 Crore and Rs. 320.10 Crore in Generation Business for FY 2018-19 and FY 2019-20 respectively as claimed by PSPCL.

3.15 Depreciation

3.15.1 PSPCL has projected depreciation charges for its Generation and Distribution Business for FY 2018-19 and 2019-20 as per details in Table 3.26 and Table 3.27.

Table 3.26: Depreciation for FY 2018-19 and FY 2019-20 as claimed by PSPCL

(Rs. Crore)

Sr. No.	Particular	FY 2018-19	FY 2019-20
I	II	III	IV
	Generation		
1.	Opening GFA	24527.81	24734.95
2.	Addition of GFA	207.14	121.18
3.	Closing GFA	24734.95	24856.13
4.	Depreciation	321.05	322.88
5.	**Distribution**		
6.	Opening GFA	26950.04	28183.37
7.	Addition of GFA	1233.33	1040.69
8.	Closing GFA	28183.37	29224.06
9.	Average Rate of Depreciation	3.10%	3.10%
10.	**Depreciation**	**840.02**	**874.67**
11.	**Total Depreciation (Generation + Distribution)**	**1,161.08**	**1,197.55**

Table 3.27: Project wise Depreciation claimed by PSPCL in Hydro & Thermal (Generation Business)

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
Shanan	1.95	2.05
UBDC	12.35	12.49
RSD	111.64	111.95
MHP	18.07	18.92
ASHP	9.08	9.18
Micro	0.37	0.37
BBMB	8.19	8.19
Total (Hydro) (A)	161.65	163.15
GNDTP	-	-
GGSSTP	19.76	20.03
GHTP	139.65	139.70
Total (Thermal) (B)	159.41	159.73
Total Generation (A+B)	**321.06**	**322.88**

3.15.2 PSPCL has submitted that asset addition has been considered same as approved by the Commission in MYT Order for FY 2018-19 and FY 2019-20. The weighted average depreciation rate for FY 2017-18 has been considered for GGSSTP, GHTP and Hydel project and Distribution for estimating depreciation for FY 2018-19 and FY 2019-20. The depreciation computed for GSSTP, GHTP and Hydro has been clubbed in Generation. PSPCL has requested to approve the depreciation charges for FY 2018-19 and FY 2019-20 projected as above.

Commission's Analysis

3.15.3 The Commission provisionally approved capital expenditure of Rs. 1700.00 Crore and Rs. 1055.46 Crore for FY 2018-19 and FY 2019-20 respectively. Assets addition claimed by PSPCL are approved provisionally at this stage for FY 2018-19 and FY 2019-20.

Accordingly, the Commission approves the depreciation for FY 2018-19 and FY 2019-20 as mentioned in the Table 3.28.

Table 3.28: Depreciation approved by the Commission for FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Generation		
Opening GFA	20332.13	20539.27
Addition of GFA	207.14	121.19
Closing GFA	20539.27	20660.46
Depreciation	**337.02**	**338.39**
Distribution		
Opening GFA	26950.04	28183.37
Addition of GFA	1233.33	1040.68
Closing GFA	28183.37	29224.05
Average Rate of Depreciation	3.05%	3.05%
Depreciation	**840.03**	**874.67**

Project wise depreciation approved under Generation Business is apportioned in Table 3.29.

Table 3.29: Project wise depreciation approved by the Commission for Hydro & Thermal (Generation business) for FY 2018-19 and 2019-20

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Shanan	3.45	3.63
UBDC	7.86	7.95
RSD	146.53	146.93
MHP	7.70	8.06
ASHP	1.52	1.53
Micro	0.10	0.10
BBMB	10.47	10.48
Total (Hydro) (A)	177.63	178.68
GNDTP	-	-
GGSSTP	19.75	20.02
GHTP	139.64	139.69
Total (Thermal) (B)	159.39	159.71
Total Generation (A+B)	**337.02**	**338.39**

3.16 Interest and Finance Charges

3.16.1 PSPCL has claimed interest charges of Rs. 252.28 Crore for FY 2018-19 and Rs. 300.05 Crore for FY 2019-20 for Generation Business and Rs. 2703.43 Crore for FY 2018-19 and Rs. 3215.31 Crore for FY 2019-20 for Distribution Business. PSPCL claimed interest charges of Rs. 2955.70 Crore and Rs. 3515.36 Crore for FY 2018-19 and 2019-20 respectively. The total interest and finance charges claimed by PSPCL for its Generation and Distribution Business are mentioned in Table 3.30.

Table 3.30: Interest and Finance Expenses claimed by PSPCL for FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
PSPCL Discom Bonds	0.00	253.96
Non SLR Bonds	21.47	0.96
REC Limited	476.16	518.87
Commercial Banks	283.42	328.96
Interest to consumers	130.07	150.00
GPF	93.10	72.67
CSS Loan	47.58	65.12
Working Capital Loan	657.72	713.15
Others	11.88	12.00
TOTAL	**1721.39**	**2115.69**
Add: State Government Loan	1306.94	1306.94
Total	3028.33	3422.63
Less: Interest capitalised	128.31	155.65
Net Interest Charges	**2900.02**	**3266.98**
Finance Charges	55.68	248.38
Total Interest & Finance Charges	**2955.70**	**3515.36**

3.16.2 PSPCL submitted that the Commission has limited the interest on working capital loans on normative basis. PSPCL has been under severe financial strain and the actual interest on working capital loans is higher. The working capital loans have been taken by the company to fund its deficit in the financials, which have been disallowed earlier, for funding the delayed payments from the consumers. PSPCL requests to allow Interest on Working capital loans as per actuals.

Commission's Analysis

3.16.3 The Commission provisionally approved the capital expenditure of Rs. 1700.00 Crore for FY 2018-19 and Rs. 1055.46 Crore for FY 2019-20. The Commission allows 100% financing through loans after deducting funds raised through grants and Consumer Contribution. The requirement of loan is determined in Table 3.12 at para 3.10 of this tariff order.

3.16.4 The detailed calculation of opening and closing balances of loan for Generation and Distribution Business for FY 2018-19 and FY 2019-20 and project wise interest on long term loans under Generation Business are shown in Table 3.31 and Table 3.32.

Table 3.31: Interest on Loan (Other than WCL and GoP Loans) as approved by the Commission for Generation and Distribution Business FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19		FY 2019-20	
	Generation	Distribution	Generation	Distribution
Opening Balance	392.29	8388.32	528.08	7908.77
Loan addition during the year	187.42	1163.53	100.82	754.64
Repayment during the year	51.63	1643.09	57.85	5344.05
Closing Balance	528.08	7908.77	571.05	3319.35
Average Loan	460.19	8148.55	549.57	5614.06
Weighted Average Rate of Interest	11.79%	9.60%	11.51%	9.60%
Interest on Loan	**54.28**	**782.23**	**63.28**	**640.05**

Table 3.32: Project wise interest on Long Term Loans under Generation and Distribution Business approved by the Commission

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Shanan	3.01	3.64
UBDC	0.64	1.53
RSD	18.68	20.49
MHP	8.40	14.39
ASHP	0.50	1.07
BBMB	10.73	5.95
Total (Hydro) (A)	41.96	47.07
GNDTP	-	-
GGSSTP	12.24	15.99
GHTP	0.08	0.22
Total (Thermal) (B)	12.32	16.21
Total Generation (A+B)	**54.28**	**63.28**
Total Distribution	**782.23**	**640.05**
Weighted Average Rate of Interest	**11.65%**	**11.65%**

3.17 Interest on GPF

PSPCL has claimed interest on GPF liability in its distribution Business, amounting to Rs. 93.10 Crore and Rs. 72.66 Crore (weighted average rate of interest 8.00%) as per projections submitted for FY 2018-19 and FY 2019-20 respectively.

Interest on GPF being statutory payment, the Commission allows interest on GPF as claimed by PSPCL for FY 2018-19 and 2019-20.

3.18 Interest on Consumer Security Deposit

In the Petition of FY 2018-19 and 2019-20, PSPCL has claimed Rs. 128.31 Crore and Rs. 155.65 Crore towards interest on consumer security deposit for 2018-19 and 2019-20 respectively.

The Commission allows the interest on consumer security deposit as claimed by PSPCL.

3.19 Capitalization of Interest Charges

In the Petition of FY 2019-20, PSPCL has claimed Rs. 128.31 Crore for FY 2018-19 and Rs. 155.65 Crore for FY 2019-20 towards capitalization of interest charges based on projections.

The Commission allows capitalization of interest as claimed by PSPCL.

3.20 Finance Charges

PSPCL's Submission

3.20.1 PSPCL has claimed finance charges of Rs. 55.68 Crore for FY 2018-19 and Rs.248.38 Crore for FY 2019-20 which includes guarantee fee of Rs 200.00 Crore payable to GoP on account of issuance of DISCOM Bonds of Rs. 5209.42 Crore for FY 2019-20 by PSPCL under UDAY scheme.

Commission's Analysis

3.20.2 The Bonds of Rs. 5209.42 Crore were to be issued during FY 2016-17 but could not be issued during FY 2017-18 and FY 2018-19. The Commission disallows Rs. 200.00 Crore as guarantee fee for FY 2019-20 as claimed by the PSPCL at this stage. However, the Commission will consider guarantee fee after issuance of DISCOM Bonds. Further, the Commission has approved Rs.12.15 Crore as finance charges against the loan requirement of Rs. 774.45 Crore. Accordingly, the Commission approves the finance charges proportionately to the loan requirement of Rs. 1350.95 Crore for FY 2018-19 as Rs. 21.19 Crore for FY 2018-19 and Rs. 13.42

Crore for loan requirement of Rs. 855.46 Crore for FY 2019-20.

3.20.3 The total interest and finance charges for Distribution Business are approved as detailed in Table 3.33.

Table 3.33: Interest and Finance charges for Distribution Business approved by the Commission

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Interest on Loan	782.23	640.05
Add: Interest for GPF Liability	93.10	72.66
Add: Finance charges	21.19	13.42
Less: Capitalization of Interest	128.31	155.65
Sub Total	**768.21**	**570.48**
Add: Interest on Consumer Security Deposits	130.07	150.00
Interest on Loan(Distribution)	**898.28**	**720.48**

The Commission approves the interest and Finance charges (net of capitalization) charges of Rs. 898.28 Crore for FY 2018-19 and Rs. 720.48 Crore for FY 2019-20 for Distribution Business and Rs. 54.28 Crore for FY 2018-19 and Rs. 63.28 Crore for FY 2019-20 for Generation Business.

3.21 Interest on Working Capital

3.21.1 PSPCL has claimed interest on working capital of Rs. 116.27 Crore for FY 2018-19 and Rs. 127.39 Crore for FY 2019-20 for Generation Business. PSPCL has submitted that interest on working capital projected/claimed as per MYT Regulations, 2014 separately for Thermal and Hydro Business as per allocation furnished. The details of working capital claimed and interest thereon is as under:

Table 3.34: Interest on Working Capital for Hydro and Thermal (Generation Business) claimed by PSPCL for FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19			FY 2019-20		
	Hydro	Thermal	Total	Hydro	Thermal	Total
Working Capital	183.13	927.22	1110.35	195.87	982.55	1178.42
Interest on Working Capital	**19.19**	**97.10**	**116.29**	**21.17**	**106.21**	**127.38**

Commission's Analysis:

3.21.2 The Commission has determined the working capital and interest thereon in accordance with PSERC Tariff Regulations. The project wise details of working capital requirement and allowable interest thereon are in Table 3.35 to Table 3.38.

Table 3.35: Working Capital and interest thereon for Thermal (Generation Business) allowed by the Commission for FY 2018-19 and FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	FY 2018-19				FY 2019-20			
		GNDTP	GGSSTP	GHTP	Total	GNDTP	GGSSTP	GHTP	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	Maintenance Charges @ 15% of O&M	-	58.09	27.34	85.43	-	60.51	28.38	88.89
2.	Fuel Cost for 2 months	-	111.07	127.93	239.00	-	111.65	150.46	262.11
3.	O&M Exp for 1 month	-	32.27	15.19	47.46	-	33.62	15.77	49.39
4.	Receivables for 2 months	-	199.74	203.12	402.86	-	203.71	227.17	430.88
5.	Total Working Capital	**-**	**401.17**	**373.58**	**774.75**	**-**	**409.49**	**421.78**	**831.27**
6.	Weighted Average Rate of Interest	**-**	9.36%	9.3%	9.36%	**-**	9.36%	9.36%	9.36%
7.	**Interest on Working Capital**	**-**	**37.55**	**34.97**	**72.52**	**-**	**38.33**	**39.48**	**77.81**

Table 3.36: Working Capital and interest thereon for Hydro (Generation Business) allowed by the Commission for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	Maintenance Charges @ 15% of O&M	3.15	7.03	4.04	5.04	4.00	-	-	23.26
2.	O&M Exp for 1 month	1.75	3.90	2.24	2.80	2.22	-	-	12.92
3.	Receivables for 2 months	5.18	12.49	61.50	12.75	7.13	0.11	57.85	157.01
4.	Total Working Capital	**10.08**	**23.42**	**67.78**	**20.60**	**13.36**	**0.11**	**57.85**	**193.19**
5.	Weighted Average Rate of Interest	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%
6.	**Interest on Working Capital**	**0.94**	**2.19**	**6.34**	**1.93**	**1.25**	**0.01**	**5.41**	**18.07**

Table 3.37: Working Capital and interest thereon for Hydro (Generation Business) allowed by the Commission for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	Maintenance Charges @ 15% of O&M	3.30	7.32	4.20	5.27	4.17	-	-	24.26
2.	O&M Exp for 1 month	1.83	4.06	2.33	2.93	2.32	-	-	13.47
3.	Receivables for 2 months	5.50	12.94	61.53	14.22	7.38	0.10	58.89	160.56
4.	Total Working Capital	**10.63**	**24.32**	**68.06**	**22.42**	**13.87**	**0.10**	**58.89**	**198.29**
5.	Weighted Average Rate of Interest	9.36%	9.36%	9.3%	9.36%	9.36%	9.36%	9.36%	9.36%
6.	**Interest on Working Capital**	**0.99**	**2.28**	**6.37**	**2.10**	**1.30**	**0.01**	**5.51**	**18.56**

Table 3.38: Working Capital and interest thereon for Distribution allowed by the Commission for FY 2018-19 and FY 2019-20.

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Maintenance Charges @ 15% of O&M	668.42	697.52
O&M Exp for 1 month	371.35	387.51
Receivables for 2 months	4451.05	4714.40
Sub-Total	**5490.82**	**5799.43**
Less: Consumer Security Deposit	3227.88	3483.98
Total Working Capital	**2262.94**	**2315.45**
Weighted Average Rate of Interest	9.36%	9.36%
Interest on Working Capital	**211.81**	**216.73**

Accordingly, the Commission approves the Interest on Working Capital of Rs. 90.59 (72.52+18.07) Crore for FY 2018-19 and Rs. 96.37 (77.81+18.56) Crore for FY 2019-20 for Generation Business and Rs. 211.81 Crore for FY 2018-19 and Rs. 216.73 Crore for FY 2019-20 for Distribution Business.

3.22 Return on Equity

3.22.1 In the current Petition, PSPCL has claimed total RoE of Rs. 942.62 Crore in two years as per details given in Table 3.39 and Table 3.40.

Table 3.39: Return on Equity Claimed by PSPCL for Control Period from FY 2018-19 and FY 2019-20.

(Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Generation	437.15	429.80
Distribution	505.47	512.82

Table 3.40: Project wise ROE in Hydro & Thermal (Generation Business) claimed by PSPCL

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
Shanan	2.75	2.70
UBDC	19.31	18.99
RSD	176.44	173.48
MHP	21.83	21.46
ASHP	14.12	13.88
Micro	0.59	0.58
BBMB	13.03	12.81
Total (Hydro) (A)	**248.07**	**243.90**
GNDTP	-	-
GGSSTP	83.41	82.01
GHTP	105.68	103.90
Total (Thermal) (B)	**189.09**	**185.91**
Total Generation (A)+(B)	**437.15**	**429.80**

3.22.2 PSPCL has submitted that the Commission had approved a return on equity for earlier FYs at the rate of 15.50% worked out at Rs. 942.62 Crore on an equity base of Rs. 6081.43 Crore, which is also the claim for FY 2018-19 and FY 2019-20. It is further submitted that PSPCL has assumed that no fresh equity will be added during FY 2018-19 and FY 2019-20.

Commission's Analysis:

3.22.3 In accordance with PSERC Regulations 20 for MYT, the Commission allows RoE of Rs. 942.62 Crore (@ 15.50% on the equity of Rs. 6081.43 Crore) to PSPCL for FY 2017-18 and FY 2018-19. However, the Commission has apportioned the RoE to different projects based on the respective Gross Fixed Assets (GFA) of the project. **Accordingly, the Commission approves the return on equity as mentioned in Table 3.41.**

Table 3.41: Project wise ROE approved by the Commission for FY 2018-19 and FY 2019-20.

(Rs. Crore)

Sr. No.	Projects	FY 2018-19	FY 2019-20
I	**II**	**III**	**IV**
1.	Shanan	2.66	2.78
2.	UBDC	17.41	17.11
3.	RSD	157.99	154.20
4.	MHP	24.86	25.66
5.	ASHP	12.81	12.60
6.	Micro	0.53	0.51
7.	BBMB	11.61	11.29
8.	**Total (Hydro) (A)**	**227.87**	**224.15**
9.	GNDTP	-	-
10.	GGSSTP	75.26	74.58
11.	GHTP	94.24	91.66
12.	**Total (Thermal) (B)**	**169.50**	**166.24**
13.	**Total Generation (A)+(B)**	**397.37**	**390.39**
14.	**Distribution**	**545.25**	**552.23**

3.23 Charges Payable to GoP on RSD

In the current Petition, PSPCL has claimed Rs. 12.60 Crore for FY 2018-19 and Rs. 13.23 Crore for FY 2019-20 as royalty charges payable to Government of Punjab on power from RSD (under Generation Business).

The Commission approves royalty charges of Rs. 12.60 Crore for FY 2018-19 and Rs. 13.23 Crore for FY 2019-20 as claimed by PSPCL.

3.24 Non-Tariff Income

3.24.1 PSPCL submitted that the Non-Tariff Income for FY 2018-19 and FY 2019-20 equivalent to the non-tariff income of FY 2017-18 for True-up purpose in the present Petition. PSPCL further prayed not to consider the amount against the late payment surcharge as part of Non-Tariff Income for the purpose of projections for FY 2018-19 and FY 2019-20 as its working capital requirements are determined as per norms, there is no compensation to the PSPCL on account of interest accrued on delayed payments against bills issued. Accordingly, considering the Late Payment Surcharge as Non-Tariff/ Other Income adversely impacts the cash flow position of the PSPCL. PSPCL has submitted the non-tariff Income of Rs. 653.76 Crore for FY 2018-19 and FY 2019-20.

Commission's Analysis

3.24.2 The Commission observes that receipts on account of late payment surcharge are to be treated as Non-Tariff Income as per Regulation 28 of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014. Similarly, PSPCL has also not included rebate for timely payment for power purchase in the Non-Tariff Income whereas these are to taken as Non-Tariff Income. The Commission will consider allowing of late payment surcharge at the time of true-up

The Commission approved the Non-Tariff Income of Rs. 922.45 Crore in the True-up of FY 2017-18 at Para 2.21 as such the same amount is also being considered in the ARR of Distribution business of PSPCL for FY 2018-19 and FY 2019-20.

3.25 Transmission Charges Payable to PSTCL

PSPCL has claimed Rs. 1282.99 Crore as Transmission and SLDC Charges payable to PSTCL for FY 2018-19 and Rs. 1337.15 Crore for FY 2019-20 under its distribution Business.

The Commission has determined the Transmission and SLDC Charges payable by PSPCL to PSTCL for FY 2018-19 at Rs. 1302.86 Crore and Rs. 1329.60 Crore for FY 2019-20 in the PSTCL Tariff Order.

3.26 Aggregate Revenue Requirement of Generation Projects (Hydro and Thermal) for FY 2018-19 and FY 2019-20

A summary of project wise Aggregate Revenue Requirement (ARR) of Generation Business of PSPCL (consisting of Hydro and Thermal Plants/Projects) for

FY 2018-19 and FY 2019-20 has been given from Table 3.42 to Table 3.45.

Table 3.42: APR/ARR for Thermal Plants (Generation Business) for FY 2018-19 and FY 2019-20

(Rs. Crore)

Particulars	FY 2018-19				FY 2019-20			
	GNDTP	GGSSTP	GHTP	Total	GNDTP	GGSSTP	GHTP	Total
Fuel Cost	-	666.41	767.60	1434.01	-	669.91	902.77	1572.68
Employee Cost	-	323.81	132.21	456.02	-	337.18	137.67	474.85
R&M and A&G Expenses	-	63.46	50.03	113.49	-	66.24	51.54	117.78
Depreciation	-	19.75	139.64	159.39	-	20.02	139.69	159.71
Interest Charges	-	12.24	0.08	12.32	-	15.99	0.22	16.21
Return on Equity	-	75.26	94.24	169.50	-	74.58	91.66	166.24
Interest on Working Capital	-	37.55	34.97	72.52	-	38.33	39.48	77.81
Revenue Requirement	**-**	**1198.48**	**1218.77**	**2417.25**	**-**	**1222.25**	**1363.03**	**2585.28**

Table 3.43: APR for Hydro Plants (Generation Business) for FY 2018-19

(Rs. Crore)

Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
Employee Cost	18.91	42.80	23.83	30.43	24.32	-	-	140.29
R&M and A&G Expenses	2.10	4.04	3.06	3.21	2.37	-	-	14.78
BBMB O&M Expenses	-	-	-	-	-	-	308.88	308.88
Depreciation	3.45	7.86	146.53	7.70	1.52	0.10	10.47	177.63
Interest Charges	3.01	0.64	18.68	8.40	0.50	-	10.73	41.96
Return on Equity	2.66	17.41	157.99	24.86	12.81	0.53	11.61	227.87
Interest on Working Capital	0.94	2.19	6.34	1.93	1.25	0.01	5.41	18.07
Maint. Charges payable to GoP for RSD	-	-	12.60	-	-	-	-	12.60
Revenue requirement	**31.07**	**74.94**	**369.03**	**76.53**	**42.77**	**0.64**	**347.10**	**942.08**

Table 3.44: ARR for Hydro Plants (Generation Business) for FY 2019-20

(Rs. Crore)

Particulars	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total
Employee Cost	19.69	44.58	24.82	31.68	25.33	-	-	146.10
R&M and A&G Expenses	2.28	4.21	3.16	3.45	2.47	-	-	15.57
BBMB O&M Expenses	-	-	-	-	-	-	320.10	320.10
Depreciation	3.63	7.95	146.93	8.06	1.53	0.10	10.48	178.68
Interest Charges	3.64	1.53	20.49	14.39	1.07	-	5.95	47.07
Return on Equity	2.78	17.11	154.20	25.66	12.60	0.51	11.29	224.15
Interest on Working Capital	0.99	2.28	6.37	2.10	1.30	0.01	5.51	18.56
Maint. Charges payable to GoP for RSD	-	-	13.23	-	-	-	-	13.23
Revenue requirement	**33.01**	**77.66**	**369.20**	**85.34**	**44.30**	**0.62**	**353.33**	**963.46**

Table 3.45: Total APR/ARR for Generation Business for FY 2018-19 and FY 2019-20

(Rs. Crore)

Projects	FY 2018-19	FY 2019-20
GNDTP	-	-
GGSSTP	1198.48	1222.25
GHTP	1218.77	1363.03
Total Thermal (A)	2417.25	2585.28
Total Hydro (B)	942.08	963.46
Total Generation ARR (A)+(B)	**3359.33**	**3548.74**

3.27 Penalty imposed by the Commission

The amount of penalty of Rs. 1 lac deposited by PSPCL on account of non-compliance of RPO as discussed in para 2.8.4 of Chapter 2 of the Tariff Order, is being reduced from ARR of PSPCL for FY 2019-20.

3.28 Revenue from Sale of Power

In the current petition, PSPCL has projected revenue from sale of power at Rs. 30006.68 Crore for FY 2018-19 Crore and Rs. 33726.50 Crore for FY 2019-20.

The Commission approves revenue from sale of power at Rs. 30635.10 Crore for FY 2018-19 and Rs. 31767.89 Crore for FY 2019-20 in Distribution Business of PSPCL, the details of which are discussed in Table 3.46 and Table 3.47.

Table 3.46 Revenue from Sale of Power for FY 2018-19

(Rs. Crore)

Sr. No.	Description	Claimed by PSPCL		Allowed by the Commission	
		Energy Sale (MkWh)	Revenue (Rs. Crore)	Energy Sale (MkWh)	Revenue (Rs. Crore)
I	II	III	IV	V	VI
1.	Domestic	14161.49	7922.19	13733	8748.00
2.	Non Residential Supply	4027.04	2743.11	3723	2933.92
3.	Public Lighting	238.47	171.92	255	191.95
4.	Small Power Ind.	1077.14	659.60	1016	687.25
5.	Medium Supply Ind.	2382.51	1564.12	1884	1386.70
6.	Large Supply Ind.	14220.99	8864.49	13837	9556.24
7.	Bulk Supply	732.12	466.32	711	507.26
8.	Railway Traction	233.25	174.17	240	205.58
9.	Adjusted Units	*	*	168	*
10.	**Sub Total**	**37073.01**	**22565.92**	**35567**	**24216.90**
11.	Agricultural Supply	11762.92	6256.10	11111	5733.14
12.	**Total Sale within State**		**28822.02**	**46678**	**29950.04**
13.	Common Pool	305.39	140.96	305	140.96
14.	Outside State	1822.94	969.10	1823	969.10
15.	**Total Sales**	**50964.26**	**29932.08**	**48806**	**31060.10**
16.	Surcharges/Rebate		74.60	-	-425.00
17.	**Grand Total**	**50964.26**	**30006.68**	**48806**	**30635.10**

***** *Covered in Sr. No. 1 to 8.*

Table 3.47: Revenue from Sale of Power for FY 2019-20

Sr. No	Description	Claimed by PSPCL		Allowed by the Commission	
		Sales in MkWh (kWh Sales)	Revenue (Rs. Crore)	Sales in MkWh (kWh sales)	Revenue (Rs. Crore)
I	II	III	IV	V	VI
1.	Domestic including others	15045.50	9739.52	14590	9459.46
2.	Non Residential Supply	4271.81	3290.90	3949	3085.69
3.	Public Lighting	253.02	191.28	271	204.50
4.	Small Power Ind.	1128.64	733.05	936	630.61
5.	Medium Supply Ind.	2484.70	1756.45	1908	1383.43
6.	Large Supply Ind.	14977.93	10563.84	14573	10220.40
7.	Compost/RWW			186	97.69
8.	Bulk Supply	760.74	543.01	739	505.22
9.	Railway Traction	262.42	238.48	270	204.83
10.	**Sub Total**	**39184.76**	**27056.53**	**37422**	**25791.83**
11.	Agriculture	12508.52	6454.41	11521	5944.84
12.	**Total Sale within State**	**51693.28**	**33510.94**	**48943**	**31736.67**
13.	Common Pool	309.30	140.96	309	140.96
14.	Outside state	0	0	900	360.00
15.	**Total Sales**	**52002.58**	**33651.90**	**50152**	**32237.63**
16.	Surcharges /Rebate				-475.00
17.	**TOTAL**	**52902.28**	**33726.50**	**50152**	**31762.63**

3.29 Revenue Requirement for FY 2018-19 and FY 2019-20

A final summary of Net Revenue Requirement of Distribution Business of PSPCL for FY 2018-19 and FY 2019-20 has been given in Table 3.48.

Table 3.48: Net revenue Requirement of Distribution Business of PSPCL for FY 2018-19 and FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Claimed by PSPCL		Allowed by the Commission	
		FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20
I	II	III	IV	V	VI
1.	Cost of Power Purchase	20303.69	19823.14	19374.35	20834.98
2.	Employee Cost	4235.52	4553.11	4142.67	4313.65
3.	R&M and A&G Expenses	470.33	507.04	313.49	336.48
4.	Depreciation	840.02	874.67	840.03	874.67
5.	Interest Charges *	2703.43	3215.31	898.28	720.48
6.	Interest on Working Capital Loans	-	-	211.81	216.73
7.	Return on Equity**	505.47	512.82	545.25	552.23
8.	Cost of Generation Business (Allowed as per Table 3.45)	4099.47	4326.11	3359.33	3548.74
9.	Transmission and SLDC Charges payable to PSTCL	1281.99	1337.15	1302.86	1329.60
10.	Prior period expenses/Income	-	-	185.50	-
11.	Provision for DSM fund	10.00	10.00	-	30.00
12.	Disallowance of penalty deposited by PSPCL on account of non compliance of RPO				(-) 0.01
13.	**Total Revenue Requirement**	**34449.91**	**35159.36**	**31173.57**	**32757.55**
14.	Less: Non-Tariff Income	653.76	653.76	922.45	922.45
15.	**Net Revenue Requirement**	**33796.15**	**34505.59**	**30251.12**	**31835.10**
16.	Less: Revenue from sale of Power at existing tariff			30635.10	31762.63
17.	**Gap: Surplus (+) / Deficit (-) for the year**			**383.98**	**-72.47**
18.	**Gap: Surplus (+) / Deficit (-) of the previous years**			**-881.23**	**-497.25**
19.	**Revenue Gap: Surplus (+) / Deficit (-) upto the year**			**-497.25**	**-569.72**

3.30 Fuel Cost Adjustment (FCA) Surcharge for 3rd Quarter of FY 2018-19

In petition No. 08 of 2019 filed before the Commission for approval of Fuel Cost Adjustment (FCA) Surcharge for 3rd quarter of FY 2018-19, PSPCL has submitted a claim for the following amounts:

(i) Balance un-recovered amount of Rs. 447.804 Crore for FCA at the end of 2nd Quarter of FY 2018-19.

(ii) Change in Fuel Cost of PSPCL's own Thermal Generating Stations on account of change in fuel prices w.r.t. Fuel Cost approved by the Commission in the

Tariff Order for FY 2018-19 as Rs. (-) 2.528 Crore.

(iii) Increase in variable cost of Power Purchase from all Thermal and Nuclear Power Stations under long term contract with PSPCL as Rs. 387.06 Crore.

During hearing of the FCA Petition, PSPCL submitted on affidavit that it has claimed the fuel cost on actual basis for the 1st and 2nd quarter of FY 2018-19 in its ARR petition.

Accordingly, the Commission determines the impact of change in fuel cost and power purchase cost during 3rd quarter of FY 2018-19 w.r.t. the fuel prices & calorific values and variable rates as approved in review of FY 2018-19 in this Tariff Order as under:

Sr. No.	Particulars	Amount in Rs. Crore
1.	Impact of change in Fuel Cost	(-) 8.85
2.	Impact of change in Power Purchase Cost	3.75
3.	Total impact	(-) 5.10

Thus, the Commission decides to allow Rs. (-) 5.10 Crore on account of FCA for 3rd quarter of FY 2018-19 in this Tariff Order, subject to reconciliation/validation during the True up of FY 2018-19.

3.31 Revenue Gap for FY 2019-20

Accordingly, the Cumulative Gap upto FY 2019-20 has been worked out as under:

Table 3.49: Cumulative Gap [(Surplus (+) / Deficit (-)] upto FY 2019-20 approved by the Commission

(Rs. Crore)

Sr. No.	Particulars	Claimed by PSPCL	Allowed by the Commission
		FY 2019-20	
1.	Cumulative Gap: Surplus (+) / Deficit (-) upto FY 2019-20	(-) 653.77	(-) 569.72
2.	Impact of Petition No. 08 of 2019*		(+) 5.10
3.	**Total Cumulative Gap: Surplus (+) / Deficit (-) upto FY 2019-20**	**(-) 6832.05**	**(-) 564.62**

** Refer para 3.30.*

The Cumulative Gap (Deficit) upto FY 2019-20 is thus, determined at Rs. 564.62 Crore and the total Revenue Requirement for FY 2019-20 is assessed at Rs. 32757.55 Crore with energy sales of 50152 MU.

3.32 Subsidy payable by GoP for FY 2018-19

PSPCL in its Petition has claimed subsidy of Rs. 8556.64 Crore for FY 2018-19. PSPCL vide memo no. 728/ARR/Dy.CAO/254/deficiency/Vol II dated 21.05.2019 revised the claim of subsidy for SC DS Consumers, Non SC BPL DS Consumers and Backward Class DS Consumers. The Commission has worked out the category wise subsidy payable by GoP for FY 2018-19 as under:

Table 3.50: Subsidy payable by GoP for different Categories for FY 2018-19

(Rs. Crore)

Sr. No.	Category	Allowed by the Commission
1.	AP Consumption (including FCA)	5733.28
2.	Scheduled Caste (SC) / Domestic Supply (DS) free power	1310.94
3.	Non-SC/BPL DS consumers	81.71
4.	Backward class DS consumer free power	109.13
5.	Small Power (concessional tariff @ Rs.499 paise per unit)	115.46
6.	Freedom fighter	0.83
7.	Medium Supply Consumers	193.92
8.	LS supply consumers	1310.01
9.	**Total**	**8855.28**

Interest on delayed payment of subsidy: The GoP has paid Rs. 9036.43 Crore subsidy to PSPCL during FY 2018-19 in staggered instalments. There is a shortfall of Rs. 4885.55 Crore of subsidy paid by GoP by 31st March, 2018. The Commission observed that there was delay in payment of subsidy to PSPCL in FY 2018-19. With a view to compensate PSPCL on this account, the Commission levies interest on the delayed payment of subsidy @9.36% (effective rate of interest on working capital loan) which works out to Rs. 593.15 Crore.

Accordingly, the subsidy payable for FY 2018-19, inclusive of interest on delayed payment of subsidy, has been determined by the Commission at Rs. 14333.98 (8855.28+593.15+4885.55) Crore against which GoP had paid subsidy of Rs. 9036.43 Crore. As such, there is shortfall subsidy of Rs. 5297.55 (14333.98-9036.43) Crore ending FY 2018-19. This has been carried forward to para 7.4.

Chapter 4
Tariff Related Issues

4.1 Utilization of Surplus Power

4.1.1 In the Tariff Order for FY 2016-17, in order to utilize surplus power to reduce the burden of fixed cost of the surrendered power on the consumers of the State, the Commission introduced a reduced tariff rate for Large Supply industrial category consumers for any consumption above the threshold limit. This benefit of reduced tariff was extended to all categories of industrial consumers in the Tariff Order for FY 2017-18.

4.1.2 In the Tariff Order for FY 2018-19, the Commission decided to continue with its policy of incentivizing the industry for the productive use of surplus power. The Commission also simplified the procedure for determination of threshold consumption by delinking the same from change in the load/demand, if any, during the period of consideration.

4.1.3 Now, as per the revised estimates submitted for FY 2019-20 also, PSPCL has a surplus of 21089 MU, which has been proposed to be surrendered as per the merit order of power purchase from Thermal Stations. Some of the members of the State Advisory Committee and various consumers/stakeholders in their objections/ suggestions on the ARR have suggested continuing with the system of reduced rate for energy consumption above the threshold limit.

4.1.4 The Commission is also of the view that, the policy of encouraging the industry in promoting the productive use of surplus power needs to be continued to reduce the burden of fixed cost of the surrendered power on the consumers of the State.

Accordingly, the Commission decides to continue with its policy of encouraging the industry in promoting the productive use of surplus power by offering lower rate of energy charge for consumption of power exceeding the threshold limit of previous two years. For FY 2019-20, the applicable reduced energy charge for consumption of power exceeding the threshold consumption shall be Rs. 4.45 per kVAh. All other terms and conditions shall remain the same as approved in the Tariff Order for FY 2018-19.

4.2 Time of Day (ToD) Tariff

4.2.1 A distribution licensee generally plans for long term power procurement to meet its base load/demand and goes for short term power procurement to cater to its peak demand. Thus, to achieve optimum power procurement, the load curve needs to be as flat as possible. To achieve this objective, Time of Day (ToD) tariff is an accepted tool for DSM, wherein an additional charge is levied for consumption of electricity during peak-hours and rebate is allowed for consumption during off-peak hours, in order to incentivize consumers to shift their consumption from peak to off-peak hours, thereby helping in flattening of the load curve to optimize the capacity and minimize the cost of power procurement for the distribution licensee.

4.2.2 In the Tariff Order for FY 2016-17, the Commission removed the Peak Load Exemption Charges (PLEC) and introduced the ToD tariff; comprising of normal tariff plus additional charge of Rs. 2.00 per kVAh, applicable during peak hours from 06:00 PM to 10:00 PM from 1st June to 30th September for Large Supply industrial category consumers and normal tariff minus rebate of Rs. 1.00 per kVAh, applicable from 10:00 PM to 06:00 AM (next day) from 1st October to 31st May of next year for Medium Supply & Large Supply industrial category consumers. In the tariff Order for FY 2017-18, ToD tariff was extended to NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA. Also, off-peak rebate during the applicable period was increased from Rs.1.00 per kVAh to Rs.1.25 per kVAh.

4.2.3 In the tariff Order for FY 2018-19, the Commission decided that ToD tariffs shall be applicable for Medium/Large Power Supply Industrial Category consumers and NRS/BS consumers (with sanctioned Contract Demand exceeding 100 kVA) as under:

<table>
<tr><th>Period</th><th>Time period</th><th>ToD Tariff</th></tr>
<tr><td rowspan="3">1st April to 31st May</td><td>06.00 AM to 06.00 PM</td><td rowspan="2">Normal Tariff*</td></tr>
<tr><td>06.00 PM to 10.00 PM</td></tr>
<tr><td>10.00 PM to 06.00 AM (next day)</td><td>Normal Tariff* minus Rs.1.25/kVAh</td></tr>
<tr><td rowspan="3">1st June to 30th September</td><td>06.00 AM to 06.00 PM</td><td>Normal Tariff*</td></tr>
<tr><td>06.00 PM to 10.00 PM</td><td>Normal Tariff* plus Rs. 2.00/kVAh</td></tr>
<tr><td>10.00 PM to 06.00 AM (next day)</td><td>Normal Tariff*</td></tr>
<tr><td rowspan="3">1st October to 31st March</td><td>06.00 AM to 06.00 PM</td><td rowspan="2">Normal Tariff*</td></tr>
<tr><td>06.00 PM to 10.00 PM</td></tr>
<tr><td>10.00 PM to 06.00 AM (next day)</td><td>Normal Tariff* minus Rs. 1.25/kVAh</td></tr>
</table>

***** *As per applicable Schedule of Tariff for the year.*

4.2.4 Some of the members of the State Advisory Committee and various consumers/stakeholders in their objections/suggestions on the ARR have suggested the reduction/removal of ToD surcharge and increase of the rebate to Rs. 3.00 per kVAh. It was also suggested to extend the period of night rebate upto 15th of June (on account of delayed paddy sowing) and to extend the ToD tariffs to all consumers. The Ombudsman Electricity Punjab has also suggested that all consumers be covered under ToD Tariff.

4.2.5 The Commission notes that, as brought out in the Para 4.2.1 above, the objective of imposing additional charge during peak-hours is to curtail the use of supply during the period to flatten the load curve in order to optimize the capacity and minimize the cost of power procurement to the distribution licensee. However, the Commission's earlier efforts to shift day-time load to night by increasing ToD rebate from Rs. 1.00 per kVAh to Rs. 1.25 per kVAh hasn't yielded encouraging results. The Commission observes that cumulative ToD rebates at Rs. 300 Crore already outweigh the ToD surcharge of Rs. 96 Crore in FY 2017-18, as per the information received from PSPCL. Before making any decision in this regard, a detailed study of existing slot wise load profile and likely impact (technical as well as financial) of restructuring the ToD Tariff, if any, is required to be obtained from PSPCL.

Accordingly, the Commission decides to continue with ToD Tariff as approved in the Tariff Order for FY 2018-19, which shall be applicable to NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, all LS/MS consumers (including Rural Water Supply Schemes & Compost/Solid Waste Management Plants) and EV charging stations. However, cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.

4.3 Special tariff for use of electricity exclusively during night hours

4.3.1 In the Tariff Order for FY 2018-19, the Commission in order to give an impetus to the productive consumption of surplus power particularly during night hours and also to further flatten the load curve of the utility, decided to have a special reduced tariff for LS/MS Industrial consumers who opt to use electricity exclusively during night hours i.e. from 10.00 PM to 06.00 AM next day.

4.3.2 Some of the members of the State Advisory Committee and various consumers/ stakeholders in their objections/suggestions on the ARR have suggested that applicable period of exclusive night category be increased from the existing period of 8 hours to 12 hours.

4.3.3 PSPCL's comments on the issue are as under:

"*The exclusive night tariff is recently introduced by the Commission w.e.f 01.04.2018 and any change in the structure can only be made after analyzing its effects/ response from the consumers which shall only be available after sufficient time period. Gujarat is also offering exclusive night tariff to its consumers and the time period is also from 10.0 PM to 06.00 AM only.*

It is brought out that the special exclusive night tariff has been introduced to utilize the power during off peak hours only and 06:00 PM to 10:00 PM can't be considered as off peak period especially during the months of June to September as the same has been declared as peak period for ToD Tariff and all the existing consumers (falling under ToD Tariff) consuming energy during this period are liable to pay additional Rs. 2/ unit in addition to normal tariff approved by the Commission. During this period, the power system is also being utilized near to its full capacity. Further, the average monthly/hourly demand graph has been prepared, according to which there is at least one peak in both 12 hours periods that is from 06:00 PM to 06:00 AM and from 10:00 PM to 10:00 AM, especially during lean season (October to May). Whereas during peak season of the year, the load factors are high and there is no variability in demand during all the 96 time blocks of the day.

It is added that in order to study the impact of the proposal and to collect the data, the facility of exclusive night tariff between 10:00 PM to 10:00 AM of the next day can be extended at the first instance (on trail basis) during the upcoming lean demand season i.e. between October 2018 to march 2019 only. In this case exclusive night tariff shall be applicable from 10:00 PM to 06:00 AM next day while normal tariff shall be applicable for extended supply during day hours i.e. beyond 06:00 AM to 10:00 AM. The introduction of special night tariff even during the paddy season can be extended only after observing the quantum of load shifted under the proposed special tariff night structure during lean period."

Thus, the Commission decides to extend the time for use of electricity from 10.00 PM to 10.00 AM (next day) with Normal rates of tariff from 06:00 AM to 10:00 AM. This facility will be available from 01.10.2019 onwards. This will give PSPCL sufficient time to ascertain how much load has shifted and what will be the impact of the load shifted on the morning peak hours. The terms and conditions for LS/MS Industrial consumers who opt to use electricity

exclusively during night hours shall be as per condition 22 of General Conditions of Tariff.

4.4 Fixed Charges

4.4.1 Hot-Mix Plants and Ready Mix Plants:

In response to the Commission's query regarding proposal for increasing the sale of surplus power within the State, PSPCL submitted that it has identified a field of Hot mix Plants for sale of surplus power which are presently using DG Sets to run their load. PSPCL further submitted that a meeting was held with representative of the Hot Mix Plant Owner's Association-Punjab, Patiala, wherein it was stated that there are approximately 300 Hot Mix Plants in Punjab (about 250 plants having load upto 100 kW and 50 plants having load from 101 kW - 300kW). It was also informed that, the Association in their representation addressed to the Hon'ble Power Minister, Punjab has submitted as under:

> *"We are Owners of Hot Mix Plants which remains inoperative during rainy and winter seasons. Presently we are running Plants on DG Sets to avoid huge Monthly minimum charges for the off-season period. We came to know from some reliable sources that PSPCL has formed a Policy for another seasonal category i.e. Marriage palaces to shatter the burden of monthly minimum charges. We hereby request you to consider our demand for similar policy for out plants enabling us to obtain an electric connection which will ultimate prove a tool for the welfare of both sides..."*

The Commission is of the view that, shifting of Hot Mix/Ready Mix Plants using DG Sets to PSPCL's system will help in saving the environment as well as in utilization of the surplus power. Thus, the Commission decides as under:

> *"Fixed Charges for Hot Mix/Ready Mix Plants (covered under NRS category) shall be charged on 25% of Sanctioned Load/Contract Demand. In case, the consumer exceeds its Sanctioned Load/Contract Demand during a billing cycle/month, he shall also be liable to pay load/demand surcharge as specified in Schedule of Tariff."*

4.4.2 CPPs/Co-Gen Plants:

In the Tariff Order for FY 2018-19, the Commission while observing that, the amendments in PSERC (Harnessing of Captive Power Generation) Regulations, 2009 are already under the consideration of the Commission, had decided as under:

> *"Therefore, till the finalization of amendment in the relevant Regulations, the*

Commission decides to levy the Fixed Charges for consumers having CPPs/Co-Gen Plants on 50% of the Sanctioned Contract Demand or actual Demand recorded during the billing cycle/month (restricted to the Sanctioned Contract Demand), whichever is higher. In case, consumer exceeds his Sanctioned Contract Demand during a billing cycle/month, he shall be liable to pay demand surcharge as specified in the respective Schedule of Tariff."

The Commission has notified the PSERC (Harnessing of Captive Power Generation) (1st Amendment) Regulations 2019 vide notification dated 15.02.2019, wherein provision for Standby/Startup power has been made for the CPPs. The Model Agreement for Standby/Startup Power is also under consideration of the Commission and existing CPPs requiring Standby or Startup power are required to execute the supplementary agreement within one (1) month of the approval of the same by the Commission.

Accordingly, the Commission decides to continue with the existing provision of levy of the Fixed Charges on 50% of the sanctioned contract demand or actual demand recorded during the billing cycle/month (restricted to the sanctioned contract demand), whichever is higher, for the transitional period of 6 months from the date of issue of this tariff Order or signing of the agreement for Standby/Startup power, whichever is earlier.

4.4.3 **Temporary supply:**

In the Tariff Order FY 2018-19, the Commission has decided to charge the Fixed Charges and Energy Charges for Temporary Supply consumers @ 1.3 times the charges (highest slab rate wherever applicable) specified under the relevant schedule of tariff applicable for corresponding permanent supply consumers. **The Commission decides to further revise the Fixed Charges and Energy Charges for Temporary Supply consumers @ 1.25 times the charges (highest slab rate wherever applicable) specified under the relevant schedule of tariff applicable for corresponding permanent supply consumers.**

4.5 Demand surcharge for exceeding the contract demand

The Commission in its decision dated 03.02.2016 in Petition no. 47/2015 filed by Open Access Users Association, has observed as under:

"However, the Commission observes that the penalties imposed vide Commercial Circular 29 of 2015 for ensuring implementation of 5th amendment to Open Access Regulations, 2011, need to be further fine tuned,

***so that each day violation is taken care of**, otherwise the purpose of carrying out 5th amendment to Open Access Regulations, 2011 will be defeated……...”*

Also, the Commission vide notification dated 15.02.2019 has amended the Commission's Open Access and CPPs Regulations as under:

*"Provided further that for billing during the period of availing Standby power, the **demand for Standby power shall be calculated on daily basis** considering the highest quantum of power scheduled in any particular time block of the day."*

Accordingly, PSPCL was directed to inform about its readiness to implement the proposal for levy of demand surcharge on daily basis i.e. installation of compatible meters for recording demand on daily basis (etc.).

PSPCL vide its letter no. 40 dated 09.01.2019 has submitted as under**:**

"The status of PSPCL pertaining to the readiness to implement its proposal for levy of demand surcharge on daily basis i.e. installation of compatible meters for recording demand on daily basis for LS consumers is submitted as under:

i) Metering cell has conveyed their readiness regarding availability of compatible meters for LS Consumers. All installed meters are compatible and more can be procured as per requirement.

ii) In the next billing cycle MMTS and distribution officials shall verify the compatibility and connectivity issues if any for LS consumer meters. (Time period within 3 months).

iii) Modems are already being installed by IT department on LS consumers under Non SAP and DBTE consumers. IT department shall ensure that all LS consumer (SAP and Non SAP) are communicating with MDAS system and will coordinate the replacement of meters and moderns wherever required. IT department shall develop the logic for demand surcharge on daily basis in coordination with commercial organization. (Time period: within 4 months)

iv) 5th Month: Commercial organization shall issue necessary circular after readiness by IT and Distribution and trainings to distribution staff regarding changes in billing shall be conducted zone wise by HRD.

v) *From 6th Month onwards levy of demand surcharge on daily basis shall be started."*

The Commission notes that the period of 4 months sought by PSPCL for preparedness before issuance of the circular by the commercial section for the implementation of the same has already elapsed. Moreover, since all the open access customers and CPPs already have ABT meters for energy accounting, PSPCL shall implement the system of levy of demand surcharge on daily basis for these consumers immediately. The applicable rate of demand surcharge on daily basis for Open Access customers and CPPs shall be charged @ Rs. 50/- per kVA per day on excess demand irrespective of the number of defaults in a day. Provided that the demand surcharge so levied in a month shall not exceed the demand surcharge applicable on monthly basis.

PSPCL's proposal for levy of demand surcharge on daily basis for remaining Large Supply industrial and other large consumers will be examined separately.

4.6 Seasonal Industrial Category - Simplification of billing for Rice Shellers

The Rice Millers Association represented to the Commission for deletion of the clause regarding payment of Seasonal Minimum Consumption Charges (SMCC) based on the energy consumption formula. PSPCL vide its letter dated 01.04.2019 has consented for the same and proposed that, now under Two Part Tariff billing of Rice Sheller may be done at par other seasonal industry as per clause 18.5.1 of General Conditions of Tariff.

Accordingly, the Commission decides to delete clause 18.5.2 of the General Conditions of Tariff along with deletion of the words "(except Rice Shellers)" in clause 18.5.1 of General Conditions of Tariff.

4.7 Rural Water Supply (RWS) Schemes:

The Department of Water Supply & Sanitation Punjab (DWSS) vide its letter dated 05.02.2019 has submitted as under:

i) The department is the nodal department mandated with the task of supplying drinking water in the rural areas of the State. At present 3983 Rural Water Supply (RWS) Schemes are managed by the DWSS and 4226 have been handed over to the Gram Panchayat Water Supply and Sanitation Committee (GPWSCs).

ii) Drinking water is a basic human need and it is the primary responsibility of the State to provide clean drinking water to all, at affordable prices. High electricity tariff and the incapacity of DWSS and the GPWSCs to pay the excessive electricity bills on a regular basis is leading to build up of huge arrears on account of surcharge and penalties on delayed payment, making RWS schemes unsustainable. In order to make these Rural Water Supply (RWS) Schemes self sustaining in the long run it is imperative that power tariff on electricity connection of water supply schemes be reduced/rationalized, so that the department may be able to ensure uninterrupted potable drinking water supply at affordable prices to its rural masses and to enable the DWSS and GPWSCs to regularly pay bills of PSPCL for power consumed by Rural Water Supply Schemes.

iii) PSERC has also given relief earlier to charitable hospitals under the PWD Act 1995. In view of above, it is proposed that while approving petition of PSPCL for revision of power tariff for the year 2019-20, the request of department may be considered sympathetically and a separate category for electric connections on public water works in rural areas should be created. Further, the power tariff for this category should be reduced and applied as per the rates fixed by Maharashtra and other States of India or may be fixed at the same rate as applicable to agricultural pump sets in the State of Punjab if not lower.

iv) It is also submitted that in response to DWSS earlier representation to the CMD PSPCL Patiala, CE Commercial PSPCL vide their letter no. 2107/L-113 dated 14.12.2018 has stated that as per Electricity Act 2003 PSERC has the prerogative to determine and fix the power tariff for any category.

The Commission notes that Section 62 of the Electricity Act, 2003 also stipulates that charges of electricity can be differentiated on the basis of geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, the Commission decides to charge tariff from Rural Water Supply (RWS) Schemes managed by DWSS/GPWSCs as applicable to the Compost Plant/Solid Waste Management Plants for Municipality/ Urban Local Bodies. ToD Tariff shall also be applicable, however the Energy Charge shall in no case be less than Rs. 4.45 per kVAh.

4.8 Small Billet Heaters Loads

Some of the consumers organisations in their objections/suggestions submitted to the Commission and also during the Public Hearing held in Ludhiana regarding the ARR filed by PSPCL submitted that, the Industry, using furnace oil for heating the steel before forging, used to generate carbon monoxide and the toxic gases causing lot of air pollution, was encouraged to use the latest clean and pollution free technology by installing the billet heaters. As the same is environment friendly the whole industry made heavy Capital investments, which helped a lot in reducing the air pollution levels and also improved the quality of products.

But, on 29th May, 2014 PSPCL issued a circular that Induction Billet heaters/ Surface Hardening Machines shall be treated under PIU (Power Intensive Units) category w.e.f. 01.01.2014. We request the Commission to differentiate between Induction Furnaces/ Rolling Mills etc from SMEs who are using billet heaters from 20 KVA to 50 KVA/ 1000 KW.

The Commission has deliberated the issue and decides that, henceforth billet heaters having contract demand upto 100 kVA shall not be considered as PIU load.

4.9 Late payment surcharge.

The Commission vide 5th amendment to Supply Code 2014 issued vide notification No. PSERC/Secy./Regu.137 dated 28.01.2019 amended sub regulation 4.2.1 allowing a consumer/applicant to opt for supply at a voltage higher than specified in Regulation 4.2, if technically feasible. Accordingly, the Commission decides to amend clause 21.1 & 21.2 of the General Conditions of Tariff as under:

21.1 For all categories of consumers catered at HT/EHT 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 catered at LT 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.

Chapter 5
Status of Directives for FY 2018-19

Compliance of Commission's Directives

The Commission has a statutory function under the Electricity Act, 2003 to get the conditions of licensee enforced and also to guide the distribution licensee to become an efficient and commercially viable entity. The Commission has been issuing various directions to the distribution licensee in order to achieve higher efficiency and performance levels to ensure reliable and quality power to the consumers at affordable rates. The status of compliance of directives issued in the Tariff Order for FY 2018-19 and PSERC comments is summarized as under:

Directive No.5.1: T&D Loss Reduction:

(i) Shifting of meters outside consumer premises

PSERC Comments & Directive for FY 2018-19:

Though PSPCL assured to shift all meters under non-APDRP areas by March, 2017, there are still 3.85 lac meters pending for shifting under Non-APDRP areas. Ending March 2017, 1.92 lac meters were pending under R-APDRP scheme. Now PSPCL has indicated that 1.24 lac meters are pending as on 31.12.2017 which shows that only about 68000 meters have been shifted in 9 months. MoP/GoI has extended the date for completion of the work to 31.03.2018. PSPCL is directed to ensure completion of the job within stipulated time. The Commission reiterates that any loss of grant due to delay in completion of R-APDRP works shall be treated as gross violation of the directions of the Commission and shall not be allowed as pass through in the ARR.

Third Party Audit

The compliance of the Order of the Commission dated 26.05.2015 in petition No.25 of 2015 for Third Party Audit has been delayed by PSPCL. The work order was issued on 26.04.2016 and schedule of completion was 9 months. However, reports of only 67 feeders have been supplied by PSPCL in November, 2017. The licensee was asked vide letter dated 20.12.2017 to supply the T&D losses of all 67 feeders for FY 2015-16 and FY 2016-17 but no information has been received from PSPCL. The Commission directs PSPCL to supply the data along with audit report of remaining feeders within a month of the issue of this Tariff Order.

Reply of PSPCL:

The scheme wise detail of the meters shifted ending 12-2018 and balance meters required to be shifted is as under:

Scheme		Total Meters Covered Under The Scheme (In Lacs)	Revised Scope	Total Meter Shifted Upto 12/2018 (In Lacs)	Balance Meters To Be Shifted (In Lacs)
Non-APDRP	Phase-I	20.81	20.81	20.81	0
	Phase-II	11.81	8.17	7.95	0.22
	In-House	5.48	9.12	5.68	3.44
R-APDRP	(Part-B)	11.54	11.72	11.12	0.60
TOTAL		**49.64**	**49.82**	**45.56**	**4.26**

Remarks:

a) Meter Shifting Progress related to Non-APDRP Areas (Phase-II):

Work of shifting of 20.81 lac meters identified in Phase-1 under 19 no. T&D loss Reduction Schemes stand completed.

Balance 17.29 Lac meters were identified in phase-2 under 18 no. T&D loss reduction scheme. Work was to be carried out jointly be CE/RE&APDRP (Turnkey basis) and DS Organization (Departmentally). Work entrusted to CE/RE& APDRP stands completed (except work Order No. 82 for which short closure is in progress). As per the progress, out of 8.17 lac meters, 7.946 lac meters have been shifted outside the consumer premises.

In-house:

Under in-house meter shifting out of 9.12 lac meters, 5.68 lac meters have been shifted up to 12-2018. The progress is slow due to stiff resistance being faced by PSPCL from various Kissan Unions etc. However, all out efforts are being made to shift these balance meters.

b) Meter Shifting Progress related to APDRP Areas:

The work of 46 no. towns has been completed. However financial closing of towns is under progress. The financial closure documents of 20 nos. of completed towns have been submitted to Nodal agency PFC to claim final tranche of loan/grant. Out of 20 nos. towns, the final tranche of 10 % loan of 14 towns has been received The financial closure documents of remaining 26 no. towns will be submitted to PFC upto March 2019. At this stage no difficulty is foreseen for conversion of loans into grant under R-APDRP (Part-B) scheme.

Upto date status of meter shifted is as under:

Sr. No.	Name of Contractor	Quantity as per IOs Issued	Shifted up-to 31.12.2018	Balance to be shifted
1.	M/s L&T (02 No.Towns)	275000	275000	0
2.	M/s Godrej (16No. Towns)	215000	215000	0
3.	15 Nos. Towns	544046	484298	59748***
4.	M/s Nucon Switchgear Pvt. Ltd. (07 Nos. Towns)	65591	65591	0
5.	M/s Shreem Electric Ltd. (06 No. Towns)	72538	72538	0
	Total	**1172175**	**1112427**	**59748**

**** For shifting of meter outside consumer premises in Amritsar Town, the contractor M/s UBI Tech Faridabad has left the work without completing the work as per work order. Now the work of remaining meter to be carried out departmentally with labour outsourced.*

Third Party Audit

All the 125 evaluation reports along with feeder wise abstract of benefits have been submitted to the Commission.

PSERC Comments:

At the end of Dec. 2017, 3.85 lac meters were pending for shifting under non-APDRP schemes. PSPCL could shift only 19000 meters in last one year and there are still 3.66 lac meters pending for shifting outside consumer premises. For the last more than one year, resistance from Kissan Unions is being cited as the reason for delay but action taken by the licensee has not been spelt out and also no timelines have been submitted for completion of the job.

Similarly, PSPCL could shift 64000 meters under R-APDRP schemes and balance about 60,000 meters are planned to be shifted departmentally since the contractor has left the job. No timelines to complete the job has been indicated in the status report. Refer directive no. 6.1(iv).

Third Party Audit

The third party audit reports of 115 feeders were discussed in a meeting of the Commission with the representatives of PSPCL and third party auditor (M/s WAPCOS) on 14th September, 2018. The observations of the Commission as discussed in the meeting were conveyed to PSPCL vide Memo No.1675 dated 16.10.2018 with the direction to submit the action taken report followed by reminders vide Memo No.2591 dated 16.01.2019 and Memo No.168-169 dated 12.04.2019. PSPCL shall ensure the compliance of these observations.

(ii) Replacement of Electro-mechanical (E/M) meters

a) 3-ф meters: SP/DS/ NRS

PSERC Comments & Directive for FY 2018-19:

The replacement of 3 ф electromechanical meters with electronic meters is painfully slow as only 223 Nos. were pending for replacement ending 03/17 but 42 meters are still pending for replacement ending 12/2017. This implies that only 181 meters have been replaced with electronic meters in nine months. PSPCL is directed to complete the job immediately.

<u>Reply of PSPCL</u>

All the 3-ф electro mechanical meters have been replaced and advices are being sent/ uploaded wherever pending.

PSERC Comments:

All the three phase electro mechanical meters have been replaced so directive is dropped.

b) 1-ф electromagnetic meters (DS/NRS)

PSERC Comments & Directive for FY 2018-19:

As per the status report ending March, 2017 submitted by PSPCL, the licensee assured that balance 7.03 lac meters will be replaced by March 2018 but it is a matter of concern that PSPCL could replace only 81351 meters in nine months and replacement of 6,21,689 meters is still pending. PSPCL has not provided any timelines for completion of the job. PSPCL is directed to submit the roadmap of replacement of 1-ф electromagnetic meters with electronic meters within 15 days of the issue of this tariff order.

<u>Reply of PSPCL</u>

1-ф meters (DS/NRS)

As on 31.12.2018, 5.62 Lac. single phase electromechanical meters are pending to be replaced.

Detail	SAP area	Non-SAP area
1 phase electromechanical meters balance as on 31.03.2018	231448	374703
Balance as on 30.06.2018	223024	370713
Balance as on 30.09.2018	209371	364997
Balance as on 31.12.2018	202508	359934

Some of these meters are tied up under IPDS & DDUGJY schemes and will be replaced during execution of these schemes and balance are being changed in-house.

Sr. No.	Name of Contractor	Quantity as per IOs Issued	Replaced to upto 31.12.2018	Balance to be replaced
1.	M/s L&T (03No.Towns)	87142	87142	0
2.	M/s Godrej (20 No. Towns)	68107	68107	0
3.	M/s Nucon Switchgear Pvt. Ltd. (16 Nos. Towns)	28725	28725	0
4.	M/s Shreem Electric Ltd. (06 No. Towns)	14244	14244	0
Total		**198218**	**198218**	**0**

PSERC Comments:

Out of 6.21 lac single phase electro-mechanical meters pending for replacement ending Dec. 2017, only about 59000 meters could be replaced by PSPCL in last one year and 5.63 lac single phase electro-mechanical meters are still pending for replacement with electronic meters. This is gross violation of CEA metering Regulations and directions of the Commission. PSPCL has submitted that some of these meters shall be replaced while executing IPDS & DDUGJY schemes and balance will be shifted departmentally but neither any break up of meters covered under the schemes nor any timelines for completion of the job has been provided. It is a matter of concern that while other distribution companies in the country are planning to adopt smart meter technology for its consumers, PSPCL is still continuing with electro-mechanical meters resulting in loss of revenue. PSPCL shall fix responsibility for delay and inform the Commission by 1st October, 2019. Refer directive no. 6.1(v).

iii) Reduction in Transformer damage rate:

PSERC Comments & Directive for FY 2018-19:

PSPCL is directed to de-load all overloaded transformers before start of paddy season and submit a comprehensive report to the Commission by June, 2018.

Reply of PSPCL:

	Upto 12/2017	**Upto 12/2018**
Damage rate of DTs	3.60 %	3.41%

The damage rate of T/Fs ending 12/2018 has reduced over 12/2017. All overloaded transformers are being deloaded.

PSERC Comments:

The damage rate of DTs as mentioned in the MIR varies with the above stated position. PSPCL should explain the reasons. As per status report ending Dec. 2017, there were 7694 overloaded transformers and PSPCL was directed in the Tariff order for FY 2018-19 to deload all these DTs before paddy season. In the latest status report, PSPCL has not provided any data regarding overloaded DTs and has just assured that all overloaded transformers are being deloaded. Refer directive no. 6.9(A)(i).

Directive No.5.2: Implementation of R-APDRP Scheme:

(a) R-APDRP (Part A):

PSERC Comments & Directive for FY 2018-19:

All the 47 towns have been declared 'Go Live' by April 2015. PSPCL shall ensure that part A of the R-APDRP scheme is implemented as per the guidelines of MoP/GoI and 100% grant is availed under the scheme.

Reply of PSPCL:

All towns under PSPCL have been declared Go Live by April 2015. Now after verification from PFC, New Delhi (Nodal Agency of GoI), the final project cost of Rs. 226.93 Crore against revised DPR has been approved and the same has already been released by PFC. Thus, 100% admissible grant under the scheme has been availed.

PSERC Comments:

PSPCL has availed 100% grant admissible under R-APDRP (Part A), which is appreciated. The directive is dropped.

Distribution SCADA/ DMS

PSERC Comments & Directive for FY 2018-19:

The Commission notes the action taken. PSPCL should ensure successful completion of the project within the stipulated time.

Reply of PSPCL:

The stipulated time for implementation of SCADA/FMS has been extended upto 31.03.2019 for the completion and verification by NTPC. Present status of SCADA/DMS is as under:

1) All the three SCADA/DMS control centre buildings have been completed and control centre equipments have been installed and commissioned successfully by M/s Siemen Ltd.

2) Total 69 No. FRTUs/RMU have been installed at the respective sites in all the three towns.

3) All the 79 No. Remote Terminal Units (RTUs) have been installed at the respective sites: Town-wise status is as under:

Town	Total	Installed
Jalandhar	20	20
Ludhiana	38	38
Amritsar	21	21
Total	**79**	**79**

4) Relay and Breaker replacement of the 66KV Substations has mostly been completed in all three towns.

5) SAT (Site Acceptance Test) has been completed at Jalandhar, Amritsar and Ludhiana

Towns

6) 2nd Phase Point-to Point (P2P) test is complete at Jalandhar of PSPCL sign off is in progress and is almost completed in Amritsar. First phase of P2P has been completed at 10 substations of Ludhiana and for remaining, the work is in progress.

7) System availability test for all three towns will start very soon.

8) SLDC & IT links are delivered and integration is being attempted.

PSERC Comments:

The Commission notes the action taken. Refer directive no. 6.3A(i).

<u>Management Information System (MIS):</u>

PSERC Comments & Directive for FY 2018-19:

Under UDAY scheme, PSPCL is required to implement MIS for tracking meter replacement, key exceptions etc. The status report is silent on its implementation. PSPCL should submit the latest status immediately.

<u>Reply of PSPCL</u>:

Under UDAY scheme, the requirement was to implement performance monitoring and management system MIS for tracking the meter replacement, loss reduction and day to day progress for reporting to top management (clause 1.3 h (III) of Uday MoU). PSPCL has implemented an IT system under R-APDRP Part A Scheme wherein MIS system has been implemented for monitoring above parameters.

PSERC Comments:

PSPCL has claimed that an IT system under R-APDRP Part A Scheme wherein MIS system for monitoring the parameters contained in UDAY scheme has been implemented. However, the R-APDRP scheme is for 47 towns. Refer directive no. 6.3(C).

(b) <u>R-APDRP (Part B):</u>

PSERC Comments & Directive for FY 2018-19:

The Commission reiterates that PSPCL should ensure that the work is completed on time so that the grant under the scheme is fully availed. In case of failure to do so, loan amount eligible for conversion into grant shall not be taken in to account by the Commission while processing the ARR.

<u>Reply of PSPCL</u>:

The work of 46 no. towns has been completed. However financial closing of towns is under progress. The financial closure documents of 20 nos. of completed towns have been submitted to Nodal agency PFC to claim final tranche of loan/grant. Out of 20 nos. towns, the final tranche of 10 % loan of 14 towns has been received. The financial closure documents of remaining 26 no. towns will be submitted to PFC upto March 2019. At this stage no difficulty is foreseen for conversion of loans into grant under R-APDRP (Part-B) scheme. The up-to-date status of meter shifted upto 31.12.2018 has been provided in compliance report of directive no. 5.1(i) above. The status of work upto 31.12.2018 is as under;

Scope	**Strengthen sub-transmission and Distribution System of 46 towns of Punjab with DPRs cost of Rs. 1632.70 Cr.**			
Work in Progress	**Name of Firm**	**No. of Package**	**No. of Towns**	**Status of work upto 31.12.18**
	M/s L&T	4 No.	3 No.	100%
	M/s Godrej	2 No.	20 No.	100%
	M/s Nucon Switchgear Pvt. Ltd.	1 No.	16 No.	100%
	M/s Shreem Electric Ltd	1 No.	6 No.	100%

NOTE: Work of Patiala town already completed departmentally.

PSERC Comments:

PSPCL has submitted that works of all 46 towns have been completed and financial closure of schemes is under process. PSPCL shall ensure that 100% grant available under the scheme is availed. Refer directive no. 6.3 A (ii).

<u>Directive No.5.3</u>: Energy Audit:

PSERC Comments & Directive for FY 2018-19:

PSPCL was directed to submit a certificate that consumer indexing of all feeders has been updated. However, consumer indexing of only 54.5% feeders has been updated. The scrutiny of the online data available on the website of PSPCL from December 2016 to November 2017 reveals that out of 47 towns only 17 towns have AT&C losses below 15%, which is the target fixed by MoP/GoI under R-APDRP. There are 16 towns with AT&C losses more than 30%. It is surprising that Patti town has AT&C losses of 86.77% with billing efficiency of 42.18% and collection efficiency of 31.35%. The collection efficiency of 12 towns is less than 90%. In the last tariff order, PSPCL was directed to take action against the delinquent officials/ officers for high AT&C losses under the intimation to the Commission but it appears that no action has been taken by PSPCL in this regard. PSPCL must take disciplinary action against officials/officers who have been negligent in their duty to collect revenue due to the utility. In addition a drive be undertaken with the help of the district authorities to recover the dues. PSPCL is directed to complete consumer indexing on top priority and also submit a comprehensive report regarding reasons for high AT&C losses of 16 towns with losses above 30%.

Reply of PSPCL:

i) Indexing of all 7490 Nos. rural feeders has been completed.

ii) Sub division wise/Division wise audit is already being done under PSPCL.

iii) Based upon regular monitoring and taking corrective steps PSPCL is one of the few utility in India which has been able to bring distribution losses below 15%.

iv) Explanations have been called of officers/ officials having high loss areas.

v) Regular monitoring is being carried out by management of high loss divisions.

