CONTENTS

ANNEXURE - I

GENERAL CONDITIONS OF TARIFF

1. General

Supply of electric energy to various categories of consumers shall be chargeable under the relevant Schedule of Tariffs. The particular schedule applicable to a new consumer shall be determined with reference to nature and/or quantum of load/demand and intimated to the prospective consumer at the time of issue of Demand Notice. This shall be subject to review on the basis of any change in nature and/or the quantum of actual connected load/demand.

2. Tariffs to be exclusive of levies

The tariffs 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.

4. Point of Supply

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

5. Connected Load

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

6. Applicability of Industrial Tariff Category

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

7. Periodicity of Billing

Periodicity of Billing shall be as specified in PSERC (Electricity Supply Code & Related Matters) Regulations, 2014, as amended from time to time. In case of bimonthly billing, consumption slabs shall be doubled while applying the relevant tariff.

8. Fuel Cost Adjustment (FCA)

8.1 To neutralize the changes in fuel cost, Fuel Cost Adjustment as per fuel cost adjustment formulae in accordance with the provisions of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014 & PSERC (Conduct of Business) Regulations, 2005, as amended from time to time, shall be applicable in addition to the energy rates of various categories of consumers specified in relevant Schedule of Tariff.

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

9. Two Part Tariff

All consumers (except AP, AP High-Technology/High Density Farming, Golden Temple and Durgiana Mandir) shall be covered under Two Part Tariff structure, as approved by the Commission in the Tariff Order. 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 maximum demand) whichever is higher. In case, the consumer exceeds its sanctioned Contract Demand during a billing cycle/month, he shall be liable to pay demand surcharge as provided in Schedule of Tariff for relevant category.

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.

10. Contract Demand

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

10.2 Medium Industrial Supply (MS)/Bulk Supply (BS) consumers, Compost Plants /Solid Waste Management Plants for Municipalities/ Urban Local Bodies, Domestic Supply (DS)/Non-Residential Supply (NRS) consumers with load exceeding 50 kW and all other consumers with load exceeding 100 kW (except Public Lighting & AP High Tech/High Density Farming), shall declare the maximum demand in kVA.

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

11. Metering

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

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

12. Non availability of Metering Equipment

In case of HT/EHT consumers receiving supply at 11 kV and above, if metering equipment is installed on LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kWh/kVAh) and maximum demand shall be enhanced by 3% to account for the transformation losses.

13. Voltage Surcharge/rebate

13.1 **Voltage Surcharge:**

The levy of voltage surcharge shall be as under:-

i) All consumers catered at 400 volts against specified voltage of 11 kV shall be levied surcharge at the rate of 15%.

ii) 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 31.3.2010 availing supply at 33/66 kV but required to convert their system so as to receive supply at 132/220 kV will not be levied any surcharge related to supply voltage, till such consumers request for change of their Contract Demand.

(b) DS/NRS/BS consumers existing as on 31.3.2010 catered at a voltage lower than specified in Supply Code, 2014 will be liable to pay surcharge only in case of any change in Contract Demand.

13.2 In case there is any constraint in releasing a new connection or additional load/demand to an existing consumer at specified voltage, the distribution licensee may allow supply at a lower voltage 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) (2ndAmendment) Regulations, 2016.

13.3 **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 may be allowed by the Commission to various HT/EHT categories of consumers as specified in the Tariff Order for the relevant year.

14. Steel Rolling Mill Surcharge

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

15. Time of Day (ToD) Tariff

15.1 All Large Supply consumers, Medium Supply consumers, and NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, may be subjected to Time of the Day (ToD) tariff, during such period and on such terms and conditions as may be approved by the Commission in the Tariff Order.

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

16.1.1 **Defective MDI:**

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

16.1.2 Higher of the average of maximum demands recorded during the preceding three months before the MDI became defective or the maximum demand of corresponding month of the previous year provided there was no change of load/demand thereafter, shall be adopted for billing purposes for the period the MDI remained defective.

16.1.3 If there was change of load/demand immediately before the MDI became defective, the maximum demand computed as above shall be adjusted on pro-rata basis.

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

18.2 Approved seasonal industries are as under:

(i) All cotton ginning, pressing and bailing plants

(ii) All rice shellers

(iii) All rice bran stabilization units (without T.G. Sets)

(iv) Kinnow grading & Waxing Centers

18.3 Rice bran stabilization units having T.G. Sets, Rice Huller Mills, Ice Factories and Ice Candy Plants shall not be treated as seasonal industries.

18.4 The seasonal Industry consumers shall have the option to be covered under General Industry Category and relevant Industrial Tariff shall be applicable in such cases. This option shall be exercised by the consumer at least one month prior to start of the season and billing as general industry shall be done for whole one year i.e. for a period of 12 months from the date of start of season. For the seasonal period for FY 2017-18, the consumers have the option to submit their revised option once within a month of the issue of this Tariff Order.

18.5 **Billing of Seasonal Industries**

Billing for all seasonal industries shall be done monthly and charged as under:

(i) For **exclusive Seasonal industries** mentioned above (except Rice Shellers), billing shall be done monthly as per the tariff (comprising of fixed and energy charges) applicable in respective schedule of tariff for seasonal industry. However, the Fixed Charges, as applicable in respective schedule of tariff for seasonal period, shall be levied on sanctioned load/demand for the period of six months only from the beginning of the seasonal period of 9 months (from 1st September to 31st May next year) in accordance with condition 9 above. Thereafter, only energy charges, as applicable in respective schedule of tariff, shall be levied on actual consumption recorded during the month. However, load/demand surcharge, shall be leviable for the excess load/demand, if any, as per the relevant schedule of tariff.

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

- Billing for the rice sheller seasonal industry shall be done monthly as per tariff (comprising of fixed and energy charges) applicable in respective schedule of tariff subject to payment of Seasonal Minimum Consumption Charges (SMCC). The Seasonal Minimum Consumption Charges (SMCC) will be based on energy consumption formula (4800 + nx)x9 wherein monthly energy consumption of 50 kW rice sheller will be taken as 4800 units in accordance with LDHF formula (L-load: 50 kW. D-days:

24 days. H-hours: 10, F-demand factor: 0.4); where ‘n’ represents numerical number rounded off to two decimal point and will be positive/negative.

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

a) **Energy Charges** shall be calculated on the Seasonal Minimum Consumption as per the rates specified in respective schedules of tariff and,

b) **Fixed Charges (FC)** shall be calculated on sanctioned load/demand, in accordance with condition 9 above, at the rates specified in respective schedule of tariff for seasonal period of **six months**

- Once the amount equivalent to SMCC, worked out as above, is deposited by the consumer in the form of consumption through monthly bills, thereafter only energy charges, as applicable in respective schedule of tariff for seasonal period, shall be levied on actual consumption recorded during the month. However, load/demand surcharge, shall be leviable for the excess load/demand, if any, as per the relevant Schedule of Tariff.

- **NOTE:**

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

(iii) **For mixed load Industries**, comprising load 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 respective Schedule of Tariff for General Industry, throughout the year.

b) **Fixed Charges** shall be levied on sanctioned general load/demand, as applicable in respective Schedule of Tariff for General Industry throughout the year and on sanctioned seasonal load/demand for six months at seasonal rates, as applicable in respective Schedule of Tariff, from the beginning of seasonal period irrespective of the actual period of running of seasonal load.

(iv) Seasonal industry consumer shall not be required to serve advance notice before starting or closing the unit. Also, the consumer shall not be required to give an undertaking not to run his seasonal industry during off season.

(v) **The amended procedure for billing of seasonal industry shall be applicable for the season commencing w.e.f. 1st September/October, 2017, as the case may be.**

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 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 ₹10/- (Rupees ten) and difference due to rounding-off shall be adjusted in subsequent bills.

21. Late Payment Surcharge

In the event of the monthly energy bill or other charges relating to electricity not being paid in full within the time specified in the bill, the consumers shall be levied late payment surcharge as under:

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

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

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

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

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

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

23. Interpretation of Tariff

If a question arises as to the applicability of tariff to any class of consumer or as to the interpretation of various clauses of tariff or General Conditions of Tariff, decision of the Commission shall be final.

ANNEXURE-II

SCHEDULES OF TARIFF (FY 2017-18)

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

SI.1 Availability

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

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

SI.1.1.1 A separate NRS connection in the premises of LS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SI.2 Character of Service

SI.2.1 Alternating Current, 50 cycles/second, Three Phase 11 kV or higher Voltage as specified in the Supply Code, 2014 depending on quantum/type of load/ contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SI.3 Tariff

	Description	Energy Rate (₹/kVAh)	FC (₹/kVA)
SI.3.1	**General Industry**		
	i) Above 100 kVA and upto1000 kVA	5.70	140
	ii) Above 1000 KVA and upto 2500 kVA	5.74	195
	iii) Above 2500 KVA	5.78	230
SI.3.2	**Arc Furnaces and Power Intensive Units including Induction furnaces, Chloro-alkaline units, Billet heaters, Surface hardening Machines & Electrolytic process industries**		
	i) Above 100 kVA and upto1000 kVA	5.74	160
	ii) Above 1000 KVA	5.98	295
SI.3.3	**Seasonal Industries covered under condition 18 of the General Conditions of Tariff**		
	i) Seasonal Rate	Same as specified for the relevant general sub-category	280 (for 6 Months)
	ii) Off Seasonal Rate		Nil
SI.3.4	**Ice Factories, Ice Candies & Cold Storages**		
	i) April to July		280
	ii) August to March next year		70

Note:

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

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

(iii) The additional charge @10 paise/kVAh on pro-rata basis, on continuous process industries, shall be leviable as here-to-fore, only for the period from 1st April, 2017 to 31st October, 2017. The additional charge for continuous process industry shall be discontinued w.e.f. 1st November, 2017 onwards.

SI.3.5 For Arc/PIU industries, where the load is of mixed nature, i.e. in addition to Arc/Power Intensive loads, General Industrial loads are also running, Fixed Charges shall be determined by computing the contract demand on prorate basis in proportion to such loads duly sanctioned by the load sanctioning authority. In such cases, Power Intensive loads shall comprise of loads as mentioned in para SI.3.2, including auxiliary loads, loads of pollution control machinery, gas plants & corresponding lighting loads, and general industrial loads in such cases shall comprise loads of rolling mills and its allied loads, related workshop, general engineering machinery and corresponding lighting load, for the purpose of levy of Fixed Charges.

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

SI.3.7 Voltage Surcharge/Rebate

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

SI.3.8 Steel Rolling Mill Surcharge

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

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

SI.4 Seasonal Industries

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff, as amended from time to time and Tariff Order for the relevant year.

SI.5 Factory Lighting and Colony Lighting

All consumption for bona fide factory lighting shall be included for charging under the above tariff. The consumption for residential purposes i.e staff quarters of factory, street lighting etc. shall also be charged under this Schedule. However, a separate single point connection may be allowed for the colony load including street lighting under PSERC (Single Point Supply to Cooperative Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

SI.6 Load/Demand Surcharge

SI.6.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances, wherever applicable, shall be obtained by the consumer.

SI.6.2 Demand Surcharge for exceeding the Contract Demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand, irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purpose shall be computed as per condition 16 of General Conditions of Tariff, as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SI.6.3 Compensation for damage

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

SI.7 Force Majeure applicable for Arc/Induction furnaces

In the event, where normal working of the industry is affected in the event of lock out due to labour problem, damage of EHV Power Transformer, failure on the part of distribution licensee to supply power, fires, earth-quakes, floods, tempests and lightning, directly resulting in closure of industry or normal supply hours reduced through specific order of the distribution licensee for power regulation purposes, the consumer shall be entitled to proportionate reduction in 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 INDUSTRIAL SUPPLY (MS):</u>

SII.1 Availability

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

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

SII.1.1.1 A separate NRS connection in the premises of MS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SII.2 Character of Service

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

SII.2.2 Metered supply connections to poultry, goatery, piggery, fish farming (exclusive) & dairy farms may be released from category-1 or UPS or AP feeder at the option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SII.3 Tariff

	Description	**Energy Rate (₹/kVAh)**	**FC (₹ per kVA)**
SII.3.1	General Industry	5.60	100
SII.3.2	Seasonal Industries covered under condition 18 of the General Conditions of Tariff:		
	(i) Seasonal Rate	5.60	200 (for 6 Months)
	(ii) Off Seasonal Rate		Nil
SII.3.3	Ice Factories, Ice Candies & Cold Storages		
	(i) April to July	5.60	200
	(ii) August to March next year		50

Note:

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

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

iii) The additional charge @10 paise/kVAh on pro-rata basis, on continuous process industries, shall be leviable as here-to-fore, only for the period from 1st April, 2017 to 31st October, 2017. The additional charge for continuous process industry shall be discontinued w.e.f. 1st November, 2017 onwards.

SII.3.4 Voltage Surcharge/Rebate

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

SII.3.5 Steel Rolling Mill Surcharge

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

SII.3.6 In case of Rice Shellers, Ice Factories, Cold Storage & Stone Crushers falling under this schedule, where the metering is done on 11 kV and the consumer has installed his own transformer, additional rebate of 3 paise per kVAh shall be admissible over and above the voltage rebate admissible as per 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, as amended from time to time and Tariff Order for the relevant year.

SII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SII.6 Load/Demand Surcharge

SII.6.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SII.6.2 Demand Surcharge for exceeding the Contract Demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

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

SII.6.3 Compensation for damage

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

SIII SCHEDULE OF TARIFF FOR SMALL INDUSTRIAL POWER SUPPLY (SP)

SIII.1 Availability

This tariff shall apply to Industrial Power Supply consumers with connected load not exceeding 20 kW.

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

SIII.1.1 A separate NRS connection in the premises of SP consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under the bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SIII.2 Character of Service

SIII.2.1 Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts, as specified in the Supply Code 2014.

SIII2.2 Metered Supply connections to poultry, goatery, piggery, fish farming (exclusive) & dairy farms may be released from category-1 or UPS or AP feeder at the option of the consumer subject to the technical feasibility to release such connection. However, the consumer opting for supply from AP feeder shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. The consumers opting for supply from AP feeder shall not be eligible for tariff applicable to agriculture consumers.

SIII.3 Tariff

<table>
<tr><th></th><th>Description</th><th>Energy Rate (₹/kWh)</th><th>FC (₹/kW)</th></tr>
<tr><td>SIII.3.1</td><td>General Industry</td><td>5.48</td><td>85</td></tr>
<tr><td rowspan="3">SIII.3.2</td><td colspan="3">Seasonal industries covered under condition 18 of the General Conditions of Tariff:</td></tr>
<tr><td>i) Seasonal Rate</td><td rowspan="2">5.48</td><td>170
(for 6 Months)</td></tr>
<tr><td>ii) Off Seasonal Rate</td><td>Nil</td></tr>
<tr><td rowspan="3">SIII.3.3</td><td colspan="3">Ice Factories, Ice Candies & Cold Storages</td></tr>
<tr><td>i) April to July</td><td rowspan="2">5.48</td><td>170</td></tr>
<tr><td>ii) August to March next year</td><td>43</td></tr>
</table>

Note:

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

SIII.4 Seasonal Industry

Seasonal industries shall be billed as per condition 18 of General Conditions of Tariff, as amended from time to time and Tariff Order for the relevant year.

SIII.5 Factory Lighting

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial & general load and entire consumption shall be charged at the rate for industrial consumption.

SIII.6 Load Surcharge

SIII.6.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. The unauthorized load so detected shall be got removed. However if the unauthorized extension is up to 10% of the sanctioned load, the consumer shall be required to pay load surcharge and the connection shall not be disconnected. The unauthorized load upto 10% of the sanctioned load so detected shall either be removed or got regularized by the consumer. The extra load permissible shall be to the extent that total load does not exceed 20 kW.

SIII.6.2 Compensation for damage

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

SIII.7 Power Factor Surcharge/Incentive

SIII 7.1 The monthly average power factor of the plant and apparatus owned by the consumer shall not be less than 0.90. The monthly average power factor shall mean the ratio of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal figures.

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

SIII.7.2.1 Power Factor Surcharge

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

SIII.7.2.2 Power Factor Incentive

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

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 as specified in the Supply Code 2014.

SIV.3 Tariff

	Description	Energy Rate (₹)	FC (₹/kW)
SIV.3.1	Agricultural Pumping Supply (AP) without GoP Subsidy	5.06/kWh or ₹403/BHP/Month	NA
SIV.3.2	Agricultural Pumping Supply (AP) with GoP Subsidy	NIL	NA

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the Energy Charges provided in para SIV.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SIV.4 Flat rate supply shall only be allowed to consumers getting supply from agriculture feeders. The consumers located within Municipal Limits of cities/towns or getting supply from Urban/City/Urban Pattern Supply/Kandi area feeders shall be covered under metered supply only.

SIV.4.1 20% surcharge on flat rate charges or as determined by the Commission in the Tariff Order for this year shall be leviable in case of agricultural consumers covered under flat rate/metered supply category until a consumer fulfils the following requirements:-

SIV.4.1.1 Delivery pipe should not be more than 2 feet above the ground level water channel except for the consumers who are having underground irrigation system.

SIV.4.1.2 Bend used in the delivery pipe should not be sharp but of suitable curvature.

SIV.4.1.3 Motor-Pump should be installed on a Pucca leveled foundation in case of mono-block or belt driven pump-sets.

SIV.4.2 Extra fixed charges shall be levied wherever an agricultural tube well covered under this schedule is also used for fish farming as below:

SIV.4.2.1 Fish culture in a pond up to half acre: ₹900/- per annum

SIV.4.2.2 Fish culture in a pond above half acre: ₹1800/- per annum

but up to one acre:

SIV.4.2.3 Additional area under fish pond to be charged in multiples of half acre rate. The pond area shall include bundhing.

SIV.4.2.4 Relevant industrial tariff shall be applied for such tube wells which are exclusively used for fish farming.

SIV. 4.3 Misuse of AP supply

The misuse of AP supply provided to agricultural tube wells for other purposes shall be dealt with as per provisions of Electricity Act, 2003.

SIV.5 Pump House Lighting

The consumption for bona fide lighting of the pump or machine house of 2 CFLs with total wattage aggregating 40 watts shall be allowed per tube well connection.

SIV.6 Load Surcharge

SIV.6.1 If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if un-authorized extension is up to 10% of the sanctioned load, the consumer shall pay load surcharge but connection shall not be disconnected. The unauthorized load so detected shall, however, be got removed.

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

SIV.7 Installation of Shunt Capacitors

SIV.7.1 No tube well connection shall be released without installation of ISI mark Shunt Capacitors of requisite capacity. The kVAh capacity of Shunt Capacitors to be installed shall be as prescribed by the distribution licensee with the approval of the Commission.

SIV.7.2 AP consumers having got installed Shunt Capacitors at their tube well premises from the distribution licensee against payment of monthly rentals, shall be charged rentals @ ₹4/- per kVAh per month from the date of installation. The rentals shall, however, be recovered on half yearly basis i.e. ₹24 per kVAh in April and October every year.

SIV.7.3 Before allowing extension in load/regularization of load by distribution licensee, the existing AP consumers shall install capacitors of adequate capacity as prescribed by distribution licensee with the approval of the Commission.

SV SCHEDULE OF TARIFF FOR NON RESIDENTIAL SUPPLY (NRS)

SV.1 Availability

SV.1.1 This tariff shall apply to non-residential premises such as business houses, cinemas, clubs, offices, hotels/motels, marriage palaces, departmental stores, shops, guest houses, restaurants for lights, fans, appliances like pumping set & air conditioning units/plants, lifts, welding sets, small lathes, electric drills, heaters, battery chargers, embroidery machines, printing presses, ice candy machines, dry cleaning machines, power presses, small motors etc. Private hospitals (other than charitable), Private unaided educational institutions i.e. schools, colleges and universities, hostels and residential quarters attached thereto where such institutions/installations are not covered under schedule DS/BS, Telecommunication/Cellular Mobile Phone Towers and all private sports institutions/ facilities including gymnasiums shall come under this category.

SV.1.2 If a portion of residential/industrial premises is regularly used for any commercial activity permitted under law, the consumer shall be required to obtain a separate connection under NRS category for the portion put to commercial use. In such an event, two connections, one under Schedule DS/Industrial and the other under Schedule NRS shall be permitted.

SV.1.3 Any of the following activities carried out in a part of residential premises shall also be covered under this schedule.

a) A private outpatient clinic/hospital or laboratory.

b) PCO.

c) Milk processing (other than chilling plant)) for commercial purposes.

d) Offices of any other professional service provider.

e) ATM.

SV.2 Character of Service

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

SV.3 Tariff

	Description	Energy Rate (₹)	FC (₹)
SV.3.1	**Loads upto 7 kW**		
	i) Upto 100 kWh	6.84/kWh	50/kW
	ii) Above 100 & upto 500 kWh	7.09/kWh	
	iii) Above 500 kWh	7.21/kWh	
SV.3.2	**Loads exceeding 7 kW & upto 50 kW**		
	i) Upto 100 kWh	6.84/kWh	70/kW
	ii) Above 100 & upto 500 kWh	7.09/kWh	
	iii) Above 500 kWh	7.21/kWh	
SV.3.3	**Loads/demand exceeding 50 kW and upto 100 kVA (All Units)**	6.15/kVAh	100/kVA
SV.3.4	**Demand exceeding 100 kVA (All Units)**	6.35/kVAh	100/kVA

Note:

i) Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges as provided in para SV.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

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

iii) Consumers running Marriage Palaces shall pay Fixed Charges on 10% of Sanctioned Load/Contract Demand or Actual Load/Demand recorded during the billing cycle/month, whichever is higher (restricted to Sanctioned Load/Contract Demand). In case, the consumer exceeds its Sanctioned Load/Contract Demand during a billing cycle/month, he shall be liable to pay Load/Demand Surcharge as provided in this Schedule of Tariff.

SV.3.5 Voltage Surcharge/Rebate

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

SV.4 Load/ Demand Surcharge

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

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

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

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per condition 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SV.4.3 Compensation for damage

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

SVI SCHEDULE OF TARIFF FOR DOMESTIC SUPPLY (DS)

SVI.1 Availability

This tariff shall apply to the following:

SVI.1.1 Supply to a residential premise for lights, fans, single/three phase domestic pumping set/toka machine not exceeding 2 BHP and other house hold appliances. Where a room or a part of residential house is being utilized by a person for imparting education/tuition work or for cookery classes/beauty parlour/tailoring work etc., supply for such purposes shall also be covered under this schedule.

Where a portion of the residential premises is used regularly for the conduct of business, the supply in that portion shall be separately metered under separate connection and billed under Schedule NRS.

SVI.1.2 Supply to Govt. sports institutions/facilities, including gymnasiums, Govt./Govt. aided educational institutions viz. schools, colleges, universities, I.T.Is, including hostels and residential quarters attached to these educational institutions.

Supply to hostels and/or residential quarters attached with the private educational institutions where separately metered shall also be covered in this schedule. Hostels will be considered as one unit and billed without compounding.

SVI.1.3 Supply to all places of worship provided that concerned authorized officer of the distribution licensee certifies the genuineness of place being used for worship by general public.

SVI.1.4 Supply to Sainik Rest Houses of Rajya Sainik Board.

SVI.1.5 Supply to Govt. hospitals, primary health centres, civil dispensaries and hospitals run by charitable institutions covered under section 80(G) of the Income Tax Act.

SVI.1.6 Release of more than one connection in the premises of Domestic Supply consumer shall be admissible subject to the following conditions:-

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

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

SVI.2 Character of Service

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

and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SVI.3 Tariff

	Description	Energy Rate (₹)	FC (₹)
SVI.3.1	**Loads upto 2kW**		
	i. Upto 100 kWh	4.81/kWh	20/kW
	ii. Above 100 kWh & upto 300 kWh	6.38/kWh	
	iii. Above 300 kWh & upto 500 kWh	6.98/kWh	
	iv. Above 500 kWh	7.19/kWh	
SVI.3.2	**Loads exceeding 2 kW & upto 7 kW**		
	i. Upto 100 kWh	4.81/kWh	25/kW
	ii. Above 100 kWh & upto 300 kWh	6.38/kWh	
	iii. Above 300 kWh & upto 500 kWh	6.98/kWh	
	iv. Above 500 kWh	7.19/kWh	
SVI.3.3	**Loads exceeding 7 kW & upto 50 kW**		
	i. Upto 100 kWh	4.81/kWh	30/kW
	ii. Above 100 kWh & upto 300 kWh	6.38/kWh	
	iii. Above 300 kWh & upto 500 kWh	6.98/kWh	
	iv. Above 500 kWh	7.19/kWh	
SVI.3.4	**Loads/demand exceeding 50 kW and upto 100 kVA (All units)**	6.11/kVAh	60/kVA
SVI.3.5	**Demand above 100 kVA (All units)**	6.31/kVAh	60/kVA

Golden Temple, Amritsar and Durgiana Temple, Amritsar

	Description	Energy Rate (₹)	FC (₹)
SVI.3.6	First 2000 kWh	Free	NA
SVI.3.7	Beyond 2000 kWh	5.82/kWh	NA

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges provided in para SVI.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SVI.3.8 Voltage Surcharge/Rebate

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

SVI.4 Load/ Demand Surcharge

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

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

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

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVI.4.3 Compensation for damage

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

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

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

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

SVI.5.2 Total consumption of electricity recorded at single point connection of a Co-operative Housing Society/employer's colony will be billed at a rate equal to the highest slab rate of Schedule of Tariff for Domestic Supply (DS) and a rebate of 12% (Twelve percent) will be admissible in addition to any other rebate on electricity 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 this year.

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

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

SVII 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 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 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 and transformer winding capacity at the feeding sub-station. All BS consumers shall get their Contract Demand sanctioned irrespective of their connected load. Contract Demand above 100 kVA shall be released on HT/EHT as specified in Supply Code, 2014.

SVII.3 Tariff

Description	Energy Rate (₹/kVAh)	FC (₹/kVA)
HT	5.85	195
LT	6.25	155

Note:

i) Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges provided in para SVII.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

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

SVII.3.1 Voltage Surcharge/Rebate

Voltage Surcharge/rebate shall be applicable as per condition 13 of General

Conditions of Tariff, as amended from time to time and as approved by the Commission in the Tariff Order.

SVII.4 Load /Demand Surcharge

SVII.4.1 Load Surcharge

SVII.4.1.1 No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SVII.4.2 Demand Surcharge for exceeding the contract demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per condition 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVII.4.3 Compensation for damage

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

SVIII <u>SCHEDULE OF TARIFF FOR PUBLIC LIGHTING SUPPLY</u>

SVIII.1 Availability

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

SVIII.2 Character of Service

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

SVIII.3 Tariff

Energy Charges (₹/kWh)	Fixed Charges (₹/kW)
7.21	80

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges provided in para SVIII.3 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	₹16/-per lamp per month
(ii)	Lamps above 150 watts	Special quotation

SVIII.4.1.2 Mercury/ Sodium Vapour lamps

(i)	Lamps of 80 watts	₹49/- per lamp per month
(ii)	Lamps of 125 watts	₹53/- per lamp per month
(iii)	Lamps of 250 watts	₹90/- per lamp per month
(iv)	Lamps of 400 watts	₹101/-per lamp per month

SVIII.4.1.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	₹26/- per point per month
(ii)	Single 4 ft 40 watts	₹43/- per point per month
(iii)	Double 2 ft 20 watts	₹43/- per point per month
(iv)	Double 4 ft 40 watts	₹68/-per point per month

SVIII.4.2 Category-B

Where the initial installation and subsequent replacement of complete street light fittings shall be done at the cost of the licensee and initial installation & subsequent replacement of lamps shall be done at the cost of Street Lighting consumers i.e. lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:-

SVIII.4.2.1 Ordinary/CFL/LED lamps

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

SVIII.4.2.2 Mercury/Sodium Vapour lamps

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

SVIII 4.2.3 Fluorescent tubes

(i)	Single 2 ft 20 watts	₹23/- per point per month
(ii)	Single 4 ft 40 watts	₹40/- per point per month
(iii)	Double 2 ft 20 watts	₹39/- per point per month
(iv)	Double 4 ft 40 watts	₹61/-per point per month

SVIII.4.3 Category-C

Where the initial installation of complete street light fittings and lamps as well as their subsequent replacement shall be done at the cost of Street Lighting consumer i.e. fittings and lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:-

SVIII.4.3.1 Ordinary/CFL/LED lamps

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

SVIII.4.3.2 Mercury/Sodium Vapour lamps

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

SVIII.4.3.3 Fluorescent tubes

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

Note: Where the work of lamp renewal/replacement is being carried out by the local bodies, the charges pertaining to line maintenance and lamp renewal/ replacement shall be shared by licensee and the Municipal Corporation/ Committee/Council/Panchayat in the ratio of 50:50.