The updated progress/status for compliance of directive 5.3 and 5.30 for the quarter ending December 2018 (Period Oct. 2017 to Sept.2018 is as given below (Table)

No. of towns	At T &C Losses in %age				Collection efficiency in %age		
	Less than 15	Between 15 and 30	Between 30 and 40	More than 40	Below 60	Between 60 and 90	More than 90
	15	21	6	5	2	26	19

PSERC Comments:

The scrutiny of the online data available on the website of PSPCL from December 2017 to November 2018 reveals that out of 47 towns, only 19 towns have AT&C losses below 15%, (against 17 towns during the corresponding period of last year) whereas 6 towns have AT&C losses more than 30% (against 16 towns during the corresponding period of last year). There is no town with AT&C loss above 40%. Although AT&C loss reduction has shown some improvement but the target of 15% set by MOP/GoI under R-APDRP has still not been achieved. PSPCL is directed to ensure achievement of AT&C loss level target set by MoP/GoI within the stipulated time.

It has been observed from the MIR data for the quarter ending March, 2018 that during FY 2017-18, the distribution losses of 34 Divisions of PSPCL were more than 15%. The distribution losses of 11 Divisions were above 25%. The distribution losses of Patti and Bhikhiwind Divisions are 38.09% & 45.20% respectively. Refer directive no. 6.1(ii).

Energy Audit of Thermal Generating Stations:

PSERC Comments & Directive for FY 2018-19:

The Commission observes with serious concern that GGSSTP Ropar and GHTP Lehra-Mohabbat have failed to achieve normalized SHR target of PAT-1 Scheme and are lagging far behind the target of PAT-2 Scheme. The reasons for non-achievement of targets be shared with the Commission within one month of issue of Tariff Order.

<u>Reply of PSPCL</u>:

<u>GGSSTP Ropar:</u>

GGSSTP achieved normalized Station Net Heat Rate (SNHR) of 2887 Kcal/KWh against target SNHR of 2830 Kcal/KWh in PAT-I cycle. The reason for this is mainly low Plant Load Factor (PLF) due to low system demand and frequent start/stops of Units.

The target of SNHR given to GGSSTP by BEE for PAT-2 cycle is 2833.34 Kcal/ KWh. The PAT-2 cycle is for 3 years period commencing from 2016-17 to 2018-19 and the normalized Station Net Heat Rate (n-SNHR) for this period shall be determined based on the plant performance parameters of the year 2018-19. GGSSTP has achieved net-SHR 2907 Kcal/Kwh (For Q3 of FY 2018-19) and normalization factor will be applied to calculate the SNHR. The reason for this is due to the higher back down, lower running of units, lower PLF and more number of start/ stops of GGSSTP units on account of no demand imposed by Power Controller, Patiala.

<u>GHTP Lehra Mohabbat:</u>

Under PAT-1 Cycle, GHTP achieved normalized Station Net Heat Rate (SNHR) of 2640.05 Kcal/KWh against target SNHR of 2637 Kcal/KWh. The reason for this is mainly low Plant Load Factor (PLF) due to low system demand, conservation of coal and frequent start/ stops of GHTP Units. However GHTP does not agree with the computation of its normalized SNHR by the Bureau of Energy Efficiency (BEE) and requested for Check Verification of its PAT-1 data,

BEE accepted the request of GHTP for check verification. M/s. NIN Energy India Pvt. Limited, Chennai, the energy auditors sent by the BEE, have conducted check verification of PAT-1 data of this plant from 26.11.2018 to 28.11.2018. Its report is awaited.

The target of SNHR given to GHTP by the BEE for PAT-2 Cycle is 2620.19 Kcal/KWh. The PAT-2 cycle is for 3 years period commencing from 2016-17 to 2018-19 and the normalized Station Net Heat Rate (n-SNHR) for this period shall be determined based on the plant performance parameters of the year 2018-19. However, the SNHR achieved during FY2018-19 upto November-2018 is 2926 Kcal/Kwh and on this value of SNHR, normalization factor has to be applied. The reason of higher SNHR is that the PLF of the plant during this period was just 39.89 % due to low system demand and 116 no. start/ stops, which decreased its efficiency. However, it is being ensured that maximum energy saving is done while running the plant.

GNDTP, Bathinda

It is intimated that GNDTP is shut down permanently with effect from 01.01.2018, the status of the directive stands same as that ending June 2018. There is no further action in this regard.

PSERC Comments:

PSPCL has failed to achieve the targets under PAT-1.

Energy Audit of Hydro Generating Stations:

PSERC Comments & Directive for FY 2018-19:

PSPCL is directed to share the status of replacement of remaining GTs and CTs/PTs within one month of issue of Tariff Order for FY 2018-19.

Reply of PSPCL:

1. Out of four 20 MVA, 11/132 kV Generator Transformers against P.O. 38/HPs/ED.III/M-53 dated 11.01.2017. two GTs at UBDC and two GTs at MHP Talwara have been commissioned.
2. All the seven Single phase 12 MVA, 11/132/√3 KV Generator against P.O. No 39/HPs/ED-I/S-343/Vol.II dt.12.01.2017 have been commissioned at Shanan HEP, Joginder Nagar.
3. Status of replacement of 220KV/132KV/66KV CTs/PTs is as under:

Sr. No.	PO No. & date	Qty./description /amount	Status
1.	49/HPs/ED-III/M-107 Dt. 25.10.17 placed on M/s. Mehru Electrical and Mechanical Engineers Pvt. Ltd. Bhiwadi	76 No. 220/132/66KV PTs for various hydel projects amounting to Rs. 1.10 crore	All the material receive at respective sites
2.	52/HPs/ED-III/M-106/Vol-II Dt. 21.02.18 placed on M/s. Mehru Electrical and Mechanical Engineers Pvt. Ltd. Bhiwadi	223 No. 220/132/66KV CTs for various hydel projects amounting to Rs. 3.79 crore	All the material receive at respective sites

Detail of auxiliary consumption and G.T losses in respect of all Hydro Projects ending Dec. 2018 is as under:

Sr. No.	Name of plant	Aux. Cons. (%)	GT losses (%)
1.	RSD	0.2	0.13
2.	ASHP	0.097	0.175
3.	UBDC	0.28	0.28
4.	MHP	0.372	1.462
5.	SHANAN	0.029	1.36

Remarks:

SHANAN

1. Auxiliary losses are within permissible limit.

2. G.T. losses are higher than the permissible limit due to installation of single phase T/Fs instead of 3 phase T/Fs for the reason of space constraints.

MHP

1. Auxiliary losses are within permissible limit.

2. Power generated in the generating unit is carried to LV side of Generator Unit to step up Transformer through the 11 KV Aluminum cables (size- 500mm² at PH--1&2 and 800mm² at PH-3&4) for each Phase, i.e. Total six Aluminum cable have run load with length of the each cable 105 meter. The losses in these cables are also contributing to GT Losses.

3. G.T. losses are higher as theT/Fs installed at PH-1,PH-2,PH-3 &PH-4 of Mukerian Hydel Project are very old and were commissioned during 1983,1988 & 1989.2Nos. GTs of 15MW machines at PH-1&2 have been replaced in May-June, 2018. PO for procurement of 3No 25MVA for replacement of GTs of 19.5MW machines have been placed upon M/S BBL. Other GTs shall also be replaced in phased manner

4. Work for replacement of 132KV CT/PTs as per State Grid Code is in progress.

PSERC Comments:

The Commissions notes that PSPCL has replaced the GTs at the hydro stations. Regarding replacement of CTs/PTs, the material has been received but status of replacement of CTs/PTs has not been provided.

<u>Directive No. 5.4</u>: Demand Side Management Energy Conservation:

I) Efficient Lighting

PSERC Comments & Directive for FY 2018-19:

EESL has distributed 5.49 lac 9 W LED lamps, about forty two thousand 20 W tube lights and 6942 50 W fans by December, 2017. Considering the large consumer base of over 90 lac in Punjab, the pace of distribution is slow. PSPCL is directed to get the work expedited so that maximum energy saving appliances are distributed before the onset of next summer season. PSPCL shall submit the status of the project by 30.04.2018.

<u>Reply of PSPCL</u>:

UJALA Scheme has been launched in the state of Punjab on dated 24.05.2017 at Mohali.

Up to 31st December, 2018 Ujala Scheme has being extended in 22 no. of towns of Punjab i.e. Mohali, Amritsar, Patiala, Sangrur, Ludhiana, Jalandhar, Rupnagar, Hoshiarpur, SBS Nagar, Firozpur, Gurdaspur, Kapurthala, Faridkot, Bathinda, Moga, Taran Tarn, Pathankot, Fathgarh Sahib, Fazilka, Barnala, Mansa & Muktsar. Under this programme, up to 31st December 2018, 11.98 Lac no. of 9 Watt LED lamps, around 0.76 Lac no. of 20 Watt LED Tube lights and approximate 0.18 Lac Energy Efficient Fans have been distributed among the consumers of PSPCL in the state of Punjab.

PSERC Comments:

The number of LEDs distributed under Ujala scheme in the State is low as compared to other States. PSPCL may explain the reason for low penetration. Refer directive no. 6.12.

ii) <u>Agricultural DSM:</u>

PSERC Comments & Directive for FY 2018-19:

The Commission observes that no progress has been made to revive the Agricultural DSM pilot project of 11 kV Chatipeer Feeder fed from 66 kV S/S Achal where work stands held up after replacement of 14 out of 108 pump sets covered in the project. Since EESL is not responding so PSPCL should explore alternative means to execute at least one pilot project to showcase the benefits to the stakeholders.

Reply of PSPCL:

To implement various energy efficiency programs in the state of Punjab, Govt. of Punjab and PSPCL identified the areas of south zone predominantly having 1 Lac nos. of inefficient submersible Pumps to replace inefficient pumps with BEE 5 star rated motors. Accordingly , it was decided to implement a demonstrative pilot project of Ag-DSM for approximate 108 No. of pumps at Chatipeer feeder of 66 KV Achal S/S under Nabha Division, Patiala district to find out the actual energy saving potential and consider it deemed for rolling out the large scale implementation of Ag-DSM project in the State of Punjab.

In this regard 16 No. of pumps sets has been replaced so far at Chatipeer feeder of 66KV Achal S/S under Nabha Division and the project is at halt. The savings achieved from this pilot project by replacing 16 No. of pump sets with BEE star rated pump sets is between 17-18 %. Now M/s. EESL has submitted that demonstrative pilot project at Chatipeer feeder may be treated as completed after replacing 16 No. of pumps out of 108 no. of pumps with old methology and the subsequent 1 lac EEPS may be considered as a separate project to be under taken in up scaling methodology, but PSPCL is impressing M/s. EESL to complete total 108 No. demonstrative project at the earliest.

In this regard, to resolve the issue a meeting was held on dated 5.07.2018 in which it is decided that:

A) EESL will discuss this matter with pump supplier for readily availability of higher rated BEE-5 star rated pumpset for pilot project implementation & infirm PSPCL accordingly and shall inform the action plan to PSPCL within one week.

B) In the meantime a joint team shall pay visit to chatipeer feeder so that the work regarding contacting balance consumers shall be jointly carried out by M/s. EESL and PSPCL (DSM) team, for this demonstrative pilot project.

C) In case if any problem with regard to replacement of remaining AP Pumps at Chatpeer feeder, then the alternate feeder may be provided in that case. In latest on dated 05.09.2018 officer of EESL & PSPCL jointly visited and held the meeting with all AP consumers of Chatipeer feeders and intimated that the work of replacement of their existing pumps will be replaced with 5 star efficient pumps shortly.

   In Latest, this demonstrative pilot project is now held up at M/s. EESL end. The matter is taken vigorously for early completion of work, therefore a reminder letter vide CE/TAI(DSM) office memo no. 912/DSM-42 dated 28.11.2018 has been issued to M/s. EESL to restart this demonstrative pilot project. Further action by M/s. EESL is still awaited

PSERC Comments:

PSPCL was directed to explore alternative means to execute at least one pilot project to showcase the benefits to the stakeholders due to lack of response from EESL. PSPCL has failed to implement the directive and despite repeated directions, not even a single pilot project has been implemented in the State. Refer directive no. 6.12.

<u>iii) DSM Plan / Capacity Building Programme:</u>

PSERC Comments & Directive for FY 2018-19:

The above reply of the directive is a copy of the progress report ending March 2017 submitted by PSPCL during the processing of previous ARR. It shows that no progress has been made by PSPCL in implementation of DSM measures in the last 9 months. The Commission has been allowing DSM funds as sought by PSPCL, in last few tariff orders but no expenditure has been reported. PSPCL must appreciate that any reduction in peak demand, particularly during summers, with the implementation of DSM measures would increase availability of power which can be diverted to industry. PSPCL should submit the roadmap for implementation of DSM plan within a month of the issue of this tariff order.

Reply of PSPCL:

M/s TERI has completed the survey on 1480 no. of consumers for all categories of Punjab and has submitted the survey report to PSPCL which the management of PSPCL found satisfactory and M/s EESL has been informed to prepare Action plan for the state of Punjab under Capacity Building Programme. The survey report has already been shared with Hon'ble PSERC, Chandigarh vide this office memo no. 559 dated 11.08.2016.

Further, M/s EESL submitted the Action Plan, in which it is observed that some important observations are required to be incorporate so accordingly the same has been informed to M/s EESL and action plan is still awaited by this office. In this regard, reminder letters to submit the Action Plan for the state of Punjab have been addressed to M/s EESL. Also Er. Japinder Pal A.E.E/DSM visited EESL's Head Office Noida on dated 12.04.2018 and requested Mr. Jaspal Aujhla Chief General Manager/EESL regarding the submission of Action Plan under Capacity Building Programme for the state of Punjab.

M/s. EESL submitted a letter vide their reference no. EESL/2018-19/DISCOMs/DSM/PSPCL 1832 dated 01.06.2018, wherein it was mentioned that "the most of schemes covered under DSM action plan are already being implementated by PSPCL through the Ujjala Scheme of EESL and the action to be taken towards Ag-DSM programme are already in the pipeline. EESL also mentioned that EESL is coordinating M/s. TERI (Agency who conducted the activity pertaining to the LR) regarding clarification on the calculation part mentioned in the DSM Action Plan. Once the clarification gets received from M/s. TERI, EESL will forward the same to PSPCL. In continuation to this letter of EESL PSPCL once again requested EESL vide its memo no. 541 dated 13.06.2018 wherein it was mentioned that submission of Action Plan under capacity building program has already been delayed and Hon'ble PSERC directed PSPCL. in its tariff order for PSPCL 2018-19, to submit the roadmap for implementation of DSM plan within a month of issue of this tariff order. Therefore, it was again requested to expedite the matter and submit the DSM Action Plan to PSPCL at the earliest, so that directives of Hon'ble PSERC may be complied with accordingly.

PSERC Comments:

PSPCL is repeating year after year the same reasons for not implementing DSM plan in the State. As proposed by PSPCL in the ARR for respective years, the Commission has been approving DSM funds in the Tariff Orders of the last few years but the licensee failed to submit any credible scheme for implementation of energy conservation programme. Refer directive no. 6.12.

Directive No.5.5: Agricultural consumption:

a) Implementation of DDUGJY

PSERC Comments & Directive for FY 2018-19:

As per the implementation plan submitted by PSPCL in petition no. 5 of 2017, the kandi area feeders with less than 200 tubewell connections are to be covered under 100% metering but PSPCL has not provided the status of such feeders. The Commission directs PSPCL to submit list of such feeders along with progress of installing meters on quarterly basis. PSPCL should also submit feeder wise quarterly progress on separation of Kandi Area Feeders under DDUGJY Scheme.

Reply of PSPCL:

The delay has been on account of resistance from Kissan Unions and there was no intention of PSPCL to non-comply with the directives. At present only 649to 1080 AP connections are pending where Kissan Unions are not allowing PSPCL employees to install meters.

As the grant component for Kandi Area work is limited under DDUGJY scheme and PSPCL has to bear the balance cost of project at its own, the criteria for selection of feeders for load segregation / AP consumer metering was revised from (200 to 255) AP connections. Accordingly revised DPRs submitted by PSPCL were sanctioned by MoP/GoI for Rs.191.19 Cr vide Senior Chief Program Manager(North), REC, Panchkula office memo no. 956-61 dated 01.02.2018.

For implementation of work sanctioned by MoP for feeder segregation/AP consumer metering in Kandi Area, work orders have been awarded to eligible contractors in five packages as under:

Pkg No.	Firms to which LOIs / NOA dated 01.12.17 were offered	Divisions covered	Status of issue of Work Orders
I	M/s JAY BEE Industries, Panchkula	Mukerian, City Pathankot, S/u Pathankot	After the non-acceptance of LOI by L-1 firm against TE-54, a new tender TE-55 was floated.Supply & Services Contracts issued on 07.01.2019.
II	M/s Star Transformers Limited, Bathinda	Dasuya, City Hoshiarpur, Sub. U. HSP	Supply & Services Contracts issued on 17.01.2018
III	M/s Star Transformers Limited, Bathinda	Mahilpur, Garhshankar, Phagwara	Supply & Services Contracts issued on 17.01.2018
IV	M/s Nucon Switchgears Pvt Ltd., Ludhiana	Anandpur Sahib	Supply & Services Contracts issued on 09.04.2018
V	M/s Nucon Switchgears Pvt Ltd., Ludhiana	Kharar, Ropar, Mohali, Zirakpur, Lalru	Supply & Services Contracts issued on 08.03.2018

Awarded work is in progress. However, in some areas, PSPCL is facing difficulty in execution of work due to strong public hindrance especially by AP consumers. The matter was taken up with Govt. of Punjab to resolve the issues. As per directions of Secretary /Power Govt. of Punjab, DO letters to all concerned MLAs have been written under the signatures of CMD, PSPCL to apprise the benefits of scheme and grant available under this project vis-a-vis timely completion of project, for smooth implementation of project

PSERC Comments:

PSPCL was directed in the tariff order for FY 2018-19 to submit feeder-wise progress of installation of meters and segregation of feeders. The Commission notes with concern that PSPCL is still not clear about the number of un-metered AP consumers on Kandi Area mixed feeders. As per PSPCL reply, the work was allotted in January, 2018 but PSPCL has not submitted any physical progress / timelines for segregation of Kandi Area mix feeders and providing of meters on 100% AP consumers of the remaining feeders. Refer directive no. 6.4(ii).

b) **AMR of AP feeders**

PSERC Comments & Directive for 2018-19:

PSPCL is submitting AMR data of about 1600 feeders out of a total of 5400. In the review meeting held on 14.10.2016, it was confirmed by Director/distribution that data of more than 2600 feeders are being captured at the data centre and further assured that more feeders will be covered under AMR in the coming months. However, after more than one year, PSPCL is still submitting the data of about 2400 feeders which shows that data of large number of feeders are not being submitted for obvious reasons. The Commission directs PSPCL to cover all AP feeders under AMR and also ensure accuracy of the data during FY 2018-19.

Reply of PSPCL:

The AMR data of 3 Phase 3 wire purely AP feeder including pumped energy data available on the link provided by the office of Director/Distribution PSPCL. This office has submitted the AMR data of 3 phase 3 wire purely AP feeders for the month of January, 2018 to March 2018.

The AMR data of for the month of April 2018 and May 2018 cannot be generated due to occurrence of technical snag in the AMR M2M gateway server on dated 24.04.2018. The AMR/MDAS data of AP feeders of for the month of June 2018, July-2018, August-2018 and September 2018 has submitted to the Commission.

The data of AP feeders from 380 no. sub-stations is being received from AMR project and

I89 no. Sub-stations is being received in RAPDRP Part-A scheme. 109 no. sub-stations are covered under IPDS scheme of MoP, GoI for which tender for AMR of 11KV Feeders fed from these substations is at advance stage. 3850 no. AP feeders are covered under 11KV Rural Feeder Monitoring Scheme of RECTPCL, New Delhi for which the modems at 3640 no. 11KV AP feeder meters have been installed and Daily MIS report of approx.700 no. AP feeders is being generated in REC portal. The matter has been taken up with RECTPCL, New Delhi for rectification of the issues. The remaining 2940 no. AP feeders have non-DLMS meters and the data from this feeder will be available after obtaining meter Protocols from meter manufacture and the same is under process.

PSERC Comments:

The Commission notes that inspite of putting up so much efforts and investment in the scheme, AMR data of only 1400-1500 feeders is available in PSPCL reports, which is less than 25% of more than 6100 Nos. AP feeders. Refer directive no. 6.4(i).

c) 100% metering on A.P. consumers fed from urban feeders

PSERC Comments & Directive for FY 2018-19:

During review meeting held on 14.10.2016, it was assured by then CMD/PSPCL that all AP connections running on urban feeders will be provided meters within a week. As per the status report ending March 2017, there were 1439 unmetered AP connections running from urban feeders. The Commission directed PSPCL to ensure 100% metering of all such AP connection but still 1148 AP connections on urban feeders are unmetered. PSPCL is directed to explain the reasons for non compliance of the directions of the Commission within 15 days of the issue of this tariff order. The Commission reiterates its directive that after due validation, consumption of only metered AP consumers fed from urban feeders shall be considered while computing AP consumption.

Reply of PSPCL:

The delay has been on account of resistance from Kissan Unions and there was no intention of PSPCL to non-comply with the directives. At present only 649 to 1080 AP connections are pending where Kissan Unions are not allowing PSPCL employees to install meters.

PSERC Comments:

The Commission notes with concern that PSPCL is still not clear about the number of un-metered AP consumers fed from urban feeders. Moreover, the figure of 649 to 1080 AP unmetered connections fed from urban feeders, does not seem to be correct as the same figure has been submitted in respect of pending un-metered AP connections of Kandi Area mix feeders while replying to Directive No. 5.5. Refer directive no. 6.4(iii).

Directive No.5.6: Employee Cost

i) Implementation of PwC Report:

PSERC Comments & Directive for FY 2018-19:

The revised staffing norms approved by PSPCL must be submitted within one month of the issue of this tariff order.

Reply of PSPCL:

In line with the recommendations of PwC Report, PSPCL is already conducting various in-house restructuring & re-engineering initiatives. As regards efficiency and better indices efficiency parameters have already improved manifold and PSPCL is looking forward to further Improve these indices with continuous improvement and implementation of IT. The IT implementation(R-APDRP Part A-IT systems, SAP ISU system) in the distribution wing has also picked up pace and is progressing well.

For optimum utilization of existing manpower and to reduce employee cost, the following measures are being taken:

1) Restructuring of PSPCL & PSTCL staff is already in process.
2) For Restructuring of Distribution Organization, revised distribution norms are being framed.
3) Re-deployment of Manpower.
4) Restructuring of Manpower by abolishing, diversion & conversion of posts.

The proposal of reorganisation of distribution setup and revised staffing norms under functional setup has been finalised by the core committee constituted for the purpose and will be submitted to the Commission after approval by the BOD.

PSERC Comments:

PSPCL has not supplied the Staffing norms as directed by the Commission in the previous Tariff Order. Refer directive no. 6.8.

ii) Reorganization of DS on functional lines:

PSERC Comments & Directive for FY 2018-19:

The report submitted by PSPCL reveals that reorganization of distribution set up on functional lines has not been implemented in Kapurthala, Hoshiarpur and Nawanshahar Circles. No Impact Assessment Report of reorganization of DS System on functional lines has been supplied by PSPCL as directed by the Commission. PSPCL is directed to submit the report within one month of issue of this Tariff Order.

Reply of PSPCL:

Reply of Petition No. 28 of PSERC on the prescribed performa wherein, it has been submitted by field officers that the reorganization has already been made. The report has been submitted to PSERC with the reply of directives ending Sept.2017. Further, the report regarding implementation in Kapurthala, Hoshiarpur and Nawanshahar circles has been sent to PSERC vide this office memo no. 5158/TR-5/PSERC-Dec. dated 25.06.2018).

PSERC Comments:

In the status of compliance of directives submitted by PSPCL during processing of Tariff Order for FY 2018-19, it was submitted by PSPCL that Impact Assessment Report of reorganization of DS System on functional lines has been submitted along with status report ending Sept. 2017. The Commission in its directive for FY 2018-19 had clearly mentioned that no such report has been supplied by PSPCL and directed to supply the same within one month of issue of this Tariff Order for FY 2018-19. It is regretted that instead of supplying the copy of the report, PSPCL has reiterated the status report. Refer directive no. 6.8.

Directive No.5.7: Receivables:

PSERC Comments & Directive for FY 2018-19:

The Commission observes that receivables of PSPCL ending 03/2015 were Rs. 84,494.53 lac, which increased to Rs. 1,59,915.72 lac ending 03/2017 and further to Rs. 2,13,974.94 lac (un-audited) ending 12/2017 i.e. increase of Rs. 54059 lac in 9 months. The outstanding amount against Government departments has increased from Rs. 75625 lac ending March 2017 to Rs. 107765 lac ending 12/2017 i.e an increase of Rs. 32140 lac. in nine months. The Commission directed PSPCL to introduce pre-paid metering in Government departments in consultation with the State Government but no action has been taken by PSPCL. The Commission observes that PSPCL has never been serious of introducing prepaid meters. PSPCL should have taken action as per the provisions of Supply Code against defaulters. The Commission directs PSPCL to disconnect the connections of defaulters except essential services as per provisions of Supply Code and ensure reduction in the receivables by atleast 25% by Sept 2018 and further 25% by March 2019 (except court cases).

Reply of PSPCL:

It is intimated that tender enquiry for procurement of single phase prepaid meters is scheduled for opening in January 2019. Status of Defaulting Amount (Rs. in lacs.) ending 03/2018 viz-a-viz 06/2018,9/2018 and 12/2018 unaudited is as under:

Category	Ending 03/2018	Ending 06/2018	Ending 09/2018	Ending 12/2018 unaudited
Ind	133021	140950	151347	169583.22
AP	248	254	246	369.48
GSC	88874	89402	87967	110635.45
Others	4399	4762	5279	6721.88
Total	**226542**	**235368**	**244839**	**287310.03**

Defaulting amount statement ending 12/2018 and break up of receivables outstanding against Govt. department are enclosed**.** The increase in defaulting amount is mainly due to non payment by Government departments. It is further intimated that tender enquiry no MOP-116/PO(M) for procurement of single phase prepaid meters is scheduled for opening on 11.12.2018.

PSERC Comments:

The receivables of PSPCL ending 03/2017 were Rs. 1,59,915.72 lac which increased to Rs. 2,26,542 lac ending 3/2018 (increase of 41.66%). The outstanding amount against Government departments during this period also increased from Rs. 75625 lac to Rs. 1,11,704.07 lac (increase of 47.7%). PSPCL was directed to disconnect the connections of defaulters except essential services as per provisions of Supply Code and ensure reduction in the receivables by atleast 25% by Sept 2018 and further 25% by March 2019 (except court cases). It is a matter of serious concern that instead of reducing the outstanding amount, total receivables have further increased to Rs. 2,87,308 lac ending Dec. 2018 i.e an increase of Rs. 60768 lac in nine months (increase of 26.82%). Similarly, the outstanding amount against Government departments has also increased to Rs. 1,59,940.71 lac i.e an increase of Rs. 48236 lac. in nine months (increase of 43%). The receivables from all categories of consumers have increased. PSPCL has not submitted any action plan to tackle this menace which is affecting the revenues of the licensee. Refer directive no. 6.6.

Directive No.5.8: Mtc. of category wise details of Fixed Assets

PSERC Comments & Directive for FY 2018-19:

The reply of PSPCL in this regard is not convincing. PSPCL is directed to complete the preparation of Fixed Assets Cards and record without any delay and submit its report within one month from the issue of this Tariff Order.

Reply of PSPCL:

In compliance of directives, PSPCL has maintained the group head wise records of assets in excel form for the purpose of charging depreciation. At present all the accounting units of PSPCL are charging depreciation on fixed assets in line with Punjab State Electricity

Regulatory Commission (Terms and Conditions for determination of generation, Transmission, wheeling and retail supply Tariff) Regulations 2014, i.e. depreciation is charged for first 12 years as per rates prescribed by Appendix II of CERC regulations and remaining depreciable amount is spread over remaining useful life of assets after 12 years. Depreciation registers are maintained in uniform/standardized format by all accounting units that comprise of three annexures (Annexure-C, C-1, C-2.). Annexure-C shows the main abstract of assets and depreciation charged. Annexure C-1 shows year wise and head wise break up of fixed assets and depreciation. Annexure C-2 shows scheme wise and estimated wise details of assets capitalized during the year and pro-rata depreciation charged on the same since the date of capitalization.

Moreover due to implementation of MYT Regulation 2014, the total amount of depreciation has been reduced considerably in the FY 2017-18 as compared to the FY 2016-17. As such the Commission is now requested to drop this directive.

PSERC Comments:

PSPCL notes the compliance. Refer directive no. 6.11(i).

<u>Directive No.5.9</u>: Loading status of sub-transmission system (66 kV & 33 kV)

PSERC Comments & Directive for FY 2018-19:

PSPCL was directed to de-load all overloaded 33kV/ 66 kV lines and grids as per criterion fixed. PSPCL should have supplied the data of overloaded lines & Substations and timelines to de-load rather than data of lines erected and MVAs added from FY 2012-13 onwards. PSPCL should submit a list of overloaded lines and Grid Sub-stations along with action plan to de-load the same before start of next paddy season within a month of issue of this tariff order.

Reply of PSPCL:

The TS Organization of PSPCL during the year 2017-18 commissioned 46 Nos 66KV Sub-station works, 456.239 Ckt. KM 66 KV transmission line has been constructed during the year 2017-18. 106 No. 11KV Capacitor banks of 144.266 MVAR capacity have been added and commissioned during the year 2017-18 in the Sub transmission System. For the year 2018-19, 60 Nos. 66KV Sub-station works are to be completed & commissioned including 15 No. new 66KV Sub-stations, 550 Ckt. KM transmission lines shall also be completed during the year 2018-19. 250 MVAR capacity shall be added in the Sub-transmission system of the state for further improving the efficiency in the State of Punjab. The addition of this transformation capacity shall further bring down the loading of existing 66KV Sub-stations. As per the transmission works list 2018-19 released by Planning Organisation in the month of December-2018, TS organisation of the PSPCL is working on the formulated time bound action plan to bring the loading of Sub-stations within the 70% loading .

As such, it may be observed that efforts are being made to keep the loading of all the Sub-stations of the State upto maximum limit of 70%. List of overloaded substations is regularly updated on PSPCL website. The updated status of loading of 66/33KV substation system ending December 2018 is enclosed.

PSERC Comments:

From the loading status supplied by PSPCL, it has been observed that there is no grid sub-station with loading more than 100%. However, there are 169 grid sub-stations having loading more than 70% out of which nine grid sub-stations have loading more than 90%. Refer directive no. 6.9(B).

<u>Directive No. 5.10</u>: Cost Audit of generating stations

PSERC Comments & Directive for FY 2018-19:

The Commission notes the action taken and **hence directive is dropped.**

<u>Directive No. 5.11</u>: AMR of HT/DS/NRS Consumers

(i) <u>AMR of H.T. consumers:</u>

PSERC Comments & Directive for FY 2018-19:

PSPCL should expedite the implementation of AMR under IPDS.

Reply of PSPCL:

For AMR of HT consumers in 97 towns covered under IPDS, the work order for supply, installation and commissioning of modems has been issued.

PSERC Comments:

Refer directive no. 6.2(iii).

(ii) AMR of DS/ NRS consumers

PSERC Comments & Directive for FY 2018-19:

The Commission observes that the work order to M/s Kalkitech has been terminated in August, 2017 and monitoring committee of IPDS has accepted the proposal of PSPCL to execute the project by itself. The licensee should submit the status report ending March 2018 immediately.

Regarding floating of TE 148 dated 20.09.2017 for 66,000 Smart meters with bid opening now extended 6th time to 22.02.2018 for installing smart meters under UDAY Scheme, the details of total requirement of Smart meters under UDAY scheme and timelines of commissioning viz-a-viz targets under UDAY needs to be supplied.

Reply of PSPCL:

<u>Status of Smart Grid Pilot project in PSPCL</u>

The work order to M/s. Kalkitech is terminated due to continuous default and now PFC has cancelled the project vide their letter reference No. NPMU/1111218/Director dated 11.12.2018

MDM is in final stages of completion and will be implemented shortly. The representative of the firm shall be visiting this week to complete the remaining work.

<u>Status of Installation of Smart Meters</u>

The T.E. 148/DIT-892 dated20.09.2017 was floated for installation Smart Meters for the consumers having connected load of 20 KW or above(approximately 66000 No.) was dropped as none of the firm found eligible for Part-III. Again a TE No. 184/DIT-981 dated 20.08.2018 was floated but due to non participation tender have been dropped. However, the proposal for installation of smart meters under operational expenditure model is under consideration.

PSERC Comments:

Many utilities are implementing the smart meters schemes with the help of EESL. PSPCL should prepare a complete action plan with target dates for introduction of new metering technologies for different class of consumers. Refer directive no. 6.2(ii).

<u>Directive No.5.12</u>: Fuel Audit of various Thermal Plants of PSPCL:

PSERC Comments & Directive for FY 2018-19:

The Commission notes that CERC in its Tariff Regulations, 2014, has made the provision for consideration of weighted Average Gross calorific value of coal as received, for coal based stations and the Commission is also following the same. It is in interest of PSPCL to make arrangements for accurate sampling/analysis of coal GCV and to take remedial measures to effectively minimize the heat loss of coal from loading end to the bunker.

Reply of PSPCL:

PSPCL is making all out efforts for accurate sampling/analysis of coal GCV and minimizing the heat loss at station.

The standard procedure are being followed for sampling and analysis of the coal. The coal testing lab at GGSSTP is an NABL accredited lab. Also in compliance to directives of G.O.I

Ministry of coal, PSPCL has already signed a tripartite agreement with CSIR-CIMFR and CIL subsidiaries (BCCL, CCL,& SECL). As per the agreement CIMFR has already started work of third party sampling and analysis at loading end.

In order to minimize the heat loss at station great care is taken while stacking the coal. Effective waster spray is done on the stacked coal to avoid smouldering and coal compactors are also used for compacting the stacked coal in coal yard to avoid heat loss from coal.

It is submitted that CIMFR, Dhanbad a constitutient laboratory of Council of Scientific and industrial research (CSIR), an autonomous govt. body and India's largest research and development (R&D) organization has been appointed as per the directives of Ministry of Coal, Govt. of India for undertaking the work of 3rd party sampling and analysis of coal in a transparent and fair manner in respect of coal supplies from CIL subsidiaries to all the power utilities in the country. CIMFR is also undertaking the work of 3rd party sampling and analysis in respect to coal supplies by 'Rail Mode' and Road Mode from CIL sources account PSPCL thermal power stations.

PSERC Comments:

The Commission notes the compliance.

<u>Directive No. 5.13</u>: Review of PPAs with Generators/Traders for purchase of power from outside the State of Punjab.

PSERC Comments & Directive for FY 2018-19:

The Commission notes the efforts made by PSPCL regarding flagging of the issue at the appropriate level through GoP, and also the legal aspects involved in review of PPAs of IPPs. **Hence the directive is dropped.**

<u>Directive No.5.14</u>: Audited Annual Accounts & Cost Audit Report:

PSERC Comments & Directive for FY 2018-19:

The Commission has taken note of the compliance and directs PSPCL to submit CAG report and Cost Audit Report for FY 2016-17. PSPCL may also ensure that in future these reports are in consonance with the time requirement of the Companies Act 2013.

Reply of PSPCL:

It is intimated that Annual Accounts for the year 2017-18 have been approved by BODs on 20.09.2018 and audited by Statutory Auditor on 21.09.2018. The Supplementary Audit by CAG of India has been conducted. However, PSPCL has submitted the final report of CAG vide memo no. 540 dated 20.03.2019.

PSERC Comments:

The Commission notes the compliance. The directive is dropped.

<u>Directive No.5.15</u>: Per Unit Fuel Cost:

PSERC Comments & Directive for FY 2018-19:

The Commission notes the status of compliance. PSPCL is directed to endeavour for early opertionalisation of the Mine in order to reduce the fixed cost liability on consumers of the State.

Reply of PSPCL

It is mentioned that pursuant to Global Tender Enquiry No 07.CE/lFuel/C-3O0 (lll) dated 30.04.2018, M/s DBL - VPR Consortium, Consortium of Dilip Buildcon Limited and VPR Mining Infrastructure Private Limited, has been selected as Mine Developer-cum-Operator (MDO) for Pachwara Central coal mine and the Coal Mining Agreement (CMA) has also been signed between PSPCL and MDO ("SPV") on 11 .09.2018. The coal supplies from Pachwara Central Coal Mine are expected by next Paddy season.

PSERC Comments:

The Commission notes the status. The latest status of operationalisation of captive mine be intimated. The progress in this regard be conveyed on quarterly basis till commencement of despatch of coal after operationalisation of mine.

<u>Directive No.5.16</u>: System Analysis wings:

PSERC Comments & Directive for FY 2018-19:

The Commission observes that practically no action has been taken to operationalize the System Analysis Wing ever since its creation vide order dated 02.01.2015. The Commission reiterates the directions to PSPCL to make the system analysis wing duly functional to generate Load Flow studies, Short Ckt analysis, stability studies etc and to make proposal, based on technical analysis.

Reply of PSPCL:

Making the System Analysis Wing to generate load flow studies, the tender specification are being finalized and the tender would be floated shortly for the procurement of software, data collection from the field/sites and for the network formulation for load flow studies. As per the timelines provided by the firms, it is found that approximately 6 months are required for the above process to complete after the tender is finalized.

PSERC Comments:

The Commission in the Tariff Order for FY 2014-15 issued the directive to PSPCL to establish system analysis wing to carry out system operation studies. PSPCL created the wing vide order dated 02.01.2015 but could not procure necessary software to carry out load flow and other system studies in the last more than 4 years. PSPCL could not even float the tenders during this period. Refer directive no. 6.14.

Directive No. 5.17: Updating of consumer's Security Registers, payment of interest on Security Consumption and Security Meter:

PSERC Comments & Directive for FY 2018-19:

The Commission notes that number of consumers whose ACD record was not updated by PSPCL has reduced from 5 lac to 2.84 lac. The Commission reiterates that PSPCL should ensure that no consumer is deprived of its right to get interest on security deposit as per the provisions of the Supply Code.

Reply of PSPCL:

It is submitted that PSPCL has made rigorous efforts to update the record of various consumers w.r.t. their ACD with DS offices. But the record being old and not updated continuously in the Sub-Divn./Divn. Offices, the desired results could not be achieved. Now PSPCL has given press advertisement in various popular/leading newspapers requesting its consumers to come forward with the details of ACD deposited with them in the respective Sub-Divisions, so their records can be updated. Now, approximately 0.30 Lac. Consumers record is pending and ACD of these consumers will be uploaded as soon as some record is traced or made available by the consumer.

PSERC Comments:

The Commission reiterates the directive that PSPCL should ensure that no consumer is deprived of its right to get interest on security deposit as per the provisions of the Supply Code. As per regulation 17.2 of the Supply Code, 2014, the distribution licensee shall credit the interest on security to the account of the consumer annually and shall adjust it in the first bill raised after 1st April. Refer directive no. 6.7(i).

Directive No.5.18: Calculation of depreciation as per straight line method:

PSERC Comments & Directive for FY 2018-19:

The Commission has taken note of the compliance by PSPCL and further directs to complete the task within one month from the issue of Tariff Order.

Reply of PSPCL:

Company has amended its policy as per PSERC (Terms and Conditions for determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulation 2014. Further depreciation policy as per this regulation has already been implemented for preparation of financial statements of FY 2017-18, resulted in the sizable reduction of depreciation in FY 2017-18 as compared to FY 2016-17. As such, the Commission is requested to drop this directive.

PSERC Comments:

The Commission notes the compliance. Hence, the directive is dropped.

Directive No.5.19: Proper sealing/ locking of pillar boxes/ MCBs:

PSERC Comments & Directive for FY 2018-19:

The Commission observes that despite issuance of instructions by PSPCL, numerous unsealed Pillar Boxes/MCBs are existing in the field. It is the duty of the distribution licensee to get its instructions implemented to protect its commercial interests and also avoid undue harassment of the honest consumers.

Reply of PSPCL:

Instructions have already been passed to field offices for ensuring sealing of meters & locking of Pillar boxes. This issue is being regularly reviewed and stressed upon during periodic review meeting & disciplinary action has been taken against delinquent officials.

PSERC Comments:

Upkeep of pillar boxes is the routine duty of the officers/officials of the licensee. PSPCL should protect its commercial interests by ensuring proper upkeep and sealing of pillar boxes and henceforth its implementation may be monitored by the licensee. The directive is dropped.

PSERC Directive No.5.20: Periodic Checking of Meters:

PSERC Comments & Directive for FY 2018-19:

The Commission observes that accuracy of 68 EHT meters of Ludhiana and 65 EHT meters of Patiala has not been checked. The Commission observes that no tangible progress has been made to procure testing equipment for checking of HT/EHT meters at site since floating of TE in 2015. PSPCL should have explored the alternative means to get the accuracy of EHT metering equipment checked through a third agency. PSPCL should submit time bound action plan of checking of all EHT metering equipment at site within a month of the issue of this Tariff Order.

Reply of PSPCL:

In this regard, it is intimated that for implementation of Directive, the tender enquiry for procurement of equipment is schedule for floating and the order will be placed by the end March 2019

PSERC Comments:

The licensee is getting large share of its revenue from less than 9000 HT/EHT consumers. PSPCL was directed to explore the alternative means to get the accuracy of EHT metering equipment checked through a third agency till testing equipment is procured by PSPCL. It has been observed that PSPCL has neither floated tender to procure the testing equipment for checking of HT/EHT meters including CT/PT units at site nor any feedback regarding testing by third party has been submitted. Refer directive no. 6.2(iv) & (v).

Directive No.5.21: Replacement of defective energy meters at Grid Sub-station

PSERC Comments & Directive for FY 2018-19:

The compliance of Commission's directions shall be monitored separately. **Hence directive is dropped.**

Directive No.5.22: Power Regulatory Measures:

PSERC Comments & Directive for FY 2018-19:

PSPCL shall ensure implementation of the directions. **The directive is dropped.**

Directive No.5.23: Assessment of T&D losses on AP feeders:

PSERC Comments & Directive for FY 2018-19:

PSPCL has failed to supply the exact number of feeders which have been covered under 100% metering and also failed to submit the status of computation of T&D losses by an independent agency. Director/Distribution, PSPCL in its letter to the Commission dated 18.01.2018 has submitted that due to the resistance by farmer unions, the work has been delayed. However, in its reply indicated above, it appears that PSPCL has achieved 100% metering on selected 1% AP feeders. PSPCL is directed to submit the list of feeders which have been covered under 100% metering and also the status of engaging independent agency for computation of loss within 15 days from the issue of this Tariff Order.

Reply of PSPCL:

Installation of 100% meters on 55 no. (1%) AP Feeders has been completed. Engagement of 3rd party to compute T&D losses on 1% feeder is under progress and will be finalized shortly. List of 55 No. of selected feeders where 100% metering has been done is attached herewith**.**

PSERC Comments:

Till the engagement of an independent agency for the subject cited assignment, PSPCL can record monthly readings of AP consumers on sample feeders covered under 100% metering departmentally and compute the losses. Refer directive no. 6.4 (iv).

Directive No.5.24: Sale of Surplus Power:

PSERC Comments & Directive for FY 2018-19:

The Commission notes the status of compliance. PSPCL is directed to keep on identifying the sectors with potential for increase in power consumption in order to reduce the fixed cost liability on consumers of the State.

Reply of PSPCL:

For sale of Surplus power, PSPCL has made following efforts:

i) For sale of surplus power PSPCL has created a dedicated cell consisting of a Dy. CE, an Addl.SE and an AE to manage sale of surplus power.

ii) PSPCL has appointed M/s PTC, M/s. Tata Power Trading Company Limited (TPTCL) for sale of surplus power on behalf of PSPCL.

iii) PSPCL is considering tenders for sale of power to other Utilities/Discoms and participating in every tender except for the issues like paddy season, coal related conditions, transmission corridor congestion etc. Through this PSPCL has sold 132.63 MUs at an average rate of Rs. 3.99 per KWh to Uttar Pradesh Power Corporation Limited (UPPCL) and Gujarat Urja Vikas Nigam Limited (GUVNL) during the period Oct. 2018 to December 2018.

iv) PSPCL has sold 683 MUs of Energy at an average rate of Rs. 5.76 per KWh at Punjab periphery in India Energy Exchange (IEX) during the period Oct. 2018 to December 2018. by daily bidding in Day-Ahead market.

v) PSPCL has also sold 3 Mus of Energy at an average rate of Rs. 8.41 per KWH at Punjab periphery in India Energy Exchange (IEX) and Power Exchange of India Limited (PXIL) during the period Oct. 2018 to December 2018 by bidding in Term-Ahead market.

PSERC Comments:

The Commission notes the status of compliance. PSPCL is directed to continue with its efforts in selling surplus power through the exchange / traders in order to reduce the fixed cost liability on consumers of the State. Refer directive no. 6.13.

Directive No.5.25: On line registration of applications for release of load/ demand:

PSERC Comments & Directive for FY 2018-19:

The Commission directs PSPCL to expedite the implementation of the project in 97 towns covered under IPDS. The status of implementation of IPDS should be submitted by PSPCL to the Commission on quarterly basis on the same format as is submitted to GoP/GoI.

Reply of PSPCL:

As per guidelines, the completion date of the project comes out to be 05.01.2020 i.e. 30 months from the date of sanction letter. The current status of implementation is attached.

PSERC Comments:

The Commission notes the status of implementation of IPDS (IT Phase II). Refer directive no. 6.7(iv).

Directive No.5.26: De-commissioning of old inefficient plants

PSERC Comments & Directive for FY 2018-19:

Noted. Dropped

Directive No.5.27: Preventive maintenance of transmission lines:

PSERC Comments & Directive for FY 2018-19:

PSPCL has made no tangible progress to implement the directions of the Commission. During recent public hearings, the industrial consumers expressed serious concern at the frequent tripping/breakdowns of transmission lines during foggy season causing great loss of production. Interruptions in supply to large industrial consumers not only cause loss of production but also loss of revenue to PSPCL. The reply of PSPCL that issue is under consideration indicates total apathetic attitude of the licensee towards a serious problem. PSPCL is directed to submit its action plan within one month of the issue of this tariff order and ensure that needful is done before next foggy season.

Reply of PSPCL:

TE no. TSQ 1084 was floated by PSPCL for procurement of 5400 nos, 90 KN polymer insulator string for 66 KV line for P&M works. For procurement of 5400 nos., 90 KN Long Rod Polymer Insulators of 725mm Nominal Length of 66 KV Lines, it was decided to drop the tender as none of the bidders completely fulfill the techno commercial requirement of the specification. Further, study is being conducted and feedback from end users in other utilities is being obtained before procuring 725 mm length polymer insulators.

PSERC Comments:

PSPCL has not indicated in its reply the status of material ordered against the tender floated by PSPCL. In the tariff order for FY 2017-18, PSPCL was asked to adopt hot line washing system for insulators to prevent trippings of transmission lines. During recent public hearings, large industrial consumers again raised the issue of break downs of the supply lines and also delay in attending to such breakdowns on sub-transmission lines. Refer directive no. 6.9 B (ii).

Directive No.5.28: Customer satisfaction, Quality of Service & Adherence to Standards of Performance:

PSERC Comments & Directive for FY 2018-19:

PSPCL was directed to regularly submit cycle wise key exception reports but only two reports have been received during the year. From the scrutiny of the key exception report dated 25.09.2017, it has been observed that there are still 7 burnt meters and 13 defective meters pertaining to year 2015. Similarly, 1594 burnt meters and 4414 defective meters pertaining to year 2016 are yet to be replaced. As per the Standards of Performance specified by the Commission, the burnt meters are required to be changed within 5 working days and defective meter within 10 working days but the pendency of such meters for more than 2 years makes a mockery of the Standards of Performance. The total pending key exceptions for year 2016 are 20360. The pending key exceptions ending cycle 2 for the year 2017 has increased from 2,33,496 to 2,48,608 at the end of the current cycle. PSPCL is directed to explain the reasons for non implementation of the Standard of Performance within one month of the issue of this Tariff Order.

Whereas release of connections is concerned, no town covered under R-APDRP has released the connections within the time period specified by the Commission. In some towns, the percentage of connections released within the time limits specified by the Commission is as low as 3%. The above data shows that PSPCL has failed to achieve the desired performance parameters even after making huge investments under R-APDRP. PSPCL is directed to submit a detailed report regarding improvement of performance parameters under R-APDRP scheme along with reasons for non achievement of desired results.

Reply of PSPCL:

Key Exception Reports under SAP are generated immediately after completion of a billing group for a particular cycle and can be seen by the field officer for necessary action. Under Non SAP, key exception reports are generated by CBCs and forwarded to field offices in a timely manner for necessary action.

Key exception is being monitored on regular basis in Zone Level meetings and key exception upto Dec 2017 has already been cleared. Efforts are being made to bring key exception upto date as the same is pending due to shortage of 1ф meters.

There has been delay in release of new connections as per SOP due to non availability of 2 core PVC and meters. With the adequacy of meters and material connections will be released as per SOP.

PSPCL has taken following steps under R-APDRP scheme for reduction in AT&C losses

- Curbing theft of electricity in industry by installing AMR meters.
- Replacement of Electromechanical Meters with Electronic Meters
- Shifting of meters outside consumer premises
- HVDS of Agriculture consumers
- Replacement of under size & worn out conductor
- Strengthening of Distribution network
- Erection of New Sub Stations at load centres

With above initiatives AT&C losses have been reduced to 13.27% in 2017-18 (as per MIR) at PSPCL Level considering only distribution losses i.e. excluding transmission losses and with collection efficiency without subsidy part.

PSERC Comments:

As per the key exception report for the 8th billing cycle, the number of defective meters in Feb/March 2018 billing cycle was 9621 which has increased to 157919 on Oct/Nov. 2018 billing cycle. Similarly, the number of burnt meters has increased from 38855 to 80087 during the same period. The position of release in new connections has also not improved. As per the New Connection report of 47 towns, the percentage of connections released within the time limits specified by the Commission is as low as 0% (Zira Town) whereas during the same period, Nawanshahr town has achieved 100%. Thus the reasoning of non-availability of PVC or meters cited by PSPCL has no relevance since if timelines in one town can be achieved, it can also be achieved in other towns of the State. Refer directive no. 6.7.

Directive No.5.29: Achievement of 100% Metering:

PSERC Comments & Directive for FY 2018-19:

The direction to PSPCL was to achieve 100% metering within 5 years i.e by March 2023 as per the provisions of section 55 of the Act. PSPCL was further directed to submit roadmap of

100% metering within one month of the issue of tariff order for FY 2017-18. However, instead of submitting the roadmap along with status of implementation, PSPCL is reiterating its submission that huge investment is involved in providing 100 % meters and no useful purpose will be served by implementing the provision of the Act & the directions of the Commission. This argument has repeatedly been rejected by the Commission. After considering the arguments put forth by PSPCL, the Commission issued directions to the distribution licensee to implement the mandate of the Act. Repeated wilful violation of the directive will attract penal proceedings under section 142 and 146 of the Act.

Reply of PSPCL:

Although The Electricity Act provides for 100% metering of all consumers but installation of meters on a category of consumers which are being provided free power by GoP will not serve any purpose except recording energy, as meters have already been provided on all feeders. In case 100% metering on AP feeders is carried out, there is no doubt this would certainly make AP energy accounting more accurate but this scheme would also require considerable investment in manpower and equipments keeping in view the large expanse of network and may not justify the return on investment.

Regarding the direction of the Commission to provide 100% metering to all consumers within five years starting from April 2018, it is submitted as follows:

1. Feeders supplying power to Agriculture Pump Sets have been segregated and are metered. Each month meter readings of these feeders are submitted to Hon'ble regulator.
2. Except AP consumers all category of consumers are metered. In AP consumers about 10% consumers have been metered under the sample meter category.
3. PSPCL has over the years has taken multiple measures to directly minimise the losses for AP consumers
    a. Bifurcation of overloaded feeders by erecting new feeders to help in reducing technical losses.
    b. Reducing the length of 11KV feeders by erecting new 66KV substations at the load centre, which has helped bringing down 11KV technical losses due to lower I2R losses.
    c. De loading of the distribution network and reducing the length of the LT line by erection of 3.8 lakh new DTs.
    d. Implementation of HVDS on AP

4. For reducing DS losses specifically in AP, a key initiative has been implementation of HVDS which is a more direct measure that helps in loss reduction and helps in curtailing power leakage. This has not only helped in bringing down the line losses but also protects against pilferage as hooking at high voltages is extremely dangerous and difficult. This system has also benefits consumer by enhancing the performance of the agriculture pump sets, as the 11KV supply line is extended until the load point.

5. In addition DT metering and Consumer metering has been carried out in a phased manner to further enhance energy accounting. To ensure that all future AP connections are released on HVDS with DT metering PSPCL has already adopted a policy mandating HVDS and DT Metering on all new AP connections. Till date about 15% consumers have been metered.

6. As per previous directions of PSERC 1% AP feeders have been converted to 100% metered.

7. A new AP connection category AP Metered Tatkal Scheme has been launched. Under this scheme AP connections are released on priority if consumer opts for AP metering and agrees to pay bill as per CC 39/17.

8. PSPCL is using an online system to record AP feeder energy readings, where data is submitted by concerned Sr XEN Grid Maintenance and cannot be subsequently modified. Same data is shared on monthly basis with PSERC. All AP sample meter consumer readings are recorded on a monthly basis in this online system to avoid any errors in assessing AP factor for evaluation of distribution losses.

9. The data of about 1800 AP feeders is being received under AMR project and is being shared with PSERC.

10. Further if implemented, recording monthly readings using AMR not only involves connectivity issues but also requires huge infrastructure, additional manpower and software licences cost. No utility in India has carried out AMR for such large number of consumers. So far only utilities have carried out AMR of large consumers numbering from hundreds to few thousand.

11. Manually recording meter readings shall required large manpower, keeping in view large expanses of network.

12. Assuming approximately 13.68 Lac total AP consumers an investment of appx 1000 Cr. shall be required for AMR meters, Data Centre Servers and Software Licenses. Periodic replacement of defective meters or modems will also involve cost.

PSPCL has taken multiple measures to enhance the energy accounting on agriculture networks, such as enhancing the sample size of consumer meters, 100% AP feeder metering, segregation of AP feeders. Policy has already been changed, mandating all new AP connections to be released on HVDS, installing meters on new AP connections. Releasing connections on priority to consumers opting for AP tatkal metered category etc. Given the already achieved low level of losses the added investment may not deliver any significant incremental cost-benefit.

However, inspite of above, various Kissan Unions are not allowing PSPCL to install meters at their AP connections.

PSERC Comments:

The Commission in the directive for FY 2018-19 observed that *"instead of submitting the roadmap along with status of implementation, PSPCL is reiterating its submission that huge investment is involved in providing 100 % meters and no useful purpose will be served by implementing the provision of the Act & the directions of the Commission".* PSPCL has repeated the same arguments in its latest reply without giving any concrete roadmap to achieve the mandate of the Act. Refer directive no. 6.2(i).

Directive No.5.30: Calculation of AT&C losses:

PSERC Comments & Directive for FY 2018-19:

As per the statement of AT&C losses (calculated as per the guidelines issued by CEA) submitted by PSPCL, the AT&C losses upto Dec. 2017 are 31.27% which far exceeds the target fixed under UDAY scheme. PSPCL should explain the reasons for high AT&C losses.

Reply of PSPCL:

PSPCL has achieved 88.62% billing efficiency upto 3rd Quarter in FY 2018-19. Due to non-receipt of subsidy, the collection efficiency has been reduced to 90.25% which results in increase in AT&C losses to 20.02% while considering the full subsidy receipt from GOP, the collection efficiency becomes 97.96% and AT&C losses works out to be 13.18% which are well under the given target of 14% for FY 2018-19 under UDAY scheme. The major component of AT&C losses under PSPCL is the low collection efficiency which is mainly due to non-receipt of subsidy from GOP and outstanding amount against Govt. Departments. The recoverable amount pending towards Govt. Departments as on 31-12-2018 is Rs. 1599.41 Cr. The matter is being taken up with concerned Govt. Department as well as State Government for recovery of outstanding dues. Similarly, for the timely release of subsidy amount the matter has time and again taken up with State Government by PSPCL.

The updated progress/status for compliance of directive 5.3 and 5.30 for the quarter ending December 2018 (Period Oct. 2017 to Sept.2018 is as given below (Table)

No. of towns	At T &C Losses in %age				Collection efficiency in %age		
	Less than 15	Between 15 and 30	Between 30 and 40	More than 40	Below 60	Between 60 and 90	More than 90
	15	21	6	5	2	26	19

PSERC Comments:

The AT&C losses of PSPCL ending Sept. 2018 are 31.71% with collection efficiency of 83.36%. Not only huge arrears of subsidy are due from State Government but the receivables from Govt. Departments are also increasing.

The Commission is not convinced with the reply of PSPCL regarding efforts made for the recovery of outstanding amount towards Govt. Departments as well as receipt of subsidy from Govt. of Punjab. Refer directive no. 6.1.

<u>Directive No. 5.31</u>: Segregation of Financial Statement of Distribution and Generation Business:

PSERC Comments & Directive for FY 2018-19:

The Commission is not satisfied with the reply of PSPCL and reiterates its directive to segregate the financial statement and cost accounts for distribution & generation (project wise) business for determination of tariff as per Regulation 5 of MYT Regulation.

Reply of PSPCL:

Accounts of PSPCL are being prepared as per provisions of Company Act. There are three thermal plants and six hydel projects which are managed/funded by PSPCL. Assets and liabilities relating to these plants and other functions of PSPCL are common like loans, equity, banking arrangements, head office control, terminal benefits of employees which cannot be segregated for preparing different financial statement under present system. Discrete financial information relating to generation business and distribution is not available as this was not maintained in the past separately, it is humbly requested to review this directive in the light of above submission.

PSERC Comments:

The Commission is not convinced with the reply of PSPCL. Refer directive no. 6.11(ii).

<u>Directive No.5.32</u>: Review of Performance Parameters:

PSERC Comments & Directive for FY 2018-19:

The perusal of the information supplied shows that own Thermals operate at very low PLF and high specific oil consumption causing high generation cost. The Commission observes rampant increase in defaulting amount. Regarding AT&C losses for 2017-18 the

Commission observes that the AT&C losses up to December, 2017 calculated as per CEA methodology, are 31.27% which is very high. The Commission observes in general that a lot of improvement is required in performance parameters.

In the key exception reports, it has been observed that all new connections have been shown as released within the time period prescribed by the Commission. However, from the data available on PSPCL's website for 47 R-APDRP towns, no town has released connections within time period specified by the Commission. PSPCL should explain the disparity in the data within 15 days from the release of this tariff order.

Reply of PSPCL:

Distribution Losses have decreased considerably. The AT&C Losses without subsidy ending 03/2018 are 13.27%. As per CEA methodology, AT&C Losses ending 03/2018 are 18.21% primarily due to non receipt of subsidy for GOP.

The following parameters, in the prescribed Formats, are enclosed as Annexure- B to M as under:-

i) Annexure-B (MR-2, 3, 4, 6 &6.1)

ii) Annexure-C (MR- 3.1, 4.1 &5)

iii) Annexure-D (MR-19)

iv) Annexure-E (MR-22, 22.1, 22.2, 23, 23.1 & 23.2)

v) Annexure-F (MR-26, 27, 28)

vi) Annexure-G (MR-21)

It is submitted that PSPCL has achieved 88.62% billing efficiency upto 3rd Quarter in FY 2018-19. Due to non-receipt of subsidy, the collection efficiency has reduced to 90.25% which results in increase in AT&C losses to 20.02%. While considering the full subsidy receipt from GOP, the collection efficiency becomes 97.96% and AT&C losses works out to be 13.18%, which are well under the given target of 14% for FY 2018-19 under UDAY scheme. The major component of AT&C losses under PSPCL is the low collection efficiency which is mainly due to non-receipt of subsidy from GOP and outstanding amount against Govt. Departments. The recoverable amount pending towards Govt. Departments as on 31-12-2018 is Rs. 1599.41 Cr. The matter is being taken up with concerned Govt. Department as well as State Government for recovery of outstanding dues. Similarly, for the timely release of subsidy amount the matter has time and again taken up with State Government by PSPCL.

PSERC Comments:

From the information/data submitted by PSPCL, it is observed that AT&C losses, as per CEA methodology, have increased from 18.12% ending March, 2018 to 20.02% ending December, 2018. PSPCL has attributed this increase in AT&C losses to non-receipt of subsidy from the state Government but as already discussed in directive no. 5.7 above, the receivable from almost all categories of consumers have increased in the last nine months resulting in poor collection efficiency.

Whereas performance of the thermal generating stations is concerned, although the PLF of GGSSTP, Ropar has increased from 21.24% to 31.2% during the three quarters of this FY as compared to the last year but the plant availability during this period has decreased from 99.56% to 96.35%. The plant availability of GHTP, Lehra Mohabat has also decreased from 97.61% to 94.50% during this period although the PLF has increased from 32.92% to 39.65%. The hydel generation from all the hydro stations is lower during the current financial year as compared to the last year.

The Commission also observed that checking of connections, both by Enforcement Wing as well as by Distribution Organization, has come down during the first three quarters of this year as compared to the same period of the last year. The detection of theft/leakage of revenue cases has also come down during this period. PSPCL must explain the reasons. The Key Exception report shows that the number of defective as well as burnt meters has increased in the current financial year. Refer directive no. 6.7(ix) and 6.9.

Directive No.5.33: Balancing of load/ Earthing of Distribution Transformer:

PSERC Comments & Directive for FY 2018-19:

The Commission notes the action being taken and directs PSPCL to regularly carryout the exercise for load balances and earthing of DTs. **The directive is dropped.**

Directive No.5.34: Plan to meet future load growth.

PSERC Comments & Directive for FY 2018-19:

The Commission notes the status of compliance but cautions PSPCL to take remedial steps for deficit likely in the coming 2-3 years due to closure of GNDTP, two units of GGSSTP and likely closure of NPL & TSPL for FGD installation.

Reply of PSPCL

The information regarding "Demand and Supply Scenario upto FY 2035-36" has already been provided to Hon'ble PSERC and it is intimated that remedial steps after closure of GNDTP and two units of GGSSTP have already been included in the "Demand and Supply

Scenario upto FY 2035-36. The effect due to closure of NPL & TSPL for FGD installation is not considered because their status is not cleared yet

PSERC Comments:

The Commission notes the status of compliance.

Directive No.5.35: Voluntarily Disclosure Scheme (VDS) for DS, NRS and SP Category of Consumer:

PSERC Comments & Directive for FY 2018-19:

PSPCL is directed to extend the scheme for another six months for all consumers. Further, PSPCL is also directed to check the consumer loads during the VDS scheme and guide them for regularisation of the excess load, if any, without any penalty. PSPCL should submit response to the VDS scheme to the Commission on monthly basis along with details regarding checking.

Reply of PSPCL:

Status of DS/NRS/SP category consumers as per CC 52/2017 dated 15.11.2017 and CC 43/2018 dated 19.07.2018 (From April 2018 to December 2018) is as under:

Category	Number of consumers who availed VDS	Total Load declared (kW)	Amount received as SCC and Security (consp.) (Rs. Lac)
DS	15414	34207.71	400.25
NRS	1847	9393.98	136.76
SP	388	2266.35	51.29

PSERC Comments:

As per the directions of the Commission, VDS for DS/NRS/SP consumers was introduced vide CC No. 52/2017 dated 15.11.2017 and was valid up to 08.05.2018. The scheme was extended vide circular dated 19.06.2018 for six months as per the directions of the Commission in the tariff order for FY 2018-19. The Commission notes the compliances and directive is dropped.

Directive No.5.36: Introduction of kVAh Tariff and Contract Demand system for SP Category and other remaining) consumers having load in excess of 20 kW:

PSERC Comments & Directives for FY 2018-19:

The Commission notes the compliance and direct PSPCL to submit the plan for further extension of demand/kVAh tariff to the remaining consumers.

Reply of PSPCL:

PSPCL has already implemented the KVAh Tariff and contract demand system for SP category from January 2019 onwards.

Regarding the directive of the Commission to submit the plan for further extension of demand/KVAh tariff to the remaining consumers, it is informed that this is being a voluminous exercise, it is planned that for now only DS category 20 to 50 KW be converted to KVAH tariff in next 4 months. Other categories may be converted to KVAH tariff in a phased manner and as per feedback from above exercise.

PSERC Comments:

The Commission notes the status of compliance.

The Commission is of the view that kVA/kVAh Tariff should be implemented for a category after ensuring 100% installation of kVAh compliant meters on the consumers proposed to be covered under the new system and creating awareness amongst these consumers about the kVAh based tariff and the contract demand system, so as to enable them to install the requisite shunt capacitors and optimize their contract demand.

Chapter 6

Directives for FY 2019-20

<table>
<tr><th>Directive No</th><th>Issue</th><th>Directive</th></tr>
<tr><td>6.1</td><td>Reduction in T&D losses</td><td>PSPCL is directed
(i) to achieve the distribution loss trajectory approved by the Commission.
(ii) carry out energy audit of at least one circle and submit the report by March 2020.
(iii) To reduce the losses of divisions with distribution loss level above 25% to below 15% during FY 2019-20.
(iv) to complete shifting of meters outside consumer premises within 6 months of the issue of this Tariff Order.
(v) to replace all single phase electro-mechanical meters with electronic meters during FY 2019-20.</td></tr>
<tr><td>6.2</td><td>Metering</td><td>(i) 100% Metering
The Commission directs the distribution licensee to implement the mandate of the Act regarding 100% metering of consumers by the end of next MYT control period.
(ii) Introduction of prepaid and smart meters
PSPCL shall submit a complete action plan with target dates for introduction of new metering technologies such as pre-paid meters/smart meters for different classes of consumers by 1st Sept. 2019.
(iii) AMR of HT/MS consumers
PSPCL is directed to complete AMR of HT/MS consumers during FY 2019-20.
(iv) Accreditation of existing meter testing labs from NABL
PSPCL is directed to get accreditation of its existing testing labs from NABL as per provisions of Supply Code.
(v) PSPCL shall ensure on site testing of all HT/EHT metering equipments including CTs/PTs. In case PSPCL is unable to develop its own testing capabilities, a third party may be engaged to test check atleast 10% of the EHT connections in next 6 months. A report be submitted to the Commission by Dec. 2019.</td></tr>
</table>

Directive No	Issue	Directive
6.3	**Status of Central Schemes**	**(A) R-APDRP** (i) PSPCL shall ensure successful completion of the SCADA project within the stipulated time. (ii) PSPCL shall submit status of conversion of loan to grant under the R-APDRP scheme. **(B) IPDS and DDUJJY** PSPCL shall implement the schemes within the time period allotted by GoI and submit quarterly report to the Commission. **(C)** PSPCL is directed to submit the status of implementation of MIS in Non-APDRP towns of the State.
6.4	**AP consumption**	**(i) AMR of AP feeders** The Commission directs PSPCL to ensure availability of monthly AMR data along with feeder wise sanctioned load of AP consumers of all AP feeders without any further delay. **(ii) Kandi area feeders** The Commission directs PSPCL to submit the physical progress of segregation of kandi area feeders / providing of meters on quarterly basis. PSPCL is further directed to submit the data of segregated feeders/100% metered feeders along with monthly pumped energy data of AP feeders. **(iii) 100% metering on A.P. consumers fed from urban feeders** The Commission directs PSPCL to complete 100% metering of all such AP connection fed from urban feeders. The Commission reiterates its directive that after due validation, consumption of only metered AP consumers fed from urban feeders shall be considered while computing AP consumption. **(iv) Assessment of T&D losses on AP feeders:** The Commission directs PSPCL that till the engagement of an independent agency for the subject cited assignment, monthly readings of AP consumers on 1% sample feeders covered under 100% metering be recorded departmentally and the computation of losses based on the same be provided to the Commission along with the data of monthly pumped energy.
6.5	**Improving power factor of AP feeders**	During public hearings, some consumers raised the issue of poor power factor on the AP feeders due to non-installation of necessary capacitors by the farmers. PSPCL

Directive No	Issue	Directive
		shall submit the power factor of AP feeders along with monthly pumped energy data to the Commission. PSPCL is directed to take necessary steps to ensure installation/operation of adequate capacity of capacitors at AP motors.
6.6	**Receivables**	PSPCL is directed to take action against the defaulters as per the provisions of the Supply Code, 2014.
6.7	**Consumer Service**	**(i) Interest on Security** The Commission reiterates its directive that PSPCL should ensure that no consumer is deprived of the right to get interest on security deposit as per the provisions of the Supply Code. As per regulation 17.2 of the Supply Code, 2014, the distribution licensee shall credit the interest on security to the account of the consumer annually and shall adjust it in the first bill raised after 1st April. PSPCL shall submit a certificate on affidavit by 30th June, 2019 that necessary compliance has been made. **(ii)** PSPCL shall ensure release of all new connections within the time period specified in Supply Code, 2014. **(iii)** PSPCL is directed to resolve the billing disputes within the time period specified in Supply Code, 2014. **(iv)** PSPCL shall extend the facility of on-line registration of all new connection applications during FY 2019-20. **(v)** The website of the PSPCL is not user-friendly from the point of view of a consumer. A separate consumer services portal/page may be created where all copies of formats used to avail various services, the charges payable by the applicant/consumer, rights and obligations of consumers with all relevant rules and regulations shall be made available in an easy to understand and viewable format. **(vi)** To create awareness amongst consumers, PSPCL shall use electronic media, social media and all other means to reach the consumers. **(vii)** PSPCL shall regularly hold 'Consumer grievances resolution week' in every quarter at divisional/circle level where grievances of the consumers shall be resolved immediately by the senior officers. **(viii)** A 'Frequently asked Question' link shall be created which provides all information to the consumers regarding frequently raised queries regarding PSPCL procedures and its rules/regulations. **(ix)** PSPCL shall submit billing cycle wise key exception reports of both SAP and Non-SAP areas quarterly to the Commission.

Directive No	Issue	Directive
6.8	**Employee Cost**	PSPCL shall submit category wise recruitment plan of employees for FY 2019-20 and for next MYT control period. PSPCL shall also submit a comprehensive cadre management plan for next 10 years.
6.9	**Performance parameters**	**(A) DISTRIBUTION** **(i) Damage to DTs** PSPCL should supply rating wise information regarding DTs installed, DTs damaged and number of overloaded DTs during FY 2018-19. The damage rate of DTs (excluding warranty of new & repaired DTs) upto Dec. 2018 is 3.41% as compared to 3.60% during the same period of last year. PSPCL shall bring down the damage rate of DTs to below 3% (excluding warranty of new & repaired DTs) during FY 2019-20. **(ii) Standards of Performance** PSPCL is directed to ensure implementation of the Standards of Performance specified by the Commission and submit quarterly information to the Commission. **(iii)** It has been observed from the MIR data of damaged transformers (Format-29) that the damage rate of distribution transformers got repaired from the Firms during FY 2017-18 was 15.2%. PSPCL is directed to inform the Commission regarding the reasons for such a high rate of damage of repaired transformers and also the remedial measures being taken to reduce the damage rate. **(B) Sub-Transmission System** **(i) Overloading of grid sub-stations** PSPCL is directed to ensure deloading of the nine number grid sub-stations with loading more than 90% before start of paddy season of 2019. **(ii) Maintenance of sub-transmission system** PSPCL is directed to ensure adequate number of line staff at the load centres to reduce the response time to attend to breakdowns. **(C) Preventive maintenance of 11/66 kV Feeders** PSPCL shall formulate a comprehensive feeder – wise maintenance schedule to ensure un-interrupted power supply to the consumers. PSPCL shall submit feeder wise monthly trippings/breakdowns and total time period of interruptions. PSPCL shall also submit details of electrical accidents (both fatal and non-fatal) which

Directive No	Issue	Directive
		occurred on the feeders along with reasons for the mishap.
6.10	**Accounting of Defective Transformers after repair**	The Commission notes that the repaired transformers are being issued to Accounting units of PSPCL in the field, on the value based on weighted average method, which is not appropriate. The same transformer when issued to other Accounting Unit in the field after repair has to be valued on actual value basis and not on weighted average method. Since the Fixed Assets Cards/Registers are already being maintained by PSPCL with complete nomenclature, value of the transformer and depreciation thereof so PSPCL is directed to re-examine the accounting method of issuing the transformers after repair and devise a proper accounting procedure. PSPCL shall account for any loss due to damaged transformers.
6.11	**Fixed Asset Register/ Segregation of Accounts**	(i) PSPCL is directed to maintain the updated Fixed Assets Registers and make them available online within a year. (ii) The Commission reiterates its directive to segregate the accounts for distribution & generation (project wise) businesses for determination of tariff as per Regulation 5 of MYT Regulation. (iii) PSPCL is also directed to further segregate the accounts of its distribution business into wheeling business and retail supply business as per Regulation 6 of MYT Regulation.
6.12	**DSM**	PSPCL is directed to execute at least one pilot project each for Ag. DSM and efficient lighting to showcase the benefits to the stakeholders.
6.13	**Surplus power**	PSPCL is directed to continue with its efforts in selling surplus power through the exchange / traders in order to reduce the fixed cost liability on consumers of the State. PSPCL should submit quarterly report of power sold, per unit sale price and profit earned through sale of power. PSPCL is also directed to include in the ARR the details of power surrendered/proposed to be surrendered during the year along with the financial implication regarding the fixed cost of this power.
6.14	**Load flow studies**	PSPCL should submit all proposals for sub-transmission system works supported by load flow studies.
6.15	**Harmonics Measurement**	As per Regulation 24 of the Supply Code, 2014, the distribution licensee is required to monitor the harmonic currents and voltages at its HT/EHT Sub-stations and of HT/EHT consumers, which are prone to generation of harmonics. It has further been provided that the consumers

Directive No	Issue	Directive
		contributing harmonics distortion in excess of specified standards shall be served with a three months notice to rectify the violation, failing which penalty can be imposed as prescribed by the licensee with the approval of the Commission. Power Intensive category of Industrial consumers are prone to generation of harmonics affecting quality of supply and also resulting in long term damage to the electrical equipments. The Commission observes that the distribution licensee is neither measuring the harmonics injected by the PIU category consumers in to the system nor has any penalty been suggested for violation. PSPCL is directed to submit a complete plan regarding installation of necessary power quality meters for measurement of harmonics levels along with time frame for recording the harmonics. PSPCL may also recommend penalty to be recovered from the PIU consumers contributing harmonics in excess of the specified standards. PSPCL shall submit the proposal by 1st August, 2019.
6.16	**Supply of Sales/revenue data**	i) PSPCL is directed to supply category wise and slab wise number of consumers, connected load/demand, consumption (in kWh as well as kVAh), power factor and revenue data to the Commission along with ARR for next MYT. The revenue data shall contain separate figures of SoP, rebate and surcharge. ii) During processing of ARR for FY 2019-20, it has been noticed that kVAh consumption has erroneously been shown as kWh consumption thus affecting the Energy Balance in the Tariff Order. It is apprehended that same error might have occurred in the consumption data supplied to the Commission since introduction of kVAh tariff w.e.f. FY 2014-15. PSPCL is directed to supply the correct consumption data in kWh for the previous years within 3 months from the date of issue of this Tariff Order.
6.17	**Review of Rebates/ surcharges**	**PSPCL is directed to** (i) examine in detail the effect of introducing ToD tariff on the recovery of revenue and flattening of load curve. PSPCL shall submit detailed report by 1st Nov. 2019 along with a fresh proposal for next MYT. (ii) rise in consumption of various categories of consumers and benefits accrued to PSPCL with the introduction of Threshold limit rebate. PSPCL shall submit detailed report by 1st Nov. 2019.

Chapter 7
Determination of Tariff for FY 2019-20

7.1. Aggregate Revenue Requirement for FY 2019-20

The Commission in Table 3.48 and 3.49 of the Tariff Order has determined the Revenue Requirements and Cumulative Gap (Deficit) for FY 2019-20. With energy sales of 50152 MkWh, the combined average cost of supply works out to 662.98 paise per kWh. The detail is as under:

Table 7.1: Aggregate Revenue Requirement for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Allowed by the Commission
1.	**Revenue Requirement for FY 2019-20 (As per Sr. No. 13 of Table 3.48)**	**32757.55**
2.	Cumulative Gap (Deficit) upto FY 2018-19 including carrying cost on gap of FY 2017-18 (As per Sr. No. 18 of Table 3.48)	497.25
3.	FCA Impact of Petition No. 8 of 2019 (Para 3.30)	-5.10
4.	**Gross Revenue Requirements for FY 2019-20**	**33249.70**
5.	Less Non-Tariff Income	922.45
6.	**Net Revenue Requirement for FY 2019-20**	**32327.25**
7.	**Revenue at existing tariff during FY 2019-20**	
	a) From 01.04.2019 to 31.05.2019 (Fixed + Variable)	5291.70
	b) From 01.06.2019 to 31.03.2020 (Fixed + Variable)	26444.97
	c) Common Pool consumers, Outside State sales & Rebates etc. (140.96+360-475)	25.96
	Total Revenue	**31762.63**
8.	**Cumulative Gap (Deficit) required to be covered during the Year**	**564.62**
9.	**%age of overall increase required for full year over the revenue from existing tariff,** excluding revenue from Common Pool consumers, Outside State sales & Rebates etc. **[8/{7(a)+(b)}]**	**1.78%**
10.	**%age of overall increase required over the revenue from existing tariff during the remaining 10 months of the year [8/7(b)]**	**2.14%**
11.	**Combined Average Cost of Supply** (Gross Revenue Requirement/ Energy Sales of 50152 MkWh)	**662.98** (paise per kWh)

7.2. Determination of Tariff

7.2.1. In determining tariff, the Commission is guided by the principles laid down in Section 61 of the Act as well as its own Regulations, which provide the framework for working out the ARR of the distribution licensee and tariff for different categories of consumers. The Commission has also kept in view the relevant aspects of the National Electricity Policy, Tariff Policy, the norms adopted by it in earlier Tariff

Orders and inputs received from consumers/ consumer organizations/ stakeholders in their objections/ suggestions and during the course of public hearings.

7.2.2. To work out the % increase required to cover the gap (deficit), income from sales to Common Pool consumers, Outside State sales and Rebate/surcharges has not been considered. Accordingly, an overall average increase of 1.78% is required in the revenue from the existing tariff i.e. Fixed Charges as well as Energy Charges to cover the revenue gap (deficit) of Rs. 564.62 Crore in FY 2019-20. But, since the Commission intends to implement the new tariff rates prospectively i.e. w.e.f. 1st June, 2019, the effective increase during the remaining 10 months of the year translates to 2.14%. The Commission also notes that, presently in addition to the energy rates announced in the Tariff Order of FY 2018-19, **FCA @ 12 paise/unit is being also charged from all consumers, which shall be discontinued on implementation of the new tariff rates.**

7.2.3. To cover the revenue gap during the remaining 10 months of the year, the Commission decides to increase both Fixed Charges and Variable Charges keeping in mind the regulatory requirements to keep cross subsidy levels within ±20% as per policy guidelines. Accordingly, the tariff for FY 2019-20 determined by the Commission is as under:

Table 7.2: Tariff for FY 2019-20

(Rs.)

Sr. No.	**Category**			**Existing Tariff as per T.O. for FY 2018-19 continued from 01.04.2019 to 31.05.2019**		**New Tariff w.e.f. 01.06.2019 to 31.03.2020**	
				***Fixed Charges per Month**	****Energy Charges**	***Fixed Charges per Month**	****Energy Charges**
I	**II**			**III**	**IV**	**V**	**VI**
A	**PERMANENT SUPPLY**						
1.	**Domestic Supply**	Upto 2 kW	Up to 100 kWh	**25/kW**	**4.91/kWh**	**35/kW**	**4.99/kWh**
			101 - 300 kWh		**6.51/kWh**		**6.59/kWh**
			301 - 500 kWh		**7.12/kWh**		**7.20/kWh**
			Above 500 kWh		**7.33/kWh**		
		Above 2 kW & upto 7 kW	Up to 100 kWh	**35/kW**	**4.91/kWh**	**45/kW**	**4.99/kWh**
			101 - 300 kWh		**6.51/kWh**		**6.59/kWh**
			301 - 500 kWh		**7.12/kWh**		**7.20/kWh**
			Above 500 kWh		**7.33/kWh**		**7.41/kWh**
		Above 7 kW & upto 50 kW	Up to 100 kWh	**40/kW**	**4.91/kWh**	**50/kW**	**4.99/kWh**
			101 - 300 kWh		**6.51/kWh**		**6.59/kWh**
			301 - 500 kWh		**7.12/kWh**		**7.20/kWh**
			Above 500 kWh		**7.33/kWh**		**7.41/kWh**
		Above 50 kW/kVA & upto 100 kVA	All Units	**70/kVA**	**6.23/kVAh**	**80/kVA**	**6.31/kVAh**
		Above 100 kVA	All Units	**70/kVA**	**6.44/kVAh**	**80/kVA**	**6.52/kVAh**
		Sri Harmandir Sahib & Sri Durgiana Mandir	First 2000 kWh	**NA**	**Free**	**NA**	**Free**
			Above 2000 kWh	**NA**	**5.94/kWh**	**NA**	**6.06/kWh**

Sr. No.	Category			Existing Tariff as per T.O. for FY 2018-19 continued from 01.04.2019 to 31.05.2019		New Tariff w.e.f. 01.06.2019 to 31.03.2020	
				*Fixed Charges per Month	**Energy Charges	*Fixed Charges per Month	**Energy Charges
I	II			III	IV	V	VI
2.	**Non-Residential Supply**	Upto 7 kW	Up to 100 kWh	**40/kW**	**6.86/kWh**	**45/kW**	**6.91/kWh**
			101 - 500 kWh		**7.12/kWh**		**7.17/kWh**
			Above 500 kWh		**7.24/kWh**		**7.29/kWh**
		Above 7 kW & upto 20 kW	Up to 100 kWh	**50/kW**	**6.86/kWh**	**55/kW**	**6.91/kWh**
			101 - 500 kWh		**7.12/kWh**		**7.17/kWh**
			Above 500 kWh		**7.24/kWh**		**7.29/kWh**
		Above 20 kW/ kVA & upto 100 kVA	All Units	**110/kVA**	**6.27/kVAh**	**100/kVA**	**6.32/kVAh**
		Above 100 kVA	All Units	**110/kVA**	**6.48/kVAh**	**110/kVA**	**6.54/kVAh**
		Electric Vehicle Charging Stations	All Units	**NA**	**5.00/kVAh**	**NA**	**6.00/kVAh**
3.	**Industrial Power Supply**						
a.	**Small Power**	Upto 20 kVA	All Units	**75/kVA**	**5.29/kVAh**	**80/kVA**	**5.37/kVAh**
b.	**Medium Supply**	Above 20 kVA & upto 100 kVA	All Units	**115/kVA**	**5.72/kVAh**	**120/kVA**	**5.80/kVAh**
c.	**Large Supply**						
	General Industry	Above 100 kVA & upto 1000 kVA	All Units	**150/kVA**	**5.81/kVAh**	**165/kVA**	**5.89/kVAh**
		Above 1000 KVA & upto 2500 kVA	All Units	**205/kVA**	**5.85/kVAh**	**225/kVA**	**5.93/kVAh**
		Above 2500 KVA	All Units	**240/kVA**	**5.90/kVAh**	**260/kVA**	**5.98/kVAh**
	PIU / ARC Furnace	Above 100 kVA & upto 1000 kVA	All Units	**155/kVA**	**5.85/kVAh**	**170/kVA**	**5.93/kVAh**
		Above 1000 KVA & upto 2500 kVA	All Units	**250/kVA**	**6.10/kVAh**	**260/kVA**	**6.18/kVAh**
		Above 2500 kVA	All Units	**280/kVA**	**6.11/kVAh**	**295/kVA**	**6.19/kVAh**
d	**For use of electricity exclusively during night hours applicable for Large Supply and Medium Supply**		**10 PM to 06 AM (next day)**	**50% of Fixed Charges specified under relevant category**	**4.28/kVAh**	**50% of Fixed Charges specified under relevant category**	**4.45/kVAh**
			06AM to 10AM (from 01.10.2019 onwards)		**-**		**Normal Energy charges**
4.	**Bulk Supply**	LT	All Units	**165/kVA**	**6.38/kVAh**	**180/kVA**	**6.46/kVAh**
		HT	All Units	**205/kVA**	**5.97/kVAh**	**225/kVA**	**6.05/kVAh**
5.	**Railway Traction**		All Units	**210/kVA**	**6.79/kVAh**	**230/kVA**	**6.87/kVAh**
6.	**Public Lighting**		All Units	**90/kW**	**7.35/kWh**	**100/kW**	**7.43/kWh**
7.	**Agricultural Pumpset (AP)**		All Units	**5.16/kWh or 411/BHP/ month**		**5.28/kWh or 390/BHP/ month**	
8.	**AP High Technology/ High Density Farming**		All Units	**NA**	**5.16/kWh**	**NA**	**5.28/kWh**
9.	**Rural Water Supply Schemes**		All Units	**As per respective Industrial category**		**33/kVA**	**4.87/kVAh**
	Compost/ Solid Waste Management Plants			**23/kVA**	**4.75/kVAh**		
10.	**Charitable Hospitals set-up under PwD Act**	Up to 20 kW	All Units	**25/kW**	**4.91/kWh**	**33/kVA**	**4.87/kVAh**
		Above 20 kW/kVA	All Units	**23/kVA**	**4.52/kVAh**		
11.	**Start up Power for Generators and CPPs**		All Units	**NA**	**6.68/kVAh**	**NA**	**7.03/kVAh**

Sr. No.	Category			Existing Tariff as per T.O. for FY 2018-19 continued from 01.04.2019 to 31.05.2019		New Tariff w.e.f. 01.06.2019 to 31.03.2020	
				***Fixed Charges per Month**	****Energy Charges**	***Fixed Charges per Month**	****Energy Charges**
I	**II**			**III**	**IV**	**V**	**VI**
B	**SEASONAL INDUSTRY (as per Condition 18 of General Conditions of Tariff):**						
a)	**During Season**						
	Small Power		All Units	**150/ kVA**	**Same as applicable to correspondi ng General Industry**	**160/kVA**	**Same as applicable to correspondi ng General Industry**
	Medium Supply		All Units	**230/kVA**		**240/kVA**	
	Large Supply	101-1000 kVA	All Units	**300/kVA**		**330/kVA**	
		1001-2500 kVA				**450/kVA**	
		> 2500 kVA				**520/kVA**	
b)	**During Off Season (SP/MS/LS)**		All Units	**Nil**		**Nil**	
C	**ICE FACTORIES & CANDIES AND COLD STORAGES**						
a)	**During April to July**						
	Small Power		All Units	**150/kVA**	**Same as applicable to correspond -ding General Industry**	**160 / kVA**	**Same as applicable to correspond -ding General Industry**
	Medium Supply		All Units	**230/kVA**		**240/kVA**	
	Large Supply		All Units	**300/kVA**		**330/kVA**	
b)	**During August to March**						
	Small Power		All Units	**38/kVA**		**40/kVA**	
	Medium Supply		All Units	**58/kVA**		**60/kVA**	
	Large Supply		All Units	**75/kVA**		**83/kVA**	
D	**TEMPORARY SUPPLY (All Categories)**		All Units	**1.3 times the charges (highest slab in case of slab rates) specified under the relevant schedule for permanent supply corresponding to the connected load /demand**		**1.25 times the charges (highest slab in case of slab rates) specified under the relevant schedule for permanent supply corresponding to the sanctioned load /contract demand**	

**Fixed Charge (unless otherwise specified in Schedule of Tariff) shall be levied on 80% of the sanctioned load or contract demand (actual demand recorded, if higher) as may be applicable.*

***In addition to energy charges; FCA, Voltage Surcharge/Rebate and ToD Tariff shall be applicable in accordance with conditions 8, 13 and 15 respectively of General Conditions of Tariff (Annexure-I of the Tariff Order)*

Notes:

*(i) The Schedules of Tariff with tariff rates and other details for various categories of consumers as approved by the Commission are as per **Annexure II** of this Tariff Order. These Schedules shall be read with the updated provisions of General Conditions of Tariff approved by the Commission as per **Annexure I** of this Tariff Order;*

*(ii) Free power/subsidized tariff shall be applicable to various categories of consumers as per GoP letter no. 02/12/2017-PE2/921 dated 10.05.2019 (**Annexure-VIII** of this Tariff Order).*

(iii) Cooperative Group Housing Societies/ Employers availing single point supply under PSERC (Single Point Supply to Co-operative Group Housing Societies/Employers) Regulations will be levied fixed charges as applicable to Domestic Supply consumers with load exceeding 100 kVA. A rebate of 12% (Twelve percent) will be admissible on electricity charges, comprising of fixed and energy charges, in addition to other voltage rebates as may be applicable.

(iv) Franchisee appointed by licensee for a particular area in its area of supply as per 7th proviso to Section 14 of the Electricity Act read with Regulations 6.6.2 of the Supply Code 2014, shall be admissible for rebate on electricity charges as per the franchisee agreement between the parties read with Orders of the Commission, if any.

7.3. Cross Subsidy

7.3.1. The Commission in its MYT Tariff Regulations, 2014, has defined cross subsidy for a consumer category as the difference between the average realization per unit from that category and the combined average cost of supply per unit, expressed in percentage terms as a proportion of the combined average cost of supply.

7.3.2. To work out the average realization per unit from that category, category-wise revenue has been assessed as per the tariff rates as depicted in Table 7.2. Impact of Surcharges/Rebates (Voltage surcharge/rebate, ToD tariff and reduced energy charges for consumption exceeding the threshhold limit and other charges) have been also considered. Further, Non-tariff income has been apportioned in the ratio of energy sale to different categories, except Outside State sale and Common Pool Consumers. Accordingly, the cross-subsidy for different categories of consumers worked out for FY 2019-20 as per tariff rates depicted in Table 7.2 is as under:

Table 7.3: Cross Subsidy Levels for FY 2019-20
(Combined Average Cost of Supply = 662.98 Paise/kWh)

Sr. No.	Category of Consumers	Sales	Revenue		Non Tariff Income	Surcharge/ Rebates	Total Realization	Relisation per kWh	Cross Subsidy levels
			Fixed Charges	Variable Charges					
		MkWh	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)	Paise/ kWh	%age
I	II	III	IV	V	VI	VII	VIII	IX	X
1.	Domestic Supply	14590	526.00	9131.32	283.80	-6.09	9935.03	680.95	2.71%
2.	Non Residential Supply	3949	290.63	2807.28	51.43	-36.32	3113.02	788.31	18.90%
3.	Small Power	936	84.74	557.08	8.82	-	650.64	695.13	4.85%
4.	Medium Supply	1908	217.59	1187.03	35.96	-66.18	1374.40	720.34	8.65%
5.	Large Supply (GI)	10897	989.40	6722.14	213.37	-263.95	7660.96	703.03	6.04%
6.	Large Supply (PIU)	3676	412.50	2286.00	69.29	-89.05	2678.74	728.71	9.91%
7.	Compost/RWW	186	2.61	98.60	3.51		104.72	563.01	-15.08%
8.	Agriculture Pump sets	11521		6060.05	217.14		6277.19	544.85	-17.82%
9.	Bulk Supply	739	41.99	471.59	28.93	-6.50	536.01	725.32	9.40%
10.	Public Lighting	271	5.81	200.99	5.11	-	211.91	781.96	17.95%
11.	Railway Traction	270	17.08	190.86	5.09	-6.91	206.12	763.41	15.15%
12.	Outside State Sales	900		360			360		
13.	Common Pool Sales	309		140.96			140.96		
14.	**TOTAL**	**50152**	**2588.35**	**30213.90**	**922.45**	**-475.00**	**33249.70**	**662.98**	

7.3.3. The category wise cross-subsidy at new tariffs in percentage terms as brought out in Column X of above Table is within ± 20%, as mandated in Tariff Policy.

7.3.4. The Hon'ble APTEL vide its judgment dated 17.12.2014 in Appeal No. 142 of 2013 and 168 of 2013 has directed the Commission to show the cross-subsidy for each category of consumer with respect to voltage wise cost of supply in the next Tariff Order. In compliance to the judgment of the Hon'ble APTEL, the cross-subsidy level for each category of consumer with respect to voltage wise cost of supply is shown in **Annexure-IV** of this Tariff Order.

However, since PSPCL is an integrated utility carrying out the businesses of the Generating company as well as distribution licensee and to determine voltage-wise/category-wise Cost of Supply (CoS); segregation of its accounts on actual basis is required firstly for the Generation and Distribution businesses and then of Retail and Supply businesses. So far PSPCL is not able to submit the segregated accounts of its businesses on actual basis and is submitting the same on the basis of allocation only. Thus, voltage-wise/category-wise Cost of Supply (CoS) worked out on the basis of estimated/allocation data supplied by PSPCL may not be depicting the actual cost of supply.

7.3.5. Further, in order to move in the direction of tariff based on CoS, the Commission has decided to give indicative rebates in the Tariff to the various categories of consumers getting supply at higher voltages as mentioned in Condition 13.2 of General Conditions of Tariff.

7.4. Decision of Government of Punjab on subsidy payable

GoP vide its memo no 02/12/2017-PE2/921 dated 10.05.2019 (Annexure-VIII) has conveyed its decision regarding the payment of subsidy as under:

> *"State Government shall continue to provide subsidy for FY 2019-20 to the industry, agriculture and weaker section of society etc. as per the existing Policy of the State Government."*

PSPCL in its Petition has claimed subsidy of Rs. 9073.19 Crore for FY 2019-20. PSPCL vide memo no. 728/ARR/Dy.CAO/254/deficiency/Vol II dated 21.05.2019 revised the claim of subsidy for SC DS Consumers, Non SC BPL DS Consumers and Backward Class DS Consumers. PSPCL has mentioned the Council of Ministers' decision dated 29.01.2019 conveyed to PSPCL vide letter no. 2/22/16/EB 2/218 dated 07.03.2019 lifting the ceiling of 3000 units per annum with retrospective effect. Subject to the Government's confirmation of the above, the Commission estimates subsidy payable by the GoP during FY 2019-20 as under:

Table 7.4: Subsidy payable by GoP for different Categories for FY 2019-20

(Rs. Crore)

Sr. No.	Category	Allowed by the Commission
1.	AP Consumption (including FCA)	6060.27
2.	Scheduled Caste (SC) / Domestic Supply (DS) free power	1416.80
3.	Non-SC/BPL DS consumers	88.31
4.	Backward class DS consumer free power	117.94
5.	Small Power (concessional tariff @ Rs.499 paise per unit)	176.60
6.	Freedom fighter	0.84
7.	Medium Supply Consumers	235.66
8.	LS supply consumers	1578.12
9.	**Total**	**9674.54**

There is a shortfall of Rs. 5297.55 Crore of subsidy paid by GoP upto 31st March, 2019. Total subsidy payable by GoP for FY 2019-20 works out to Rs.14972.09 (9674.54+5297.55) Crore.

The Commission had passed an order to continue with existing tariff structure till issue of the Tariff Order for FY 2019-20.The subsidy is payable @ Rs. 1143.24 Crore for the months of April, 2019 and May, 2019. The balance amount of subsidy of Rs. 12685.61 (14972.09-1143.24*2) Crore is required to be paid in advance in 10 monthly instalments of Rs. 1268.56 Crore from June, 2019 to Feb, 2020 and Rs. 1268.57 Crore in March, 2020.

7.5. Pooled Cost of Purchase of Electricity of PSPCL

The Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 provide for determination of 'Pooled Cost of Purchase' of electricity, for the purpose of eligibility for a generating company engaged in generation of electricity from renewable sources of energy to apply for registration for issuance of and dealing in renewable energy certificates. The ibid CERC Regulations, under Regulation-5 for 'Eligibility and Registration for Certificates', define the 'Pooled Cost of Purchase' as hereunder:

> *'Pooled Cost of Purchase' means the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on renewable energy sources, as the case may be.'*

As per the ibid CERC Regulations, a generating company engaged in generation of electricity from renewable sources of energy, on fulfilling the conditions specified there-under, one of them being to sell the electricity generated to the Distribution Licensee (PSPCL) of the area in which it is located, at a price not exceeding the pooled cost of purchase of the distribution licensee, shall be eligible to apply for registration for issuance of and dealing in Renewable Energy Certificates. The 'Pooled Cost of Purchase' (APPC) as determined by the Commission based on the data for FY 2018-19, is as under:

Table 7.5: Pooled Cost of Purchase

Sr. No	Particulars	Generation (MkWh)	Cost (Rs. Crore)
1.	**Own Generation**		
a	Thermal	4275.08	2417.25
b	Hydel	7210.48	942.08
c	Less: UBDC, Micro Hydel and MHP-II (being RE Power)	393.00	79.64
d	Net Generation from Hydel other than RE (b-c)	6817.48	862.44
2.	**Net own generation within State other than RE (a+d)**	**11092.56**	**3279.69**
3.	Net Power Purchase	44979.00	19374.35
4.	RE Power Purchase	3070.00	1826.74
5.	**Net Power Purchase from sources other than RE (3-4)**	**41909.00**	**17547.61**
6.	**Total Power Purchase (2+5)**	**53001.56**	**20827.30**
7.	Transmission & SLDC charges		1329.60
8.	**Total Generation + Transmission & SLDC Charges**		**22156.90**
9.	Energy at the distribution licensee's boundary (with 2.50% transmission loss)	51676.52	
10.	**Pooled Power Purchase Cost (8/9)**	**4.29 (Rs./kWh)**	

Accordingly, the Commission determines the 'Pooled Cost of Purchase' (APPC) as Rs. 4.29 per kWh, which will be applicable during FY 2019-20.

7.6. Separate Tariff for each Function

7.6.1. A summary of ARR of Thermal Generating Stations, Hydel Generating Stations and Distribution Business of PSPCL approved by the Commission for FY 2019-20 has been shown in Table 3.42, Table 3.44 and Table 3.48 respectively of this Tariff Order. Further, the cumulative revenue gap has been also shown in Table 3.49 of this Tariff Order. The same has been compiled as under:

Table 7.6: ARR of PSPCL's Generating Stations (Project wise) and Distribution Business for FY 2019-20

(Rs. Crore)

Sr. No.	Item of Expenses	GGSSTP	GHTP	Shanan	UBDC	RSD	MHP	ASHP	Micro	BBMB	Total Generation (Thermal +Hydel)	Distribution Business	Total PSPCL
1.	Cost of Power purchase											20834.98	**20834.98**
2.	Fuel Cost	669.91	902.77								**1572.68**	-	**1572.68**
3.	Employee Cost	337.18	137.67	19.69	44.58	24.82	31.68	25.33	-	-	**620.95**	4313.65	**4934.6**
4.	R&M and A&G Expenses	66.24	51.54	2.28	4.21	3.16	3.45	2.47	-	-	**133.35**	336.48	**469.83**
5.	BBMB O&M Expenses									320.1	**320.10**		**320.1**
6.	Depreciation	20.02	139.69	3.63	7.95	146.93	8.06	1.53	0.1	10.48	**338.39**	874.67	**1213.06**
7.	Interest Charges	15.99	0.22	3.64	1.53	20.49	14.39	1.07	-	5.95	**63.28**	720.48	**783.76**
8.	Return on Equity	74.58	91.66	2.78	17.11	154.2	25.66	12.6	0.51	11.29	**390.39**	552.23	**942.62**
9.	Interest on Working Capital	38.33	39.48	0.99	2.28	6.37	2.1	1.3	0.01	5.51	**96.37**	216.73	**313.1**
10.	Maintenance Charges payable to GoP for RSD			-	-	13.23	-	-	-	-	**13.23**	0	**13.23**
11.	Provision of DSM Funds											30	**30**
12.	Transmission/ SLDC Charges payable to PSTCL											1329.6	**1329.6**
13.	Disallowance of penalty deposited by PSPCL for non compliance of RPO											-0.01	**-0.01**
14.	**Revenue Requirement**	**1222.25**	**1363.03**	**33.01**	**77.66**	**369.20**	**85.34**	**44.30**	**0.62**	**353.33**	**3548.74**	**29208.81**	**32757.55**
15.	Previous gap (Deficit)	18.55	20.69	0.50	1.18	5.60	1.30	0.67	0.01	5.36	**53.87**	443.38	**497.25**
16.	Impact of FCA	-1.44	-7.41								**-8.85**	3.75	**-5.10**
17.	**Gross ARR**	**1239.36**	**1376.31**	**33.51**	**78.84**	**374.80**	**86.64**	**44.97**	**0.63**	**358.69**	**3593.76**	**29655.94**	**33249.70**
18.	**AFC (17-1-2-12-16)**	**570.89**	**480.95**	**33.51**	**78.84**	**374.80**	**86.64**	**44.97**	**0.63**	**358.69**	**2029.93**	**7487.61**	**9517.54**
19.	**Net Fuel Cost (2+16)**	**668.47**	**895.36**								**1563.83**		**1563.83**

7.7. Generation Tariff

Regulation 14 of PSERC MYT Tariff Regulations, 2014, specifies that, the tariff for sale of electricity from a generating plant shall comprise of two parts, namely;

7.7.1. Annual Fixed Charges (Capacity Charges)

Regulation 38 of PSERC MYT Tariff Regulations, 2014, specifies that, the fixed cost of a generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis under capacity charge (inclusive of incentive and energy charge for Hydro station), which shall be payable by the beneficiaries in proportion to their respective share/allocation in the saleable capacity of the generating station.

Accordingly, based on the project wise ARR approved for FY 2019-20 as shown in Table 7.6, the Annual Fixed Charges (Capacity Charges) for PSPCL's Generating Stations are determined as under:

Table 7.7 A: Annual Fixed Charges-Generation for FY 2019-20

Sr. No.	Plant	Annual Fixed/Capacity Charges (Rs. Crore)	Generation (MkWh)		Indicative FC (paise/kWh)	
I	II	III	IV		V	
A	**Thermal Plants**	**1051.84**				
1.	GGSSTP	570.89	*5601.48	**1868.03	*101.918	**305.611
2.	GHTP	480.95	*6030.42	**2491.69	*79.754	**193.022
B	**Hydel Plants**	**309.70 (50% of AFC) (Rs. Crore)**				
1.	Shanan	16.76	480.00		34.917	
2.	UBDC	39.42	336.00		117.321	
3.	RSD	187.40	1510.00		124.106	
4.	Mukerian	43.32	1162.00		37.281	
5.	Anandpur Sahib	22.49	680.00		33.074	
6.	Micro Hydel	0.32	5.00		64.000	
7.	BBMB	***				

* *Worked out by taking Normative Annual Plant Availability Factor (NAPAF) of 85%.*

** *Worked out as per estimated schedule.*

**** AFC is determined by CERC.*

Accordingly, the total AFC (50% for Hydel Plants) recoverable in the case of thermal and hydel plants are:

i) Thermal - Rs. 1051.84 Crore

ii) Hydel (excluding BBMB) - Rs. 309.70 Crore

Full AFC for both thermal and hydel plants will be payable on achievement of normative plant availability as specified in PSERC MYT Tariff Regulations, 2014.

7.7.2. **Variable Charges (Energy Charges)** Regulation 39.1 of PSERC MYT Tariff Regulations, 2014, specifies that, the Energy (Variable) Charges for a thermal generating plant shall cover the primary fuel cost and secondary fuel cost, and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment).

Accordingly, based on the project wise ARR approved for FY 2019-20 as shown in Table 7.6, the Variable Charges for PSPCL's Generating Stations are determined as under:

Table 7.7 B: Energy (Variable) Charges for FY 2019-20

A	**Thermal Generating Stations**			
Sr. No.	**Plant**	**Fuel Cost (Rs. Crore)**	**Generation (MkWh)**	**Variable Charges (paise/kWh)**
I	**II**	**III**	**IV**	**V**
1.	GGSSTP	668.47	1868.03	357.848
2.	GHTP	895.36	2491.69	359.338
B	**Hydro Stations**			
Sr. No.	**Plant**	**Variable Cost (50% of AFC) (Rs. Crore)**	**Generation (MkWh)**	**Variable Charges (paise/kWh)**
I	**II**	**III**	**IV**	**V**
1.	Shanan	16.76	480.00	34.917
2.	UBDC	39.42	336.00	117.321
3.	RSD	187.40	1510.00	124.106
4.	Mukerian	43.32	1162.00	37.281
5.	Anandpur Sahib	22.49	680.00	33.074
6.	Micro Hydel	0.32	5.00	64.00

7.7.3. **Total charges for Generating Stations (Thermal and Hydel)**

The total charges (fixed and variable) for generating plants are summarized as under:

Table 7.7 C: Total charges for PSPCL's Generating Stations for FY 2019-20

(Paise/kWh)

Sr. No.	**Plant**	**Fixed Charges**	**Variable Charges**	**Total Charges**
I	**II**	**III**	**IV**	**V = (III+IV)**
A	**Thermal Generating Stations**			
a)	**For generation as per NAPAF**			
1.	GGSSTP	101.918	357.848	459.766
2.	GHTP	79.754	359.338	439.092
b)	**For generation as per scheduled energy**			
1.	GGSSTP	305.611	357.848	663.459
2.	GHTP	193.022	359.338	552.360
B	**Hydel Plants**			
1.	Shanan	34.917	34.917	69.834
2.	UBDC	117.321	117.321	234.642
3.	RSD	124.106	124.106	248.212
4.	Mukerian	37.281	37.281	74.562
5.	Anandpur Sahib	33.074	33.074	66.148
6.	Micro Hydel	64.000	64.000	128.000

Note: *As per the cost paid per unit cost of BBMB works out to be 99.56 paise/kWh*

7.8. Distribution/Wheeling Charges

7.8.1. As per PSERC MYT Regulations, 2014, the distribution capacity for working out the wheeling charges shall be the sum of power imported at each interface point of exchange of power at electrical boundary of distribution licensee and generation from captive plants and cogeneration plants (to the extent fed into the distribution system) and plants injecting electricity generation from renewable sources of energy located in the area of such licensee. The Commission has, accordingly, worked out the total distribution capacity of PSPCL for FY 2019-20 as 13389.30 MW (net of transformation losses and auxiliary consumption).

7.8.2. Accordingly, wheeling charges for FY 2019-20 are determined as under:

Table 7.8: Wheeling Charges for FY 2019-20 w.e.f. 01.06.2019

Sr. No.	Details	Units	Wheeling Charges
a)	Input Energy at the distribution periphery during FY 2019-20 (as per Table 3.3 B of the Tariff Order)	MkWh	55327.83
b)	Distribution capacity of PSPCL (Net)	MW	13389.30
c)	Revenue requirement for distribution (Table 7.6) excluding Power Purchase Cost & Transmission Charges of PSTCL	Rs. Crore	7487.61
d)	**Wheeling charges for using distribution network of PSPCL during FY 2019-20**	**Rs./MWh**	**1353**
		MW/month	**466020**

7.9. Open Access Charges

7.9.1. **Wheeling Charges:**

Regulation 25 of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011 provides that, Wheeling Charges shall be payable by an Open Access customer who utilises the distribution network for wheeling of electricity.

Accordingly, wheeling charges for use of distribution network of PSPCL during FY 2019-20, are determined as under:

a) For Long Term/Medium Term Open Access Customers = Rs. 466020 MW/Month

b) For Short Term Open Access Customers = Rs. 1353/MWh

In case of wheeling of power generated from NRSE project for consumption within the State, transmission and wheeling charges shall be levied @ 2% of the energy injected into the State Grid, irrespective of the distance i.e. additional 2% of the total energy shall be injected at injection point(s). 10% of the average revenue realized by distribution licensee from such additional injection shall be passed on to the STU/Transmission licensee for compensating on account of transmission charges. In case of wheeling of power generated from NRSE project outside the state, full transmission and wheeling charges shall be leviable.

Provided that in case of wheeling of power for consumption within the State, generated from NRSE project in the State, achieving commercial operation (COD) from 09.07.2015 to 31.03.2017, no transmission and wheeling charges shall be leviable, irrespective of the distance, for a period of 10 (ten) years from its date of commercial operation (COD).

7.9.2. **Transmission & Distribution losses**

As per Regulation 30(2) of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011, the Open Access customers shall bear Transmission & Distribution losses as under:

(i)	OA customers at 132/220 kV	2.5%
(ii)	OA customers at 66/33 kV	15% of distribution losses (11.54%), which works out to 1.73%, in addition to Transmission Loss of 2.5%.
iii)	OA customers at 11 kV	40% of distribution losses (11.54%), which works out to 4.62%, in addition to Transmission Loss of 2.5%.

7.9.3. **Cross subsidy surcharge**

As per Regulation 26(2) of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011, the cross-subsidy surcharge for various categories of consumers during FY 2019-20 has been determined as under:

Large Supply			
General Industry	:	40	paise/kWh
PIU/Arc Furnace	:	66	paise/kWh
Domestic Supply	:	18	paise/kWh
Non-Residential supply	:	125	paise/kWh
Bulk Supply	:	62	paise/kWh
Railway Traction	:	100	paise/kWh

7.10. Date of Effect

The Commission decides to make the new tariff/Open Access Charges applicable from June 01, 2019 except where specified otherwise in this Tariff Order. The tariff determined above shall remain operative till March 31, 2020. For the month of April and May 2019, tariff shall remain as per Tariff Order for FY 2018-19 as specified by the Commission in the Interim Order dated 18.03.2019.

This Order is signed and issued by the Punjab State Electricity Regulatory Commission on this day, the 27th day of May, 2019.

Date: May 27, 2019

Place: CHANDIGARH

Sd/-	**Sd/-**	**Sd/-**
(Anjuli Chandra) MEMBER	**(S.S. Sarna) MEMBER**	**(Kusumjit Sidhu) CHAIRPERSON**

Certified

Sd/-

Secretary
Punjab State Electricity Regulatory Commission,
Chandigarh.

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 the nature and/or quantum of load/demand and intimated to the prospective consumer at the time of issue of Demand Notice. This shall be subject to review on the basis of any change in nature and/or the quantum of actual connected load/demand.

2. Tariffs to be exclusive of levies

The tariffs i.e. Fixed and Energy Charges shall be exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority from time to time.

3. Tariffs to be exclusive of general charges

The tariffs shall be exclusive of rentals and other charges as per the Schedule of General Charges as approved by the Commission from time to time.

4. Point of Supply

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

5. **Connected Load** shall be as specified in Supply Code 2014 as amended from time to time**.**

6. Applicability of Industrial Tariff Category

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

7. Periodicity of Billing

Periodicity of Billing shall be as per Supply Code 2014 as amended from time to time.

However, in case of bimonthly billing, consumption slabs shall be doubled while applying the relevant tariff.

8. Fuel Cost Adjustment (FCA)

8.1 To neutralize the changes in fuel cost, FCA as per provisions of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulation, 2014 & PSERC (Conduct of Business) Regulations, 2005, as amended from time to time, shall be applicable in addition to the energy charges specified in the relevant Schedule of Tariff.

8.2 FCA clause shall be applicable to all metered and un-metered categories of consumers.

9. Two Part Tariff (TPT) Structure/Fixed Charges

All consumers (except AP, AP High-Technology/High Density Farming, EV Charging Stations, Sri Harmandir Sahib and Sri Durgiana Mandir) shall be covered under Two Part Tariff structure, as approved by the Commission in the Tariff Order. Further fixed charges (unless otherwise specified in Schedules of Tariff) shall be charged as under:

(a) For consumers covered under Contract Demand system as per condition 10 below, the Fixed Charges shall be levied on 80% of the sanctioned Contract Demand or Actual demand recorded during the billing cycle/month (restricted to sanctioned Contract Demand), whichever is higher. In case, the consumer exceeds its sanctioned Contract Demand during a billing cycle/month, he shall be liable to pay applicable demand surcharge as provided in Schedule of Tariff for relevant category.

(b) For other consumers (not covered under Contract Demand system as per condition 10 below), the Fixed Charges shall be levied on 80% of the sanctioned load in kW.

10. Contract Demand

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

10.2 All consumers (except DS consumers with load upto 50 kW, NRS consumers with load upto 20 kW, Public Lighting, AP, AP High-Technology/High Density Farming, Sri Harmandir Sahib and Sri Durgiana Mandir) are required to get their contract demand sanctioned in kVA.

10.3 The maximum demand for any day or 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 entire supply including general load shall normally be installed on the HV side of the transformer at the point of commencement of supply.

12. Non availability of Metering Equipment

In case of an HT/EHT consumers receiving supply at 11 kV and above, where metering equipment is installed on the LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kWh/kVAh) and the maximum demand shall be enhanced by 3% to account for the transformation losses.

13. Voltage Surcharge/rebate

13.1 **Voltage Surcharge:**

The levy of voltage surcharge shall be as under:-

i) All consumers catered at 400 volts against specified voltage of 11 kV shall be levied surcharge at the rate of 15%.

ii) All consumers catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 10%.

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

iv) All these surcharges shall be leviable on the energy charges.

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

(a) LS consumers existing as on 31.03.2010 availing supply at 33/66 kV but required to convert their system so as to receive supply at 132/220 kV will not be levied any surcharge related to supply voltage, till such consumers request for change of their Contract Demand.

(b) DS/NRS/BS consumers existing as on 31.03.2010 catered at a voltage lower than specified in Supply Code 2014 will be liable to pay surcharge only in case of any change in Contract Demand.

13.1.1 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 subject to technical feasibility and on payment of voltage surcharge as specified above with the permission of Whole Time Directors.

Provided that existing consumers paying surcharge as per sub-clause (ii) or (iv) of condition 13.1 of General Conditions of Tariff annexed as Annexure-I to the Tariff Order for FY 2016-17 shall continue to be governed by existing provisions till conversion to amended Supply Voltage in accordance with regulation 4.2 read with sub-regulation 4.2.2 of PSERC (Electricity Supply Code and Related Matters) (2nd Amendment) Regulations, 2016.

13.2 **Voltage Rebate**

As the cost to serve at higher voltage is lower than the cost to serve at lower voltage so rebate on energy charges to the consumers getting supply at HT/EHT voltages shall be applicable as under:

"Rebate of 30 paise/kVAh to all consumers getting supply at 400/220/132 kV, 25 paise/kVAh to all consumers getting supply at 66/33 kV, 20 paise/kVAh to DS (including Charitable Hospitals setup under PWD Act), NRS, MS consumers (including Rural Water Supply Schemes of the DWSS/ GPWSCs & Compost / Solid Waste Management Plants for Municipalities/ Urban Local Bodies) getting supply at 11 kV and 20 paise/kWh to AP/AP High-Technology/High Density Farming consumers getting supply at 11 kV shall be continued"

However, cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time, shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.

14. Steel Rolling Mill Surcharge (Deleted)

15. Time of Day (ToD) Tariff

15.1 Time of the Day (ToD) tariff shall be applicable to NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, all LS/MS consumers (including Rural Water Supply Schemes & Compost/Solid Waste Management Plants) and EV charging stations as under:

Period	Time period	ToD Tariff
1st April to 31st May	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	
	10.00 PM to 06.00 AM (next day)	Normal Tariff* minus Rs.1.25/kVAh
1st June to 30th September	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	Normal Tariff* plus Rs. 2.00/kVAh
	10.00 PM to 06.00 AM (next day)	Normal Tariff*
1st October to 31st March	06.00 AM to 06.00 PM	Normal Tariff*
	06.00 PM to 10.00 PM	
	10.00 PM to 06.00 AM (next day)	Normal Tariff* minus Rs. 1.25/kVAh

***** *As per applicable Schedule of Tariff for the year.*

However, cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time, shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.

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

16.1 **Defective MDI:**

16.1.1 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 80% of sanctioned contract demand for billing purposes during the period MDI became defective.

16.2 **Non-availability of kVAh consumption**

16.2.1 In case kVAh consumption is not available due to defective meter or otherwise, monthly average power factor of the consumer's installation recorded during the last three correct working months preceding the period of overhauling (i.e. period of review of billing account) shall be taken as monthly average power factor for the purpose of power factor surcharge/incentive to the applicable category till such time kVAh consumption is available.

16.2.2 Where the billing is done on kVAh consumption basis, the procedure given in the Supply Code 2014 shall be followed for billing purposes as applicable to defective/dead stop meters.

17. Tariff for News Paper Printing Presses

Accredited news paper printing presses shall be treated as industrial premises and therefore the supply to these consumers shall be considered as industrial supply and shall be charged under relevant industrial tariff. However, the lighting load in the premises of accredited news paper presses shall be metered separately and charged as per rates under Schedule Non-Residential Supply.

18. Seasonal Industries

18.1 Seasonal industries mean industries/factories which by virtue of nature of their production, work during part of the year up to a maximum of 9 months during the year as specified below in Condition 18.2.

18.2 Approved seasonal industries are as under:

(i) All cotton ginning, pressing and bailing plants

(ii) All rice shellers

(iii) All rice bran stabilization units (without T.G. Sets)

(iv) Kinnow grading & Waxing Centers

(v) Maize Dryer Plants

(vi) Food (including fruits and vegetables) processing, packaging and storage units.

- Seasonal period for industries at Sr. No. (i), (iii) and (iv) shall be considered from 1st September to 31st May next year and seasonal period for rice sheller industry at Sr. no. (ii) shall be from 1st October to 30th June next year. The seasonal industrial consumers at Sr. no. (i) to (iv) shall not be required to serve advance notice before starting or closing the unit.
- Seasonal industrial consumers at Sr. No. (v) and (vi) shall be required to intimate the period of their season subject to maximum 9 months by 31st May or one month prior to start of season, whichever is earlier.
- Seasonal industry consumers shall not be required to give any undertaking not to run his seasonal industry during off season.

18.3 Rice bran stabilization units having T.G. Sets, Rice Huller Mills, Ice Factories and Ice Candy Plants shall not be treated as seasonal industries.

18.4 The seasonal Industry consumers shall have the option to be covered under General Industry Category and the relevant Industrial Tariff shall be applicable in such cases. The seasonal industrial consumers shall exercise their option one month prior to start of the season. In such case, the 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**

Billing for all seasonal industries shall be done monthly and charged as under:

18.5.1 **For exclusive Seasonal industries** mentioned above, billing shall be done monthly as per the tariff (comprising of fixed and energy charges) applicable in the respective schedule of tariff for seasonal industry. However, the Fixed Charges, as applicable in the respective schedule of tariff for seasonal period, shall be levied on the contract demand for the period of six months only from the beginning of the seasonal period, in accordance with condition 9 above. Thereafter, only energy charges, as applicable in the respective schedule of tariff, shall be levied on actual consumption recorded during the month. However, demand surcharge shall be leviable for the excess demand, if any, as per the relevant schedule of tariff.

18.5.2 Deleted

18.5.3 **For mixed Industries**, comprising of seasonal Industry and general industry, billing shall be done monthly as under:

a) Energy Charges shall be levied on actual consumption recorded during the month, as applicable in the respective Schedule of Tariff for General Industry, throughout the year.

b) Fixed Charges in accordance with condition 9 above, shall be levied on sanctioned contract demand for general load, as applicable in respective Schedule of Tariff for General Industry throughout the year and on sanctioned contract demand for seasonal load for six months at seasonal rates, as applicable in the respective Schedule of Tariff, from the beginning of seasonal period, irrespective of the actual period of running of seasonal load.

19. Agricultural Pumping Supply

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

19.2 Chaff cutters, threshers and cane crushers for self use shall be allowed to be operated on agriculture pumping supply connections.

19.3 The water from the agriculture tube well shall be allowed to be used by the consumers only to irrigate the land in their possession.

20. Rounding-off Energy Bill

The charges i.e. both Fixed and energy charges including surcharges, rebates, octroi (if applicable), meter/MCB rentals, electricity duty as well as total energy bill (net as well as gross) shall be rounded-off individually to the nearest rupee by ignoring 1 to 49 paise and taking 50 to 99 paise as one rupee. Thus the amount mentioned in the bill shall be in whole rupee. The net amount payable in all electricity bills shall be rounded-off to the nearest Rs. 10/- (Rupees ten) and difference due to rounding-off shall be adjusted in subsequent bills.

21. Late Payment Surcharge

In the event of the energy bill or other charges relating to electricity not being paid in full within the time specified in the bill, the consumers shall be levied late payment surcharge as under:

21.1 For all categories of consumers catered at HT/EHT 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 catered at LT 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. Use of electricity exclusively during night hours

Reduced tariffs as may be decided by the Commission in the Tariff Order for the year, shall be applicable to LS/MS Industrial consumers who opt to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day. However, from 01.10.2019 onwards, they shall be entitled to use electricity also from 06:00 AM to 10:00 AM at normal tariff rate of energy charge applicable to the respective category. Other conditions shall be as under:

i) ToD rebate and voltage rebate shall not be allowed on the reduced tariff under this category, as the tariff rate is already reduced.

ii) A maximum of 10% of total units consumed during night hours(10:00 PM to 06:00 A.M. next day) in a billing period can be availed beyond the period of

10.00 PM to 06.00 AM (10.00 PM to 10.00 AM w.e.f. 01.10.2019). However, ToD surcharge, as applicable, shall be chargeable for the consumption, if any, during the peak hours.

iii) In case the consumer exceeds the %age specified in condition no. (ii) above during any billing month, then fixed charge and energy charges for the entire energy consumption during the relevant billing month shall be billed as per normal tariff applicable to the respective category.

iv) This tariff shall be applicable if the consumer opts to be so charged in place of normal tariff by using electricity exclusively during night hours as above. The option can be exercised to switch over from normal tariff to exclusive night time tariff by giving not less than one month's notice in writing.

v) Other terms and conditions shall remain the same as applicable to the respective categories as per the relevant Schedule of Tariffs.

23. Load/Demand Surcharge

23.1 Load/Demand Surcharge for Consumers covered under Contract Demand System

23.1.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

23.1.2 Demand Surcharge for exceeding the Contract Demand

If a consumer exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of Rs. 750/- per kVA per month on excess demand irrespective of the number of defaults in a month.

However, for Open Access customers and CPPs demand surcharge shall be charged on daily basis at a rate of Rs. 50/- per kVA per day on excess demand irrespective of the number of defaults in a day. Provided that the demand surcharge so levied in a month shall not exceed the demand surcharge applicable on monthly basis.

This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purpose shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

23.2 **Load Surcharge for Consumers not covered under Contract Demand System**

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

23.3 **Compensation for damage**

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

24. Interpretation of Tariff

If a question arises as to the applicability of tariff to any class of consumer or as to the interpretation of various clauses of tariff or General Conditions of Tariff, decision of the Commission shall be final.

<u>ANNEXURE-II</u>

SCHEDULES OF TARIFF (FY 2019-20)

(To be read with General Conditions of Tariff annexed at Annexure –I)

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

SI.1 Availability

SI.1.1 This tariff shall apply to all industrial power supply consumers having contract demand exceeding 100 kVA, including IT units covered under definition of 'Electronic Hardware and Information Technology (IT) Sector' as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

SI.1.1.1 A separate NRS connection in the premises of LS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under 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 & transformer winding capacity at the feeding sub-station.

SI.3 Tariff

<table>
<tr><th></th><th>Description</th><th>Energy Charge (Rs./kVAh)</th><th>Fixed Charge (Rs./kVA/month)</th></tr>
<tr><td rowspan="4">SI.3.1</td><td colspan="3">General Industry</td></tr>
<tr><td>i) Above 100 kVA and upto1000 kVA</td><td>5.89</td><td>165</td></tr>
<tr><td>ii) Above 1000 KVA and upto 2500 kVA</td><td>5.93</td><td>225</td></tr>
<tr><td>iii) Above 2500 KVA</td><td>5.98</td><td>260</td></tr>
<tr><td rowspan="4">SI.3.2</td><td colspan="3">Arc Furnaces & Power Intensive Units including Induction furnaces, Chloroalkaline units, Billet heaters, Surface hardening Machines & Electrolytic process industries</td></tr>
<tr><td>i) Above 100 kVA and upto1000 kVA</td><td>5.93</td><td>170</td></tr>
<tr><td>ii) Above 1000 KVA and upto 2500 kVA</td><td>6.18</td><td>260</td></tr>
<tr><td>iii) Above 2500 KVA</td><td>6.19</td><td>295</td></tr>
<tr><td rowspan="6">SI.3.3</td><td colspan="3">Seasonal Industries covered under condition 18 of the General Conditions of Tariff</td></tr>
<tr><td>a) Seasonal Rate</td><td rowspan="8">Same as specified for the relevant general Industrial category</td><td></td></tr>
<tr><td>i) Above 100 kVA and upto1000 kVA</td><td>330 (for 6 Months)</td></tr>
<tr><td>ii) Above 1000 KVA and upto 2500 kVA</td><td>450 (for 6 Months)</td></tr>
<tr><td>iii) Above 2500 KVA</td><td>520 (for 6 Months)</td></tr>
<tr><td>b) Off Seasonal Rate</td><td>Nil</td></tr>
<tr><td rowspan="3">SI.3.4</td><td>Ice Factories, Ice Candies & Cold Storages</td><td></td></tr>
<tr><td>i) April to July</td><td>330</td></tr>
<tr><td>ii) August to March next year</td><td>83</td></tr>
</table>

<table>
<tr><th></th><th>Description</th><th>Energy Charge (Rs./kVAh)</th><th>Fixed Charge (Rs./kVA/month)</th></tr>
<tr><td rowspan="3">SI.3.5</td><td colspan="3">For use of electricity exclusively during night hours (in accordance with condition 22 of General Conditions of Tariff)</td></tr>
<tr><td>i) 10.00 PM to 06.00 AM (next day)</td><td>4.45</td><td rowspan="2">50% of the charges specified for the relevant category</td></tr>
<tr><td>ii) 06.00 AM to 10.00 AM (from 01.10.2019 onwards)</td><td>Normal rates as applicable to the respective category under relevant Schedule</td></tr>
</table>

Note: *In addition to the Energy Charge:*

(i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff;

(ii) ToD tariff shall be applicable in accordance with condition 15 of General Conditions of Tariff.

SI.3.6 For industries where the load is of mixed nature, i.e. in addition to General Industrial loads, Arc/ Power Intensive loads are also running, Fixed and Energy Charges shall be determined by computing the Maximum Demand and energy consumption for the billing month on pro-rata basis in proportion to such demands sanctioned by the distribution licensee and applicable tariff (Fixed Charge and Energy Charge) shall be as specified against the corresponding demand slab (without clubbing of Arc/Power Intensive and general load) under the relevant schedule of tariff.

In such cases, Power Intensive loads shall comprise of loads as mentioned in para SI.3.2, including auxiliary loads, loads of pollution control machinery, gas plants & corresponding lighting loads, and general industrial loads in such cases shall comprise loads of rolling mills and its allied loads, related workshop, general engineering machinery and corresponding lighting load, for the purpose of levy of Fixed Charges. **Provided that billet heaters having contract demand upto 100 kVA shall not be considered as PIU load.**

SI.3.7 For industrial units having CPP / Co-Gen. plant, Fixed Charges shall be levied, for the load to be exclusively fed from the distribution licensee's system, as per Condition 9 of General Conditions of Tariff. However, billing demand of these units shall be considered as 50% of the sanctioned contract demand or actual demand recorded during the billing cycle/month (restricted to the sanctioned contract demand), whichever is higher, for the transitional period of 6 months from the date of issue of this tariff Order or signing of the agreement for Standby/Startup power, whichever is earlier.

SI.3.8 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General

Conditions of Tariff.

SI.4 Seasonal Industries

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SI.5 Factory Lighting and Colony Lighting

All consumption for bona fide factory lighting shall be included for charging under the above tariff. The consumption for residential purposes i.e. staff quarters of factory, street lighting etc. shall also be charged under this Schedule. However, a separate single point connection may be allowed for the colony load including street lighting under PSERC (Single Point Supply to Cooperative Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

SI.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SI.7 Force Majeure applicable for Arc/Induction furnaces

In the event, where normal working of the industry is affected 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 fixed charges, provided that such closure or reduced working hours continue for at least seven days consecutively in a billing cycle month directly as a consequence of any of the above conditions, with the approval of load sanctioning authority. In the event of relief being allowed in fixed charges under above conditions, the consumers shall, however, be required to pay atleast fixed charges as applicable to general Industry large supply consumers.

SII <u>SCHEDULE OF TARIFF FOR MEDIUM SUPPLY INDUSTRIAL POWER (MS):</u>

SII.1 Availability

This tariff shall apply to all industrial power supply consumers having contract demand above 20 kVA but not exceeding 100kVA, including IT units covered under definition of ‘Electronic Hardware and Information Technology (IT) Sector’ as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

SII.1.1 A separate NRS connection in the premises of MS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under 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), as specified in the Supply Code 2014.

SII.2.2 Metered supply connections to poultry, goatery, piggery, fish farming (exclusive) and dairy farms may be released from category-1 or UPS or AP feeder at the option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SII.3.1	**General Industry**	5.80	120
SII.3.2	**Seasonal Industries** covered under condition 18 of the General Conditions of Tariff:		
	(i) Seasonal Rate	5.80	240 (for 6 Months)
	(ii) Off Seasonal Rate		Nil
SII.3.3	**Ice Factories, Ice Candies & Cold Storages**		
	(i) April to July	5.80	240
	(ii) August to March next year		60
SII.3.4	For **use of electricity exclusively during night hours (**in accordance with condition 22 of General Conditions of Tariff)		
	i) 10.00 PM to 06.00 AM (next day)	4.45	50% of the charges specified for the relevant category
	ii) 06.00 AM to 10.00 AM (from 1.10.2019 onwards)	5.80	

Note: *In addition to the Energy Charge:*

(i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff;

(ii) ToD tariff shall be applicable in accordance with condition 15 of General Conditions of Tariff.

SII.3.5 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of the General Conditions of Tariff.

SII.3.6 In case of Rice Shellers, Ice Factories, Cold Storage & Stone Crushers falling under this schedule, where the metering is done on 11 kV and the consumer has installed his own transformer, additional rebate of 3 paise per kVAh shall be admissible over and above the voltage rebate admissible as per condition 13 of the General Conditions of Tariff.

SII.4 Seasonal Industries

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SII.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

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

SIII.1 Availability

This tariff shall apply to Industrial Power Supply consumers with sanctioned load/ demand not exceeding 20 kVA, including IT units covered under definition of 'Electronic Hardware and Information Technology (IT) Sector' as per the GoP notification no. 17/7/2014-AS 1/ 1372 dated 09.11.2015 or as amended from time to time.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry, goatery, piggery, fish farming (exclusive), dairy farms, Maize Dryer Units and Food (including fruits and vegetables) processing, packing & storage units, meeting above criteria shall also be covered in this schedule.

SIII.1.1 A separate NRS connection in the premises of SP consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under the 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) and dairy farms may be released from category-1 or UPS or AP feeder at the option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SIII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SIII.3.1	**General Industry**	5.37	80
SIII.3.2	**Seasonal industries** covered under condition 18 of the General Conditions of Tariff:		
	i) Seasonal Rate	5.37	160 (for 6 Months)
	ii) Off Seasonal Rate		Nil
SIII.3.3	**Ice Factories, Ice Candies & Cold Storages**		
	i) April to July	5.37	160
	ii) August to March next year		40

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

.SIII.3.4 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIII.4 Seasonal Industry

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff.

SIII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SIII.6 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIV SCHEDULE OF TARIFF FOR AGRICULTURAL PUMPING SUPPLY (AP)

SIV.1 Availability

This tariff shall apply to irrigation pumping supply loads including Kandi Area tube wells, tube wells in farms of PAU, Lift irrigation tube wells, PSTC tube wells, IB tube wells, tube wells installed under Technical Co- operative Assistance Scheme, tube wells of Co-operative Societies formed by marginal farmers for installing deep bore tube wells under Central Assistance Schemes, tube wells used to provide irrigation for horticulture/floriculture in open field condition or net houses, green/hot houses, tube wells of Harijan farmer's cooperative societies and Punjab Water Resources Management and Development Corporation's tube wells for reviving ecology of Holy Bein.

Power utilized for any other purpose shall be separately metered and charged under the relevant schedule.

SIV.2 Character of Service

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

SIV.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs./month)
SIV.3.1	Agricultural Pumping Supply (AP)	**5.28/kWh or 390/BHP/month**	

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SIII.3.2 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIV.4 Flat rate supply shall only be allowed to consumers getting supply from agriculture feeders. The consumers located within Municipal Limits of cities/towns or getting supply from Urban/City/Urban Pattern Supply/Kandi area feeders shall be covered under metered supply only.

SIV.4.1 20% surcharge on flat rate charges or as may be determined by the Commission in the Tariff Order, shall be leviable in case of agricultural consumers covered under flat rate/metered supply category until a consumer fulfils the following requirements:

SIV.4.1.1 Delivery pipe should not be more than 2 feet above the ground level water channel except for the consumers who are having underground irrigation system.

SIV.4.1.2 Bend used in the delivery pipe should not be sharp but of suitable curvature.

SIV.4.1.3 Motor-Pump should be installed on a Pucca leveled foundation in case of mono-block or belt driven pump-sets.

SIV.4.2 Extra fixed charges shall be levied wherever an agricultural tube well covered under this schedule is also used for fish farming as below:

SIV.4.2.1 Fish culture in a pond up to half acre: Rs. 900/- per annum

SIV.4.2.2 Fish culture in a pond above half acre, but up to one acre: Rs. 1800/- per annum

SIV.4.2.3 Additional area under fish pond to be charged in multiples of half acre rate. The pond area shall include bundhing.

SIV.4.2.4 Relevant industrial tariff shall be applied for such tube wells which are exclusively used for fish farming.

SIV. 4.3 Misuse of AP supply

The misuse of AP supply provided to agricultural tube wells for other purposes shall be dealt with as per provisions of Electricity Act, 2003.

SIV.5 Pump House Lighting

The consumption for bona fide lighting of the pump or machine house of 2 CFLs with total wattage aggregating 40 watts shall be allowed per tube well connection.

SIV.6 Load Surcharge

Load surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIV.7 Installation of Shunt Capacitors

SIV.7.1 No tube well connection shall be released without installation of ISI mark Shunt Capacitors of requisite capacity. The kVArh capacity of Shunt Capacitors to be installed shall be as prescribed by the distribution licensee with the approval of the Commission.

SIV.7.2 AP consumers having got installed Shunt Capacitors at their tube well premises from the distribution licensee against payment of monthly rentals, shall be charged rentals @ Rs. 4/- per kVArh per month from the date of installation. The rentals shall, however, be recovered on half yearly basis i.e. Rs. 24 per kVArh in April and October every year.

SIV.7.3 Before allowing extension in load/regularization of load by distribution licensee, the existing AP consumers shall install capacitors of adequate capacity as prescribed by distribution licensee with the approval of the Commission.

SV <u>SCHEDULE OF TARIFF FOR NON RESIDENTIAL SUPPLY (NRS)</u>

SV.1 Availability

SV.1.1 This tariff shall apply to:

Non-residential premises such as business houses, cinemas, clubs, offices, hotels/motels, marriage palaces, hot mix/ready mix plants, departmental stores, shops, guest houses, restaurants for lights, fans, pumping set, air conditioning units/plants, lifts, welding sets, small lathes, electric drills, heaters etc.;

EV Charging Stations, battery chargers, embroidery machines, printing presses, ice candy machines, dry cleaning machines, power presses, small motors etc.;

Private hospitals (other than charitable), Private unaided educational institutions i.e. schools, colleges and universities, hostels and residential quarters attached thereto where such institutions/installations are not covered under schedule DS/BS;

Telecommunication/Cellular Mobile Phone Towers and all private sports institutions/ facilities including gymnasiums.

SV.1.2 If a portion of residential/industrial premises is regularly used for any commercial activity permitted under law, the consumer shall be required to obtain a separate connection under NRS category for the portion put to commercial use. In such an event, two connections, one under Schedule DS/Industrial and the other under Schedule NRS shall be permitted.

SV.1.3 Any of the following activities carried out in a part of residential premises shall also be covered under this schedule.

a) A private outpatient clinic/hospital or laboratory.

b) PCO.

c) Milk processing (other than chilling plant)) for commercial purposes.

d) Offices of any other professional service provider.

e) ATM.

SV.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

.SV.3 Tariff

	Description	**Energy Charge (Rs.)**	**Fixed Charges (Rs./month)**
SV.3.1	**Loads upto 7 kW**		
	i) Upto 100 kWh	6.91/kWh	45/kW
	ii) 101- 500 kWh	7.17/kWh	
	iii) Above 500 kWh	7.29/kWh	
SV.3.2	**Loads exceeding 7 kW & upto 20 kW**		
	i) Upto 100 kWh	6.91/kWh	55/kW
	ii) 101- 500 kWh	7.17/kWh	
	iii) Above 500 kWh	7.29/kWh	
SV.3.3	**Load/Demand exceeding 20 KW/kVA & upto 100 Kva (All units)**	6.32/kVAh	100/kVA
SV.3.4	**Demand exceeding 100 kVA (All Units)**	6.54/kVAh	110/kVA
SV.3.5	**EV Charging Stations**	6.00/kVAh	NA

Note:

i) *Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges, in accordance with condition 8 of General Conditions of Tariff;*

ii) *ToD tariff to NRS consumers with sanctioned Contract Demand exceeding 100 kVA and to EV Charging Stations shall be applicable in accordance with condition 15 of General Conditions of Tariff;*

iii) *The energy charges shall be increased by 25% for private hospitals & MRI/CT Scan centres getting continuous supply through independent feeders under this Schedule;*

iv) *Marriage Palaces and Hot Mix/Ready Mix Plants shall pay Fixed Charges on 25% of Sanctioned Load/Contract Demand. In case, the consumer exceeds its Sanctioned Load/Contract Demand during a billing cycle/month, he shall also be liable to pay applicable load/demand surcharge.*

SV.3.6 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SV.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

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

SVI.1 Availability

This tariff shall apply to the following:

SVI.1.1 Supply to a residential premise for lights, fans, single/three phase domestic pumping set/toka machine not exceeding 2 BHP and other house hold appliances. Where a room or a part of residential house is being utilized by a person for imparting education/tuition work or for cookery classes/beauty parlour/tailoring work etc., supply for such purposes shall also be covered under this schedule.

Where a portion of the residential premises is used regularly for the conduct of business, the supply in that portion shall be separately metered under separate connection and billed under Schedule NRS.

SVI.1.2 Supply to Govt. sports institutions/facilities, including gymnasiums, Govt./Govt. aided educational institutions viz. schools, colleges, universities, I.T.Is, including hostels and residential quarters attached to these educational institutions.

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 as specified in the Supply Code, 2014 as amended from time to time.