SVIII.4.4 Category-D

Where the initial installation of complete street light fittings and lamps as well as subsequent replacement of fittings shall be carried out at the cost of Street Lighting consumer but the replacement of fluorescent tubes shall be done at the cost of the licensee i.e. fluorescent tubes to be supplied by the licensee, the line maintenance and fluorescent tube replacement charges shall be as under:

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

SVIII.5 Rebate to Village Panchayats

For Street Lighting supply to Village Panchayats, a rebate of twenty five percent over the standard tariff (i.e. energy charges and line maintenance and lamp renewal charges under all categories) shall be admissible.

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

SIX.3 Tariff

Energy Charges (₹/kVAh)	FC (₹/kVA)
6.66	200

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges provided in para SIX.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SIX.4 Contract Demand and Demand Surcharge

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

This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

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

SIX.4.2 Compensation for damage

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

SIX.5 Single Point Delivery

The above tariff is based on the supply being given through a single delivery & metering point and at a single voltage. Supply at any other point or at other voltage shall be separately metered and billed.

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

Availability

Temporary supply shall be permitted to an applicant as per Supply Code 2014 for a period as per applicant's request, but not exceeding two years in the first instance. However, the distribution licensee may extend such supply on an application by the consumer.

Fixed Charges for Temporary Supply shall be payable on monthly basis.

The revised rates for Temporary Supply shall be applicable from 1st November, 2017 onwards.

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 Charges (₹)	FC (₹)
SX.1.3.1	Domestic Supply	1.5 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:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges as provided in para SX.1.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SX.1.3.3 Voltage surcharge/rebate

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

SX.1.4 Load/ Demand Surcharge

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.1.5 Compensation for damage

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

SX.2 Tariff for Temporary Small, Medium and Large Industrial Power Supply

SX.2.1 Availability

Temporary supply shall be permitted to all industrial consumers for loads including pumps for dewatering in case of floods on an application as per applicant's request.

SX.2.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.2.3 Tariff

	Description	Energy Rate(₹)	FC(₹)
SX.2.3.1	SP	1.5 times the charges specified under the relevant schedule for permanent supply corresponding to the Connected Load/Demand	
SX.2.3.2	MS		
SX.2.3.3	LS		

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges as provided in para SX.2.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.2.3.4 Voltage Surcharge/Rebate

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

SX.2.4 Factory Lighting

SX.2.4.1 In case of temporary supply to Large Industrial Supply, Medium Supply & Small Power consumers, the bonafide factory lighting and motive/ Industrial power consumption shall be measured through one and the same meter and charged at the relevant industrial tariff as per para SX.2.3 of this Schedule.

SX.2.5 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.2.6 Compensation for damage

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

SX.3 Tariff for Wheat Threshers

SX.3.1 Availability

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

SX.3.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.3.3 Tariff

Description	Energy Rate (₹)	FC (₹)
SP	1.5 times the charges specified under the relevant schedule for permanent supply corresponding to the Connected Load/Demand	
MS		
LS		

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges determined as per para SX.3.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SX.3.3.1 Voltage surcharge/rebate

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

SX.3.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at double the rates as applicable under relevant schedule for permanent industrial supply.

SX.3.5 Compensation for damage

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

SX.4 Tariff for Fairs, Exhibitions, Melas and Congregations

SX.4.1 Availability

Available for temporary loads of Fairs, Exhibitions, Melas and Congregations.

SX.4.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code 2014.

SX.4.3 Tariff

Description	Energy Rate(₹)	FC (₹)
HT	1.5 times the charges specified under the relevant schedule for bulk supply corresponding to the Connected Load/Demand	
LT		

SX.4.3.1 Voltage Surcharge/Rebate

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

SX.4.4 Load/Demand Surcharge

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 the relevant schedule for bulk supply.

SX.4.5 Compensation for damage

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

SX.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 Rate (₹)	FC (₹)
SX.5.3.1	Lights and fans	1.5 times the charges (highest slab rate) specified under the relevant schedule for permanent supply corresponding to the Connected Load/Demand	
SX.5.3.2	Motive load	1.5 times the charges specified under the relevant schedule for permanent industrial supply corresponding to the Connected Load/Demand	

SX.5.3.3 Voltage surcharge/rebate

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

SX.5.4 Load/ Demand Surcharge

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.

SX.5.5 Compensation for damage

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

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

SXI.1.1 Setting up a green house with a minimum area of 2000 sq. metres.

SXI.1.2 Production of certificate from Director/Agriculture and/or Director/Horticulture or any other officer authorized by the Govt. of Punjab, to the effect that the farming being carried out by the consumer involves use of high technology requiring power supply to produce quality products such as vegetables/ fruits/seeds/flowers etc., to meet the standards of domestic/International markets.

SXI.1.3 A distribution licensee shall take necessary steps to annually verify that all consumers continue to fulfil the obligations as above for coverage under this category. In the event of a consumer ceasing to fulfil these obligations, connection released shall be disconnected after giving at least 15 days notice.

SXI.1.4 The farmers opting for High Density Farming supply shall furnish a certificate from Director/Agriculture and/or Director/Horticulture department to the effect that farming being carried out by the applicant is covered under High Density farming as per the State Government policy.

SXI.2 Character of Service

Alternating Current, 50 cycles/second, Three phase 400 volts for loads not exceeding 100 kW and 11 kV or higher voltage supply for loads above 100 kW as specified in the Supply Code 2014.

SXI.3 Tariff

Energy Rate (₹)	FC (₹)
5.06/kWh	Not Applicable

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges determined as per para SXI.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SXI.3.1 Voltage Surcharge/Rebate

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

SXI.4 The provisions of Regulation 9 of the Supply Code 2014 shall be applicable for the release of a connection under this category. Connections with a load of more than 100 kW shall be released at 11 kV. An independent feeder shall be provided at the consumer's expense if uninterrupted supply is required. Connection with a load not exceeding 100 kW may be released from AP feeder or category-1 or UPS feeder at the option of the consumer, subject to the technical feasibility to release such connection. However, the consumers opting for supply from agriculture feeders shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. Only metered supply shall be admissible under this category.

SXI.5 Load Surcharge

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

SXI.1.5.2 Compensation for damage

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

SXI.6 Power Factor Surcharge/Incentive

Consumers shall be required to maintain a monthly average power factor of 0.90. The monthly average power factor shall mean the ratio of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal points.

SXI. 6.1 Low Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the 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 SUPPLY OF ELECTRICITY TO COMPOST PLANTS/SOLID WASTE MANAGEMENT PLANTS FOR MUNICIPALITIES/ URBAN LOCAL BODIES</u>

SXII.1 Availability

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

SXII.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as per Supply Code 2014 depending on quantum of demand. In case of consumers with load not exceeding 100 kW, the Contract Demand shall not exceed 100 kVA. For loads exceeding 100 kW, the Contract demand shall be above 100 kVA.

SXII.3 Tariff

Energy Rate (₹)	FC (₹)
5.06/kWh	18/kVA

Note:

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

SXII.3.1 Voltage Surcharge/Rebate

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

SXII.4 Power Factor Surcharge/Incentive

The monthly average power factor of the plant owned by the consumer shall not be less than 0.90.The monthly average power factor shall mean the ratio of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal figures.

SXII. 4.1 Power Factor Surcharge

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

SXII.4.2 Power Factor Incentive

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

SXII.4.3 For power factor surcharge & incentive, the energy charges shall also include the surcharge or rebate as applicable in accordance under para SXII.3.1 of this schedule.

SXII.5 Load/Demand Surcharge

SXII.5.1 Load Surcharge

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SXII.5.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per condition 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SXII.5.3 Compensation for damage

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

SXIII. <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.

SXIII.3 Tariff

Energy Rate (₹)	FC (₹)
6.55/kVAh	Not Applicable

SXIII.4. Demand Surcharge

The Demand Surcharge for exceeding the Contract Demand shall be as applicable to Large Supply Industrial Consumers (General).

SXIII.5. Terms and Conditions

SXIII.5.1 The Contract Demand for supply for start up power shall not exceed 15 % of the rated capacity of the unit with highest rating in the power plant.

SXIII.5.2 CPPs shall be governed by terms and conditions as specified in PSERC (Harnessing of Captive Power Generation) Regulations, 2009.

SXIII.5.3 The generator shall execute an agreement with the distribution licensee for meeting the requirement for start up power incorporating above terms and conditions.

SXIV. SCHEDULE OF TARIFF FOR CHARITABLE HOSPITALS SET-UP UNDER PERSONS WITH DISABILITY (EQUAL OPPORTUNITIES, PROTECTION OF RIGHTS AND FULL PARTICIPATION), ACT 1995.

SXIV.1 Availability

Available to Charitable Hospitals set-up under Persons with Disability (Equal Opportunities, Protection of Rights and Full Participation), Act 1995.

SXIV.2 Character of Services

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

SXIV.3 Tariff

	Load/Demand	**Energy Rate (₹)**	**FC (₹)**
SXIV.3.1	Loads not exceeding 100 kW	4.81/ kWh	20/kW
SXIV.3.2	Loads/demand exceeding 100 kW/kVA	4.43/kVAh	18/kVA.

Note:

Fuel Cost Adjustment (FCA) charges for the relevant period shall be applicable in addition to the energy charges as provided in para SXIV.3 in accordance with condition 8 of General Conditions of Tariff, as amended from time to time.

SXIV.4 Load/ Demand Surcharge

SXIV.4.1 Load Surcharge

SXIV 4.1.1 For loads not exceeding 100 kW

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

SXIV.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SXIV.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per condition 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SXIV.4.3 Compensation for damage

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

ANNEXURE - III

LIST OF OBJECTORS – PSPCL

Objection No.	Name & address of Objector
1	Sh. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.
2	Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh.
3	Sh. R.K. Sharma, COO, KRBL Limited, Vill. Bhasaur, Teh. Dhuri, Distt. Sangrur, Punjab.
4	Sh. Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Chandigarh-160 031.
5	Sh. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.
6	Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh
7	Sh.Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd.Office:PHD House, Sector 31A, Chandigarh-160 031.
8	Shri Harinder Puri, Secretary, Steel Furnace Association of India,(Punjab Chapter), C/O Upper India Steel Mfg.& Engg. Co. Ltd., Dhandari Industrial Focal Point, Ludhiana-140 010
9	Sh. H.S. Sandhu, V.P. (Works), Mawana Sugars Limited, Unit: Siel Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No.52, Rajpura, Distt. Patiala (Pb)
10	Sh. S.C.Misra, Nambardar Alawalpur, Acting President, Nambardar Union, Distt.Jalandhar, Mobile No.9357294742
11	Sh. R.K.Gandhi, President, Sports & Surgical Complex Association (Regd), C-53, Sports & Surgical Complex, Kapurthala Road, Jalandhar.
12	Partner, Power Engineer Associates, Office:19707, St.No.10-A, Ajit Road, Bathinda-151001.
13	Sh. Kailash Garg, Partner, Kailash Cotton Ginning Factory, Hazi Rattan, Bathinda.
14	President, Rice Miller’s Association, SCF 19-20, Model Town, Phase-II, Bathinda (Pb.)
15	Er. P.S. Virdi, President, The Consumer Protection Federation (Regd.), SCF 78, Sector 54 (Phase-2), SAS Nagar.
16	General Secretary, PSEB Engineers’ Association (Regd.), 45, Ranjit Bagh, Near Modi Mandir, Passey Road, Patiala.
17	Sh. Sandip Jain, Director, Antarctic Industries Limited, C-44/47, Focal Point, Ludhiana-141010
18	Sh. P.D. Sharma, President, APEX Chamber of Commerce & Industry (Pb), Room No. 204, 2nd Floor, Savitri Complex-I, G.T. Road, Ludhiana.
19	Sh. Gurmeet Singh, General Manager/Electrical, Khanna Paper Mills Ltd., NH-1, Majitha Bye-Pass, Amritsar-143001.
20	Sh. Vijay K R Chawla, Chairman, Power & Energy Matters Comm., Mohali Industries Association, MIA Bhawan, Way 143-144, Oppo. E.S.I., Hospital, Industrial Area, Phase-VII, Mohali.

Objection No.	Name & address of Objector
21	Sh. Inderjeet Singh Navyug, Sr. Vice President, United Cycle and Parts Mfrs. Association, Near Campa Cola Chowk, Gill Road, Ludhiana.
22	Sh. Arvind Dhumal, State President, Laghu Udyog Bharti, (Punjab), Crescent Engineering Corporation, G.T., Road, Bypass, Jalandhar.
23	Sh. Devinder Kumar Mehta, Induction Furnace Association of North India, Room No.212, 2nd Floor, Savitri Complex, G.T. Road, Ludhiana.
24	Sh. H.N. Singhal, President (Corp.HR & Admn.), Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana.
25	Er. Abhiraj S. Randhawa, Secretary, Punjab Power Engineers Association, AEE/TTI, PSPCL, Patiala.
26	Sh. Babu Khan, Regional Director, Confederation of Indian Industry, Northern Regional Headquarters, Sector-31A, Chandigarh.
27	President, Mandi Gobindgarh Induction Furnace Association (Regd.),Grain Market, Mandi Gobindgarh-147301
28	Director, Vimal Alloys Pvt. Ltd., Regd. Office: Shop No.445, Sector 3-C, GT Road, Mandi Gobindgarh.
29	Director, Dang Steels Pvt.Ltd.,B-XXIX-536/6-B/2, Singla Cycle Road. Opp. Dhandari Railway Station, G.T. Road, Ludhiana.
30	Sh. Harinder Puri, G.M./Commercial, C/O Upper India Steel Mfg.& Engg. Co. Ltd., Dhandari Industrial Focal Point, Ludhiana
31	Authorized Signatory, Siel Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No. 52, Rajpura, Distt. Patiala (Pb).
32	Authorized Signatory, Khanna Paper Mills Ltd., NH-1, Majitha Bye-Pass, Amritsar-143001
33	President, Punjab Unaided Technical Institutions Association, C-124, Phase VIII, ELTOP, Near PCL Chowk, Mohali.
34	Sh. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana-141003
35	Shri Gurbakhshish Singh, Domestic Consumer, Nabha Town, Patiala.
Objections in Petition No. 33 of 2017-True up for FY 2015-16	
1	Sh. H.S. Sandhu, V.P. (Works), Mawana Sugars Limited, Unit: Siel Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No.52, Rajpura, Distt. Patiala (Pb)
2	Sh. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.
3	Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh.
4	Sh. Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Chandigarh**.**
36	Govt. of Punjab, Department of Power, Chandigarh.

ANNEXURE - IV

PSPCL OBJECTIONS

Objection No.1: Sh. P.P.Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.

Issue No.1: Two Part Tariff Proposal of ARR 2017-18 on Revenue Neutrality and Utilization Factor of each category

As mandated in the Act & policies, Tariff should progressively reflect the cost of Supply, however, the present exercise is merely based on Revenue Neutrality using C.D. and utilization factor for each category as key figures as demonstrated in detail by the Objector particularly the Revenue of Two Part Tariff worked out with higher Tariff for high consumption and recasting the Tariff Structure on cost of supply/cost to serve each category as mandated in the Act and directed by APTEL in many Appeals filed by consumers. Decisions of Hon'ble APTEL have been reproduced by objector in Appeal No. 5 of 2008, 153 of 2012 and 134 of 2015.

Reply of PSPCL:

The Hon'ble Commission has directed PSPCL to conduct a study for the introduction of two part tariff in the state of Punjab. The Hon'ble Commission in Tariff order 2012-13 has directed as under:

> *The Commission while mindful of National Tariff Policy enjoining early introduction of Two Part Tariff is nevertheless of the considered view that Two Part Tariff should be introduced only after building a consensus amongst various stakeholders of the utility through public hearings and by critically analyzing the actual billing data to determine the impact on consumers as well as revenue of utility.*

As clear from above, the Hon'ble Commission had also directed PSPCL to conduct a study keeping in view the revenue of PSPCL. In order to shift from one tariff structure to another tariff structure, the revenue neutrality of the utility has to be strictly kept in mind. If the same is not kept in mind, then with the introduction of a new tariff structure would mean a huge variation in the financials of the utility and then to meet up with the same, the burden shall have to be again imposed on the consumers. Hence, the study for introduction of two-part tariff was undertaken while ensuring a revenue neutral situation for PSPCL, meaning to say that the PSPCL overall neither benefits nor loses on account of introduction of two-part tariff. Accordingly, the PSPCL has proposed the two-part tariff structure which ensures that the average tariff in two-part structure is close to the current tariff, nearing to a revenue neutral situation. It is also brought here that the proposal of two-part tariff structure is only a breakup of the existing tariff (i.e. energy charges) into fixed and variable components.

Hence, the revenue neutrality has been strictly kept in mind while designing the two part tariff as the tariff has been splitted on the average utilization factor of that category.

PSPCL while submitting the two part tariff proposal has just splitted the existing tariff that has already been fixed by the Hon'ble Commission and PSPCL in its petition never proposed either any rates for the tariff or any cross subsidization. All these factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are in the purview of the Hon'ble Commission while keeping in view the various provisions of the Acts. It is also brought out that the Hon'ble commission in its Tariff orders is taking up the exercise of determining the voltage wise cost of supply to various categories of consumers. The Hon'ble commission is also allowing the rebate on per unit basis as per the connected voltages of the consumers in compliance to the implementation of the voltage wise cost of supply regime. The Hon'ble APTEL in its judgment dated 12.9.2014 in Appeal No 176, 191, 235 and 245 of 2012 has also held that the State is complying with the voltage wise cost of supply tariff. The Hon'ble APTEL has held as under:

> *……….After this process was over, the cost of supply report was made available on the website of the Power Corporation Limited for inviting the comments and suggestions by the stakeholders. It has now been informed by the State Commission that after taking into account the comments from various consumers' organizations and also the response of Power Corporation Limited on these comments, the State Commission determined the voltage wise, category wise cost of supply for the year 2013-14 in the tariff order. As such, the State Commission has fully complied with the orders of this Tribunal.*
>
> *In view of the above submission of the State Commission and considering that in the Impugned Order the tariffs of all categories of consumers are within ±20% of the average cost of supply as per the tariff policy, we are not inclined to interfere with the impugned order on this issue".*

Hence, the rebate applicable to the consumers as per their supply voltage shall also be applicable

(subject to the final approval from Hon'ble PSERC) as determined by the Hon'ble PSERC.
View of the Commission:
The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 & 6.4 of this Tariff Order.

Issue No.2: Two Part Tariff Proposal of ARR 2017-18 on paying capacity of consumer category
Fixing the fixed charges as per paying capacity of the consumer category purely on the discretion by PSPCL is violative of Section 62(3) of the Act.
Reply of PSPCL:
Fixing of the fixed charges as per the paying capacity is nowhere a violation of section 62 (3) of the Electricity Act, 2003. It may be noted that, at present, total MMC recovered from Tariff is very low as compared to the total fixed charges of PSPCL. As per the principle, the fixed charges of the ARR should be fully recovered from the fixed component of the tariff structure and the variable charges should be recovered from the variable component of the tariff. If these fixed charges are to be fully recovered from the consumers through the fixed component of the tariff, then the fixed charges recoverable/month from the consumers shall become very high even more than the present applicable MMC as well as beyond the paying capacity of the most of the consumers categories. Hence, the fixed charges have been proposed keeping in mind the paying capacity of the consumer categories. With the levy of these proposed fixed charges, only a small percentage of total amount of fixed charges shall be recovered & the balance automatically gets reflected in the rate of energy charges. Accordingly, the fixed charges have been proposed as per the paying capacity of the consumer categories so that the burden of full fixed charges should not be imposed on the consumers.
View of the Commission:
The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.3: Two Part Tariff Proposal of ARR 2017-18 discouraging higher Voltage consumers
Proposing ₹100/kVA/month as fixed charges for LS consumers having 100-500 kVA CD taking supply at 11 kV and ₹200/kVA/month as fixed charges for those with CD more than 2500 kVA connected at 66/132/220 kV is to penalize high end consumers and discourage such consumers though PSPCL is surplus in power and Hon'ble PSERC is trying to find ways and means to increase the consumption of power in the State.
Reply of PSPCL:
High end industry shall not be anywhere burdened. The amount of applicable fixed charges for these high end consumers shall automatically get compensated through the higher energy consumption by these units (as the energy charges proposed in the two part tariff are less as compared to the existing single part tariff) and the final bill of the consumers who consumes at a higher utilization factor shall be less as compared to the existing single part tariff. Also, the high end consumers whose industry is lying idle due to any reason shall also be reduced as the fixed charges are also very less as compared to the existing MMC charges. Hence, high end industry shall be nowhere be burdened rather they shall be benefitted with two part tariff.
View of the Commission:
The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.4: Two Part Tariff proposal of ARR 2017-18 for Continuous Process Surcharge
There is no justification of continuing with the Continuous Process Surcharge as continuous process surcharge was levied in T.O. 2012-13 and relevant extracts of T.O. have been reproduced by the Objector by referring paras 5.2, 5.2.1, 5.2.3, 5.2.4 and Order of the Commission dated 01.06.2012 for providing Continuous Process Surcharge (reproduced by the Objector). Now there is surplus power and PSPCL is paying fixed charges for idle capacity. There is no purchase of costly SPOT Power and power being purchased is only for optimum operation of Grid due to higher capacity generator sets commissioned in the system. Thus all justification for CPS have ceased and position is likely to remain the same in next 5-6 years at least. Therefore, there is no justification to continue the surcharge and same needs to be abolished like PLEC.
Reply of PSPCL:
PSPCL has only splitted the existing single part tariff (i.e energy charges) for arriving at two part tariff based on the utilization factors. The equivalent single part rate of the proposed two part tariff shall be same as existing tariff. PSPCL in its proposal has nowhere even touched the other surcharges,

rebates, various provisions of schedule of tariff and general conditions of tariff. As regards the Continuous process surcharge, PSPCL submits that it has proposed to continue to levy continuous process surcharge as the present Two Part tariff proposal does not change in basic premise of levy of such surcharge. Hence, Hon'ble Commission may take appropriate view of the same.

View of the Commission:

Refer para 6.6 of this Tariff Order.

Issue No.5: Implementation of Two Part Tariff on AP and Temporary Supply Consumers in Two Part Proposal of ARR 2017-18.

The proposal to exempt agricultural consumers, agricultural Hi Tech consumers, temporary supply from Two Part is not understandable. Despite highly non linear, unpredictable, erratic load of AP to set up the system on Peak Load Basis but recovery through Tariff fixed by PSERC does not even cover bare financing and operating costs. Besides, PSPCL has to bear high AT&C losses on account of AP. Against this Industry is base load with p.f. 0.99 and AT&C losses far less. Similarly agricultural Hi Tech consumers are running business like Industry/NRs. Risk involved in both categories is same. The objector reproduced section 45(1) of the Electricity Act, 2003 regarding powers to recover charges requires the Two Part Tariff for all consumer categories. Objector reproduced section 8.3 of the Tariff Policy 2016, section 62 (3) of the Act. Basis for assuming the figure of ₹60/kW/month as fixed charges has not been given in the proposal.

Reply of PSPCL:

Agriculture consumers are fully subsidized and revenue determined by Hon'ble Commission towards this category is receiving from Government of Punjab through Subsidy. Hence, the even though the Single Part Tariff is split into Two-Part Tariff, the recovery of the same would be through subsidy only. It is further informed that in no. of states where two part tariff has been implemented, agriculture category has been exempted.

Further, Para 2.2.1 is just an example to show the formula for the splitting of the two part tariff from the existing single part tariff. These are not the fixed charges proposed by PSPCL. The charges proposed by PSPCL are indicated in para 3 of the proposal. However, it is again submitted here that the basis of fixing the fixed charges have been proposed keeping in view the paying capacity of the consumers category. The existing MMC charges in single part tariff have also been kept in view while proposing the fixed charges and it is brought out here that the fixed charges proposed have also been kept very less as compared to the existing MMC already approved by the Hon'ble PSERC in single part tariff.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order

Issue No.6: Two Part Tariff Proposal of ARR 2017-18 w.r.t. reduction of Cross Subsidy.

Trajectory of reduction of cross subsidies should be decided as per the National Tariff Policy and till implementation of cost of supply based tariffs, rebate of 25/30 Paise per unit for 66/220 kV consumers should be gradually increased.

Reply of PSPCL:

The various rebates, cross subsidies etc shall be applicable as decided by Hon'ble Commission from time to time.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 & 6.4 of this Tariff Order.

Issue No.7: Two Part Tariff proposal of ARR 2017-18 w.r.t. Reduction of Cross Subsidy roadmap.

State Commission while issuing the Retail Supply Tariff Orders and avoiding tariff shock to consumers should also identify the roadmap for reduction of cross subsidy. If cross subsidies based on cost of supply are worked out in every Tariff Order and are gradually reduced, tariffs of HT & EHT consumers will have to be reduced and will conform to cost of supply. In fact PSPCL is continuously refusing to lower the tariff for consumers with higher consumption or being served at higher voltage where PSPCL is incurring least expenditure. If any relief has been provided to the Industry, it is by the Hon'ble Commission only.

Reply of PSPCL:

Matter regarding determining the cross subsidies lies in the purview of the Hon'ble Commission as PSPCL has not proposed any cross subsidy to any category and has just splitted the existing tariff

(which has been fixed by Hon'ble Commission by taking into consideration the cross subsidy)

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 & 6.4 of this Tariff Order.

Issue No.8: Voltage Rebates

Voltage rebates given to 66 kV and 220 kV consumer is stagnant for the last 3 years and need to increase gradually to compensate such consumers.

Reply of PSPCL:

Refer to PSPCL reply on Issue No.6 above.

View of the Commission:

The Commission has noted the objectors' view. Refer para 6.4 of this Tariff Order.

Issue No.9: Two Part Tariff on cost of supply and not on Revenue Neutrality

PSPCL is burdening the consumers having higher consumption and insisting on lower than cost of Supply Tariff for Domestic and Agricultural Sectors and consumers at lower voltages. The main demand of Industry in Two Part Tariff should be based on cost of supply approach instead of Revenue Neutrality is not at all being considered in spite of direction in the Electricity Act, 2003 and NTP.

Reply of PSPCL:

PSPCL has only splitted the existing tariff rates as approved by the Hon'ble PSERC without changing the other conditions as decided by Hon'ble Commission as per the notes, Schedule of tariff and general conditions of the tariff etc. The rates for the two part tariff have been splitted based on the utilization factors of each category and sub category. The equivalent single part tariff of the proposed Fixed Charges and Energy Charges shall be the same as determined by the Hon'ble PSERC in Tariff order for FY 2016-17 which is already determined by the Hon'ble Commission keeping in view the average cost of supply. Further, the fixed cost of PSPCL mainly includes the Power Purchase cost, Transmission charges and other fixed costs. The proposed Fixed Charges are intended to recover only small percentage of total fixed costs of the PSPCL. Any distribution licensee has to tie up the power from sources based on the connected load/contract demand of its total consumers. Also, for supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Accordingly, the proposed fixed charges are higher for the consumers having higher contract demand. However, it is clearly brought out here that the increase in fixed charges from these consumers is being compensated through the lower energy charges and the overall finances of the consumer shall be remain almost same for the consumption at the existing utilization factor of the category.