SVI.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SVI.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charge (Rs./month)
SVI.3.1	**Load upto 2kW**		
	i) Upto 100 kWh	4.99/kWh	35/kW
	ii) 101- 300 kWh	6.59/kWh	
	iii) Above 300 kWh	7.20/kWh	
SVI.3.2	**Load exceeding 2 kW & upto 7 kW**		
	i) Upto 100 kWh	4.99/kWh	45/kW
	ii) 101- 300 kWh	6.59/kWh	
	iii) 301- 500 kWh	7.20/kWh	
	iv) Above 500 kWh	7.41/kWh	
SVI.3.3	**Load exceeding 7 kW & upto 50 kW**		
	i) Upto 100 kWh	4.99/kWh	50/kW
	ii) 101- 300 kWh	6.59/kWh	
	iii) 301- 500 kWh	7.20/kWh	
	iv) Above 500 kWh	7.41/kWh	
SVI.3.4	**Load/Demand exceeding 50 kW/kVA & upto 100 kVA (All units)**	6.31/kVAh	80/kVA
SVI.3.5	**Demand above 100 kVA (All units)**	6.52/kVAh	80/kVA
SVI.3.6	**Sri Harmandir Sahib and Sri Durgiana Mandir, Amritsar**		
	First 2000 kWh	Free	NA
	Beyond 2000 kWh	6.06/kWh	

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SVI.3.7 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SVI.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

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

Supply to such consumers shall be governed by the provisions as contained in PSERC (Single Point Supply to Co-operative Group Housing Societies/ Employers) Regulations, 2008, as amended from time to time, i.e. total consumption of electricity recorded at single point connection of a Co-operative Housing Society/employer's colony will be billed at a rate equal to the highest slab rate of Schedule of Tariff for Domestic Supply (DS) and a rebate of 12% (Twelve percent) will be admissible in addition to any other rebate on electricity charges, comprising of fixed and energy charges as may be approved by the Commission.

The Fixed Charges on the basis of Contract Demand of the consumer shall be applicable as specified in the Tariff Order for the year.

SVII SCHEDULE OF TARIFF FOR BULK SUPPLY (BS)

SVII.1 Availability

This tariff shall apply to the following:

SVII.1.1 General or mixed loads exceeding 10 kW/kVA to MES, Defence Establishments, Railways, Central PWD institutions, Irrigation Head works, Jails, Police/Para Military Establishments/Colonies and Govt. Hospitals/ Medical Colleges/Govt. Educational Institutions having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, where further distribution will be undertaken by the consumer.

SVII.1.2 General or mixed loads exceeding 10 kW/kVA to all private educational institutes/ universities/ colleges/ hospitals etc. having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, for their own use and to run the affairs connected with the functions of such educational institutes/ universities/ colleges/ hospitals etc. provided the entire LD system has been laid at the cost of the consumer.

SVII.1.3 However, institutions/Installations having DS load less than 25% will be covered under relevant NRS Schedule of Tariff. Where motive/Industrial load of any installation exceeds 50% of the total load, such an installation will be charged applicable industrial tariff.

SVII.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of contract demand and availability of bus voltage & transformer winding capacity at the feeding sub-station.

SVII.3 Tariff

	Description	Energy Charge (Rs./kVAh)	Fixed Charge (Rs./kVA/month)
SVII.3.1	LT	6.46	180
SVII.3.2	HT	6.05	225

Note:

i) Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges in accordance with condition 8 of General Conditions of Tariff;

ii) ToD tariff to BS consumers with sanctioned Contract Demand exceeding 100 kVA shall be applicable in accordance with condition 15 of General Conditions of Tariff;

iii) Energy charges shall be increased by 25% in case of private hospitals & MRI/CT Scan centres *getting continuous supply through independent feeders under BS Schedule.*

SVII.3.3 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SVII.4 Load /Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SVIII SCHEDULE OF TARIFF FOR PUBLIC LIGHTING SUPPLY

SVIII.1 Availability

Available for 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 or higher voltage, as specified in the Supply Code 2014.

SVIII.3 Tariff

Energy Charges (Rs.)	Fixed Charges (Rs./month)
7.43/kWh	100/kW

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SVIII.4 Rates of Line Maintenance and Lamp Renewal Charges

SVIII.4.1 Category-A

Where the initial installation of complete street light fittings & lamps and their subsequent replacement shall be carried out at the licensee's cost, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.1.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs.16/-per lamp per month
(ii)	Lamps above 150 watts	Special quotation

SVIII.4.1.2 Mercury/ Sodium Vapour lamps

(i)	Lamps of 80 watts	Rs. 49/- per lamp per month
(ii)	Lamps of 125 watts	Rs. 53/- per lamp per month
(iii)	Lamps of 250 watts	Rs. 90/- per lamp per month
(iv)	Lamps of 400 watts	Rs. 101/-per lamp per month

SVIII.4.1.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 26/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 43/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 43/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 68/-per point per month

SVIII.4.2 Category-B

Where the initial installation and subsequent replacement of complete street light fittings shall be done at the cost of the licensee and initial installation & subsequent replacement of lamps shall be done at the cost of Street Lighting consumers i.e. lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.2.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs. 14/- per lamp per month
(ii)	Lamps above 150 watts	Special quotation and special lamps

SVIII.4.2.2 Mercury/Sodium Vapour lamps

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

SVIII 4.2.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 23/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 40/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 39/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 61/-per point per month

SVIII.4.3 Category-C

Where the initial installation of complete street light fittings and lamps as well as their subsequent replacement shall be done at the cost of Street Lighting consumer i.e. fittings and lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:

SVIII.4.3.1 Ordinary/CFL/LED lamps

(i)	Lamps up to 150 watts	Rs. 11/- per lamp per month
(ii)	Lamps above 150 watts	Special quotation and special lamps

SVIII.4.3.2 Mercury/Sodium Vapour lamps

(i)	Lamps of 80, 125, 250 and 400 watts	Rs. 13/- per lamp per month

SVIII.4.3.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	Rs. 13/- per point per month
(ii)	Single 4 ft 40 watts	Rs. 13/- per point per month
(iii)	Double 2 ft 20 watts	Rs. 13/- per point per month
(iv)	Double 4 ft 40 watts	Rs. 13/-per point per month

Note: Where the work of lamp renewal/replacement is being carried out by the local bodies, the charges pertaining to line maintenance and lamp renewal/ replacement shall be shared by licensee and the Municipal Corporation/ Committee/Council/Panchayat in the ratio of 50:50.

SVIII.4.4 Category-D

Where the initial installation of complete street light fittings and lamps as well as subsequent replacement of fittings shall be carried out at the cost of Street Lighting consumer but the replacement of fluorescent tubes shall be done at the cost of the licensee i.e. fluorescent tubes to be supplied by the licensee, the line maintenance and fluorescent tube replacement charges shall be as under:

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

SVIII.5 Rebate to Village Panchayats

For Street Lighting supply to Village Panchayats, a rebate of twenty five percent over the standard tariff (i.e. energy charges and line maintenance and lamp renewal charges under all categories) shall be admissible.

SIX <u>SCHEDULE OF TARIFF FOR RAILWAY TRACTION (RT)</u>

SIX.1 Availability

Available to the Railways for traction load.

SIX.2 Character of Service

Alternating Current, 50 cycles/second, Single/Two/Three Phase 132 kV or higher voltage, as specified in the Supply Code 2014, depending upon the availability of bus voltage & transformer winding capacity at the feeding sub-station wherever possible at the discretion of the distribution licensee.

SIX.3 Tariff

Energy Charges (Rs.)	Fixed Charges (Rs./month)
6.87/kVAh	230/kVA

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SIII.3.1 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SIX.4 Demand Surcharge

Demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SIX. 5 Single Point Delivery

The above tariff is based on the supply being given through a single delivery & metering point and at a single voltage. Supply at any other point or at other voltage shall be separately metered and billed.

SX. <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.

Fixed Charges for Temporary Supply shall be levied @ 12*2A/365 per day, where ‘A’ is the Monthly Fixed Charge applicable to the corresponding permanent supply consumer category. Provided that fixed charges so computed shall not exceed the fixed charges applicable on monthly basis.

SX.1 Tariff for Domestic and Non-Residential Supply

SX.1.1 Availability

Temporary supply shall be permitted on an application to domestic and non-residential supply applicants (excluding touring cinemas).

SX.1.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.1.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.1.3.1	Domestic Supply	1.25 times the charges (highest slab rate) specified under the relevant schedule for permanent supply corresponding to the Connected Load/Demand	
SX.1.3.2	Non Residential Supply		

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SX.1.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per Condition 13 of General Conditions of Tariff.

SX.1.4 Load/ Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at the same rate as applicable under relevant schedule for permanent supply.

SX.2 Tariff for Temporary Small, Medium and Large Power Industrial Supply

SX.2.1 Availability

Temporary supply shall be permitted to all industrial consumers for loads including pumps for dewatering in case of floods on an application as per applicant’s request.

SX.2.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.2.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.2.3.1	SP	1.25 times the charges specified under the relevant schedule for permanent industrial supply corresponding to the Contract Demand	
SX.2.3.2	MS		
SX.2.3.3	LS		

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SX.2.3.4 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General

Conditions of Tariff.

SX.2.4 Factory Lighting

In case of temporary supply to Large Supply, Medium Supply & Small Power Industrial consumers, the bonafide factory lighting and motive/ Industrial power consumption shall be measured through one and the same meter and charged at the relevant tariff as per para SX.2.3 of this Schedule.

SX.2.5 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.3 Tariff for Wheat Threshers

SX.3.1 Availability

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

SX.3.2 Character of Service

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

SX.3.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX. 3.3.1	SP	1.25 times the charges specified under the relevant schedule for permanent industrial supply corresponding to the Contract Demand	
SX. 3.3.2	MS		
SX. 3.3.3	LS		

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SX.3.3.4 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SX.3.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at double the rates as applicable under relevant schedule for permanent industrial supply.

SX.4 Tariff for Fairs, Exhibitions, Melas and Congregations

SX.4.1 Availability

Available for temporary loads of Fairs, Exhibitions, Melas and Congregations.

SX.4.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.4.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX. 4.3.1	LT	1.25 times the charges specified under the relevant schedule for permanent bulk supply	
SX. 4.3.2	HT		

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SX.4.3.3 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SX.4.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his contract demand at his premises, the consumer shall be levied demand surcharge at the same rate as applicable under the relevant schedule for bulk supply.

SX.5 Tariff for Touring Cinemas

SX.5.1 Availability

SX.5.1.1 Available to all touring cinemas, theatres, circuses etc. However, supply shall be given separately for general loads (Lights/fans and motive loads).

SX.5.1.2 The connection shall be sanctioned in the first instance for the entire period of validity of license or for the period requisitioned for, whichever is less.

SX.5.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.5.3 Tariff

	Description	Energy Charge (Rs.)	Fixed Charges (Rs.)
SX.5.3.1	Lights and fans	1.25 times the charges (highest slab rate) specified under the relevant schedule for permanent NRS supply corresponding to the Sanctioned Load/Demand	
SX.5.3.2	Motive load	1.25 times the charges specified under the relevant schedule for permanent Industrial supply corresponding to the Contract Demand	

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SX.5.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff.

SX.5.4 Load/ Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at the same rate as applicable under relevant schedule for permanent industrial supply.

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

SXI.1 Availability

Available for High Technology green house farming and High Density AP farming. The AP (High Technology) Supply shall be subject to fulfilling the conditions as mentioned at SXI.1.1, 1.2 & 1.3 whereas High Density AP Supply shall be subject to conditions mentioned at SXI.1.4

SXI.1.1 Setting up a green house with a minimum area of 2000 sq. metres.

SXI.1.2 Production of certificate from Director/Agriculture and/or Director/Horticulture or any other officer authorized by the Govt. of Punjab, to the effect that the farming being carried out by the consumer involves use of high technology requiring power supply to produce quality products such as vegetables/ fruits/seeds/flowers etc., to meet the standards of domestic/International markets.

SXI.1.3 A distribution licensee shall take necessary steps to annually verify that all consumers continue to fulfil the obligations as above for coverage under this category. In the event of a consumer ceasing to fulfil these obligations, connection released shall be disconnected after giving at least 15 days notice.

SXI.1.4 The farmers opting for High Density Farming supply shall furnish a certificate from Director/Agriculture and/or Director/Horticulture department to the effect that farming being carried out by the applicant is covered under High Density farming as per the State Government policy.

SXI.2 Character of Service

Alternating Current, 50 cycles/second, Three phase 400 volts for loads not exceeding 100 kW and 11 kV or higher voltage supply for loads above 100 kW as specified in the Supply Code 2014.

SXI.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs./month)
5.28/kWh	Not Applicable

Note: *In addition to the Energy Charge, Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.*

SXI.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SXI.4 The provisions of Regulation 9 of the Supply Code 2014 shall be applicable for the release of a connection under this category. Connections with a load of more than 100 kW shall be released at 11 kV. An independent feeder shall be provided at the consumer's expense if uninterrupted supply is required. Connection with a load not exceeding 100 kW may be released from AP feeder or category-1 or UPS feeder at the option of the consumer, subject to the technical feasibility to release such connection. However, the consumers opting for supply from agriculture feeders shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. Only metered supply shall be admissible under this category.

SXI.5 Load Surcharge

Load surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SXI.6 Power Factor Surcharge/Incentive

Consumers shall be required to maintain a monthly average power factor of 0.90. The monthly average power factor shall mean the ratio of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal points.

SXI. 6.1 Low Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the energy charges a surcharge of 1% for each 0.01 decrease in the monthly average power factor below 0.90. The surcharge shall be 2% for each 0.01 decrease of monthly average power factor below 0.80.

SXI.6.2 Power Factor Incentive

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

SXI.6.3 For power factor surcharge & incentive, the energy charges shall also include the surcharge or rebate as applicable under para SXI.3.1 of this schedule.

SXII. <u>SCHEDULE OF TARIFF FOR COMPOST PLANTS/SOLID WASTE MANAGEMENT PLANTS AND RURAL WATER SUPPLY SCHEMES</u>

SXII.1 Availability

Available for Industrial/motive loads of compost plants/solid waste management plants including pumps etc., for Municipalities/Urban Local Bodies and Rural Water Supply (RWS) Schemes of Department of Water Supply & Sanitation Punjab (DWSS) and Gram Panchayat Water Supply & Sanitation Committee (GPWSCs). 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.

SXII.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs./month)
4.87/kVAh	33/kVA

Note: *In addition to the Energy Charge:*

(i) Fuel Cost Adjustment (FCA) charge for the relevant period shall be applicable in accordance with condition 8 of General Conditions of Tariff.

(ii) ToD Tariff (for loads with contract demand exceeding 20kVA) shall be applicable in accordance with condition 15 of General Conditions of Tariff. However, cumulative

effect of ToD rebate and Voltage rebate on the Energy Charges shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.

SXII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SXII.4 Load/Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

SXIII. <u>SCHEDULE OF TARIFF FOR START UP POWER</u>

SXIII.1 Availability

Available to Generators/CPPs, who seek supply for start up power for pre-commissioning or planned/forced outages.

This power shall also be available to generators/CPPs connected to CTU grid with proper accounting.

SXIII.2 Character of service

Alternating Current, 50 cycles/second, Three Phase 11kV or higher voltage as specified in the Supply Code 2014, as amended from time to time.

SXIII.3 Tariff

Energy Charge (Rs.)	Fixed Charges (Rs.)
7.03/kVAh	Not Applicable

Note: *In addition to the energy charges, Fuel Cost Adjustment (FCA) charges shall be applicable in accordance with condition 8 of General Conditions of Tariff*.

SXIII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General Conditions of Tariff.

SXIII.4. Demand Surcharge

The Demand Surcharge for exceeding the Contract Demand shall be as applicable to Large Supply Industrial Consumers (General).

SXIII.5. Terms and Conditions

SXIII.5.1 The Contract Demand for supply for start up power shall not exceed 15% of the rated capacity of the unit with highest rating in the power plant.

SXIII.5.2 The generator shall execute an agreement with the distribution licensee for meeting the requirement for start up power incorporating above terms and conditions.

SXIII.5.3 Start up Power to CPPs shall be governed by terms and conditions as specified in PSERC (Harnessing of Captive Power Generation) Regulations, 2009, as amended from time to time.

SXIV. SCHEDULE OF TARIFF FOR CHARITABLE HOSPITALS SET-UP UNDER PERSONS WITH DISABILITY (EQUAL OPPORTUNITIES, PROTECTION OF RIGHTS AND FULL PARTICIPATION), ACT 1995.

SXIV.1 Availability

Available to Charitable Hospitals set-up under Persons with Disability (Equal Opportunities, Protection of Rights and Full Participation), Act 1995. The connections shall be released under this category as per terms and conditions applicable to domestic consumers.

SXIV.2 Character of Services

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014, depending on quantum of load/demand.

SXIV.3 Tariff

	Energy Charge (Rs/)	Fixed Charges (Rs./Month)
SXIV.3.1	4.87/kVAh	33/kVA.

Note: *Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges, in accordance with condition 8 of General Conditions of Tariff.*

SXIV.3.2 Voltage Surcharge/Rebate

Voltage surcharge/rebate shall be applicable as per Condition 13 of General Conditions of Tariff.

SXIV.4 Load/ Demand Surcharge

Load/demand surcharge shall be applicable as per Condition 23 of General Conditions of Tariff.

ANNEXURE - III

Minutes of the Meeting of State Advisory Committee of Punjab State Electricity Regulatory Commission, Chandigarh held on 12th February, 2019.

The meeting of the PSERC, State Advisory Committee was held in the office of the Commission at Chandigarh on 12th February, 2019 to discuss Petition of True up for FY 2017-18, Annual Performance Review and Annual Revenue Requirement for FY 2018-19 and FY 2019-20 respectively filed by PSPCL and PSTCL. The following were present/ represented:

Sr. No.	Name and Address	Designation
1.	Ms. Kusumjit Sidhu Chairperson, PSERC, SCO 220-221, Sector-34-A, Chandigarh.	Ex-officio Chairperson
2.	Er. S.S. Sarna Member, PSERC, SCO 220-221, Sector-34-A, Chandigarh.	Ex-officio Member
3.	Er. Anjuli Chandra Member, PSERC, SCO 220-221, Sector-34-A, Chandigarh.	Ex-officio Member
4.	Principal Secretary Department of Power, Government of Punjab, Chandigarh.	Member
5.	Principal Secretary New and Renewable Sources of Energy (NRSE), Govt. of Punjab, Chandigarh (Represented by Sh. R.S. Randhawa, CEO, PEDA)	Member
6.	Smt. Parneet Mahal Suri, Secretary, PSERC, SCO 220-221, Sector-34-A, Chandigarh.	Ex-officio Secretary
7.	Chairman-cum-Managing Director, PSPCL, The Mall, Patiala.	Member
8.	Chairman-cum-Managing Director, PSTCL, The Mall, Patiala	Member
9.	Labour Commissioner, Deptt. of Labour & Employment, Government of Punjab, Chandigarh (Represented by Mr. Vikas Kumar, Labour-cum-Conciliation Officer)	Member
10.	Chairman, Punjab Farmers' Commission for the State of Punjab, Punjab Mandi Board, Bhawan and Sector-65 A, Phase-XI, Mohali, Punjab.	Member
11.	S. Bhupinder Singh Mann, Ex-MP, (Rajya Sabha), National President (BKU), Chairman, National Kisan Coordination Committee, Outside Qazi Mori Gate, Batala, District Gurdaspur	Member
12.	Chairman, CII, Punjab State Council, Sector 31-A, Chandigarh (Represented by Dr. Harish Anand, of CII Punjab State Council)	Member

Sr. No.	Name and Address	Designation
13.	Chairman, PHDCCI, Punjab Committee, Sector 31-A, Chandigarh	Member
14.	Director, Local Govt. Department, Punjab, Chandigarh. (Represented by Sh. S.P. Singh, Executive Engineer)	Member
15.	Director, Agriculture Department of Agriculture Govt. of Punjab, Chandigarh. (Represented by Sh. Bhagwant Singh Kalsi, Agriculture Engineer, Punjab)	Member
16.	Indian Energy Exchange Limited, Fourth Floor, TDI Centre, Plot No.-7, Jasola, New Delhi-110025	Member
17.	Chief Engineer, Punjab Agriculture University, Ludhiana	Member
18.	Sh. P.P. Singh Vice President (E&U) Nahar fibers, Ludhiana	Member
19.	Sh. P.S. Virdi, President, The Consumer Protection Federation (Regd.), Kothi No. 555, Phase-1, Sector-55, Mohali.	Member
20.	Mr. Nitin Bhatt, Regional Manager – Punjab/Haryana, Chandigarh. Energy Efficiency Services Limited, 4th floor, IWAI Building, A-13, Sector-1, Noida-201301	Member
21.	Sh. Mohinder Gupta, President, Mandi Gobindgarh, Induction Furnaces Association, Gobindgarh	Member

At the outset, the Chairperson welcomed the members of the State Advisory Committee to the meeting of the newly constituted Committee and thanked everyone present for having taken out time to attend the meeting. The Chairperson thereafter requested the members to offer suggestions/comments on the Petitions of True Up for FY 2017-18, APR for FY 2018-19 and Revised Estimates for the MYT control period financial year 2019-20 filed by PSPCL and PSTCL. The Chairperson appreciated the progress shown by Punjab State Power Corporation Limited in the sale of surplus power out of Punjab. Sh. S.S. Sarna, Member/PSERC highlighted the Commission's concern for the protection of consumers' interest and grievances redressal in an effective manner and sought views/suggestions of the Members of the State Advisory Committee to ensure speedy resolution of complaints of power consumers of State of Punjab Smt. Anjuli Chandra, Member/PSERC also welcomed State Advisory Committee Members requested them to give their suggestions for promoting industry in the State of Punjab. Smt. Anjuli Chandra sought the views of the Members for optimum utilization of available power by enhancing consumption by the existing industry as well as by ensuring that the sick/shutdown industry is revived.

The Chairperson informed that the Commission has set up a Consumer Advocacy Cell headed by Dy. Director/M&F, Nodal Officer, with the primary object of generating consumer awareness and educating them on the process of consumer grievance redressal and other matters relating to their rights and duties. The Chairperson further stated that the Commission, recently, commissioned a "***Survey on Electricity Consumer Satisfaction in the State of Punjab***" through University Business School, Punjab University, Chandigarh. The Commission is of the belief that the benefit of electricity reforms can reach the consumers only when they participate effectively in the regulatory process and considering the special nature of the Electricity Act, consumers need to be educated & empowered by way of information to play their vital role.

Thereafter, the members gave their valuable suggestions / views as under:

1. **Principal Secretary / Department of Power** stated that PSPCL tariff rates are competitive and less than most of the States except the hill States. He also high-lighted the following issues :

    - PSPCL has reduced its employee cost and T&D losses.
    - 70% of our power requirement is met through power purchase. Cost of generation is going up day by day due to increase in coal cost and Railway freight charges. PSPCL's generating plants are suffering losses of around 60-70 paise per unit.
    - Power grid has also revised the methodology of charging transmission charges from Stamp method to PoC method and States like Punjab are the worst sufferer. Moreover, Central Utilities are earning profit at the cost of State Utilities.
    - PSPCL was expecting to be in profit during FY 2018-19. But, on account of BBMB arrears, interest liability due to non-receipt of funds under UDAY Scheme and increase in cost of power by Central Utilities, an increase in tariff by 20% in the ARR filed by PSPCL for FY 2019-20 has been envisaged. However, in view of the overall position of State Consumers, an increase in tariff of 6 to 8% may be considered to avoid the tariff shock to the consumers.

2. **Sh. Bhupinder Singh Mann** stated that agriculture be considered as an industry. It is contributing to the state as well as to the nation through taxes collected through Punjab Mandi Board and Food Corporation of India. It was also stated that

agriculture is not being subsidized free of cost by the Govt. and that approximately, 7000-7500 crore p.a. is being paid by the Farmers through local taxes, charges etc. to the Govt. Agencies as and when agriculture goods, equipments are purchased by the farmers and also through proceeds of crops sold in the market. He further informed the committee about the hardships being faced by the agriculture sector.

3. **Sh. Ajay Vir Jakhar, Chairman of Punjab State Farmers Commission** stressed the importance of transparency in the process of decision making.

4. **Sh. Rajesh Mendiratta of Indian Energy Exchange Limited, New Delhi** informed about the latest trend in the electricity transactions w.r.t. intra-day market. He further stated that non-solar RPO compliance should be adjustable against Solar RPO compliance and vice-versa. It was informed by him that renewable energy will be available soon through trading on the power exchanges. The obligated entities will have the choice of purchasing RE power through exchange or purchase of RECs for RPO compliance.

   It was discussed that the Commission has already allowed adjustment of the shortfall in non-solar RPO compliance against the surplus solar RPO compliance by the distribution licensee in the State in FY 2016-17 and FY 2017-18.

5. **Sh. R.S. Sachdeva, Chairman/PHDCCI** congratulated the Commission for efforts made by it during the last 2 years as also the PSPCL for substantial reduction in employee strength. He further suggested that:

   - Tariff Order for this year should also be issued in time and in case it is delayed due to any exigency it should be made applicable only prospectively.
   - Expenses once denied to PSPCL should not be reiterated in the future ARR's as it gives wrong indication about the tariff requirement.
   - Benefit of exceeding the threshold consumption should be continued and there should be a provision in PSPCL software for giving automatic benefit of the same to the consumers crossing the threshold limit. Proper Ledgers in these regard be maintained by licensee.
   - Maximum Overall Rate (MOR) should be specified for the industry.
   - Rationalization of voltage surcharges and rebates.
   - Prepaid meter system be implemented for Industrial Consumers.
   - Solar generation especially in DS Category be encouraged rather made mandatory

6. **Dr. Harish Anand of CII, Punjab State Council** made the following suggestions:

- Being surplus in power, efforts should be made to increase the consumption in the State i.e.:
  - Incentive for higher consumption including to those who shifts from captive power should be provided on the pattern of Gujarat/ Madhya Pradesh.
  - Open Access should be minimized.
  - Create a new tariff or provide a concessional tariff for those who want to shift their Industrial Plants from other states to Punjab.
- Detail of surplus power / cost of surrendered power to be provided in Tariff Order.
- PSPCL has not submitted any proposal for increasing the consumption within the State.
- Provision should be made in the billing software for assessment of load on the basis of consumption and based on the same consumer should be asked to get their load regularized. Spot billing in case of Industry should also be implemented to avoid delay in bill distribution.
- Continue with rebate on threshold consumption as it has given good dividend.
- Provision of incentive/ disincentive should be made for the areas having low/ high distribution losses.
- Power cut timings be reduced to avoid revenue losses.
- New Technology meters, which record the load also should be installed, so as to detect the excess load connected by some of the consumers.
- Dispute Settlement Mechanism should be strengthened in such as a way that same nature of dispute should not arise twice as dispute between PSPCL and consumer arises due to
  - Lack of clarity in Supply Code/wrong interpretation of supply code
  - Lack of understanding of the field officer.
  - Lack of awareness at consumer end.
  - Arrangement of Lok Adalat can be worked out with the help of the Commission, GoP and PSPCL. All disputes of commercial nature pending for more than 5-7 years or 10 years may be got settled through them.
  - Region wise list of T&D losses be prepared to identify regions of high T&D

losses and corrective action taken to bring them down to average level.

7. **Sh. P.P. Singh, Vice-President, Nahar Fibers** congratulated the Commission for solving various tariff related issues in the tariff order and appreciated CMD-PSPCL for selling surplus power. He made the following suggestions:

- ToD surcharge be reduced. Further, in view of change in Time of Paddy Transplantation, period of ToD surcharge should be made applicable from 15th June instead of 1st June.
- Clarification needs to be issued regarding charging of fixed charges subject to the maximum period of 365 days in a year for which PSPCL confirmed to issue the clarification.
- Agriculture consumption needs to be recorded in kVAh to account for low power factor in the AP Sector.
- Highlighted the importance of installing capacitors on the AP motors and also suggested that power factor at the feeder level may be monitored regularly by PSPCL.

He also added that it is clear that Commission and Punjab Government are interested in establishing industry in Punjab. PSPCL has taken some initiatives for sale of surplus power which is evident from the Petition filed by PSPCL. He further expressed more confidence in the working of the Commission from Industry point of view. He also suggested that Tariff should be announced well in time.

He appreciated the constitution of Consumer Advocacy Cell in the Commission and stated that:

1. There is no denying the fact that consumer needs awareness regarding the latest rules and regulations and participation in the regulatory process as a stake holder.
2. The industry has no problem with senior PSPCL officers but at ground level there are many problems. He requested that a separate meeting be convened in this regard, in the presence of PSERC as well as PSPCL officers and representatives of industry, to have better understanding between consumers and PSPCL.

8. **Er P.S. Virdi** suggested that installation of rooftop solar PV power plants should be made mandatory for houses in Punjab. Sh. N.S. Randhawa, Chief Executive, PEDA informed that the Govt. of Punjab has made mandatory the installation of rooftop solar PV plants for Govt. buildings. However, it is not possible in case of old

buildings. In this regard, he was informed that the Commission's role is limited to Tariff fixation, specifying RPO and its compliance.

9. **Sh. Mohinder Gupta, President Mandi Gobindgarh Induction Furnaces Association, Gobindgarh,** he made following suggestions:

- Tariff should be same for Power Intensive Unites (PIU) and General Industry Units.
- Tariff Order for 2019-20 to be made effective prospectively.
- Period of exclusive night category be increased from the existing period of 8 hours.
- Power cuts/break-downs of transmission lines be eliminated/controlled as these cause lot of hardship to the industries.
- Every year the night rebate becomes effective from 00 Hrs of 1st Oct. and peak charges ceases from 24 Hrs of 30th Sept. The billing software needs to be adjusted for automatically record readings as on 00 Hrs of changeover.
- To extend night rebate period from 31st May to 15th of June in view of shifting of paddy sowing.
- MOR be specified for the industrial category or freeze the fixed charges at the present levels.
- Staff shortages at 66 KV Grid Sub- stations needs attention

10. **Sh. Nitin Bhatt, Regional Manager, Punjab/Haryana, Chandigarh, Energy Efficiency Services Limited, Noida,** stressed upon the need for reduction in cost of supply by reducing T&D losses and adopting energy efficient appliances.

While sharing progress of distribution of LED lamps in the State of Punjab, he requested the Commission that proposal of PSPCL for free distribution of LED lamps to Below Poverty Line (BPL) families be sympathetically considered.

11. **Sh. Vijay Talwar** did not attend. But sent his views/suggestions which are as under:

- Appreciated the formation of Consumer Advocacy Cell in PSERC which will further strengthened to help, guide and watch the interest of electricity consumers.
- To ease out the burden of expenses paid for surplus power that causes increase in Tariff every year, he suggested that :

- Tariff for Power Intensive Unit and General Industry under LS category should be the same so as to encourage PIU to use more power which will ultimately let Industry to compete with similar industry in other States such as Himachal, Jharkhand, Chhattisgarh, Madhya Pradesh and J&K etc.
- PIU Industry should be allowed to install independent feeder exceeding Contract Demand of 1000kVA, which will solve problem of harmonics generation and it will increase the usage of surplus power by getting un-interrupted supply.
- T.O.D. tariff and Threshold limit rebates should be allowed to all the consumers irrespective of load/voltage so as to encourage usage of electricity during night hours by switching electric appliances and replacing the gas burners with electric heater/induction heater for cooking food.
- Consumers should be allowed to increase 10% load/demand every year without any service connection charges to meet demand which will ultimately benefit PSPCL by way of additional fixed charges on extended Load/demand.
- PSPCL should release electricity connection within 30 days from receipt of Application (A&A Form) as mandated U/S 43 of Indian Electricity Act-2003.
- Feeder length should not be more than 2 KM to save line losses. Consumers near or far away from sub-stations should be charged proportionately the cost of feeder assuming 2 KM as length of feeder irrespective of actual length. This will encourage consumers to install new connections and extension in load/demand which will reduce surplus power.
- Permissible supply voltage for 11 kV should be increased to 6000kVA from 4000kVA, since 150MM2XLPE cable can take load up to 9000 kVA which will boost the installation of composite plants comprising of induction furnace with rolling mill as well as General Industry.
- LT supply should be given for getting the load sanctioned up to 150 kVA instead of 99kVA so that consumer may extend their load/demand.
- Consumers with load up to 7kW may be allowed to have 3 phase connection at their option so that consumers having single phase supply, able to install electric installations such as geysers, air conditions etc. within sanctioned load less than 7 kW.

- PSPCL should provide technical staff in the field offices especially in North Zone for the maintenance of Sub-stations and distribution lines to give un-interrupted supply.
- Fixed charges should be 40% of sanctioned contract demand instead of 80% because sanctioned load/demand of all the consumers is approximately 4000 MV/MVA which they have paid service connection charges however, capacity to cater supply by PSPCL/PSTCL is only upto maximum 13000 MV/MVA.
- PSPCL should not be allowed to charge late payment surcharge for bills more than 2 months period to avoid accumulation of defaulting amount.
- All consumers irrespective of category should be metered. To discourage un-metered supply, Tariff for flat rate supply should be increased by 25% every year. Prepaid meters are the need of the day. PSPCL should install the same immediately.
- Tariff category should be made simple and voltage wise for all consumers. Proposed categories are LT Supply: Single Phase. LT Supply: 3 Phase, HT supply: 11kV to 33 kV, EHT Supply: 66 kV and Extra EHT Supply: 132 kVA and above.

12. **Sh. N.S.Randhawa Chief Executive, PEDA** stated that requirement of non-solar and solar renewable energy will increase in view of the amended RPO trajectory by PSERC for FY 2019-20 to FY 2022-23. PEDA has to ensure that the projected capacity is added in the respective years to achieve the targets. However, PSPCL is not signing PPAs for procurement of RE power as PSPCL has not signed PPA with the selected Developers of 100% Rice Straw based plants on the plea that the rate of Rs.8.16 is very high. PEDA approached MNRE for grant of VGF for 100% Rice Straw based plants to which MNRE agreed in principle. PSPCL put a pre condition that they will purchase power from proposed projects on fixed tariff of Rs.5/- per unit. Regarding purchase of surplus power from Cogeneration power plants, PSPCL has been conducting negotiations with the Cogeneration plant developers on the rate of purchase of power instead of signing PPAs on the generic tariff notified by the Commission.

Sh. Baldev Singh Sran, CMD, PSPCL responded by stating that purchasing of costly renewable energy from the developers selected by PEDA would load the consumers of the State. The purchase of costly non-solar renewable energy is possible with the support of the State/Central Govt. through Viability Gap Funding (VGF). The rates of solar power have come down on all India basis and it is prudent to purchase solar power from the most economical sources across the country. PSPCL has no compulsion to buy renewable energy from the developers selected by PEDA and as such PSPCL should not be forced to buy the same.

13. **Sh. Baldev Singh Sran, CMD/PSPCL,** while welcoming the feedback of the committee members, informed as under:

- Typical load pattern of the State, wherein maximum demand varies from 5000-5500 MW in winter to around 12000 MW in the summer. Also there is wide variation load pattern during day and night in the winter. With this type of load, it is difficult to optimize the generation capacity of own sources and power procurement from other sources. As a result, we have surplus power during the winter.
- PSPCL is trying its best to decrease the burden of surrendered power by selling power through exchange.
- Hon'ble Supreme Court's decision regarding the payment of coal washing charges to IPPs has resulted in increased cost of power from IPPs.
- Operationalization of Pachhwara coal mine and Shahpur Kandi Hydel Project will substantially reduce cost of supply.
- PSPCL is committed to give quality supply to its consumers.
- Suitable action is being taken regarding recovery of arrears.
- The Commission has specified RPO as a percentage of the total consumption of electricity in the area of PSPCL after excluding energy from hydro sources. The percentage of RPO should be fixed by excluding all the renewable power from the total consumption of electricity in the area of PSPCL.

The meeting ended with a vote of thanks to the Chair.

Annexure - IV

Category-wise & Voltage-wise Cost of Supply and Cross Subsidy comparison with Cost of Supply

Voltage level	Consumer category	FY 2019-20	
		Cost of Supply Rs./unit	Cross subsidy level w.r.t. Cost of Supply
I	II	III	IV
220 kV/132 kV	Industrial	5.34	33.56%
	Traction	5.32	39.40%
	Bulk	5.29	26.57%
66 kV/33 kV	Industrial	6.22	14.58%
	NRS	6.01	22.56%
	Bulk	5.87	18.57%
	Domestic	5.42	11.86%
11 kV	Industrial LS	6.86	10.01%
	Domestic	6.33	9.73%
	NRS	6.79	8.03%
	Bulk	6.22	11.50%
LT	Industrial MS	7.14	-8.94%
	Industrial SP	7.60	-18.57%
	Domestic	7.06	-0.35%
	Agriculture	7.18	-24.05%
	NRS	7.31	8.07%
	Public Lighting	6.70	16.74%
	Bulk	6.18	7.91%
	RWW	6.23	-21.04%

Note: The voltage-wise/category-wise Cost of Supply (CoS) worked out on the basis of estimated/allocation data supplied by PSPCL may not be depicting the actual cost of suppl.

ANNEXURE-V

LIST OF OBJECTORS – PSPCL

Objection No.	Name & address of Objector
1.	Sh. Ravinder Singh, House No. 986, Near Dev Hotel, Main Bazar, Moga.
2.	Machine Tool Manufactures & Maintenance, 431, Industrial Area-B, Ludhiana-141003, Punjab.
3	Sh. Mohinder Gupta, President, Mandi Gobindgarh induction Furnace Association, Grain Market, Mandi Gobindgarh-147301, Punjab.
4.	Shri. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.
5.	Sh. Sandeep Jain, Sr. Vice President, Induction Furnace Association of North India, Room No. 212, 2nd Floor, Savitri Complex, G.T. Road, Ludhiana-141003.
6.	Sh. Gurmeet Singh Kular, President, Moderation of Industrial & Commercial Organization, C-223, Phase VIII, Focal Point, Ludhiana – 141010, Punjab.
7.	Sh. Narinder Bhamra, Chief Executive Officer, Ludhiana Effluent Treatment Society, D-261, 262, Phase VIII, Focal Point, Ludhiana - 141010, Punjab.
8.	Sh. Narinder Bhamra, President, Faster Manufacturers Association of India (Regd.), 8 Guru Nanak Market, Focal Point, Ludhiana.
9.	Er. Sukhminder Singh, SDO PSPCL (Retd.), 19-D, BRS Nagar, Ludhiana, Punjab.
10.	Sh. Sushil Kumar, Ludhiana, Punjab.
11.	Sh. Naresh Gupta, N.C. Packers, Ludhiana.
12.	Dr. Harish Anand, Steel Furnace Association of India, Ludhiana.
13.	Sh. Gurmeet Singh, General Manager, Khanna Paper Mills, Amritsar.
14.	Sh. Gurmeet Singh, # 3515/18, Mohalla Hargobindpura, Amritsar.
15.	Sh. Kamal Dalmia, Chairman, 35, Focal Point Industries, Association (Regd.), Mehta Road, Amritsar- 143006.
16.	Sh. Shri. Tarsem Singh Bhalla, Ex- Counsellor, Bahujan Samaj Party, Ram Talai, G. T. Road, Amritsar-143 001 (Punjab).
17.	Sh. Rajiv Khanna, Hony, General Secretary, The Textile Manufacturers Association, 80- Court Road, Amritsar.
18.	Sh. Piyush Kapoor, General Secretary, Amritsar Hotel and Restaurant Association, Chamber No. 24, 3rd Floor, Nehru Complex, Lawrence Road, Amritsar.
19.	Sh. Narinder Bhamra, President, Faster Manufacturers Association of India (Regd.), 8 Guru Nanak Market, Focal Point, Ludhiana.

Objection No.	Name & address of Objector
20.	Sh. Madhu Pillai, Regional Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Dakshin Marg, Chandigarh-160 031.
21.	Sh. Narinder Kumar Goel, (S S Jain Sabha Regd.), 180, Batta Bagh Colony, Circular Road, Nabha, Punjab.
22.	Sh. Adarsh Pal Singh, General Secretary, Focal Point Industries Association, D-106, INDL, Focal Point Patiala.
23.	Sh. Jaswant Singh ,President Cycle Trade Union , Kharbanda Complex, Gill Road, Miller Ganj, Ludhiana.
24.	PSEB Engineers Association.
25.	i) Jasveer Kaur, Sarpanch cum Chairman, Graham Panchayat Water Sanitation Committee, #Village VariyamPura Block & District Fazilka. ii) Gurdip Singh Sarpanch, Gram Panchayat, Block Majitha Amritsar. iii) Pritpal Singh, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation, Village Sajuma, Sangrur. iv) Kulvir Kaur, SarpanchCum Chairman, Graham Panchayat Water Sanitation, Village Ramgarh Block Khanna, Ludhiana. v) Leela Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation, Village Andawar Patti, Block Talwara, Hoshiarpur. vi) Sudesh Rani, Sarpanch, Graham Panchayat, Village Chakduje Wala. vii) Sinderpal Kaur, Graham Panchayat, Bathinda. viii) Sarishta Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Meelwan, Pathankot. ix) Veerpal Kaur, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Variyam Pura Block & District Fazilka. x) Mahima Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Sadaani, Block Talwara, Distt. Hoshiarpur. xi) Sarpanch, Gram Panchayat Kartoli, Block Hoshiarpur. xii) Parmajeet Kaur, Sarpanch Cum Chairman, Water and Sanitation Committee, Village Midumaan, Faridkot.
26.	Siel Chemical Complex, A Unit of Mawana Sugars Ltd, Charatrampur, Village Khadauli/Sardargarh, Post Box No. 52 Rajpura, Distt. Patiala, Punjab-140401.
27.	Dr. Malkit Singh, Addl. S.E. (Retd.), 264, Maharaja Yadwindra Enclave Nabha Road, Patiala.
28.	Executive Officer, Municipal Council Amloh, Distt. Fatehgarh Sahib, Punjab.
29.	Mr. Amar Sangram Singh, Sarpanch, Village Kherhi Salabatpur, Distt. Ropar, Punjab.
30.	Comments/Observations of Government of Punjab, Department of Power, (Power Reforms Wing), Chandigarh.

ANNEXURE - VI

PSPCL – OBJECTIONS

Objection No. 1: Sh. Ravinder Singh, House No. 986, Near Dev Hotel, Main Bazar, Moga.

Issue No. 1: PSPCL Tariff Petitions
PSPCL frequently files Petitions before the Commission and getting unilateral decisions for increasing the rate of tariff and put unnecessary burden on general public by levying the arrears of previous months.
Reply of PSPCL:
ARR petition is filed every year as per the Regulations. The Commission checks and points out queries/ deficiencies and observations for making prudence check and after being satisfied with the replies of the queries/objections take the ARR petition on record. A public notice is published in the leading newspapers for inviting objections from the general public and reply to each and every objection is submitted to The Commission with a copy to the objector. A public hearing is held by the Commission to hear the views and objections of General public. Thereafter, on proper scrutiny by the Commission, new tariff rates are determined by the Commission, keeping in view the interest of the consumer as well as interest of the utility.
View of the Commission:
The ARR is made public and comments & objections are invited. Public hearings are also held. The Commission determines the tariff of various categories after prudence check of the ARR Petition and as per PSERC Tariff Regulations.

Issue No. 2: Burden of Pending Subsidy on Public
Rs. 5000 Crore subsidy of PSPCL is pending with the Punjab Government and PSPCL is trying to put this burden on general public. The Commission may direct the Punjab Govt. to deposit the amount of subsidy which is not being given by it.
Reply of PSPCL:
Non-disbursement of the subsidy due from GOP does not in any way burden the general public. The amount due from Govt. of Punjab on account of Subsidy is treated on accrual basis as tariff compensation per contra debit to subsidy due from the Punjab Government.
View of the Commission:
PSPCL comments may be noted.

Issue No. 3: Burden on Public due to theft by PSPCL employees
Employees of PSPCL are themselves involved in theft of electricity and even after several complaints no action has been taken by PSPCL against such employees. Instead of taking corrective measures, PSPCL is burdening the other consumers with the loss incurred by it due to theft of electricity.
Reply of PSPCL:
PSPCL has checked the site mentioned by the objector and detected the theft. Theft penalty has been imposed by PSPCL.
View of the Commission:
Does not relate to ARR Petition, PSPCL has to take action as per the Electricity Act.

Objection No. 2: Machine Tool Manufactures & Maintenance, 431, Industrial Area-B, Ludhiana-141003, Punjab.

Issue No. 1: Higher Tariff in Punjab w.r.t. other Northern States
As compared to other states like Himachal, Haryana & New Delhi the tariff of Punjab is already on higher side and any increase in the tariff of all types of consumers of PSPCL for the financial year 2017-18, 2018-19 & 2019-20 is opposed.
Reply of PSPCL:
PSPCL is transparent in filing the detailed ARR petition in which the revenue requirements based on the audited accounts for FY 2017-18, actual figures for the first half of FY 2018-19, as available at the time of petition filing exercise, were submitted. The petition is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. The main input costs relating to cost of purchase of power from outside sources, establishment cost etc. has gone up in FY 2017-18 which resulted in increase in revenue gaps. The tariff is determined by the Commission after thorough scrutiny of petition by following a transparent process and after applying prudence check.

View of the Commission:
The Commission after prudence check of ARR Petition and as per PSERC Tariff Regulations determines the tariff of various categories.

Objection No. 3: Sh. Mohinder Gupta, President, Mandi Gobindgarh induction Furnace Association, Grain Market, Mandi Gobindgarh-147301, Punjab.

Issue No. 1: Timely issue of Tariff Order for FY 2019-20
PSPCL has already filed the Petition and PSERC has issued notice for Public Comments. Public Hearings and PSPCL's Presentation are scheduled. Thus, the tariff order for the year 2019-20 can very easily be issued by 30th March. The Commission is requested to stick to the time lines and issue the TO well in advance so that industry is aware of the costing of the products and do not suffer financially on this count. This will also spare the GOP of the complications of bearing the arrears. Further, if there is delay in issue of Tariff Order, consumer should not be made to suffer and TO be made effective prospectively.
Reply of PSPCL:
PSPCL has filed the petition within the timeframe stipulated by the Commission in the Regulations and the timely issuance of Tariff Order falls within the purview of the Commission.
View of the Commission:
Tariff determination exercise is carried out as per PSERC Regulations after carrying out the prudence check of the expenses of the utility. It has always been the Commission's endeavor to determine the tariff within the time lines as laid down in the Act/ Regulations. However, sometimes exigencies such as the Election Code of Conduct this year, which are not in the control of the Commission, have caused delay in issue of Order.

Issue No. 2: Cross subsidization level of agriculture and industry

i) The National Tariff Policy stipulates to keep the average realization per unit from each category to the 20% (plus or minus) of combined average cost of supply (ACOS). APTEL has also given directions to PSERC to work out the cross subsidy on the basis of voltage wise category wise cost of supply (VCOS) and has also held that the cross subsidy of any category of consumers will not be increased from the level of last year. In compliance to the orders of APTEL, PSERC has determined the cross subsidy levels for both the ACOS and VCOS in the TO 2017-18 and 2018-19. It is submitted that while working out the same in TO 2019-20, the tariff of the subsidized class of consumers i.e. agriculture sector and other subsidized domestic consumers be increased suitably so that in the tariff order to be issued for 2019-20:

   a) Cross subsidy levels based on cost of supply remain equal to or are less than those of last year.
   b) Cross Subsidy levels remain within +/-20% based on average cost of supply as here to fore.
   c) Back up calculations and assumptions taken in calculation of VCOS be included in the TO.

   Further, APTEL has also ordered that trajectory for gradual reduction of cross subsidies shall also be finalized by the SERCs in line with provisions of the Section 61 of the Act. Accordingly, the Commission is also requested to identify the road map for reduction of cross subsidies.

ii) Cap on consumption of subsidized categories
It is further suggested that a limit on consumption should be specified by the Commission for the categories of consumers which are being cross subsidized. Once the consumption of these categories exceeds their limit specified in the order, they should be charged at normal tariff rate and not at subsidized rate. Thus if supply of additional power to Agriculture Sector due to draught conditions thro' additional costly spot purchase or imposing cuts on highest tariff categories like industry, it should not be at subsidized but normal tariff and subsidy due from GoP be worked out accordingly.

iii) Cross subsidy burden on Industry
There are only two categories of consumers which are being cross subsidized i.e. AP and lowest slab of domestic category and in real terms the subsidy of both the categories has not been reduced in tariff orders issued by the Commission in last 4-5 years, which is in contradiction to the provisions of the Electricity Act, 2003, National Tariff Policy and orders of APTEL. It is very difficult for the industry to take the huge burden of cross subsidizing other categories of consumers. Since now, GoP is subsidizing the Agriculture, Industry and lower end consumers of PSPCL, the effect on overall subsidy would be only nominal if tariff for all categories are brought near to the cost of supply. It is, therefore, proposed that the cross subsidy should be got

eliminated in phased manner and a road map may kindly be got drawn by PSERC and should be indicated in the Tariff Order.

iv) The cross subsidy burden on LS consumers which had increasing trend till the year 2015-16 has been reversed thereafter but after the year 2018-19, the support from industry has again increased

Reply of PSPCL:

i) It is the prerogative of the Commission to determine the cross subsidies for various categories. As mentioned in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. Hence, it is requested that while determining the tariff in conjunction with the cross-subsidy factor, the Commission has to keep in mind the interests of PSPCL also. Further, PSPCL has also submitted the voltage-wise cost of supply for FY 2019-20 as per the methodology stipulated by the Commission.

ii) It would not be appropriate to monitor the consumption of subsidized categories and subsidizing category throughout the year. Also, the actual sales are different from the sales at which tariff has been determined by Commission. Further, Supply to agriculture tube wells is free as per policy of the Government of Punjab 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 and that too during the months of June to September for paddy cultivation. As far as supply of power to agriculture category of consumers at cost of supply rate is concerned, the said issue is under the prerogative of Commission and PSPCL would comply with the directions of the Commission. PSPCL requests the Commission to allow it to recover the legitimate cost of PSPCL claimed in the Petition with the proposed tariff design.

iii) The tariff and level of cross subsidy is to be determined by the Commission.

iv) The percentage of cross subsidy for the General Industry is 7.49% and for Power Intensive Units is 10.49% which are within 20% as specified in the National Tariff Policy. It is requested that while determining the tariff in conjunction with the cross-subsidy factor, the Commission shall also protect the interest of PSPCL.

View of the Commission:

The Commission has always endeavoured to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ± 20 % of the average cost of supply. The above provisions are being met while determining tariff. There has been a progressive reduction in cross subsidy to the lowest domestic category and AP category. The Cross Subsidy in case of lowest domestic category has been reduced from level of (-)18.57% in FY 2015-16 to (-)0.90% and in case of AP, it has reduced from (-)19.65% in FY 2015-16 to (-)17.82%.

Issue No. 3: Return of Equity

The Commission has approved 15.5% return on equity for 2010-11 to 2017-18 purportedly as per PSERC Regulations in line with the FRP of GOP through which the cost of assets of erstwhile PSEB were revaluated and the Consumer Contribution, Subsidies and Grants were merged with GOP equity leading to increase in the equity share capital of PSPCL from Rs. 2617.61 Crore to Rs. 6081.43 Crore which has led to increase of ROE from 405.73 Crore to Rs. 942.62 Crore i.e. an increase of 232% in both the figures without any fresh investment or infusion of cash by GOP or PSPCL. Similar is the case of PSTCL where the equity base has been increased from Rs 328.50 Cr to Rs. 605.88 Cr as per FRP and ROE has been increased from Rs 45.99 Cr to Rs. 93.91 Cr, an increase of 204%. The matter was appealed in APTEL and Hon'ble Tribunal directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013. As the PSPCL has filed Appeal in supreme court and the order of APTEL is under stay, we request the Commission to record our objection on the issue and the tariff orders from 2011-12 will be subject to review as per the orders of the Supreme Court.

Reply of PSPCL:

The matter is subjudice in the Supreme Court. Hence, PSPCL has no comments to offer at this stage.

View of the Commission:

The decision of the Hon’ble Supreme Court is awaited.

Issue No. 4: ARR and Carrying Cost of Revenue Gap

The gap in realization with current tariff and expenditure incurred by PSPCL as projected in ARR along with carrying cost is increasing every year. This is very abnormal and indicates total financial indiscipline in PSPCL. This clearly indicates that PSPCL is incurring expenditure at their will and leading towards debt trap in spite of relief available under UDAY scheme.

PSPCL had projected Net Revenue Requirement of Rs. 32,718.64 Cr in the ARR of 2017-18 with total revenue gap as Rs. 5,576.21 Crore The actual figures now presented in ARR 2019-20 for true up are Rs 31,127.53 Cr and Rs. 5,524.53 Crore respectively.

The ARR for 2018-19 presented the Net Revenue Requirement as Rs. 33,562.12 Crore with total Revenue Gap of Rs. 5,339.33 Crore. The revised estimates now presented in ARR 2019-20 are Rs 33,796.12 Crore and Rs. 10,195.25 Crore respectively.

Now in the ARR 2019-20, the Net Revenue Requirement has been worked out as Rs. 34,505.60 Crore and total revenue gap with carrying cost has been worked out as Rs. 12,118.55 Crore

The recovery from LS (PIU) consumers at current tariff for FY 2019-20 has been indicated as Rs. 33726.50 Crore and to recover Rs. 12118.50 Crore gap, the tariff increase works out to 35.93% indicating that present fixed charges of Rs. 280 to be refixed as Rs. 380 and Energy charge of Rs. 6.11 to be refixed as Rs. 8.31. With 20% of ED+IDF+MT, the effective tariff would work out to above Rs. 11 per unit for 2019-20.

The solution presented by PSPCL to increase the tariff by such hefty amount in tariff will prove disastrous for the industry in Punjab. The ARR needs to be critically examined by the Commission. Any increase will have to be passed on to GOP which is already short of money. PCPCL should manage the increase in ARR from increase in sale of power and better utilization of its assets. Industry in Punjab cannot bear any increase in tariff and the tariff needs to be frozen for next five years.

Further, in-spite of 9.33% increase in tariff in 2017-18 and 2.17% increase in 2018-19 coupled with 3.08% increase in sales in 2018-19 and projected 11% increase in sales in 2019-20 over 2018-19, the gap still persists. It clearly indicates that there is something wrong in the operations of PSPCL.

It is evident from the above that besides continuing with its inefficiencies, there seems to be a tendency on the part of PSPCL to inflate the figures of ARR to get higher tariff to cover up its continuing losses which need to be looked into by the Commission thoroughly otherwise the industry in Punjab will become totally uncompetitive with the industry of neighboring states and shall have to close down their factories.

Reply of PSPCL:

PSPCL has been transparent in filing the detailed petition for the True up for FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20. In the present petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2017-18, actual figures for the first half of FY 2018-19 as available at the time of filing of petition exercise. The methodology adopted by PSPCL for filing the petition is well elaborated in the Petition and is in line with the regulatory principles set by the Commission and provisions of PSERC MYT Regulations, 2014. It has been observed that during the FY 2017-18, the main input costs relating to cost of purchase of power from outside sources, establishment cost etc. has gone up and therefore has resulted in increase in revenue gaps. The Commission does a thorough scrutiny of the petition filed by PSPCL and follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. Further, PSPCL submits that the determination of tariff is the prerogative of the Commission.

View of the Commission:

The revenue gap is determined by the Commission keeping in view of the PSERC Regulations.

Issue No. 5: Excess claims

PSPCL had filed Appeal No. 106 of 2013 in APTEL which was decided vide Order dated 16.12.2015. The decision was further considered by the Commission for compliance and order dated 04.01.2016 have been issued. In these orders contentions of the PSPCL on many issues relating to tariff Order 2013-14 were considered and Hon'ble APTEL decided all the issues except one against PSPCL and upheld the orders of the Commission as per Tariff Order.

With the coming into force of new MYT Regulations, PSPCL has again gone to the Hon'ble APTEL and has challenged all the disallowances in TO 2017-18. Thus, PSPCL is continuing its habit of incurring expenditure at will without caring for PSERC directions and Regulations and after the ARR is curtailed, waste time and money seeking legal remedy on the already rejected contentions. This is proving disastrous for the consumers as expenditure on legal fees is increasing every year without corresponding benefit. PSERC need to disallow legal fees in such cases and not burden the consumers with such unsuccessful litigations.

Reply of PSPCL:

PSPCL files an appeal before Hon’ble ATE as per Section 111 of the Electricity Act, 2003 only if it is aggrieved by Order of the Commission. Further, PSPCL challenges the PSERC Orders on issues which PSPCL believes are legitimate and an appeal can be filed before Hon’ble ATE.

View of the Commission:
The Commission determines the ARR in-line with the PSERC Regulations after considering APTEL Orders.

Issue No. 6: Subsidized AP Tariff
The absolute cost of power supplied to agriculture sector has been growing consistently at a very high rate. Providing the power at the subsidized rate of Rs 5.16 per unit, which is far less than the actual cost of power, will lead to serious financial crisis for the PSPCL and will ultimately seriously affect the interest of industrial consumers in the State which are to bear the burden through cross subsidy. This will be a double blow to GOP which have to foot the bill first through subsidy to agriculture consumers and thereafter through subsidy to industrial, SC, BC, FF consumers etc.
It may be pointed out that induction furnace and Rolling mill industry (PlU Category), consumes power extensively and the cost of power is more than 50% of the operating costs. The reason for prevailing high tariff for PIU industry is that they have to bear the cross subsidy for cheap power being supplied to agriculture. The Commission is requested to fix the quantum of subsidized power to be supplied to agriculture and quantum above that ceiling be charged at full rate so that cross subsidy is kept in manageable levels.
Reply of PSPCL:
Supply to agriculture tube wells is free as per policy of the Government and capping of the same is also at the discretion of the Government of Punjab. Further, revenue subsidy has been given by Government of Punjab to PSPCL for supplying the power to Agriculture category consumers. As far as supply of power to agriculture category of consumers at cost of supply rate is concerned, the said issue is under the prerogative of the Commission. PSPCL would comply with the directions of the Commission. PSPCL requests the Commission to allow PSPCL to recover the legitimate costs as claimed in the Petition
View of the Commission:
It is the Government's prerogative to fix the quantum of subsidy.

Issue No. 7: Disallowance of Expenditures Claimed again
The expenditure already denied / methodology already rejected by the Commission in the previous Tariff Orders should not have been included/ reiterated in the ARR at all but the PSPCL is continuing the practice. PSPCL reiterated the rejected arguments for justification of inflated Agriculture Consumption, Thermal parameters, Late payment surcharge etc. Thus, PSPCL wants to have the best of all. ln our view, there is no reason for admitting the same.
Reply of PSPCL:
PSPCL has filed an appeal before Hon'ble ATE for treating Late Payment Surcharge as a part of Non-Tariff Income and claiming rebate for timely payment before Hon'ble ATE and it 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 if it is aggrieved by Order of the Commission.
View of the Commission:
The Commission does the prudence check of the ARR Petition as per PSERC Tariff Regulations. The licensee has the right to file an appeal against any Order of the Commission.

Issue No. 8:

i) **Interest Cost with Uday Scheme**
ln spite of GOP taking over 75% of loans for distribution business under UDAY scheme, the interest on loan amount is increasing alarmingly. PSPCL had submitted earlier that with UDAY scheme, the interest cost for 2016-17 would reduce from projected Rs. 3029.69 Crore to Rs. 2396 .82 Cr resulting in saving of Rs. 632.87 Crore However, in the RE 2016-17 submitted with ARR 2017-18, the interest cost was projected as Rs. 2927.52 Crore and now in Provisional True Up ARR tor 2017-18 at Page 172 of ARR, the interest cost has been indicated as Rs. 2886.46 Crore along with Rs. 143.74 Crore as interest on Working capital, thus negating the benefits of UDAY scheme. This needs to be checked and interest cost needs to be restricted to the approved figures.
The claim of reduction of interest burden due to UDAY has been reiterated at Page 78 of ARR again whereas the figures speak otherwise.

ii) **Interest on Short Term Loans**
The PSPCL had admitted in earlier ARRs that it has to raise short term working capital loans to meet the revenue shortfall arising out of various factors stated in the ARR page 48 i.e.

disallowances by the Commission (Reduction in- fuel & power purchase cost due to T&D losses etc., employee cost, R&M cost, A&G expenses), Non/ late receipt of subsidy due from the Government and delayed payments from consumers. However, these arguments are missing in the current ARR.

iii) **Conversion of loans under UDAY**

PSPCL had got converted 75% all the long and short-term loans under UDAY and requested for treating all loans under UDAY as long term. This would have amounted to legitimizing of all disallowances made by PSERC in earlier Tariff Orders. Accordingly, PSERC rightly and correctly, worked out the short and long term loans separately and treated short term loans as WC loans. However, PSPCL has again repeated the rejected argument of allowing interest charges on all UDAY loans as long term which is wrong. It is submitted that interest on such loans should not be passed on to the consumers. The mismatch due to expenditure made by PSPCL without approval of PSERC year after year should be met through internal accruals and ROE being retained by PSPCL. Similarly, interest on the subsidy due but not received is already being loaded in the due amount of subsidy payable by GOP and recovered from the government. PSPCL is getting late payment surcharge for delayed payments by the consumers. As such the claim of PSPCL is not acceptable. Further, 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 will not be reflected and submitted for approval in next ARR.

Reply of PSPCL:

i) As per the provisions of UDAY scheme, GoP issued the special bonds amounting to Rs. 15,628.26 Crore during the year 2015-16 and 2016-17. The proceeds of these bonds were handed over to PSPCL as GoP loans and PSPCL had repaid its high cost debt with these proceeds. Resultantly, PSPCL has saved interest cost to the tune of Rs. 600 Crore per annum approximately. However, during the financial year 2016-17, PSPCL has incurred interest cost amounting to Rs. 2,658.66 Crore against the projected Rs. 2,396.82 Crore. The increase in interest cost is due to increase in working capital loans, which have been availed by PSPCL due to non-receipt of Government dues, non-receipt of timely subsidy from GoP and due to cash losses of PSPCL. PSPCL has also availed long term loans to meet with the requirement of annual plan 2016-17.

ii) PSPCL is claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis. Further, PSPCL has appealed for excluding Late Payment Surcharge as a part of Non-Tariff Income and claiming the rebate for timely payment before Hon'ble ATE and 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 Commission.

iii) PSPCL has adopted the Govt. of India's (GoI) UDAY Scheme for financial and operational turnaround of DISCOM and MOU for this is signed amongst Minister of Power, GoI , Govt. of Punjab (GoP) and PSPCL on 04.03.2016. As per the provisions of MOU Govt. of Punjab has issued special Bonds amounting to Rs. 9,859.72 Crore during 2015-16 and Rs. 5768.54 Crore during 2016-17 and handed over the proceeds to PSPCL as GoP loan. With this proceeds, PSPCL has paid its high cost loans. Due to this long term loan of PSPCL has increased and short term loan has decreased during 2015-16. Thus PSPCL has not deliberately manipulated the conversion of short term working capital loans to long term loans, as the conversion of loans were carried out as per the provisions of UDAY Scheme.

View of the Commission:

After prudence check, interest is allowed as per PSERC MYT Regulations, 2014.

Issue No. 9: Surplus Power and capacity charge of Idle capacity:

i) The increase in expenses in ARR of PSPCL in recent years is due to power proposed to be surrendered on Merit order Dispatch due to commissioning of new IPP stations of PSPCL. This saves the energy/variable charges but PSPCL has to bear the capacity/fixed charges for such non-purchase of Power. This position was predicted by PSERC and in this regards directive was given to PSPCL in TO 2013-14 at page 83 para 4.8.5 to review all the PPAs and surrender costly contracted capacity in view of commissioning of IPPs in the state. However, PSPCL has failed to surrender any contracted capacity and the directive was dropped last year without any result. What to talk of surrender of contracted power, PSPCL has started filing Petitions for revival of old nonfunctional PPAs.

To reduce the burden on the consumers of idle capacity created by the wrong actions of GOP and PSPCL. PSERC may direct the GOP to share the fixed charges through lumpsum grant to PSPCL.

ii) **Burden of short-term Power Purchase for AP on industry**

It is to note that the short term purchase of power is being done during the paddy season for meeting the consumption of agricultural sector- for which industry is not responsible. For the short term power, PSPCL books the interstate/inter regional corridor in advance but the Agriculture consumption varies and in case of excessive rain, the power has to be surrendered at very cheap rates whereas in case of shortfall in rain, costly spot purchases are made. Therefore, industrial consumers should not be loaded for paddy season requirement because their consumption remains continuous during the year and is generally not liked with the season.

iii) **Review of Power Surrendered on merit order**

The surrender of power on Merit order needs to be reviewed/checked every month in view of changing scenario of coal cost due to allotment of coal mines through bidding process, variation in imported coal prices and gas prices.

Reply of PSPCL:

i) PPAs signed by PSPCL with Centre Sector Generating Stations can only be reviewed on mutually agreed terms and conditions. Also, a legal opinion regarding surrender of power share has been taken by PSPCL and the advocate Mr. M.G. Ramachandran opined that PSPCL cannot treat any agreement as terminated unless the Generating Company agrees to the same. Further, the matter regarding surrender of power from NTPC/NHPC Generating Stations has been reviewed by PSPCL & accordingly MoP, GoI has been requested to reallocate PSPCL share of power from Anta, Auriya, Dadri & APCPL Jhajjar to some other needy states in India.

ii) During summer season demand of all the sectors goes up i.e. Domestic, Industrial & agriculture and therefore, the claim of the objector regarding Short Term Purchase only for agriculture sector is not agreeable. Moreover, rate of power purchased on short term basis is well below the rate approved by the commission, (which is already including all the charges mentioned by the objector).

iii) PSPCL already has a practice to review variable costs of projects on monthly basis.

View of the Commission:

The objector may note the response of PSPCL.

Issue No. 10: Employee Cost

It is strange that, the claims in respect of employee expenses made in the initial ARRs are highly inflated and actual in true up have come down drastically and even lower than those approved by the Commission. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARRs. In view of the fact that now Audited Employee cost is being allowed in True up as per APTEL order, PSPCL should come out with realistic figures in ARR so that tariff determined by the Commission is somewhat realistic.

Commission had been allowing increase in employees cost on the basis of Wholesale Price Index as per Tariff Regulations which have been amended now to cover CPI also. Therefore, increase in employees cost on the basis of amended regulations may be allowed during MYT period. Recruitment of new employees and grant of any allowance need to be made by PSPCL keeping in view the provisions of the Tariff Order which should act as Budget for PSPCL which should not be exceeded at any cost.

Reply of PSPCL:

The employee cost is a parameter, which cannot be controlled to a great extent by PSPCL. However, PSPCL is making constant efforts to reduce burden of employee expenses in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost expenses. 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 in toto as per actual. In view of above, it is submitted that the Commission to consider the detailed justification of employee cost expenses as provided in the Tariff Petition while allowing the employee cost expenses as claimed.

View of the Commission:

Employee cost is allowed by the Commission in line with Regulation 26 (amended from time to time) of PSERC MYT Regulations 2014.

Issue No. 11: Cost of Supply/HT Rebate

In compliance to APTEL Orders, PSPCL has carried out the study on cost of Supply, which was a part of ARR 2013-14 and PSERC accepted methodology II of the study. While submitting the comments on cost of supply study, we had pointed out that the study is based on lot of assumptions which had to be taken at every step due to absence of one or other parameter required for the study and sample feeders taken are quite inadequate. Further, even the assumptions had been so taken that HT/EHT consumers were loaded with unjustified costs and made to share big burden of the ARR.

The T&D losses for 220 and 132 KV consumers had been taken as 6.6% against 2.5% assumed by the commission in the tariff order. T&D losses for agriculture had been taken as 22% whereas these should have been more than 30% as it is well known that these consumers do not install Capacitors, use high wattage bulbs against CFLs permitted free with pump set, use non ISI motors and indulge in theft of power during paddy season.

PSERC had accepted methodology II and had worked out voltage wise and category wise Cost of supply for 2013-14 in TO 2013-14. Rebate for EHT consumers was reintroduced. The practice has been continuing till date. Difference in Cost of Supply of 66 kV and 11 kV industrial consumers increased from Rs. 0.56 per unit to Rs. 0.82 per unit.

In order to make the determination of cost of supply more realistic and reliable, it is requested that PSPCL be asked to firm up the data required for the study since lot of computerization/digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL/PSTCL. Further as per recent orders of APTEL, 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 or are let 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:

The Commission in Tariff Order for FY 2013-14 has accepted Methodology II for computation of voltage wise cost of supply. The Commission has adopted this methodology after taking cognizance of the study carried out by PSPCL and recognizing the ground realities. In the same Tariff Order, the Commission opined that it would be ideal to fix electricity tariff for all consumers on cost to serve basis.

PSPCL in subsequent Tariff Petitions has adopted the same methodology II and submitted the voltage-wise category-wise cost of supply. The Commission in respective Tariff Orders had computed the indicative voltage wise category-wise cost of supply and continued to give rebate to consumers getting supply at higher voltage. In past tariff orders, the Commission had found the computation of cost of supply submitted by PSPCL prudent. Hence, it had not given any directives to PSPCL regarding the computation of cost of supply. At present, PSPCL is submitting the cost of supply as part of ARR Petition only. The computation is on the basis of best available data, after taking into account all upgradation in SAP system and other IT initiatives. Hence, PSPCL submits that cost of supply submitted in the Petition is more realistic considering the present level of system automation.