View of the Commission:

Refer Views of the Commission on Issue No.1 Objection No.1

Issue No.10: Two Part Tariff viz-a-viz Fixed charges and wheeling charges on open access.

Para 2.1 of the proposal states that Fixed charges cover all the fixed costs of Transmission System of PSTCL and Generation and Distribution assets of PSPCL when fixed costs are taking into consideration all Fixed charges of licensee, there is no justification for recovering wheeling charges for PSPCL consumers availing open access up to SCD on Transmission and Distribution system of licensee. Similarly determining additional surcharge, there shall be no standard costs after considering the recovery of fixed cost of generation assets through Contract Demand.

Reply of PSPCL:

Full fixed cost of the utility shall not be recovered through the fixed charges proposed for different categories. The fixed charges have been so proposed so as to enable the consumers to pay them comfortably as per their paying capacity. If full fixed cost of the PSPCL is to be recovered, then the fixed charges for the two part tariff for different categories shall become so high (as already mentioned in Para 2.1, Table 3 of the proposal submitted by PSPCL) that it shall become much beyond the paying capacity of consumers that no consumer will be able to pay. PSPCL also submits that wheeling charges are required to be levied on the Open Access consumer for recovery of network usage cost as per the provisions of the Electricity Act, 2003. Further, the issue of wheeling charges in open access and determination of additional surcharge has already been decided by Hon'ble PSERC after due consideration of all the provisions in its Latest Tariff order.

View of the Commission:

The objector's suggestion and the response of PSPCL is noted. The various charges are determined by the Commission as per its notified regulations.

Issue No.11: Two part Tariff viz-a-viz Fixed Charges and availability of plant/system.
The fixed charges have been proposed presumably to recover the proportionate cost of the fixed assets lined up by PSPCL to serve the consumer up to consumer's metering point. However, the licensee has not specified the percentage of time for which the system would be made specified the percentage of time for which the system would be made available to the consumer for which PSPCL will be entitled to recover the proposed fixed charges. It is a fact that if a generating plant of NTPC does not operate up to 85%, it losses fixed charges for the shortfall. Similar is the case of transmission licensee who has to ensure minimum availability for claiming transmission charges which are totally fixed in nature. It is suggested that minimum 95% availability of power at the metering point is less than the 95% than the fixed charges for that month be reduced proportionately.
Reply of PSPCL:
The fixed cost of PSPCL mainly includes the Power Purchase cost tied to the capital cost of the projects on account of power already tied up, Transmission charges and other fixed costs. The proposed Fixed Charges are intended to recover only small percentage of total fixed costs of the PSPCL. Any distribution licensee has to tie up the power from sources based on the connected load/contract demand of its total consumers. Also, for supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Further, as already stated above, full fixed charges payable by PSPCL has not been proposed to be recovered from fixed component of two part tariff which are way too high. So there is no basis of proportionately reducing/increasing the fixed charges as per availability of PSPCL assets in this case. Further, no state in India follows this principle for the recovery of fixed charges. Accordingly, the fixed charges have been proposed. It is also submitted that this issue has also been kept in view for certain large category of consumers. In this, PSPCL has proposed to levy the fixed charges at 80% of sanctioned Load/CD or recorded demand whichever is higher. If any consumer does not utilize its demand fully, then as per the proposal of the PSPCL, the fixed charges shall not be levied at full demand, rather the fixed charges shall be applicable at 80% of the demand.
View of the Commission:
The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.12: Surplus Power viz-a-viz loading of fixed charges of idle capacity
PSPCL is continuously presenting that it is heavily surplus in energy availability and loading the fixed charges of idle capacity to all categories of consumers through tariff. PSPCL has to think of ways and means for increasing the demand by the Industry and has to review the approach toward industry which is showing negative/stagnant consumption over the last few years. It is a fact that if industry gets power at cheap rates and their cost of production goes down/price of end product becomes competitive with neighboring states, it will produce more which will certainly increase the demand of power. This calls for action and PSERC/PSPCL is requested to:

a) To reconsider the surcharge in totality and these should be levied only to improve the grid conditions.
b) There is no justification of Continuous Process Surcharge which was levied in the Tariff Order of 2012-13.

Reply of PSPCL:
As per the inherent nature of two part tariff structure, the consumer who consumes more power than the UF considered in proposal shall be surely benefitted and hence it is a proposal to encourage the consumers to consume more power. The consumers whose units are lying idle shall also not be at losing end as the fixed charges are also currently payable by these consumer in form of MMC/KW or kVA and as per the two part tariff, the fixed part shall be payable through fixed charges proposed which are much lesser than the existing MMC already approved by the Hon'ble Commission.
It is also submitted that PSPCL has only splitted the existing single part tariff (i.e energy charges) for arriving at two part tariff based on the utilization factors. The equivalent single part rate of the proposed two part tariff shall be same as existing tariff. PSPCL in its proposal has nowhere even touched the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff. As regards the Continuous process surcharge, PSPCL submits that it has proposed to continue to levy continuous process surcharge as the present Two Part tariff proposal does not change in basic premise of levy of such surcharge. Hence, Hon'ble Commission may take appropriate view of the same.

View of the Commission:
Refer Views of the Commission on Issue No.4 Objection No.1 and para no. 6.6 of this Tariff Order.

Issue No.13: Two Part Tariff proposal of ARR 2017-18 regarding earning of PSPCL
As is evident from para 4.14 of the proposal, PSPCL has proposed to earn higher revenue of 1.42% from LS General Category through this exercise. Further with in the category, consumers of >2500 KVA SCD are cross subsiding the lower slabs by 3.6%.
Reply of PSPCL:
Overall revenue neutrality of the PSPCL has been kept in mind. There is nowhere a cross subsiding factor used in this proposal. The x-subsidization factor/cost of supply is always taken care of by the Hon'ble PSERC. PSPCL has only splitted the existing single part tariff and if the proposed two part tariff is again converted into the single part tariff for each category, then the equivalent rate shall be same as per the existing tariff. Hence, there shall not be any huge variation in the final bill of the consumers for the same consumption.
View of the Commission:
The Commission has noted the objector's concern and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.14: View of high level Committee of GoI as published in the press report dated14.01.2017.
The objector enclosed the said press report, the extract of the press report is as under:
The present tariff structure has been designed for power shortage regime in states and has not been changed since independence since India has excess electricity generation capacity now, the existing frame work needs to be changed to address the capacity generation glut. The State Electricity Regulatory Commissions should revise Tariff Design for all consumers particularly industry, commercial and service sectors.
Reply of PSPCL:
The committee in the draft report has proposed for attractive tariff for higher consumption. As depicted above, it is again reiterated that PSPCL has only splitted the existing single part tariff without any other overall variations. Further, the two part tariff has been so designed that the consumers are not being penalized for higher consumption rather they shall get benefitted for consuming more energy above their utilization factor.
View of the Commission:
Commission agrees with the reply of PSPCL. Refer para 6.3 of this Tariff Order.

Objection No. 2: Shri Mohinder Gupta, President, Mandi Gobindgarh, Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh.

Issue No. 1: Two Part Tariff proposal of ARR 2017-18 viz-a-viz Voltage wise cost of supply.
The persistent demand of the industry is to realign the tariff with voltage wise cost of supply as per the previsions of the electricity Act 2003 and national tariff policy. The proposal does not take the cost of supply being worked out in the ARR as well as in Tariff Orders into consideration. PSPCL needs to be directed to revisit the two part tariff proposal and resubmit the same accordingly.
Reply of PSPCL:
PSPCL while submitting the two part tariff proposal has splitted the existing latest tariff that has already been fixed by the Hon'ble Commission after taking into the consideration about various factors like cross-subsidy, voltage wise cost of supply etc. The issue regarding fixation of tariff w.r.t. the voltage wise cost of supply is in the purview of Hon'ble PSERC and hence being decided by the Hon'ble PSERC in its various tariff orders issued from time to time.
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. This milestone has already been achieved. Also refer para 6.4 of this Tariff Order.

Issue No. 2: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz Open Access.
The proposal has to be seen in the backdrop of Section 61 of the Act which requires that PSPCL and PSTCL be run on Commercial Principles and there should be competition. The proposal would kill open access (unless wheeling charges are abolished for availing open access power up to CD for embedded consumers). There is no proposal to introduce second distribution licensee. Thus

competition would be eliminated which is the basic essence of the Electricity Act promised in the preamble.

Reply of PSPCL:

The existing single part rates have been splitted into two parts i.e. fixed charges and energy charges at a particular utilization factor. Hence the consumers who consumes above the utilization factor of the category shall surely be benefited. The matter regarding abolishing the wheeling charges or additional surcharge for open access is a separate issue and it shall be applicable as decided by the Hon'ble Commission.

View of the Commission:

Refer Views of the Commission on Issue No.10 Objection no.1.

Issue No.3: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz Utilization factor of Power Intensive Industry & General Industry.

It is evident from the proposal that overall Utilization factor of the LS Power intensive industry is only 28.11% and only 19.57% for general industry. Therefore imposing fixed charges for 80% of Contract Demand is unjustified. The chargeable limit needs to be reduced to 50% or maximum demand recorded whichever is higher.

In the current power surplus scenario, power intensive industry needs to be encouraged by reducing the tariff but in the proposal, fixed charges for the Power Intensive categories and General have been kept same whereas energy charges have been kept higher by (573-535) 38 paisa which is arbitrary and unjustified. We request for abolition of the power intensive sub category and its merger with general category and fixing same tariff for both sub categories as

A. Cost of Supply being worked out by PSPCL and PSERC does not differentiate between the two.
B. Cross Subsidy Levels are being worked out for the LS category, General plus Power intensive, combined.

Reply of PSPCL:

PSPCL has already proposed the fixed charges that are very low as compared to the existing MMC and only a small part of total fixed cost shall be recoverable. Even then, the PSPCL has made a condition to levy the fixed charges on 80% or recorded demand, whichever is higher. However, further reducing the fixed charges may not be feasible for the PSPCL and in case, if the same are to be reduced, these shall have to be compensated by the increase in the energy charges of that particular category for keeping revenue neutrality.

As per the existing tariff, the power intensive industry has already been made as a special category and the PSPCL has only splitted the existing tariff without altering the existing tariffs and other factors as approved by the Hon'ble PSERC.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.4: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz design on paying capacity.

Two Part Tariff has been designed keeping in view the paying capacity of consumers which is wrong basis as per Electricity Act, 2003 which require SERCs to determine Tariff on cost of supply basis as per section 61 (g) and 62(3), both reproduced by the Objection.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.2 of Objection No.1

View of the Commission:

Refer Views of the Commission on Issue No.2 Objection no.1.

Issue No.5: Continuity of Single Part Tariff for another one year:

Proposal of Two Part Tariff was submitted by PSPCL in ARR 2014-15, discussed in para 7.2 of Tariff Order 2014-15. The proposal was admitted by PSERC and considering the public objections of stakeholders asked PSPCL to re-examine the proposal. PSPCL submitted proposal again in ARR 2015-16 without discussion with consumers associations/categories of consumers and as per para 5.2 of Tariff Order 2015-16 directed PSPCL to resubmit the proposal. PSPCL did not submit any proposal in ARR 2016-17 and invited comments on the draft themselves. While reproducing para 7.1.5 of Tariff Order of FY 2016-17, the Objector requests for continuation of single part Tariff for another one year in view of recession in industrial sector particularly Iron & Steel which is mostly operating during night hours only to avail rebate.

Reply of PSPCL:

Matter of Record. However, there is no intention of PSPCL to give a setback to any class or category of consumers. PSPCL is submitting the two part tariff proposal as per the various directives issued by the Hon'ble PSERC from time to time. The final call to introduce the two part tariff is to be taken by the Hon'ble PSERC after due consideration of all the aspects. However, it is again brought out here that the two part tariff shall not burden the existing consumers as far as they consume the energy above the utilization factor of the category.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.6: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz the unaddressed issues.

The following seven issues raised by the consumers while commenting Two Part Tariff proposal of ARR 2014-15 are not addressed in the current proposal:

1. The Commission may take into account the voltage wise cost of supply as an input for determination of Two Part Tariff.
2. PSPCL proposal to introduce Two Part Tariff in the State is harmful to the industry and it would have to pay more than the monthly minimum charges.
3. There should be no wheeling charges for PSPCL consumers availing open access up to sanctioned contract demand (SCD), on the transmission and distribution system of the licensees.
4. If the aim is to keep the billing amount same, then why the present system of Single Part Tariff should not be continued.
5. PIU industry needs to be given incentive so that existing units which are closing down due to high tariff and high electricity duty are revived and new units are set up in the State.
6. Agriculture load is mostly non linear, most unpredictable and most erratic load on the grid and deserves all type of surcharges. Therefore, agriculture category be kept at par with industry and Two Part Tariff be made applicable to agriculture also.
7. The impact of the revision i.e. Two Part Tariff on cross subsidization has not been worked out in the proposal.

Reply of PSPCL:

(1) The issue is to be decided by Hon'ble PSERC

(2) The Two Part tariff proposal in nowhere harmful. The consumers would not have to pay more than the MMC as the Fixed charges have been kept very low as compared to the MMC

(3) Issue is to be separately decided by Hon'ble PSERC.

(4) The Two Part Tariff is to be made applicable as per the National tariff Policy and PSPCL is submitting the proposal as per the various directives of the Hon'ble PSERC from time to time. It is tried that the billing amount while shifting from single part tariff to two part tariff be kept at almost the same level. This has been done so that the consumers as well as the utility may see a least variation in their financials.

(5) The tariff has been splitted as per the existing categories and as per the existing structure, the PIU has been made a separate category. The rest of the issue shall be as decided by Hon'ble PSERC from time to time.

(6) As regards the Objector's contention that Agriculture Consumer should be included in Two-Part Tariff proposal, PSPCL submits that the Agriculture consumers are fully subsidized and revenue determined by Hon'ble Commission towards this category is receiving from Government of Punjab through Subsidy. Hence, the even though the Single Part Tariff is split into Two-Part Tariff, the recovery of the same would be through subsidy only. It is further informed that in no. of states where two part tariff has been implemented, agriculture category has been exempted as agriculture by inherent nature is inconsistent with large variation in input costs and two part tariff if imposed, may harm the interest of farmers further.

(7) The issue regarding cross subsidization is being taken care by Hon'ble PSERC and shall be applicable as decided by Hon'ble Commission from time to time.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.7: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz higher fixed charges for higher Contract Demand.

PSPCL has proposed higher fixed charges for consumers having higher CD which is a deterrent to big industrial consumers. While the Hon'ble Commission is trying to find way and means to increase the consumption in Punjab to absorb the surplus power, PSPCL is penalizing consumers having higher CD. It can be seen that there is flat rate of ₹200/KVA/Month for all consumers above 2500 kVA CD and connected at 11/33/66/132/220 kV, energy charges for all consumers have been kept same. It may be pointed out here that Madhya Pradesh, Maharashtra etc which is a favourite destination of new investments, gives rebate on increase in consumption/utilization/Load factor. If PSPCL also wants to increase the consumption of power by industries, it must propose rebate on the pattern of Madhya Pradesh, Maharashtra etc for LS industry instead of surcharge.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.3 Objection No.1

View of the Commission:

Refer Views of the Commission on Issue No.3 Objection No.1

Issue No.8: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz Excise Duty & IDF.

Presently in single part tariff the Electricity Duty & IDF is chargeable on the "Sale Value of Power". ED & IDF is being calculated on the revenue related with number of units sold. ED etc was not applicable on PLEC charges payable on demand approved during peak load restrictions hours and were not related with number of units consumed. Similarly, ED etc was not chargeable on MMC amount which was fixed in nature and not dependent on actual usage though ED was leviable on the revenue earned through actual number of units consumed when MMC was applicable. However in 2 part tariff, it is proposed to levy ED & IDF on fixed charges also along with energy charge which is against the principle applied so far. Since Fixed Charges does not depend on the actual usage of energy as such this should not form basis for calculation for ED etc.

Reply of PSPCL:

The applicability of ED in the single part tariff is for the SOP only. The principle of applicability of ED has been kept same in the two part tariff proposal and since in two part tariff both fixed and energy charges form the part of SOP, hence the ED has been proposed on Fixed as well as variable component of tariff. The applicability of ED currently is as per the instructions of the GoP and the revenue earned through ED goes to the GoP, so any fresh directions in this regard from the GoP shall be complied with accordingly.

View of the Commission:

Commission agrees with the reply of PSPCL.

Objection No.3: Sh. R.K.Sharma, COO, KRBL Limited, Vill. Bhasaur, Teh. Dhuri, Distt. Sangrur, Punjab.

Issue No.1: Two Part Tariff viz-a-viz CPPs

The objector has requested for considering the CPPs as a special category and allowing the rebates to them in the two part tariff for promoting the Co gen. Further it has also been brought out by the objector that, with the proposed fixed charges and abolition of MMC, Cogen Plants will suffers financially as in addition to bearing the fixed cost of power plants, they will have to pay the fixed charges for the same to PSPCL for maintaining the CD and thus cost of Power will be effected adversely. The objector has pointed out to allow the co gen plants to maintain CD as per the requirement on payment of the nominal commitment charges. The objector has requested the Commission to keep the consumers having set up the Cogen plants out of preview of the two part tariff and single part tariff with MMC be continued in their case.

Reply of PSPCL:

Two part tariff proposal has been submitted by the PSPCL in compliance to the various directives of the Hon'ble Commission. It is the inherent structure of the two part tariff which includes both fixed charges on load/demand and variable charges as per the energy consumption. The two part tariff has been worked out by only splitting the existing tariff as applicable to various categories into fixed and energy charges. With regards to the submission of the objector for providing various rebates/incentives to the CPPs, it is submitted that the tariff is applicable to the captive power plants as per the schedule approved by Hon'ble Commission for these categories. Further, in addition to various provisions in schedule and general conditions of tariff, supply code, the Hon'ble Commission has also notified the Regulation PSERC Harnessing of Captive Power Generation, 2009 for the applicability of various charges to the CPPs.

With regard to the proposed fixed charges, it is submitted that the PSPCL has proposed the fixed charges at a very lower rate i.e almost the half of the MMC currently being paid by the consumers and are further proposed to charge at 80% of the approved contract demand or actual whichever is higher and accordingly the other component, i.e the energy charges in the two part tariff are also lower as compared to the existing single part tariff.

It is also added here that the PSPCL has to keep the capacity reserved to be utilized by the CPPs during non-availability of power from the CPPs. Hence, the fixed charges are required to be paid by these consumers.

However, as far as the issue of applicability of amount of fixed charges and various incentives to the CPPs is concerned, these shall be applicable as per schedule and general conditions of tariff, supply code and PSERC Harnessing of Captive Power Generation, Regulations 2009 as decided and approved by Hon'ble Commission from time to time.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Objection No.4: Sh. Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Chandigarh-160031.

Issue No.1: Segregation of Categories

The PSPCL proposal regarding two part tariff suggests segregation of only DS, NRS and LS consumer categories into sub categories based on their Connected Load (CL)/Contract Demand (CD) where as other categories of SP, MS, BS, Railway traction and public lighting have not been segregated. For DS and NRS category, fixed charge has been kept constant and lower energy charge has been proposed for consumers with low CL/CD and higher energy charge for higher CL/CD. However, for LS category, the energy charge has been kept constant and lower fixed charge has been proposed for lower CD and higher fixed charge for higher CD. This methodology is continuation of the existing background of the single part tariff viz. higher tariff for higher consumption which is based on shortage of power scenario existing so for in PSPCL. With the surplus power scenario which is likely to continue in foreseeable future, PSPCL should change its mind set and encourage higher consumption by high end consumers with the methodology of lower tariff for higher consumption.

Reply of PSPCL:

The segregation of categories has been done on the basis of their connected Load/Contract Demand keeping in view the variations of utilization factors for respective sub categories. Further, the segregation has also been done keeping in view the diversity of load and consumers in different categories. As far as surplus power scenario is concerned, two part tariff structure by its inherent nature benefits consumers if they consumer power at higher utilization factor than in the proposal, therefore encourage the increased consumption of power. Further, the fixed cost of PSPCL mainly includes the Power Purchase cost, Transmission charges and other fixed costs. The proposed Fixed Charges are intended to recover only small percentage of total fixed costs of the PSPCL. Any distribution licensee has to tie up the power from sources based on the connected load/contract demand of its total consumers. Also, for supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Accordingly, the proposed fixed charges are higher for the consumers having higher contract demand. However, it is clearly brought out here that the increase in fixed charges from these consumers is being compensated through the lower energy charges and the overall finances of the consumer shall be remain almost same for the consumption at the existing utilization factor of the category.

View of the Commission:

Refer Views of the Commission on Issue No.3 Objection no. 1.

Issue No.2: Segregation of Categories be based on voltage levels

Clubbing all LS consumers having more than 2500 KVA CD getting supply at 11/33/66/132/220 KV voltage level and proposing one uniform tariff for all amounts to injustice and punishment as the heavy investment on infrastructure for receiving power at higher voltage and metering at higher voltage is not being fully compensated. Similar is the case of DS and NRS categories. It will be more appropriate if the segregation of the consumer categories into sub categories be made based on voltage levels on which the consumer gets the power rather than CL/CD. This will also make the tariff in compliance with the provision of the Act and Policies which provide for determination of tariff based on voltage wise category wise cost of supply.

Reply of PSPCL:

PSPCL has only split the existing single part tariff into two part tariff with continuation of applicability of rebates on different voltage levels over and above the two part tariff proposed as is presently applicable as approved by the Hon'ble PSERC. The consumers at different voltage levels shall get their respective voltage rebates/surcharge reflected in their bills as per the existing single part tariff structure or as approved by the Hon'ble PSERC from time to time.

View of the Commission:

The Commission has noted the objectors' suggestion and response of the PSPCL. Refer para 6.3 & 6.4 of this Tariff Order.

Issue No.3: Fixed Charges worked out for the full recovery and Two part tariff should be based on CoS

The fixed charges worked out for full recovery in Table 3 are not understandable. The per unit fixed cost as per Table 2 has been worked out as ₹2.41 per unit but in Table 3, fixed charges have been worked out as high as ₹707 per KVA per month for LS consumers (General) and ₹ 961 per KVA per month for LS (Power Intensive). Normally the cost of supply/cost to serve decreases with the increase in voltage level as usage of distribution system reduces with the increase in connectivity voltage

Reply of PSPCL:

The above referred Tables of ARR are only indicative of how much consumers shall be affected if total fixed charges are to be recovered from fixed component of Two part tariff. It is also brought out that the Fixed charges as per table No 2 are ₹3.62/Unit (instead of ₹2.41 as indicated by the objector). This rate of ₹3.41 is for the per unit of the energy sold (and not as per the connected load). The full fixed charges are calculated as per the table No 3 and are on the basis of connected load/CD. Further, PSPCL has only split the existing single part tariff into the two part tariff structure without altering the others factors such as cost of supply which is in the purview of Hon'ble PSERC and hence decided by the Hon'ble Commission. Any distribution licensee has to tie up the power from sources based on the connected load/contract demand of its total consumers. Also, for supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Accordingly, the proposed fixed charges are higher for the consumers having higher contract demand. Further, only a fraction of total fixed charges payable by PSPCL has been proposed to be included in fixed component keeping in view the paying capacity of consumers.

View of the Commission:

Refer Views of the Commission on Issue No.1 Objection no. 2.

Issue No. 4: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz Excise Duty & IDF.

It has been pointed out that as per the practice being adopted so far, the Electricity Duty & IDF is chargeable on the "Sale Value of Energy Sold" to the consumers in single part tariff. ED & IDF is calculated on the revenue related with number of units sold. ED etc. was not applicable even on PLEC charges which were payable on demand approved during peak load and were not related with the number of units consumed. Similarly, ED etc. was not chargeable on MMC amount which was fixed in nature and not dependent on actual usage though ED was leviable on the revenue earned through actual number of units consumed. However, in 2 part tariff, it has been proposed to levy ED & IDF on fixed charges also along with energy charge which is against the principle applied so far. Since Fixed Charges does not depend on the actual usage of energy, as such, this should not form basis for calculation for ED & IDF etc.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.8 Objection No.2

View of the Commission:

Refer Views of the Commission on Issue No.8 Objection No. 2.

Issue No.5: Compensation of revenue loss on account of MMC

The two part tariff proposed for DS category (with connected load less than 50 KW) in Table 3.1.1 is divided into 3 sub categories. To compensate the revenue loss on account of MMC being recovered from such consumers, the energy charge for lowest category of 0-2 KW has been decreased by 8 paisa per unit whereas it has been increased by 15 paisa per unit for middle category (2-10KW) and for higher category (10-50 KW) the increase is 21 paisa per unit. The note below this table indicates that the tariff has been worked out as per weighted average of energy consumption of three sub-categories and adding 4 paisa per unit with respect to MMC recovery. This again is biased for the higher category consumers as they are being loaded with the loss of revenue of lower category. It is also apparent that the action of PSPCL smacks of helping the State Government by reducing the subsidy amount payable by GoP as GoP is liable to pay the subsidy for the consumption of all SC/BC/OBC/Weaker Sections of Society up to 200 units per month with sanctioned load up to 1 KW.

Reply of PSPCL:

This exercise has been done in order to have the uniformity in the tariff for the different consumers.

The revenue neutrality has been kept in mind while designing the two part tariff proposal which to must for PSPCL otherwise any revenue gap on this account may have to be transferred to the consumers later on. The fixed charges have been kept relatively lower as compared to MMC and any loss on account of MMC therefore has to be shifted to variable component of two part tariff to keep financials of utility same. It is misunderstood that higher category consumers shall be burdened as PSPCL has only split the existing single part tariff keeping revenue neutrality without changing other factors such as cross subsidization which is decided by the Hon'ble Commission. As stated in proposal, tariff for sub categorisation has been worked out as per weighted average of energy consumption. The two part tariff proposed shall result in equivalent value as that of respective single part tariff of that subcategory (at the splitted utilization factor).

View of the Commission:

The Commission has noted the objectors' concern and response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 6: Reduction in Cross subsidies.

Perusal of the two part tariff proposal indicates that the inter category cross subsidisation of low end consumers by higher end consumers as well as cross subsidisation of Agriculture and DS category by Industry is being continued where as the Act and Policies cast a duty upon the Hon'ble Commission and Discom to gradually decrease the cross subsidisation. We request for declaration of trajectory for reduction of cross subsidy as per the Provisions of the Act so that Discom is guided by the same in future years.

Reply of PSPCL:

PSPCL has only splitted the existing single part tariff into two part tariff. The cross subsidisation is in the purview of Hon'ble PSERC and therefore is applicable as decided by the Hon'ble Commission only.

View of the Commission:

Refer Views of the Commission on Issue No.1 Objection no. 2.

Issue No. 7: Regarding various surcharges and rebates.

(a) To review the applicable surcharges in totality and these should be levied only to improve the grid conditions.

(b) There is no justification of Continuous Process Surcharge (CPS) under the prevailing circumstances which was levied in the Tariff Order for the FY 2012-13. Now there is surplus power scenario and PSPCL is paying fixed charges for idle capacity. PLEC has been withdrawn by the Commission and no power cuts/weekly offs are being imposed on any category of consumers, There is no purchase of costly spot power and (as stated by PSPCL in the Petition for Additional Surcharge) power being purchased, if any, is only for optimum operation of the grid due to higher capacity generator sets commissioned in the system. Thus, all the justifications for CPS have ceased and position is likely to remain same at least for the next 5-6 years. Therefore, there is no justification to continue with this surcharge and the same needs to be abolished like PLEC which has already been abolished.

(c) To increase the consumption by consumers, load factor rebate needs to be introduced for high utilization as is being done in Maharashtra and Madhya Pradesh.

(d) Separate Tariff/Consumer categories need to be created for Industrial Consumers connected at 66 KV and 220 KV and their tariff be fixed based on Cost to serve/cost of supply principle.

Reply of PSPCL:

Earlier the fixed charges were included in single part tariff, same has now been proposed to be charged by only splitting into fixed part and variable part which shall not bring any significant variations in the overall electricity bills of consumers who consumes at par with the utilization factor of the relevant category. Two part tariff structure by its inherent nature benefits consumers if they consume power at higher utilization factor than in the proposal, therefore encourage the increased consumption of power.

a) PSPCL has only splitted the existing single part into two part tariff. PSPCL in its proposal has nowhere even touched the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff. They shall be applicable as decided by the Hon'ble Commission from time to time.

b) As regards the Continuous process surcharge, PSPCL submits that it has proposed to continue to levy continuous process surcharge as the present Two Part tariff proposal does not change in basic premise of schedule of tariff and various provisions of general conditions of tariff as approved by the Hon'ble Commission.

c) It is again submitted that PSPCL has only splitted the existing single part into two part tariff without touching the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff. The consumers with higher utilization factor are surely going to be benefitted from the two part tariff as their effective bill in two part tariff shall be reduced for higher utilization

d) The issue regarding voltage wise cost of supply is in purview of Hon'ble PSERC and hence shall be applicable as decided by Hon'ble Commission. However, as per the present tariff applicable the Industrial consumers catered at 66 kV, 132/220 kV are being benefitted by allowing rebate of 25-30 paise per unit from the energy charges and are surely being benefitted for catering the supply at higher voltages. However, in future, the same shall be applicable in future also subject to the decision of Hon'ble Commission.

View of the Commission:

Refer to para No. 6.3, 6.4 and 6.6 of this Tariff Order

Objection No.5: Sh. P.P.Singh,Vice President (E&U), Nahar Fibres (Prop.Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.

Section A: General Objections

Issue No.1: ARR formats not readable

Perusal of the ARR purchased from PSPCL in book form reveals that some of the ARR formats for 2014-15 and 2016-17 as well as MYT formats for 2017-18 to 2019-20 are not readable. In this regard Vol.1 Part 3 needs to be referred. The scanned copies loaded on web site are not readable.

Reply of PSPCL:

PSPCL has followed the procedure to upload the copies signed by C.E/ARR & Tariff; as submitted before Hon'ble Commission.

View of the Commission:

PSPCL is advised to be careful in future and ensure that formats/documents submitted in the ARR/uploaded on website are readable.

Issue No.2: Uploading of all Public Notices related with ARR and Petitions

PSPCL and PSTCL have not loaded the Public Notice inviting comments on the ARR on their web sites whereas ARRs have been loaded. Public Notices printed in the daily newspapers may not be noticed by any person interested due to his tour outside the state or other preoccupation or the newspaper he purchases may be different. As such 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 defined in the Electricity Act and Regulations of the Hon'ble Commission. The MYT petition for Control Period FY (2017-18 to 2019-20) was admitted by the Hon'ble Commission on 29th December 2016 and within 7 days of the admission of the petition; PSPCL had published a public notice in the widely circulated English and local newspaper in the State. The last date of filling of suggestions/ objections i.e. 31.01.2017 was also intimated in the public notice. It is therefore not correct to say that no information was made available by PSPCL.

View of the Commission:

PSPCL is advised to start uploading of all of its Public Notices on its website also.

Issue No.3: Sufficient time be given to Licensee as well as Objector

Sufficient time should be given to the Licensee to send replies of the objections and also to objector for fine tuning his arguments for Public Hearing so that stake holders can contribute in the process.

Reply of PSPCL:

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

View of the Commission:

PSERC regulations mandate that Commission issue the order determining the ARR/Tariff within 120 days of receipt of the Petition(s). As such it has to process various activities involved in determination of the ARR and Tariff in a time bound Schedule.

Issue No 4: Disposal of surplus power:

The surplus energy with PSPCL is increasing every year and consequently capacity charge for the idle capacity is also increasing which have been proposed to be loaded to the consumers in the ARR and no solution to this has been proposed. The power generation at GNDTP Bathinda has been proposed to be stopped from 2017-18 as no generation has been shown there.

Reply of PSPCL:

PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPA‟s signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPA‟s due to decrease in demand. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL

PSPCL has scheduled its procurement from various CGSs and IPP's on the merit order principles. Following factors have been considered for deciding the procurement/generation schedule:

i) Load profiles during various seasons;
ii) Technical constraints;
iii) Avoidable costs after giving due consideration to contractual obligations.

The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.

The Merit Order is a process which indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity

PSPCL submits that during the Control period, PSPCL has projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, the 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 2016. After surrender of energy, only variable charges have been reduced and fixed/other charges are assumed same. Accordingly, the surplus power available from thermal and gas stations has been surrendered as per merit order schedule.

Further, to utilised the surplus power Hon'ble Commission in his tariff order for FY 2016-17 has stated.

As per Commission's directions in tariff order for FY 2016-17

".....Now with the Commissioning of additional units of various IPPs in Punjab, more of surplus power needs to be utilized to reduce the burden of fixed cost of the surrendered power on the consumers of the state. One more chance needs to be given to the consumers of state to utilize surplus power. Therefore, the Commission approves base tariff rate of ₹4.99 per kVAh for Large Supply industrial category consumers, who consume power above threshold limit as per para 7.4.3. All other surcharge and rebates as approved by the Commission and Govt. levies as notified by the State Government shall be charged extra. The Commission expects that this will result in reducing extra fixed cost of surrendered power to some extent, the actual quantum of which will only be known at the end of FY 2016-17 and shall be considered by the Commission at the time of true up.

The criterion for allowing rate of ₹4.99 per kVAh shall be as under:

(i) It shall be allowed for any consumption during the financial year exceeding the consumption worked out on the following methodology:

The maximum annual consumption in any of the last two financial years shall be taken as threshold. In case, period is less than two financial years i.e. if connection has been released after 31.03.2014, tariff @ ₹4.99 per kVAh shall not be permissible. Further, in case, there is reduction or extension in load/demand, threshold consumption for a financial year shall be worked out on pro-rata basis.

(ii) The billing at the reduced rate shall be done once the consumer crosses the target consumption as worked out under Step (i), e.g. if a consumer has maximum annual consumption in any of two financial years as 10000 kVAh, the consumer shall be entitled for billing at the reduced rate for any consumption exceeding the threshold consumption of 10000 kVAh during FY 2016-17. The reduced rates shall be allowed to the consumer as and when the

consumption of the consumer exceeds 10000 kVAh.

Furthermore, as per PSERC directives to review of PPAs with Generators / Traders for purchase of power from outside the State of Punjab, review of Long Term Power Purchase Agreements already signed with Generators outside Punjab for purchase of power is under process. On this matter PSPCL Long Term Power Purchase Committee has discussed on 6.4.2016, 22.6.2016 & 28.7.2016 and identified Anta, Auriya, Dadri, Jhajar Unchahar-I, Farakka, Kahalgaon -I, of NTPC, Sewa-II, Chamera-III, Uri-II & Parbati-III of NHPC (Total 11 nos.) where PSPCL can consider for surrender its power share on mutual agreed terms with NTPC & NHPC for at least for next five years, to any other needy utility/state for availing PSPCL share.

Accordingly, letters in this regard to Govt. of Punjab, NTPC & NHPC has already been written for surrender PSPCL share on mutual agreed terms with NTPC and NHPC for at least for next five years, otherwise if the same is not mutually agreed by both the parties, there is no such long term PPA where PSPCL can unilaterally come out of the long term Power Purchase Agreements / Bulk power Supply signed with various Generators/Traders.

With the Commissioning of Independent Power Plants like NPL, Rajpura, TSPL Talwandi Sabo and GVK Goindwal Sahib, PSPCL has become surplus in power. Now in the changed scenario after the commissioning of IPPs, a few of these Central Sector Plants have become un-economical for PSPCL due to their comparatively higher variable rates.

View of the Commission:

In view of changed scenario of surplus power in the State, Commission has also directed PSPCL to explore the possibility of reviewing the PPAs having higher cost of Power. Refer to Commission's Directive No. 7.14 of this Tariff Order

Issue No. 5 Return on Equity:

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

Reply of PSPCL:

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

View of the Commission:

The Commission has considered Return on Equity as per PSERC Tariff Regulations, 2005 and as per Order of the Hon'ble Supreme Court.

Issue No. 6: Cost of Supply

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

Reply of PSPCL:

The tariff and level of cross subsidy is determined by Hon'ble Commission. Further, as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations.

Further, Clause 8.3 of Tariff Policy states as under

> *"8.3 Tariff design: Linkage of tariffs to cost of service. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. Hence in light of the same it is requested that while determining the tariff in conjunction with the cross subsidy factor, the Hon'ble Commission has also to keep in mind the interests of PSPCL.

View of the Commission:

Refer Views of the Commission on Issue No.1 Objection no. 2.

Issue No. 7: Transmission Loss Estimation

PSTCL should be directed to declare the boundary metering immediately

Reply of PSPCL:
The objection pertains to PSTCL and not PSPCL and therefore PSPCL has no comments to offer on the same.
View of the Commission:
PSTCL has been directed to do the needful. Refer to Commission's Directive No. 6.1 and Para 5.4 of the Tariff Order for the PSTCL.

Issue No. 8 Delay in CAG Audit and True Up
PSPCL in the present Petition has not submitted the audited accounts for FY 2015-16 which are yet to be audited. This delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Objector requested the Hon'ble Commission to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.
Reply of PSPCL:
The accounts for the year FY 2014-15 have been adopted by the members in the AGM held on dated 21/12/2016. As far as the accounts for FY 2015-16 are concerned the same are under CAG audit and will be supplies as soon as possible. Furthermore PSPCL submits that there is no delay or laxity in the finalization of accounts on the part of PSPCL.
View of the Commission:
The Commission has issued Directive to PSPCL for timely submission of Audited Annual Accounts. Refer Commission's Directive No.7.15 of this Tariff Order.

Issue No. 9 Revenue Gap and its Financing
Revenue gap projected in present Petition is increasing every year and indicates that figures are being inflated for determining revenue requirement. Also, the Objector submitted that expenditure already denied by the Hon'ble Commission in previous Tariff Orders should not have been included in ARR
Reply of PSPCL:
In present petition for ARR and Tariff for FY 2017-18, PSPCL has submitted the truing up for FY 2014-15 based on audited annual accounts which are actual expenses. The expenses for FY 2014-15 are considered based on audited annual accounts. Also, the methodology adopted by PSPCL for projecting the expenses for FY 2016-17 and MYT control period (FY 2017-18 to FY 2019-20) is very well elaborated in the Petition and is in line with the regulatory principles set by Hon‟ble Commission and PSERC MYT Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. Also, PSPCL has not claimed any expenses which were disallowed by Hon‟ble Commission in earlier Tariff Orders. However, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL is in appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in next years.
PSPCL would like to submit that the input costs envisaged in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its MYT Regulations. PSPCL submits that main input costs relating to cost of coal, cost of purchase of power from outside sources. As regards the landed price of fuel, PSPCL has considered the actual landed price of Fuel as on Q1 of FY 2016. Further, PCPCL has not considered any upward rise in price of fuel for the projection of energy charges for the control period.
PSPCL understands that any change in fuel cost from the level approved by the Hon'ble Commission shall be determined in accordance with the fuel cost adjustment (FCA) formula specified by the Hon'ble Commission in the Conduct of Business Regulations, and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations. The establishment cost etc has gone up and therefore will result in increase in revenue gaps. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.
In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. It is therefore not appropriate to say that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2017-18. PSPCL would like to submit that the process which is being followed for determination of tariff is very well defined in Section 61, Section 62 and Section 64 of the Electricity Act, 2003 and therefore there are no grounds in the contentions of the Objector which says that seeking cost plus method in ARR is against the spirit of Electricity Act, 2003. Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC MYT Regulation, 2014 while

determining the tariff for FY 2017-18.

View of the Commission:

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

Issue No. 10 Interest on Short Term Loans

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

Reply of PSPCL:

In the last Tariff Order for FY 2016-17, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit. PSPCL would like to add that every financial year undergoes truing up of expenses when the audited accounts for that year are available. The tariff determination process is such that in case Hon'ble Commission had disallowed a cost while approving ARR of a particular year, it may approve the same cost while truing up of that year if the cost is legitimate and justifiable. Therefore it is not right on the part of Objector to say that the expenses which are already disallowed previously are being claimed again in this Petition. Further, it is submitted that for meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC Tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past Tariff Orders and passed through in the ARR. PSPCL has no other alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow such interest on the bridge loans.

View of the Commission:

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

Issue No 11: Effect of UDAY scheme on Interest Charges.

PSPCL has joined UDAY scheme of GoI under which major relief in interest on loans should accrue to PSPCL which are required to be passed on to the consumers. However, the ARR does not refer to the UDAY scheme benefits in para 4.13 of Vol 1 Part 1 and the tables 15 and 16. The progress of taking over of the balance loans by GoP and consequent reduction in interest charges for long term loans for distribution function is not evident as the interest charges are almost same in the ARR for 2016-17(RE). Further, Loan amount reduction for loan taken over by GoP is not evident in MYT petition, rather Bonds have been added and thus the amount of loan has been inflated. This has resulted in doubling of the amount of Interest due to UDAY bonds as PSPCL has not shown the Long term loans as paid but added the bond amount.

Reply of PSPCL:

The interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a major impact on the long-term interest expenditure. PSPCL has considered the estimated outstanding loans as on March 31, 2017 as opening loan balance for FY 2017-18. The addition of loan has been considered towards the capital investment proposed during the Control period. The interest expenses have been computed considering repayment of actual loans and applicable interest rate for loan.

Further, as per PSERC MYT Regulations, 2014 specified quantum of long term loan as normative. As discussed earlier, outstanding debt as on September 30, 2015 has been restructured under the implementation of UDAY Scheme. As a result of this, interest liability of PSPCL has been reduced in subsequent years. PSPCL expects that this benefit of reduction in interest liability shall be passed on to the consumers. Hence, PSPCL has proposed interest expenses for the Control period on actual basis.

PSPCL has considered the estimated outstanding loans for generation schemes as on March 31, 2017 as opening loan balance for FY 2017-18. The addition of loan has been considered towards the capital investment proposed during the Control period. The interest expenses have been computed considering estimated repayment of actual loans outstanding and applicable rate of interest.

Regarding inflated loan amount, the objector has requested the Hon'ble Commission to scrutinize the figures. As the request is to the Hon'ble Commission, therefore, the Hon'ble Commission may take an appropriate view while allowing the capital expenditure after making required prudence check.

View of the Commission:

Interest on loan has been allowed in Para 4.14.2 of this Tariff Order after considering UDAY Scheme.

Section B Objection No. 5

PSPCL ARR for MYT 2017-18 to 2019-20

Issue No. 1: A&G Expenses

A&G expenses pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund should be disallowed in Tariff Order and should be met by PSPCL out of its profit

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

Reply of PSPCL:

PSPCL Board has decided to donate annually to the Cancer & Drug Addiction Eradication fund of the Government of Punjab to make every person in the State of Punjab free from such ailments. This is in line with the notification of Government of Punjab dated 30/04/2013. The consumers should appreciate that PSPCL is undertaking this noble cause and it would also be for their benefit if the State of Punjab is free from such menace. Accordingly, it is proposed that the above expenditure claimed under this head for FY 2014-15 be allowed as it is for a social cause as impact of tariffs is negligible. PSPCL has claimed cost in the ARR which are legitimate and allowable as per PSERC Tariff Regulations. Since FY 2014-15 is being trued up, most of the cost are claimed as per audited annual accounts as provided in the PSERC Tariff Regulations, 2005. Further, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL is in appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in next years. Therefore it is not appropriate on behalf of the Objector to request the Hon'ble Commission to impose severe fines on PSPCL for claiming actual expenses in its Petition.

View of the Commission:

A&G Expenses are approved in line with PSERC Regulations.

Issue No. 2 High Cost of Power Purchase (Inflated cost of power purchase (Para 2.10 and 4.7)

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

Reply of PSPCL:

For supplying power to the consumers, PSPCL takes power mainly from Thermal Generation in the State as well as purchase of power from Central Generating Stations and IPPs. This cost of power increases every year for reasons beyond control of PSPCL such as increase in coal cost, transportation cost, and increase in tariff by CERC for CGSs etc. Power purchase cost for FY 2014-15 of ₹4.28/kWh (₹12384.25 crore for 28905.78 MUs purchase) has been submitted based on actual figures. As regards to the purchase of power, it is submitted that in case of reduction in anticipated sales, the power purchase quantum is to be reduced which further reduces the energy charges. However, PSPCL has to pay fixed charges as per CERC Order (in case of CGSs). PSPCL has estimated the power purchase cost based on available. Tariff Orders for the generators and best available secondary information. PSPCL has been making the best possible efforts to optimize the power purchase cost. While estimating the power purchase cost, PSPCL has also considered the purchase based on merit order stack so as to optimize its cost. The additional energy available with PSPCL also envisaged for direct sale or sale through banking so as to minimize the power purchase cost.

View of the Commission:

Commission notes the objector's concern and response of PSPCL thereon. Refer to para 2.8 & 4.9 of this

Tariff Oder.

a) Directive regarding review of PPAs etc.

PSERC in TO 2013-14 directed PSPCL to review all the PPAs and surrender costly powers in view of commissioning of IPPs in the state. The commission also directed PSPCL to carry out the exercise in shortest possible time and submit report by Sept 2013. Thereafter, at page 180 of ARR for 2014-15, PSPCL had stated that they are appointing a consultant to do the job and PSERC allowed all the fixed costs for purchase of power under PPAs as pass through loading the consumers for idle capacity.

Reply of PSPCL:

PSPCL presently scheduling about 3700 MW power under Long Term PPA's/ BPSA's signed with Central Sectors entities i.e. NTPC, NHPC, SJVNL, DVC, NPCIL, UMPPs etc.

With the Commissioning of Independent Power Plants like NPL, Rajpura, TSPL Talwandi Sabo and GVK Goindwal Sahib, PSPCL has become surplus in power. Now in the changed scenario after the commissioning of IPPs, a few of these Central Sector Plants have become un-economical for PSPCL due to their comparatively higher variable rates.

Review of Long Term Power Purchase Agreements already signed with Generators outside Punjab for purchase of power is under process. On this matter PSPCL Long Term Power Purchase Committee has discussed on 6.4.2016, 22.6.2016 & 28.7.2016 and identified Anta, Auriya, Dadri , Jhajar Unchahar-I, Farakka, Kahalgaon -I, of NTPC, Sewa-II, Chamera-III , Uri-II & Parbati-III of NHPC (Total 11 nos.) where PSPCL can consider for surrender its power share on mutual agreed terms with NTPC & NHPC for at least for next five years, to any other needy utility/state for availing PSPCL share.

Accordingly, letters in this regard to Govt. of Punjab, NTPC & NHPC has already been written to surrender PSPCL share on mutual agreed terms with NTPC and NHPC for at least for next five years, otherwise if the same is not mutually agreed by both the parties, there is no such long term PPA where PSPCL can unilaterally come out of the long term Power Purchase Agreements / Bulk power Supply signed with various Generators/Traders.

View of the Commission:

The response of the PSPCL is self-explanatory. Also refer to Directive No.7.14 of this Tariff Order.

b) **Transmission Charges and Losses payable to Power Grid (CTU)**

PSPCL has claimed the Transmission losses for Power Grid system on average basis for all the energy sourced from outside sources and transmission charges on Point of Connection charges basis being determined by CERC on quarterly basis. PSPCL is claiming these POC charges on Lump Sum basis. POC charges are payable on per MW basis for Long and Medium term and on actual energy basis for short term basis whereas losses are payable on actual energy flow. Thus, if these PC charges are spread over the individual station wise power sources; this may change the merit order position. Therefore PSPCL may bring out the variable charge for each station after accounting for the losses and charges for proper assessment of merit order operations.

Reply of PSPCL:

PSPCL follow the MoD order based variable charge applicable for plants which has been elaborated under petition submitted before Hon'ble Commission.

View of the Commission:

PGCIL (CTU) Charges are determined by CERC and are being allowed as per actual.

c) True Up for 2014-15:

Objector has requested Hon'ble Commission to review the power purchase from various central Sector sources and IPP during FY 2014-15 and also pointed out that some of the PPAs cancellation needs to be explored.

Reply of PSPCL:

PSPCL has submitted details of power Purchase from various sources including central sector and other traders as per actual accounted for FY 2014-15.PSPCL respectfully prays Hon'ble Commission to approve the same as submitted for FY 2014-15.

View of the Commission:

Refer to Views of the Commission on Issue No. 2 & 2 (a) of Section B Objection No.5 above.

d) **Revised Estimates for FY 2015-16:**

PSPCL has purchased costly power from gas based power plants during FY 2015-16 and such power should be disallowed. Objector also raised the issue against power purchased under UI and requested Hon'ble Commission that such power should be disallowed.

Reply of PSPCL:
PSPCL has submitted details of power Purchase from various sources including central sector and other traders as per provisional accounted for FY 2015-16, Furthermore; PSPCL has not submitted the true Up for FY 2015-16. Hence PSPCL prays Hon'ble Commission to take appropriate view on the same.
View of the Commission:
True-up of FY 2015-16 has not been undertaken in this Tariff Order. Refer Chapter No. 3 of this Tariff Order.

e) Revised Estimates for 2016-17

A) PSPCL is already surplus in power then why PPA of Meja (shown for the first time in 2016-17) was not terminated needs to be explained by PSPCL.
B) The TO 2016-17 provided that no power will be purchased with variable cost above ₹2.68/Unit (Item 57 table 6.22) and accordingly purchase of power from Gas station(GF as well as RF), Unchahar, arakka, Kahalgaon, Dadri II coal, Jhajjar and Paragati III was disallowed in the TO. However PSPCL has purchased power from all these stations in almost all cases above the limit set by the Commission such purchases should be allowed as per approved rate only.
C) PSPCL has overdrawn 10.41 MUs under UI at an highly exorbitant rate of ₹41.69 per unit which is indicative of total mismanagement and inefficiency. This purchase should be disallowed or allowed at average approved tariff as per average power purchase cost of 2016-17.

Reply of PSPCL:
Revised estimation for power purchase as been based on actual power purchase during first half of FY 2016-17 and estimation of power purchase during second half of FY 2016-17. However, the review of PPA of Meja is not related with the current proceeding of ARR. Hence. PSPCL has no comments to offer at this stage.
View of the Commission:
Refer to Views of the Commission on Issue No. 2 & 2(a) of Section B Objection No. 5 above.

Issue No 3: UDAY Scheme benefits:
Interest & Finance Charges and Power Purchase Cost
Reply of PSPCL:
PSPCL has projected the power purchase cost for FY 2016-17 under revised submission based on actual cost incurred in first half of FY 2016-17 and projection for second half of FY 2016-17 based on projected sales and T&D loss. The details have been elaborated under the petition.
PSPCL has planned significant capital works on various schemes of Generation, Distribution and sub-Transmission works as detailed in previous section on capital expenditure. PSPCL has to raise long term loans from various financial institutions to finance these capital works.
The interest expenses have been projected on the basis of the current outstanding loans and new loans to be taken corresponding to the planned capital expenditure, loan repayment schedule and the interest rate charged to the respective loans in the period. For the new loans considered to fund the investment outlay, it has been assumed that average of the opening balance of the new loans and the closing balance of the new loans be considered for the calculation of the interest expense
It is prayed that the Hon'ble Commission to approve the same and allow interest cost on the same so as to ensure power availability to all the consumers in the state and also efficiency improvements such as reduction in losses beyond targets are continued to be achieved.
View of the Commission:
Interest on loan has been allowed in Para 4.14.2 of this Tariff Order after considering UDAY Scheme

Issue No. 4: Over estimation of loan requirement for capital expenditure
The projected expenditures for 2016-17 has been kept same as per ARR without giving back up figures for H1 actual and H2 projections. This needs to be scrutinized keeping in view of the performance of previous years. Further details of works covered in the proposed capital expenditure has not been indicated in the ARR. This practice unnecessarily inflates the ARR and PSPCL recovers the interest charges from consumers whereas much lower liability has actually been incurred by PSPCL. Therefore, we submit to the Commission to look into the investment projections given by the Board for a realistic assessment of the same and accordingly approve interest cost for capital work for FY2014-15 and 2016-17.
Reply of PSPCL:
PSPCL has claimed the expenses for FY 2014-15 as per actual capital investment plan based on audited accounts. PSPCL is preparing the capital investment plan for upgrading the power infrastructure to cope up with increasing demand in the State and considering the aging of current

power infrastructure. PSPCL providentially assessed the investment plan requirement for generating plants and T&D schemes. Further, it is submitted that PSPCL has already submitted the project-wise details of the capital investment plan proposed in the Petition to Hon'ble Commission for prudence check. The Hon'ble Commission will approve the capital investment plan and related expenses only after applying prudence check. It is prayed that the Hon'ble Commission to approve the same and allow interest cost on the same so as to ensure power availability to all the consumers in the state and also efficiency improvements such as reduction in losses beyond targets are continued to be achieved.

View of the Commission:

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

Issue No.5: Working Capital and Interest

PSPCL has claimed interest amounts around 3 to 6 times of the approved expenses. Objector has requested PSERC not allow such expenditure and impose exemplary fine under section 142 on PSPCL for not obeying the orders of PSERC. PSPCL has also claimed interest of ₹126.98 Cr for 2016-17 towards GPF amount of employees and similar amounts for previous years. Similarly, PSPCL has customers' security deposit with them for which it has claimed interest charges. These amounts shall be adjusted while computing working capital interest.

Reply of PSPCL:

In the last Tariff Order for FY 2016-17, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit. PSPCL would like to add that every financial year undergoes truing up of expenses when the audited accounts for that year are available. The tariff determination process is such that in case Hon'ble Commission had disallowed a cost while approving ARR of a particular year, it may approve the same cost while truing up of that year if the cost is legitimate and justifiable. Therefore it is not right on the part of Objector to say that the expenses which are already disallowed previously are being claimed again in this Petition. Further, it is submitted that for meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC Tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past Tariff Orders and passed through in the ARR. PSPCL has no other alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow such interest on the bridge loans.

View of the Commission:

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

Section – C of Objection No.5

True up of 2014-15, Review of FY 2016-17

Issue 1: T&D Losses

In the ARR for the FY 2014-15, the losses proposed were 16% whereas in the ARR for 2015-16, the proposed figure was revised upwards by PSPCL to 16.5% for 2014-15. In the ARR for 2016-17, T&D loss level for 2014-15 was provisionally declared as 15.21%. Finally in the true up, the loss level has been trued up as 15.20%. At the same time, PSPCL proposed the Agriculture consumption in ARR for 2014-15 as 11586 MUs but approved in TO 2014-15 as 9749 MUs and in the True up the figure has been proposed by PSPCL as 10658.41 MUs. These figures speak for achievement of PSPCL in the field of Transmission and Distribution Losses. However, this is not resulting in corresponding reduction in the ARR of the PSPCL. It is evident that cost of capital investment being incurred on loss reduction programmes is much higher than the savings to the utility and consumers will ultimately have to pay such costs thro' tariff in the later years. Hon'ble Commission may review the cost benefit level analysis and may get the loss level audited so that consumers are not put to loss in the later years.

Reply of PSPCL:

PSPCL has been continuously making efforts to improve the distribution loss of the system. PSPCL has been able to achieve 15.20% T&D loss in FY 2014-15 as against 16% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 0.8% during FY 2014-15. It is submitted that the Hon'ble Commission has calculated the T&D losses of PSPCL in previous tariff order (which are higher than actual losses) mainly on account of reduction in AP consumption due to change in methodology from sample meter basis to pumped energy basis. The trajectories for T&D losses were already fixed based on considering AP consumption as per sample meters. However, later on the Hon'ble Commission has changed the methodology of AP consumption in true up i.e. from sample meters to pumped energy without revising the T&D loss trajectory and hence the T&D losses as calculated by Hon'ble Commission have been found to be higher than the fixed trajectory. This has resulted into double loss to PSPCL i.e reduction in revenue due to reduced AP consumption and disincentive on account of higher T & D losses.