Determination of cross-subsidy levels and rebate to consumer getting supply on higher voltage is prerogative of the Commission. The Commission may decide the appropriate rebate for consumers getting supply on higher voltages.

View of the Commission:

The Commission decided on this methodology after due consideration. As and when complete details of assets at each level are available, this will be re-examined.

Issue No. 12: MOR for lower end consumers

PSERC had introduced two part tariff system with effect from 01.04.2017 which was later shifted to 01.01.2018 due to the difficulties brought to the notice of the PSPCL, GOP and the Commission. One of the adverse impact of the two part tariff has been highlighted as exponential increase in per unit effective cost after considering the impact of fixed charges. Though the fixed charges has been kept lower for low end consumers but per unit impact is still very high for Small and Medium Enterprises having CD above 100 KVA. The charges for the consumers failing in the category of 100 KVA -1000 KVA under PIU category are Rs 155/KVA/month and 585 paisa per unit. This works out to 22 paise per KVAH for 100% Utilization Factor but for a consumer running his factory for 4 hours per day for 20 days a month, this works out to 194 paisa per unit and overall rate as 779 paise/unit and with 20% ED+IDF, the rate is 935 paisa per unit. For some industries working on job order basis or which do not have regular orders, the total tariff may reach Rs. 12 to Rs. 14 per unit and it is actually happening with small scale industry.

PSPCL designs and provide distribution equipment as per the peak demand observed during paddy of each year irrespective of the connected load on the system. Only the service cable connecting the

premise and metering equipment is provided as per CD but the cost of these is borne by the consumer in full. Beyond that, the system is based on demand observed. Therefore PSPCL argument that it has to arrange equipment for the CD of the consumer does not hold good.
Punjab has lot of MSME units and keeping in view the genuine difficulty of such lower end consumers employing thousands of workmen, we request the Commission to make the MOR as the permanent feature of the two part tariff to give relief to industry operating on the margin otherwise these are bound to become financially unviable and shut their shops causing huge blow to the efforts of GOP to revive the industry in Punjab. PSERC may consider introducing MOR initially for 100 to 1000 KVA and 1000 to 2500 KVA slabs of LS consumers only.

Reply of PSPCL:

Single Part Tariff has been converted into Two Part Tariff at an average utilization factor (U.F.) of each category. Two Part Tariff for respective categories has been split at certain U.F., there may be consumers having UF above the Utilization Factor at which the tariff has been designed and consumers having Utilization Factor below the level of designed Utilization Factor. In case we fix MOR tariff equal to Single Part Tariff, all consumers having UF above designed Utilization Factor shall be paying less than Single Part Tariff determined by the Commission and all consumers having UF below designed Utilization Factor will be paying the revised Single Part Tariff only, though they were required to pay higher than revised Single Part Tariff as per designed Two Part Tariff, This will result in perpetual revenue loss. There should not be MOR concept in Two Part Tariff system or it has to be fixed sufficiently higher than Single Part Tariff.

View of the Commission:

The Commission agrees with the reply of PSPCL that there should not be maximum overall rate (MoR) concept in the Two Part Tariff structure.

Issue No. 13: Concessions for PIU industry

Induction Furnace Industry is passing through a critical phase. The viability of the industry greatly depends on the hand holding of GOP and its departments. As the cost of power constitute and around 50 to 60% of the value addition cost, the tariff and rebates of power play vital role in its survival. Savings through open access has stopped and industry has started using PSPCL power.
We thank the Commission for withdrawal of PLEC, reducing Fixed Charges for PIU industry, increasing the night rebate period from 6 months to 8 months and increasing the night rebate to Rs. 1.25/unit. However, introduction of two-part tariff, increase in tariff rates for last two years and increase in electricity duty by GOP and FCA has taken away part of the meager reductions. Industry is looking forward to further concession in power rates as under:-

1. As the paddy sowing date has been extended from 10th June to 20th June, night rebate period be extended to 15th June. This will benefit both PSPCL and industry.
2. There is full justification to increase the 66 KV voltage rebate to reduce the gap between cost and supply and tariff.
3. Merging of PIU and General Category or to reduce the gap in tariff between two categories.
4. Continuation of threshold rebate or to introduce load factor rebate for industry.
5. Extending the eligibility of consumers opting for use of electricity exclusively during night hours i.e. from 8 hours to 12 hours on 50% of normal tariff.
   We further request for timely issue of Tariff Order in the first week of April. We further request for timely issue of Tariff Order in the first week of April.

Reply of PSPCL:

The determination of tariff is prerogative of the Commission. The Commission may take an appropriate view on the submissions made by Objector.

View of the Commission:

1. The objector may note the response of PSPCL in Issue No. 12 in Objection No. 5 on page 267.
2. The Commission notes the suggestion.
3. The objector may note the response of PSPCL in Issue No. 4 in Objection No. 5 on page 263. Also refer directive No. 6.15 at page 183.
4. Refer para 4.1.4 of Chapter - 4 of this Tariff Order at page 127.
5. The Commission notes the suggestion of the objector.

Objection No. 04: Shri. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.

Issue No. A (1): Billing Disputes

Issue of bills under SAP need improvement and expeditious disposal of disputes, billing. Lack of transparency as details of arrears being claimed in monthly and supplementary bills not being provided. Further resolution of billing disputes at sub division level is not available.

Reply of PSPCL:

PSPCL is striving hard to improve the functioning of its centralised billing cells and reduce the number of disputes occurring due to the billing system. Further revised bill formats showing details of sundry allowance/ charges has already been submitted to the Commission for approval. As and when the approval would be accorded by the Commission, the development in software system will be started for displaying the approved bill format on e-payment site of PSPCL. However the constitution of Dispute Settlement Committee at sub division level is prerogative of the Commission

View of the Commission:

PSPCL needs to address the issue to the satisfaction of the consumers.

Issue No. A (2): Uploading of Public Notice on website along with ARR

PSPCL and PSTCL have loaded only ARRs and not loaded the Public Notice inviting comments on the ARR. However, PSERC have loaded the ARRs with Public Notices which initiative is commendable. Licensees may be directed to upload all such Public Notices related with ARR and Petitions etc. on their web site at a designated link so that it does get noticed by stake holders.

Reply of PSPCL:

PSPCL has followed the procedure as defined in the Electricity Act and Regulations of the Commission. The ARR Petition was admitted by the Commission on 10th January 2019. Within 5 days of the admission of Petition, PSPCL had published a Public Notice in the widely circulated English and local newspaper in the State. Also, the copy of the Petition was also made available on the website of PSPCL.

View of the Commission:

PSPCL needs to address the issue to the satisfaction of the consumers.

Issue No. A (3): Audited Accounts & Cost Audit Reports

Audited accounts of 2017-18 have been supplied with ARR. However, the cost audit report and CAG report are not submitted as it is still not approved by BOD of PSPCL. The delay in timely compiling and submitting the audited data along with true up ARR for the previous years is proving disastrous for the consumers in both the scenarios. If the actual/admissible for true up are more, then consumer has to bear the carrying cost of Revenue Gap for 2 years and if the actual/admissible are less, then consumer gets relief after 2 years and in the meanwhile suffers due to high production costs resulting from higher tariff. Moreover, the Regulations/ Electricity Act 2003 do not permit such laxity and APTEL has already held that suo-moto proceedings be started where the utility fails to present its case. MYT Regulations also provide that for delay, the carrying cost will not be allowed. So action be initiated against the utility for willful and continuous violation of regulations and the Act. Further, PSPCL/PSERC are requested to share these reports with the stake holders by making these part of ARR Petition and placing on the web site link of PSPCL/PSERC.

Reply of PSPCL:

Audited Annual Accounts for FY 2017-18 have been approved by BOD on 20-09-2018 and audited by the Statutory Auditor on 21-09-2018. Thereafter, Supplementary audit was conducted by CAG and draft report was issued on 05-11-2018. The management reply on draft Audit Report of CAG was submitted to audit on 12-11-2018. However, final Audit Certificate from CAG is still awaited. As and when the final audit report is received, the replies of the same will get approved from BOD and get adopted from members in the Annual General Meeting (AGM).

The Cost Auditor has already submitted draft Cost Audit Report for FY 2017-18 which has been placed before BOD for their consideration and approval vide this Office Agenda No. 269 dated January 1, 2019.

View of the Commission:

PSPCL has submitted final audit report of CAG. The reports need to be put on website by PSPCL.

Issue No. A (4): Revenue Gap and its Financing

The Cumulative gap works out to Rs. 12118.56 Cr against the Net ARR figure of Rs. 34505.60 Cr which is 35.12%. PSPCL was surplus up to 2015-16 turned into a loss making utility after that and the increase in loss is rising alarmingly.

PSPCL has not separately worked out the liability of GOP for non-payment of subsidy and its carrying cost and instead has clubbed the same with the revenue gap.

Perusal of ARR shows that PSPCL is not presenting the correct picture in the ARR. Even the contents of the ARR Petitions shows that the information being given in ARR has been considerably reduced and this is becoming a mere formality. With the Revenue at current tariff for 2019-20 projected as Rs. 33726.50 Cr, and Net ARR to be recovered through tariff worked out as Rs 47277,91 Cr, the required increase in tariff works out to 14%. The total recovery from LS consumers is indicated as Rs. 10563.84 Cr for sale of 14977.93 MUs indicating average tariff of Rs. 7.05/unit. The revised tariff with 14% increase will be 8.04 and with 20% taxes the tariff of LS consumer will be Rs 9.64/unit. After counting the difference of interest of Security Consumption (6% being paid by PSPCL vs 12% payable to banks) and FCA etc. the tariff works out to Rs 10/- plus without subsidy and Rs 9/ with GOP subsidy. The figures therefore need appropriate scrutiny by PSERC as consumers cannot bear any more increase in tariff.

As per Industrial Policy 2017 notified by GOP, Fixed Charge for the Industrial Category of consumers is to remain constant at the level of 2017-18 and Energy Charge to remain at Rs 5/- per unit. Though any increase will have to be borne by GOP through subsidy, yet it will increase the subsidy burden on GOP abnormally. Therefore, PSPCL has to work more efficiently and contain its expenditure within the extra earnings from rise in consumption. It may be added that there was 9.3% increase in tariff in 2017-18 and 2.2% in 2018-19 and the projected increase in sales in 2019-20 over 2018-19 is 5.32%.

Reply of PSPCL:

Refer reply of PSPCL in issue No. 4 of objection No. 3 at page 247.

View of the Commission:

The Revenue gap is determined by the Commission keeping in view the expenses and income as approved by the Commission as per PSERC Regulations. Tariff order is issued after prudence check and due diligence.

Issue No. A (5): Interest on Short Term Loans

PSPCL has raised loans on its own over and above the approved loans as per Tariff orders and claiming interest on the same. Interest on such loans 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 on its own should be met through internal accrual.

If the request of PSPCL to allow the interest on Short Term Loans taken to meet the disallowances in the previous Tariff orders is accepted, this would automatically approve the actual expenditures on Employee Cost, power purchases, fuel expenses, R&M expenses and other similar disallowances and whole exercise of submitting ARR, submission of comments by stake holders and Public hearings will become farce.

As per Regulations, PSPCL is to be allowed working capital on normative basis. PSPCL has GPF of employees and this amount just like Advance Consumption Deposit (Security) is being used by PSPCL for its working capital requirement and therefore funds parked with PSPCL by employees in the Shape of GPF should also be deducted from the Working capital as per Advance Consumption Deposit (Security) and claim of PSPCL for interest on GPF as well as interest on actual amount of short term loans as claimed by PSPCL in ARR need to be rejected. PSPCL is getting carrying cost for late receipt of subsidy from GOP, which is being worked out by PSERC. Further, PSPCL is getting Late Payment Surcharge for delayed payments of consumers. So, there is no reason for approving interest cost for such loans.

Reply of PSPCL:

PSPCL has claimed Interest Charges on the basis of actual interest paid against the loans availed by PSPCL in the present Petition as well, whereas the Commission allows the same on normative basis. As such, the interest burden of excess working capital loans is being borne by PSPCL and is not being passed on the consumers.

After unbundling of PSEB, GPF Trust has been established and GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. As regards consumer security deposit, it is mentioned that the Commission has already deducting the consumer security deposit while calculating the working capital requirement.

View of the Commission:

Interest on short term loans for working capital is allowed on normative basis in line with PSERC MYT Regulations 2014 after prudence check.

Issue No. B (1):

i) **Directive regarding review of PPAs and wrong billing etc.**

PSERC issued directive in tariff order FY 2013-14 to PSPCL to review all the PPAs and surrender costly powers in view of commissioning of IPPs in the state. This directive was being pursued every year, but PSPCL has not reported any progress so far. PSERC has dropped the directive in the tariff Order 2018-19 without any drop in contracted capacity.

PSPCL has also submitted its proposal for "Sale of Surplus Power" and "Tariff Related issues' in the ARR. We are very sorry to say that In spite of being grossly surplus in power, PSPCL is not changing its mind set to encourage increase in consumption by the industry and other consumers with in Punjab. Instead of adopting consumer friendly practices enabling ease of doing business, it is creating environment in which it is forcing the existing consumer base to pay so much that the revenue equals its revenue requirement. In the process, there is no incentive for the industry to willfully invest here. It is also submitted that facility of pre-paid meters is not being made available since PSPCL will have to refund the security amount of the consumers. Remote reading of LS consumers under SAP has been introduced but display units are not being provided to consumers. Bills being issued under SAP are wrong most of the times and consumers have to run after PSPCL to get them corrected. Each CBC is adjusting GOP subsidy in its own fashion. Sundry charges are not supported by calculations. Such reform measures should not be left at the mercy of PSPCL and time bound action needs to be ensured as it will encourage consumers to plan its consumption in an efficient manner.

ii) **Extra cost of short-term purchase for Agriculture**

The short-term purchase of power is being done during the paddy season for meeting the consumption of agricultural sector. Consumption of industrial sector remains almost same during the year and is not generally linked with the season where as PSPCL arranges the short term power and books the interstate/inter regional corridor for open access in advance for Agriculture sector which is dependent on rains and in case of excessive rain, the power has to be surrendered at very cheap rates and in case of shortfall in rain, industry has to suffer power cuts/weekly off days. Justice demands that industrial consumers should not suffer and bear the burden tor enhanced power requirement during the paddy season.

iii) **Judicious Power Purchase**

Perusal of year wise power purchase data reveals that PSPCL is not exercising due care in its planning of power purchases as under:

a) Provisional 2017-18

i) The variable cost of Unchahar Power Plant has been indicated as 273 paisa per unit. With External-losses of 3.02%, the VC at Punjab Periphery works out to 292 ps/unit. Further, with loading of Power Grid Transmission charges, UI charges and penalty for non-liftment of coal etc., the total cost would work out to be around 345 ps/unit whereas the variable cost of GGSTP has been worked out by the Commission in TO of 2017-18 as 306 paisa per unit. Thus, MOD has not been worked out properly while purchasing power from Unchahar. Similar is the case with Dadri-ll, Jhajhar and Pargatti III stations.

ii) The variable cost of short-term purchase through traders stated as 332.80 paisa per unit. The rate has been applied on gross power. With External losses of 2.47%, the VC at Punjab Periphery for Net power works out to 343 ps/unit. The Open access bills attached indicate that open access charges are additional. The Power Grid Charges on short term have been indicated as Rs. 71,78 Cr which works out to 21 ps/unit Thus the final rate of this power works out to 364 paisa per unit. The bills of traders indicate that power purchase billing is on weekly basis whereas ISGS payments are on monthly basis. Further, open access is being done on 3 or 2 month advance basis and funds deposited in advance whereas Power grid charges are paid in succeeding month.

PSPCL may also have paid penalty in some cases due to non-drawl of power which could not be verified due to non-availability of bills of short term power purchase. Further, PSPCL surrenders power heavily due to sudden rains during paddy under Ul at zero rate and even shut downs/surrender the low-cost generation to follow the grid discipline. PSPCL also has to pay penalty to Coal India Ltd and Indian Railways or bear interest for advance payments maintained for non-lifting of coal. PSPCL has not indicated how these charges have been accounted for in short term purchase thro' traders, but some loading has to be there due to these. Thus, the final rate will be 400 paisa per unit plus. However, the variable cost of GGSTP and GHTP has been worked out by the Commission in TO 2017-18 as 306 and 336 paisa per unit respectively.

PSERC may check the purchase and disallow the difference of cost of purchase and long term contracted power:

iii) PSPCL has, surrendered 62.51 MU under Ul and also paid Rs. 83.15 Crore to Ul pool account. This transaction should be disallowed.

iv) Late Payment Surcharge and TDS need to be disallowed as Early Payment. Discount is not being counted in Power Purchase cost and being retained by PSPCL.

b) APR for 2018-19

i) The variable rate of Unchahar is indicated as 290 paisa per unit. The variable cost of GGSTP is worked out by PSERC as 325 ps per unit in TO 2018-19.

ii) The VC for short term power through' traders has been indicated as 422.76 ps/unit. Further, the open access charges at have been shown as 13.78 Cr for 764.84 MUs i.e. 18 paisa per unit. Further, the VC of GGSTP and GHTP as worked out by the Commission in TO 2018-19 as 325 and 344 paisa per unit respectively.

iii) Late Payment Surcharge and TDS at need to be disallowed as Early Payment Discount is not being counted in Power Purchase cost and being retained by PSPCL.

iv) PSPCL has surrendered till 111.71 MU under UI and also paid Rs 6.82 Cr to UI pool account. This transaction should be disallowed.

v) PSPCL has indicated purchase of power from Singrauli small Hydro in 2018-19 and 2019-20 at variable charge of Rs 5.04/unit. However, this PPA has not been indicated in the list of reply dated 9.1.2019. After considering fixed charges, PGCIL charges and UI charges, the rate would be plus Rs. 5.60/unit. Why this purchase was approved in 2018-19 at such high rate is not understandable and may be explained by PSPCL**.**

c) Projections of 2019-20

i) Purchase of power from Unchahar, Dadri II, Jhajjar, Singrauli Small Hydro, Pargati Gas etc., may be reviewed keeping in view the VC of PSPCL thermal plants

ii) 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 thro' bidding process, variation in imported coal prices and increasing gas prices.

iii) PSPCL is bearing the fixed charges of Anta and auriya power stations but the generation of these plants is very costly. PPAs for these stations were executed on 31.10.1994. The useful life of the gas-based projects is 25 years and thus PPA term will be over by 30.10.2019. PSPCL and GOP should clearly intimate the MOP and NTPC that it will not extend the PPA for these two stations. PSPCL may associate Haryana, Himachal and other beneficiaries of these plants which are also surplus in power.The matter needs to be flagged in CEA also that these plants may be retired after their useful life is over. This will save PSPCL 27.24 Cr of fixed charges and 133 MW of contracted capacity.

iv) PPAs for Meja, Tapovan Vishnugad, and Rampur HEP have been signed after the PSPCL was incorporated on 16.4.2010. This is clear violation of terms of the License.

Reply of PSPCL:

i) Long term PPAs signed by PSPCL with Centre Sector Generating Stations, can only be reviewed on mutually agreed terms and conditions. Also, a legal opinion regarding surrender of power share has been taken by PSPCL and Our Advocate opined that PSPCL cannot treat any agreement as terminated, unless the Generating Company agrees to the same. Further, the matter regarding surrender of power from NTPC/NHPC Generating Stations has been reviewed by PSPCL & accordingly MoP, GoI has been requested to reallocate PSPCL share of power from Anta, Auriya, Dadri & APCPL Jhajjar to some other needy states in India.

Regarding surplus power it is submitted that PSPCL has already issued instructions to bring Brick Kiln having Induced Draft Technology under industrial category tariff.

To encourage the Marriage palace consumer to shift their load to PSPCL system, the commission agreed to the proposal of PSPCL that these shall pay fixed charges on 25% of sanctioned load/contract demand.

Also, proposal has been submitted for a similar policy for Hot Mix plants to shift their load from DG sets to PSPCL.

Regarding supply of calculation of sundry charges it is submitted that revised bill format has already been submitted to the Commission for approval.

As regard prepaid metering is concerned it is submitted that tender inquiry for procurement of single-phase prepaid meters is under process.

ii) During summer season, demand of all the sectors goes up i.e. Domestic, Industrial & agriculture. Therefore, claim of the objector regarding short term purchase only for agriculture sector is not agreeable. Further, power procurement has been done based on aggregate demand of all consumer irrespective of category of consumers. The demand contribution of each category in total demand is not identifiable at this stage as it requires real time monitoring of consumer demand and attracts huge investment in metering infrastructure, which in turn will burden the cost of supply.

Moreover, rate of power purchased on short term basis is well below the rate approved by the Commission.

iii)

a) Provisional 2017-18

i) The cost of GGSSTP discovered on actual basis has already been submitted. Further, it is noted that Objector has computed the total cost of purchase from Unchahar Power plant after adding the transmission charges and UI charges, However, it is to be noted that these charges are not anticipated at time of Merit Order. In view of Grid Security, Power from Jhajjar & Dadri 2, etc. has been scheduled by NRLDC on technical minimum basis & not by PSPCL. Also, UI charges does not affect in any way on variable cost of generating plants, as PSPCL never intends to purchase or sale of power through UI by overdrawing or under drawing. PSPCL is following merit order in due spirit. It is evident from such minimal quantum of power from costly stations which is shown in truing-up for FY 2017-18.

ii) The cost of short-term purchase as indicated is already State periphery i.e. it is inclusive of all transmission losses /charges. So further calculations are not meaningful. PSPCL has paid no penalty due to non-drawl of power. PSPCL never intends to purchase or sale of power through UI by overdrawing or under drawing. The over drawl or under drawl is part of the system and UI mechanism shall not be seen as source of power purchase. PSPCL has already submitted the variable cost of GGSTP & GHTP discovered on actual basis.

iii) PSPCL never intends to purchase of power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of system, because Punjab being a heavy power consuming State and load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer–domestic load variations. Most of them are dependent on weather. UI cost indicates net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole. In view of this the actual amount paid to UI pool account shall be considered.

iv) Due to non-availability of funds with PSPCL, late payment surcharge is paid which is beyond the control of PSPCL.

b) APR for 2018-19

i) The reply of this point is in line with reply submitted above.

ii) Costs indicated at Sr. No. 66 at page 137, under Short Term Power Purchase are for purchase of RE power done for RPO compliance, which has a different cost structure as compared to conventional power.

iii) Refer reply of PSPCL in issue No. B1 a(iv) above.

iv) Refer reply of PSPCL in issue No. B1 a(iii) above.

v) As per allocation from CGSs issued by NRPC (Allocation No – 07/2018-19 w.e.f. 00:00 hrs of 01.07.18, 3.33% of unallocated power from Singrauli Small Hydro Generating Station (NTPC) has been allocated to PSPCL by MoP, GoI. Accordingly, the payment has been made to M/s NTPC towards Singrauli Small Hydro Generating Station keeping in view CERC Regulations.

c) Projections of 2019-20

i) In comparison to Unchahar Dadri, variable cost of own thermal plants is more. Same has already been submitted as per actual.

ii) PSPCL already has a practice to review variable costs of projects on monthly basis.

iii) As per PPAs signed between NTPC & PSEB for Anta & Auriya, the duration of the agreement shall remain operative up to 31.10.1997 provided that this agreement may be extended mutually, renewed or replaced by another agreement such terms and for such further period as the parties agree mutually. In case Bulk power customer(s) continue to get power from NTPC-stations even after expiry of this agreement without further renewal or formal extension thereof, then all the provision of agreement shall continue to operate till this agreement is formally renewed, extended or replaced. Further, MoP, GoI has been requested to reallocate PSPCL's share of power from Anta & Auriya generating stations to some other needy states in India.

iv) The terms & conditions of the License may be clarified by the objector.

View of the Commission:

i) The objector may note the response of PSPCL. The Commission does the prudence check of ARR petition as per PSERC tariff regulations. The Commission has approved the revised billing formats.

ii) The Commission agrees with the reply of PSPCL.

iii) a) & b) The objector may note the response of PSPCL. The Commission does the prudence check of the ARR petition as per PSERC tariff regulations.

c) i) to iii) The objector may note the response of PSPCL.

iv) PSPCL is directed to clarify the matter to the Objector.

Issue No. B (2): UDAY Scheme benefits

i) PSPCL has transferred 75% of its long term and short term working capital loans to Punjab Govt and again started taking loans for working capital negating the savings in interest due to lower interest rates under UDAY. PSERC rightly disallowed the interest charges on excess working capital loans converted under UDAY and the practice should be continued as consumers cannot be punished with the mismanagement of finances by PSPCL.

ii) PSPCL has brought out the provisions of the MOU signed under UDAY scheme for conversion of the 75% of Loan taken over by GOP into loan and equity and the extract is produced as under:-

"PSPCL submits that, as per clause No. 1.2 (d) of MOU of UDAY Scheme, State Government will convert the GOP loans of Rs. 15625.26 Crore into grant of Rs. 11728.26 Crore and Equity of Rs. 3900 Crore. Further, for projecting interest expenses for 2019-20, it has been assumed that the State Government will convert the GOP loans into Grant and Equity on March 31, 2020. Accordingly, repayment of GOP loans has been assumed on March 31, 2020. Further, PSPCL submits that consequential impact of conversion of loan into grant and equity shall be considered after April 1, 2020."

This will have serious implications for the consumers. PSPCL has not come out with its plan to finance repayment of GOP loan under UDAY on 31.3.2020. PSERC needs to consider only the approved loans for adjustment under clause 1.2 (d) of MOU of UDAY and determine the closing balance as on 31.03.2020 in the TO for 2019-20. Further, no return on equity on Rs 3900 Crore will be admissible as there is no cash flow from GOP to PSPCL

Reply of PSPCL:

As per clause No. 1.2 (d) of MOU of UDAY Scheme, State Government will convert the GOP Loans of Rs. 15628.26 Crore into grant of Rs. 11728.26 Crore and Equity of Rs. 3900 Crore. Further, for projecting interest expenses for 2019-20, it has been assumed that the State Government will convert the GOP loans into Grant and Equity on March 31, 2020. Accordingly, repayment of GOP loans has been assumed on March 31, 2020. There is no question of repayment of GoP loans because as per UDAY scheme GoP loan has to be converted into grant and equity.

View of the Commission:

Interest & finance charges have been determined as per PSERC MYT regulations 2014

Issue No. B(3): Provision for DSM fund

Rs 10 Cr was approved for DSM for the year 2016-17 in TO 2016-17 which provided as under:

Commission provisionally approves an amount of Rs 10.00 Crore as claimed by PSPCL for implementation of DSM Programme. This amount shall be kept in a separate DSM Fund and used exclusively for DSM Programme as per the procedures laid down in the DSM Regulations.

However, while submitting true up ARR for 2016-17, PSPCL claimed NIL expenditure and Commission approved the same.

PSPCL was provided with DSM fund of Rs 10 Crore for 2017-18 in TO 2017-18 and the provision has been reiterated in RE for 2017-18 in TO 2018-19. Now in ARR 2019-20 PSPCL has submitted true up of 2017-18 and discussed DSM activities. However, no details of actual expenditure incurred out of Rs 10 Cr have been given but PSPCL has claimed full amount of Rs 10 Crore In the true up only actually incurred and audited expenditure can be allowed and the claim needs to be disallowed. In view of dismal performance year after year, the provision needs to be reduced to nominal Rs 1 Cr for 2018-19 (RE) and 2019-20 and actual audited expenditure need to be approved during True Up.

Reply of PSPCL:

PSPCL is utilizing the DSM funds of Rs.10 Crore as approved by the Commission for the benefit of the consumers of the state and to achieve energy saving targets this office has prepared various proposals as mentioned below:

i) Solarization of Agriculture pumps:

ii) Distribution of LED Lights among the consumers that falls under the category of BPL, SC & BC category of PSPCL:

iii) Replacement of conventional incandescent lamps/CFLs/Tube lights and Fans with efficient 20 Watt LED Tube Lights & 50 Watt BEE star rated Energy Efficient Fans in the Government Hospitals i.e. Rajindra Hospital Patiala:

iv) Agriculture Demand Side Management (Ag-DSM):

The above-mentioned proposals will cost more than 30 Crore i.e. the amount approved by the Commission under DSM Funds up to FY 2019-20. So, there are various proposals that are under consideration and these proposals will be put up before the Commission for its approval, so that the DSM funds may be utilized for the benefits of consumers and to meet the peak load demand.

View of the Commission:

Please refer Directive No. 5.4 of Chapter 5 at page 148 and also directive No. 6.12 of Chapter 6 at page 183 of this Tariff Order.

Issue No. B (4): Purchase of costly NRSE Power

In view of the existing high tariff, PSPCL has to be cautious in purchasing costly power and should not enter into PPAs with projects having very high generation costs.

However, perusal of pages 89 to 99 of reply dated 9.1.2019 reveal as under:

(i) PSPCL has signed 2 No PPAs for 15 MW each with M/s Sukhbir Agro Energy Ltd on 2.1.2018 with sale rate of Rs. 8.16 per unit.

(ii) PSPCL has signed PPA for 24 MW with M/s Indian Sucrose on 23.12.16 with sale rate of Rs. 6.22 per unit.

(iii) PSPCL has signed PPA for 0.25 MW with M/s Hydro Energy Infrastructure on 3.2.16 with sale rate of Rs. 6 per unit.

(iv) PSPCL has signed PPA for 8.24 MW with M/s Bhogpur Co-operative Sugar Mill with sale rate of Rs. 8.54 per unit.

(v) PSPCL has signed PPA for 0.3 MW with M/s Atlantic Power Pvt Ltd on 7.1,16 with sale rate of Rs. 6 per unit.

The circumstances under which these PPAs have been signed need to be investigated as these purchases will increase the power procurement cost and are against the interests of the consumers.

The details also show that PSPCL has signed PPAs with SECI for purchase of wind power. It is a fact that wind power is infirm power and it will flow during night hours of non paddy period of 8.5 months when PSPCL is heavily surplus of power. Though the sale rate is lower but since the night power is sure to be dumped at zero cost, the ultimate cost will be much higher. PSPCL cannot burden the consumers with such purchases.

Setting up Biomass projects in Punjab particularly based on Rice Straw as fuel is the need of the hour. Setting up such projects will bring investments in Punjab, create employment, increase rural incomes, bring down losses of PSPCL and above all reduce pollution. It is therefore suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under APPC regime only. This will make available NRSE power to PSPCL at cheaper rates and allow the developers to get RECs which they can sell in power exchanges. Alternatively, the power purchase can be made on APPC plus Floor price of REC. In this frontloaded tariff of RE power will be replaced with back loaded tariff and give relief to the consumers as well as PSPCL.

Reply of PSPCL:

PPA's have been signed as per the Generic tariff determined by the Commission. The PPA's mentioned by the objector and the details of the Generic Tariff determined by PSERC is shown below:

PPA signed by PSPCL	Generic Tariff determined by PSERC
2 No. PPAs for 15 MW each with M/s Sukhbir Agro Energy Ltd on 2.1.2018 @ Rs. 8.16 per unit.	PSERC Order dated 06.12.2016 in petition no.53 of 2016.
PPA for 24 MW with M/s Indian Sucrose on 23.12.2016 @ Rs. 6.22 per unit.	Supplementary PPA has been signed on 05.02.2019 as per directions of PSERC issued on 22.11.2018 in the matter of petition no.13 of 2018.
PPA for 0.25 MW with M/s Hydro Energy Infrastructure on 03.02.2016 with sale rate of Rs. 6 per unit.	PSERC Order dated 31.10.2018 in petition no.50 of 2017
PPA for 8.24 MW with M/s Bhogpur Co-operative Sugar Mill with sale rate of Rs. 8.54 per unit	PPA for 8.54 MW is signed with M/s Bhogpur Co-operative Sugar Mill @ Rs. 6.29 per unit as per PSERC Order dated 31.10.2017 in Petition no. 50 of 2017
PPA for 0.3 MW with M/s Atlantic Power Pvt Ltd on 07.01.2016 with sale rate of Rs. 6 per unit	As per PPA the Tariff applicable will be tariff declared by PSERC for Small Hydro Projects < 5 MW for the year in which the scheduled date of commercial operation of the project falls SCOD was 23.09.2017.Therefore applicable tariff is Rs.6.00/unit as determined by PSERC for FY 2017-18 vide Order dated 31.10.2017 in petition no.50 of 2017

Further, in accordance to the objection raised regarding PPA signed with SECI for Purchase of wind power, it is stated that wind power has been purchased keeping in view the flexibility in power generation of PSPCL.

In accordance to the suggestion given by the firm regarding Rice straw based biomass projects it is stated that PEDA being the nodal agency for establishment of Rice straw based biomass power projects has invited bids for setting up 150 MW capacity 100% rice straw based biomass power projects in Punjab and PSPCL has given consent to buy this power. Moreover, the process of outsourcing PSPCL's own 10 MW Biomass plant in Jalkheri, Dist-Fatehgarh Sahib on ROT basis is in the final stage.

View of the Commission:

Objector may note the response of PSPCL.

Issue No. B (5): Claim of Maintenance Charges of RSD payable to GoP

i) PSPCL has claimed Rs. 12 Crore towards maintenance charges payable to GOP for RSD for the year 2017-18. However, the amount is neither shown as paid in ARR nor any detail is available in True up chapter of ARR and Audited accounts. Unless the amount has been actually paid, it cannot be allowed in true up.

ii) **Claim of Loss Reduction Incentive**
PSPCL has claimed incentive for loss reduction of Rs 147.40 Crore for 2017-18. The loss level needs to be re-determined after truing up the agriculture consumption which is over stated in true up. Similarly, the Transmission loss earlier assumed as 2.5% has been enhanced to 3.12% from 2.5%.

iii) **Mismatch of Impairment Loss**
Other Debits of Rs. 181.12 Crore or 2017-18 include Rs 151.74 Cr as impairment losses as per para 2.14 of ARR. However, note 37 of audited accounts indicate impairment loss of 644.34 Crore The details of this amount are available in Para 50 of the Audited statement. This loss is not admissible as per MYT regulations.

Reply of PSPCL:

i) The maintenance charges payable to GOP for RSD has been separately shown in Format-13(R&M Expenses).

ii) The agricultural consumption has not been overstated in the truing up. Further, it has been mentioned in the petition submitted by PSPCL that the transmission losses of 2.5% is on the higher side, but PSPCL had assumed the losses as approved by the Commission in the Tariff Order for FY 2018-19.

iii) The impairment loss has been claimed in compliance with Ind AS-36. Note 37 of audited accounts indicates the impairment loss of Rs. 644.34 Crore. Out of this, the impairment loss of Rs. 492.59 Crore has been claimed under Depreciation for GNDTP. Also, the impairment loss of Rs. 151.74 Crore has also been claimed under Other debits. The generating stations had been set up for the benefit of the consumers and PSPCL has not claimed any expenses which are not justified as per PSERC Regulations.

View of the Commission:

i) The objector may note the response of PSPCL.

ii) The Commission does the prudence check of ARR Petition as per PSERC Tariff Regulations.

iii) Refer para 2.10 of this Tariff Order (page 40 to 42).

Objection No. 5: Sh. Sandeep Jain, Sr. Vice President, Induction Furnace Association of North India, Room No. 212, 2nd Floor, Savitri Complex, G.T. Road, Ludhiana-141003.

Issue No. 1: Capping of night rebate and threshold limit benefit

PSPCL reduced subsidy amount of GOP during night hours by capping night tariff to Rs. 4.28 per unit and increasing energy charges from Rs. 3.75 to Rs. 4.28 effectively curtailing night rebate from Rs. 1.25 per unit to Rs. 0.58 per unit. PSPCL started recovering of arrears of difference of night rebate/capped tariff for night in 4 instalments. Similarly if consumption crosses threshold limit, GOP subsidy becomes zero as PSERC tariff is less than Rs. 5 per unit. Restricting night rebate and threshold limit benefit to Rs.4.28/KVAH by taking base tariff as Rs. 5/- per unit with subsidy is uncalled for. The PSPCL has rather curtailed the GoP subsidy and ultimately effecting the Industry rebate under ToD Tariff.

Reply of PSPCL:

The cap of Rs. 4.28/KVAH has been implemented as per Memo No.1/1/2018-EB(PR) from the O/O

OSD Power reforms, Deptt. of Power, GoP according to which in no case Tariff below Rs. 4.23 KVAH for FY 2017-18 and Rs. 4.28/KVAH for FY 2018-19 as capped by PSERC may be charged.

View of the Commission:

It is the prerogative of the Govt. to decide matter regarding subsidy.

Issue No. 2: Maximum Overall Rate (MOR) for the industry under Two Part Tariff system.

PSERC introduced two part tariff system retrospectively with effect from 1/4/2017 vide tariff order dated 23.10.2017 but was later reviewed and modified vide order dated 9.11.2017 to single part system from 1.4.2017 to 31.12.2017 and two part system was made applicable wef 1.1.2018. One of the adverse impact of the two part tariff is the exponential increase in per unit cost after considering the impact of fixed charges for low end industries passing through low demand phase due to recession in economy etc. Though the fixed charges have been kept lower for low end consumers but per unit impact is still very higher for Small and Medium Enterprises having contract demand of above 100KVA. The fixed charges for the consumers falling in the category 100 KVA–1000 KVA for the category of PIU industry is Rs 155/KVA/Month and Energy Charge of 585 paisa per unit. This works out to 22 paise per KVAH per 100 % utilization factor and for a consumer running his factory for six hours per day for 25 days per month, this works out to 103 paisa per unit and overall rate as 688 paisa per KVAH. The overall rate for usage of 4 hours a day for 20 days will work out to be 789 paisa per unit. The rate per unit will increase if the usage reduces further due to market conditions or low demand phase.

Keeping in view the difficulties of such consumers, GOP was kind enough to agree to the concept of MOR for the industry for the period 1.1.18 to 31.3.18. Thereafter the MOR facility has been withdrawn. It is a well-known fact that SMSEs are the backbone of Punjab economy and business environment for them must be to facilitate their operations.

Keeping in view the genuine difficulty of the lower end consumers employing thousands of workmen and as approved by GOP also, we request the Hon'ble Commission to introduce the Maximum Overall Rate for industry to give relief to industry operating on the margin otherwise these are bound to become financially unviable and shut their shops causing huge blow to the efforts of GOP to revive the industry in Punjab. This will enable PSERC to increase fixed charges for these consumers if the need arises.

Reply of PSPCL:

Refer reply of PSPCL in issue No. 12, objection No. 3 at page 252.

View of the Commission:

Refer view of the Commission in issue No. 12, objection No. 3 at page 252.

Issue No. 3: One tariff for LS industry (Removal of sub categories based on CD)

In single part tariff, same tariff rate was applicable to all consumers of the category but in two part tariff, sub categories have been created based on CD. LS consumers with CD between 100 to 1000KVA are being subsidized at the cost of consumers with CD above 1000 KVA. It is also pointed out that the basis for this categorization i.e. Contract demand is not a valid basis for differentiation as per Section 62(3) of the Act 2003.

Sub categorization be dispensed with immediately and MOR be introduced which will take care of low utilization factor of industries appropriately.

While PSPCL agrees that Electricity is a commodity and tariff should be same and linked with CD and consumption only, they have recommended that different tariff rates be fixed for consumers having low and high CD and Consumption which is against the Section 62 (3) of Electricity Act 2003stated above which nowhere provides different tariff based on connected load or consumption. Therefore suggestion of PSPCL needs to be considered as per the Section 62(3) above. We also request that while refixing tariff for any category, revenue neutrality need to be ensured for PSPCL as a whole and not for that category.

Reply of PSPCL:

In Two-Part Tariff Structure, the Commission had approved the view of PSPCL that keeping in view the inherent characteristics of the Two Part Tariff structure wherein the low consumption consumers pay more and the consumers having higher consumption pay less, it would be logical to have different sub-groups for Fixed Charges, in case there is substantial variation in the utilization factor of different load/demand groups within a particular category, so that those having very low utilization as compared to the average utilization factor do not have to pay at excessively higher rates. By the inherent nature of the Two Part Tariff, consumers having higher consumption i.e. who consume more than the utilization factor at which the tariff has been designed, gets benefitted automatically by having over all lower rate of electricity as marginal costs/energy charges under two-part tariffs are lower, resulting in lower electricity bills under the Two Part Tariff as compared to the existing Single Part Tariff bills.

Further some categories of consumers are cross-subsidized by other categories, therefore it will be difficult to have revenue neutrality as a whole and not for that category.

All the factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are under the purview of the Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts. The cross-subsidization factor/cost of supply is always taken care of by the Commission.

Industries that by virtue of their inherent nature run 24 hours a day like paper mills, spinning mills, chemical/electroplating industry etc. and have high utilization factor should also be bracketed along with PIU category of industry or alternatively, these may be placed under a new category with higher fixed charges.

View of the Commission:

The objector may note the reply of PSPCL. However, the Commission has noted the suggestions of objector.

Issue No. 4: Tariff for Power Intensive LS Industry (PIU):

In Tariff Order for 2014-15, PSERC had approved the tariff of Rs 6.33 per KVAH for PIU industry against 6.33/KWH prevailing in 2013-14. Thus, power factor incentive available to us in 2013-14 was withdrawn. However, the tariff of general industry was lowered from 6.33 to 6.14 paisa per unit. Same tariff continued for General and PIU categories in 2015-16.

Thus, the PIU industry has been put in a disadvantageous position under two part tariff vis-à-vis general Industry while changing over from single part tariff to two part tariff as in addition to existing difference of 20 paisa per unit on 31.12.2017, PIU industry has been loaded additionally with Rs 65/KVA/Month of fixed charges (295-230) on 1.1.2018. This difference for 2018-19 is 21 paisa per unit and Rs 40/KVA/Month. Though higher MMC was applicable earlier on PIU category. But it was not affecting 99% of consumers since their consumption was higher than MMC. However, the fixed charge is applicable irrespective of usage/non usage of power and the difference is now apparently hurting us.

It is also submitted that though PSPCL recovers higher tariff from PIU consumers, but does not install any equipment at its end proving thereby that no harmful effect occurs on the grid due to PIU industry. Further, data supplied by PSPCL along two part tariff proposal indicate that PIU industry has high Utilization Factor than General Industry proving that assets deployed for PIU industry is giving higher returns to PSPCL. PIU industry also maintains higher Power factor than General Industry and thus has better voltage profile. It is unfair to impart undue preference to General Industry consumer's vis-à-vis PIU. As such justice demands that under the present surplus scenario, there is no justification for creating two sub categories under LS category and these needs to be merged.

PSERC also acknowledged the arguments put forward by us last year. PSPCL cannot continue to reiterate the same arguments time and again. When connectivity standards are not differentiating between types of industries, PSPCL cannot the shield of voltage sag-swell, flicker and harmonics etc.

The Commission is requested to look into it keeping in view the benefit accruing to PSPCL on account of higher Power factor and bulk consumption i.e. improved voltage profile and reduced line losses and above all, all the expenditure on equipment installed being borne by the consumer and merge these two categories.

Reply of PSPCL:

PSPCL would like to submit that pertaining to consideration of Arc Furnace Units & PIU under General Industrial category, it has already been observed by the Commission in its Order dated 28.10.2013 regarding considering Billet Heaters/Surface Hardening Machines as PIU that these industries affect the Distribution System on account of various parameters like Voltage Dip, Voltage flickers and Voltage & current waveform distortion, harmonics, capacity loss of the utility Distribution System, Demand Factor, Energy loss in Distribution System etc. The main points are listed as under:-

i) The load of these PIU industries are non-linear.
ii) The non-linear nature of these loads distorts the voltage waveform and pollutes the power quality.
iii) The presence of harmonics in the system reduces the Distribution capacity of the Utilities. The capacity loss increases with the increase in non-linear load.
iv) As the harmonic current increases, the true maximum demand will increase. But the static energy meters will record only RMS value of maximum demand. The excess demand increases with the increase in non-linear load.
v) The non-linear load will not exhibit true power factor. The true power factor of non-linear load is low where harmonic currents are present.

vi) The presence of harmonics in the system increases the Iron/Energy Losses of Utility Power Transformers. The energy loss in Utility Power Transformer increases with the increase in non-linear load.
vii) The Utility has to invest more to provide higher level of short circuit MVA to absorb the power quality pollutants created by the industry having a large capacity of non-linear loads.

As such the tariff of PIU and Arc furnace consumer is on higher side as compared to the general industry consumers. In view of above, it is concluded that since the Arc Furnace & Other PIU Industries affect the Distribution System of PSPCL more than that of General Industry, these cannot be considered under the General Category.

View of the Commission:

The objector may note the response of PSPCL. Also refer the Commission's Directive No. 6.15 (Page 183-184).

Issue No. 5: Grant of Night Rebate and levy of Peak Charge in monthly bills

Under the Time of Day tariff, the night rebate is admissible from 00 hours of 1st Oct of each year to 24 Hours of 31st May of the next year. Similarly, Peak Load Charge is levied from 00 hours of 1st June to 24.00 hours of 30th Sept each year. The TOD is applicable on LS, MS, BS and NRS consumers with CD exceeding 100 KVA. Thus, thousands of consumers become liable to pay peak charge or receive night rebate at 00 hours of the appointed day but it is not possible for the Meter Reading Staff/Officers to note down the readings of all the consumers on the specified time and date. Thus, actual reading date vary and except few consumers, meter reading is carried out either before or after the specified time. The bills issued are being prepared by PSPCL as per their suitability. The consumer is made to suffer in the process and peak charges are claimed in excess and night rebate is curtailed.

Therefore, PSPCL be directed to modify the billing software so as to ensure that Peak charges are not levied for days exceeding 122 days and for balance days night rebate is granted.

Reply of PSPCL:

Bills are being prepared as per actual TOD readings recorded by energy meter. Thus, claim of objector of charging excess peak charges and curtaining night rebate is not based on facts.

View of the Commission:

ToD Meters are programmed to record the slot wise (time) consumption. PSPCL needs to address the issue to the satisfaction of its consumers.

Issue No. 6: Revenue Assessed as per TO and Revenue earned as per ARR.

Perusal of the TOs and ARRs being presented year after year indicate that the revenue earned is always less than the revenue assessed in the tariff order. It is evident that there is some serious error in the methodology of assessment of revenue and revenue actually earned. The reasons for these needs to be investigated as PSERC is permitting increase in tariff to meet the ARR of licensee but PSPCL is not able to recover the revenue from existing consumers shifting the burden on future consumers who are not responsible for the same.

Reply of PSPCL:

There is no error in the methodology adopted for assessment of revenue and the actual revenue earned. The revenue assessed in the Tariff Order is based on the corresponding sales estimated by the Commission. However, there is a difference in sales projections by PSERC and the actual sales figures of PSPCL. Further, the Commission has included the Non-Tariff Income in the revenue projected for the respective years whereas PSPCL did not include it in its projections. Hence, there is a difference in revenue projected by the Commission and the actual revenue claimed by PSPCL.

View of the Commission:

The Commission carries out detailed prudence check of the ARR Petition before issuance of the Tariff Order. On the Commission's asking, PSPCL has rechecked its figures and made corrections where required. Corrected figures for the previous three years have also been asked for.

Issue No. 7: Agriculture Tariff less than Cost of Supply

i) The absolute cost of power supplied to agriculture sector has been growing consistently at very high rate. Providing the power at the subsidized rate of Rs 5.16 per unit, which is far less than the actual cost of power will seriously affect the interest of industrial consumers in the State.
ii) It may be pointed out that Induction furnace and Rolling mill industry (PIU Category) consumes power extensively and the cost of power is more than 50-60% of the operating costs and this is the reason that almost 50% industry was closed rest of them was running in one shift. The reason for prevailing high tariff for PIU industry is that they have to bear the cross subsidy for cheap power being supplied to agriculture.

iii) The Commission is requested to fix the quantum of subsidized power to be supplied to agriculture and quantum above that ceiling be charged at full rate so that cross subsidy is kept in manageable levels.

Reply of PSPCL:

i) The tariff and level of cross subsidy is determined by Commission. Also, as per the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ±20% of the average cost of supply. Hence in light of the same it is requested that while determining the tariff in conjunction with the cross-subsidy factor, the Commission must also take into consideration the interests of PSPCL.

ii) The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view. The Commission processes the ARR as per its notified Regulations & determines the revenue gap after prudent check of expenses. Tariff rates are determined to cover this revenue gap & cross subsidy.

iii) Refer reply of PSPCL in issue No. 6 of objection No. 3 at page 249.

View of the Commission:

The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ± 20 % of the average cost of supply. The above provisions are being met while determining tariff. It is Govt.'s purview to grant subsidy to different categories of consumers.

Issue No. 8: Interest Cost with UDAY Scheme

In spite of GOP taking over 75% of loans for distribution business under UDAY scheme, the interest on loan amount is increasing alarmingly. PSPCL had submitted that with UDAY scheme, the interest cost for 2016-17 would reduce from projected Rs. 3029.69 Cr to Rs. 2396.82 Cr resulting in saving of Rs. 632.87 Crore However, in the True Up ARR for 2016-17 at Page 175 of APR, the Interest cost was indicated as Rs. 2658.66 Cr, thus negating the benefits of UDAY scheme. The interest charges being claimed in subsequent years are increasing every year and have reached the figure of Rs. 3515.36 Cr for 2019-20 (Table 26 of ARR). This needs to be checked and interest cost needs to be restricted to the approved figure of TO.

Reply of PSPCL:

The detailed year wise reasons for increase in interest cost as under:-

<u>FY 2016-17</u>

As per the provisions of UDAY scheme, GoP issued the special bonds amounting to Rs. 15,628.26 Crore during the year 2015-16 and 2016-17. The proceeds of these bonds were handed over to PSPCL as GoP loans and PSPCL had repaid its high cost debt with these proceeds, resultantly PSPCL has saved interest cost to the tune of Rs. 600 Crore per annum approximately. However, during the financial year 2016-17, PSPCL has incurred interest cost amounting to Rs. 2,658.66 Crore against the projected Rs. 2,396.82 Crore. The increase in interest cost is due to increase in working capital loans, which have been availed by PSPCL due to non-receipt of Government dues, non-receipt of timely subsidy from GoP and due to cash losses of PSPCL. PSPCL has also availed long term loans to meet with the requirement of annual plan 2016-17.

<u>FY 2017-18</u>

The interest cost of the financial year 2017-18 has also increased due to the raising of additional loans on account of non-receipt of Government dues, non-receipt of timely subsidy from GoP and due to cash losses of PSPCL. PSPCL has also availed long term loans to meet with the requirement of annual plan 2017-18.

<u>FY 2018-19</u>

The annual plan for the financial year 2018-19 amounting to Rs. 2,409.26 Crore has been approved by worthy CMD/PSPCL and on the basis of the same, PSPCL has projected the interest cost amounting to Rs 3,084.01 Crore for the financial year 2018-19 in the ARR for 2019-20.

<u>FY 2019-20</u>

While filing the ARR 2019-20, PSPCL has projected the interest cost amounting to Rs. 3,671.01 Crore for the financial year 2019-20. This interest cost is calculated after taking into account the approved annual plan amounting to Rs. 2,490.43 Crore. Moreover, it is also projected that DISCOM bonds amounting to Rs. 5209.46 Crore (under UDAY scheme) will be issued in this financial year and provision for interest cost amounting to Rs. 120 Crore and finance cost (Govt. guarantee fees) amounting to Rs. 208.37 Crore is also made and included in the interest cost.

View of the Commission:

Interest has been allowed as per PSERC Regulations after prudence check.

Issue No. 9: Category wise Cost of Supply / HT Rebate

In compliance to APTEL orders, PSPCL carried out the study on Cost of Supply, which was a part of ARR 2013-14 and PSERC accepted methodology II of the study. The study indicated that available data is quite inadequate and assumptions had to be taken at every step due to absence of one or other parameter required for the study.

Further, even the assumptions had been so taken that HT/EHT consumers were loaded with unjustified costs and made to share big burden of the ARR and cost of supply as worked out in Methodology II was not representing the ground realities and needs to be made realistic and fine-tuned with more data collection on actual basis.

Still PSERC had accepted Voltage wise and category wise Cost of supply for 2013-14 in TO 2013-14.

In order to make the cost of supply more realistic and reliable, it is requested that PSPCL be asked to firm up the data required for the study since lot of computerization/digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL/PSTCL. 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 or are 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. The voltage surcharge is being levied in percentage terms i.e. a consumer required to take supply at 66 KV but taking supply at 11 KV is levied voltage surcharge of 10% but voltage rebate is flat 25 paisa per unit. Therefore, we request that Voltage rebate be increased proportionately and fixed in percentage terms.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is the prerogative of the Commission as per Electricity Act, 2003. Also, the factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are within the purview of the Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts. The National Tariff Policy and Tariff Regulations notified by the Commission mandates that there must be gradual reduction of the cross-subsidy to the level of +/- 20% of the average cost of supply.

View of the Commission:

The Commission decided on this methodology after due consideration. As and when complete details of assets at each level are available, this will be re-examined.

Issue No. 10: DSM Fund

PSPCL is seeking and PSERC is allowing Rs 10 Cr every year towards DSM fund but there is either no expenditure under the head or only nominal expenditure is being incurred every year. PSPCL is reiterating the same reason for surrendering the provision at the end of the year. PSPCL is already surplus in power and there are no constrains in the transmission/ distribution system for meeting peak demand. Thus, PSPCL also does not seem to be interested in any management of the demand. As such the allocation under this head be reduced to a token amount with a provision to consider the actual during true up exercise.

Reply of PSPCL:

Refer reply of PSPCL in issue No. B(3) of objection No. 4 at page 259.

View of the Commission:

Refer view of the Commission in issue No. B(3) of objection No. 4 at page 259.

Issue No. 11: Disallowance of Expenditure claimed again

It is also pointed out that the expenditure already denied / methodology already rejected by the Commission in the previous tariff orders should not have been included/ reiterated in the APR at all but the PSPCL is continuing the practice. PSPCL has claimed parameters relating to Thermal Plants, agriculture consumption of Kandi area feeders, late payment surcharge etc. on actual on the same justification which has been rejected in previous tariff orders. Thus, PSPCL wants to have the best of all. In our view, there is no reason for admitting the same.

Reply of PSPCL:

Refer PSPCL reply is issue No. 7 of objection No. 3 at page 249.

View of the Commission:
Please refer the Tariff Order.

Issue No. 12: Matching night rebate period with Paddy period
Since the GOP has extended the date of paddy sowing from 10th June to 20th June, the period of night rebate can be extended to 19^{th} June and TOD peak charge be levied from 20^{th} June. This will benefit PSPCL as idle capacity will be utilized, GOP will be benefitted as it will earn more ED and IDF and extra GST on increased production for 20 days, industrialist will earn more and ensure additional employment in the industry.
The loss of TOD peak charge will be more than compensated by increased consumption during peak hours by PIU industry.
Reply of PSPCL:
The date of sowing of paddy varies year to year and it is decided by GOP. Previously it was 10th of June; for FY-2018-19 it was 20th June and may change next year. In view of this it is not possible to decide the period of night rebate and TOD peak charges till the date of sowing of paddy is fixed by GOP. Further, it is subject to feasibility of the load curve.
View of the Commission:
The objector may note the response of PSPCL.

Issue No. 13: INCREASE OF ELECTRICITY CONNECTION LIMIT ON 11 KV TO 5000 KVA
At present supply code Regulations specify that all New connections/Extension in load cases of LS category up to 4000 KVA Demand is to be released on 11 KV voltage level. Above 4000 KVA, a consumer has to put up his own 66/11 KV substation which involves huge investment. Besides this, the main problem to set up 66 KV substation is the connectivity with grid at 66 KV voltage level, as farmers and property owners enroute do not allow laying of towers/transmission lines to cross their property. This virtually kills the project as huge delays are caused. There are many 11 KV Feeders in Ludhiana which are feeding two Induction Furnaces of 2500 KVA each. So there is a no technical problem for PSPCL in this regard as PSPCL is itself loading its 11kv feeders up to 5000 KVA load. So it is requested to issue requisite instructions to PSPCL for change of this condition for release /extension of electricity connection on 11 KV from present 4000 KVA to 5000 KVA which is technically feasible in view of practice being followed by PSPCL for its own feeders. Needless to say, Consumers will have to bear the cost of augmentation of the feeders for change of conductor and CT-PT sets.
While this will help PSPCL to utilize the surplus power, the state will also be benefitted through additional revenue like ED, IDF, MT, GST, Surcharges etc, additional investment in the state, creating employment opportunities etc.
Reply of PSPCL:
On the persistent demand of industrial consumers, 11 kV supply voltage was increased for loads from 2500kVA to 4000kVA vide 2^{nd} amendment to Supply Code-2014 notified by PSERC vide notification dt. 05/10/16 and instructions in this regard were circulated vide Commercial Circular no. 51/2016 dated 11.11.2016. The Commission had thoroughly studied the prevalent voltage for loads in the other states and technical constraints in allowing the same. However, any amendment to the supply voltage of 11 KV up to 5000kVA fairs under the purview of the Commission.
View of the Commission:
The objection does not relate to the present ARR.

Objection No. 6: Sh. Gurmeet Singh Kular, President, Moderation of Industrial & Commercial Organization, C-223, Phase VIII, Focal Point, Ludhiana – 141010, Punjab.

Issue No. 1: Costly Industrial Power
The Punjab Government has promised to provide electricity at Rs. 4.99/- net per unit to the industry, But it has been observed that the industry is being charged much more than the declared amount per unit, this will result in disaster for the industry of the Punjab, as Punjab is the costliest state in terms of power for micro & Small Industry. At such high prices of electricity, it is very hard for the industry to survive, the micro & small industry will be finished from Punjab, as the prices in Punjab are very uncompetitive with the other states. You are requested to take immediate steps & provide the electricity to the Industry at Rs. 4.99/- Net.
Reply of PSPCL:
As per Government of Punjab(GoP) letter memo no. 7/71/2017-EB-2/1736 dated 18.04.2018, industrial consumers are being charged at subsidized variable charges of Rs. 5 per kVAh w.e.f. 01.01.2018 onwards. While SP Category consumers are paying only variable charges @ Rs. 4.99 per

Unit with no fixed charges. Subsidy on account of difference of variable charges including fixed charges is being paid by the GoP. Government levies as notified by state government are being charged extra. The above decision already stands implemented.

View of the Commission:

The objector may note the response of PSPCL. It is the prerogative of the Govt. to decide on the subsidy

Issue No. 2: Lower Night Tariff for Industry

The Night tariff (from 10.00 PM to 06.00 AM) should be introduced @ Rs.3.00/- per Unit to the industry, as Punjab is surplus state in terms of Power & due to winters, there is not any high demands of electricity at night time, so the benefit of surplus power should be provided to the industry with the marginally lower rate of power at night as power is a raw material to the industry, it is notable that the huge amount of power is being wasted due to non-consumption at the night time as electricity cannot be stored, it can only be utilized so the industry should be facilitated.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by the Commission. Further, fixation of tariff and application of any rebate to any particular category of consumer is the prerogative of the Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations.

View of the Commission:

Refer Para 4.3 of the Chapter 4 of this Tariff Order (Page 129-30).

Objection No. 7: Sh. Narinder Bhamra, Chief Executive Officer, Ludhiana Effluent Treatment Society, D-261, 262, Phase VIII, Focal Point, Ludhiana -141010, Punjab.

Objection No. 8: Narinder Bhamra, President, Fastner Manufacturers Association of India (Regd.), 8 Guru Nanak Market Focal Point Ludhiana.

Issue No. 1: Billet Heater and surface hardening machine as PIU

1. PSPCL issued the circular on 29.05.2014 that billet heaters / surface hardening machines installed shall be treated as PIU category w.e.f. 01.01.2014. The circular never came to the notice of industry and now PSPCL is surveying the industries and wherever they find billet heater they charge difference of tariff and 200% penalty.

   PIU: What is criteria? It is well established fact that every electrical equipment is subjected to JERK load. It is Furnace, Heater, Air Conditioner, Fan or even Smallest article, which cannot be avoided as its established Rule of Science.
2. PIU Must Categorized (a) 4"x4" or 6"x6" steel Billet when subjected to Heater will cause MORE JERK load as compare to 10mm steel bar to heat up for making cycle pedal or bolt. So there should be difference in **Cloud Burst** and **Bubble Burst.**
3. The Decision is Contradictory to Pollution Control Norms. Small Scale Industries are being harassed (who already spent lot money to maintain quality of products).

   If the plea by authorities is JERK Load, why not STOP
   a. Air Conditioners
   b. Electric Trains
   c. Hospital Equipments
   d. Chilling Plants

Reply of PSPCL:

1. CC No. 27/2014 vide which all LS consumers where the induction Billet Heaters/Surface Hardening Machines are installed are to be treated under PIU category w.e.f. 01.01.2014 was issued in view of PSERC order dated 28.10.13 in petition no. 3 of 2012.
2. Billet Heaters and surface hardening machines can be considered as power intensive industry because already induction furnaces are considered as power intensive industries by PSPCL. The working principle and operational behavior with respect to power supply and power quality parameters for billet heaters, surface hardening machines and induction furnaces are same. The impact of power quality parameters like voltage dip, voltage flickers, voltage & current waveform distortions, harmonics, capacity loss of utility distribution system, demand factor, energy loss in distribution system, etc. have same effect. Only the specific energy consumption for induction furnaces is slightly higher compared to billet heaters due to the change of state of material from solid to liquid and higher degree of melting temperature". The induction billet heaters, induction surface hardening machines, induction furnaces can be considered as non-linear load because these equipment's produce heavily distorted current waveforms that cause the distortion of

voltage waveform which will also create voltage dips & voltage flicker in the system."

3. The classification of categories is the prerogative of the Commission.

View of the Commission:

The objector may note the response of PSPCL. Also refer Para No. 4.8 of Chapter 4 (Page 135-36) and directive No 6.15 of Chapter 6 (Page 183-84) in this regard.

Objection No. 9: Er. Sukhminder Singh, SDO PSPCL (Retd.), 19-D, BRS Nagar, Ludhiana, Punjab.

Issue No. 1: Threshold rebate to NRS consumers

The Commission approved rebate of Rs.1 kWH/kVAH for the FY-2014-15 for all categories of consumers (except AP & SL), crossing the target consumption. This scheme was approved to be continued for Industrial Consumers for the FY-2016-17. Similarly, the Commission also decided to continue with its policy of encouraging the industry in promoting the productive use of surplus power. The reduced Energy Charges for FY 2018-19 (under Two Part Tariff Structure) are Rs. 4.28 per kVAH for Large Supply/Medium Supply/Small Power industrial consumers and Rs. 4.50 per kWH for Small Power Industrial consumers under kWh based Tariff, for consumption of power exceeding the threshold limit. However, the NRS consumer has not been covered under this scheme after the FY 2014-15. There are number of large NRS consumers whose consumption is huge and helping PSPCL in the productive use of surplus power. The big NRS consumers are also generating employments for Punjab and they should also be encouraged to expand their business and use the surplus power. The Commission is requested to include NRS consumers in the subsequent scheme of higher consumption based incentive at par with industrial consumers.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by the Commission. Further, fixation of tariff and application of any rebate to any particular category of consumers is the prerogative of the Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations.

View of the Commission:

The Commission notes the suggestion of the objector.

Objection No. 10: Sh. Sushil Kumar, Ludhiana, Punjab.

Issue No. 1: Power Factor surcharge to SP Category

This is to draw your kind attention towards the monopolistic action of PSPCL towards SP consumer like me. PSPCL issued a Supplementary bill towards Power Factor Charges for 12 months. PSPCL has never warned SP Consumers to maintain Power Factor Correctly. Had they informed us in time. I would have installed Power Factor Controlling device and would have escaped the day light robbery of PSPCL.

You are requested to get the forcefully charged (under threat of disconnecting the electricity supply) Power Factor Charges refunded.

Reply of PSPCL:

The matter does not relate to the present ARR Petition filed by PSPCL

View of the Commission:

PSPCL needs to address the issue to the satisfaction of its consumers.

Objection No. 11: Sh. Naresh Gupta, N.C. Packers, Ludhiana.

Issue No. 1: Power Factor Surcharge to SP consumers

Shocked to receive a supplementary bill of Rs.56106.00 from PSPCL on account Power Factor surcharge for 12 months- March 2017 to March 2018. Under threat of disconnection of electricity supply, I was forced to pay that amount. This surcharge amount from SP consumers is only a monopolistic action of PSPCL and nothing less than day light robbery.

PSPCL has never informed SP consumers like me that Power Factor surcharge may be imposed. Had PSPCL informed about it in time, I would have installed the P.F. controlling device. Requested to refund the illegally & monopolistically charged surcharge.

Reply of PSPCL:

Refer reply of PSPCL against objection No. 10.

View of the Commission:

PSPCL needs to address the issue to the satisfaction of the consumers.

Objection No. 12: Dr. Harish Anand, Steel Furnace Association of India, Ludhiana.

Issue No. 1: Balance sheets and ARR are designed for two different purposes and should not be mixed.

PSPCL is regularly filing its trued-up revenue requirement based on audited Balance Sheet figures without excluding the portion of expenditure disallowed by the Commission in earlier Tariff Orders etc. seeking approvals on the basis of certain orders of APTEL/decisions of other SERCs or simply pleading for approvals based on actuals etc. knowing fully well that the Regulations notified by PSERC does not allow such expenditure as pass through to consumers. It is a fact that balance Sheet and ARR are prepared under different acts and submitted to different authorities but the income and expenditure shown in two documents need to be correlated. PSPCL be directed to file a separate Income & Expenditure Account along with Balance Sheet based on costs as approved by the Commission from year to year so that a clear picture may emerge and a comparison may be drawn between the actual and approved expenditure of it.

Reply of PSPCL:

It is intimated that the financial statement of PSPCL is prepared as per the provisions contained in the Companies Act, 2003 and the same is got audited from Statutory Auditors and CAG of India. Further, PSPCL files the petition to the Commission based on the audited accounts and provisions of PSERC Regulations and the Commission approves the Tariff Order after detailed scrutiny & prudence check of the petition.

View of the Commission:

The Commission determines the claims of PSPCL in line with PSERC MYT Regulations, 2014.

Issue No. 2: Subsidized agriculture consumption to be capped.

The power supplied to agriculture sector has been growing consistently at very high rate. Providing the power at the subsidized rate, which is far less than the actual cost of power purchase, will lead to serious financial crisis for the Board and ultimately seriously affects the interest of industrial consumers in the State, which are already reeling under recession. Therefore, it is imperative to cap the maximum amount of power year wise & approved by the commission that can be supplied to agriculture sector at subsidized rate inclusive of additional connections projected in a year.

Reply of PSPCL:

Refer reply of PSPCL in issue No. 6 of objection No. 3 at Page 249.

View of the Commission:

Subsidy is the Govt.'s prerogative.

Issue No.3: Diversion of Funds

The diversion of funds happened in the past need to be continuously updated to ensure that no more funds raised for capital purpose are diverted toward meeting the revenue requirement of the PSPCL. For instance, the Commission has been disapproving the excess expenses claimed by PSPCL in its previous ARRs, which were funded from somewhere by PSPCL. For illustration, PSPCL in its replies to deficiencies to PSERC has admitted that excess capital expenditure was incurred to the tune of Rs. 2846.33 Crore by diversion of funds by raising working capital loans during FY 2011-17. It may be ensured that such expenses are not claimed in the ARR of the PSPCL. A detailed investigation in this regard is required to work out the exact amount of diversion to be disallowed for ARR purpose to safeguard the interest of the consumers.

Reply of PSPCL:

PSPCL has used an aggregate amount of Rs. 2,846.33 Crore as loans for the capital expenditure during the period FY 2010-11 to FY 2016-17 which have not been considered while allowing the interest on long term loans for addition of fixed assets. The commission has considered only the long-term loans actually taken by PSPCL, without considering the short-term loans which have been used for capital assets funding. The Commission allows the interest on Working capital loans to PSPCL on normative basis. As such, interest on working capital loans used for creation of capital assets is neither allowed on working capital loans nor on long term loans. However, Capital expenditure incurred by PSPCL has been duly acknowledged by PSERC. Therefore, PSPCL has requested the Commission for allowing the same.

View of the Commission:

The Commission allows interest on Long Term Loans and on working capital loans in-line with PSERC Regulations after prudence check.

Issue No.4:

I) **Sale of surplus power sector outlook**

Presently, in almost all the industrial states, the availability of power is more than demand forcing Discoms to surrender such surplus power. In such situation, envisaging new demand for PSPCL power alone would not be sufficient and focus on substituting other sources of power by state supplied power may give benefits to Discoms in Punjab. This substitution of power may come from CPP supplied power, industry shifting out of neighboring states and even replacing open access power if any, Therefore, Honorable Commission may look into following:

i) Special tariff for new industries relocating from neighboring states and setting up in Punjab and expansion in existing industry.
ii) Continuing threshold consumption related incentive for domestic, NRS and Industry.
iii) Introducing load factor incentive for consuming more power for industry consuming bulk power.
iv) Bringing some attractive scheme for industry having Captive/Cogen power plants in the State to switch their power consumption from own CPP to PSPCL supplied power.

In this regard, it is also worth mentioning that revenue foregone in paying fixed charges of even closed plant should also be considered along with fixed cost of surrender power from IPPs/own plants in the State.

II) **Sale of surplus power details are not provided**

The detailed information of surplus power is not being provided in the tariff petitions of previous years and even in earlier tariff orders by Honorable Commission. Such details should include quantum of surplus power, plant wise fixed cost surrender, as part of purchase cost, quantity sold out of state at different rates and other details as thee Commission may deemed fit. It is prayed to the Commission that the complete information related to surplus power need to be provided by PSPCL during public hearing and complete Profit and loss account of surrender power may be given in tariff order as well. This issue is dealt in Madhya Pradesh Tariff Order FY 2018-19, The issue is also dealt in detail in PSERC tariff order FY 2014-15, FY 2015-16 and FY 2016-17. The same approach need to be followed in ensuing tariff order while dealing with sale of surplus power.

Reply of PSPCL:

I) (i & ii)) As per Electricity Act, 2003 determination of tariff is under purview of the Commission. PSPCL submits that, in case of any incentive or rebate given to Industrial consumer, the revenue loss of the same shall be adjusted from increase of tariff for the other category. Further, as per Section 65 of the Electricity Act, 2003 State Government can grant subsidy to any consumer or class of consumers over the tariff determined by the Commission. Government of Punjab may consider for granting subsidy for Industrial consumer for attracting new investments.

I) (iii) Consumers having high utilization factor are already getting benefit with the implementation of two-part tariff. It is an inherent characteristic of the Two Part Tariff structure that the low consumption consumers pay more and the consumers having higher consumption pay less.

I) (iv) Amendments to PSERC (Harnessing of Captive Power Generation) CPP Regulations are under consideration of the Commission.

II) The details of Surplus Power has been provided.

View of the Commission:

I) (i & ii) The Commission notes the suggestions of the objector.
iii) The Commission agrees with the response of PSPCL.
iv) The Commission notes the suggestion of the objector.

II) The information sought needs to be supplied by PSPCL to the objector. This also has been given as a directive at page 183 (Directive No. 6.13).

Issue No.5: Tariff Order for 2019-20 to be effective prospectively

If there is delay in issue of TO due to delay by GOP for the commitment of subsidies or due to imposition of code of conduct of impending election, then the tariff order should be made effective prospectively. Industry suffers losses for such orders made effective retrospectively as the additional payout due to any increase in tariff cannot be recovered by them. This will also spare the GOP of the complications of bearing the arrears of subsidies.

Reply of PSPCL:

Refer PSPCL reply in issue No. 1 objection No. 3 at page 246.

View of the Commission:

The Commission agrees with the suggestion.

Issue No.6: Voltage Rebate for 66 KV consumers:

T&D losses for 66 KV consumers as per open access regulations worked out in TO 2018-19 are 4.28% for 2018-19 against total T&D losses of 14%.

In addition to T&D loss, the 66 KV consumer has to be compensated for the investment and operating cost of the 66/11KV transformer and switchyard. The voltage wise cost of supply worked out by PSPCL for 2019-20 for 66 KV industry is Rs. 5.77 and 11 KV industry as Rs. 6.59 indicating a difference of 72 paisa per unit. However, the rebate being given to consumers connected at 66 KV is only 25 paisa per unit. Voltage rebate need to be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage.

Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Equity and justice demands that Voltage rebate for 66 KV consumers should also be 10%.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view.

View of the Commission:

The suggestion is noted.

Issue No.7: Amount of Subsidy due from GOP.

The amount of subsidy approved by PSERC for 2018-19 was Rs. 8949.37 Crore which has now been reduced to 8556.64 Crore. The subsidy amount had been overstated by Rs. 392.73 Crore.

PSPCL had grossly overstated the Subsidy amount for SC-DS and Non-SC-BPL-DS categories by 188% and 473% respectively. Similarly, the consumption of SP category has increased by 4% but subsidy has increased by 89%.

Regarding LS category, PSPCL reduced the GOP subsidy amount of LS consumers during 8 Hours of night supply for 8 months from Rs. 1.11 to 0.58 per unit and for those who cross threshold limit from Rs. 1.11 to Zero with the approval of GOP and PSERC. However, in spite of reduction in the amount of subsidy, LS consumption has shown as increased by 7.84% while the subsidy has increased by 8.72%.

The amount of subsidy for AP has been claimed as same in RE whereas the consumption of AP category has been reduced by 361 Mus. Does it mean that AP tariff for 2018-19 has been proposed to be increased from Rs. 5.16 to Rs. 5.31/unit.

It is requested that PSERC should not simply rely on the figures given by PSPCL and carry out its own checks to verify the figures.

It is also worth mentioning that PSPCL, in true up of 2017-18 has not worked out the subsidy receivable from GOP, actually received and Gap etc. in the TO 2018-19, PSERC has worked out the details of subsidy and interest for 2017-18 as Rs. 8427.55 Crore whereas PSPCL in True up, has shown GOP subsidy as Rs. 8288.35 Crore

Reply of PSPCL:

The subsidy for FY 2018-19 has been prepared based on the actual consumption of H1 of FY 2018-19 and projections for H2 of FY 2018-19, whereas subsidy of FY 2018-19 projected by the Commission was entirely based on projections.

Further, subsidy for AP category has been projected as approved by the Commission in the Tariff Order for FY 2018-19, however the sales are based on the actuals for H1 of FY 2018-19 and projections for H2 of FY 2018-19.

It is submitted that Rs. 8427.55 Crore for FY 2018-19, includes Rs. 7967.35 Crore for FY 2017-18 and Rs. 460.20 Crore of interest at delayed payment of subsidy, whereas, as per actual consumption, the subsidy for FY 2017-18 has been booked as Rs. 8288.35 Crore.

View of the Commission:

Amount of subsidy changes as per the true up.

Issue No.8: Burden of Cross Subsidy on LS consumers

The cross-subsidy burden on LS consumers be reduced and fix the tariff based on category wise cost of supply, tariff of the LS consumers may be rationalized and tariff for subsidized class may be increased.

Reply of PSPCL:

The tariff and level of cross subsidy is determined by the Commission. It is mentioned in the Tariff Policy that there has to be gradual reduction in cross-subsidy. Hence in light of the same it is requested that while determining the tariff in conjunction with the cross-subsidy factor, the

Commission must take into purview the interests of PSPCL.

View of the Commission:

Refer view of the Commission in Issue No. 2 of Objection No. 3 at page 246.

Issue No.9: T&D losses

T&D losses were reduced from 14.25% to 13.68% while the agriculture consumption is increased from 11857.41 MU to 12256.44 MU by changing the assumption for working out consumption of power in agriculture sector. The assumption regarding agriculture supply through mixed feeder has been changed mainly in Kandi area. It looks that by increasing agriculture consumption, lower T&D are claimed to earn additional revenue from sale of power and also incentive for Rs. 147.40 Crore is worked out.

The Commission may kindly look into the matter and incentive be passed only if actual T&D loss reduction is achieved as per PSERC method. Meanwhile, PSPCL may be asked to finish the work of separating the supply of power to agriculture from mixed feeders to independent feeders in fixed time period and not in "Future" as claimed by Discom.

The same approach for T&D loss for FY 2018-19 and FY 2019-20 may be continued. It is also pertinent to note that Honorable Commission in its Tariff Order FY 2018-19 has categorically mentioned that T&D losses will have two parts-T&D losses for distribution is fixed at 12.5% and 11.89% for FY 2017-18 and FY 2018-19 respectively. Similarly, transmission losses were fixed at 2.5%. It is submitted that the same should also be verified separately and overall T&D loss for FY 2018-19 and FY 2019-20 be fixed accordingly.

Here, we would like to mention that T&D losses are very high in selected regions as also pointed out by PSERC time and again. It is submitted that PSPCL should attach Division wise actual T&D losses along with the ARR and separate targets be given for divisions having abnormally high losses as such exercise will not require huge capital investment.

Reply of PSPCL:

The detailed reason for considering the AP consumption for Kandi area mixed feeders at 45% instead of 30% has been explained in detail in the petition filed by PSPCL. Further, the T & D losses have been projected based on the actual figures for FY 2017-18.

As regards to the division wise T&D losses to be submitted in the ARR petition, it is submitted that PSPCL files the petition as per PSERC Tariff Regulations and in case, PSERC requires additional details, it is submitted separately.

View of the Commission:

The Commission does a prudence check of ARR Petition as per PSERC Tariff Regulations. The concerns shown by the objector has already been taken into consideration. Also refer Directive No. 6.1 at page 179.

Issue No.10: Power Purchase Cost.

The power purchase cost should be subject to approved T&D loss by PSERC for FY 2017-18, FY 2018-19 and FY 2019-20. Further, in the past, power purchase cost separately shows amount of fixed charges paid for surrender of power. However, no separate information on the same is provided for. In the absence of the same, it is difficult to find out as how much is the actual cost of power per unit of power purchased from IPPs in Punjab. Based on installed capacity and dedicated to PSPCL (100% in case of Rajpura and Talwandi Sabo) and actual power purchase units from these plants need to be verified and separately calculated and shown. In the absence of such information, it is difficult to work out a price at which such power can be sold, if any opportunities arise.

Reply of PSPCL:

The source wise details of actual power purchase for FY 2017-18 and H1 of FY 2018-19 in Format 7 of the petition. Further, the details of estimated power purchase for H2 of FY 2018-19 and FY 2019-20 have also been submitted source wise in Format 7. Further, the data pertaining to the surrendering of power have been submitted in the replies of deficiencies subsequent to the filing of the Petition.

View of the Commission:

The objector may note the response of PSPCL. In future full details may be supplied in the ARR itself.

Issue No.11: Excess capital expenditure incurred than approved.

PSPCL has claimed higher capital expenditure of Rs. 1562.69 Crore against Rs. 1310.67 Crore approved by the Commission in its tariff order FY 2019. We have some observation in this regard: -

i) As per Volume II, audited annual accounts for the period 01.04.2017 to 31.03.2018, consumer contribution has increased from Rs. 224.5 Crore in FY 2017 to Rs. 263.5 Crore in FY 2018-19 an increase of Rs.39 Crore. It is to be seen that whether the same is reduced from the capital expenditure requirement of PSPCL for the year FY 2017-18 or not. It is our submission that the same should be reduced.

ii) In hydel project constructions, Rs. 129.94 Crore are shown as expenditure for FY 2018 in the ARR. It is also mentioned that most of the funds are spent on Shahpur Kandi project. In our view, Shahpur Kandi project is irrigation cum power project. If it is so, then the total capital expenditure is to be divided between irrigation department of the Punjab Government and PSPCL suitably. As per a news-report, the project is aimed to produce 206 MW power and irrigate 37173-hectare land. The civil work is to be done by irrigation department of Punjab Govt. and PSPCL has to do only electro and mechanical work only as per Punjab Government notification. Therefore, it is to be ensured that a fair allocation of total expenditure is done between irrigation department and PSPCL.

iii) The capital expenditure in transmission and distribution work is also shown above approved level, which also needs close scrutiny.
Only such cost of such capital expenditure in terms of depreciation, interest and finance charge etc. should be passed on to the consumers, for which benefits start flowing as per payback period of DPR and remaining should be not be allowed as a part of the ARR.

The same approach needs to be adopted for FY 2018-19 and FY 2019-20.

Reply of PSPCL:

i) For the calculation of RoE and Depreciation, PSPCL has reduced the consumer contribution as per the PSERC Tariff Regulations. Hence, there is no impact of consumer contribution on ARR components.

ii) As regards to Shahpur Kandi Hydel Project Construction, it is informed that after bilateral discussions, the dispute with J&K Government has resolved and now, GoP has directed PID J&K and PSPCL to resume construction activities immediately to complete the project within 42 months counted from zero date 01.11.2018. Therefore, the work at Shahpur Kandi project has been started. Further, for FY 2017-18 Expenditure of around Rs 75 Cr has incurred (Rs 50 Cr due to capitalization of interest and Rs 25 Cr Expenditure on advance payment).
The expenditure on ShahpurKandi Project will be borne by PSPCL as Irrigation department as per the ratio notified.

iii) The Capital Expenditure in Distribution and Transmission is detailed below:

a) Distribution: In distribution, capital expenditure incurred on Normal Development Works is Rs. 743.56 Cr against Rs 200 Cr approved by PSERC. This includes expenditure incurred on distribution strengthening schemes, release of new GSC/Industrial connections (which required for erection of poles, transformers, laying of cable conductor etc.) and augmentation /de-augmentation of 11 KV distribution transformers etc. Further, release of Tube-well connections has incurred expenditure of Rs 75.54 Cr against 20 Cr approved by PSERC.

b) Transmission: In transmission, the actual expenditure incurred is Rs 288.86 Crore against Rs 180 Cr as approved by PSERC. The expenditure incurred is on account of spillover works of previous years, deposit works of shifting 33/66 KV Lines, erection/dismantlement of 66 kV lines, construction of 66 KV bays, Circuit Breakers, Survey of 66 kV under-ground cable, Stubbing of Tower etc.
Since, benefit of all these improvements in Capital Works will ultimately be for consumer in the shape of un-interrupted and quality supply of power, therefore PSPCL requests the Commission to approve the actual capital expenditure incurred by the petitioner.

View of the Commission:

The objector may note the response of PSPCL.
The Commission allows the Capital expenditure in-line with PSERC Regulations.

Issue No.12: Depreciation charges

Regarding depreciation charges claimed by PSPCL, the Commission may kindly look into the matter of those fixed assets which have completed their life. Such assets need to be identified and shown separately and no depreciation on such assets to be allowed for ARR determination purpose.

Reply of PSPCL:

The depreciation on the assets is charged as per the policy of the company (adopted in compliance with Regulation 21 of MYT Regulations) over the useful life of the asset and is ceased to be charged on the assets which has already completed their useful life or up to 90% of the book value. However, the gross assets include the value of those assets which have already outlived their useful life or accumulated depreciation up to 90% has been charged.

View of the Commission:

Depreciation is provided as per Regulation 21 of PSERC MYT Regulations 2014.

Issue No.13: High interest and finance charges

PSPCL has claimed actual interest and finance charges of Rs. 2886.47 Crore for FY 2017-18 given in ARR for FY 2018-19 and FY 2019-20. Against this, PSERC has approved Rs. 1359.09 Crore for FY 2017-18 in its tariff order FY 2018-19.

PSPCL has shown other debits of Rs.181.12 Crore including impairment loss of Rs. 151.74 Crore as per note 37 of audited accounts in ARR FY 2018-19. An amount of Rs. 96 Crore is on account of SYL canal. Out of it, Rs. 40 Crore is on account of civil work done and Rs.56 Crore on account of P&M. This money is now sunk capital and no way contribute to benefits of the electricity consumers of the State. CWIP of Bathinda is also shown as Rs. 55 Crore. As plant is now closed, it is up to PSPCL to dispose the property suitably and meet any shortfall if any through its own P&L account or Government of Punjab bears the cost. Loading such expenses on ARR is totally incorrect. Nowhere, there is any provision of such expenses incurred in the past in PSERC MYT regulations for tariff determination. Further, it is also pertinent to note that ARR is meant for a specific purpose i.e. to fully reimburse the justified expenses (and not actual expenses) incurred by PSPCL in supplying power to the electricity consumers of the State during a year under consideration and approved expenses of previous years.

Reply of PSPCL:

PSPCL paid and claimed the interest & finance charges on actual basis whereas PSERC allows interest on working capital loans on normative basis & on Long term loans on the basis of long-term loans actually availed or net increase in fixed assets, whichever is lower.

PSPCL would like to submit that it has claimed impairment loss in compliance with Ind AS-36. Impairment loss of Rs. 151.74 Crore includes Rs.96 Crore on account of SYL canal and Rs.55 Crore on account of CWIP of GNDTP, Bhatinda. Further, the generating stations had been set up for the benefit of the consumers and PSPCL has not claimed any expenses which are not justified as per PSERC Regulations.

View of the Commission:

Interest & Finance charges have been determined as per PSERC MYT Regulations 2014 after prudence check.

Issue No.14: Diversion of funds admitted by PSPCL

PSPCL in its ARR has claimed interest and finance charges of Rs. 1161 Crore and Rs. 1197 Crore (Rs. 1993 Crore as per reply to deficiencies, page 2) respectively and also admitted availing working capital loans for funding unapproved expenses.

It is also mentioned that Government taking over of loan under UDAY scheme will be converted into equity of Rs. 3900 Crore by 2020. If the GOP implements the UDAY provision in to-to i.e. simultaneously converts the balance loan into grant, then it is acceptable. However, if committed part of loan is not converted into grant but equity part is converted, such action will be grossly wrong as it would translate into higher return on such amount through ROE (15.5%) than interest cost allowed presently. Therefore, it is submitted that part implementation of the same should not be allowed. PSPCL has to ensure that after such adjustment it does not again starts taking excessive loans and start funding the disallowed expenditure. The same should be viewed in the light of submission made by us on capital expenditure and other related issues and only relevant and that part of interest cost should be passed, which meet the PSERC norms only as per MYT Regulations.

Reply of PSPCL:

PSPCL paid and claimed the interest& finance charges on actual basis whereas PSERC allows interest on working capital loans on normative basis & on Long term loans on the basis of long-term loans actually availed or net increase in fixed assets, whichever is lower.

With regard to the UDAY Scheme it is submitted that as per clause No. 1.2 (d) of MOU of UDAY Scheme, State Government will convert the GOP Loans of Rs. 15628.26 Crore into grant of Rs. 11728.26 Crore and Equity of Rs. 3900 Crore.

It is expected that the State Govt. will implement the provisions of UDAY Scheme in to-to i.e. simultaneously convert the GoP loans into grant & equity. Moreover, it has come to notice that GoP has made the provisions for the same in their budget for the FY 2019-20.

View of the Commission:

Interest & Finance charges have been determined as per PSERC MYT Regulations 2014 after prudence check.

Issue No.15: Late payment surcharge

Discom has asked for late payment surcharge of Rs. 271.27 Crore not to be treated as non-tariff income. This issue has been dealt in the past by the Commission in previous tariff order FY 2018-19 as per PSERC Tariff determination regulation 28 and has included the same in non-tariff income. The same practice need to be followed in truing up of FY 2017-18 and next years also.

Reply of PSPCL:

PSPCL has filed an appeal for excluding Late Payment Surcharge as a part of Non-Tariff Income before Hon'ble ATE and it has to claim such expenses to maintain their stand before Hon'ble ATE in ensuing years. 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 Commission.

View of the Commission:

Late payment surcharge is considered under non-tariff income as per Regulation 28 (amended from time to time) of PSERC MYT Regulations 2014.

Issue No.16: Employee cost

We have reiterated many times that employee cost has been growing consistently and also acknowledge that the same cannot be capped due to manifold reasons. This is our submission that only reasonable cost be passed through ARR and remaining must be taken over by Government as PSPCL employee are government employees and must get their dues as per Government rules and regulation, but the same should not be used as an excuse to increase the ARR and cost of power for consumers.

Reply of PSPCL:

The employee cost has been claimed as per actual accounts of PSPCL in the ARR. As per Regulations, PSERC allows the employee cost on a normative basis. However, as submitted in the petition PSPCL has claimed the actual employee costs since it is less than the normative employee cost.

View of the Commission:

The Commission allows employee cost as per PSERC MYT Regulations 2014.

Issue No.17: Separate cost of shut down plant-Bhatinda

Total cost claimed for Bhatinda plant should not be allowed as a part of ARR and passed through to electricity consumers of the State. PSPCL should dispose off the assets of the retired power plant expeditiously and sale proceeds be used to repay the long term debt on PSPCL books to give relief to consumers rather than loading the consumers for indefinite period. For example, PSPCL has mentioned that Rs. 39.89 Crore is the expenditure up to November 2018 on employee cost of Bhatinda plant. Such cost should not be passed on to ARR and must be dealt separately

Reply of PSPCL:

i) Equipment's of GNDTP are being preserved and cannot be sold until the final disposal of GNDTP.
ii) There is a proposal to start the solar unit at the ash dyke area in GNDTP and the proposal to run one of GNDTP's unit with paddy straw is already under the consideration of Government of Punjab. In view of above the final disposal of all the assets cannot be done as yet. Till the final decision on the above proposals, all the plants of PSPCL are evaluating spares & installed equipment for use in the respective plants. Even if the above proposals do not take shape, the final disposal of GNDTP shall be done by hiring a consultant. It is a very time consuming and complex process and may take long time.
iii) Further, exploration of possible use of land in view of the closure of GNDTP is under consideration. Detailed case has already been put up to the competent authority for decision to get the planning done from the land planners.
iv) The employees cost incurred includes the cost of the bare minimum staff required for the preservation of major GNDTP equipment and the staff required for the operation & maintenance of the common services like substation, colony, guest houses, school, dispensary etc. These services are running and cannot be terminated despite the closure of GNDTP. Colony Civil Maintenance is required as the colony not only houses officers/officials from GNDTP but also officers/officials from other wings like distribution, PSTCL, GHTP etc. Further employee cost shall remain the same whether charged to GNDTP or to any other organization. The substation is also in working condition and serves as the interconnecting point with the Grid. GNDTP still deals about 2500 pensioners and the voluminous personal record of all the employees is also required to be maintained.

   In view of the above, it is intimated that the cost incurred is the bare minimum and necessary to maintain the services which cannot be terminated and for the preservation of the major equipments of GNDTP till final disposal.

View of the Commission:

Refer para 2.10 of the Tariff Order (page 40-42). On remand from APTEL, this issue is now the subject matter of a petition .

Issue No.18: Overdue receivables.

PSPCL has shown defaulting amount/receivable of Rs. 2448 Crore in ARR for FY 2018-19. However, as far as outstanding from Government office is concerned (Rs. 1417 Crore), the same should be deducted from the Government loans given to PSPCL or the Government equity be reduced by Rs. 1417 Crore plus due interest for delay in payments and return or equity be reduced by the same amount. We fully support PSERC suggestion that prepaid meters to be installed in government offices.

This should be left to the Government as how it deals with outstanding amounts of various government officers.

A detailed MIS System to be developed to track such accounts where power is regularly supplied but payment is not received. Such account holders may be pursued suitably to pay due bill amount to PSPCL.

Reply of PSPCL:

It is taking regularly & speedy action for the recovery of receivable from various categories of consumers including Govt. departments. PSPCL has also introduced one time settlement policy of liquidation of its old receivables.

The outstanding amount of government offices cannot be deducted from government loans.

View of the Commission:

PSPCL needs to take appropriate steps to recover the overdue receivables.

Issue No.19:

Reducing chargeable demand for levy of fixed charges from 80% to 70% to give more flexibility to industry to adjust its demand according to the market situation.

- The Discom main concern could be that reducing CD from 80% to 70% will reduce their revenue and may also spoil grid discipline.
- The percentage of consumers actually consume power equivalent to 70% or low of contract demand and pay 80% of the contract demand as fixed charges will not be more than 5%. In such situation, the consumer will get its CD revised downwardly, which should be allowed to do so twice in a year, to a level matching to its actual consumption of CD. As such, now downward revised CD, even by 80% formula of the reduced demand will give lower revenue to the Board. Therefore, based on 5% industrial consumers behavior, 95% of industrial consumers should not be devoid of flexibility to compete in the market. Given the fact that discom loses nothing in this process.
- On the contrary, the discom loses opportunity to sell power (by fixing demand charges to 70% of contract demand) to an industrial consumer who may have higher demand in some months due to market forces and in some months say 70% of sanctioned CD. In such situation, he would prefer to operate at 70% of demand and will give up such orders, which needs running factory at 80% of CD simply because he cannot maintains the same throughout the year and cannot adjust CD. Thus, possibility of selling more power is missed especially in a situation when power is surrendered and industry demand for power in the state is declining from last three years consecutively.
- However, if any revenue loss happens on this account, the same can be trued up next year thus, there is no chance of any revenue loss but every opportunity to sell more power in the state exists by reducing demand charges to 70% of contract demand than 80% of contract demand as being done now.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view.

View of the Commission:

The consumers may optimize the contract demand as per requirement. Already, chargeable demand has been kept 20% below the contract demand of the consumers.

Issue No.20: Security (Consumption)

Presently interest on Security is at RBI rate which is only around 5-6% whereas we have to take working capital loan at 12-13%. There is provision of pre-paid meter in Supply Code. PSPCL should spell out the road map for introducing Pre Paid meters for industry. If PSPCL is not ready, then industrial consumers be allowed the facility to submit Bank Guarantee for Security (Consumption) and the cash deposited for Security be refunded.

Reply of PSPCL:
Section 47 (4) of the Electricity Act, 2003, the distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security and refund such security on the request of the person who gave such security. The rate, at which interest on consumer security deposit to be given, is decided by the Commission.
Further, PSPCL has floated tender enquiry for purchase of single phase prepaid metering which is under process.
View of the Commission:
The objection does not relate to the present ARR.

Objection No. 13: Sh. Gurmeet Singh, General Manager, Khanna Paper Mills, Amritsar.

Issue No.1: Frequent Tripping at 132 kV level
There are frequent tripping in the transmission system even at 132 kV level.
Reply of PSPCL:
The issue is not related to the present Petition filed before the Commission. Further, it is also noted that the issue related to 132 kV level pertains to Punjab State Transmission Corporation Limited.
View of the Commission:
The Commission agrees to the response of PSPCL that the issue does not relate to the ARR Petition. The objector may take up the matter with PSTCL to settle the issue.

Issue No.2: Non-Availability of billing details
Calculation regarding the detail of charges/allowances under various heads etc. are not being made available.
Reply of PSPCL:
The revised bill formats showing the details of sundry allowances/charges have already been submitted to the Commission for approval. As and when the approval would be accorded, the development in software system will be started for displaying the approved bill format on e-payment site of PSPCL.
View of the Commission:
The revised billing formats have been approved by the Commission. The concern of the objector shall be addressed in the revised billing formats.

Issue No.3: Implementation date
Date of implementation of CC 8/2019 for levy of fixed charges is not mentioned in the circular. Requested to implement it from 01.01.2018 onwards.
Reply of PSPCL:
The matter is under consideration at PSPCL's end.
View of the Commission:
PSPCL should do it expeditiously. The delay is not justified.

Issue No.4: Consumer Security Details
Details of our consumer security deposit of older connection are not being given. PSPCL is requested not to charge any additional ACD until we get full details of our securities / ACD of older connections.
Reply of PSPCL:
This issue is not related to the present Petition filed before the Commission.
View of the Commission:
Refer Directive No. 6.7 of Chapter 6 at page 181 of this Tariff Order.

Objection No. 14: Sh. Gurmeet Singh, # 3515/18, Mohalla Hargobindpura, Amritsar.

Issue No.1: Thorough probe of revenue of PSPCL
Losses are reducing, electricity Consumption is increasing but revenue is reducing which necessitates increase in tariff needs to be inquired. In inquiry the association of general public, representative of Industry and retired officers of PSPCL (of good quality) be involved. The reasons can be fraud, P code, wrong billing, new bills by cancelling old. The suggestions are restart of I (inflated) code and generation of average bills.
Reply of PSPCL:
The methodology adopted by PSPCL for True up of FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20 is very well elaborated in the Petition and is in line with the regulatory principles set by the

Commission and PSERC MYT Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. It has been observed that during the year FY 2017-18 the main input costs relating to cost of purchase of power from outside sources, establishment cost etc has gone up and therefore has resulted in increase in revenue gaps. The Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. The replies of all the queries raised by the Commission have been submitted. Revenue of PSPCL is audited by audit wing headed by Chief Auditor. The staff deployed with the chief Auditor comprises of highly qualified professionals. Moreover, accounts of PSPCL are audited by independent statutory Auditor appointed by CAG of India and accounts are also supplementary audited by CAG.

View of the Commission:

Tariff is determined by the Commission after prudence check of ARR petition as per PSERC tariff Regulations. Revised data given by PSPCL has been taken into consideration.

Issue No.2: Need for Speaking Orders of Dispute Settlement Committees

The speaking orders of Dispute Settlement committees are not clear which causes wrong charging while implementing the decisions by the concerned. No answer is received while protesting and date of appeal is elapsed.

Reply of PSPCL:

Decisions of DSC are always subject to pre-audit.

View of the Commission:

The matter does not relate to ARR Petition.

Issue No.3: Date of Payment made through RGTS/NEFT

The date of payment of bill through RTGS/NEFT is considered from date of transfer of funds from bank causing charges of LPS and DCO.

Social media such as Twitter and Whatsapp group should be started to check the grievances of people.

Reply of PSPCL:

The issue raised by the objector is not related with the present petition filed by PSPCL for determination of tariff.

View of the Commission:

PSPCL shall ensure that no late payment surcharge etc. is levied on the consumer due to delay on the part of the bank to transfer the funds to the licensee.

Issue No.4: Recovery of Charges as per Cost Data

In contrary to the different instructions of cost data sheet – circular No. 39/18, cost of transformer at the time of release of connection is being levied from the consumers having load less than 500 KW including cost of 11KV substation as per estimates and in some cases the cost of meter too. Such Consumers be provided with electricity at lesser rates and different rate of HT connection be fixed.

Reply of PSPCL:

As per Regulation 9.1.1(iii) & 9.1.3(iii) of Supply Code-2014, where demand exceeds 100 kVA, the recoverable expenditure from the applicant comprises of full cost of service line and proportionate cost of common portion of the main line including bay/breaker, as the case may be, up to feeding substation. For demand exceeding 100 kVA, the specified voltage level is 11 kV & since the connection is released at HT, private transformer is erected by the consumer at his own cost.

View of the Commission:

The Commission agrees with the reply of PSPCL. The provisions of Regulation 9 of the Supply Code 2014 regarding recovery of charges from the consumers for release of new connection/extension of load are self explanatory.

Issue No.5: Excessive Delays in Correction of Bills

The correction of bills in respect of wrong hefty charging of LPS and DCO takes a long time as the power for correction is with Sr. Xen/CSC. The matter needs resolution.

Reply of PSPCL:

All the corrections of bill are corrected by the concerned CSC/CBC within stipulated time after the completion of documents as per Regulations and circulars of Supply Code and PSPCL.

View of the Commission:

The objection does not relate to present ARR. However PSPCL is directed to address the concern of the objector.

Issue No.6: Charging of monthly rentals and Slab rates

Every charge such as slab rates, rentals etc. is being levied by considering a month of 30 days.

Reply of PSPCL:

Recently PSPCL vide CC-08/19 Dated 13.02.2019 has implemented the calculations of fixed charges on per day basis as per the requirement of various industrial consumers.

Rentals are being recovered in the electricity bills by PSPCL from the consumers on monthly basis as per the provisions of the Supply Code and Schedule of Energy Charges approved by the Commission & these are being charged monthly/bi-monthly basis as per the duration of the bill. Thus no specific instructions are required to be issued for charging meter rentals on monthly basis.

View of the Commission:

The objector may note the response of PSPCL.

Issue No.7: Recovery of MMC

Clarification may be issued regarding levy of MMC charges in the tariff applicable w.e.f. 01.01.2018 as DSC has given decision in this regard.

Reply of PSPCL:

MMC are recoverable before 1.1.2018 and fixed charges are recoverable w.e.f. 1.1.2018.

View of the Commission:

The objector may note the response of PSPCL.

Issue No.8: Correction of Bills

It is requested that necessary guidelines be issued for correction of bills within 48 hours.

Reply of PSPCL:

Provision of resolution of complaints regarding correction of energy bills already exists as per the PSERC (Electricity Supply Code and Related Matters) Regulations, 2007. As per Ref. No. 7 of Annexure 5 of the PSERC (Electricity Supply Code and Related Matters) Regulations, 2007, the resolution of complaints on disputed electricity bills must be done within 24 hours if no additional information is required and within 7 days if additional information is required.

View of the Commission:

Objection does not relate to the present ARR. The objector may note the reply of PSPCL.

Issue No. 9: Capping after ToD Rebate

Capping on the rate of Rs. 4.28 is to be done after giving TOD rebate of Rs. 1.25 as per consumption.

Reply of PSPCL:

The cap of Rs. 4.28/KVAH has been implemented as per Memo no.1/1/2018-EB(PR) from the O/o OSD Power Reforms, Deptt. Of Power, GOP according to which in no case tariff below Rs.4.23/KVAH for FY 2017-18 and Rs.4.28/KVAH for FY 2018-19 as capped by PSERC be charged.

View of the Commission:

The objector may note the response of PSPCL.

Issue No. 10: Simplified Tariff

The tariff of the bills be simplified. The upper slab of domestic is less than NRS which needs to be rationalized.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view. The Commission processes the ARR as per its notified Regulations & determines the revenue gap after prudent check of expenses. Tariff rates are determined to cover this revenue gap & cross subsidy.

View of the Commission:

The Commission notes the suggestion of the objector.

Objection No. 15: Sh. Kamal Dalmia, Chairman, 35, Focal Point Industries, Association (Regd.), Mehta Road, Amritsar- 143006.

Issue No. 1: Enhancement of Load Limit for MS Category

Since last more than two decades, medium scale consumers limit is below 100KW it should be increased to 200KW. For above 100 kW connections, all consumers are required to install their own transformers & CTPT units in their premises. For medium scale entrepreneur's installation of instruments in their premises requires handsome funds in lacs. Majority of such consumers do not have surplus funds with them.

Reply of PSPCL:

The classification of tariff categories is prerogative of the Commission. PSPCL sells energy at the rates determined and tariff categories classified in Tariff Orders of the relevant year by the Commission.

View of the Commission:

The objection does not relate to the present ARR.

Issue No. 2: Time Bound Disposal of Dispute Cases

There should be time bound disposal of cases received by "Dispute Settlement Committee". Presently, there is no time limit. Even Order given by Dispute Settlement Committee are not implemented in same Spirits.

Reply of PSPCL:

As per Consumer Complaint Handling Procedure approved by PSERC, the speaking order shall be passed by the Dispute Settlement Committee within a reasonable time not exceeding 90 days and conveyed to the concerned office with instructions to be completed with the order, and/or issue the revised bill within 15 days from the date of issue of the such order.

View of the Commission:

The objection does not relate to the present ARR.

Issue No. 3: Open Access Charges

Power rates for LS consumers who wish to purchase electricity through Power Grid, requires to be reduced for healthy competitions of Industry with other states.

Reply of PSPCL:

The Commission introduced Two Part Tariff w.e.f. 01.01.2018 according to which in addition to variable energy charges, fixed charges are charged to recover Capital Investment in transmission and distribution network, Employee Cost, Fuel Cost etc. from the consumers. In addition to that Open Access Consumer have to pay additional surcharge in lieu of cost of stranded power, Wheeling Charges, SLDC Charges etc. as decided by the commission. Further, the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

View of the Commission:

The rate of tariff for open access consumers are fixed by the Commission as per relevant PSERC Regulations.

Issue No. 4: Reduction in Tariff through Efficient Working

Power rates in Punjab require to be reduced. PSPCL can offer cheaper electricity by reducing its own losses with efficient working and by discontinuing free electricity to agriculture/farmers those who are having 5 acres land. It will also help in avoiding wastage of power because presently due to free electricity farmers don’t try to save electricity. Misuse of electricity is leading to wastage of water drawn through tubewells ultimately leading to Alarming underground Water levels.

Reply of PSPCL:

Free electricity to agriculture/farmers is provided by PSPCL as per decision of Govt. of Punjab and subsidy in lieu of this is provided by Govt. of Punjab. Further, the decision regarding discontinuation of free electricity to those having more than 5 acres land falls under the purview of State Govt.

View of the Commission:

The Commission agrees with the objector as far as efficiency is concerned. However regarding free electricity to agriculture / farmers, it is the prerogative of the Govt. to decide on the subsidy.

Issue No. 5: Automatic payment of rebates

Whenever any extra amount is charged in bills, it is charged without any intimation and without any detail. The rebates are not automatically given to the consumers. Even after the request is made the same is not given in time. It is suggested that all details and rebate should be given automatically.

Reply of PSPCL:

The system is in place for accounting of any type of rebate automatically and is functioning as desired. However, if there is any specific complaint the same may be referred to PSPCL so that any remedial action, if required, could be taken. The revised bill format showing detail of allowances and charges has been submitted to the Commission for its approval.

View of the Commission:

The objection does not relate to the present ARR. However, billing needs to be improved by PSPCL to the satisfaction of the consumers.

Issue No. 6: Centralized Working of PSPCL

There should be a Central office of the PSPCL. All officers should sit in one building so that consumers should not face any difficulty. This will also reduce the expenses of the PSPCL. At present different circles have offices at different places. All the services should be under one roof. The PSPCL has enough place to make the central office. It will help in speedy disposal of files.

Reply of PSPCL:

The issue raised by the objector is not related to the present ARR Petition filed by PSPCL. PSPCL would like to submit that offices of different circles in Amritsar are located in the same buildings/premises. To improve customer services across the Punjab, Customer care centers have been established in 47 towns. For providing centralized consumer services an electricity call center has been established that is available 24x7 on short code 1912. Each complaint is assigned a unique number and monitored by concerned DS offices and centralized control room. This call center currently deals with supply and billing complaints. A pilot project is already on to extend the scope of this project to all types of project services being provided to consumers. A mobile app is also available to PSPCL consumers. However matter has been referred to the concerned offices for redressal.

View of the Commission:

This is not a tariff issue.

Issue No. 7: Wrong Charging of Fixed Charges

The PSPCL was charging fixed charges from the consumers considering 30 days as a month which was wrong. The PSPCL has issued notification number 08/2019 dated 13.02.2019 in which they have clarified, that for calculating the fixed charges Calendar Year days to be taken as 365 days and for a leap year these days are to be taken as 366 days and not 360 days. The excess total amount recovered by the PSPCL should be refunded to the consumers along with interest"

Reply of PSPCL:

This issue is under consideration by PSPCL.

View of the Commission:

PSPCL should do it expeditiously. The delay is not justified.

Issue No. 8: Industrial Tariff to Hotels

The Punjab Govt. has given Industrial status to the tourism in the year in 2012 but PSPCL is not charging industrial rate & not giving TOD schemes to Hotels & Tourism related establishments. It is suggested that the industrial rates & TOD schemes should be made applicable on tourism Industry.

Reply of PSPCL:

As per SV.1.1 of Schedule of Tariff for Non-Residential Supply (NRS) for FY 2018-19 issued by PSERC, Hotels/Motels shall be charged under NRS category. It is further intimated that determination of tariff for any category is prerogative of the State Regulatory Commission (PSERC) as per Electricity Act, 2003.

View of the Commission:

The Commission notes the suggestion.

Issue No. 9: Timely delivery of Bills

The bills are generated for 60/90 days and are late delivered to the consumers. Right to Service Act should be implemented. All the officers should be made responsible for not implementing the procedures.

Reply of PSPCL:

The bills are issued for 30/60 days as applicable and delivered to the consumer immediately in case of spot billing and in other cases within a period not exceeding fifteen (15) days from the date of meter reading.

View of the Commission:

This is not a tariff issue. PSPCL reply may be noted. PSPCL should ensure timely delivery of the bills.

Issue No. 10: Detail of Sundry Charges & demands in Bills

Details of sundry charges & other demands are not properly disclosed in the bills.

Reply of PSPCL:
The revised bill formats showing the details of sundry allowances/charges have already been submitted to the commission for approval. As and when the approval is accorded, the development in software system shall be done for displaying the approved bill format on E-payment site of PSPCL.
View of the Commission:
PSPCL should implement Regulation 30.1.2 of the Supply Code 2014 and issue separate bill-cum-notice for arrear/sundry amount at the first instance after giving necessary details. The revised billing formats have been approved.

Issue No. 11: Timely Disposal of Complaints
Letters/emails from PSPCL consumers remains unattended for months together. There should be proper time limit fixed for the disposal of letters/complaints.
Reply of PSPCL:
Centralized email 1912@pspcl.in exists for consumer complaints. For online monitoring of complaints GRMS system also exists. 24x7 call centre for complaints 1912 is active since 2014. PSPCL also has an active social media cell answering complaints on Twitter/ Facebook/ Whatsapp/Instagram. Time Limits have been fixed as per standards of performance.
View of the Commission:
The issue does not relate to the present ARR.

Issue No. 12: Correction of bills with proper and timely loading on the system
Correction made in the bills by Revenue Accountant (RA) are not proper and timely loaded on the computers leading to repetition of mistakes for month together.
Reply of PSPCL:
PSPCL has already issued instructions for timely correction of errors pointed out in the energy bills.
View of the Commission:
The issue does not relate to the present ARR. However, PSPCL should ensure timely correction of the bills.

Issue No. 13: Intimation of relevant circulars on email to LS consumers
Presently all circulars are being uploaded on the PSPCL website, it is suggested that PSPCL should also send the intimation to at least LS consumers through e-mail/sms.
Reply of PSPCL:
The issue raised by the objector is not related to the present ARR Petition filed by PSPCL.
View of the Commission:
The issue does not relate to the present ARR.

Issue No. 14: Power House at PSIEC Focal Point
At Focal Point PSIEC has kept one plot reserved for Power House since 1992, till date no Power House has been built. The Power House should be built at Focal Point for smooth supply of the electricity.
Reply of PSPCL:
The issue raised by the objector is not related to the present ARR Petition filed by PSPCL. However matter for construction of Grid Sub Station at Focal Point is under consideration of PSPCL.
View of the Commission:
The issue does not relate to the present ARR.

Issue No. 15: Representation of Public & industries for review/check of PSPCL system
The representative of the Public & Industrialist should be taken in the review committees and third party auditing of the PSPCL for billing pattern & implementation of directions approved by the Regulatory Committee/Commission. The head of the review committee should be from the public.
Reply of PSPCL:
The figures of revenue taken by the PSPCL in its True-up Petition for FY 2017-18 are actual and audited. Further, PSPCL has internal audit wing headed by Chief Auditor for audit scrutiny of its revenue. The directives issued by the commission are reviewed regularly.
View of the Commission:
PSPCL may note the suggestion of the objector.

Issue No. 16: Self Explanatory Billing Formats
The Performa of billing should be changed showing full details of reading recorded for the purpose of

TOD peak-load hour charges and billing etc., as the readings are taken through modem having load above 100KW/KVA.

Reply of PSPCL:

Refer reply of PSPCL in issue No. 10 above.

View of the Commission:

Revised formats have been approved.

Issue No. 17: Interaction between PSPCL & consumers

There should be frequent interactions of the PSPCL officers with consumers to know the difficulties faced by the consumers.

At present for industry the rate is Rs. 7.50/- per unit in Punjab as compared to Rs. 3.50/- in J&K and Rs. 5.80/- in Himachal Pradesh. It is prayed that electricity rates in Punjab should be reduced by reducing the expenses and other loses of the PSPCL otherwise survival for industry will be difficult.

Reply of PSPCL:

Frequent interactions with consumers are conducted by CE/DS of various zones from time to time.

Further, the determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view. The Commission processes the ARR as per its notified Regulations & determines the revenue gap after prudent check of income and expenses. Tariff rates are determined to cover this revenue gap & cross subsidy.

View of the Commission:

Refer directive No. 6.7 of Chapter 6 at page 181.

The rate of tariff is determined by the Commission after prudence check of ARR Petition and as per PSERC Tariff Regulations.

Objection No. 16: Sh. Shri. Tarsem Singh Bhalla, Ex- Counsellor, Bahujan Samaj Party, Ram Talai, G. T. Road, Amritsar-143 001 (Punjab).

Issue No. 1: Waival of Pending electricity bills of SC & BC consumers

Action taken to waive off the pending electricity bills of SC and BC consumers may be intimated and decision to give free electricity of 200 units from retrospective date may also be implemented. Load may be increased from 1 KW to 2 KW for this scheme. The old amount due on account of bill of SC and BC electricity consumers may be waived off and connection disconnected temporarily or permanently may be restored. The security deposit from SC and BC consumers may be exempted. It is requested to consider our views and decision may be taken in the interest of public.

Reply of PSPCL:

As per decision taken by Council of Ministers, Government of Punjab dated 29 January, 2019, all the SC/Non-SC, BPL and BC category domestic consumer (except consumers who are paying income tax), having connected load up to 1 kW are eligible for free electricity unit of 200 per month irrespective of the fact that their annual consumption is more than 3000 units. PSPCL has issued instruction vide Memo No. 135/139 dated 01.03.2019 for implementation of the above decision.

View of the Commission:

It is the prerogative of the Government to decide the subsidy.

Objection No. 17: Sh. Rajiv Khanna, Hony, General Secretary, The Textile Manufacturers Association, 80- Court Road, Amritsar.

Issue No. 1: Replacement of old infrastructure particularly DTs

Infrastructure needs to be improved on the priority level. Old transformers should be replaced by the new ones to avoid breakdowns. Many of the transformers are overloaded. Routine maintenance schedule should be maintained by PSPCL authorities to avoid losses to PSPCL.

Reply of PSPCL:

The issue raised by the objector is not related with the present petition filed by PSPCL. Further, the overloaded Transformers are being replaced on a regular basis. Routine maintenance of infrastructure is being carried out regularly.

View of the Commission:

PSPCL needs to address the issue to the satisfaction of its consumers. Also refer Directive No. 6.9 of Chapter 6 of this Tariff Order at page 182.

Issue No. 2: Reduction in Electricity Tariff
Power rates should be reduced in Punjab. PSPCL can do it very easily by discontinuing free electricity to farmers those who are having more than 5 Acres land.
Reply of PSPCL:
Free electricity to agriculture/farmers is provided by PSPCL as per decision of Govt. of Punjab and subsidy in lieu of this is provided by Govt. of Punjab. Further, the decision regarding discontinuation of free electricity to those having more than 5 acres land falls under the purview of State Government.
View of the Commission:
It is the prerogative of the Government to decide on subsidy issues. This in any case does not affect the tariff.

Issue No. 3: Detail of Sundry & Demand Charges in bills
There is no proper detail of sundry charges and other demand on the bill. It should be properly shown how electricity bill has been prepared.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 10 of objection No. 15 at page 282.
View of the Commission:
Revised billing formats have been approved,

Issue No. 4: Timely disposal of Disputes
There should be time bound disposal of cases by "Dispute Settlement Committee. Presently there is no time limit.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 2 of objection No. 15 at page 280.
View of the Commission:
PSPCL's reply be noted.

Issue No. 5: Enhancing Load limit for MS consumers
Presently medium consumers limit is below 100KW. It should be increased to 200 KW. For above 100 KW connections all consumers are required to install their own transformers & CTPT units in their premises. For medium scale entrepreneur's installation of instruments in their premises requires handsome funds in lakhs. Majority of such consumers do not have surplus funds with them.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 1 of objection No. 15 at page 280.
View of the Commission:
The objection does not relate to the present ARR.

Issue No. 6: Circulars on email to LS/MS consumers
We request you that PSPCL, should send all circulars by e-mail to all LS/MS consumers directly in addition to uploading on PSPCL website.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 13 of objection No. 15 at page 283.
View of the Commission:
The issue does not relate to the present ARR.

Issue No. 7: Industrial Status to Hotels
Amritsar's Holy & Historic City. In spite of giving industrial status to Tourism by Punjab government industrial power rates are yet not applicable for Hotel and Tourism establishment.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 8 of objection No. 15 at page 282.
View of the Commission:
The Commission notes the suggestion.

Issue No. 8: Reduction of Open Access Charges
Power rates for LS consumers who wish to purchase electricity through Power Grid should be reduced for healthy competition with other States.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 3 of objection No. 15 at page 281.
View of the Commission:
The rate of tariff for open access consumers are fixed by the Commission as per relevant PSERC

Regulation.

Issue No. 9: Withdrawl of HT rebate
PSPCL have withdrawn high tension to low tension conversion rebate at the rate of 10% for power consumed by all commercial consumers having connection above 100 KW with effect from last two years by issuing Recovery Notices in Amritsar whereas in all other cities this rebate is available to all LS/MS commercial consumers. Matter required an immediate needful action.
Reply of PSPCL:
As per Commercial Circular No.58/2016, Memo No.393/97 dated 30.05.2017 low tension conversion rebate @ 10% has been withdrawn for power consumed by all Commercial consumers having connection above 100KW. Accordingly, notices were served to all consumers for the recovery and only one consumer M/s Ethoria Developers Pvt. Ltd. (Mall of Amritsar) has filed petition against this in consumer Grievances Redressal Forum Ludhiana. These instructions have been implemented all over Punjab including Amritsar.
View of the Commission:
The issue does not relate to the present ARR.

Issue No. 10: Interaction with consumers
Request to have frequent interaction which can definitely prove fruitful for PSPCL as well as consumers.
Reply of PSPCL:
Frequent interactions with consumers are conducted by CE/DS of various zones from time to time.
View of the Commission:
Refer directive No. 6.7 at page 181.

Objection No. 18: Sh. Piyush Kapoor, General Secretary, Amritsar Hotel and Restaurant Association, Chamber No. 24, 3rd Floor, Nehru Complex, Lawrence Road, Amritsar.

Issue No. 1: Industrial Status to Hotels
Hotel Projects have been designated as Industry as per industrial policy 2009 but the concessions as per the industry norms are not being passed on to us.
Reply of PSPCL:
TOD rebate is admissible to NRS category consumers with Sanctioned Contract Demand exceeding 100 kVA. Further notification for allowing Industrial Tariff for Hotels is a policy matter which is to be decided by the GoP. Further as per SV.1.1 of Schedule of Tariff for Non Residential Supply (NRS) for FY 2018-19 issued by PSERC, Hotels/Motels shall be charged under NRS category. It is further intimated that determination of tariff for any category is prerogative of the Commission as per Electricity Act, 2003.
View of the Commission:
The Commission notes the objection.

Issue No. 2: Industrial Tariff rebates/benefits to Hotels
The benefit of electricity tariff as per industries is not being passed on to us.
Reply of PSPCL:
Refer to Reply No.1 above.
View of the Commission:
PSPCL’s reply be noted.

Issue No. 3: ToD rebates to Hotels
Night time rebate (ToD Consumption) is not being passed to us leading to loss for us.
Reply of PSPCL:
Refer to Reply No.1 above.
View of the Commission:
PSPCL’s reply be noted.

Issue No. 4: Fixed Charges to Hotels
We are being charged fixed charges which should not be charged, since we are paying already as per units consumed.

Reply of PSPCL:
The two-part tariff structure has been implemented by PSPCL as per the Tariff Order notified by the Commission.
View of the Commission:
The objector may note the response of PSPCL.

Objection No. 19: Sh. Narinder Bhamra, President, Fastener Manufacturers Association of India (Regd.), 8 Guru Nanak Market, Focal Point, Ludhiana.

Issue No. 1: Treating Billet Heater under General Category
Ludhiana Effluent Treatment Society engaged in treatment of effluent of Punjab Industry having around 1850 members and on behalf of Fastener Manufacturers Association of India (Regd.) request to allow using billet heaters used in forging process to avoid air pollution up to 1000 KW.
Reply of PSPCL:
The Commission has not imposed any restriction for use of billet heaters/ heating machines up to 1000 KW. It seems that objector want to request to consider billet heaters under General Industrial Category Tariff.
In this regard the reply is as under:
1. Billet Heaters and surface hardening machines are considered as power intensive industry because already induction furnaces are considered as power intensive industries by PSPCL. The working principle and operational behavior with respect to power supply and power quality parameters for billet heaters, surface hardening machines and induction furnaces are same. The impact of power quality parameters like voltage dip, voltage flickers, voltage & current waveform distortions, harmonics, capacity loss of utility distribution system, demand factor, energy loss in distribution system, etc. have same effect. Only the specific energy consumption for induction furnaces is slightly higher compared to billet heaters due to the change of state of material from solid to liquid and higher degree of melting temperature. The induction billet heaters, induction surface hardening machines, induction furnaces can be considered as non-linear load because these equipment's produce heavily distorted current waveforms that cause the distortion of voltage waveform which will also create voltage dips & voltage flicker in the system.
2. CC No. 28/2012 vide which all LS consumers where the induction Billet Heaters/Surface Hardening Machines are installed have been treated under PIU category w.e.f 01.01.2014 was issued in view of PSERC order dated 28.10.2013 in Petition No. 3 of 2012.
View of the Commission:
The Objector may note the response of PSPCL. Also Refer para 4.8 of the Tariff Order at page 135.

Objection No. 20: Sh. Madhu Pillai, Regional Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Dakshin Marg, Chandigarh-160 031.

Issue No. (A): Financial Indiscipline in PSPCL
PSPCL has submitted ARR to the tune of Rs.46624.15 Cr comprising of projected Net ARR for the FY2019-20 as Rs.34505.60 Cr and a revenue gap of Rs.12118.55 Cr including carrying cost of Rs.1144.20 Crore.
The revenue gap projected by PSPCL is increasing every year in ARR whereas generally surplus is being determined by the Commission. Further, PSPCL projections of ARR of the ensuing year and the final figures in ARR True Up for the same year after two years clearly indicates that either the figures are being inflated or extensive exercise taken up by PSERC for determining the revenue requirement and pegging of expenditure by PSERC has no consideration for PSPCL and they are incurring expenditure at their will. Moreover, this expenditure is being incurred by PSPCL by drawing interest bearing working capital loans from various sources and incurring finance charges on arranging loans. Perusal of the above figures speaks of the total financial indiscipline.
Reply of PSPCL:
The methodology adopted by PSPCL for True up of FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. It has been observed that during the year FY 2017-18 the main input costs relating to cost of purchase of power from outside sources, establishment cost etc has gone up and therefore has resulted in increase in revenue gaps. The Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.

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 MYT Regulations 2014.

Issue No. B 1: Financial Crisis of PSPCL due to Agriculture Sector
The power supplied to the agriculture sector has been growing consistently at very high rate due to increase in capacity of tube wells due to depletion of water table. Now with the lifting of ban on release of new connections for agriculture since last year, the consumption is further set to increase. Providing the power at the subsidized rate, which is far less than the actual cost of power (as high as Rs.9.61 per unit as per COS for 2019-20) is leading to serious financial crisis for the PSPCL and will ultimately seriously affect the interest of industrial consumers in the State, which are already reeling under recession.
It is imperative to cap the maximum amount of power year wise & approved by the commission that can be supplied to agriculture sector at the subsidized rate inclusive of additional connections projected in a year and the power supplied above that limit should be billed as per Cost of Supply for agriculture power as worked out in ARR.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 2 (ii) of objection No. 3 at page 246.
View of the Commission:
Subsidy is the Govt's prerogative.

Issue No. B 2: PSTCL Transmission Losses
PSTCL Transmission losses were being assumed as 2.5% on notional basis. PSTCL has now claimed Transmission Losses as 3.12% for the year 2017-18 (True Up) against 2.5% in the TO. Further as per RE 2018-19, the Transmission losses for H1 have been shown as 3.2% and for the total year 2018-19 as 2.8%. For 2019-20, the Projections are given as 2.7%.
The claim of PSTCL for 2018-19 seems to be wrong as it is a fact that power flow during H2 is very low compared with H1 of paddy season. Therefore, the losses in H2 are bound to be more than H1. Further, the month wise losses do not indicate any relation with the power flow which indicates that the meters may not be working properly and data might have been maintained from secondary sources.
The losses claimed by PSTCL are higher than the trajectory given by PSERC in the TO. When PSTCL is being allowed the Capital Investment as per its demand, the trajectory agreed to need to be followed and the losses be restricted to the approved trajectory only.
Accordingly, The Energy Balance of PSPCL needs to be trued up for 2017-18 and RE for 2018-19 as per the approved trajectory of Transmission & Distribution Losses.
Reply of PSPCL:
PSPCL has prepared the energy balance as per the transmission losses of 2.5% approved by the Commission in the Tariff Order. PSPCL has also mentioned in its petition that PSPCL believes that in actual the transmission losses are much higher than 2.5%. Further, the Commission may consider the appropriate Transmission Losses and accordingly approve the Energy Balance for the respective year.
View of the Commission:
Refer para no 2.3 of Chapter 2 and para 3.3 of Chapter 3 of the PSTCL Tariff Order.

Issue No. B 3: Interest on Short Term Loans for Working capital
The PSPCL has been admitting to raise short term loans to meet the revenue shortfall arising out of disallowances of ARR components, non-receipt of subsidy from the Government and delayed payments from consumers etc. It is submitted that interest on delayed receipt of subsidy is being loaded to the State Govt. while determining the subsidy amount in the tariff orders. Further, PSERC is allowing the carrying cost of difference in revenue and ARR amount including delay in recovery of revenue from consumers. For late payments by consumers, PSPCL is getting Late Payment Surcharge. Therefore, WC interest should be allowed on normative basis and after deducting the Advance Consumption Deposit (Security) parked with PSPCL as per Regulations and practice being followed by the Commission so far.
We also request that on the same lines, GPF fund parked with PSPCL by employees (Rs 1542.61 Cr ending 31.03.2017 and Rs 1363.80 Cr ending 31.3.18 as per Format 15(a) and being used by PSPCL to meet the working capital be also reduced from normative WC and interest on WC be reduced and only thereafter interest on GPF be allowed. Alternatively, PSPCL be asked to bear the interest on GPF amount from its internal accruals and claim by PSPCL in ARR need to be rejected.

Reply of PSPCL:
PSPCL is claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis. PSERC also allows interest on the subsidy due but not received from the State Government and recovered from Govt. of Punjab. So far as Advance Consumer Deposit (ACD) is concerned, it is mentioned that PSERC has already been deducting the ACD while calculating the working capital requirement. As such the interest burden of excess working capital loans is being borne by PSPCL.
Further, as per regulation 41(a) of Provident Fund Regulation 1960 "G.P Fund balances, after deducting final payments, permanent and temporary advances as admissible under these Regulations will be available for use by the Board in meeting its Capital Expenditure under the Plan." As such the objection of objector regarding reduction of GPF Balance for calculation of normative working capital and interest thereon is not justified.
Moreover, after unbundling of PSEB, GPF Trust has been established and GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. PSPCL is making monthly repayments towards its GPF liability which has been parked to PSPCL at the time of unbundling of PSEB.
View of the Commission:
Interest on short term loan for working capital is allowed in line with PSERC MYT regulations 2014 after prudence check on normative basis.

Issue No. B 4: Return on Equity
The Commission has approved 15.5% return on equity for 2012-13 to 2015-16 purportedly as per PSERC Regulations as per the FRP approved by GOP increasing the cost of assets by their revaluation and merging the Consumer Contribution, Subsidies and Grants with GOP equity leading to increase in the equity share capital of PSPCL from Rs. 2617.61Cr to Rs. 6081.43 Cr which has led to increase of ROE from Rs. 405.73 Cr to Rs. 942.62 Cr i.e. an increase of 232% in both the figures without any fresh investment or infusion of cash by GOP or PSPCL. This matter was challenged in APTEL and it has already directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013. Accordingly, we request the Commission to re determine ROE for all the years w.e.f. 2011-12 onwards and adjust the same in RE 2018-19 along with carrying cost to provide relief to consumers.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 3 of objection No. 3 at page 247.
View of the Commission:
ROE is being determined as per the PSERC Regulations.

Issue No. C: Detailed comments on the True up FY 2017-18:
1) The energy sale to Agriculture shown as 12256.64 MUs need to be revised after taking 30% consumption of Kandi feeders as per TO instead of 45% assumed by PSPCL.
2) The T&D loss figure of 13.68% need to be revised after revising the input energy from PSTCL and Agriculture Consumption as per Para above.
3) Based on the above, the incentive claimed for achieving T&D loss below the trajectory, need to be recalculated.
4) The sales have increase in true up whereas Revenue has come down. The revenue earned is almost 2000 Cr less though the sales have increased by about 1500 Mus. The Commission is requested to critically examine as it is evident that PSPCL is not coming out with correct figures in ARR.
5) In APR, power purchase of 42636.62 MUs was approved at delivered cost of Rs. 18031.42 Cr at Punjab Periphery which works out to an average rate of Rs. 4.23 per unit. However, the actual volume in true up has been indicated as 42786.91 MUs at a cost of Rs. 18777.44 Cr i.e. at an average rate of Rs 4.39 per unit. Thus, PSPCL has not been able to follow merit order dispatch and additional expenditure need to be disallowed.
6) Impairment Loss of Rs 151.74 Cr claimed are not admissible as per Regulation 49 of MYT Regulations as claimed by PSPCL for CWIP of SYL etc. as this is a investment (material is already lying with PSPCL) and cannot be considered as a bad debt.
7) In-spite of the rejection of PSPCL’s argument by PSERC on Late Payment Surcharge and Rebate for timely payment for power purchase in Non-tariff Income, PSPCL is repeating the same argument and deducting these items from the Non-tariff Income again and again. The claim needs to be rejected out-rightly and PSPCL be told to abide by the orders of PSERC in future.
8) DSM fund of Rs 10 Cr has been claimed in true up whereas there is NIIL expenditure on the

same as per Audited Statement. PSPCL has not subsidized the cost of LED lamps etc. which were sold at the actual sale price. Neither the year of Replacement of 16 No Submersible pumps nor the actual cost borne by PSPCL has been indicated. The claim needs to be disallowed.

9) Carrying cost of Rs 312.48 Cr for the years 2010-11 and 2011-12 has been claimed on the plea that GOP has not paid this amount in-spite of best efforts. GOP has given the argument that it has not gained from the delay in the notification of the opening balance sheet and consumers enjoyed the benefit. The plea of PSPCL and GOP is wrong as the delay in finalization of balance sheet was due to delay in providing accounts of PSEB by successor entities to GOP. GOP/successor entities enjoyed the benefit of additional ROE of about Rs 600 Cr per year from the back date without any infusion of cash flow which was loaded on to the consumers. Since the ROE is being retained by PSPCL and PSTCL, this may be borne by them and should not be passed on to the consumers.

Reply of PSPCL:

1) PSPCL has submitted a detailed explanation for considering the AP consumption for mixed feeders at 45% instead of 30% as considered by the Commission.
2) PSPCL prays that the Commission to kindly approve the T&D loss as submitted by PSPCL in the petition for True up for FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20.
3) Refer to the reply no.2 above.
4) The revenue assessed including other income and Government Subsidy by PSPCL in the true up for FY 2017-18 are audited figures. Further, PSPCL requests the Commission to approve the same.
5) The increase in Power Purchase Cost is on account of three IPP's i.e. NPL, TSPL and GVK. Washing and other related charges were allowed to NPL and TSPL. There was also increase in coal prices as per CIL price notification dated 08.01.2018 leading to increase of around 15% in Coal prices. Also, Evacuation Facility Charges of Rs. 50/Tonne have also been levied as per CIL notification dated 19.12.2017. Hence, it would be factually incorrect to say that PSPCL has not been able to follow merit order dispatch.
6) Refer reply of PSPCL given in Issue No. 13 of Objection No. 12 at page 275.
7) Refer reply of PSPCL given in Issue No. 15 of Objection No. 12 at page 275.
8) Refer reply of PSPCL given in Issue No. B (3) of Objection No. 4 at page 259.
9) The carrying cost of Rs. 312.48 Crore is justified considering the comments of Government of Punjab on the delay in the notification of the opening balance sheet. Since, the benefit was given to consumers, hence it is appropriate to consider the above mentioned carrying cost. It is requested to Commission that kindly allow the carrying cost of Rs. 312.48 Crore.

View of the Commission:

The Commission conducts prudence check before deciding the ARR Petition as per PSERC Tariff Regulations. Also refer Chapter 2 of Tariff Order.

Issue No. D: Comments on RE 2018-19

1) PSPCL has surrendered 11.72 MUs under UI and has also paid Rs. 9.65 Cr to the UI pool account which is indicative of mismanagement and inefficiency. This amount should be disallowed.
2) Late Payment Surcharge and TDS has been claimed at Sr. No 79 which needs to be disallowed as PSPCL is retaining Early Payment incentive and TDS is adjustable against overall liability of Tax.
3) Reactive Energy Charges of Rs 1.56 Cr have been paid to RE pool by PSPCL. The reactive energy is imported by PSPCL during Paddy season only and is due to the Heavy Agriculture load coming on the system. This needs to be recovered from agriculture sector by appropriately increasing their tariff. The Industry is maintaining the PF almost unity throughout the year and it rather generates MVARH by installing and maintaining costly equipment at its end and the Industry should not be penalized for this.
4) GOP subsidy for agriculture was worked out as Rs 6256.09 Cr for 12124.20 MUs for 2018-19 in the TO. However, in ARR for FY 2019-20, the figures are Rs 6256.09 Cr and 11762.92 MUs. This shows that PSPCL has assumed the sale rate of Rs 5.32/unit against PSERC approved tariff rate of Rs 5.16/unit.
5) GOP subsidy for LS consumers was worked out as Rs 1204.94 Cr for 13187.05 MUs (Rs 0.914/unit) for 2018-19 in the TO. However, in the ARR 2019-20, the figures are Rs 1310.01 Cr and 14221 MUs (Rs 0.921/unit). How the per unit rate has increased is not understandable. In fact, this should have reduced as at the time of issue of TO, the night rebate was considered as Rs 1.25/unit for the purpose of subsidy whereas in June, 2018, the subsidy amount for the night

rebate was reduced from Rs 1.25 to 0.72/unit.

Reply of PSPCL:

i) PSPCL never intends to purchase power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of system, because Punjab being a heavy power consuming State and load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer–domestic load variations. Most of them are dependent on weather. UI cost indicates net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole. In view of this the actual amount paid to UI pool account shall be considered.

ii) Due to non-availability of funds with PSPCL, late payment surcharge is paid which is beyond the control of PSPCL.

iii) Reactive Charges paid are not only towards the reactive energy requirement for Agriculture consumers but it is for system requirement and efficient operation of power system in State of Punjab. These charges are levied and paid in accordance with Indian Electricity Grid Code.

iv) The subsidy for AP category has been projected as approved by the Commission in the Tariff Order for FY 2018-19 however the sales are based on the actuals for H1 of FY 2018-19 and projections for H2 of FY 2018-19. PSPCL has projected the Subsidy as approved by the Commission in the Tariff Order for FY 2018-19. PSPCL has not considered any adjustment in subsidy amount on account of change in sales.

v) PSPCL would like to submit that the Commission would modify the subsidy as per the actual sales for H1 of FY 2018-19. PSPCL has worked out the subsidy for LS consumers based on the notification of Government of Punjab and revised estimated revenue from sale of power from LS consumers for FY 2018-19. The mere comparison of per unit rate would not be appropriate for consideration of subsidy.

View of the Commission:

The Commission conducts prudence check before deciding the ARR Petition as per PSERC Tariff Regulations. Also refer Chapter 3 of Tariff Order.

Issue No. E: Comments on APR 2019-20

1) Purchase of power from Unchahar, Dadri II, Jhajjar, Singrauli Small Hydro, Pargati Gas, may be reviewed keeping in view the VC of PSPCL thermal plants.

2) 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 thro’ bidding process, variation in imported coal prices and increasing gas prices.

3) Details of purchase of Renewable power reveal that PSPCL has signed 2 No PPAs for 15 MW each with M/S Sukhbir Agro Energy Ltd on dated 02.01.2018 at a sale rate of Rs 8.16 per unit. It is evident that these PPAs have been signed on Generic rate whereas GOI guidelines clearly provide that any procurement of Biomass power is to be done after inviting transparent discount based/reverse bids. PSPCL conducted Reverse Bidding for Jalkheri Project and the lowest bid for the biomass project was Rs. 5.74 per unit. This purchase at an increased rate of Rs 2.42 per unit (8.16-5.74) will increase the power procurement cost of the PSPCL and is against the interests of the consumers.

   The details also show that PSPCL has signed PPAs with SECI for purchase of wind power. It is a fact that wind power is infirm power and it will flow only during night hours of non paddy period of 8.5 months when PSPCL is heavily surplus of power. Though the sale rate is lower but since the night power is sure to be dumped at zero cost, the ultimate cost will be much higher. PSPCL cannot burden the consumers with such purchases.

   Setting up Biomass projects in Punjab particularly based on Rice Straw as fuel is the need of the hour. Setting up such projects will bring investments in Punjab, create employment, increase rural income, bring down losses of PSPCL and above all reduce pollution. It is therefore suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under Average Power Procurement Cost (APPC) regime only. This will make available NRSE power to PSPCL at cheaper rates and allow the developers to get RECs which they can sell in power exchanges. Alternatively, the power purchase can be made on APPC plus Floor price of REC.

Reply of PSPCL:

1) Cost of GGSSTP discovered on actual basis has been already submitted. In view of Grid

Security, Power from Jhajjar & Dadri 2, etc. has been scheduled by NRLDC on technical minimum basis & not by PSPCL.

2) PSPCL already has a practice to review surrender of power on monthly basis.

3) PEDA is the nodal agency for Renewable Energy projects and the PPA's have been signed on generic tariff determined by the Commission in Order dated 06.12.2016 in petition no.53 of 2016. With regard to the Jalkheri power plant, it is submitted that the Jalkheri power plant is the property of PSPCL. The reverse bidding was conducted since the capital cost of the project had reduced because there was no need to purchase land for the project. Thus, these PPAs were signed in a transparent process.

   Wind power is infirm power which is purchased for Non-Solar RPO compliance. The quantum of 350 MW of wind power purchased by PSPCL in the Generation mix of 6000 MW has insignificant effect on the grid. The PLF of Wind power is maximum during the summer season and is complementary to solar power due to more availability during night hours. As per data available, 70% wind power is available during May to September i.e. during paddy season.

   Further, PEDA is bidding for setting up biomass/Rice straw based projects in Punjab along with viability gap funding to arrive at a reasonable rate of power sale.

View of the Commission:

1) & 2) The objector may note the response of PSPCL.

3) Objector may note the response of PSPCL. With regard to objector's reference to the two PPAs signed by PSPCL with Sukhbir Agro Energy Ltd. at the tariff of Rs. 8.16/kWh for the 15 MW projects, these projects were allotted by PEDA against Request for Proposal (RFP) inviting bids for setting up 200 MW capacity of Rice Straw based Biomass Power Projects on Build, Own and Operate (BOO) basis against which only 30 MW was eligible for allotment. As per RFP, the tariff was to be determined by PSERC. Sukhbir Agro Energy Ltd. filed petition No. 53 of 2016 seeking approval of tariff @ Rs. 9.04/kWh for the said two projects. The Commission vide Order dated 06.12.2016 determined the tariff for the aforesaid projects and allowed the generic tariff of Rs. 8.16/kWh determined by the Commission for FY 2016-17.