Hon'ble Commission need to follow the methodology of AP consumption based on sample meters instead of AP consumption on Pumped energy as mentioned hereinabove. In any event, in case one methodology for one aspect is changed, all corresponding issues also need to be addressed and the trajectory for T&D losses (which was earlier fixed on basis of AP consumption on sample meters) needs to be revised based on Pumped energy methodology

View of the Commission:

To carry out the cost benefit analysis, the Commission had already directed PSPCL to conduct Third Party audit of Loss Reduction Schemes and the same is under progress.

Issue 2: Actual expenses and normative expenses

In FY 2014-15, PSPCL has requested for approval of normative expenses where the actual expenses are less than normative like A&G, etc. The Objector requested Hon'ble Commission to follow regulations along with penalty or non-performance as per practice adopted for previous years.

Reply of PSPCL:

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

View of the Commission:

Expenses are allowed as per PSERC Tariff Regulations, 2005.

Issue No. 3: Revenue gap

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

Reply of PSPCL:

As per present regulatory proceedings and as per Regulation 9 of PSERC Tariff Regulations, 2005, as amended from time to time, true-up for FY 2014-15 as submitted in present Petition based on the audited annual accounts. Hence, Hon'ble Commission is required to re-visit such expenses and approve the revenue gap for FY 2014-15 after true-up exercise. The Hon"ble Commission might have approved cost for FY 2014-15 in previous Tariff Order but those cost approved were estimations based on available facts at that point of time. These estimations are again revisited once final audited accounts are available for respective years. The revised gap is therefore arrived based on the final audited accounts of FY 2014-15 and hence Hon'ble Commission is requested to approve such gap as claimed in the Petition.

View of the Commission:

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

Issue No: 4: AP Consumption:

AP consumption was projected as 11586 MUs and PSERC approved 9749 MUs in TO of 2014-15 on CAGR basis. The projections were revised by PSPCL to 10932 MUs and PSERC approved 10264 MUs as per TO 2015-16. Now it is seen that PSPCL has sought true up of AP consumption of 10658.41 MUs for 2014-15 in ARR RE 2016-17. It is evident that PSPCL has gradually brought down the agriculture consumption from 11586 to 10658 Mus.

Reply of PSPCL:
The AP consumption of 10658.41 MUs for FY 2014-15 is as per actual consumption in audited annual accounts. Hence Hon'ble Commission is requested to approve the AP consumption as claimed in the Petition.
View of the Commission:
Refer to para 2.2.3 of this Tariff Order.

Issue No.5: Audited Accounts for 2015-16
In para 3.of MYT ARR 2016-17 to 2019-20, it is stated that CAG report for FY 2015-16 is awaited and True Up for 2015-16 will be submitted subsequently. Since the CAG audit report is not available, as such we are not in a position to offer detailed comments and true up exercise should be deferred. However, we are offering few comments on the same but these will be subject to revision on the basis of CAG report.
Reply of PSPCL:
PSPCL has not claimed true-up for FY 2015-16 as the audited annual accounts were not available at the time of submission. It is also mentioned here that PSPCL has not claimed any carrying cost for FY 2015-16 revenue gap.
View of the Commission:
Refer to Chapter 3 of this Tariff Order.

Issue No.6: Net Revenue Requirement for FY 2016-17 (Revised estimates)
The analysis of the different components of the revised estimates for FY 2016-17 reveals that the PSPCL has upwardly revised net revenue requirement by ₹4451 crore i.e.from the approved level of ₹ 25748 crore to ₹ 30199 crore.
Reply of PSPCL:
The expenses claimed in revised estimates for FY 2016-17 are based on actual numbers of first half of FY2016-17 and estimated numbers for second half of FY 2016-17. The expenses for second half are estimated taking actual of first half as base figures. It is therefore submitted that the numbers estimated in the Petition for FY 2016-17 are not inflated and is with proper justification. The Hon'ble Commission is therefore requested to kindly approve the ARR for FY2016-17 as submitted in the Petition.
View of the Commission:
The net revenue requirement is allowed as per PSERC Regulations.

Issue No. 7: Provision for DSM fund
PSPCL has already recovered ₹ 25 Crore in the DSM reserve fund since the amount stands recovered thro tariff from consumers. We submit that PSPCL need to be directed to incur expenditure upfront from this fund and seek only reimbursement of actual expenditure after the year is over. Any carry forward of the unspent fund shall be with interest.
Reply of PSPCL:
Memorandum of Understanding with Bureau of Energy Efficiency has been signed under Capacity Building Programme of Ministry of Power, Govt. of India. In this programme, Energy Efficiency Services Limited will prepare DSM plan on the basis of load research and analysis. The Commission has approved ₹10.00 crore as claimed by PSPCL in the ARR for FY 2016-17 for creation of DSM fund.
View of the Commission:
Refer to Directive No. 7.4 of this Tariff Order.

Issue No. 8: High employee Cost
PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced many activities and services. Further, the Objector requested Hon'ble Commission to cap employee expenses at appropriate level and the same should be increased, if required.
Reply of PSPCL:
The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost. Further, disallowance of the same on the basis of normative parameter without considering its impact on the viability would result in deterioration of financial position of PSPCL. Further, expenditure on terminal benefits is a statutory requirement of the Corporation and has to be allowed as per actual. Similarly expenditure on funding

of terminal benefits as per the Financial Restructuring Plan approved by the State Government on 24.12.12 is also mandatory expenditure to be incurred by the Corporation and hence should be allowed as per actual. In view of above, it is submitted that Hon'ble Commission to consider the detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.

View of the Commission:

Employee cost is allowed under O&M expenses as per PSERC Regulations.

Issue No. 9: Determination of Wheeling Charges

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

Reply of PSPCL:

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

View of the Commission:

The Commission agrees with the reply of PSPCL. The Scheduling Charges are levied by SLDC for scheduling and maintenance of the Grid discipline and are being determined in accordance with the PSERC Regulations.

Issue No .10: Base Line Value for MYT

The base line value should be decided by Hon'ble commission and request Hon'ble Commission that the MYT may be thoroughly checked before finalisation. Objector also pointed out that the Capex and Business plan should be placed on public domain.

Reply of PSPCL:

PSPCL has taken baseline values for MYT control period based on the provisional Accounts for FY 2015-16 as per direction given by Hon'ble Commission. Furthermore; the Business Plan and Capex Plan is available on PSPCL official website as per the direction of Hon'ble Commission.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No.6: Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh

Issue No. 1: Cross Subsidization

National Tariff Policy stipulates to keep the average realization per unit from each category to the 20% (plus or minus) of combined average cost of supply. APTEL has directed PSERC to work out cross subsidy on the basis of voltage wise and category wise cost of supply and has also held that the cross subsidy of any category of consumers will not be increased from the level of last year.

Reply of PSPCL:

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

Further, Clause 8.3 of Tariff Policy states as under

> *"8.3* Tariff *design: Linkage of tariffs to cost of service. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility. Hence in light of the same it is requested that while determining the tariff in conjunction with the cross subsidy factor, the Hon'ble Commission has also to keep in mind interest of PSPCL.

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue No. 2: Return on Equity

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

Reply of PSPCL:

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

View of the Commission:

Refer Views of the Commission on Issue No.5 of Section A Objection No.5 above.

Issue No. 3: ARR AND CARRYING COST OF REVENUE GAP

Gap for FY 2016-17 in ARR in Tariff Petition was projected to be ₹5999.32 Crore. Therefore the revenue gap is overstated.

Reply of PSPCL:

Carrying cost on past gaps is proposed by PSPCL due to the fact that the revenue gaps of previous orders are not approved on timely basis. The fact has also been recognized by the Hon'ble APTEL in its judgment dated 18 October 2012. PSPCL therefore has not violated any Regulation by claiming carrying cost in its Petition. PSPCL would like to submit that Regulation 9 of PSERC Tariff Regulations, 2005 defines for audited actual expenditure to be submitted in true up of respective year for which audited accounts is available. The Hon'ble Commission will revisit the figures previously approved based on the audited accounts available while truing up exercise. PSPCL submits that it has not claimed anything against the Regulation of PSERC and therefore the contention that PSPCL has claimed the expenses which are already disallowed by the Commission is not true and therefore baseless. Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18. Further, PSPCL submits that the determination of tariff is the prerogative of Hon'ble Commission.

View of the Commission:

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

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

PSPCL had filed Appeal No. 106 of 2013 in APTEL which has been decided vide order dated 16.12.15. Therefore this order of APTEL be kept in view while deciding the MYT ARR under consideration

Reply of PSPCL:

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

View of the Commission:

Order of Hon'ble APTEL has been implemented.

Issue No. 5: Agriculture Consumption

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

Reply of PSPCL

The increase in power consumption by Agriculture tube wells is partly due to increase in the number of tube wells and partly due to weather conditions prevailing during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tube wells and drawing less water to sustain underground water level as well. Supply to agriculture tube wells is free as per policy of the Government and capping of the same is at the discretion of the Government of Punjab. Moreover, supply to AP consumers is limited only up to 8 hours that too during the months of June to September for paddy cultivation. As far as supply of power to agriculture category of consumers at COS rate is concerned, the said issue is under the prerogative of Hon'ble Commission. PSPCL would comply with the directions of the Hon'ble Commission. PSPCL only request the Hon'ble Commission to kindly allow to recover the legitimate cost of PSPCL claimed in the Petition.

View of the Commission:
Presently the supply to AP consumers is un-metered. As such, capping of supply at subsidized rates may not be possible. Also refer to view of the Commission against Issue No.1 of Objection No.2 above.

Issue No. 6 Delay in CAG Audit and True Up
PSPCL in the present Petition has not submitted the CAG audit report for FY 2015-16 The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Objector requested the Hon'ble Commission not to consider the revenue gap worked out by PSPCL for the 2015-16 till the audited statement is made available.
Reply of PSPCL:
In present petition for ARR and Tariff for FY 2017-18, PSPCL has submitted the truing up for FY 2014-15 based on audited annual accounts which are actual expenses. The expenses for FY 2014-15 are considered based on audited annual accounts. So far as the true- up for FY 2015-16 is concerned PSPCL has not claimed any carrying cost for the year 2015-16. The Hon'ble Commission will revisit the figures previously approved based on the audited accounts available while truing up exercise. PSPCL submits that it has not claimed anything against the Regulation of PSERC and therefore the contention that PSPCL has claimed the expenses while are already disallowed by the Commission is not true and therefore baseless. Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18. Further, PSPCL submits that the determination of tariff is the prerogative of Hon'ble Commission.
View of the Commission:
The Commission has directed PSPCL for timely submission of Audited Annual Accounts. Refer to Commission's Directive No.7.15 of this Tariff Order.

Issue No. 7: Incurring higher expenses than approved in T.O. for 2014-15
The explanation for incurring higher expenses than approved in Tariff Orders for 2014-15 and RE 2016-17 are the same i.e. mainly all such expenses are beyond the control of PSPCL and on actual basis with no reference to the regulation of tariff determination.
Reply of PSPCL:
PSPCL in the present Petition has claimed the R&M and A&G expenses as per Regulation 28 of PSERC Tariff Regulations, 2005, as amended from time to time. PSPCL has already submitted in the present Petition that Hon'ble Commission while approving such expenses has taken an inconsistent approach and the methodology adopted i.e., allowing the actual or normative whichever is less, is an incorrect methodology and contrary to concept of normative wherein the benefit for overachievement should remain with the utility and decision of Hon'ble ATE in the Judgment dated 18 October, 2012.
View of the Commission:
Tariff determination exercise is carried out as per PSERC Regulations. Expenses are allowed in line with PSERC Regulations after prudence check.

Issue No. 8 Cross Subsidy:
As per the mandate given under the Act to the Commission, the cross subsidy has to progressively reduce
Reply of PSPCL:
Matter has already been covered under Issue No. 1 of general comments
View of the Commission:
Refer Views of the Commission on Issue No.1 Objection no. 2 above.

Issue No. 9 (I): Interest cost with UDAY Scheme:
The projected interest cost has been negating the benefit of UDAY scheme.
Reply of PSPCL:
As per PSERC MYT Regulations, 2014 specified quantum of long term loan should be determined as normative. Outstanding debt as on September 30, 2015 has been restructured under the implementation of UDAY Scheme. As a result of this, interest liability of PSPCL has been reduced in subsequent years. PSPCL expects that this benefit of reduction in interest liability shall be passed on to the consumers. Hence, PSPCL has proposed interest expenses for the Control period on actual basis.
PSPCL has considered the estimated outstanding loans for generation schemes as on March 31,

2017 as opening loan balance for FY 2017-18. The addition of loan has been considered towards the capital investment proposed during the Control period. The interest expenses have been computed considering estimated repayment of actual loans outstanding and applicable rate of interest.
Regarding alarming loan amount, the objector has requested the Hon'ble Commission to scrutinize the figures. As the request is to the Hon'ble Commission, therefore, the Hon'ble Commission may take an appropriate view while allowing the capital expenditure after making required prudence check

View of the Commission:

Interest on loan has been allowed in Para 4.14.2 of this tariff order after considering the UDAY Scheme

Issue 9 (II) Interest on Short Term Loans:

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

Reply of PSPCL:

In the last Tariff Order for FY 2016-17, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit. PSPCL would like to add that every financial year undergoes truing up of expenses when the audited accounts for that year are available. The tariff determination process is such that in case Hon'ble Commission had disallowed a cost while approving ARR of a particular year, it may approve the same cost while truing up of that year if the cost is legitimate and justifiable. Therefore it is not right on the part of Objector to say that the expenses which are already disallowed previously are being claimed again in this Petition. Further, it is submitted that for meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC Tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past Tariff Orders and passed through in the ARR. PSPCL has no other alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow such interest on the bridge loans.

View of the Commission:

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

Issue No. 10: Employee Expenses

PSPCL has repeated its inability to control employee expenses. Objector requested Hon'ble Commission to allow the increase in employee expenses in line with WPI index only.

Reply of PSPCL:

The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost. Further, disallowance of the same on the basis of normative parameter without considering its impact on the viability would result in deterioration of financial position of PSPCL. Further, expenditure on terminal benefits is a statutory requirement of the Corporation and has to be allowed as per actual. Similarly expenditure on funding of terminal benefits as per the Financial Restructuring Plan approved by the State Government on 24.12.12 is also mandatory expenditure to be incurred by the Corporation and hence should be allowed as per actual. In view of above, it is submitted that Hon'ble Commission to consider the detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.

View of the Commission:

Employee Cost is approved in line with PSERC Regulations.

Issue No 11 Surplus power and Capacity charges of idle capacity:
The surplus energy with PSPCL is increasing every year and consequently capacity charge for the idle capacity is also increasing which have been proposed to be loaded to the consumers in the ARR and no solution to this has been proposed.
Reply of PSPCL:
The purchase from central generating stations and IPPs is based on the long term power purchase agreement made between PSPCL and NTPC. As per these PPA‟s PSPCL is liable to pay fixed charge even if no energy is purchased from these stations. As per these PPA‟s fixed charge is an obligation that is to be paid which cannot be avoided. The generation in these plants is based on availability of fuel and is not in control of PSPCL. However in any case fixed charges are to be paid to these generators based on the availability of the plants. Also refer reply of PSPCL against Issue No.4 of Section A Objection No.5 above.
View of the Commission:
Refer to Views of the Commission on Issue No. 4 of Section A Objection No. 5 above.

Issue No. 12 Cost of Supply/HT REBATE:
The cost of supply for various categories as worked out in ARR 2017-18 does not seem to be realistic. Further as per Orders of APTEL Cross subsidy levels be worked out on the basis of cost of supply and these levels should remain or less than last year and should not exceed 20% limit voltage rebate be further enhanced to make it commensurate with cost of supply.
Reply of PSPCL:
Hon'ble Commission in Tariff Order for FY 2013-14 has accepted Methodology II for computation of voltage wise cost of supply. Hon'ble Commission has adopted this methodology after taking cognizance of the study carried out of PSPCL and recognising the ground realities. In the same Tariff Order, Hon'ble Commission opined that it would be ideal to fix electricity tariff for all consumers on cost to serve basis. The objector has rightly pointed out that, in order to move in the direction of cost of supply, Hon'ble Commission has approved the rebate for getting supply at higher voltages i.e., rebate of 25 paise per unit for 220/132 kV, 20 paise per unit for 66/33 kV, 15 paise at 11 kV.
PSPCL in subsequent Tariff Petitions has adopted the same methodology II and submitted the voltage wise category-wise cost of supply. Hon'ble 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, Hon'ble 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. PSPCL strongly negates objection of the Objector on being transparent on cost of supply. At present, PSPCL is submitting the cost of supply as part of ARR Petitions only. The computation is on the basis of best available data, after taking into account all updation 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.
PSPCL further submits that determination of cross-subsidy levels and rebate to consumer getting supply on higher voltage is prerogative of the Hon'ble Commission. Hon'ble Commission may decide the appropriate rebate for consumers getting supply on higher voltages.
View of the Commission:
Refer to the Views of the Commission on Issue No.1 Objection No. 2 above.

Objection No. 7: Sh. Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Chandigarh.

Section A: General Comments

Issue No.1: Revenue Gap
Revenue gap as projected is increasing every year clearly indicates that the figures are being inflated. It is also pointed out that the expenditure already denied by the Regulatory Commission in the previous tariff orders should not have been included in the ARR. This indicates that PSPCL is not bothered to adhere to the approved expenditure and follow the already notified regulations upheld time and again by even the APTEL in the Appeals filed by PSPCL itself.
Reply of PSPCL:
In the present Petition for ARR and Tariff for FY 2017-18, PSPCL has submitted the truing up for FY 2014-15 based on audited annual accounts which are actual expenses. The expenses for FY 2014-15 are considered based on Audited Annual Accounts. Also, the methodology adopted by PSPCL for projecting the expenses for FY 2016-17 and for MYT control Period is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC tariff

Regulations and PSERC MYT regulation 2014. Hence, it would not be correct to say that the revenue gap figures are inflated. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. It is therefore not appropriate to hold that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2016-17 and for Control Period.

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

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

Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18.

View of the Commission:

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

Section B of Objection No.7

ARR for MYT 2017-18 to 2019-20

Issue 1: Cost of Supply:

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

Reply of PSPCL:

Refer reply of PSPCL against Issue No.1 objection No.6 above.

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue 2: Cap on the power supplied to Agriculture sector

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

Reply of PSPCL:

Refer reply of PSPCL on Issue No.5 Objection No.6 above.

View of the Commission:

Refer to Views of the Commission on Issue No. 5, Objection No. 6 above.

Issue No. 3: Transmission Loss Estimation

PSTCL should commission the boundary metering immediately and Transmission Loss trajectory of PSTCL for next 5 years be declared in the TO2017-18 on the basis of 2.5% losses.

Reply of PSPCL:

The objection pertains to PSTCL, therefore, PSPCL has no comments to offer. However, since the current petition is for FY 2017-18, transmission loss can only be provided for FY 2016-17 and not beyond that as the current Regulation does not provide for such submission in tariff Petition. Therefore the loss trajectory for next five years cannot be provided in the current Petition.

View of the Commission:

Refer to Views of the Commission on Issue No. 7 of Section A Objection No. 5 above.

Issue No. 4: Plant Availability Incentive

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

Reply of PSPCL:

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

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

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

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

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

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

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

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

View of the Commission:

Refer to Para 2.10 of this Tariff Order.

Issue No. 5 Prior Period Expenses:

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

Reply of PSPCL:

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

View of the Commission:

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

Issue No. 6 Delay in CAG Audit and True Up:

PSPCL in the present Petition has not submitted the CAG audit report for FY 2015-16. The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Objector requested the Hon'ble Commission to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.

Reply of PSPCL:
The accounts for the year FY 2014-15 have been adopted by the members in the AGM held on dated 21/12/2016. As far as the accounts for FY 2015-16 are concerned the same are under statutory audit and will be supplies as soon as possible. Furthermore PSPCL submits that there is no delay or laxity in the finalization of accounts on the part of PSPCL.PSPCL is making best efforts to finalize the accounts as early as possible.
View of the Commission:
The Commission has issued Directive to PSPCL for timely submission of Audited Annual Accounts. Refer Directive No.7.15 of this Tariff Order.

Issue No. 7 Interest on Short Term Loans for Working capital:
The interest on short term loans to meet revenue shortfall arising out of non receipt of subsidy from Government, disapproval of expenses in past Tariff Orders, etc. should not be passed on to the consumers. The mismatch between the ARR approved by the Commission in the Tariff Order and actual expenses incurred by the PSPCL should be met through internal accruals. Only those short term loans which are taken for carrying on the activities related with the business of PSPCL should be charged to ARR and to be recovered from the consumers. Further, the Objector requested to Hon'ble Commission to allow working capital on normative basis as per regulations and therefore funds parked with PSPCL by employees in the shape of GPF and by consumers in the shape of Advance Consumption Deposit (Security) should not be used by PSPCL to meet the working capital and claim of PSPCL for interest on these two items as well as interest on actual amount of short term loans as claimed by PSPCL in ARR need to be rejected
Reply of PSPCL:
In the last Tariff Order for FY 2016-17, the interest on working capital was allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit.
PSPCL would like to add that every financial year undergoes truing up of expenses when the audited accounts for that year are available. The tariff determination process is such that in case Hon'ble Commission had disallowed a cost while approving ARR of a particular year, it may approve the same cost while truing up of that year if the cost is legitimate and justifiable. Further, it is submitted that for meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme and statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past tariff Orders and passed through ARR.
View of the Commission:
Interest on working capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 8 Appeal No. 106 of 2013 in APTEL
APTEL has issued a judgment in Appeal No 106 of 2013 wherein all the issues were decided against PSPCL except the employee cost. The Objector has requested the Hon'ble Commission to keep the judgment in view while deciding the MYT & True up ARR.
Reply of PSPCL:
The issue is addressed to the Hon'ble Commission. PSPCL in this matter has no comments to offer. However, PSPCL requests the Hon'ble Commission to allow the legitimate expenses.
View of the Commission:
The Commission determines ARR after considering the APTEL judgment and in line with PSERC Tariff Regulations and Electricity Act, 2003.

Section C of Objection No.7

Detailed Comments on the ARR FY 2016-17

Issue No. 1: Return on Equity:
Hon'ble Commission to re-determine the return on equity for all years from FY 2011-12 onwards in view of the Hon'ble APTEL Judgement dated 17 December, 2014 in Appeal No. 168 and 142 of 2013 and adjust the same in RE for FY 2016-17 along with carrying cost to provide relief to consumers
Reply of PSPCL:
PSPCL has filed an Appeal in Hon'ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17 December, 2014. Therefore the order of APTEL has been stayed till the final outcome of the order of the Hon'ble Supreme Court. PSPCL submits that since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon'ble Commission in its previous orders. Hon'ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders.
View of the Commission:
Refer Views of the Commission on Issue No.5 of Section A, Objection No.5 above.

Issue No. 2: A&G Expenses
A&G expenses of ₹5 Crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure Fund and ₹5 Crore to Punjab Ancient Historical Monuments Archaeological and Director/Cultural Affairs should be disallowed in Tariff Order and should be met by PSPCL out of its profit
The Objector stated that this expenditure is neither related to power sector, nor exclusively for the employees of PSPCL, therefore burdening on the consumers of the state for such donations, particularly when, the tariff is already very high is not at all justified.
Moreover CSR is governed by Section 135 of the Companies Act and as per Sub Section 5; the amount to be spent shall be 2% of the average profits for last 3 years. Since PSPCL was in loss for a combined period of three years it is not justified to spend such expenses.
The expenditure should be disallowed and the claim should be rejected out rightly with strict warning to PSPCL
Reply of PSPCL:
₹10 Crore pertaining to donation to the Cancer and Drug Addiction Treatment Infrastructure and Ancient Historical Monuments Archaeological sites and Director/ Cultural Affairs under A&G expenses Fund is the actual expenses incurred by PSPCL in FY 2014-15. PSPCL in FY 2014-15 decided to donate annually to the Cancer & Drug Addiction Eradication fund of the Government of Punjab to make every person in the State of Punjab free from such ailments. This is in line with the notification of Government of Punjab dated 30/04/2013. The consumers should appreciate that PSPCL is undertaking this noble cause and it would also be for their benefit if the State of Punjab is free from such menace. Accordingly, it is proposed that the above expenditure claimed under this head for FY 2014-15 be allowed as it is for a social cause and its impact on tariffs is negligible.
PSPCL would further like to submit that it has claimed cost in the ARR which are legitimate and allowable as per PSERC Tariff Regulations. Since FY 2014-15 is being trued up, most of the cost are claimed as per audited annual accounts as provided in the PSERC Tariff Regulations, 2005. PSPCL has not claimed any costs which have been previously disapproved by the Hon'ble Commission and PSPCL is not in Appeal before APTEL/PSERC. Therefore it is not appropriate on behalf of the Objector to request the Hon'ble Commission to impose severe fines on PSPCL for claiming actual expenses in its Petition.
View of the Commission:
A&G Expenses are approved in line with PSERC Regulations.

Issue No. 3 High Cost of Power Purchase:
Actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The Objector has also submitted detailed comments on power purchase cost submitted in Petition.
The variation in approved and actual power purchase seems to be due to excessive dependence on purchase of short term power thro' traders and unfavorable power surrender/drawl under UI.
The Objector has objected on various rates from different sources with which PSPCL has tied up for power.
Reply of PSPCL:
For supplying power to the consumers, PSPCL takes power mainly from Thermal Generation in the State as well as purchase of power from Central Generating Stations and IPPs. This cost of power

increases every year for reasons beyond control of PSPCL such as increase in coal cost, transportation cost, and increase in tariff by CERC for CGSs etc. Power purchase cost for FY 2014-15 of ₹4.28/kWh (₹12384.25 crore for 28905.78 MUs purchase) has been submitted based on actual figures. As regards to the purchase of power, it is submitted that in case of reduction in anticipated sales, the power purchase quantum is to be reduced which further reduces the energy charges However, PSPCL has to pay fixed charges as per CERC Order (in case of CGSs). PSPCL has estimated the power purchase cost based on available Tariff Orders for the generators and best available secondary information. PSPCL has been making the best possible efforts to optimize the power purchase cost. While estimating the power purchase cost, PSPCL has also considered the purchase based on merit order stack so as to optimize its cost. The additional energy available with PSPCL also envisaged for direct sale or sale through banking so as to minimize the power purchase cost. PSPCL is making best efforts to purchase power at the lowest rate as per merit order despatch and requests the Hon'ble Commission to allow power purchase cost as submitted in the petition.

View of the Commission:

Refer to para 2.8 of this Tariff Order.

Section D of Objection No.7

True Up for 2014-15 and Review of 2016-17

Issue No. 1: Costly Power Purchase from Anta, Auriya and Dadri

The perusal of Page 216 of ARR, Sr. No.2, 5 and 8 reveal that PSPCL has purchased RF power with variable cost ranging between ₹9 to 11 Per unit from gas based stations of Anta, Auriya and Dadri of NTPC whereas as per TO 14-15. Table 6.22, no such purchase was approved for RF power and variable cost approved was ranging between 342 to 356 paisa per unit for gas based generation from these stations. This purchase should have been avoided and should be disallowed.

Issue No.2: Costly Power Purchase from Farakka and Jhajjar

The Tariff Order provided that PSPCL will not purchase any power from Farakka and IGTPS Jhajjar. However, PSPCL has purchased 128.75 and 138.71 MUs of power from these stations at variable cost of 295 paisa per unit and 395 paisa per unit respectively. Such purchases should have been avoided and need to be disallowed as these are against the orders of the Hon'ble Commission.

Issue No.3: Over drawal at exorbitant rate

PSPCL has overdrawn 243.28 MUs under UI at an exorbitant rate of ₹11.15 per unit which is indicative of mismanagement and inefficiency. This purchase should be disallowed or allowed at average approved tariff as per TO 2014-15.