Issue No. F: Comments as per Audited Statement for 2017-18 vis-à-vis True up 2017-18

1) The Statement of Profit & Loss for the year 2017-18 indicates Total Revenue Earned during the year as Rs. 29491.36 Cr where as in the ARR; the revenue earned is Rs. 28566.32 Crore. The revenue from Sale of Power has been shown as Rs 20277.97 Crore. in true up and 20394.15 Crore in Profit and Loss Statement.

   PSPCL has also indicated Other Income of Rs 808.86 Crore in the Audited Statement which has not been accounted for in True up whereas the assets used & man power employed & being provided for in the ARR is being used to earn this income. As such, this other income should also be accounted for in the True Up. PSPCL is booking 100% of all the expenses to the business of sale and purchase of power and this Other Income should also be accounted for in ARR.

2) PSPCL has reflected a loss of Rs 906.92 Crore during the year as per Profit & Loss Statement; whereas, the Return on Equity payable as per True Up account is Rs 942.62 Crore. This clearly shows that PSPCL is in debt trap and needs to improve its working in order to protect the interests of consumers.

3) PSPCL is yet to recover Rs 46.51 Crore for sale of power. Further, Rs 121.54 Crore is outstanding since long. While PSPCL is quick in claiming Prior Period Adjustments in ARR under Power Purchase Costs, these amounts are not being recovered and shall have to be written off ultimately and loss will be transferred to consumers.

4) The energy supplied to AP consumers for the year 2017-18 has been shown as 12253.78 MUs instead of 11857.41MUs pumped energy data as approved by PSERC. This needs to be reconciled subject to approval of Agriculture Consumption by PSERC.

5) An amount of Rs. 111.02 Crore is recoverable from HPSEB Ltd till 31/3/2018. Efforts made to recover this amount and current position is not available in the ARR. It is not clear whether the outstanding amount of Rs 5.38 Crore for the year ending 31/3/18 is included in Outside State Sales.

6) The interest on security deposits of consumers has been stated as Rs.116.23 Cr in the audited statement on the Security amount of Rs 2899.65 Crore as on 01.04.2017 instead of Rs 569.08 Cr for previous years and Rs 72.22 Cr for the year ending 31.03.2018. Thus, there is an understatement of Current liabilities by Rs 641.30Cr and needs to be reconciled.

7) This needs to be checked whether the amount of Rs 70 Crore received for connecting deras / dhanies to 24 hours UPS feeders has been reduced from the capital investment or not.

8) Impairment loss of Rs 492.59 Crore for assets of GNDTP Bathinda, Rs 55.49 Crore for CWIP of

GNDTP Bathinda and Rs 96.53 Crore for CWIP of SYL projects has been indicated in the audited statement. This has also been mentioned in Note No 50 of audited statement. The impairment loss of CWIP of SYL and CWIP of GNDTP Bathinda amounting to Rs 151.74 Crore has been claimed for 2017-18. However, no such provision for including such expenditure was made in earlier years, nor there is any provision in MYT regulations applicable for the period.

9) While PSPCL is quick to request for and get the increase in tariff under UDAY scheme as per MOU, it has failed to make recoveries of Rs 431.02 Crore outstanding against Govt. departments. PSERC should link the incentives and liabilities under UDAY scheme and incentive should be given after assessing the performance for liabilities.
10) Here also PSPCL has failed to get the waiver of unpaid overdue interest and penal interest and get refund of payments made on this account for the period 01.10.2013 to 30.09.2015 as per MOU of UDAY Scheme. PSPCL has been able to recover only Rs 8.37 lakh from UCO bank. PSERC should penalize the PSPCL equal to unclaimed amount since consumers were loaded with hefty tariff increases under UDAY Scheme.

Reply of PSPCL:

1) The revenue mentioned in the True up petition for FY 2017-18 has been filed as per the Regulations specified by the Commission. Further many parameters which have been mentioned in the ARR is on normative basis whereas the audited account figures for FY 2017-18 are based on actuals.
2) PSPCL has been working on reducing the losses and is working effectively to protect the interests of consumers. PSPCL submits that, in the past, the Commission had disallowed the legitimate expenses, which increased the financial burden on PSPCL. For meting these losses, PSPCL had to take short term loans, which further increased the interest cost.
3) The revenue is recognized on accrual basis. The outstanding trade debtor does not in any way effect the ARR. However, PSPCL is making best efforts to recover the outstanding dues.
4) The actual energy pumped for Agricultural consumers have been mentioned in the ARR however PSERC has projected the agricultural consumption. PSPCL requests to allow the agricultural consumption on the actual basis.
5) Outstanding amount has not been included in ARR, as revenue has been considered on accrual basis and the outstanding trade debtor does not affect the ARR. However, PSPCL is making best efforts to recover the outstanding dues.
6) Interest on consumer security deposit of Rs. 116.23 Crore has been provided on the balance outstanding as per control register of consumer security as on 31.03.2018. The same has been incorporated in format no.16 for incorporating in ARR.
7) The Grants received by company are accounted for as per provisions contained in lnd AS- 20 (Accounting for Government Grants and Disclosure of Government Assistance)
8) Impairment Loss has been provided for in compliance with lnd A5-36. Regarding earlier years it is intimated that in view of management there was no case of impairment of major assets as such no provision was made in earlier years (Refer note no.3.5 of annual accounts of FY 2016-17). The generating plants were set up for the benefit of the consumer and PSPCL has not claimed any expenditure which is unjustified.
9) PSPCL is taking all steps for recovery of its outstanding dues from the consumers including government departments. PSPCL has also launched a one time settlement policy for early liquidation of its outstanding dues.
10) PSPCL has time and again requested to the banks for refund of Penal interest charged by banks after 01/10/2013 as per MoU of UDAY scheme. It is pertinent to mention that PSPCL has also taken up the matter with the Ministry of Power, Govt. of India for facilitating such refund of penal interest charged by banks after 01/10/2013.

View of the Commission:

1) & 2) The Commission has determined the expenses in line with PSERC MYT regulations 2014.
3) It has no effect on ARR. However, PSPCL needs to take appropriate steps to recover the overdue receivables.
4) Refer para no 2.2.2 of the Tariff Order (Page 9 to 13).
5) It has no effect on ARR. However, PSPCL needs to take appropriate steps to recover the outstanding amount**.**
6) Refer to Directive No.5.17 of Chapter 5 of this Tariff Order at page 163.
7) Grants, if any, received are being reduced from loan requirement of PSPCL.
8) The Commission determines the expenses as per PSERC MYT regulations 2014.
9) It has no effect on ARR. However, PSPCL needs to take appropriate steps to recover the

outstanding amount.

10) The reply of PSPCL is self explanatory.

Issue No. G: Objector's Request to the Commission

1) Carry forwarded the rationalization of electricity tariff towards reduction of cross subsidy in a phased manner.
2) Move towards fixing tariffs on the basis of realistic category wise cost of supply principles as early as possible.
3) Reduce the electricity tariff of the subsidizing class of consumers as per the Act so that the GOP is not unduly burdened for providing subsidized power to industry.
4) PSPCL should be directed to:
   i) Amend pattern of submitting ARR by limiting the expenditure as per approvals and not on based on actuals with the same bunch of excuses for over expenditure.
   ii) Explain that why revenue not increased in spite of increase in sales projected.
   iii) Practice of submitting accounts duly audited by CAG with CAG audit report be strictly adhered to and for any delay, carrying costs be disallowed.
5) Peak Charges be abolished as PSPCL is not purchasing any costly power rather it is selling power during peak period.
6) More reforms and ease of doing business initiatives be introduced for industrial consumers.
   Continue with incentives for increase in consumption by consumers to reduce the idle capacity/surplus power.

View of the Commission:

The suggestions have been noted. The rate of tariff is determined by the Commission after prudence check of ARR Petition and as per PSERC Tariff Regulations. Further, the Commission has been addressing the issues raised by the customers within the ambit of the Act & the Regulations framed by the Commission.

Objection No. 21: Sh. Narinder Kumar Goel, (S S Jain Sabha Regd.), 180, Batta Bagh Colony, Circular Road, Nabha, Punjab.

Issue No. 1: Higher Charges for Low consumption

If we bill for 100 units monthly/200 unit bimonthly having 2kw load .The bill shows that the rate of 100unit is higher than bill of 200 unit of some load i.e. Rs. 7.20/unit in case of 100 unit and Rs. 6.60 in case of 200 units. This is due to levy of fixed charges with energy Charges (SOP) and ED/Infra. cess /Octroi is based on SOP + Fixed charges w.e.f. 1.1.2018. ED, Infra Cess, Octroi (2 Paisa unit to 2%of SOP+FC) must be based on consumption and not on fixed charges. It is the first time when two-part Tariff was applicable to DS/NRS consumer w.e.f. 1.1.2018 which increases the bills of consumer (125% to 150%) of low consumption consumer.

The present Government had promised to decrease the rate of electricity. But it is strange that the Govt./PSPCL besides the rate of electricity were increased as on 31.03.2017 have imposed fixed charges on load basis (besides SOP already levied) and rate of ED/Infra cess/Octroi were calculate on SoP + Fixed Charges which increased the rate of electricity.

Reply of PSPCL:

The Two Part Tariff has been implemented w.e.f. 01.01.2018 as per provisions of National Tariff Policy. Two-Part Tariff is introduced with the aim to provide electricity to consumers at lower rates. The implementation of Two Part Tariff will be beneficial for the promotion of industry and employment in the State as variable charges are kept lower than that of Single Part Tariff rates. In Two Part Tariff, the consumers who will consume more power as per their sanctioned load/contract demand will be beneficial because in such cases as the consumption rise, per unit electricity rate comes out to be low.

In Single Part Tariff Govt. levies i.e. ED & IDF etc. were levied on Sale of Power (SOP). The Commission, while converting the tariff from Single Part to Two Part (consisting of Fixed Charges and Energy Charges), lowered the energy charges to achieve tariff neutrality at average utilization factor for each category and included fixed charges to cover fixed Cost incurred by Corporation like cost of installations, Operation and Maintenance expenses, Employee cost etc.

As such ED is still being levied on SOP under Two Part Tariff (Fixed Charges + Energy Charges). Presently there are no octroi charges. Further ED, IDF, MT etc. are Govt. levies and rates are decided by Government of Punjab(GOP).

View of the Commission:

The Objector may note the response of PSPCL.

Objection No. 22: Sh. Adarsh Pal Singh, General Secretary, Focal Point Industries Association, D-106, INDL, Focal Point Patiala.

Issue No. 1:

(a) Waiver of MMC/Fixed Charges: Punjab Government had announced that electricity shall be provided to industries at Rs. 5.00 per unit net so that industries are revived in the state. But instead of decreasing the power cost, a two-part Tariff system was imposed on industries and as such MMC/Fixed Charges were levied over and above the actual consumption by the PSPCL.

On average, industries are getting electricity at rate of Rs. 10.00 per unit which is two times the promised electricity rate.

(b)Peak Load Charges: PSPCL boasts that Punjab is power surplus state, but from June 1, PSPCL has imposed Rs. 2 per unit extra on units consumed in evening time (18.00 Hrs. - 22.00 Hrs.) and the Rebate on consumption in Night hours (22.00 Hrs. - 6.00 Hrs.) was abolished, giving double jolt to struggling industries.

Reply of PSPCL:

As per GoP letter memo no. 7/71/2017-EB-2/1736 dated 18.04.2018 industrial consumers are being charged at subsidized variable charges of Rs. 5 per kVAh w.e.f. 01.01.2018 onwards. The SP Category consumers are paying only variable charges @ Rs. 4.99 per Unit and no fixed charges are being charged to them. The Government levies as notified by State Government are being charged in addition to the applicable charges.

The two-part Tariff has been implemented by the Commission w.e.f. 01.01.2018 as per provisions of National Tariff Policy. Two-part Tariff is introduced with the aim to provide electricity to consumers at lower rates. In Two-part Tariff, some portion of Fixed Cost incurred by Corporation like cost of installations, Operation and Maintenance expenses, Employee cost etc. are being recovered from consumers. The fixed charges are levied on 80% of the Sanctioned Load/Contract Demand or actual demand recorded during the billing cycle/month, whichever is higher. Fixed charges which are kept lower than the monthly minimum charges (MMC), are being recovered instead of monthly minimum charges (MMC). Moreover, keeping in view of the interest of small consumers, fixed charges rates are kept different as per their sanctioned load.

The Variable Energy Charges are being charged on the per unit actual consumption. Implementation of Two-Part Tariff will be beneficial for the promotion of Industry and employment in the State as variable charges have been kept lower than Single Part Tariff rates i.e. Variable charges which are applicable w.e.f 01.01.2018 is less than Single Part energy charges applicable w.e.f 01.04.2017 to 31.12.2017.

In Two Part Tariff, the consumers who will consume more power as per their sanction load/contract demand will be beneficial because in such cases as the consumption rise, per unit electricity rate comes out to be low. If sanctioned load/contract demand of consumer is excessively more than his requirement then he may reduce fixed charges charged in the electricity bill by reducing excess sanction load/contract demand.

TOD tariff has been designed in an effort to reduce demand/consumption of electricity during peak hours, increase demand/consumption during off peak hours and to flatten the peaks of load curve. Time of Day (ToD) tariff is a tariff structure in which different rates are applicable for use of electricity at different times of the day.

TOD surcharge is being levied on consumers for restricting the consumers to consume less power in peak time by levy of surcharge on the consumption during peak time. Further, the consumers are encouraged to use power during lean period by allowing rebate on consumption in night hours.

The restrictions on power supply during peak hours and rebate during off peak hours results in a flattening of the load curve and allows operation of the system within certain parameters in order to avoid cascade tripping. ToD charges of Rs. 2.00 per kVAh are applicable from 1 June to 30th September 2018 and rebate of Rs. 1.25 per kVAh is applicable from 1st April to 31 May 2018 and from 1st October to 31 March 2019. The ToD charges and rebate have been continued by the commission as in Tariff Order 2017-18 and rebate is not abolished as alleged by the objector.

View of the Commission:

a) The Objector may note the response of PSPCL.

b). No rebate has been abolished. ToD surcharge is applicable during peak hours (06:00 PM to 10:00 PM) from June to September and ToD rebate is allowed from 10:00 PM to 06:00 AM (next day) during the rest of the year.

Objection No. 23: Sh. Jaswant Singh ,President Cycle Trade Union, Kharbanda Complex, Gill Road, Miller Ganj, Ludhiana.

Issue No. 1: Inflated Data in ARR of PSPCL
Our association strongly opposes the inflated, enhanced, created and fabricated figures shown in the Public Notice.
Reply of PSPCL:
Refer reply of PSPCL given in issue no. 4 of Objection No. 3 at page 248.
View of the Commission:
The Commission does the prudence check of ARR petition before finalization of the tariff.

Issue No. 2: Audited Balance Sheets
Our association is willing to have the audited original balance sheets of PSPCL for FY 2016-17 and FY 2017-18 to check the in-depth truth and the irregularities of PSPCL.
Till the submission of the above said requirements, we resent any increase in Tariff as well as fixed charges along with any implementation with the retrospective effect in Tariff for all types of consumers of PSPCL.
Reply of PSPCL:
The audited balance sheet along with the ARR petition of PSPCL may be obtained from the office of PSPCL by payment of Rs. 500 or may be downloaded from the web site of PSPCL atwww.pspcl.in INFORMATION CENTER>ARR/TARIFF PETITIONS.
View of the Commission:
The objector may note the response of PSPCL.

Objection No. 24: PSEB Engineers Association (Regd.), 45, Ranjit Bagh, Near Modi Mandir, Passey Road, Patiala.

Issue No. 1: Computation of Capital cost of integrated coal mine and input price of coal.
During the tariff period 2014-19 of CERC, there were several instances of ISGS thermal stations having captive coal mines and receive coal supply exclusively from it. Particularly in the case of NTPC and Damodar Valley Corporation, the CERC was required to determine the tariff of these thermal stations having linked (captive coal mines). For determination of tariff the CERC was required to first determine the price at which the coal is supplied from the captive coal mine to the integrated thermal power station. The GCV is also required to be determined.
In view of this development the CERC has modified its tariff Regulations 2019-24 and introduced a specific Chapter-9, “Computation of Capital Cost of Integrated Mine and Input Price”. This may be adopted for determining the input of coal (and GCV) from the Pachhwara Coal Mine to the thermal power stations of Punjab.
Whereas, the CERC Regulations, Chapter-9 are based on the cost plus principle wherein the components of fixed charges such as capital cost, interest, depreciation, interest on working capital etc. are to be determined by CERC in the case of Pachhwara Coal Mine, the coal mine has been awarded through competitive bidding and it is quite possible/ likely that the coal rate as discovered through competitive bidding may be much lower or competitive as compared to the rate determined under cost plus principle.
It is suggested that PSPCL may be directed to file a petition before PSERC giving its proposal for determination of coal and GCV from Pachhwara coal mine. The proposal may contain the expected schedule of coal supply during 2019-20, 2020-21 (up to 2023-24), and the date of start of commercial operation of the coal mine. The commission may determine the parameters of fuel charges and energy rate of PSPCL thermal power stations on the basis of assumed of ad-hoc figures of coal and GCV which may be supplied by PSPCL with supporting data and information.
Reply of PSPCL:
It is submitted that:
1) The Hon'ble Supreme Court of India vide its Order dated 24.09.2014 cancelling coal block allocations including Pachhwara Central, also imposed penalty of Rs 295/- per MT of the coal extracted from the coal mines. Since PSPCL was in critical need of the allotment of the Pachhwara Central Coal Mine, therefore as a matter of abundant caution to become eligible for allotment of coal mine, PSPCL had deposited with the Ministry of Coal, Government of India Rs.391,46,36,262/- calculated at the rate of 26% of Rs 295/- per MT of the coal extracted up to 24.09.2014 from Pachhwara Central coal block.
2) Pachhwara Central coal mine was allotted to PSPCL by Ministry of Coal on 31.03.2015.

3) As per Allotment Agreement dated 26.03.2015, following payments have been made to MoC by PSPCL:
   a) Bank Guarantee (Performance Security) - Rs. 192,50,00,000 dated 24.04.15, further extended upto 23.10.2019.
   b) Upfront Amount (Rs. 70,59,92,059)
   c) Fixed Amount: Rs. 90,26,73,773.76 dated 31.12.15 {Mine Infra cost (Immovable) = 45,64,28,310.76 and Consents Cost = 44,62,45,463.00}
   d) EMTA has submitted claims amounting to Rs. 65 Crore with Ministry of Coal for Land cost, which is also payable by PSPCL when intimated to PSPCL by MoC.
4) The Mining Lease grant order has been issued for an area of 1019.44 Ha for a period 30 years vide letter No. 78/2015/578 dated 07.03.2019 by Director (Mines), Department of Industry, Mines and Geology, Govt. of Jharkhand. The office of Sub Registrar, Pakur has been requested to intimate the value of Stamp Duty and Registration fee required for the purpose of execution of Lease Deed. The tentative amount in this regard works out about Rs. 34 Crore.
5) PSPCL has to deposit pending Annual Commercial Lease Rent and Cess for the period from 2015-16 to 2018-19 amounting to Rs. 68,36,886/- in respect of Govt. land of Pachhwara Central coal mine as demanded by the office of DC Pakur after execution of Mining Lease of Pachhwara Central coal mine in the name of PSPCL. This Annual Commercial Lease Rent and Cess shall also have to be paid for the subsequent financial years after 2018-19.
6) As per the conditions of approved Mine Closure Plan of Pachhwara Central coal mine, an ESCROW Account bearing Account No. "016205005593" Account Title "PSPCL Mine Closure Escrow Account" has been opened with ICICI bank on 10.09.2018. The Escrow Account Agreement was signed amongst PSPCL, Coal controller's Organization (CCO) and ICICI Bank Limited on 29.10.2018. PSPCL has deposited an amount of Rs.3.2736 Crore on 20.11.2018 for FY 2018-19 in the ESCROW Account. Subsequent payments every financial year shall have to be made in the ESCROW Account as per the payments approved in the Mine Closure Plan.
7) PSPCL has signed Coal Mining Agreement on 11.09.2018 with DBL Pachhwara Central Coal Mining Pvt. Ltd. as Mine Developer-cum-Operator for Pachhwara Central coal mine. The Base Mining Charge is **Rs. 588/- per Tonne and** Base Transportation & Handling Charge is **Rs. 252/- per Tonne.** The Base Mining Charge and Base Transportation & Handling Charge are to be revised on every 1st April and 1st October as per the Price Index. The above price is exclusive of GST and other applicable taxes & duties.
8) All royalties, Reserve Price, statutory levies, Taxes, cesses and duties are payable on declared grade of the mine by the office of Coal Controller Kolkata, which has yet not been intimated by the office of Coal Controller to PSPCL after allotment of Pachhwara Central coal mine.
9) The weighted average GCV of coal received during 2014-15 at PSPCL thermal power stations from Pachhwara Central coal mine was 4597 Kcal/Kg (G10).
10) As per the provisions of Allotment Agreement, Reserve Price @Rs.100 per Tonne on the coal produced from the Pachhwara Central coal mine is also payable to Ministry of Coal.
11) The tentative Railway freight for transportation of coal from the Pakur Railway siding to the thermal power stations of PSPCL is Rs. 2765 per Tonne including GST @5%.
12) To comply with the provisions of Coal Mines Regulations and Act, statutory man power is also required to be posted at the Pachhwara Central coal mine for operation of the mine. So, vide Joint Secretary/Personnel Office Order No. 379/Cadre-I dated 18.06.2015, total 26 posts in 14 different categories have been created for operation and maintenance of Pachhwara Central coal mine. Further, PSPCL has to open its office at Pakur and depute its officers & officials for monitoring mining operations and day to day affairs with the MDO and concerned Central and state Govt. Departments.

    Further, it is pertinent to mention here that the above-mentioned information is tentative and exact position shall be known only after start of mining operations at the Pachhwara Central coal mine. Since PSPCL is in the process of execution of Mining Lease and getting other clearance & licenses for carrying out the mining operations, which are expected to be completed in the next 6 months, so following coal supply schedule is expected:

Financial Year	Production (Million Tonnes)
2019-20	3
2020-21 & onwards	7

Further, with regard to filing a petition before the Commission for determination of coal and GCV from Pachhwara coal mine, it is intimated that as per discussions held with CAO/TRF today in this matter, the operationalization of Pachhwara Central coal mine shall take some more time, as such further necessary action in this regard/filing of petition in PSERC shall be taken in due course of time before the operationalization of Pachhwara Central coal mine.

View of the Commission:

For computation of input coal cost for supply of coal from the integrated mine(s) allocated to generating companies, CERC has made provision for calculating input coal cost as per regulation 36(2) of its Tariff Regulations 2019 notified vide no. No.L-1/236/2018/CERC dated 07th March 2019 as under:

> "*Till the regulation for computation of input price of coal is notified, the generating company shall continue to adopt the notified price of Coal India Limited commensurate with the grade of the coal from the integrated mine. Provided that after notification of the regulation for input price of coal, the same shall be applicable from 1.4.2019 or the date of commercial operation of the integrated mine, whichever is later, and the difference between the input price of coal so decided and the input price of coal for quantity billed shall be adjusted in accordance with the regulations to be notified."*

CERC regulations on the subject are awaited.

Issue No. 2: O&M charges of PSPCL thermal stations as compared to CERC norms

The PSPCL ARR petition gives the O&M charges of thermal stations of Punjab as under(Rs. in Crore per year):

	GNDTP	GGSSTP	GHTP
Employee Cost	172.59	306.18	125.01
R&M Expenditure	12.99	51.57	44.00
A&G Expenses	3.76	7.48	4.58
Total	**189.34**	**365.23**	**173.59**

As per CERC norms of O&M, the annual O&M allowed for 210/250 MW units is Rs. 30.59 lakhs per MW per year. The O&M charges of Punjab thermal stations as determined under CERC norms is compared with the ARR figures of PSPCL as under:

Station	CERC Norm	PSPCL Figure
GNDTP (460 MW)	140.71	189.34
GGSTP (1260 MW)	385.43	365.23
GHTP (920 MW)	281.4	173.59

It may be seen that the O&M charges claimed by PSPCL(ARR) are substantially lower than the O&M charges permissible under CERC norms in case of GHTP Lehra Mohabbat while in the case of GGSSTP Ropar, the PSPCL figure is marginally lower than the allowed O&M expenses as per CERC norms.

Reply of PSPCL:

The O&M expenses allowed for 210/250 MW as per CERC norms is on normative basis whereas the O&M expenses claimed by PSPCL is on actual basis. The actual O&M expenses are much lower than O&M expenses as per CERC norms. Further, PSERC (Terms and conditions for the determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations,2014 first Amendment dated 3rd February 2016 specifies the following pertaining to amendment of Regulation-26:

Note 3: *O&M expenses shall be allowed on normative basis and shall not be trued up:*

Provided, if actual O&M expenses are less than 90% of the normative expenses, the Commission shall true up the O&M expenses during the Annual Performance Review for that year on actual basis.

From the above, it is noted that O&M expenses are allowed considering normative or actual whichever is lower. However, PSPCL has requested the Commission to allow O&M Expenses on actual basis for Control Period.

View of the Commission:

The Commission determines the O&M expenses in line with PSERC MYT Regulations 2014.

Issue No. 3 & 4:

Station Heat Rate:

The true up (actual figure) of SHR for 2017-18 is given in PSPCL petition as under:

Station	SHR(Actual)
GNTDP Bhatinda	2522.47
GGSSTP Ropar	2684.45
GHTP	2492.77

The SHR of GNDTP has been indicated as 2522.47 kcal/kWH which is much better than the norms allowed under CERC norms, which is 2750 for 110 MW units.

4.1 The fuel cost data is given by PSPCL in the petition is as under:

Station	Coal Cost
GNTDP Bhatinda	343.57 p/unit
GGSSTP Ropar	362.44 p/unit
GHTP	341.73 p/unit

4.2 As per these figures of PSPCL given in its ARR, the GNDTP has better station heat rate as compared to GGSSTP Ropar while the coal cost (issue rate for coal) is almost the same.

Station	Rs/MT
GNTDP Bhatinda	5014
GGSSTP Ropar	5130.27
GHTP	5051

Reply of PSPCL:

All the generating stations of PSPCL are striving hard to achieve the optimum operational parameters. GNDTP was not operational for full year in FY 2017-18. Hence, PSPCL sought the actual fuel cost for the same. Regarding GGSSTP and GHTP, the Station Heat Rate and Auxiliary consumption got deteriorated because of partial load operation. PSPCL has sought relaxation in Station Heat Rate and Auxiliary consumption in accordance with CERC grid Code amendment.

View of the Commission:

The Commission does the prudence check of ARR petition as per PSERC regulations.

Issue No. 5: Impact of coal supply from Pachhwara

5.1 It is expected that coal supply from Pachhwara coal mine will be resumed/ restored by mid-2019 which would give benefit to the Punjab thermal stations during the paddy season of 2019.

PSPCL may be directed to carry out an exercise to calculate the variable cost of generation from the Punjab thermal stations where the coal supply is from Pachhwara which would be critically important to Punjab for determining the merit order dispatch of Punjab thermal stations with respect to IPP stations and NTPC stations.

5.2 As per PSPCL petition, it is seen that pithead stations have variable charges which is around 130 paisa per unit or lower. The cost data of coal from Pachhwara coal mine would be required for determining the merit order of PSPCL thermal power stations.

Reply of PSPCL:

If PSPCL assume the landed cost of coal at Pachhwara coal at GHTP as Rs.4700/MT, the variable cost of generation at GHTP would be 318 paisa/unit. However, in the present Petition, the impact has not been considered. The same will be considered at time of Annual Performance Review of FY 2019-20 based on actual status.

View of the Commission:

The objector may note the response of PSPCL.

Issue No. 6: Capital expenditure

The capital expenditure for SP Kandi Project is Rs. 209 Crore whereas the revised estimate for 2018-19 has been indicated as Rs. 410 Crore. PSPCL may give details of the year-wise expenditure on construction of Shahpur Kandi Project and the target year for the completion of this project. The percentage sharing of capital cost between irrigation, power and flood control may also be indicated.

6.1 The capital expenditure for GGSSTP has been shown as 161.63 Crore for 2019-20 and the capital expenditure of 191.60 Crore has been shown for GHTP. PSPCL may give the details of works to be executed against these expenditure shown.

Reply of PSPCL:

The construction work of 206 MW Shahpur Kandi Project has been in progress since March 2013.

However, the ongoing construction work was stopped by J&K in its territory on 3rd August, 2014. Now, the interstate dispute has been resolved on 28.9.2018 and Govt. of Punjab has issued strict instructions to resume the stalled works of the project & to complete the project within 42 months from the zero date 01.11.18.
CWC & CEA have approved the revised estimated total cost of the project of Rs. 2715.70 Crore at Feb, 2018 price level. The cost apportionment between irrigation and Power component is 28.61 % and 71.39% respectively.
CE/SPKD, Shahpur Kandi vide his letters dated 18.10.2018, 25.10.2018 & 30.01.2019 has requested PSPCL to release funds to the tune of Rs.75 Cr immediately from PSPCL's own resources to pay the long pending bills of the contractors so that the stalled work can immediately be resumed by the contractors. In view thereof, BOD/PSPCL in its meeting held on 21.11.18 has resolved to release Rs. 75 Crore to CE/SPKID, WR Department Shahpur Kandi from own resources for resuming the construction work of 206 MW SKPP immediately. Rs 20 Cr has already been paid to CE/SPKD, WR Department, Shahpur Kandi on 15.01.2019 to comply with the BOD decision and to immediately resume the stalled work.
Further, CE/SKPD, WR department vide their letter dated 24.12.2018 has demanded funds to the tune of Rs.160.63 Cr and Rs.392.65 Crore for FY 2018-19 and FY 2019-20 respectively for civil works for the project against power component. As such the capex of Rs.200 Cr and Rs 410 Cr have been made for FY 2018-19 and FY 2019-20 respectively for the release of the above funds to WR department. Further, the year wise capital expenditure for the 206 MW Shahpur Kandi Power Project is as under:
FY 2017-18 Rs. 75.39 Crore
FY 201819 Rs. 200 Crore
FY 2019-20 Rs. 410 Crore
6.1 The capital expenditure for GGSSTP for FY 2019-20 includes the expenditure on installation and commissioning of FGD and expenditure for replacement of detection annunciation system at various location of GGSSTP. The Capital Expenditure shown for GHTP for FY 2019-20 includes expenditure of Rs. 100 Crore for installation of FGD for stage 1 & 2 and Rs. 85 Crore for installation of Solar Power Plant at GHTP lakes and roof top area of Plant & Colony Buildings.
View of the Commission:
The objector may note the response of PSPCL.

Objection No. 25:
1. Jasveer Kaur, Sarpanch cum Chairman, Gram Panchayat Water Sanitation Committee, #Village VariyamPura Block & District Fazilka.
2. Gurdip Singh Sarpanch, Gram Panchayat, Block Majitha Amritsar.
3. Pritpal Singh, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation, Village Sajuma, Sangrur.
4. Kulvir Kaur, SarpanchCum Chairman, Graham Panchayat Water Sanitation, Village Ramgarh Block Khanna, Ludhiana.
5. Leela Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation, Village Andawar Patti, Block Talwara, Hoshiarpur.
6. Sudesh Rani, Sarpanch, Graham Panchayat, Village Chakduje Wala.
7. Sinderpal Kaur, Graham Panchayat, Bathinda.
8. Sarishta Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Meelwan, Pathankot.
9. Veerpal Kaur, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Variyam Pura Block & District Fazilka.
10. Mahima Devi, Sarpanch Cum Chairman, Graham Panchayat Water Sanitation Committee, Village Sadaani, Block Talwara, Distt. Hoshiarpur.
11. Sarpanch, Gram Panchayat Kartoli, Block Hoshiarpur.
12. Parmajeet Kaur, Sarpanch Cum Chairman, Water and Sanitation Committee, Village Midumaan, Faridkot.

Issue No. 1: Proposal for Separate Tariff Category of Rural Water Supply Schemes
"It is proposed that while approving petition of PSPCL for revision of power tariff for the year 2019-20, the request of Department of water supply & sanitation may be considered sympathetically and a separate category for electric connections on public water works in rural areas should be created and all the rural water supply schemes (both DWSS and GP/GPWSC managed) should be placed under this category. Further, the power tariff for this category should be reduced and applied as per the

rates fixed by Maharashtra and other states of India or may be fixed at the same rate applicable to agricultural pump sets in the State of Punjab if not lower."

Reply of PSPCL:

The determination of tariff for any category is prerogative of the State Regulatory Commission (PSERC) as per Electricity Act, 2003.

Further, PSPCL is of the opinion that the water works department/Village Panchayats may seek subsidy from Government of Punjab(GoP) since the GoP is already providing various reliefs in the form of subsidies to various categories of consumers as per section 65 of Electricity Act 2003, which is reproduced below for ready reference:

Section 65. (Provision of subsidy by State Government):

"If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government: Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by State Commission shall be applicable from the date of issue of orders by the Commission in this regard."

View of the Commission:

Please refer to the Tariff Order.

Objection No. 26: Siel Chemical Complex, A Unit of Mawana Sugars Ltd, Charatrampur, Village Khadauli/Sardargarh, Post Box No. 52 Rajpura, Distt. Patiala, Punjab-140401.

Issue No. A (1): Curbing Additional Capital Expenditure

As per MYT Regulations, PSPCL and PSTCL are required to get the approval of additional Capital Expenditure over the approved Capital Investment Plan and Business Plan approved by the Commission. MYT Tariff Petitions are to be prepared by the utilities based on such approved plans. However, Capital Expenditure of Rs 1562.69 has been incurred in 2017-18 against approved plan of Rs 1310.67 Crore. Similarly, RE for Capital Expenditure for 2018-19 and Projections for 2019-20 have also been increased over the approved plans.

We request that this tendency of PSPCL to incur expenditure at their will without due approvals of the Commission and then coming up with actual figures in the ARR need to be curbed as this puts the Commission as well as Consumers in a very tricky situation.

Reply of PSPCL:

The increase in capital expenditure is due to increase in cost of Shahpur Kandi Hydel Project and due to increase in sub-transmission and distribution works.

The detailed explanation for increase in Capital Expenditure in Distribution and Transmission is given below:

Distribution:

Capital expenditure incurred on Normal Development Works is Rs. 743.56 Cr against Rs 200 Cr as approved by PSERC. This includes expenditure incurred on distribution strengthening schemes, release of new GSC/Industrial connection (which required for erection of poles, transformers, laying of cable conductor etc.) and augmentation /de-augmentation of 11 KV distribution transformers etc. Further, release of Tube-well connections has incurred expenditure of Rs 75.54 Cr against 20 Cr approved by PSERC.

Transmission:

The actual expenditure incurred is Rs 288.86 Cr against Rs 180 Cr as approved by PSERC. The expenditure incurred is on account of spillover works of previous years, deposit works of shifting 33/66 KV Lines, erection/dismantlement of 66 kV lines, construction of 66 KV bays, Circuit Breakers, Survey of 66 kV under-ground cable, Stubbing of Tower etc.

View of the Commission:

The Commission allows the Capital expenditure in-line with PSERC Regulations after prudence check.

Issue No. A (2): Projection of category wise Tariff in ARR Petition

Presently APR only projects the revenue requirement, revenue expected at current tariff and the resultant gap with carrying cost. PSPCL should also project in their ARR the prospective tariff for each category to meet the revenue gap and also work out the category wise cross subsidy levels on voltage wise COS and Average COS to fully understand the impact of the ARR.

Reply of PSPCL:

It has already submitted the Tariff Proposal to the Commission.

View of the Commission:

All the relevant documents have been uploaded on the website of the Commission.

Issue No. A (3): Variance in ARR, Review & True-up figures

The data being disclosed by PSPCL in ARR is being reduced every year. PSPCL comes up with actual expenditure during RE and True up widely varying from the approved figures of TO and requests for approval of excess expenditure in relaxation of Regulations but tries to retain the savings. voltage-based categorization of tariff, consumption of agriculture sector, road-map towards cross subsidy reduction etc are some of the suggestions.

Reply of PSPCL:

The suggestions received from the objectors are being analyzed by PSPCL and deliberations are being done on the suggestions received from various objectors.

View of the Commission:

The Commission notes the suggestion.

Issue No. A (4): Timely Meter Readings for Correct Peak Charges/Rebates

As per the Time of Day tariff, TOD peak charge is leviable for 4 months from 00.00 hours of 1st June to 24.00 hours of 30th Sept each year and for balance 8 months, the night rebate is admissible. The TOD is applicable on LS, MS, Bulk Supply & NRS consumers with CD exceeding 100 KVA which are 50,000 plus. However, it is not possible for the officers/staff responsible for meter reading to take the readings of all consumers on the specified time and date. With varying reading date, the consumer is made to suffer and Peak charges are claimed in excess and night rebate is curtailed. PSPCL needs to update the software so that the TOD peak charge is levied for 122 days in a financial year and Night rebate is given for 243 days.

Reply of PSPCL:

Refer PSPCL reply in issue No. 5, objection No. 5 at page 264.

View of the Commission:

Refer view of the Commission in issue No. 5, objection No. 5 at page 264.

Issue No. A (5): Threshold limit related Billing Disputes: Need to update software

Threshold limit is either not fixed in advance or calculated wrongly or reduced tariff is not applicable when due. This is giving rise to disputes of the billing and the consumer has to run after the Local/CBC officers for getting the bill corrected. PSPCL be directed to update the billing software to indicate the threshold limit for the year on the bill itself and automatic grant of rebate as soon as the consumer crosses the threshold limit.

Reply of PSPCL:

PSPCL has already submitted the revised bill Performa of all categories of consumers to the Commission for approval. Further, the benefit of the threshold consumption is being passed on to the consumer as and when the threshold limit is crossed.

View of the Commission:

The revised billing formats have been approved by the Commission.

Issue No. B (1): Cross Subsidy Level based on Voltage Wise Cost of Supply

In line with the directions of the Hon'ble APTEL, the Commission has worked out the cross subsidy w.r.t. cost of supply in the respective Tariff Orders. While cost of supply for 66 kV industrial category has reduced in 2018-19, the subsidy level has increased exponentially. This is not in line with the orders of Hon'ble APTEL. We, therefore request that the orders of APTEL may please be complied with in the MYT Tariff orders as well and cross subsidy levels based on cost of supply for 2019-20 should be kept below 3.71% determined by the Commission for 66KV industrial consumers in TO 2017-18.

Reply of PSPCL:

All the factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. falls within the purview of the Commission as per EA, 2003 and provisions of the PSERC Tariff Regulations and Acts. The cross-subsidization factor/cost of supply is always taken care of by the Commission. Further, as given in the Tariff policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ±20% of the average cost of supply. The Commission is already adhering to the statutory provisions and has been keeping the level of cross subsidy well below ±20%.

View of the Commission:

Refer the commission's view in issue No. 2 of objection No. 3 at page 246.

Issue No. B (2): Determination of Voltage wise Cost of Supply

a) It is submitted that Section 61(g) of the Electricity Act, 2003 mandates as follows:
"... The tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission; "

b) Hon'ble APTEL in its order dated 12.07.2012 directed PSERC/PSPCL to ensure completion of the exercise of determination of voltage-wise cost of supply by the end of November, 2012. Pursuant to these directions, a Voltage wise cost of supply study was got conducted by PSPCL from "The Energy and Resources Institute (T.E.R.I.)" and cost of supply was worked out detailing data considered/assumptions taken etc. for the years 2011-12 and 2012-13. Thereafter PSPCL and PSERC are working out the Cost of Supply every year on the same assumptions and data. The difference between tariff and cost of supply has increased in 2018-19 which may be kept in view while determining tariff for 66 KV PIU category for 2019-20.

c) The sudden fall and increase in the difference between cost of supply and net tariff is not understandable and point out to serious deficiencies/ distortions which must have crept in the assumptions being taken for calculation methodology. The Commission has acknowledged the increase in LS category sales and open access sourcing of power has become non viable which should have resulted in appreciable reduction of cost of supply. As such we request for re-fixing the assumptions for determination of COS on realistic basis by a Consultant.

Reply of PSPCL:

(a) & (b) The determination of tariff, rebate or surcharge to any category, slab and category wise tariff rates, cost of supply, cross subsidy etc falls within the purview of the Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Acts.

(c) It has been transparent in filing the petition for the True up for FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20. In the present Petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2017-18, actual figures for the first half of FY 2018-19 as available at the time of filing of the petition. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition itself and is in line with the regulatory principles set by the Commission and provisions of the PSERC MYT Regulations, 2014. Further, the Commission fixes the Cost of Supply after thorough scrutiny of the petition filed by PSPCL.

View of the Commission:

The Commission decided on this methodology after a lot of consideration. As and when complete details of assets at each level are available, this will be re-examined.

Issue No. B (3):

True up of previous Years

PSPCL has submitted true up of 2017-18 without the report of cost auditor and CAG report. The delay in compiling the data of previous years and getting the same audited on time for true up is delaying the finalization of revenue gap and resultantly proving disastrous for the consumers. The Regulations/ Electricity Act 2003 do not permit such laxity.

It is evident that these reports are delayed to deprive the stake holders to access these documents while preparing comments on ARR. The time lines are clear and PSPCL submits the ARR on due date on incomplete data and later submits the data through Reply to Deficiencies and even subsequently through submissions but the same are never displayed on its web site. As a 100% GOP owned Company funded through public money and contributions of consumers, PSPCL is bound to make available its Annual Financial Statements on its web site which it is not doing.

As such PSERC may initiate action against the utility for wilful and continuous violation of regulations and the Act and also disallow the carrying cost of gap if any for the delay as and when the true up is submitted as per MYT Regulations.

Reply of PSPCL:

True up exercise without submitting Annual Audited Accounts cannot be performed at all by PSERC. The PSPCL has submitted its Annual Audited Accounts report along with the ARR and PSPCL has made available the audited accounts for FY 2017-18 on its website. Further, the report of CAG has also been made available to the Commission vide memo no.540 dated 22/03/2019.

View of the Commission:
PSPCL has submitted its audited annual accounts of FY 2017-18 and CAG report.

Issue No. C (1): Revenue Gap
ARR applications submitted by the PSPCL for the year post FRP indicate steep rise in the total revenue requirement. The Difference between Net Revenue Requirement presented by PSPCL in ARR is escalated to claim higher tariff and in the end during true up, the requirement comes down by about Rs 4000 Crore. The escalation which was 10.61% in 2010-11 has escalated to 13.84% in 2016-17.
If the Revenue gap and carrying cost is also considered, the escalation in ARR will be much more. The total revenue gap projected in ARR of 2010-11 indicated as 1433.91 has reached alarming level of Rs 12118.55 Cr ending 2019-20 indicating PSPCL to be in debt trap. The abnormal rise in projected requirements seems to be artificially escalated to get very hefty tariff escalations and needs careful consideration by the Commission so that consumers are not burdened with undue tariff increase.
Reply of PSPCL:
PSPCL is transparent in filing the petition for the True up for FY 2017-18, APR for FY 2018-19 and RE for FY 2019-20 and filed a detailed and well elaborated petition. In the present Petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2017-18, actual figures for the first half of FY 2018-19 as available at the time of filing of the petition. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition itself and is in line with the regulatory principles set by the Commission and provisions of the PSERC MYT Regulations, 2014. It has been observed that during FY 2017-18, the main input costs relating to cost of purchase of power from outside sources, establishment cost etc. has gone up, therefore, it has resulted in an increase in revenue gaps. The Commission scrutinizes the Petition filed by PSPCL and follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. Further, the determination of tariff is the prerogative of the Commission and the Commission may take an appropriate view on the submission made by the Objector regarding tariff related issues.
View of the Commission:
The revenue gap is determined by the Commission on the basis of income and expenditure of PSPCL after prudence check.

Issue No. C (2): Cross Subsidy
The AP-tariff rates are required to be fixed in line with the National Tariff Policy that envisages that the rates for subsidized categories should not be less than 80% of average cost of supply. In addition to 20%burden, the consumers are also bearing additional burden varying from 7 paisa to 20 paisa which has been transferred to industry by & large for power supplied to Agriculture sector. It is requested to keep the directives of the National Tariff Policy in view for the year 2017-18.
Reply of PSPCL:
The tariff and level of cross subsidy is determined by the Commission. As per Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ±20% of the average cost of supply. Hence in light of the same it is requested that while determining the tariff in conjunction with the cross-subsidy factor, the Commission must also take into consideration the interests of PSPCL.
View of the Commission:
The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the Commission mandate gradual reduction of the cross-subsidy to the level of ± 20 % of the average cost of supply. The above provisions are being met while determining tariff.

Issue No. C (3): Capping Agricultural Consumption
The power supplied to agriculture sector has been growing consistently at very high rate due to release of new connections, unpredictable rains and depletion of water table. Supplying power to agriculture sector at the subsidized rate, at far less than the actual cost of supply is leading to serious distortions for the PSPCL and seriously affecting the interest of industrial consumers, which are already reeling under recession. Therefore, while adequate rise in agriculture tariff is the need of the hour, it is also imperative to cap the maximum amount of power year wise & approved by the

commission that can be supplied to agriculture sector at subsidized rate inclusive of additional connections projected in a year and power supplied above that limit should be billed as COS for agriculture worked out in TO.

Reply of PSPCL:

Supply to agriculture tube wells is free as per policy of the Government and capping of the same is at the discretion of the Government of Punjab. Moreover, supply to AP consumers is limited only up to 8 hours that too during the months of June to September for paddy cultivation. As far as supply of power to agriculture category of consumers at cost of supply rate is concerned, the said issue is under the prerogative of the Commission. PSPCL would comply with the directions of the Commission. PSPCL requests the Commission to allow it to recover the legitimate cost of PSPCL claimed in the Petition.

View of the Commission:

It is the prerogative of the Govt. to decide on the subsidy.

Issue No. C (4): Approval of Expenditure, Re-Classification of Consumer Categories & Cross Subsidies

Every year, PSPCL comes up with actual expenditure during RE and True up and requests for approval irrespective of laid down regulations and defined caps/ approvals. Suggestions like reclassification of categories of consumers, restrictions on release of connections to and justification of consumption of agriculture sector, road-map towards cross subsidy reduction and voltage-based categorization of tariff are some of the suggestions which are imperative and convincing, but still ignored.

Reply of PSPCL:

The issues raised by the objector i.e. re-classification of categories of consumers, reduction of cross subsidy etc. falls within the purview of the Commission.

View of the Commission:

The Commission has noted the suggestions of objector.

Issue No. C (5): Projection of Category wise tariff

ARR only projects the revenue requirement, revenue expected at current tariff and the resultant gap with carrying cost. 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:

Refer reply of PSPCL in issue No. C2 above at page 304.

View of the Commission:

Refer view of the Commission in issue No. C2 above at page 304.

Issue No. C (6): Voltage wise cost of supply

It is also submitted that T&D losses for those receiving supply at 66 KV as per open access regulations is 4.28% for 2018-19. PSTCL claims to have commissioned the Boundary Metering system and have worked out the average transmission losses of 3.12% for True Up of 2017-18 and 3.2% for HI of 2018-19 against 2.5% approved by the Commission for 2017-18 and 2018-19 and now PSTCL has requested for approval of 2.8% loss level for 2018-19, Total T&D losses proposed in ARR of PSPCL are 14% for 2018-19. Distribution losses as per ARR 2019-20 for 66-33-11-0.415 KV by PSPCL for the year 2018-19 work out as 11.52% With distribution loss of 11.52%, T&D losses for 66 KV consumers work out as ((11.52 X 15%)+2.8=) 4.52%.

However, the rebate being given to consumers connected at 66/33 KV is only 25 paisa per unit. Thus, the EHT consumers are not getting adequate incentive on account of heavy investment made on creating and maintaining EHT facilities by the consumer and the resultant reduction in T&D losses accruing to PSPCL. It is therefore submitted that

a) 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 OR
b) adequate voltage rebate be given commensurate with cost of supply worked out till implementation of such tariff, OR
c) the voltage rebate be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage. Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate pr 66 KV consumers should also be 10%.

Reply of PSPCL:
(a, b & c): Refer reply of PSPCL in issue No. 7 (i) of objection No. 5 at page 265.
View of the Commission:
The Commission notes the suggestion.

Issue No. C (7): Disallowance of expenditure claimed again
The expenditure already denied by the Commission in the previous tariff orders should not have been included in the ARR but 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 the denied expenditure. The PSPCL has approached even APTEL on some of these issues but their arguments have been rejected. PSPCL has again filed appeal in APTEL challenging each and every disallowance in TO 2017-18 under MYT Regulations. Consumers neither have financial resources nor understanding to contest the appeal. Therefore, the Commission is requested to contest the claim of PSPCL to full extent.
The licensee is not bothered to adhere to the approved expenditure and/or follow the already notified regulations upheld time and again by even the APTEL in the appeals filed by PSPCL itself. PSPCL may be directed to prepare their ARR accordingly and if PSPCL still continues the same, punitive action like disallowance of the Legal Expenses of advocates engaged for frivolous appeals and petitions be taken against PSPCL besides penalties under Section 142 of the Act.
Reply of PSPCL:
Refer reply of PSPCL in issue No. 5 of objection No. 3 at page 248.
View of the Commission:
The Commission determines the ARR in-line with the PSERC Regulations after considering APTEL Orders.

Issue No. C (8): Inflated ARR
The ARR for 2019-20 now submitted indicate Net Revenue Requirement of 34505.60 Cr for the year 2019-20. Thus, the ARR of Rs 16612 Crore in 2010-11 when PSPCL was formed has also escalated to Rs 34506 Crore in 2019-20 indicating an increase of 208% over Nine years. The total requirement trued up for 2010-11 plus Gap as (14849.23+1433.91= 16283.14 Crore) has now been projected as (34505.60+12118.55=Rs 46624.15 Crore), indicating a rise of 286% over nine years. The abnormal rise in projected requirements seems to be artificially escalated to get very hefty tariff escalations and needs careful consideration by the Commission so that all consumers are not burdened with undue tariff increase.
Reply of PSPCL:
Refer to PSPCL reply in issue No. C(1) above at page 304.
View of the Commission:
Refer view of the Commission in issue No. C(1) above at page 304.

Issue No. D (1): Cross Subsidy:
i) As per Electricity Act, 2003, the cross subsidies have to be progressively reduced. The same provision has been made in the National Tariff Policy also, Central government has advised State Regulatory Commissions to fix time frame for eliminating cross subsidy and declare the trajectory upfront. APTEL is also issuing orders for declaring such trajectories. The Objector requests the Commission to declare the trajectory in the Tariff Order for 2019-20.
ii) There are only two categories of consumers which are being cross subsidized i.e. AP (to the extent of (-) 18.03%) and lowest slab of domestic category to the extent of (-) 1.25%) and in real sense the subsidy of both the categories has not been reduced in tariff orders issued by the Commission in last 3-4 years, which is in contradiction to the provisions of the Electricity Act, 2003.
The concept of gradual elimination of cross subsidy of agriculture sector has been badly ignored by the Commission while issuing tariff orders so far, which is mandatory as per law. It is, requested that the cross subsidy should be got eliminated in phased manner and a road map may kindly be got drawn by PSERC.

Reply of PSPCL:
i) Refer to the reply of PSPCL in issue No. B(1) above at page 302.
ii) Refer to reply of PSPCL in issue No. 7 (i) of Objection No. 5 at page 264.

View of the Commission:
The Commission has always endeavored to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy. Further, Tariff Policy and Tariff Regulations notified by the

Commission mandate gradual reduction of the cross-subsidy to the level of ± 20 % of the average cost of supply. The above provisions are being met while determining tariff.

Issue No. D (2): Agricultural Consumption:

AP Category of consumers get cross subsidized by the industrial consumers. But, consumption of AP consumers earlier is increasing exceptionally year by year has suddenly started showing decreasing trends. It has been observed that:

i) AP consumption being estimated based on sample meters/grid meters was not correct and being inflated. Probably this is the reason that PSPCL is not ensuring 100% metering of agriculture consumers as per Act 2003 and not complying with repeated directives of PSERC in this regard. This compelled PSERC to estimate the Agriculture Consumption based on Pumped Energy. Thus, the increasing trend of agriculture consumption has been arrested and actual consumption has fallen steeply in audited/actual.

ii) The arguments given by PSPCL in the ARR for allowing higher consumption for Kandi Area feeders are not at all convincing. PSPCL has repeatedly stated that lower AP consumption will result in higher T&D Losses thereby proving that unmetered agriculture sector was being used by PSPCL to inflate AP consumption and lowering T&D Losses.

iii) It is also seen that PSERC has disallowed a portion of Pumped Energy of PSPCL for 2014-15 to 2016-17 as per Suo Motu Petition No 42 of 2016. However, no such exercise was undertaken in 2017-18 and 2018-19 due to which PSPCL has again inflated the figures of 2018-19. PSERC is requested to undertake such exercise again to stop inflating the agriculture consumption by PSPCL.

iv) PSPCL has stated that it has started segregation of Mixed Kandi feeders into Pure AP and Urban Supply feeders and exercise is likely to be completed soon. However, no time span has been defined in the ARR. Further no progress regarding segregation is available.

v) The argument for considering 45% energy of Kandi feeders towards agriculture is not at all convincing and has already been rejected during previous Tariff Orders but being repeated again. We request PSERC to continue with 30% figure.

Reply of PSPCL:

i) The inferences drawn as per data submitted are incorrect; the difference between projection and finally approved (MU) does not represent the consumption that has actually occurred for AP.

ii) The segregation of Agriculture feeders for Kandi area is under progress and is likely to be completed in near future. PSPCL has calculated the AP consumption of Kandi area mixed feeders as 45% of the total consumption as against 30% as considered by the Commission on account of the following:

There are around 285 Kandi area Feeders in Ropar, Mohali, Hoshiarpur, Nawanshahr, Gurdaspur circles feeding both AP and other loads. In order to determine the share of pumped energy towards AP unmetered consumers, the Commission has assumed that %age usage of energy by AP consumers and Non-AP consumers will be proportion to their load as AP unmetered consumers load was found to be around 30% by the commission. In this regard, PSPCL submits that share of load is not an indicator for share of energy consumed by a particular category of consumer. For example, in Garhshankar division, 70% area is plain and paddy i.e., being cultivated. Since, power to Kandi feeders is available 24x7 and AP motors are of high capacity because of higher depth of water level, AP consumption is bound to be higher than normal level. Further, even though AP consumers have not been metered, but the other category of consumers have been metered. Hence, share of AP energy can be deducted by reducing the amount of energy billed to metered consumers from the total pumped energy after accounting of losses of feeder. If the approach suggested by Hon'ble Commission is continued, this would continue to result in under billing to AP consumers and further would add into commercial losses for PSPCL."

iii) The issue is addressed to the Commission and PSPCL has no comments to offer.

iv) PSPCL is working to segregate the mixed kandi feeders into pure AP and Urban Supply feeders and the exercise is likely to be completed in the near future.

v) Refer to reply D 2(ii) above.

View of the Commission:

The Commission does the prudence check as per PSERC Regulations. Also refer para No. 2.2.2 of Chapter 2 of the Tariff Order (Page 9 to 13).

Issue No. D (3): Interest Cost:

PSPCL is increasing the burden of loans every year. The total loans including working capital loans which were 14649.80 Cr on 1.04.2010 have been projected as 31842.75 Cr on 31-3-2019. This clearly shows gross financial indiscipline in PSPCL. This tendency has to be curbed by the Commission firmly and PSPCL be asked to freeze the loans and seek prior approval for any additional loan which should be sanctioned only after studying its pay back benefits.

i) **Interest on Short Term Loans and Working Capital Loans**

PSPCL has admitted to raise short term loans to meet the revenue shortfall arising out of various factors viz. Non/late receipt of subsidy from the Government, delayed payments by consumers and disallowances etc., Under MYT Regulations, most expenses are allowed on normative basis and thus there are no disapprovals. PSERC is allowing carrying costs of delayed payments of subsidy and PSPCL is getting Late Payment Surcharge from consumers for delayed payments. The mismatch between the ARR approved by the Commission in the Tariff Order and actual expenses incurred by the PSPCL should be met through internal accruals and ROE being retained by PSPCL.

PSPCL has converted most of short-term loans into Long term loans under UDAY. PSPCL is again availing short term loans for meeting expenditure which tendency is evident from Format 15 of APR showing Interest charges for Working Capital as Rs 646.28 Cr for 2017-18 and Rs 713.15 Cr for 2019-20 showing an increase of 10.34%. This, tendency needs to be curbed or PSPCL will again start loading consumers with interest costs.

It is also stated that PSPCL has also claimed interest of Rs 113.12 Cr on GPF amount deposited by employees for 2017-18, Rs 93.10 Cr for 2018-19 and Rs 72.67 Cr for 2019-20. This amount just like Consumer Security deposit has also been used by PSPCL to meet the working capital and as such the factual WC being utilized by PSPCL is much more than being reflected here.

ii) **Over estimation of loan requirement for capital expenditure/Investment Plan**

Though the efforts to upgrade the system through new/capital investments are praiseworthy, still expenditure submitted for approval and actuals submitted in true up for Capital works show wide difference as usual.

For 2017-18, PSPCL had projected capital expenditure of Rs 2774.69 Crore against which PSERC, has approved 1310.67 Crore. PSPCL revised the figure to Rs 1468.92 Crore in RE and Rs. 1562.69 Crore in true up.

This practice unnecessarily inflates the ARR and PSPCL recovers the interest charges on the inflated amount from consumers upfront whereas liability actually incurred by PSPCL is much less. Therefore, we submit to the Commission to look into the investment projections given by the PSPCL for a realistic assessment and accordingly approve interest cost for capital works for the APR and RE.

Apart from this, our views on other investments plans are as under:

a) Capital expenditure for GGSTP Ropar proposed as Rs 161.63 Cr for 2019-20 need to be reviewed in view of only 4 units being operational.
b) Expenditure on Transmission and Distribution loss reduction and DDUJY need to be checked critically as PSPCL has already achieved 13.68% loss level in 2017-18 and further reduction will require heavy investment with relatively less cost benefit.
c) PSPCL incurred only Rs 14.81 Cr for shifting of meters outside in 2017-18 and Rs 0.08 Cr in H1 of 2018-19. The proposal for 47.92 Cr for H2 of 2018-19 and Rs 50 Cr for 2019-20 is overstated compared with actual.
d) Expenditure of Rs 15 Cr in H2 of 2018-19 and Rs 53.08 Cr for IT in DS offices is an overstatement in view of actual of only 0.07 Cr in 2017-18 and NIL in H1 of 2018-19.
e) Other expenditure claimed in H2 of 2018-19 needs to be critically checked for actual already incurred till date.

Reply of PSPCL:

PSPCL avails the working capital loans to meet with its working capital requirement due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to cash losses of PSPCL and also avails the long-term loans to meet its requirement of funding the Generation and Distribution projects against the approved annual plans. If PSPCL's long term loans have been increased over the years, the fixed assets of the corporation have also increased in the same proportion.

i) The Commission allows interest on working capital loans on normative basis. Further, the Commission also allows interest on the subsidy due but not received from State Government and recovered from Govt. of Punjab. As such, the interest burden on excess working capital loans is being borne by PSPCL and is not being passed on to the consumers. Moreover, PSPCL raises the Working Capital Loans for meeting its day to day expenditure towards purchase of power, fuel cost etc. By adopting UDAY Scheme, PSPCL can raise working capital loans up to 25% of the previous year revenue and PSPCL has restricted its working capital loans up to 25% of previous year revenue.

   After unbundling of PSEB, GPF Trust has been established and GPF subscription of employees is being transferred to the Trust by PSPCL on monthly basis. PSPCL is making monthly repayments towards its GPF liability which has been parked with PSPCL at the time of unbundling of PSEB.

ii) a) The expenditure proposed during FY 2019-20 for GGSSTP Ropar is justified on the ground that the scheme will improve the system which has become obsolete and the frequent breakdown of GGSSTP Ropar has been affecting the performance of the plant. Further, expenditure has been proposed for carrying out the feasibility study for installation of FGD. Installation of FGD has been made mandatory on the units of GGSSTP Ropar by December 2018. Hence, it is requested to the Commission to kindly approve the capital expenditure for GGSSTP Ropar as submitted.

b) The funds are necessary due to the spillage of various works during previous years.

c) PSPCL has proposed the expenditure during FY 2018-19 and FY 2019-20 keeping in view the pending 4.82 lakh meters which are to be shifted outside from the consumer's premises.

d) The funds for IT works are necessary due to spillage of works during previous years. Execution of works during previous years was at a slow pace due to the non-availability of shut down because of elections, summer paddy seasons etc. In some cases work had been delayed due to Right of Way (RoW) problem and non-availability of materials.

e) Refer to reply (a to d) above

View of the Commission:

i) The Commission determines the interest of working capital in-line with PSERC MYT Regulations, 2014.

ii) The Commission allows the Capital expenditure in-line with PSERC Regulations after prudence check.

Issue No. D (4): Power Purchase Cost:

i) One of the main reasons of increase in expenses in ARR of PSPCL is power proposed to be surrendered on merit order principle due to commissioning of new IPP stations of Talwandi Sabo, Rajpura and Goindwal sahib in Punjab and PPAs executed with Interstate Generating Stations which are being commissioned now. This will only save the energy/variable part of tariff but PSPCL has to bear the capacity/fixed charges for such non purchase of power. A directive was given to PSPCL in TO 2013-14 to direct PSPCL to review all the PPAs and surrender costly powers in view of commissioning of IPPs in the state. However, the Directive was dropped in TO 2018-19.

Thus, there is no solution with PSPCL for this excess power and there is no other initiative since it is well known to PSPCL that consumers will continue to bear the capacity charges for idle capacity. On the directions of PSERC, PSPCL was to spell out its strategy for surplus power. PSPCL has submitted the same but this again is an eye wash. As market conditions are favorable/sale rate on Power exchange is viable, power has been sold in market but it may not be so next year. Thus, PSPCL has to come out with strategy to increase consumption by existing / prospective consumers of Punjab and facilitating environment has to be provided by GOP/PSPCL/PSERC. PSPCL should change its mind set to encourage increase in consumption by the industry and other consumers.

Billing errors are prevailing on large scale and industry has to run from pillar to post to get the errors rectified.

Facility of pre-paid meters is not being made available since PSPCL will have to refund the security amount of the consumers. Remote reading of LS consumers under SAP has been introduced but display units are not being provided to consumers. The bills issued by CBC and bills placed on web site differ widely. Software update for revised tariff is delayed and in the meanwhile consumer suffers. Threshold limit is not displayed on bills in advance. Peak TOD charge is levied for more than 122 days and night rebate is given for less than 243 days. Fixed charges are being levied for 12 months plus five days. OA power surrendered under UI in case of non-availability of ABT meter download data is being assumed as high as 20% instead of average surrender. Such reform measures should not be left at the mercy of PSPCL and time bound action needs to be ensured as it will encourage consumers to plan their consumption in an efficient manner.

ii) The Commission has not allowed any short-term purchase during Paddy 2018 sought by PSPCL vide Petition No 12 of 2018 since PSPCL had sufficient power to meet the paddy demand. Still, PSPCL has made short term power purchase through Traders of 764.84 MUs costing Rs 329.97 Cr @ 422.76 paisa per unit in H1 of 2018-19 which is on actual basis. However, no details are available in ARR. Further, the power purchase bills attached are only the invoices for Open Access charges and no power purchase bill is attached. PSERC is requested to check if the directions given in orders for Petition No 12 of 2018 have been complied with by PSPCL.

PSPCL may be asked to provide details of short-term power contracted, scheduled, surrendered under UI and actually utilized along with costs involved for each, penalty paid if any for non scheduling and open access corridor booked and corridor actually availed, open access charges paid for the same.

iii) The actual rates of power purchase are way below the rate proposed by PSPCL in the ARR, which proves that PSPCL has been inflating the ARR to claim higher revenue.

iv) Perusal of year wise power purchase data given reveals that PSPCL is not exercising due care in its planning of power purchases.

a)<u>True Up 2017-18</u>

Issue No.-D-4(iv) (a) (i): Merit order of Power Purchase from Unchahar Power Plant

The variable cost of Unchahar Power Plant has been indicated as 273 paisa per unit. Further, with loading of 55 paisa/unit towards Power Grid Transmission charges, the final rate of this power works out to 328 paisa per unit. In addition, there are UI charges and penalty for non liftmen of coal etc. Thus, the total cost would work out to around 340 paisa/unit whereas the variable cost of GGSSTP has been worked out by the Commission in TO 2017-18 is 305.62 paisa per unit. Thus, Merit Order Dispatch has not been worked out properly while purchasing power from Unchahar. Similar is the case with Dadri-II and Jhajhar stations.

D(4) (iv) (a) (ii): Merit Order of Short-term Power Purchase through traders

The variable cost of short-term purchase through traders is stated as 332.80 paisa per unit. The rate has been applied on gross power. With External losses of 2.47%, the VC at Punjab Periphery for Net power works out to 343 paisa/unit. After accounting for Open Access charges of Rs 71.78 Crore which work out to as 21 paisa/unit. Thus, the final rate of this power works out to 364 paisa per unit.

The power purchase billing is on weekly basis whereas ISGS payments are on monthly basis. Further, open access is being done on 3/2 month advance basis and funds released accordingly whereas Power grid charges are paid in succeeding month.

In addition to this, PSPCL may also have paid penalty in some cases due to non drawl of power. PSPCL surrenders power heavily due to sudden rains during paddy under UI at zero rate to follow the grid discipline. PSPCL also pay penalty to Coal India Ltd and Indian Railways or bear interest for advance payments maintained for non-lifting of coal.

PSPCL has not indicated how these charges have been accounted for in short term purchase thro' traders, but some loading has to be there due to these. Thus, the final rate will be around Rs 4.00 plus. However, the variable cost of GGSTP and GHTP has been worked out by the Commission in TO 2017-18 as 306 and 336 paisa per unit respectively. This clearly indicates that short term power thro' traders is not cheaper as it is being made out. The Commission may check the purchase and disallow the difference of cost of purchase and long term contracted power.

D(4) (iv) (a) (iii): Mismanagement in Scheduling and drawl by PSPCL

Rate of UI of TSPL, NPL and GVK have been worked out as 197.52, 173.62 and 13.06 paisa per unit against the VC of 288.37, 244.68 and 306.59 paisa per unit respectively. Further while NPL has under injected the power and received the amount, NPL and GVK over injected and received the amount. However, UI power of PSPCL at indicate that PSPCL under drawn 62.51 MU and have also paid Rs 83.15 Crore under UI. This is a double blow to consumers as power had also been surrendered and payment @ Rs 1.34 per unit have also been paid. Thus, whereas IPPs of Punjab are managing their affairs very well, PSPCL is not able to manage its scheduling and drawl.

D(4) (iv) (a) (iv): Net banking Deficit

Net banking for 2017-18 is indicated (-) 2003.03 @ 365 paisa/unit in this ARR against (+) 662.40 @ 367 paisa/unit in Tariff Order of FY 2017-18. This needs to be looked into as PSPCL has exported power against import proposed in TO and whether the transaction was beneficial to PSPCL.

D(4) (iv) (a) (v): UI Charges

PSPCL has surrendered 62.51 MUs under UI and also paid Rs 83.15 Crore to UI pool account which is indicative of mismanagement and inefficiency. This transaction should be disallowed.

D(4) (iv) (a) (vi): Disallowance of late payment surcharge & TDS

Late Payment Surcharge and TDS at need to be disallowed as Early Payment Discount is not being counted in Power Purchase cost and being retained by PSPCL.

b) <u>RE for 2018-19</u>

Issue No.-D-4 (b) (i): Closure/Retiring Anta & Aurya Gas Thermal

PSPCL has paid Rs (35.57Cr for availing 25.22 MUs of energy from Anta Gas Power Plant. of NTPC which works out to Rs 14.10 per unit. Similarly, rate for Auriya Gas station works out to Rs 29.86/Unit.

As per web site information, the Anta station was commissioned in March 1990 and Auriya station in June 1990. The useful life of Gas based thermal plants as per CERC Terms and Conditions of determination of tariff Regulations is 25 years which is already over in June 2015. Therefore, these projects need to be retired as we have done in case of GNDTP and GGSTP. The case needs to be taken with CEA, MOP and NTPC by PSPCL/GOP.

D-4 (b) (ii): Merit Order of Power Purchase from Unchahar Plant

The variable rate of Unchahar is indicated as 295 paisa per unit which amounts to around 360 paisa per unit. The variable cost of GGSTP is worked out by PSERC as 325 paisa per unit in TO 2018-19. Thus, comments given in para a (I) above is also applicable here.

D-4 (b) (iii): Merit Order of Short-term power Purchase through Traders

The VC for short term power thro' traders has been indicated as 422.76 ps/unit. Further, the open access charges at have been shown as 13.78 Cr for 764.84 MUs i.e. 18 paisa per unit. Further, the VC of GGSTP and GHTP as worked out by the Commission in TO 2018-19 as 325 and 344 paisa per unit respectively. Thus ,the comments at para a(II) above are also applicable here also.

D-4 (b) (iv): Disallowance of late payment surcharge & TDS

Late Payment Surcharge and TDS need to be disallowed as Early Payment Discount is not being counted in Power Purchase cost and being retained by PSPCL.