Reply of PSPCL:

Refer reply of PSPCL given against Issue No.3 of Section C, Objection No.7

View of the Commission:

Refer to view of the Commission against Issue No. 3 of Section C Objection No.7 above.

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

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

In the past during FY 2014-15 and FY 2015-16, PSPCL has expensed on a lower side as compared to that approved by Hon'ble Commission. Therefore, expenses may be scrutinized for FY 2016-17.

Reply of PSPCL:

PSPCL has claimed the expenses as per actual capital investment plan based on audited accounts for FY 2014-15. PSPCL is preparing the capital investment plan for upgrading the power infrastructure to cope up with increasing demand in the State and considering the aging of current power infrastructure. PSPCL providentially assessed the investment plan requirement for generating plants and T&D schemes. Further, it is submitted that PSPCL has already submitted the project-wise details of the capital investment plan proposed in the Petition to Hon'ble Commission for prudence check. The Hon'ble Commission will approve the capital investment plan and related expenses only after applying prudence check.

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

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

Issue No. 5: Working Capital and Interest:
PSPCL has claimed interest amounts around 3 to 5 times of the approved expenses. Objector has requested PSERC to not to allow such expenditure and impose exemplary fine under section 142 on PSPCL for not obeying the orders of PSERC.
Reply of PSPCL:
In the last Tariff Order for FY 2016-17, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on the activities related to business of PSPCL only. It is submitted that any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit.
For meeting the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past tariff Orders and passed through ARR.
The Hon'ble Commission is requested to approve interest on working capital as claimed in the Petition so as to maintain regular businesses of the Company.
View of the Commission:
Interest on Working Capital is allowed on normative basis in line with PSERC Tariff Regulations after prudence check.

Issue No. 6: T&D Loss:
The Objector has appreciated PSPCL for achieving T&D loss lower than approved. PSPCL has achieved 15.20% T&D losses in FY 2014-15; however PSPCL is increasing the revenue gap every year which indicates that the expenditure used for loss reduction has not been fruitful.
Reply of PSPCL:
PSPCL recognizes the appreciation for achieving lower T&D losses in FY 2014-15. PSPCL has been continuously making best efforts to improve the distribution loss of the system. PSPCL has been able to achieve 15.20% T&D loss in FY 2014-15 as against 16% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 0.80 % during FY 2014-15.
Capital investment done for reduction of T&D losses and allied expenses was duly approved by Hon'ble Commission in previous Tariff Orders only after applying prudence check. Hence, the recovery of such loans taken will be done in accordance with expenses like depreciation, interest expenses, etc. approved by Hon'ble Commission
View of the Commission:
Refer to Views of the Commission on Issue No. 1 of Section C, Objection No. 5 above.

Issue No. 7: AP Consumption:
AP consumption as projected is higher than approved by PSERC
Reply of PSPCL:
The difference in AP consumption due to change in methodology from sample meter basis to pumped energy basis. The trajectories for T&D losses were already fixed based on considering AP consumption as per sample meters. However, later on the Hon'ble Commission has changed the methodology of AP consumption in true up i.e. from sample meters to pumped energy without revising the T&D loss trajectory and hence the T&D losses as calculated by Hon'ble Commission have been found to be higher than the fixed trajectory. This has resulted into double loss to PSPCL i.e reduction in revenue due to reduced AP consumption and disincentive on account of higher T & D losses. As the AP consumption for FY 2016-17 is concerned PSPCL has taken actual consumption for first half and estimated as per 3 years CAGR for second half of the FY 2016-17.
The Hon'ble Commission is requested to follow the methodology of AP consumption based on sample

meters instead of AP consumption on Pumped energy as mentioned hereinabove. In any event, in case one methodology for one aspect is changed, all corresponding issues also need to be addressed and the trajectory for T&D losses (which was earlier fixed on the basis of AP consumption on sample meters) needs to be revised based on Pumped energy methodology.

View of the Commission:

Refer to Views of the Commission on Issue No. 4 of Section C Objection No. 5.

Revised Estimates of FY 2016-17

Issue No. 8: ARR FY 2016-17 (Revised Estimates) :

PSPCL has upwardly revised net revenue requirement for FY 2016-17 against the approved by PSERC.

Reply of PSPCL:

PSPCL has estimated net revenue requirement of FY 2016-17 based on the actual available for first half of FY 2016-17. It has been observed that all the costs have been revised based on actual of first half and therefore have been projected in the Petition as revised estimates.

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

It is therefore requested the Hon'ble Commission to approve revised estimates of FY 2016-17 as submitted in this Petition since these expenses are claimed as per provisions of PSERC Tariff Regulations, 2005.

View of the Commission:

Expenses are allowed as per PSERC Regulations.

Issue No. 9: Provision for DSM fund:

The size of the DSM fund is excessive and needs to be trimmed keeping in view the past record of PSPCL. Further PSPCL needs to be directed to incur expenditure upfront from the fund and seek only reimbursement of actual expenditure after the year is order.

Reply of PSPCL:

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

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

PSPCL has now informed that Memorandum of Understanding with Bureau of Energy Efficiency has been signed under Capacity Building Programme of Ministry of Power, Govt. of India. In this programme, Energy Efficiency Services Limited will prepare DSM plan on the basis of load research and analysis. The Commission has approved ₹10.00 crore as claimed by PSPCL in the ARR for FY 2016-17 for creation of DSM fund. Seeking of reimbursement of actual expenditure after the year is over, is not in line with the regulations.

View of the Commission:

Refer to Directive No.7.4 of this Tariff Order.

Issue No. 10: High employee Cost:

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

Reply of PSPCL:

The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost. Further, disallowance of the same on the basis of normative parameter without considering its impact on the viability would result in deterioration of financial position of PSPCL. Further, expenditure on terminal benefits is a statutory requirement of the Corporation and has to be allowed as per actual. Similarly expenditure on funding of terminal benefits as per the Financial Restructuring Plan approved by the State Government on 24.12.12 is also mandatory expenditure to be incurred by the Corporation and hence should be allowed as per actual. In view of above, it is submitted that Hon'ble Commission to consider the

detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.
PSPCL has been claiming share of BBMB as per the prevailing agreement between PSPCL and BBMB. The Hon'ble Commission is therefore requested to continue allowing such expenses since these expenses are mandatory expenses to be borne by PSPCL as per agreement.
The capping of employee expenses means denial of employee expenses or providing any less favourable terms and conditions to the employee which is not legal.
View of the Commission:
Employees Cost is approved in line with PSERC Regulations.

Issue No. 11: Determination of Wheeling Charges:
Wheeling charges should cover only the wire business costs of the Licensee and /or daily scheduling charges of ₹ 2000 per day to be paid by Open Access Consumers should be waived off
Reply of PSPCL:
Wheeling charges are pertaining to the use of distribution system of PSPCL by Open Access consumer for wheeling of power through the distribution system of PSPCL. However, the daily scheduling charges are pertaining to the charges required for scheduling the power of Open Access consumers. The purpose of both charges is different and pertains to different activities. Hence, the daily scheduling charges cannot be clubbed with wheeling charges or alternatively waived off.
View of the Commission:
Refer to view of the Commission on Issue No. 9 of Section C Objection No. 5.

Objection No. 8: Shri Harinder Puri, Secretary, Steel Furnace Association of India, (Punjab Chapter), C/O Upper India Steel Mfg. & Engg. Co. Ltd., Dhandari Industrial Focal Point, Ludhiana.

Section 'A' GENERAL

Issue No.1: Separate Income and Expenditure Account for PSPCL:
The Board is regularly filing its revised revenue requirement based on actual Balance Sheet figures without excluding the portion of expenditure disallowed by the Commission based on certain provisions of the Act while passing Tariff Order. Therefore, the Board should 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 expenditure and approved expenditure of the Board.
Reply of PSPCL:
The tariff determination exercise is in accordance with the PSERC Tariff Regulations, 2005. PSPCL is required to submit the details of the actual costs incurred by it in the last year, revised estimates for the current year and projections for the ensuing year. The projections and revised estimates are to be prepared based on the applicable regulations whereas the actual for the last year are to be claimed as per annual accounts maintained by PSPCL. PSPCL in the present Petition has comprehensively compared the costs approved by the Hon'ble Commission with actual costs. Further accounts for FY 2014-15 are submitted along with the Petition for verification.
Thus, PSPCL has claimed the ARR based on the actual data as per the audited annual accounts and requests the Hon'ble Commission to approve the same.
View of the Commission:
Tariff determination exercise is carried out as per PSERC Regulations. Expenses are allowed in line with PSERC Regulations after prudence check.

Issue No.2: Cap on the power supplied to Agriculture sector:
The power supplied to agriculture sector 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 connection projected in a year.
Reply of PSPCL:
Refer Issue No.5 of Objection No.6 above.
View of the Commission:
Refer to Views of the Commission on Issue No. 5 Objection No. 6 above

Issue No.3: Diversion of Funds:

The diversion of funds happened in the past need to be continuously updated based on new facts and information. Such exercise is required to ensure that no more funds raised for capital purpose are diverted towards meeting revenue requirement of the Board. For instance, the Commission has been disapproving the excess expenses claimed by the Board in its previous ARRs, which are funded from somewhere by the Board. It is submitted to the Commission to ensure that such expenses are not claimed in the ARR of the Board. 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:

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

View of the Commission:

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

Issue No.4: True up for FY 2014-15:

The Board has claimed very high expenses on account of power purchased i.e. about ₹884.97 Crore more than approved by the Commission. As per ARR (Volume-1) part 1 page 39, the Discom has purchased power of 1320.78 MU in addition to what is approved by Commission. It needs to be seen in detail and unapproved expenses to be disallowed. Format 7.a and Format 7.b of the ARR –volume 1 part 1 page 218 and 220 show that fixed charges to the tune of ₹1075 crore and ₹1436.39 crore has been paid. It is to be seen as how much power is effectively utilized and sold above the procurement price to consumers within or outside the state.

Reply of PSPCL:

As per present regulatory proceedings and as per Regulation 9 of PSERC Tariff Regulations, 2005, as amended from time to time, true-up for FY 2014-15 is submitted in present Petition based on the audited annual accounts. Hence, Hon'ble Commission is required to re-visit such expenses and approve the revenue gap for FY 2014-15 after true-up exercise. The Hon'ble Commission might have approved cost for FY 2014-15 in previous Tariff Order but those cost approved were estimations based on available facts at that point of time. These estimations are again revisited once final audited accounts are available for respective years. The revised gap is therefore arrived based on the final audited accounts of FY 2014-15 and hence Hon'ble Commission is requested to approve such gap as claimed in the Petition.

View of the Commission:

Refer to Views of the Commission on Issue No. 2 of Section B Objection No. 5.

Issue No.5: True up for FY 2015-16:

As True up for FY 2015-16 is not claimed by the Board in the absence of audited balance sheet, no comments are given on the same and will be submitted as and when audited figure based ARR is submitted for true up

Reply of PSPCL:

PSPCL has not claimed true-up for FY 2015-16 as the audited annual accounts were not available at the time of submission. It is also submitted here that PSPCL has not claimed carrying cost for FY 2015-16 revenue gap.

View of the Commission:

Refer to Directive No.7.15 of this Tariff Order. Also refer to Chapter 3 of this Tariff Order.

Issue No.6: Comments on revised estimates for FY 2016-17:

The sale figures, which clearly shows that the sale within the state especially the metered sale has not shown any significant increase. In fact the industrial sale is projected to decline within the State by about 500 MU. However, the projected purchase (38657MU) is more than approved purchase of power (36291 MU) by 2366 MU. This needs to be analyzed in more detail.

On page 78 of ARR vol.1, part 1, it is stated that surplus power has to be surrendered while fixed charges are to be paid. Therefore, it is submitted that such surrender of power should not be allowed to be part of ARR otherwise; every ARR will be a tale of uncovered gaps to be filled by regulatory assets or increase in tariff, which in turn will further reduce the consumption especially industrial consumption in the State.

PSPCL has been claiming far more than approved by the Commission. The mismatch between the sale of power and power purchase is already explained above, which should result into lower purchase. Further, if the purchase is to cater the demand of agriculture sector then the cost should not be loaded on other consumers. Further, the fixed costs like employee cost, O&M expenses, interest charges and other expenses have been claimed over and above than approved by the Commission leading to higher revenue claim of ₹3927 crore, which should not be allowed in the absence of some acceptable reasons.

Reply of PSPCL:

PSPCL has projected sales for FY 2016-17 based on actual sales recorded in the first half of FY 2016-17 and the projected sales for second half of FY 2016-17 based on three years of CAGR . The categories wise details are detailed under Vol-1 of Part-1 of petition. Further, as far as the quantum of power purchase projection for FY 2016-17 is concerned PSPCL has projected based on actual requirements at the expected loss level for which details have been elaborated under the energy balance for FY 2016-17.

Refer to the reply of PSPCL against Issue No.4 of Section A of Objection No.5.

View of the Commission:

Refer to Views of the Commission on Issue No. 2 and 2 e of Section B Objection No. 5 above.

Section B: of Objection No.8

MYT 2017-2020

Issue No.7: Interest on Short Term Loans

The Board admitted to raise short term loans to meet the revenue shortfall arising out of non receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. It is submitted that interest on such loans should not be passed on to the consumers. The mismatch between the ARR approved by the Commission and actual expenses incurred by the Board should be met through internal accrual. Similarly, interest on the subsidy due but not received should be recovered from the Government. The short term loans taken for carrying out business activities should be charged to the ARR to be recovered from the consumers. Keeping in view the aforesaid, it is submitted that only interest on working capital calculated according to the PSERC Regulations for tariff determination should be allowed.

Reply of PSPCL:

In the last Tariff Order for FY 2016-17, interest on working capital allowed to PSPCL was on normative basis and as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumer, working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken for meeting the working capital requirements of PSPCL for carrying on activities related to business of PSPCL only. Any further increase in disallowances will lead to borrow and increase in short term loans and PSPCL will have to face cash deficit.

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

View of the Commission:

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

Issue No.8: Over estimation of loan requirement for capital expenditure:

Though the efforts to upgrade the system through new investments are praiseworthy, however it seems to be on higher side in comparison to past experience of the Board in this regard. Therefore, we submit to the Commission to look into the investment projections given by the Board for a realistic assessment of the same and accordingly approve interest cost for capital work.

Reply of PSPCL

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

View of the Commission:

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

Issue No. 9: Interest on diversion of funds:

In tariff order FY 2011-12, the Commission has calculated the diversion of funds for the year on the basis of audited balance sheet for the year 2009-10 at ₹1821.21 and disallowed interest of ₹ 236.76 crore (para 4.13.10, T.O. 2012-13). It is submitted that the same may be updated in the light of latest data from the balance sheet 2014-15.

Reply of PSPCL:

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

View of the Commission:

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

Issue No 10: High Employee Cost:

The ARR reveals that at most of places the Board has simply repeated its inability to control expenses like employee cost year after year and no new argument has been forwarded to revise the various component of employee cost upwardly. However, most of these arguments have been already considered by the Commission in its previous tariff orders. The employee cost per unit, which has been growing year after year and also capture the difference between the employee cost approved by the Commission and claimed by the Board. Therefore, increase in expenses asked by the Board should not be entertained and employee cost should be capped at approved level, however, if the same is to be increased it should be increased to cover the increase in terminal benefits and WPI

It is quite evident that the Board's claim for such an onerous increase in the annual revenue requirement which cannot be accepted as genuine revenue requirements to serve the electricity consumers of the State.

Reply of PSPCL

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

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

The Hon'ble Commission is requested to consider the detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.

View of the Commission:

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

Issue No.11: IPP within Punjab:

The Commission in its tariff order FY 2016-17 has reported that the Board has been paying fixed cost charges for the power surrendered and estimated such cost at ₹2075 crore in FY 2016-17.(T.O. 2016-17, para 7.4). The study of the matter from the Regulatory Commission Order and other sources , it is confirmed that the wrong forecasting of demand by PSPCL is the major reason for setting up the plant. Therefore, the consumers of the state should not be burdened with financial consequences coming out of Board's faulty planning and consumers of the state should not be burdened with such costs paid to IPPs.

Reply of PSPCL:

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

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

Since the cost of this surrendered power is very high and is an unnecessary burden on the consumers of PSPCL, It is requested to the Hon'ble Commission to discover ways and means through which open access consumption is curtailed and PSPCL may utilize its surplus power.

View of the Commission:

Refer to Commission's Directives 7.14 and 7.27 of this Tariff Order.

Issue No.12: Cross Subsidy given by the LS consumers and fix industrial Tariff as per category wise cost of supply:

The viability of Industry in the state has been becoming untenable. One of the principle reasons is continuous increase in cross subsidy imposed on industrial consumers in Punjab. As the cross subsidy is linked with the average cost of supply by the Honourable Regulatory Commission, the same also grows in tandem with increase in average cost of supply every time. This is against the spirit of the Electricity Act, 2003 which clearly states that cross subsidy should be reduced progressively.

It would not be prudent to allow the cross subsidy to grow per unit unabatedly in grab of this provision. Therefore, it is submitted that the cross subsidy per unit charged from industrial consumers be brought down.

Reply of PSPCL:

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

Further, Clause 8.3 of Tariff Policy states as under

> *"**8.3 Tariff design: Linkage of tariffs to cost of service***
>
> *. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.

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

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Section C of Objection No.8

Two Part Tariff

Issue No.13: Fixed Charges as per the availability of the power

For levy of fixed charges minimum 95% availability limit must be specified & if the availability of Power at the metering point is less the 95%, then the fixed charges for that month to be reduced proportionately

Reply of PSPCL:

The fixed cost of PSPCL mainly includes the Power Purchase cost tied to the capital cost of the projects on account of power already tied up, Transmission charges and other fixed costs. The proposed Fixed Charges are intended to recover only small percentage of total fixed costs of the PSPCL. Any distribution licensee has to tie up the power from sources based on the connected load/contract demand of its total consumers. Also, for supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Further, as already stated above, full fixed charges payable by PSPCL has not been proposed to be recovered from fixed component of two part tariff which are way too high. So there is no basis of proportionately reducing/increasing the fixed charges as per availability of PSPCL assets in this case. Further, no state in India follows this principle for the recovery of fixed charges. Accordingly, the fixed charges have been proposed. It is also submitted that this issue has also been kept in view for certain large category of consumers. In this, PSPCL has proposed to levy the fixed charges at 80% of sanctioned Load/CD or recorded demand whichever is higher. If any consumer does not utilize its demand fully, then as per the proposal of the PSPCL, the fixed charges shall not be levied at full demand, rather the fixed charges shall be applicable at 80% of the demand.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order.

Issue No.14: Two Part Tariff viz-a-viz Common Fixed Charges.

There should be one common fixed charges for a particular category

Reply of PSPCL:

For supplying the power to the consumer having higher contract demand, network configuration and required distribution system capacity is relatively higher than the consumer having lower contract demand. Accordingly, the proposed fixed charges are higher for the consumers having higher contract demand. It is further brought out here that the fixed charges proposed are lower than the existing MMC and the increase in fixed charges from these consumers is being compensated through the lower energy charges and the overall finances of the consumer shall remain almost same for the consumption at the existing utilization factor of the category.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order

Issue No.15: Two Part Tariff viz-a-viz Revenue Neutrality

The rationale of revenue neutrality as claimed is not for each category and needs to be elaborated

Reply of PSPCL:

PSPCL has proposed the charges keeping in view the overall neutrality of the utility. In order to shift from one tariff structure to another tariff structure, the revenue neutrality of the utility (for whole of its consumers) has to be strictly kept in mind. If the same is not kept in mind, then with the introduction of a new tariff structure would mean a huge variation in the financials of the utility and then to meet up with the same, the burden shall have to be again imposed on the consumers. Hence, the study for introduction of two-part tariff was undertaken while ensuring a revenue neutral situation for PSPCL, meaning to say that the PSPCL overall neither benefits nor loses on account of introduction of two-part tariff. It is also brought out that the consumer who consumes above the utilization factor used for splitting, it shall be surely got benefitted (by the inherent characteristics of Two Part Tariff) as compared to single part tariff.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order.

Issue No. 16: Two Part Tariff viz-a-viz Fixed Charges

The fixed charges be worked out on the basis of charges for serving the fixed costs of assets being used for the category of the consumer and should not have such vide variation.

Reply of PSPCL:

As already explained above in 1 and 2

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order

Issue No. 17: Replacement of MMC with fixed charges is benefitting DISCOM

With the introduction of Two Part Tariff is beneficiating the DISCOM as fixed charges shall be available even if the DISCOM does not supply the Power. Withdrawing of MMC are being replaced with fixed charge which is putting the consumer in adverse situation. The advantage of MMC is adjustment against the consumption during the cycle period while the fixed charges are in addition to the Tariff based on consumption.

Reply of PSPCL:

It is the structure of the Two Part Tariff that the consumers shall be billed both on Fixed as well as energy charges. The provision of MMC (as existing in single part tariff) shall not be anywhere included in the two part tariff. With the introduction of two part tariff the fixed charges have to be paid by the consumers. As far as the issue of burdening the consumers by replacing MMC with fixed charges is concerned, it is brought out that the fixed charges have been so proposed by keeping in mind the paying capacity of the consumers (category wise) and are also at a lower value than the existing MMC.

View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order.

Issue No.18: Two Part Tariff viz-a-viz Variable Charges based on consumption
The study has allocated the fixed and a variable charge based on the consumption pattern, but does not highlight the Break Even Points of the quantum of sale to recover full fixed charges. If it comes below the claimed demand charges, then demand charges should be reduced.
Reply of PSPCL:
The two part tariff has been splitted as per the existing data of sale for previous year. The breakeven point shall be the utilization factor of the category at which the tariff has been splitted. The consumers consuming above the breakeven point (i.e. utilization factor of the category) shall surely be gaining as their bills will be got reduced.
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order

Issue No. 19: Two Part for all categories including AP
All categories of consumers including agriculture consumers are required to be covered under the Two Part Tariff.
Reply of PSPCL:
Agriculture consumers are fully subsidized as per the policy of Govt. of Punjab and revenue determined by Hon'ble Commission towards this category is receiving from Government of Punjab through Subsidy. Hence, even though the Single Part Tariff is split into Two-Part Tariff, the recovery of the same would be through subsidy only. It is further informed that in number of states where two part tariff has been implemented, agriculture category has been exempted.
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order.

Issue No. 20: Two Part Tariff viz-a-viz the consumption pattern
The ground of introduction of Two Part Tariff that the higher consumption will reduce the Tariff is defeated by introduction of surcharge for continuous process industry. By introducing of the Two Part Tariff, the rate should be lower with higher consumption.
Reply of PSPCL:
The existing single part rates have been splitted into two parts only i.e fixed charges and energy charges at a particular utilization factor. Hence the consumers who consumes above the utilization factor of the category shall surely be benefited as their bill shall got reduced as compared to the existing single part tariff. PSPCL has proposed to continue to levy continuous process surcharge as the present Two Part tariff proposal does not change in basic premise of levy of such surcharge. PSPCL in its proposal has nowhere even touched the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff Hence, Hon'ble Commission may take appropriate view of the same after due consideration of all the aspects of the issue.
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 and 6.6 of this Tariff Order.

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Issue No. 21: Cost to serve model for Two Part Tariff
Two Part Tariff should be designed on the basis of cost to serve model.
Reply of PSPCL:
PSPCL has only splitted the existing tariff that has already been fixed by the Hon'ble Commission. The factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are in the purview of the Hon'ble Commission while keeping in view the various provisions of the Acts. It is also brought out that the Hon'ble commission in its Tariff orders is taking up the exercise of determining the voltage wise cost of supply to various categories of consumers. The Hon'ble commission is also allowing the rebate on per unit basis as per the connected voltages of the consumers in compliance to the implementation of the voltage wise cost of supply regime.
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order

Issue No. 22: Rebates similar to other states in Two Part Tariff

ln the proposed two part tariff system, there is no incentive for higher energy usage. Punjab is a Power surplus state. There should be some incentive for higher energy consumption as prevailing in other states. Extracts from the tariff order of Madhya Pradesh Electricity Regulatory Commission for FY 2016-17 have been reproduced by the objector.

Reply of PSPCL:

By the inherent nature of the two part tariff, the higher consumption consumers shall automatically be got benefitted as their bills (if the consumption is higher consumption than the Utilization Factor) shall be got reduced as compared to the existing single part bills. It is also submitted that the similar incentives as compared to other states (M.P as brought out by objector) are very difficult to apply in Punjab. However, it is pertinent to mention here that the State of Punjab with the approval of Hon'ble Commission recently had also announced the various incentives in different forms for the industrial consumers (such as reduction in tariff, abolition of PLEC, introduction of ToD etc…). However, it is also brought out that the charges (especially fixed/demand charges) in the states of M.P., Maharashtra are also very high as compared to the fixed charges proposed by PSPCL. Hence, PSPCL has already proposed a lower tariff than these states.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL and refer para 6.3 of this Tariff Order.

Objection No. 9: Sh.H.S. Sandhu, V.P. (Works), Mawana Sugars Limited, Unit: Siel Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No.52, Rajpura, Distt. Patiala (Pb).

Section A: General Section

Issue No.1: General submission

One month time period to study and preparing comments due to enormity data is not sufficient. PSERC is requested to time lines be kept in view for proper participation of stake holders.

Reply of PSPCL:

PSPCL has followed the procedure defined in the Electricity Act and Regulations of the Hon'ble Commission. The MYT petition for Control Period FY (2017-18 to 2019-20) was admitted by the Hon'ble Commission on 29th December, 2016 and within 7 days of the admission of the petition; PSPCL had published a public notice in the widely-circulated English and local newspaper in the State. The last date of filling i.e. 31.01.2017 of suggestions/ objections was also intimated in the public notice.

View of the Commission:

Refer to Views of the Commission on Issue No.3 of Section A Objection No. 5.

Issue 2: ARR data on PSPCL website

Large numbers of pages of ARR paper books prepared by PSPCL and placed on web site are not readable.

Reply of PSPCL:

As per the procedure PSPCL has uploaded scanned and signed copies of petition as submitted before Hon'ble commission PSPCL however may not be able to comment on the issue that information as available on PSPCL website is not readable.

View of the Commission:

Refer to Views of the Commission on Issue No.1 of Section A Objection No.5.

Section B - of Objection No.9

Preliminary Submissions

Issue No.3: Cross Subsidization

The National Tariff Policy stipulates to keep the average realization per unit from each category to the 20% (plus or minus) of combined average cost of supply. APTEL has directed PSERC to work out cross subsidy on the basis of voltage wise and category wise cost of supply. APTEL has also directed PSERC to work out the cross subsidy on the basis of voltage wise category wise cost of supply and has also held that the cross subsidy of any category of consumers will not be increased from the level of last year.

Reply of PSPCL:
The tariff and level of cross subsidy is determined by Hon’ble Commission. Further, fixation of tariff and determination of cross-subsidy level for all categories is the prerogative of the Hon’ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations.
Further, Clause 8.3 of Tariff Policy states as under

> *"**8.3 Tariff design: Linkage of tariffs to cost of service***
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.
Hence in light of the same it is requested that while determining the tariff in conjunction with the cross-subsidy factor, the Hon'ble Commission has also to keep in mind the interests of PSPCL.
View of the Commission:
Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue No. 4 Delay in CAG Audit and True Up
PSPCL in the present Petition has not submitted the CAG audit report for FY 2014-15 The delay in compiling the audited data for previous years leads to higher carrying cost of Revenue gap for 2 years which is to be passed on to consumers. The Objector requested the Hon’ble Commission to initiate action against this laxity of PSPCL and violation of regulations and the Electricity Act.
Reply of PSPCL:
The accounts for the year FY 2014-15 have been adopted by the members in the AGM held on dated 21/12/2016. As far as the accounts for FY 2015-16 are concerned the same are under statutory audit and will be supplied as soon as possible. Furthermore, PSPCL submits that there is no delay or laxity in the finalization of accounts on the part of PSPCL.
Further PSPCL has not claimed any revenue gap for FY 2015-16 in its petition as the audited accounts for the same has not been furnished.
In view of the above, it is submitted that there is no delay or laxity in the finalisation of accounts on part of PSPCL.
View of the Commission:
Directive has been issued to PSPCL in Tariff Order for timely submission of audited Annual Accounts by PSPCL. Refer to Directive No.7.15 of this Tariff Order.

Issue No. 5 Base Line Value:
The Hon'ble Commission was required to fix base line values for the control period as per Regulation 8.1 of MYT Regulations
Reply of PSPCL:
Regulation 8.1 of PSERC MYT Regulations, 2014 specifies as under:
“8. MYT APPROACH

> *8.1. **Baseline Values***
> *(a) The baseline values for the control period shall be determined by the Commission and the projections for the Control Period shall be based on these figures.*
> *(b) The baseline values shall be inter-alia based on figures approved by the Commission in the past, latest audited accounts, estimate of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Commission.”*

The baseline values for the Control Period shall be determined by the Hon’ble Commission and the projections for the Control Period shall be based on these figures. These baseline values shall be inter-alia based on figures approved by the Hon’ble Commission in the past, latest audited accounts, estimate of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Hon’ble Commission.
In this regards, PSPCL submits that as per meeting held in PSERC, Chandigarh on dated August 10, 2016; Hon’ble Commission has directed PSPCL to consider provisional audited figures for FY 2015-16 as a baseline value for projection of ARR for the control period. Hence, for projection of ARR for the Control period in this Petition, PSPCL has considered values for FY 2015-16 as per provisional account, as baseline values for projecting the ARR for the control period
View of the Commission:
The reply of PSPCL is self explanatory.

Section – C of Objection No. 9

Comments on ARR of True up for 2014-15, provisional for 2015-16, RE 2016-17 and MYT for the Control Period 2017-18 to 2019-20

Issue No. 6: Abnormal Increase in Revenue Gap

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

The ARR of ₹16612 crore in 2010-11 presented by PSPCL has escalated to ₹ 36175.19 Crore in 2019-20 indicating an increase of 218% over Nine years. The total requirement trued up for 2010-l1 plus Gap as 16283.14 crore but now as per MYT ARR, total revenue requirement plus gap has been projected as Rs 75336.13 Crore indicating a rise of 463% 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, like the Petitioner, are not burdened with undue tariff increase.

Reply of PSPCL:

By not allowing appropriate tariff increase in previous years, PSPCL is under greatly stretched financial position. Furthermore, in last two years there is no tariff increase allowed by Hon'ble Commission due to that the financial losses of PSPCL were increased. Present Petition for ARR and Tariff for FY 2017-18, PSPCL has submitted the truing up for FY 2014-15 based on audited annual accounts which contain actual expenses figures. Further, no expenses for FY 2015-16 are considered based on provisional annual accounts. Also, the methodology adopted by PSPCL for projecting the expenses for FY 2016-17 and for control period is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC Tariff Regulations and PSERC MYT regulation. Hence, it would not be correct to say that the revenue gap figures are inflated.

The input costs produced in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its Tariff & MYT Regulations. It has been observed that during the year FY 2017-18 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc. has gone up and therefore, will result in increase in revenue gaps.

Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. It is therefore not appropriate to hold that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2017-18.

The process which is being followed for determination of tariff is very well defined in Section 61, Section 62 and Section 64 of the Electricity Act, 2003 and therefore, the cost plus method proposed in ARR is very much in line with the Electricity Act, 2003.

Hon'ble Commission is requested to take an appropriate view in the matter of the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18.

View of the Commission:

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

Issue No. 7: Fixation of AP Tariffs:

AP tariffs need to be fixed as per National Tariff Policy that envisages that the rates for subsidized categories should not be less than 80% of average cost of supply. However, PSERC is not adhering to this principle.

Reply of PSPCL:

The tariff for each category of consumers is decided by the Hon'ble Commission in its Tariff Order and therefore, PSPCL has no comments to offer on the tariff of any category of consumers.

View of the Commission:

Refer to Issue No.1 Objection No.2 above.

Issue No. 8: National Tariff policy and AP Tariff

The power supplied to agriculture sector has been growing consistently at very high rate due to release of new connections, unpredictable rains and lowering of water table. Objector requests the Hon'ble Commission to keep in view for NTP for determination of AP tariff.

Reply of PSPCL:
The increase in power consumption by Agriculture tube wells is partly due to increase in the number of tube wells and partly due to prevalent weather conditions during paddy season of June to September. Government of Punjab is effectively pursuing its policy to reduce the area under paddy cultivation and increase in the area of maize and sugarcane cultivation to reduce electricity consumption by tube wells and drawing less water to sustain underground water level as well. Moreover, supply to AP consumers is limited only up to 8 hours that too during the months of June to September for paddy cultivation.
View of the Commission:
Refer to Issue No.1 Objection No.2 above.

Issue No. 9: Annual Rituals of fixation of Tariff & benchmarks Vs non caring attitude of PSPCL
It is also felt that suggestions made by us during previous hearings on ARRs do not heed to any result. Submission of ARR, conducting hearing, then announcing of Tariff Order by fixing various bench marks and then PSPCL going in its own way to manage the show without caring any bench marks/cut off has become an annual ritual. Every year, PSPCL comes up with actual expenditure during RE and True up and requests for approval irrespective of laid down regulations and defined cops/approvals. Suggestions like reclassification of categories of consumers, restrictions on release of connections 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. Details of these points' are being touched upon in specific issues highlighted below.
Reply of PSPCL:
The tariff fixation is an annual process which is well defined under PSERC tariff regulations and PSERC MYT regulations and amendments thereto issued from time to time. PSPCL submits that actual expenditure before Hon'ble Commission along with details justifications of various expenses during revised estimation and True up as per PSERC regulations. The Hon'ble Commission allows/disallows the same after prudent check. However, reclassification of categories of consumers is prerogative of Hon'ble Commission. Hence; PSPCL has no comments to offer.
View of the Commission:
Tariff determination exercise is carried out as per PSERC Regulations. Expenses are allowed in line with PSERC Regulations after prudence check.

Issue No. 10: PSPCL to provide prospective tariff
PSPCL should also project in their ARR the prospective tariff for each category in order to meet the revenue gap and also work out the category wise cross-subsidy levels. This will facilitate all the stake holders to fully understand the impact of the ARR.
Reply of PSPCL:
PSPCL has proposed a cumulative revenue gap of ₹5999.32 Crore for FY 2016-17. PSPCL has prayed the Hon'ble Commission to take appropriate view on the revenue gap as proposed in the Petition. PSPCL has also prayed the Hon'ble Commission to fix the tariff for all categories of consumers and cross-subsidy levels.
View of the Commission:
Commission notes the objection and directs PSPCL that in future it should submit the Tariff proposal also along with its ARR Petition as mandated by PSERC Regulations.

Issue No. 11: Transmission Loss Estimation
PSTCL should be directed to declare the boundary metering immediately and Transmission Loss trajectory of PSTCL for next 5 years be declared in the T.O. *2016-17* on the basis of 2.5%. The Objector has also requested to segregate industrial consumers into four separate distinct categories based on supply voltage levels i.e. 220/132 KV, 66KV, 33KV and 11 KV and voltage wise cost of supply based tariff be implemented for these consumers
Reply of PSPCL:
The objection relates to PSTCL. Therefore, PSPCL has no comments to offer on the same.
The tariff category for which tariff is to be decided is the prerogative of the Hon'ble Commission. PSPCL has no comments to offer, in this regard.
View of the Commission:
Refer to Views of the Commission on Issue No. 7 of Section A Objection No. 5.

Issue No. 12: Claim of already disallowed expenditure

The expenditure already denied by the regulatory commission in the previous Tariff Orders should not have been included in the ARR at all but the PSPCL is continuing the practice of presenting/preparing ARR as per expenditure already incurred and continues to put forward the same arguments time and again to justify and defend the denied expenditure.

Reply of PSPCL:

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

View of the Commission:

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

SECTION - D of Objection No.9

SPECIFIC ISSUES

Issue No.13: Cross Subsidy

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

Reply of PSPCL:

Determination of tariff and cross-subsidy level for each tariff category is the prerogative of the Hon'ble Commission as defined in the Electricity Act, 2003.

Further, Clause 8.3 of Tariff Policy states as under:

> "***8.3 Tariff design: Linkage of tariffs to cost of service***
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be reduction in cross-subsidy but gradually, keeping the interest of Utility in view. However as regards the cross-subsidy level, the same has come down progressively over the years.

Hence, in light of the same, it is requested that while determining the tariff in conjunction with the cross-subsidy or passing benefits to certain category of consumer, the Hon'ble Commission has also to keep in mind the interests of PSPCL and allow impact of the same in tariff.

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue No. 14: Agriculture Consumption

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

Reply of PSPCL:

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

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

a) In the Tariff Order for FY 2012-13, based on the methodology adopted for AP consumption, the Commission directed PSPCL to increase sample size of AP consumers to 10% and sample size of AP meters increased to 109516 no. i.e. 9.29% on March 2013.
b) In compliance of the above directives, pilot project has been completed by installing 52

meters on Mouly feeder in Mohali circle. The pilot project highlighted /projected the problem of damage/ burning of meters as well as stealing of meters.

c) Hon'ble Commission in tariff Order for FY 2013-14 has changed methodology for AP consumption and has been disallowing the actual sales for AP consumers.
d) Hon'ble Commission is wrongly taking AP consumption of Kandi area mixed feeders as 30% of the total consumption whereas PSPCL has calculated the same as 45% of the total consumption as attached in Volume II of this Petition.
e) Hon'ble Commission had assumed the losses of AP feeders by deducting 2.5% losses of transmission level and 15% of the distribution losses as sub-transmission level losses which is not based on the facts and in fact the losses of AP feeders nowhere more than 8.5% to 9% as there is no question of any commercial loss and rather the pumped energy being recorded is lesser to the extent there is unauthorised tapping for urban pattern supply feeders by AP consumers.

Hence, it would not be correct to say that AP consumption estimated by PSPCL is inflated or unrealistic.

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

View of the Commission:

Refer to Views of the Commission on Issue No. 5 Objection No. 6 above.

Issue No. 15: Interest on Short Term Loans

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

Reply of PSPCL:

Refer to the reply of PSPCL against Issue No.10 of Section A Objection No.5 above.

View of the Commission:

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

Issue No.16: Over estimation of loan requirement for capital expenditure

Hon'ble Commission is requested to look into the investment projections given by the Board for a realistic assessment of the same and accordingly approve interest cost for capital works.

Reply of PSPCL:

In the present Petition, for FY 2014-15, PSPCL has claimed the expenses as per actual capital investment plan based on audited accounts. PSPCL is preparing the capital investment plan for upgrading its power infrastructure to cope up with increasing demand in the State and considering the aging of current power infrastructure. PSPCL providentially assessed the investment plan requirement for generating plants and T&D schemes. Further, it is submitted that PSPCL has already submitted the project-wise details of the capital investment plan proposed in the Petition to Hon'ble Commission for prudence check. The Hon'ble Commission will approve the capital investment plan and related expenses only after applying prudence check.

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

As regard to expenditure on release of tube well is concerned the said issue is a policy decision of the Govt. of Punjab and cannot be discussed in this platform, therefore PSPCL will not be able to comment on the same.

View of the Commission:

Capital Expenditure/Investment Plan has been approved keeping in view the expenses and income approved by the Commission during past year/current year as per PSERC Regulations.

Issue No.17: Interest on Working Capital:

PSPCL is claiming interest on Working capital which is being actually incurred as per Regulations; it is admissible on normative basis.

Reply of PSPCL:
In the last Tariff Order for FY 2016-17, the interest on working capital is allowed to PSPCL on normative basis as per PSERC Tariff Regulations. However, because of past disallowances and delay in payment of bills by the consumers, the working capital requirements of PSPCL have increased against the normative working capital. The working capital loans are taken to meet with the working capital requirements of PSPCL, for carrying on the activities related to business of PSPCL only. Any further increase in disallowances will lead to increase in short term loans and PSPCL will have to face cash deficit.
To meet with the working capital requirement, PSPCL has borrowed short term loans from the banks. Earlier, PSPCL had been utilizing GPF for funding the capital assets and the same had been recognized by Hon'ble Commission while computing the diversion of funds. At present, PSPCL is depositing the GPF amount in GPF trust from 1st April, 2013 as per transfer scheme, a statutory notification dated 24 December, 2012 issued by Government of Punjab. Hence, PSPCL is not utilizing the GPF for meeting its working capital requirement. As regards the consumer security deposit, as per the PSERC tariff Regulations, PSPCL is paying interest to the consumers and the same is approved by Hon'ble Commission in past Tariff Orders and passed through ARR.
The Hon'ble Commission is requested to approve interest on working capital as claimed in the Petition so as to maintain regular businesses of the Company.
View of the Commission:
Interest on Working Capital is allowed on normative basis in line with PSERC Regulations after prudence check.

Issue No.18: Power Purchase Cost
Actual rate of power purchase is always exceeding the rate approved by Hon'ble Commission. The Objector has also submitted detailed comments on power purchase cost submitted in Petition.
The variation in approved and actual power purchase seems to be due to excessive dependence on purchase of short term power through' traders and unfavorable power surrender/drawl under UI and is due to mismanagement of power.
Reply of PSPCL:
For supplying power to the consumers, PSPCL takes power mainly from Thermal Generation in the State as well as purchase of power from Central Generating Stations and IPPs. This cost of power increases every year for reasons beyond control of PSPCL such as increase in coal cost, transportation cost, and increase in tariff by CERC for CGSs etc. Power purchase cost for FY 2014-15 of ₹4.28/kWh (₹12384.25 crore for 28905.78 MUs purchase) has been submitted based on actual figures. As regards to the purchase of power, it is submitted that in case of reduction in anticipated sales, the power purchase quantum is to be reduced which further reduces the energy charges However, PSPCL has to pay fixed charges as per CERC Order (in case of CGSs). PSPCL has estimated the power purchase cost based on available Tariff Orders for the generators and best available secondary information. PSPCL has been making the best possible efforts to optimize the power purchase cost. While estimating the power purchase cost, PSPCL has also considered the purchase based on merit order stack so as to optimize its cost. The additional energy available with PSPCL also envisaged for direct sale or sale through banking so as to minimize the power purchase cost.
View of the Commission:
Refer to Views of the Commission on Issue No. 2 of Section B Objection No. 5.

Section E: True up 2014-15, Provisions for 2015-16 & Review for 2016-17

Issue No.19: Costly Power Purchase:
PSPCL has purchased costlier power against the approved cost of power purchase. Objector also raised the point that PSPCL has not purchased power from Farakka and IGTPS Jhajjar. PSPCL also drawn power under UI.
Reply of PSPCL:
As Replied against Issue No.2 of Section B of Objection No.5.
View of the Commission:
Refer to Views of the Commission on Issue No.2 of Section B Objection No.5.

Issue No. 20: T&D Loss:
PSPCL has projected the combined T&D loss level of 14.5% for RE 2016-17 and has projected the target levels of 14.25%, 14% and 13.75% for the MYT control period of 2017-18, to 2019-20

respectively in the ARR (Vol I Part 2). However, in the Capital investment Plan, the targets indicate are different this needs to be clarified.

Reply of PSPCL:

PSPCL has been continuously making efforts to improve the distribution loss of the system. PSPCL has been able to achieve 15.20% T&D loss in FY 2014-15 as against 16% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 0.8 %. It is further submitted that PSPCL has submitted his Business Plan in the month of May 2016, after that PSERC has issued Tariff Order for the FY 2016-17 with some new observations including release of 1.65 lac new of tube well connections. PSPCL has submitted revised T&D loss projection in MYT petition.

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

With regards to controlling theft and pilferage, PSPCL states that the corrective measures have already been taken to control theft in the licensee's area of PSPCL and PSPCL has been communicating the same to the Hon'ble Commission.

View of the Commission:

The reply of the PSPCL is self-explanatory.

Issue No.21: Employee Expenses

PSPCL has repeated its inability to control employee expenses and should explain the reasons for this increasing trend in spite of having outsourced so many activities and services. Further, the Objector requested Hon'ble Commission to allow the increase in employee expenses in line with WPI index only.

Reply of PSPCL:

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 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 in toto 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 Hon'ble Commission to consider the detailed justification of employee expenses as provided in the Tariff Petition while allowing the employee expenses as claimed.

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

View of the Commission:

Employee cost is approved in line with PSERC Regulations.

Issue No.22: Tariff for Power Intensive LS Industry (PIU) based on Power factor:

The tariff based on kVAh should be rationalised and Hon'ble Commission may look into it keeping in view the benefit accruing to PSPCL in view of improved voltage profile and reduced losses.

Reply of PSPCL:

PSPCL had submitted the proposal for introduction of two part tariff before the Hon'ble Commission. Further, the Hon'ble Commission conducted the public hearing for receiving various suggestions and objections from the public on two part tariff proposal. Hon'ble Commission approved and implemented kVAh tariff for LS for Large Supply (General Industry), Large Supply (PIU/Arc Furnace), Bulk Supply (HT/LT), Railway Traction, Medium Supply, DS (Load more than 100 kW) and NRS (Load more than 100 kW) categories of consumers after verifying the proposal and only after considering the interest of the consumers.

For working out kVAh tariff for PI industry and General industry, the average conversion factor of individual category was considered and the same was 0.98 for PI Industry and 0.95 for General Industry. The Industry should not object to this system as there will be no loss to PI Industry as kVAh units consumed by PI Industry shall be lower than general industry consumer for the same power used due to higher power factor of PI units.

View of the Commission:

The objector's suggestion and the response of PSPCL are noted.

Issue No. 23: Cost of Supply and HT Rebate:

The cost of supply for various categories as worked out in ARR 2017-18 does not seem to be realistic. Further as per Orders of APTEL Cross subsidy levels be worked out on the basis of cost of supply and these levels should remain less than last year and should not exceed 20% limit voltage rebate be further enhanced to make it commensurate with cost of supply.

Reply of PSPCL:

Hon’ble Commission in Tariff Order for FY 2013-14 has accepted Methodology II for computation of voltage wise cost of supply. Hon’ble Commission has adopted this methodology after taking cognizance of the study carried out of PSPCL and recognising the ground realities. In the same Tariff Order, Hon’ble Commission opined that it would be ideal to fix electricity tariff for all consumers on cost to serve basis. The objector has rightly pointed out that, in order to move in the direction of cost of supply, Hon’ble Commission has approved the rebate for getting supply at higher voltages i.e., rebate of 25 paise per unit for 220/132 kV, 20 paise per unit for 66/33 kV, 15 paise at 11 kV.

PSPCL in subsequent Tariff Petitions has adopted the same methodology II and submitted the voltage wise category-wise cost of supply. Hon’ble 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, Hon’ble Commission had found the computation of cost of supply submitted by PSPCL is prudent. Hence, it had not given any directives to PSPCL regarding the computation of cost of supply. PSPCL strongly negates objection of the Objector on being transparent on cost of supply. At present, PSPCL is submitting the cost of supply as part of ARR Petitions only. The computation is on the basis of best available data, after taking into account all updation 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 consumers getting supply on higher voltage is prerogative of the Hon’ble Commission. The Hon’ble Commission may decide the appropriate rebate for consumers getting supply on higher voltages.

View of the Commission:

Refer to Views of the Commission on Issue No.12 Objection No. 6 above.

Issue No. 24: Return on Equity

Hon’ble Commission is requested to re-determine the Return on Equity for all years from FY 2011-12 onwards in view of the Hon’ble ATE Judgement dated 17 December, 2014 in Appeal No. 168. Accordingly objector approach the Commission to re-determine ROE for all the years w.e.f. 2011-12 onwards offer the verdict of the Hon'ble SC.

Reply of PSPCL:

PSPCL has filed an Appeal in Hon’ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17 December, 2014. Therefore, the order of APTEL has been stayed till the final outcome of the order of the Hon’ble Supreme Court.

PSPCL submits that the Hon'ble ATE in its Judgement has proceeded on the basis of balance sheet of erstwhile PSEB for reckoning equity shares issued which is contrary to the concept of unbundling and re-organisation of the Electricity Board.

Since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon’ble Commission in its previous orders. Hon’ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders.

View of the Commission:

The Commission has considered Return on Equity as per PSERC Tariff Regulations, 2005 and as per Order of the Hon’ble Supreme Court.

Issue No. 25: Procurement through Open access

If the consumer is still going for open access, the PSPCL need to review its working and attitude towards LS consumers who have to compete with the industries from the neighboring states where the rate of power are less than the PSPCL rates and other incentives are also available. The Objector further requested Hon’ble Commission to take the issue of Open Access in totality and direct PSPCL to present a balanced view on Open Access.

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

Since 66kV consumers are using only part of distribution system, the wheeling charges should be re-determined.

Reply of PSPCL:

PSPCL is making all its sincere efforts to reduce its expenses so that it can provide the competitive tariff compared to neighbouring state. Also, PSPCL is committed to supply 24x7 reliable and quality power supply to Industrial consumer considering their needs. Further, PSPCL has also able to reduce its T&D losses up to the level of 15.20 % in FY 2015-16, which is one of the lowest in the country. Keeping in view of the same, in previous years, various benefits such as increase in ToD rebate, removal of PLEC, and rebate on high voltage sale, kVAh tariff, and increased consumption than last year's average have been given. Further in the Tariff Order for FY 2016-17 PSERC has introduced concessional tariff ₹ 4.99 per unit for some Industrial categories.

PSPCL is giving Open Access to consumers as per the provisions of PSERC (Terms and conditions of Intra-State Open Access) Regulations, 2011, as amended from time to time. Further, PSPCL has levied the Open Access charges and other charges as determined by the Hon'ble Commission.

Wheeling charges are pertaining to the use of distribution system of PSPCL by Open Access consumer for wheeling of power through the distribution system of PSPCL. However, the daily scheduling charges are pertaining to the charges required for scheduling the power of Open Access consumers. The purpose of both charges is different and pertaining to different activities. Hence, the daily scheduling charges cannot be clubbed with wheeling charges or alternatively waived off. Further, it is submitted that determination of wheeling charge is under purview of the Hon'ble Commission

View of the Commission:

The various charges are determined by the Commission as per its notified regulations. Also refer view of the Commission on Issue No.9 of Section C Objection No.5.

Issue No. 26: Boundary Metering

PSTCL should declare the boundary metering. PSTCL should be directed to commission metering system on transmission system boundaries and intimate actual loss in next tariff filing.

Reply of PSPCL:

The objection is not related to PSPCL. It is requested to seek reply from the PSTCL.

View of the Commission:

Refer to view of the Commission on Issue No. 7 of Section A Objection No. 5 above.

Section F: of Objection No.9

Two Part Tariff

Issue No. 27: Two Part Tariff proposal of ARR 2017-18 viz-a-viz Voltage wise cost of supply.

Refer Issue No.1 of Objection No.2

Reply of PSPCL:

Refer reply against Issue No.1 of Objection No.2

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.28: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz availability of power.

Refer Issue No.11 of Objection No.1.

Reply of PSPCL:

Refer reply against Issue No.11 of Objection No.1

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No.29: Two Part Tariff Proposal of ARR 2017-18 viz-a-viz open access

Section 61 of the Act requires that PSPCL and PSTCL be run on Commercial Principles and there should be competition. The imposition of fixed charges irrespective of usage would kill open access (unless wheeling charges are abolished for availing open access power up to CD for embedded consumers). There is no proposal to introduce second distribution licensee. Thus competition which is the basic essence of the Electricity Act 2003 would be eliminated.

Reply of PSPCL:

PSPCL also submits that it has not intended to kill the open access. The various charges such as wheeling charges/cross subsidy surcharge etc are required to be levied on the Open Access consumer for recovery of network usage cost as per the provisions of the Electricity Act, 2003 and Open Access Regulations and various orders of the Hon'ble Commission. Further, the issue of wheeling charges in open access and determination of additional surcharge has already been decided by Hon'ble PSERC after due consideration of all the provisions in its latest Tariff order.

View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 30: Two Part Tariff - Revenue recovery w.r.t LS consumers
PSPCL has submitted the proposal without holding any discussion with the consumer's associations/categories on the issues / objections raised by them on previous proposals. The recession in the industrial sector is still continuing but PSPCL proposes to enhance its revenues from LS General category by 1 .42% overall and by 3.60% on 2016-17 tariff rates from the category of consumers connected at 66 and 220 KV as is evident from para 4.14 of the proposal. This is totally unjustified and amounts to penalizing the high end consumers.
Reply of PSPCL:
There is no specific intention of PSPCL to burden any category of consumer by assessing the higher revenue through two part charges. However, it is also brought out that this revenue variation is as per the latest available data of 2015-16 (with tariff of 2016-17) at the Utilization Factor shown in the petition. However, the consumers who consume more than the utilization factor of the category shall be surely benefitted as the final SOP at higher U.F in two part tariff shall be less as compared to single part SOP
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 31: Issues raised earlier on Two Part Tariff not addressed
The following issues raised by consumers while commenting on the earlier two part tariff proposal have not been addressed in the proposal:-

1. When two part tariff was earlier implemented in 1989, Fixed charges were leviable on actual maximum demand recorded or75% of SCD. Keeping all this in view, fixed charges for the industry should be applicable on either maximum demand recorded for that particular month or on75% of SCD.
2. Para 2 to 7 are same as per Issue No.6 of Objection No.2.

Reply of PSPCL:

1. It is submitted that the tariff in the 1989 was made applicable as per the conditions and system prevailing at that time. Those same conditions cannot be made applicable in the current scenario. It is also brought out that PSPCL has already proposed the fixed charges at a very low level as compared to the full fixed charges and also as compared to the other comparable states. Further, for Indl categories, the fixed charges are already made applicable at 80% of the sanctioned CD or actual whichever is higher (near to the 75% proposed by the objector). Further reducing the fixed charges shall result in the corresponding increase in the energy chares which shall not be advisable at all.
2. For Paras 2 to 7, refer reply of PSPCL against Issue No.6 of Objection No.2

View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 32: Two Part Tariff viz-a-viz revenue neutrality
As per the para-1, "Background and Context", PSPCL states that the issue of two part tariff is under consideration since the year 2009-10. PSPCL has submitted proposals of two part tariff in the years 2012-13, 2013-14 and 2016-17. The tariff proposals submitted during the period reveal that PSPCL has based its proposals on revenue neutrality of the Licensee as well as each category of consumers. PSPCL is resubmitting the proposals with variations here and there without changing the basic principle on which the tariffs were fixed i.e. higher tariff for higher consumption prevailing based on shortage of power scenario.
Reply of PSPCL:
The Hon'ble Commission has directed PSPCL to conduct a study for the introduction of two part tariff in the state of Punjab. The Hon'ble Commission in Tariff order 2012-13 has directed as under:

> *The Commission while mindful of National Tariff Policy enjoining early introduction of Two Part Tariff is nevertheless of the considered view that Two Part Tariff should be introduced only after building a consensus amongst various stakeholders of the utility through public hearings and by critically analyzing the actual billing data to determine the impact on consumers as well as revenue of utility.*

As clear from above, the Hon'ble Commission had also directed PSPCL to conduct a study keeping in view the revenue of PSPCL. In order to shift from one tariff structure to another tariff structure, the revenue neutrality of the utility has to be strictly kept in mind. If the same is not kept in mind, then with the introduction of a new tariff structure would mean a huge variation in the financials of the utility and then to meet up with the same, the burden shall have to be again imposed on the consumers. Hence, the study for introduction of two-part tariff was undertaken while ensuring a revenue neutral situation for PSPCL, meaning to say that the PSPCL overall neither benefits nor loses on account of introduction of two-part tariff. Accordingly, the PSPCL has proposed the two-part tariff structure which ensures that the average tariff in two-part structure is close to the current tariff, nearing to a revenue neutral situation. It is also brought here that the proposal of two-part tariff structure is only a breakup of the existing tariff (i.e. energy charges) into fixed and variable components.
Hence, the overall revenue neutrality has been strictly kept in mind while designing the two part tariff as the tariff has been splitted on the average utilization factor of that category.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 33: Wheeling charges for Open Access consumers in 2 part tariff

The proposal reveals that fixed charges have been worked out including all the fixed costs of the Transmission assets of PSTCL and Generation & Distribution assets of PSPCL. Therefore, there is no justification for levy of wheeling charges for the PSPCL consumers availing open access up to SCD on the transmission and distribution system of the Licensees. Similarly, while determining additional surcharge, there shall be no stranded costs after considering the recovery of the fixed cost of the generation assets through contract demand.