D-4 (b) (v): UI Charges

PSPCL has surrendered 111.71 MUs under UI and also paid Rs 6.82 Cr to UI pool account which is indicative of mismanagement and inefficiency. This transaction should be disallowed.

c) APR for 2019-20

Issue No.-D(4) (c) (i): Revised PSPCL share in Unchahar-1 Power Plant

It is learnt that MOP vide their letter no 3/6/19/OM dated 21.1.19 has allocated 30 MW power from Unchahar-1 station of NTPC to Arunachal Pradesh w.e.f. 1.2.2019 and revised allocation as per the Revision No 12/2018-19 for Punjab is 1.43% permanent share and 0.18% unallocated share totaling 1.61% against 8.57% indicated in ARR. Revised figures need to be considered for RE 2018-19 and Projections 2019-20 as it will reduce the idle capacity by 30 MW.

D-4 (c) (ii): Review of purchase of power from Central Sector Projects

Purchase of power from Unchahar, Dadri II, Jhajjar, Singrauli Small Hydro, Pargati Gas, may be reviewed keeping in view the VC of PSPCL thermal plants.

D-4 (c) (iii): Review of surrender of power

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, variation in imported coal prices and increasing gas prices.

Reply of PSPCL:

D-4(i) Various measures have been taken to rationalize the tariff and to increase sale of surplus power, some of which are as under:

a. Reduced tariff beyond Threshold consumption to encourage the industry where consumers who consume power above the threshold limit are entitled to rebate.

b. TOD Rebate to increase demand/ consumption during off peak load hours, to flatten the peaks of load curve

c. Special night tariff for LS/MS Industrial consumers who opt to use electricity exclusively during night hours.

d. Implementation of Two-Part Tariff

Two Part Tariff has been implemented by the Commission w.e.f. 01.01.2018 to provide electricity to consumers at lower rates. In Two-part Tariff, Fixed charges which are kept lower than the monthly minimum charges (MMC), will be recovered instead of monthly minimum charges (MMC). The Variable Energy Charges will be charged on the per unit actual consumption. The consumers who will consume more power as per their sanction load/contract demand will be beneficial because in such cases as the consumption rise, per unit electricity rate comes out to be low.

e. Under measures for sale of surplus power within the state, PSPCL has already issued instructions to bring Brick Kiln having Induced Draft Technology under industrial category tariff.

Further, to encourage the Marriage palace consumers to shift their load to PSPCL system, the Commission has agreed to the proposal of PSPCL to allow them *Fixed Charges on 25% of Sanctioned Load/Contract Demand. In case, the consumer exceeds its Sanctioned Load/Contract Demand during a billing cycle/month, he shall also be liable to pay load/demand surcharge.*

Also, proposal has been submitted for a similar policy for Hot Mix plants to shift their load from DG sets to PSPCL.

With regard to prepaid metering, PSPCL has already floated tender enquiry but no firms participated in the tender enquiry. In case of bills issued by CBC and bills displayed on the website it is submitted that PSPCL has already submitted the revised bill Performa of all categories of consumers to the Commission for approval.

Further, the benefit of the threshold consumption is being passed on to the consumer as and when the threshold limit is crossed. With regards to the levy of fixed charges for 12 months plus 5 days it is submitted that a notification has been issued for the refund of excess fixed charges claimed by PSPCL.

With regard to Open Access power surrendered under UI in case of non-availability of ABT meter download data, the energy account in case of missing ABT meter data is prepared from TPT meter data after loading the average UI (under-drawal) by a factor of 2% of power purchase in order to account for the difference in ABT meter data and TPT meter data. In case TPT meter data is not available for missing/unavailable ABT data period owing to any reason, then the UI (under-drawal) for the missing data period is to be taken as the average of percentage UI(under-drawal) by the firm during the last 6 months, subject to a minimum of 20% of the total scheduled power (in case the ABT meter load survey data is not avoidable/missing for a period).

D-4(ii) Costs indicated under Short Term Power Purchase are for purchase of RE power done for RPO compliance, which has different cost structure than conventional power.

D-4(iii) The increase in Power Purchase Cost is on account of three IPP's i.e. NPL, TSPL and GVK as washing and other related charges were allowed to NPL and TSPL. There was also increase in coal prices as per CIL price notification dated 08.01.2018 leading to increase of around 15% in Coal prices. Also, Evacuation Facility Charges of Rs. 50/Tonne have also been levied as per CIL notification dated 19.12.2017. Hence, it would be factually incorrect to say that PSPCL has been inflating the ARR to claim higher revenue.

D-4 (iv) (a) (i) Refer PSPCL reply in issue No. B1 iii a (i) of objection No. 4 at page 258.

D-4 (iv) (a) (ii) Refer PSPCL reply in issue No. B1 iii a (ii) of objection No. 4 at page 258

D-4 (iv) (a) (iii) Refer PSPCL reply in issue No. D1 of objection no. 20 at page 290.

D-4 (iv) (a) (iv) As shown in ARR and TO receipt of power under banking arrangement was projected to meet the paddy season 2017 demand. Later, PSPCL made further advance banking arrangements to supply power in the winter season of 2017-18 and then receive this power in summer season 2018. This proved to be very fruitful to PSPCL as during paddy season 2018 PSPCL was having sufficient power arrangements and it did not require to purchase power on short term basis**.**

D(4) (iv) (a) (v) Refer PSPCL reply in issue No. D1 of objection no. 20 at page 290.

D(4) (iv) (a) (vi) Due to non-availability of funds with PSPCL, late payment surcharge is paid which is beyond the control of PSPCL.

D-4 (b) (i) PSPCL has already requested MoP & GoI to reallocate PSPCL share of power from Anta & Auriya generating stations to some other needy states in India.

D-4 (b) (ii) Refer PSPCL reply in issue No. B1 iii a (i) of objection No. 4 at page 258.

D-4 (b) (iii) The costs indicated under Short Term Power Purchase are for purchase of RE power done for RPO compliance which has a different cost structure as compared to the conventional power. PSPCL has already submitted the variable cost of GGSTP& GHTP discovered on actual basis which is more than the TO of 2018-19.

D-4 (b) (iv) Refer PSPCL reply in issue No. D(4) (iv) (a) (vi) above.

D-4 (b) (v) Refer PSPCL reply in issue No. D1 of objection no. 20 at page 290.

D-4 (c) (i) The ARR & APR has been projected on the basis of scenario at that time. However, true up is carried out by PSERC and actual tariff is approved by the commission on the basis of true up submitted by PSPCL.

D-4 (c) (ii) In comparison to Unchahar Dadri, variable cost of own thermal plants is more. Same has already been submitted on actual basis for 2018-19 etc.

D-4 (c) (iii) PSPCL already has a practice to review variable costs of projects on monthly basis.

View of the Commission:

The objector may note the response of PSPCL. Prudence check is done by the PSERC. Further, late payment surcharge is considered under non-tariff income as per Regulation (28) amended from time to time of PSERC Regulations 2014.

Issue No. D (5): Transmission & Distribution Losses (T&D Loss):

a) PSPCL has projected the combined T&D loss level of 13.68% for actuals 2017-18, 14% for RE 2018-19 and 13.75% for Projections 2019-20 against the Target proposed in MYT ARR as 14.25%, 14% and 13.75% respectively and accepted in TO for MYT period.

   While fixing the targets of T&D loss level for PSPCL, the loss level for PSTCL were fixed as 2.5%, 2.4% and 2.3% for 2017-18, 2018-19 and 2019-20 respectively. However, in the ARR 2019-20, PSTCL has worked out the loss level of 3.12% for True up 2017-18, 2.80% for RE 2018-19 and 2.70% for Projections 2019-20 respectively.

PSPCL's loss level for 2017-18 worked out as 13.68% will increase above 14% after reworking the agriculture consumption.

Thus, the loss levels fixed by the Commission are not being achieved by PSPCL as well as PSTCL. This needs to be critically analyzed by the Commission. Data in ARR of PSTCL indicates that while there is actual reduction in loss levels from April 18 to July 18 (4.68% to 2.57%) due to increase in energy input (3203851 MUs to 6417829 MUs), the actual loss level has increased in August 18 (2.66%) in spite of further increase in energy input (7622336 MUs). It shows that energy flows need to be monitored and PSTCL should operate the system in an efficient manner by devising loss reduction strategies. PSTCL should stick to the given targets in view of huge capital investment approved for its expansion.

b) The reduction in loss level trajectory from 1% per year to 0.5% and now to 0.25% per year for PSPCL means that projections of cost recovery and cost benefit analysis of saving in power purchase and additional revenue given in the DPRs for obtaining huge loans for loss reduction programs will be disturbed, loan repayments will be delayed and additional interest burden will be loaded to consumers which will be greatly unfair. Therefore, it is requested that the interest burden due to such shifting of loss targets be met from the internal accruals or performance incentives of the PSPCL. With the huge surplus scenario and huge cost of capital investment for further reduction of T&D loss by merely 0.25% each year, capital investment plan for loss reduction needs to be reviewed for cost benefit analysis taking variable cost of power saved instead of full power purchase cost. It will not be cost efficient to invest further in loss reduction programmes.

Against Maximum demand of 12640 MW observed in 2018, we have installed capacity of 13600 MW. Therefore, the need is to operate the system in an efficient manner rather than incurring more capital investment for capacity addition.

Reply of PSPCL:

The issue of transmission loss level relates to PSTCL and PSPCL has no comments to offer in this regard. As far as T&D Losses are concerned, the Commission has fixed the trajectory of reduction of T&D losses considering the AP consumption on the basis of sample meter reading. However, the approach of approving the T&D losses based on AP pumped energy consumption is contrary to the Commission’s trajectory of reduction in T&D losses as without revising the trajectory, same has proved detrimental to PSPCL. Hence, PSPCL prays to the Commission to approve the T&D Losses as submitted in the petition.

View of the Commission:

Refer para No 2.3 of Chapter 2 at page 14 and para 3.3 of Chapter 3 at page 78 of this Tariff Order.

Issue No. D (6): Employees Cost:

It is strange that for 2014-15 to 2016-17, the claims made were highly inflated and actual have come down drastically. As per APTEL order, audited Employee Cost has to be approved in True up. Therefore, either PSPCL needs to control the employee cost or else all the recruitments of new employees should be subject to the approval of PSERC. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARRs.

In spite of all the claims made by PSPCL for reduction in no of employees, making urgent new recruitments on contract basis, increasing demand of power in the state and improved employees performance parameters etc., the employees cost per unit has started increasing and yearly average pay of each employee is increasing abnormally which is unjustified and defies any logic in reference with WPI and CPI. In spite of decrease in no. of employees in the ARR there is increase in employee cost per unit which needs to be looked into from WPI angle.

The abnormal decrease in employee cost during true up over the ARR figures confirms that projections are initially inflated to claim higher revenue. PSPCL is unable to find the real cause of abnormal increase in employee cost year after year compared with the increase admissible as per Regulations in spite of repeated disallowances. The Commission had been allowing increase in employees cost on the basis of WPI and CPI as per Tariff Regulations. Therefore, increase in employees cost on the basis of regulations may be allowed for the APR and RE period. Any additional expenditure under this head should be met by the PSPCL by way of internal efficiency improvement or by way of reducing their costs over and above the performance levels fixed by the Commission or from the ROE which is being retained by PSPCL and not being passed on to GOP.

Reply of PSPCL:

PSPCL has claimed the normative employee expenses for FY 2017-18 as per the formula specified by the Commission is Rs.4861.75 Cr whereas the actual employee expenses incurred for FY 2017-18 is Rs. 4727.35 Crore. Hence, PSPCL requests the Commission to allow the employee expenses on an actual basis.

View of the Commission:

O&M expenses are determined by the Commission under Regulation 26 of PSERC Regulations 2014.

Issue No. D(7): Tariff for Power Intensive LS Industry (PIU) based on Power Factor

In Tariff Order for 2014-15, PSERC had approved the tariff of Rs. 6.33 per KVA for PIU industry against 6.33/KWH prevailing in 2013-14. Thus power factor incentive available to us in 2013-14 was withdrawn. However, the tariff of general industry was lowered from Rs. 6.33 to 6.14 per unit. Same tariff has been continued for 2015-16. The PIU industry has been put in a disadvantageous position under two part tariff as in addition to existing 20 paisa per unit, PIU industry was loaded with Rs 65/KVA/Month as compared with General Industry. Based on the comments submitted by PIU industry and submissions made in Public Hearings, the Commission reduced the FC in the TO 2018-19.

PSPCL has again opposed the merger of PIU and General Industry category in ARR on the same logic and has also failed to submit any proposal for checking of Harmonics.

It is unfair to impart undue preference to General Industry consumer's vis-a-vis PIU. PSPCL is conveniently forgetting that PIU industry has higher utilization factor and also better power factor than general industry. CEA regulations on connectivity and Supply Code provide for limits of harmonics which should be the guiding factor for injections of distortions.

PSPCL is charging higher tariff from PIU industry but has not installed any equipment like harmonics filter etc in the sub stations and the variations are being simply passed on to the other consumers. Checking of Harmonics will force the consumers to contain the distortions and this will increase the life of PSPCL equipment and thus will be beneficial to PSPCL also.

As such justice demands that under the present surplus scenario, the tariff for PIU industry should be lower or at least equal to general industry.

Tariffs based on KVAH should be rationalized and PSERC may look into it keeping in view the higher Power factor and higher Load factor of PIU industry and benefits accruing to PSPCL in view of improved voltage profile and reduced line losses and above all the expenditure on equipment installed is borne by the consumer.

Reply of PSPCL:

Refer PSPCL reply in issue No. 4 of objection No. 5 at page 263.

Further, such type of Industries should also not be entitled for TOD rebate because their energy requirement during night is on account of nature of their industry and do not contribute for utilization of surplus power during the night.

Utilization factor of such industries is high and per unit cost is low therefore such industries stand to gain due to inherent nature of two-part tariff under kVAh billing the benefit of maintaining high power factor is automatically taken care of and at unity power factor the KWH and KVAH reading will be the same.

View of the Commission:

The objector may note the response of PSPCL.

Also refer the directive No. 6.15 of the Tariff Order (Page 183-184).

Issue No. D (8): Cost of Supply / HT Rebate:

The voltage rebate of 25 paisa per unit is continuing for the last many years though the gap of cost of Supply is much more. Further, the calculations of cost of supply along with assumptions are not disclosed for study of stake holders. The Commission is therefore requested to:

a) Direct the PSPCL to be transparent on the cost of supply and make the complete calculations a part of ARR.
b) The cost of supply study be made more realistic and reliable by firming up the data required for the study since lot of computerization/digitization has taken place and IT practices have been introduced Under APDRP schemes in PSPCL/PSTCL.
c) As per recent orders of APTEL in an appeal filed by the Objector, it has been ordered that Cross Subsidy Levels worked out on the basis of Cost of supply should be kept less than that of last year. Further cross subsidy levels based on average cost of supply basis should not exceed 20% limit.
d) Till the tariffs are determined based on cost of supply, voltage rebate be further enhanced to make it commensurate with the cost of supply.
e) As the Voltage Surcharge is levied on percentage basis, on the same analogy, voltage rebate should also be fixed on percentage basis.

Reply of PSPCL:
The determination of tariff, rebate or surcharge to any category of consumers is prerogative of the PSERC as per EA, 2003 on the basis of data supplied by PSPCL in the ARR.
View of the Commission:
The Commission notes the suggestions.

Issue No. D(9): Return on Equity
The FRP approved by GOP has increased the cost of assets by their revaluation/merging of consumer contribution, subsidies and grants with its equity leading to increase in the equity share capital of GOP in PSPCL from Rs. 2617.61 Crore to Rs. 6081.43 Crore w.e.f. 16.4.10 which has led to increase of ROE from Rs. 607.55 Crore in ARR to Rs. 1411.50 Crore i.e. an increase of 232% in both the figures without any fresh investment by GOP or PSPCL. This revaluation is causing cyclic increase in ARR for subsequent years also.
It will be appreciated that this revaluation of dead assets is neither a cash flow nor the increased cost of assets is reclaimable for cash flow. These revaluated assets remain in books only and it cannot be used for any improvement in financial performance of the licensees. GOP has already recalled its loans advanced to the then PSEB due to financial crunch in GOP due to huge subsidy amount of agriculture power. Now GOP may start recalling its equity from PSPCL or adjust it against the subsidy amount forcing financial crunch in PSPCL.
Further, regulation 25.4 is very clear that only cash infusion is to be treated as equity for grant of ROE. The consumer contribution, grants and subsidies are not cash flow for the purpose of equity as per settled financial principles and this has been acknowledged by the Commission in the proposed amendment of Regulation 25.4 and more recently in MYT Regulations.
This matter was appealed in APTEL and it has already directed PSERC to reconsider the issue vide judgment Dated 17.12.2014 in Appeal No. 168 and 142 of 2013.
PSPCL has filed an Appeal against the order in Supreme Court and stay has been granted. Accordingly we will approach the Commission to re determine ROE for all the years w.e.f, 2011-12 onwards after the verdict of the Hon'ble SC.
Reply of PSPCL:
The issue is subjudice in the Hon'ble Supreme Court and hence PSPCL has no comments of to offer.
View of the Commission:
Return on Equity is determined by the Commission in-line with PSERC MYT regulations and the issue is pending with Hon'ble Supreme Court.

Objection No. 27: Dr. Malkit Singh, Addl. S.E. (Retd.), 264, Maharaja Yadwindra Enclave Nabha Road, Patiala.

Issue No. 1: Financial Health of the Corporation
Finances are the lifeline of any organization and it is a matter of grave concern that the financial condition of PSPCL is going from bad to worse as debt is continuously increasing from Rs. 22132 Crore in 2012-13 to Rs. 32235 Crore in 2017-18. Government of India launched UDAY Scheme to bail out the distribution companies. A tripartite agreement has been signed by GOI, GOP and PSPCL on 04.03.2016 to give effect to the same. As per this agreement, GOP has committed to take over the debt of Rs. 15628 Crore during 2019-20. Further, GOP has to take over future losses of PSPCL as detailed below:

Year	Losses of previous year to be taken over by GOP
2017-18	5%
2018-19	10%
2019-20	25%
2020-21	50%

There was a precondition in the agreement that PSPCL has to reduce AT&C losses as detailed below:

Year	AT & C Losses (%)
2015-16	16.16
2016-17	15.30
2017-18	14.50
2018-19	14.00

PSPCL has already fulfilled its obligation to reduce the AT&C losses as per the above precondition. It is brought out that though the distribution companies in neighboring states i.e. Haryana, UP and Rajasthan failed to bring down AT&C losses to the prescribed limits but the governments of these states have already taken over the debt of distribution companies in form of grant/equity from FY 2015-16 onwards. It is prayed that the cost of supply be allowed to be recovered as per provision of UDAY Scheme for 2019-20.

Reply of PSPCL:

As per the provisions of UDAY scheme, Government of Punjab (GOP) issued special bonds amounting to Rs. 15,628.26 Crore during the year 2015-16 and 2016-17. The proceeds of these bonds were handed over to PSPCL as GOP loans and PSPCL had repaid its high cost debt with these proceeds, as a result of which PSPCL has saved interest cost to the tune of Rs. 600 Crore per annum approximately.

Further as per the clause no. 1.2 (d) of MoU of UDAY scheme, State Govt. will convert the GOP loans of Rs. 15,628.26 Crore into grant of Rs. 11,728.26 Crore and equity of Rs. 3,900 Crore. While making the projection of interest expenses for the year 2019-20, it has been assumed that State Govt. will convert the GOP loans into grant and equity on dated 31-03-2020. Accordingly, repayment of GOP loans has been assumed on March 31, 2020 and the interest expenses have been claimed for FY 2019-20. Further it is stated that the consequential impact of conversion of loan into grant and equity shall be considered after 01.04.2020. Moreover, it has also come to notice that GOP has made the provisions for the same in their budget for the FY 2019-20. Further, it is submitted that the determination of Tariff is the prerogative of the Commission.

View of the Commission:

The Commission determines the interest & finance charges as per PSERC MYT regulations 2014.

Issue No. 2: Shifting of Meters

In Northern India, Punjab has the unique distinction of achieving T&D losses in the range of 14%. This has been achieved by shifting energy meters out of the premises of consumer and installing them in pillar boxes. Neighboring states i.e. Haryana, UP and Rajasthan are struggling with high AT&C Losses in the range of 25-30%.

PSPCL may be directed to shift the balance 5 lakh energy meters out of the premises of the consumers and ensure sealing of pillar boxes. If above steps are taken, it is believed that AT&C losses can further be reduced by 2-3%.

Reply of PSPCL:

Out of the total consumers, 94% of consumers meters have been shifted outside consumer premises and only 4.52 lakh meters are pending. The pendency is due to the stiff resistance by consumer/kisan unions. Efforts are being made to shift these meters and the matter is being taken up with the police and local administration.

View of the Commission:

Refer directive No. 5.1 of Chapter 5 of the Tariff Order at page 137.

Issue No. 3: Uninterrupted Power Supply & clearing Key exceptions

Up to FY 2014-15, Punjab was short in power and network was overloaded resulting into power cuts and impositions of other mandatory regulatory measures. From FY 2014-15, addition of infrastructure was at required pace, but now this has come to almost standstill.

PSPCL may be directed to keep on adding the required infrastructure so as to ensure uninterrupted power supply in the state. Further PSPCL may also be directed to ensure timely supply of energy meters and other materials as the pending key exceptions have reached the alarming stage.

Reply of PSPCL:

PSPCL has planned significant capital works on various schemes of Distribution and Sub-Transmission functions in the upcoming years for the improvement in infrastructure works. Further, PSPCL is committed to supply of uninterrupted power in the state of Punjab.

View of the Commission:

PSPCL needs to address the issue to the satisfaction of its consumers.

Issue No. 4: Stranded Asset of GNDTP

Punjab is the only state in the country where state's share in power requirement is below 10% and thermal power is less than 5%. There is no revival plan because the future projects of PSPCL to build 3 x 840 MW plant at Ropar is likely to remain on paper due to guidelines of National Electricity Plan for allowing any new thermal unit in the country.

i) PSPCL is leasing out its land to private companies for installation of 100 MW solar power plant at ash dyke site of GNDTP, Bathinda. Why PSPCL is not installing own solar and other renewable energy based plants and utilizing talent and expertise of thermal manpower.

ii) PSPCL is planning to convert GNDTP unit to 60 MW unit based on biomass (Rice straw). This project is not feasible due to rice straw transportation hazards and pollution problems. Rather PSPCL should go for smaller capacity projects at scattered-locations in the state.

iii) Lack of vision for stranded assets worth thousands of Crore of rupee of GNDTP plant and machinery.

iv) The PLF of state-run thermal power plants is around 25%.Where shall PSPCL utilize the coal to be mined from own mine?

Prayer: Increase the state sector share in renewable and conventional energy sources. PSPCL may be directed to formulate the policy to reap in dividends from the stranded asset of GNDTP Bathinda.

Reply of PSPCL:

i) PSPCL had discussed the matter of setting up of a 100MW Power Plant in Ash Dyke Area with PEDA (Punjab Energy Development Agency) and SECI (Solar Energy Corporation of India). Both PEDA and SECI had advised PSPCL to opt for Build, Own & Operate (BOO) mode of setting up of project, as an investment of Rs. 450-500 Crore is required. Moreover, the Operation and Maintenance of project in public sector is not cost effective and may result in increase in the per unit generation cost. After taking all these facts into consideration, the BODs of PSPCL in its meeting held on 21.11.2018 decided to execute project for setting up of 100MW Solar Power Plant at Ash Dyke Area at GNDTP, Bathinda on BOOT basis through PEDA through e-tendering with the provision of reverse auctioning, subject to the approval of Punjab Government.

ii) The proposed Biomass (paddy straw) plant of 60MW capacity will consume approximately 4 lakh MT of paddy straw annually. The paddy straw will be collected within 40 KM radius of the plant. The biomass i.e. paddy straw will be fed directly into the boiler in the bale form Some part of the total requirement of 4 lakh MT will be stored in the plant area and the rest will be stored by the contractors at different locations will be transported to the plant as per requirement.

The ash content in paddy straw is approximately 15% whereas in case of coal it approximately 35-40%. Out of this 15% ash, about 60% is collected in the form of bottom ash and will be disposed in the existing Ash dyke area through wet slurry system and remaining 40% is the fly ash which will be collected in the existing ESPs and in bag filters to be installed after the ESPs. Thus, there will be almost zero discharge to the atmosphere and SPM level will be much below the prescribed Pollution control norms. So, utilization of paddy straw in GNDTP unit to produce electricity is better than burning of paddy straw in open fields. The cost of new green field smaller Biomass power plant is in the range 6-7 Cr/MW where as in case of conversion of GNDTP Unit, the cost will be approximately Rs 2-2.5 Cr/MW due to utilization of the existing assets which otherwise will be scrapped.

It is better to install one big unit such as GNDTP in state sector under Biomass as all other smaller units are under private sector. GNDTP post conversion will produce 60-62 MW power which will be equivalent to 4 smaller units of 15 MW capacity each. Further, the proposed bigger unit shall have a far better heat rate i.e. around 3000 Kcal/kWh in comparison to a heat rate of around 5000 Kcal/kWh of the smaller units installed/proposed to be installed by the private parties.

It is also mandatory for PSPCL to achieve Non-Solar targets set out by PSERC to meet RPO guidelines. Only approximately 70 MW power is presently being generated under Biomass sector. Even after conversion of GNDTP unit to Biomass, PSPCL will be much below the targets set out by PSERC. So, it is mandatory to set up bigger units of Biomass to achieve these targets.

iii)

a) R&M of GNDTP was carried out in the prevailing power scenario of that period as per the recommendations of CEA and as envisioned to be prudent by CEA and not due to lack of vision.

b) After the permanent shutdown of GNDTP, there are proposals to start Solar Plant and biomass plant at GNDTP, which have been sent to the Govt. of Punjab for ratification, further action to dismantle and relocate the plant equipments has been initiated. As a first step, the spares & tools which can be used in other thermal plants or other wings of PSPCL/PSTCL are being identified. Till date spares/T&P amounting to Rs. 6,39,20,358/- has been transferred to other offices and is an ongoing & continuous process. Also scrap worth Rs.4,92,59,120/- has been sold till date. The transfer of heavy machinery/T&P worth Rs.150 Lac is also in progress. The process of disposal of ancillary plants (hydrogen plant, ATP, Manual unloading system etc.) has also been initiated and shall be completed in within few months..

c) It has been decided to call for the Expression of Interest (EOI) for disposal/dismantling of stage-I of GNDTP and the process has been initiated for the approval.
d) Process to transfer the 220 KV /132 KV sub-station to PSTCL has been started and shall be transferred to PSTCL in a phased manner.

iv) a) In order to cope up with the increase in power demand of the state in future, PSPCL has decided to install 3x800 MW units at GGSSTP Ropar in a phased manner. The coal requirement of these units shall be met from the coal supplies from Pachhwara Central coal mine.
b) Recently, the Central Cabinet has approved methodology for allowing the allocation of coal mines for specified end use or own consumption and to sell 25% of actual production on ROM basis in open market under the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957.
c) The IPPs namely NPL and TSPL installed in the State of Punjab, are based on Case-II bidding. As per the PPAs signed with these IPPs, all the power generated from these IPPs is solely supplied to PSPCL and complete coal cost of these IPPs is borne by PSPCL in terms of generation cost. As such, in case the surplus coal from Pachhwara Central coal mine if supplied to IPPs, then per unit cost born by PSPCL will reduce and ultimately consumers of Punjab will gain.
d) During summer/paddy season months, generally there is coal shortage scenario prevailing in the country, as CIL and Railways are not in a position to meet up with the increased coal demand of thermal power stations of various power utilities in the country from indigenous sources, so the regular coal supplies from Pachhwara Central coal mine shall help PSPCL in building the normative coal stock at plants and meeting the power demand of the state.
e) The quality of coal received from CIL subsidiaries is generally of inferior quality, however the coal quality of Pachhwara Central coal mine is better than CIL subsidiaries.

View of the Commission:
The objector may note the views of PSPCL.

Issue No. 5: Acute Manpower shortage affecting quality of services
Human resources are required for providing services to the consumers in respect of quality supply and billing / commercial aspects and their redressal. The acute Shortage of manpower required is affecting the consumer services adversely.

i) PSPCL may he directed to recruit regular manpower based on present day requirement and on the basis of manpower planning.
ii) The employee cost should be viewed in the context that number of pensioners of PSPCL is almost double the number of present employees and unlike other states, Punjab government did not fund the Pension Trust at the time of unbundling.

Reply of PSPCL:
PSPCL has planned to recruit 7943 employees in FY 2018-19 and 3335 employees during FY 2019-20. Further, PSPCL requests the Commission to approve the employee cost as submitted in the petition.
View of the Commission:
The Commission notes the suggestion of the objector.

Objection No. 28: Executive Officer, Municipal Council Amloh, Distt. Fatehgarh Sahib, Punjab.

Issue No. 1: Reduced Tariff for Street Lighting to Municipal Councils
The municipal Council has provided street lights for the benefit of public. PSPCL is charging Commercial/industrial rates for these street lights which is not correct. It is requested that supply of electricity to Municipal Council may be made free of cost or at very low cost as the Municipal Council is not charging any amount from the public for the benefit of whom the street lights are provided.
Reply of PSPCL:
The determination of tariff for any category is the prerogative of the Commission as per Electricity Act 2003. Further, it is advised that the Municipal Council, Amloh may seek subsidy from GoP as it is already providing various reliefs in the form of subsidies to various categories of consumers as per Section 65 of the Electricity Act 2003.
View of the Commission:
The objector may note the reply of PSPCL. The Commission notes the concern of the objector and suggests that DSM measures be undertaken by both PSPCL and the Municipal Council, Amloh.

Objection No. 29: Mr. Amar Sangram Singh, Sarpanch, Village Kherhi Salabatpur, Distt Ropar.

Issue No. 1: Reduced Tariff for Water Works

It is submitted that PSPCL has charged higher tariff rate i.e. commercial rate of electricity on water works tubewell connection. The villagers cannot pay the electricity bill even by paying excess bill of water as the rate of water also includes salary of operator, bleaching powder, repair etc. Water works is charged commercial whereas bills of agriculture tubewell are free from Government. It is requested to reduce the tariff rate up to genuine level, in respect of water works connection in our village. So that the water works may remain continue and full benefit of the water supply scheme of Punjab Govt. which was created expending Lakhs of Rupees, be available for the people of the village."

Reply of PSPCL:

It is submitted that the determination of tariff for any category is prerogative of the Punjab State Electricity Regulatory Commission (PSERC) as per Electricity Act, 2003.

Further, PSPCL is of the opinion that the water works department/Village Panchayats may seek subsidy from Government of Punjab since the GoP is already providing various reliefs in the form of subsidies to various categories of consumers as per section 65 of Electricity Act 2003.

View of the Commission:

The objector may note the reply of PSPCL. However, the Commission notes the concern of the objector.

Objection No. 30: Government of Punjab, Department of Power, (Power Reforms Wing), Chandigarh.

Issue No. 1 & 2: Introduction

PSPCL at present is in perilous financial situation. While with continuous and sustained efforts, PSPCL has been showing improvement in its fiscal health, this trend needs to be supported and encouraged. PSPCL vide this instant APR Petition has depicted revenue gap for the year 2019-20 as Rs.12118 Crore approximately. The increase in the gap is mainly because of increase in Power Purchase Cost, Employee Cost etc. It is the statutory duty of the State Government to promote the Financial, Operational and Technical viability of PSPCL.

The Commission while determining electricity tariff on the basis of tariff petitions filed by PSPCL disallows certain expenses such as interest charges, employee cost and also on account of non-achieving of various norms, performance parameters and targets fixed by it. These disallowances have impaired 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. This has in some ways also had an impact on the economic growth of the State. These disallowances seem to be a major reason for the accumulated commercial losses of the PSPCL. While, there have been improvements in the performance/ working of PSPCL, we do believe that there is still a lot that needs to be achieved, if PSPCL is provided the requisite support in the performance of its commercial operations.

View of the Commission:

The ARR is finalized by the Commission after prudence check as per its Regulations and in the spirit of the Act. Disallowances, if any, are also made as per the provisions of the Regulations.

Issue No. 3: Power Purchase Cost

PSPCL has projected Power Purchase Cost for the period for FY 2018-19 and FY 2019-20 at Rs.21585.68 Crore and Rs.21160.29 Crore respectively. Although, PSPCL has purchased power on merit order basis to meet demand supply gap, efforts must be made by PSPCL to purchase power for FY 2019-20 at competitive prices. PSPCL should ensure that Power Purchase and its sale to the consumers should be commercially viable and do not result in any net loss to PSPCL.

It is heartening to note that PSPCL is selling power at a good price to make some profits and help in reducing the fix charges. With regard to Renewable Purchase Obligations (RPOs), the Commission is requested to keep the targets for RPOs such that for the next 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 and any additional unit of costly renewable energy in the system will lead to surrendering the conventional energy from IPPs as PSPCL is surplus in power. 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:

The Commission agrees with Govt. that PSPCL should ensure the power purchase and its sale should be commercially viable and do not result in any net loss to PSPCL.

The Commission determines the quantum of power purchase on the basis of energy balance, which is prepared from the estimated energy sale of PSPCL, target T&D losses and energy available to PSPCL from its own sources. The difference in quantum of power purchase claimed and allowed is primarily on account of over assessment of AP consumption and under achievement of target distribution losses by PSPCL. Further, the rate of power purchase is allowed on the basis of actual rate of the previous year except the disallowance of penal costs i.e. additional UI charges and surcharge for delay in payments, which is trued up afterwards on the basis of actual rates of payment.

The Commission has recently vide notification dated 02.01.2019 revised the RPO trajectory after completing the due process and considering the comments/ suggestions/ objections of the stakeholders received on the Staff Paper.

Issue No. 4: Employee Cost

The Commission has been consistently disallowing the Employee Cost to the Utility, which can in no way be reduced, since the terms and conditions of an employee once recruited cannot be changed to his disadvantage during the course of his service. Further, PSPCL is making only those recruitments which are very much necessary for its survival. Even employees who are retiring are also contributing to increase in employee cost of PSPCL by way of payment of Gratuity, Pension etc. Though, PSPCL is trying best to reduce employee cost and bring in efficiency, but it will take time for PSPCL to reduce the employee cost and bring it at par with other advanced State Utilities. Till then, the Employee Cost, which is a genuine cost of Utility, must be passed on to the end consumers on an actual basis keeping in view the APTEL Judgments and genuine requirements which are statutory in nature.

View of the Commission:

ARR is determined as per Regulations and effect of judgments of APTEL and other courts is given effect to.

Issue No. 5: 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 and utilize the funds effectively.

View of the Commission:

The Commission has been allowing DSM funds as sought by PSPCL in the last few tariff orders but no expenditure has been reported by the utility. The Commission has directed PSPCL to execute at least one pilot project each for Agriculture DSM and efficient lighting to showcase the benefits to the stakeholder. Refer directive no. 6.12 of this Tariff Order at page 183.

Issue No. 6: Fuel Cost

The Commission is requested to approve the Fuel Cost based on actual increase in the cost of fuel. The State Government is monitoring and in its bids to comply with the environmental norms and reduce the cost of generation, decided to permanently close all units of GNDTP, Bathinda and two units of GGSSTP, Ropar so that costly power to the grid is avoided. 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.

The Commission is further requested to raise the issue of same freight charges for coal throughout India as prevalent in the Postal Stamp, in Forum of Regulators or at suitable platforms, since Punjab has locational disadvantage.

View of the Commission:

Any increase in cost of fuel is allowed to the utility after its prudence check. Also provision has been made to allow any increase in fuel cost of State owned thermal plants and variable cost of Power Purchase from all Thermal plants at the end of each quarter as Fuel Cost Adjustment (FCA) surcharge, wherein the licensee is empowered to determine the Fuel Cost Adjustment (FCA) of 1st and 2nd quarter themselves & charge accordingly. However, the Commission notes that PSPCL choose not to recover the full FCA for 1st & 2nd quarters of FY 2018-19.

Regarding the issue of high freight charges of the coal due to locational disadvantage of Punjab, it is suggested that the matter needs to be taken up with the Central Govt. by the State Govt. also.

Issue No. 7: Tariff to increase energy consumption

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 Two Part Tariff introduced 2 years ago inherently encourages increased consumption as the consumers with higher consumption would have a lower overall unit rate. The Commission has introduced reduced tariff for consumption in excess of threshold limit of last two years and rebate for use of energy during night hours. The Commission has also allowed reduced fixed charges for marriage places and Hot mix / Ready mix plants to shift these loads from DG Sets to PSPCL's system. A low tariff for electric vehicle charging stations has also been introduced to increase the energy consumption.

Issue No. 8: Capital Expenditure

The Commission is requested to approve the proposed Capital Expenditure amounting to Rs. 2409.26 Crore for FY 2018-19 and Rs. 2490.43 Crore for FY 2019-20 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.

View of the Commission:

The Commission determines the Capital Expenditure as per PSERC Regulations. PSPCL had initially in its ARR projected an expenditure of Rs. 2409.26 Crore for FY 2018-19. However, during the meetings held with PSPCL, it was informed that the expected expenditure for the year would be around Rs. 1600 Crore which also include Rs. 300 Crore of IDC, employee cost, A&G, depreciation etc., which has been allowed by the Commission.

The Commission had approved Capital investment Plan of MYT FY 2017-18 to FY 2019-20 as Rs. 3580.64 Crore (Rs. 1310.67 Crore for FY 2017-18, Rs. 1303.25 Crore for FY 2018-19 and Rs. 966.72 Crore for FY 2019-20). The investment (excluding IDC, employee cost, A&G, depreciation etc.) of PSPCL in first two years is Rs. 2625.18 Crore. The Commission has approved the balance amount of Rs. 1055.46 Crore for FY 2019-20 including additional amount of Rs. 100 Crore for Capital investment on FGDs during 2019-20. The entire capital expenditure during the MYT period is subject to review/true up at the end of the control period.

Issue No. 9: T&D Losses

The main emphasis should be to continue to pursue the loss reduction programs initiated in earlier years and also increasingly use the technology to target erring consumers and reduce the losses further during the projection period. The investments being made under Sub-transmission and Distribution strengthening schemes are also expected to aid in the reduction of Distribution loss both in urban and rural areas. Accurate estimation of T&D Losses has gained importance as the level of losses directly affects the sales and power purchase requirements and hence has a bearing on the determination of electricity tariff of a utility by the Commission. The issue of T&D Losses is of equally deep concern to the Government, as there is a direct correlation between for AP consumption and T&D loss pattern. Any disallowance/reduction in AP consumption estimated by the PSPCL is reflected as a corresponding increase in T&D loss level in Commission's estimate. It is requested that the Commission may keep AP Tariff hike at a reasonable level till the various other aspects like improvement in accuracy in measurement in AP and T&D losses are taken care of.

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 13.75% by FY 2019-20.

View of the Commission:

PSPCL has been directed to continue with the ongoing loss reduction programmes and complete the shifting of meters outside consumer premises within 6 months from the date of issue of this tariff order. PSPCL has also been directed to complete the replacement of all single phase electro-mechanical meters during FY 2019-20.

It has been observed that there are 34 divisions of PSPCL where the distribution losses are more than 25%. The highest distribution losses are in the Border Zone. PSPCL may be provided with necessary administrative and police support to tackle this menace of power theft. PSPCL has been directed to reduce the losses of these divisions below 15% during FY 2019-20. PSPCL has also been directed to carry on energy audit of at least one circle and submit the report to the Commission by March, 2020. Refer directive No. 6.1 of this Tariff Order.

Accurate assessment of AP consumption and T&D losses.

All the Consumers of PSPCL (except agriculture) and 11 kV feeders are metered. Till PSPCL achieve the 100% metering, as per the mandate of the Act, the consumption of AP consumers is being assessed on the basis of pumped energy of AP feeders. For more accurate assessment of AP consumption, PSPCL has already been directed to cover atleast 1% AP feeders under 100% metering and compute the losses on the basis of input and metered sale of these feeders. PSPCL is yet to comply with the directions. Refer directive no. 6.4(iv) of this tariff order to PSPCL.

The AP consumption is being assessed on the basis of pumped energy data supplied by PSPCL and no disallowance/reduction in AP consumption is made by the Commission. The State Government may impress upon PSPCL to implement the directions of the Commission for more accurate assessment of AP consumption and therefore AP subsidy.

Issue No. 10: AP Consumption

It is significant to accurately measure the AP consumption of the State. AMR Scheme should be implemented in the right earnest by PSPCL. The Commission has chosen 82 feeders to be metered to access the AP consumption accurately. This will help the Commission to make prudence checks on the AP consumption and arrive at AP consumption as accurate as possible which is very vital from the State Government point of view as well as to measure T&D losses precisely.

View of the Commission:

Out of more than 6100 AP feeders, PSPCL is supplying AMR data of only about 1600 feeders. Despite repeated directions in the tariff orders of last few years, PSPCL failed to supply the AMR data of all AP feeders. The State Govt. should impress upon PSPCL to ensure that AMR data of all AP feeders are available to the Commission. Refer directive No. 6.4 of this Tariff Order to PSPCL.

Issue No. 11: Disallowances of expenditure

While, there is no question 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:

The Commission examines the ARR and determines the net revenue requirement as per PSERC Regulations after prudence check of all the expenses of the licensee. However the Commission has noticed that PSPCL is in habit of submitting an escalated ARR including the expenses disallowed earlier by the Commission.

Further, during processing of ARR for FY 2019-20, The Commission has noticed that PSPCL has shown kVAh consumption as kWh consumption thus affecting the Energy Balance in the Tariff Order. It is apprehended that the same error might have occurred in the consumption data supplied to the Commission since introduction of kVAh tariff w.e.f. FY 2014-15. Refer directive no. 6.16 at page 184.

Issue No. 12: Subsidy

The State Government is committed to supply free power to AP Consumers and 200 units per month to SC consumers, Non SC BPL Consumers, BC Consumers and 300 units Freedom Fighter Consumers in the State. Besides, the State Government is also committed to provide supply to industry tariff @Rs. 5/- per Kvah (excluding FCA) with no increase in fixed charges to the existing as well as prospective industries. The difference between the tariff determined by the Commission and tariff @ Rs.5/- per Kvah shall be borne by the State Government.

View of the Commission:

The Commission notes the commitment of the State Govt.

Issue No. 13:

The Commission is requested to keep in view above aspects, overall expenditure of the utility and various guidelines/ instructions issued by Ministry of Power, Government of India and various Judgements by APTEL and other Courts so that a financial, operational and technical viability of PSPCL is maintained while finalizing the tariff for FY 2019-20.

View of the Commission:

The Commission determines the net revenue requirement keeping in view the PSERC Regulations, guidelines /instruction issued by MoP, GoI, as well as the judgement of the APTEL and other Courts.

Annexure – VII

11

Punjab State Electricity Regulatory Commission (48)3

SCO : 220-221, Sector 34-A, Chandigarh
Tel : 0172-2648321, Fax: 0172-2664758.

DO. No. ....48....
Dated : ....3-4-19....

Parneet Mahal Suri, IRS
Secretary

Subject: **Petition for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and revised Estimated for FY 2019-20 in the Multi Year Tariff (MYT) for FY 2017-18 to FY 2019-20 of PSPCL -Payment of Subsidy by the State Government for FY 2019-20.**

Dear Sh. Karan Avtar Singh ji,

1. As per section-65 of 'The Electricity Act-2003', the State Govt. may provide subsidy to consumers as under:-

*"**Provision of subsidy by State Government**- If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under Section-62, the State Government shall, notwithstanding any direction which may be given under section 108,pay,in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the License or any other person concerned to implement the subsidy provided for by the State Government.*

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard."

2. PSPCL in its above referred Petition has projected the claim for subsidy receivable from Government against supply of power to various consumers for FY 2019-20 is as under:-

Particulars	Amount (Rs. in Crore)
Subsidy on account of Agricultural supply(AP)	6454.40
Subsidy on account of free supply up to 200 units per month to SC DS(Rs.646.45 crore) and Non-SC BPL DS(Rs.16.09 crore) consumers with a connected load up to 1 kW	662.54
Subsidy for electricity concession of 200 units per month to other Backward Class DS consumers with sanctioned load up to 1 kW	85.82
Subsidy for consumers under Freedom Fighters category	0.83
Subsidy amounting to Rs.169.85 crore for Small Power supply, Rs.222.06 crore for Medium Power Supply and Rs.1477.70 crore for Large Supply Industry)	1869.61
Total Subsidy claimed during FY 2019-20 by PSPCL	**9073.20**

3. The State Government vide its memo No.11/24/2013-PE2(PF-1)/3382 dated 17.10.2017 and memo No.2/5/2015-PE2/6161 dated 17.10.2017 had conveyed its commitment to supply free power to AP consumers, 200 units per month to SC

4. DS, Non-SC BPL DS and BC DS consumers with a connected load up to 1 KW provided that their total consumption in the preceding years has not been more than 3000 units per annum. Thereafter, the State Government vide its memo no.01/17//2019-1/Cabinet/1884 dated 06.03.2019 has conveyed the decision of the Council of Ministers that the annual ceiling of 3000 units has been abolished w.e.f.23.10.2017.

5. In addition to above, the State Government vide Memo No.11/24/2013-PE2(PF-1)/3382 dated 17.10.2017 decided regarding subsidized power to Industry as under:-

"*iv. Further, the State shall continue to provide power at the rate of Rs.4.99 per unit to all new/prospective industries that have applied to invest Punjab after 31st October-2015.*

Further, the Council of Ministers in its meeting held on 16.10.2017 has approved to provide power at a variable tariff of Rs.5.00 per KVAH for five year with no increase in the existing fixed electricity tariff. The variable electricity tariff shall be applicable to all manufacturing and IT & ITES Industries. The State shall provide the necessary budgetary support to PSPCL for providing power at this subsidized rate to the Industry."

6. Further, the State Government vide its memo No.2/5/2015/-PE2/6161 dated 17.10.2017 decided to provide subsidized power to Industry as under :-

"*It is further intimated that SP consumers may be charged at a variable tariff of Rs.5.00 per KWH for five years with no increase in the existing fixed electricity tariff. For other MS and LS consumers, it may be read as Rs.5.00 per KVAH as per our earlier letter dated 17.10.2017.*"

7. For the year 2018-19, in response to this office D.O. No. PSERC/M&F/267/2423 dated 7th March,2018, the Govt. of Punjab(Deptt. of Power) vide its letter No.7/71/2017-ਊਜ2/1736 dated 18th April,2018 had conveyed the decision of the State Government to grant of subsidy for FY 2018-19 as under:

i) Free power to AP section would continue as in 2017-18.

ii) Concessional Power Subsidy to DS consumers belonging to SC, BC and Non-SC BPL would continue as per the Policy in 2017-18.

iii) Subsidised power to industry would also continue as in 2017-18.

iv) Subsidised power to new industry through invest Punjab also to continue as in 2017.18.

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8. It is requested that the Govt. of Punjab may convey its decision in respect of grant of subsidy to various categories of consumers for FY 2019-20 as the tariff order would be issued as soon as possible after the election code is over.

With warm regards,

Yours sincerely,

(Parneet Mahal Suri)

Sh Karan Avtar Singh, IAS
Chief Secretary to Govt. of Punjab,
Chandigarh.

CC:
Sh. A. Venu Prasad, IAS
Principal Secretary to Govt. of Punjab
Department of Power
Punjab Civil Secretariat – II, Sector – 9,
Chandigarh.

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3-4-19

Punjab State Electricity Regulatory Commission
SCO : 220-221, Sector 34-A, Chandigarh
Tel : 0172-2648321, Fax: 0172-2664758.

DO. No. 326 -327
Dated : 3-5-19

Parneet Mahal Suri, IRS
Secretary

Subject: Petition for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and revised Estimated for FY 2019-20 in the Multi Year Tariff (MYT) for FY 2017-18 to FY 2019-20 of PSPCL-Payment of Subsidy by the State Government for FY 2019-20.

Kindly refer to this office D.O. letter No.48 dated 03.04.2019 vide which it was informed that PSPCL in its subject cited Petition has projected the claim of Rs.9073.20 crore for subsidy receivable from Government of Punjab against supply of power to various consumers for FY 2019-20. Accordingly, it was requested that the Govt. of Punjab may convey its decision in respect of grant of subsidy to various categories of consumers for FY 2019-20.

You are once again requested to convey the decision of the Govt. of Punjab towards commitment of grant of subsidy to various categories of electricity consumers for FY 2019-20 as the Commission intends to issue the Tariff Order before the last week of May,2019.

Yours sincerely,

(Parneet Mahal Suri)

Sh Karan Avtar Singh, IAS
Chief Secretary to Govt. of Punjab,
Chandigarh.

CC:

Sh. A. Venu Prasad, IAS
Principal Secretary to Govt. of Punjab
Department of Power, Chandigarh.

Annexure – VIII

Diary No. 365
Date 10-5-19
Pb. State Electricity Regulatory Commission Chandigarh

GOVERNMENT OF PUNJAB
DEPARTMENT OF POWER
(Energy Branch)

To

The Secretary,
Punjab State Electricity Regulatory Commission,
Chandigarh.

Memo No. 02/12/2017-PE2/921
Dated, Chandigarh, the 10 May, 2019

Subject: - Petition for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and revised Estimated for FY 2019-20 in the Multi Year Tariff (MYT) for the FY 2017-18 to FY 2019-20 of PSPCL- payment of Subsidy by the State Government for FY 2019-20.

Please refer to your office DO No. 326 dated 03.05.2019 on the subject cited above.

2. It is intimated that the State Government shall continue to provide subsidy for FY 2019-20 to the industry, agriculture and weaker section of the society, etc. as per the existing Policy of the State Government. Budget provision of Rs. 12397.70 Cr. in this regard has already been made by the Finance Department. A copy of the same is enclosed please.

Karam Singh
Superintendent

Dir. MSF
10/5/19

Jt. Dir/MSF
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ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ	Minor Head/Sub Head		ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
ਜੋੜ 01	Total 01 Seed Village Programme (Punjab Seed Corporation)		0	1,90,63	0	52,80
ਜੋੜ 16 ਸੀ.ਐਸ. (ਏ.ਜੀ.ਆਰ.)–31 ਨੈਸਨਲ ਮਿਸਨ ਆਨ ਐਗਰੀਕਲਚਰ ਐਕਸਟੈਂਸਨ ਐਂਡ ਟੈਕਨਾਲੋਜੀ	Total 16 CS(AGR)-31 National Mission on Agriculture Extension and Technology		0	1,90,63	0	52,80
ਜੋੜ 103 ਬੀਜ	Total 103 Seeds		0	1,90,63	0	52,80
		Voted	0	1,90,63	0	52,80
		Charged	0	0	0	0
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: – 2401 – ਫਸਲ ਪਾਲਣ 104 – ਖੇਤੀਬਾੜੀ ਫਾਰਮ	Detailed Account No:- 2401 - Crop Husbandry 104 - Agricultural Farms					
02 ਪਾਵਰ ਸਬਸਿਡੀ ਟੂ ਫਾਰਮਜ ਸਕੀਮ	02 Scheme for Power Subsidy to Farmers					
99	99					
33 ਉਪਦਾਨ	02.99.33 Subsidies	R Voted	54,01,57,11	88,56,00,00	70,23,28,00	71,75,11,20
ਜੋੜ 99	Total 99		54,01,57,11	88,56,00,00	70,23,28,00	71,75,11,20
ਜੋੜ 02 ਪਾਵਰ ਸਬਸਿਡੀ ਟੂ ਫਾਰਮਜ ਸਕੀਮ	Total 02 Scheme for Power Subsidy to Farmers		54,01,57,11	88,56,00,00	70,23,28,00	71,75,11,20
ਜੋੜ 104 ਖੇਤੀਬਾੜੀ ਫਾਰਮ	Total 104 Agricultural Farms		54,01,57,11	88,56,00,00	70,23,28,00	71,75,11,20
		Voted	54,01,57,11	88,56,00,00	70,23,28,00	71,75,11,20
		Charged	0	0	0	0
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: – 2401 – ਫਸਲ ਪਾਲਣ 105 – ਖਾਦਾਂ ਤੇ ਰਸਾਇਣਕ ਖਾਦਾਂ	Detailed Account No:- 2401 - Crop Husbandry 105 - Manures and Fertilizers					
15 ਨੈਸਨਲ ਮਿਸਨ ਫਾਰ ਸਸਟੇਨੇਬਲ ਐਗਰੀਕਲਚਰ (ਸਾਇਲ ਹੈਲਥ ਮੈਨੇਜਮੈਂਟ)	15 National Mission for Sustainable Agriculture (Soil Health Management) (EY-ongoing)					
03 ਮੈਕਰੋ ਅਤੇ ਮਾਇਕਰੋ ਨਿਊਟਰੀਐਂਟ ਅਨੈਲਿਸਿਸ ਕਰਨ ਲਈ ਨਵੀਆਂ ਭੋਂ ਪਰਖ ਲੈਬ, ਮੋਬਾਇਲ ਭੋਂ ਲੈਬ ਅਤੇ ਮਿੰਨੀ ਲੈਬਾਂ ਦੀ ਸਥਾਪਨਾ	03 Setting up of New Soil Testing Labs, Mobile Soil Testing Labs and Mini Lab for Macro and Mini Nutrients Analysis					
33 ਉਪਦਾਨ	15.03.33 Subsidies	R Voted	0	0	0	83,00

(₹ ਹਜ਼ਾਰਾਂ ਵਿੱਚ)
(₹ Thousands)

ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ	Minor Head/Sub Head		ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
ਜੋੜ 01	Total 01 Seed Village Programme (Punjab Seed Corporation)		0	21,19	0	13,20
ਜੋੜ 41 ਸੀ.ਐਸ. (ਏ.ਜੀ.ਆਰ.)-31 ਨੈਸਨਲ ਮਿਸਨ ਆਨ ਐਗਰੀਕਲਚਰ ਐਕਸਟੈਂਸਨ ਐਂਡ ਟੈਕਨਾਲੋਜੀ	Total 41 CS(AGR)-31 National Mission on Agriculture Extension and Technology		0	21,19	0	13,20
42 ਏ.ਜੀ.ਆਰ-31 -ਕਿਸਾਨਾਂ, ਬੇਜਮੀਨੇ ਮਜਦੂਰਾਂ ਅਤੇ ਖੁਦਕੁਸੀਆਂ ਤੋਂ ਪ੍ਰਭਾਵਿਤ ਪਰਿਵਾਰਾਂ ਨੂੰ ਕਰਜਾ ਰਾਹਤ	42 AGR 31: Debt Relief to Farmers/Landless Labourers/Suicide effected families of farmers					
99	99					
33 ਉਪਦਾਨ	42.99.33 Subsidies	R Voted	0	2,55,00,00	3,30,00,00	1,80,00,00
ਜੋੜ 99	Total 99		0	2,55,00,00	3,30,00,00	1,80,00,00
ਜੋੜ 42 ਏ.ਜੀ.ਆਰ-31 -ਕਿਸਾਨਾਂ, ਬੇਜਮੀਨੇ ਮਜਦੂਰਾਂ ਅਤੇ ਖੁਦਕੁਸੀਆਂ ਤੋਂ ਪ੍ਰਭਾਵਿਤ ਪਰਿਵਾਰਾਂ ਨੂੰ ਕਰਜਾ ਰਾਹਤ	Total 42 AGR 31: Debt Relief to Farmers/Landless Labourers/Suicide effected families of farmers		0	2,55,00,00	3,30,00,00	1,80,00,00
43 ਸਕੀਮ ਫਾਰ ਪਾਵਰ ਸਬਸਿਡੀ ਟੂ ਫਾਰਮਰਜ	43 Scheme for Power subsidy to Farmers					
99	99					
33 ਉਪਦਾਨ	43.99.33 Subsidies	R Voted	0	0	0	17,93,77,80
ਜੋੜ 99	Total 99		0	0	0	17,93,77,80
ਜੋੜ 43 ਸਕੀਮ ਫਾਰ ਪਾਵਰ ਸਬਸਿਡੀ ਟੂ ਫਾਰਮਰਜ	Total 43 Scheme for Power subsidy to Farmers		0	0	0	17,93,77,80
ਜੋੜ 789 ਅਨੁਸੂਚਿਤ ਜਾਤੀਆਂ ਲਈ ਸਪੈਸ਼ਲ ਕੰਪੋਨੈਂਟ ਪਲਾਨ	Total 789 Special Component Plan for Scheduled Castes		57,24,70	3,47,46,61	4,17,73,32	20,61,33,21
		Voted	57,24,70	3,47,46,61	4,17,73,32	20,61,33,21
		Charged	0	0	0	0

ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2401 - ਫਸਲ ਪਾਲਣ 800 - ਹੋਰ ਖਰਚੇ
Detailed Account No:- 2401 - Crop Husbandry 800 - Other Expenditure

(₹ ਹਜ਼ਾਰਾਂ ਵਿੱਚ)
(₹ Thousands)

ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ	Minor Head/Sub Head		ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2852 - ਉਦਯੋਗ 80 - ਆਮ 102 - ਇੰਸਟ੍ਰੀਅਲ ਪ੍ਰੋਡਿਕਟੀਵਿਟੀ	Detailed Account No:- 2852 - Industries 80 - General 102 - Industrial Productivity					
01 ਵੀ.ਐਸ.ਆਈ./ਆਈ.ਐਨ3.4- ਮਾਡਰਨਾਈਜੇਸ਼ਨ ਆਫ ਸਮਾਲ ਸਕੇਲ ਇਡਸਟਰੀਜ(ਪੈਂਡਿੰਗ ਲਾਇਬਿਲਿਟੀਜ ਆਫ ਸਬਸਿਡੀਜ/ਇੰਸੈਂਟਿਵਜ)	01 VSI-1/IN 3.4- Modernization of Small Scale Industries (Pending Liabilities of Subsidies/Incentives)					
33 ਉਪਦਾਨ	01.00.33 Subsidies	R Voted	0	45,00	45,00	45,00
ਜੋੜ 01 ਵੀ.ਐਸ.ਆਈ./ਆਈ.ਐਨ3.4- ਮਾਡਰਨਾਈਜੇਸ਼ਨ ਆਫ ਸਮਾਲ ਸਕੇਲ ਇਡਸਟਰੀਜ(ਪੈਂਡਿੰਗ ਲਾਇਬਿਲਿਟੀਜ ਆਫ ਸਬਸਿਡੀਜ/ਇੰਸੈਂਟਿਵਜ)	Total 01 VSI-1/IN 3.4- Modernization of Small Scale Industries (Pending Liabilities of Subsidies/Incentives)		0	45,00	45,00	45,00
ਜੋੜ 102 ਇੰਸਟ੍ਰੀਅਲ ਪ੍ਰੋਡਿਕਟੀਵਿਟੀ	Total 102 Industrial Productivity		0	45,00	45,00	45,00
		Voted	0	45,00	45,00	45,00
		Charged	0	0	0	0
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2852 - ਉਦਯੋਗ 80 - ਆਮ 789 -	Detailed Account No:- 2852 - Industries 80 - General 789 - Special Component Plan					
01 ਪਾਵਰ ਸਬਸਿਡੀ ਨੂੰ ਇੰਡਸਟਰੀ	01 Power subsidy to Industries					
99	99					
33 ਉਪਦਾਨ	01.99.33 Subsidies	R Voted	0	0	0	1,51,29,97
ਜੋੜ 99	Total 99		0	0	0	1,51,29,97
ਜੋੜ 01 ਪਾਵਰ ਸਬਸਿਡੀ ਨੂੰ ਇੰਡਸਟਰੀ	Total 01 Power subsidy to Industries		0	0	0	1,51,29,97
ਜੋੜ 789	Total 789 Special Component Plan		0	0	0	1,51,29,97
		Voted	0	0	0	1,51,29,97
		Charged	0	0	0	0
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2852 - ਉਦਯੋਗ 80 - ਆਮ 800 - ਹੋਰ ਖਰਚੇ	Detailed Account No:- 2852 - Industries 80 - General 800 - Other expenditure					
01 ਵੀ ਐਸ ਆਈ-01/ ਆਈ ਐਨ/12.4/ਇੰਸੈਂਟਿਵਜ ਅੰਡਰ ਵੇਰੀਅਸ ਇੰਡਸਟ੍ਰੀਅਲ ਪਾਲਿਸੀਜ	01 VSI-1/IN 12.4 -Incentives Under Various Industrial Policies					
33 ਉਪਦਾਨ	01.00.33 Subsidies	R Voted	54,66	25,00,00	5,43,60	25,00,00

(₹ ਹਜ਼ਾਰਾਂ ਵਿੱਚ)
(₹ Thousands)

ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ		Minor Head/Sub Head			ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
50 ਹੋਰ ਖਰਚੇ	01.00.50	Other Charges	R	Charged	3,53	6,00,00	1,00,00	1,00
01	01	Power Subsidy to Industry -						
33 ਉਪਦਾਨ	01.01.33	Subsidies	R	Voted	0	14,41,00,00	14,40,95,00	13,61,69,77
ਜੋੜ 01	Total 01	Power Subsidy to Industry -			0	14,41,00,00	14,40,95,00	13,61,69,77
02	02	Incentives to Industrial Units as Per FIIP 2013 and Industrial and Business Development Policy 2017.						
33 ਉਪਦਾਨ	01.02.33	Subsidies	R	Voted	0	50,00,00	10,00,00	50,00,00
ਜੋੜ 02	Total 02	Incentives to Industrial Units as Per FIIP 2013 and Industrial and Business Development Policy 2017.			0	50,00,00	10,00,00	50,00,00
ਜੋੜ 01 ਵੀ ਐਸ ਆਈ–01/ ਆਈ ਐਨ/12.4/ਇੰਸੈਂਟਿਵਜ ਅੰਡਰ ਵੇਰੀਅਸ ਇੰਡਸਟ੍ਰੀਅਲ ਪਾਲਿਸੀਜ	Total 01	VSI-1/IN 12.4 -Incentives Under Various Industrial Policies			58,19	15,22,00,00	14,57,38,60	14,36,70,77
10 ਇਨਵੈਸਟਮੈਂਟ ਪ੍ਰਮੋਸ਼ਨ	10	Investment Promotion						
31 ਸਹਾਇਤਾ ਗ੍ਰਾਂਟ ਜਨਰਲ (ਤਨਖਾਹ)	10.00.31	Grant-in-Aid General (Salary)	R	Voted	2,50,00	3,50,00	3,50,00	4,90,00
35 ਪੂੰਜੀਗਤ ਸੰਪਤੀ ਦੀ ਰਚਨਾ ਲਈ ਸਹਾਇਤਾ ਗ੍ਰਾਂਟ	10.00.35	Grant-in-Aid for creation of capital assets	R	Voted	50,00	50,00	50,00	1,00,00
36 ਸਹਾਇਤਾ ਗ੍ਰਾਂਟ ਜਨਰਲ (ਤਨਖਾਹਾਂ ਤੋਂ ਇਲਾਵਾ)	10.00.36	Grant-in-Aid General (Non-Salary)	R	Voted	1,57,50	2,10,00	2,10,00	3,00,00
ਜੋੜ 10 ਇਨਵੈਸਟਮੈਂਟ ਪ੍ਰਮੋਸ਼ਨ	Total 10	Investment Promotion			4,57,50	6,10,00	6,10,00	8,90,00
11 ਉਦਯੋਗਿਕ ਪ੍ਰਮੋਸ਼ਨ –2013 ਤਹਿਤ ਵਿੱਤੀ ਲਾਭ – ਪੰਜਾਬ ਰਾਜ ਵਿਚ ਉਦਯੋਗਿਕ ਨਿਵੇਸ ਮੁਹਿੰਮ	11	Fiscal Incentives for Industrial Promotion 2013-Investment promotion Campaign In Punjab						
99	99							
36 ਸਹਾਇਤਾ ਗ੍ਰਾਂਟ ਜਨਰਲ (ਤਨਖਾਹਾਂ ਤੋਂ ਇਲਾਵਾ)	11.99.36	Grant-in-Aid General (Non-Salary)	R	Voted	0	1,00,00	1,00,00	1,00,00
ਜੋੜ 99	Total 99				0	1,00,00	1,00,00	1,00,00
ਜੋੜ 11 ਉਦਯੋਗਿਕ ਪ੍ਰਮੋਸ਼ਨ –2013 ਤਹਿਤ ਵਿੱਤੀ ਲਾਭ – ਪੰਜਾਬ ਰਾਜ ਵਿਚ ਉਦਯੋਗਿਕ ਨਿਵੇਸ ਮੁਹਿੰਮ	Total 11	Fiscal Incentives for Industrial Promotion 2013-Investment promotion Campaign In Punjab			0	1,00,00	1,00,00	1,00,00

(₹ ਹਜ਼ਾਰਾਂ ਵਿੱਚ)
(₹ Thousands)

ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ	Minor Head/Sub Head		ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2801 - ਬਿਜਲੀ 80 - ਆਮ 101 - ਬਿਜਲੀ ਬੋਰਡ ਨੂੰ ਸਹਾਇਤਾ						
Detailed Account No:- 2801 - Power 80 - General 101 - Assistance to Electricity Board						
01 ਸਬਸਿਡੀ ਅੰਡਰ ਰੂਰਲ ਇਲੈਕਟਰੀਫਿਕੇਸਨ ਆਫ ਇਲੈਕਟਰੀਸਿਟੀ ਬੋਰਡ	01 Subsidy under Rural Electricficationof Punjab Electricity Board					
33 ਉਪਦਾਨ	01.00.33 Subsidies	R Voted	0	26,53,00,00	22,54,62,00	1,91,58,20
50 ਹੋਰ ਖਰਚੇ	01.00.50 Other Charges	R Charged	0	0	1,70	0
ਜੋੜ 01 ਸਬਸਿਡੀ ਅੰਡਰ ਰੂਰਲ ਇਲੈਕਟਰੀਫਿਕੇਸਨ ਆਫ ਇਲੈਕਟਰੀਸਿਟੀ ਬੋਰਡ	Total 01 Subsidy under Rural Electricficationof Punjab Electricity Board		0	26,53,00,00	22,54,63,70	1,91,58,20
02	02 Assistance to Punjab State Power Corporation Limited					
01	01 Compensation for Loss under UDAY Scheme as per Clause 1.2(i)					
36 ਸਹਾਇਤਾ ਗ੍ਰਾਂਟ ਜਨਰਲ (ਤਨਖਾਹਾਂ ਤੋਂ ਇਲਾਵਾ)	02.01.36 Grant-in-Aid General (Non-Salary)	R Voted	0	3,00,00,00	90,69,00	1,50,00,00
ਜੋੜ 01	Total 01 Compensation for Loss under UDAY Scheme as per Clause 1.2(i)		0	3,00,00,00	90,69,00	1,50,00,00
ਜੋੜ 02	Total 02 Assistance to Punjab State Power Corporation Limited		0	3,00,00,00	90,69,00	1,50,00,00
ਜੋੜ 101 ਬਿਜਲੀ ਬੋਰਡ ਨੂੰ ਸਹਾਇਤਾ	Total 101 Assistance to Electricity Board		0	29,53,00,00	23,45,32,70	3,41,58,20
		Voted	0	29,53,00,00	23,45,31,00	3,41,58,20
		Charged	0	0	1,70	0
ਵਿਸਤ੍ਰਿਤ ਲੇਖਾ ਨੰ: - 2801 - ਬਿਜਲੀ 80 - ਆਮ 789 - ਅਨੁਸੂਚਿਤ ਜਾਤੀਆਂ ਲਈ ਸਪੈਸ਼ਲ ਕੰਪੋਨੈਂਟ ਪਲਾਨ						
Detailed Account No:- 2801 - Power 80 - General 789 - Special Component Plan for Scheduled Castes						
01	01 Subsidy under Rural Electricficationof Punjab Electricity Board					
99	99					
33 ਉਪਦਾਨ	01.99.33 Subsidies	R Voted	0	0	0	17,24,23,80
ਜੋੜ 99	Total 99		0	0	0	17,24,23,80

(₹ ਹਜ਼ਾਰਾਂ ਵਿੱਚ)
(₹ Thousands)

ਛੋਟੀ ਮੱਦ / ਉੱਪ ਮੱਦ	Minor Head/Sub Head	ਲੇਖਾ Accounts 2017-2018	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2018-2019	ਸੋਧੇ ਅਨੁਮਾਨ Revised Estimates 2018-2019	ਬਜਟ ਅਨੁਮਾਨ Budget Estimates 2019-2020
ਜੋੜ 01	Total 01 Subsidy under Rural Electricficationof Punjab Electricity Board	0	0	0	17,24,23,80
ਜੋੜ 789 ਅਨੁਸੂਚਿਤ ਜਾਤੀਆਂ ਲਈ ਸਪੈਸ਼ਲ ਕੰਪੋਨੈਂਟ ਪਲਾਨ	Total 789 Special Component Plan for Scheduled Castes	0	0	0	17,24,23,80
	Voted	0	0	0	17,24,23,80
	Charged	0	0	0	0
ਜੋੜ 80ਆਮ	Total 80 General	0	29,53,00,00	23,45,32,70	20,65,82,00
ਜੋੜ 2801 ਬਿਜਲੀ	**Total 2801 Power**	**0**	**29,53,00,00**	**23,45,32,70**	**20,65,82,00**
	ਸਵੀਕ੍ਰਤ Voted	0	29,53,00,00	23,45,31,00	20,65,82,00
	ਭਾਰਿਤ Charged	0	0	1,70	0