Reply of PSPCL:

PSPCL has not intended to kill the open access. The various charges such as wheeling charges/cross subsidy surcharge etc are required to be levied on the Open Access consumer for recovery of network usage cost as per the provisions of the Electricity Act, 2003 and Open Access Regulations and various orders of the Hon'ble Commission. Further, the issue of wheeling charges in open access and determination of additional surcharge has already been decided by Hon'ble PSERC after due consideration of all the provisions in its latest Tariff order.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 34: Basis of assumption of fixed charges

Basis for assuming the figure of ₹60/KW /month as fixed charges has not been given in the proposal. PSPCL has stated that fixed charges are based on paying capacity of the consumer category which is purely discretion. The figure of ₹ 60/- could be ₹ 50/- or ₹ 70/- as per the perception of the person deciding the tariff where as tariffs have to decided as per the Act.

Reply of PSPCL:

It is just an example to show the formula for the splitting of the two part tariff from the existing single part tariff. These are not the fixed charges proposed by PSPCL. The charges proposed by PSPCL are indicated in the proposal. However, it is again submitted here that the basis of fixing the fixed charges have been proposed keeping in view the paying capacity of the consumers category. The existing MMC charges in single part tariff have also been kept in view while proposing the fixed charges and it is brought out here that the fixed charges proposed have also been kept very less as compared to the existing MMC already approved by the Hon'ble PSERC in single part tariff.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 35: Utilization Factors considered for LS category

This working of per unit fixed cost as per table 3 is self contradictory as 66 KV consumers use only part of the Distribution system along with Transmission system and 220 KV consumers use only Transmission system but the fixed cost is highest in their case. When a consumer at 220 KV is not using; the distribution system at all, how their fixed costs can be so higher than a consumer connected at 11 KV. It is evident that the working submitted by PSPCL is not logical and not complying with the provisions of the Act and policies.

Reply of PSPCL:
The consumer has misunderstood the contents brought out in the proposal of the PSPCL. It is brought out very clearly that the Table 3 of the Para 2.1 has been formulated just to have an idea of Fixed Charges/KW or /kVA if and only if the full fixed cost of the utility is to be recovered. The objector has confused it as the proposed fixed charges to their category. The proposed fixed charges to the various categories have been proposed for LS category. These are also very less as compared to the existing MMC charges as approved by Hon'ble PSERC. It is also submitted that the only the existing single part rates have been splitted into the proposed two part tariff. So, if the proposed two part tariff is again converted into the single part tariff for each category, then the equivalent rate shall be same as per the existing tariff. Hence, there shall not be any huge variation in the final bill of the consumers. Further, for the high end consumers connected at higher voltages and who are consuming the energy at a very high utilization factor, the portion of the fixed charges shall automatically get compensated by the energy charges as the energy charges are also relatively less as compared to the single part tariff. It is further brought out here that the high end consumers shall also be benefitted in two part tariff as compared to single part tariff if their utilization factor does not goes below the existing U.F and it shall also encourage the consumers to consume more electricity. Further, additional transformer capacity, transformer, substation equipment and power tied up has to be made available as per connected load and higher voltages resulting in higher fixed charges in higher voltages.
View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No. 36: Objector has requested PSERC/PSPCL to:
(a) To reconsider the surcharges in totality and these should be levied only to improve the grid conditions.
(b) There is no justification of Continuous Process Surcharge (CPS) under the prevailing circumstances which was levied in the Tariff order r of 2012-13
(c) To increase the consumption by consumers, load factor introduced for high utilization as is being done in Maharashtra and MP
(d) Separate Tariff/consumer categories need to be created for Industrial Consumers connected at 66 KV and 220 KV and their tariff be fixed based on Cost to serve/cost of supply principle.

Reply of PSPCL:
a) PSPCL has only splitted the existing single part into two part tariff. PSPCL in its proposal has nowhere even touched the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff. They shall be applicable as decided by the Hon'ble Commission from time to time.
b) As regards the Continuous process surcharge, PSPCL submits that it has proposed to continue to levy continuous process surcharge as the present Two Part tariff proposal does not change in basic premise of schedule of tariff and various provisions of general conditions of tariff as approved by the Hon'ble Commission.
c) It is again submitted that PSPCL has only splitted the existing single part into two part tariff without touching the other surcharges, rebates, various provisions of schedule of tariff and general conditions of tariff. The consumers with higher utilization factor are surely going to be benefitted from the two part tariff as their effective bill in two part tariff shall be reduced for higher utilization
d) The issue regarding voltage wise cost of supply is in purview of Hon'ble PSERC and hence shall be applicable as decided by Hon'ble Commission. However, as per the present tariff applicable the Industrial consumers catered at 66 kV, 132/220 kV are being benefitted by allowing rebate of 25-30 paise per unit from the energy charges and are surely being benefitted for catering the supply at higher voltages. However, the same shall be applicable in future also subject to the decision of Hon'ble Commission.

View of the Commission:
The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 and 6.6 of this Tariff Order.

Issue No. 37: Segregation of Categories based on Voltage
It is not understandable as to why the rates of fixed charges are different when the consumers with CD of 100 to 2500 KVA are all connected at 11 KV. Further there is no justification for charging Rs 20O/KVA/Month for consumers of >2500 KVA CD which is double the FC of 100-500 KVA category. The proposed higher fixed charges for higher CD is skewed and amounts to penalizing the high end

industry which will end up paying more than low end industry. This is against the findings of Cost of Supply study for these industries at different voltage levels as worked out by PSPCL which is reproduced from page 90-91 of the ARR Vol-1 Parl-2for 2017-18

Reply of PSPCL:

The high end industry shall not be anywhere burdened. The amount of applicable fixed charges for these high end consumers shall automatically get compensated through the higher energy consumption by these units (as the energy charges proposed in the two part tariff are less as compared to the existing single part tariff) and the final bill of the consumers who consumes at a higher utilization factor shall be less as compared to the existing single part tariff. Also, the final bill of the high end consumers whose industry is lying idle due to any reason shall also be reduced as the fixed charges are also very less as compared to the existing MMC charges. Hence, high end industry shall nowhere be burdened rather they shall be benefitted with two part tariff.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No 38: Two Part Tariff viz-a-viz Earning of PSPCL

PSPCL has proposed to earn higher revenue of 2.71% from LS PIU Category through this exercise. Further with in the category, consumers of >2500 KVA SCD are cross subsiding the lower slabs by 3.69%.

Reply of PSPCL:

PSPCL has no intention to earn more from any class of consumer by this proposal. This is just an exercise carried out by PSPCL (as per the directions of Hon'ble Commission) which is based on the latest available data of 2015-16 and tariff for 2016-17 to bring revenue neutrality to the extent possible. No cross subsidization has been proposed by PSPCL in its proposal. The higher fixed charges for any category shall automatically got benefitted by the reduction in corresponding energy charges

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No 39: ARR Data

The graph in para 5 is incomplete as the curve is not visible

Reply of PSPCL:

The table in the para 5 is complete. It is not a graph and is only the indicative that how the consumers shall be covered with the two part tariff proposal.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No 40: Cross subsidy in two part tariff

The impact of the revision i.e. Two part tariff on cross subsidization has not been worked out in the proposal.

Reply of PSPCL:

PSPCL has not touched the cross subsidy factor in its proposal. The same is always approved by the Hon'ble PSERC.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Issue No 41: Rebates to the industry

The objector has attached a press report dated 14.1.2017 which indicates the view point of a high level committee constituted by GoI that the tariff for higher consumption need to be decreased and has requested that before implementing two part tariff, the proposal, may be reviewed so as to give adequate relief to industry keeping in view the above stated points.

Reply of PSPCL:

The committee in the draft report has proposed for attractive tariff for higher consumption. As depicted above, it is again reiterated that PSPCL has only splitted the existing single part tariff without any other overall variations. Further, the two part tariff has been so designed that the consumers are not being penalized for higher consumption rather they shall get benefitted for consuming more energy above their utilization factor.

View of the Commission:

The Commission has noted the objectors' suggestions/views and the response of the PSPCL. Refer para 6.3 of this Tariff Order.

Objection No. 10: Sh.S.C.Misra, Nambadar, Alwalpur Acting President, Nambardar Union, District. Jalandhar

Issue No. 1: Temporary 24 Hours supply to Horticulturists:

Temporary 24 Hours supply to Horticulturists for the month of March to June on running connection may be allowed subject to payment of agriculture tariff.

Reply of PSPCL:

The issue of providing Temporary 24 Hours supply to Horticulturists for the month of March to June on running connection is not linked to ARR or its current proceedings for FY 2017-18 and therefore PSPCL has no comments to offer on the same.

View of the Commission:

The issue is not related to ARR.

Objection No. 11: Sh. R.K. Gandhi, President, Sports & Surgical Complex Association (Regd), C- 53, Sports & Surgical Complex, Kapurthala Road, Jalandhar

Issue No. 1: To increase the limit of MS connection:

To increase the limit of MS connection from 100 kW to 200 kW.

Reply of PSPCL:

The issue of increasing the limit of MS category is not linked to ARR or its current proceedings for FY 2017-18, therefore, PSPCL has no comments to offer on the same.

View of the Commission:

The Commission agrees with the reply of PSPCL. However, any increase in the limit beyond 100 kW for MS shall be examined separately.

Objection No. 12: Partner, Power Engineer Associates, Office: 19707, Street No. 10-A, Ajit Road, Bathinda.

Issue No. 1: Street Lighting Tariff in Pvt. PUDA approved Colonies.

Hon'ble Commission is requested to review the tariff for street lighting in Pvt. PUDA Approved Colonies and commercial complex.

Reply of PSPCL:

The present case is not related to the tariff petition filed by PSPCL for FY 2017-18. PSPCL has been charging tariff to consumers as prescribed by the Commission from time to time in various tariff orders. Therefore the issue may be separately dealt.

View of the Commission:

The matter shall be dealt separately.

Objection No. 13: Sh.Kailash Garg, Partner, Kailash Cotton Ginning Factory, Hazi Rattan, Bathinda.

Issue No. 1: Penalty for PLEC

Settlement of case regarding penalty for running the factory during peak load hours

Reply of PSPCL:

The present case is not relating to the tariff petition filed by PSPCL for MYT control period FY 2017-18 to FY 2019-20. PSPCL has been charging PLEC charges to consumers as prescribed by the Commission from time to time in various tariff orders. The abolition of penalty charges is not linked with the exercise of the present ARR filed with PSERC. Hence, no comments can be offered.

View of the Commission:

The Objector may note the response of PSPCL. Commission has already taken the principal decision in its Tariff Order for FY- 2016-17 to discontinue the PLEC regime and instead convert to ToD regime.

Objection No. 14: President, Rice Miller's Association, SCF 19-20, Model Town, Phase-II, Bathinda (Pb.)

Issue No. 1: DLMS based ToD meters

Difficulties to rice industries such as installing of DL.M.S meters and rebate of ₹1 to rice shellers where DL.M.S meters are not installed.

Reply of PSPCL:

The issue is not related to ARR or its current proceedings for FY 2017-18, therefore, PSPCL has no comments to offer on the same. However, 840 LT CT ToD meters have been received in ME Labs on 13.02.2017 and are being issued for replacement of non ToD meters to operation Organizations. The process of replacement of balance meters with ToD meters is already under progress and tender for procurement of 24000 ToD meters is already under finalization and supplies are likely to commence within 3 months. When the new meters will be available, old meters will be replaced with these ToD meters.

View of the Commission:

The reply of the PSPCL is self-explanatory.

Objection No. 15: Er. P.S.Virdi, President, The Consumer Protection Federation (Regd.), SCF 78, Sector 54 (Phase 2), SAS Nagar.

Issue No. 1: Burden of surplus power

When Punjab Govt. / Punjab State Power Corporation Ltd. Declared surplus power in Punjab then why extra burden is being put on general consumers.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission after taking due cognizance of the surplus power. Accordingly, PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.

View of the Commission:

Refer to Views of the Commission on Issue No. 4 of Section A Objection No. 5 above.

Issue No. 2: Concessions to AP, SC/OBC & Industries

Maximum concession have been given to agriculture sector, Industries and SC/ OBC categories but no relief for general domestic consumers.

Reply of PSPCL:

Concession to AP consumers and other sector consumers is a Policy decision of GoP**.** Hence, PSPCL has no comments to offer at this stage.

View of the Commission:

Providing subsidy to any class of consumers is the prerogative of the State Govt.

Issue No. 3: Charging of Octroi by PSPCL

Octroi in Punjab state has since been abolished for the last many years but why it is continue being charged in consumption bill.

Reply of PSPCL:

It is a matter of Govt. of Punjab. Punjab Government vide Notification No. 3/16/17-11 G3/1532 dated 29.2.2008 has revised the rate of Octroi as ₹0.10 per unit on import of electricity into the limits of Municipal Councils/ Nagar Panchayats and Municipal Corporations for sale, use and consumption. Accordingly, Octroi is being levied @ 10 paise per unit from 14.3.2008 onwards while billing the consumer within the limits of Municipal Councils, Nagar Panchayats and Municipal Corporations. Total collection made by the PSPCL on account of Octroi after deducting 10% service charges are remitted to Local body department of Punjab Govt.

View of the Commission:

Levy of tax/cess is the prerogative of the State Govt.

Issue No. 4: Receivables against Govt. Departments

₹530 crore still outstanding against various Govt. Deptts.

Reply of PSPCL:

The above matter is not related to current ARR. However, PSPCL is making all possible efforts for recovery of all outstanding amounts against various Govt Deptts. and other consumers. As the above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.

View of the Commission:
Refer to Directive No. 7.7 of this Tariff Order.

Issue No. 5: Implementation of award given by APTEL
Electricity tribunal given its award to give 80 paisa per unit relief to the consumers then why it was not implemented.
Reply of PSPCL:
The copy of press clipping attached is not legible. Moreover it is not related to the ARR and MYT for which the current proceedings are undertaken.
View of the Commission:
PSPCL has challenged APTEL decision in Hon'ble Supreme Court and decision is pending.

Issue No. 6: Tariff rates higher in Punjab than other States
Tariff rates are already higher in Punjab than other states.
Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.
View of the Commission:
The Commission processes the ARR as per its notified regulations and determines the revenue gap after prudent check of expenses. Tariff rates are determined to cover this revenue gap.

Issue No. 7: Tubewell connections
3300 Tube well connections (free electricity supply) given on 3rd – 4th January 2017 before Code of Conduct implemented on 4th January 2017

- 60,000 tube well connections given in two years (free electricity supply).
- When water table is very alarming, already 12 lac tubewell connections are existing.

Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 8: Billing scam in Patiala
₹ 50 lakhs billing scam in Patiala in connivance with the field staff.
Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 9: Charging of cow cess in electricity bill
Why cow cess in electricity bill being charged but frequent animals are daily seen on roads and in green parks
Reply of PSPCL:
It is a matter of Govt. of Punjab. Govt. of Punjab, through Department of Local Govt. has levied Cow cess on sale of electricity by issuing notifications for different Nagar Panchayats/ Municipal Councils/ Municipal Corporations under "The Punjab Prohibition of Cow Slaughter Act 1955 (15 of 1956) Clause -7.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 10 Reconsideration of decision to give free power to farm sector
Central Power Minister asked the state Govt. to reconsider the decision to give free electricity to farm sector but State Govt. ignored it.
Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The State Govt. pays for free supply to farm sector.

Issue No. 11: No control over Kundi connections

PSPCL has no control over Kundi connections. Due to this huge loss is being put on consumers with levy of Tariff.

Reply of PSPCL:

PSPCL is making all possible efforts for reducing the theft of electricity including control over Kundi connections. The results of these efforts have been showing as year on year T&D losses are decreasing.

View of the Commission:

The supporting data of theft cases detected, amount charged and amount realised for the last five years should be supplied to the Objector under intimation to the Commission.

Objection No. 16: General Secretary, PSEB Engineers Association (Regd.), 45, Ranjit Bag, Near Modi Mandir, Passey Road, Patiala

PART-I
(CAPITAL INVESTMENT PLAN)

Issue No. 1: Capital Investment plan for GNDTP may be allowed
Issue No. 1.1 Table 5 Page 24 Capex for GHTP may be allowed
Issue No. 1.2 Capex as given under table 8,9,10 may be allowed
Reply of PSPCL to Issue No. 1, 1.1 & 1.2

The Hon'ble Commission is requested to allow Capital investment plan as proposed by PSPCL under the petition for Capital Investment Plan as per PSERC MYT regulations.

View of the Commission:

The Commission notes the suggestion of the objector.

Issue No. 2: Capital Investment Plan for Shahpur Kandi Project:

Details for the same may be given by PSPCL.

Reply of PSPCL:

PSPCL has submitted the detailed reply.

View of the Commission:

PSPCL has provided the information to the objector.

Issue No. 3: Mukerian Thermal Project:

PSPCL may carry out study regarding future requirements of Punjab for next 10-15 years and the additional energy available from new projects and NRSE project.

Reply of PSPCL:

PSPCL has carried out power projection lasting for 2035/36 in terms of energy (MU) and power (MW) requirement by forming a committee vide o/o no. 5/SET/DG-107 dt. 20.8.2014 whereof CE/Planning, CE/PP&R and CE/Th. Design were the members. The committee after finalization of its report has submitted it to BoD/PSPCL through CE/Planning Agenda no. 1/15 dt. 30.6.2015 and it was ratified vide Company Secy./PSPCL U.O.no. 1882/BoD/43 dt. 14.7.2015.

Among the other parametric detail, BoD has also approved the following proposals:-

a. In view of surplus power available up to the year 2019-20,it may not be prudent to tie up any more thermal power through pit head plants or otherwise till 2019-20.

b. Capacity addition, which is required only by 2021-22, may be considered through 2x660 MW Ultra Super Critical Thermal Power Plants at Hajipur i.e. 1st unit of 660MW at Hajipur may be planned for commissioning in 2021-22 & 2nd unit in the year 2022-23.

Above projections were forecasted without considering the proposal of establishing the Gidderbaha Super Thermal Plant.

As per committee report the following is the detail of energy (MU) & power (MW) requirement up to 2035-36:

Year	MU	MW
2015/16	53485	11968
2016/17	58216	12419
2017/18	62752	12789
2018/19	67703	13208
2019/20	72881	13636
2020/21	78357	14083

Year	MU	MW
2021/22	84156	14553
2022/23	89492	15245
2023/24	94899	15928
2024/25	100583	16637
2025/26	106553	17373
2026/27	112827	18137
2027/28	119418	18930
2028/29	126343	19753
2029/30	133617	20608
2030/31	141257	21496
2031/32	149281	22418
2032/33	157403	23331
2033/34	165749	24254
2034/35	174487	25209
2035/36	183635	26199

NRSE power is being developed at much faster rate which could affect/dilute the notion of setting up of the Mukarian Super Thermal Plant considering capacity of 2x660 MW.
PEDA has target of developing 4775 MW Solar Power by the end of 2019/20. It is quite significant to point out that at the end of 2/2017, 143 cases of NRSE have been cleared for which solar power development would be 1204.37 MW. It is further, stated that CEA New Delhi is also going to predict energy/power requirement state wise the detail of which is awaited.
View of the Commission:
The objector may note the response of PSPCL.

Issue No. 3.1: 2640 MW NTPC Gidderbaha NTPC Project
Considering that 2640 MW NTPC Gidderbaha STPS project has practically 'been abandoned, the justification for Mukerian STP needs to be examined also taking into account this facto
Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The Commission notes the suggestion of the objector.

Issue No. 4: Order on SPANCO:
SPANCO has been selected as lT implementation agency and work has been started. The order on SPANCO was to be cancelled.
Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18 and therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The objector may note the response of PSPCL.

Issue No. 5: DDUGJY Scheme:
The DDUGJY being centrally funded scheme, there is a more that the equipment should also be procured by the Central Govt.
The role of Central Govt. should be limited to funding and procurement of requirement like DTs, cables, etc. should be left to the states.
ln some states the feedback has been given that with Central Govt procurement, the rates have come higher as compared to procurements of equipment at state level
Reply of PSPCL:
Matter is for record and not linked to ARR or its current proceeding for FY 2017-18 and therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 6: Shifting of Meters
63.57 lac meters have been shifted outside out of 72.35 lac consumers (DS, NRS, SP) which is 88%. The remaining 8.83 Lac meters should not take 2 years to shift as proposed. The shifting can be

achieved in 1 year as it will give benefit of checking theft and low payback period.

Reply of PSPCL:

PSPCL welcome the suggestion given by Objector. PSPCL is making all possible efforts to achieving the target as soon as possible.

View of the Commission:

The shifting of meters should be completed by PSPCL as per the targets issued by the Commission. Refer Directive No.7.1 of this Tariff Order.

Issue No. 7: Feedback of agency before appointment

PSPCL should get feedback about agency before appointment.

Reply of PSPCL:

Matter is not linked to ARR or its current proceeding for FY 2017-18 and therefore, PSPCL has no comments to offer on the same.

View of the Commission:

The Commission agrees with the reply of PSPCL.

PART-II

(BUSINESS PLAN OF PSPCL FOR 2017-18 TO 2019-20)

Issue No.1: Latest status and action plan for reviving the Pachhwara coal Mine/Employee Cost:

PSPCL may give the latest status and action plan for reviving the Pachhwara coal mine. The position given in ARR regarding Pachhwara coal mine may be updated and the future plan may be included

There is acute shortage of staff at the generating stations which has repercussions on the safe and secure operation of the power houses. It is, therefore, necessary that the employee cost as claimed may be allowed by the Commission so that the adequate staffing of the power stations can be ensured.

Reply of PSPCL:

In GHTP, Lehra Mohabbat the present Sanctioned/Posted strength at the Plant on 31-01-2017 is as below:

Thus the posted strength is less than the sanctioned strength by 43%, which is affecting the quality of work at the plant. The vacant posts may be filled up to improve the quality & efficiency of the plant. The employee cost as claimed in the tariff petition by PSPCL may be allowed by the Regulatory Commission.

Sanctioned Posts	Posted	Vacant
1151	651	500

PSPCL welcomes the suggestion given by the Objector and request the Hon'ble Commission to allow Employee Cost as claimed in the Petition for the ensuing years.

View of the Commission:

Refer to Commission's Directive No. 7.16 of this Tariff Order.

Issue No. 2 SHR of GGSSTP, Ropar

A major issue before the Powercom is that in 2016-17, there was a deterioration in the Station Heat Rate of GGSSTP Ropar which increased to above 2800 Kcal per kWh. However in the Business Plan, the SHR adopted for GGSSTP is 2505 Kcal per kWh. PSPCL may give the complete details and action points by which the SHR of GGSSTP can be improved to the stated value of 2505 (Table 15, Page 73)

Reply of PSPCL:

As regards GGSSTP the normative Station Heat Rate approved by Hon'ble Commission as per CERC norms is 2450 kCal/kWh. For GGSSTP, the actual Station Heat Rate during FY 2015-16 is 2847.16 kcal/kwh. For GHTP, the actual Station Heat Rate during FY 2015-16 was 2512.15 kcal/kwh. The increasing life of the asset and lower Plant load factor affects the Station Heat Rate of the plant. Further, Regulation No. 36 of PSERC MYT regulation, is reiterated below:-

> ***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:*

Further, it may be noted that CERC has recognised the fact that Station Heat Rate and Auxiliary Consumptions of the plant are affected on account of partial load. Regulation 6.3B of CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 specifies as under:

*“**6.3B – Technical Minimum Schedule for operation of Central Generating Stations and Inter-State Generating Stations***

1. The technical minimum for operation in respect of a unit or units of a Central Generating Station of inter-State Generating Station shall be 55% of MCR loading or installed capacity of the unit of at generating station.

… … …

3. Where the CGS or ISGS, whose tariff is either determined or adopted by the Commission, is directed by the concerned RLDC to operate below normative plant availability factor but at or above technical minimum, the CGS or ISGS may be compensated depending on the average unit loading duly taking into account the forced outages, planned outages, PLF, generation at generator terminal, energy sent out ex-bus, number of start-stop, secondary fuel oil consumption and auxiliary energy consumption, in due consideration of actual and normative operating parameters of station heat rate, auxiliary energy consumption and secondary fuel oil consumption etc. on monthly basis duly supported by relevant data verified by RLDC or SLDC, as the case may be.

Provided that:

(i) In case of coal / lignite based generating stations, following station heat rate degradation or actual heat rate, whichever is lower, shall be considered for the purpose of compensation:

S. No.	*Unit loading as a % of Installed Capacity of the Unit*	*Increase in SHR (for supercritical units) (%)*	*Increase in SHR (for sub-critical units) (%)*
1	*85-100*	*Nil*	*Nil*
2	*75-84.99*	*1.25*	*2.25*
3	*65-74.99*	*2*	*4*
4	*55-64.99*	*3*	*6*

In view of the above, PSPCL has considered the Station Heat Rate based on projected loading of thermal generating stations during the Control period, as per CERC Tariff Regulations, 2014.

View of the Commission:

The objector may note the response of PSPCL. Also refer to Commission’s Directive No. 7.13 of this Tariff Order.

Issue No. 3: No. of new tube well connections and connected load

PSPCL may give the number of new tube well connections to be released each year and the connected load at the end of each year of the control period.

Reply of PSPCL:

Release of new AP connections each year of Control Period is a Policy matter of GoP, However PSPCL has projected the sales for the control period based on CAGR and Hon’ble Commission observation in the ARR order for FY 2016-17**.** As for as the connected load is concerned it is directly linked to number of connections to be released as per GoP decision.

View of the Commission:

The objector may note the response of PSPCL

Issue No. 4: Availability of excess power from IPPs

For the control period 2017-18 to 2019-20, the significant problem will remain the excess availability of power from the IPPs, the problem of backing down of these stations and the consequent payment of capacity charges on account of backing, down. It is suggested that PSPCL may constitute a dedicated group of engineers to deal with all commercial and operational aspects of the IPPs exclusively so that the power purchase costs from these stations can be minimized. In particular, the scheduling of these stations can be made more stringent so as to bring down the capacity charges

Reply of PSPCL:

PSPCL has noted the suggestion of Objector as the matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.

View of the Commission:

The Commission notes the objector’s view and PSPCL’s response thereupon.

Issue No. 5: Surplus Energy:

In view of the huge quantum of surplus energy as per PSPCL estimates, this indicates challenge before PSPCL will be to find buyers for such surplus power.

Reply of PSPCL:

Refer to reply of PSPCL against Issue No.4 of Section A objection No.5 above.

View of the Commission:
The Commission agrees with the reply of PSPCL and also refer to view of the Commission against Issue No. 4 of Section A Objection No. 5 above.

Issue No. 6: The interstate Transmission Charges payable to PGCIL
The Interstate Transmission Charges payable to PGCIL have been given. Recently, two assets of PGCIL have been commissioned with very high capital cost and consequent repercussion on the tariff. These assets are the HVDC line from Bishvanath Charlialy to Agra and HVDC line from Champa (Chhatisgarh) to Kurukshetra (Haryana). Due to these two new assets, there will be a substantial jump in the transmission charges. PSPCL may check-up and confirm that the increased transmission charges have been reflected in the figures.
Reply of PSPCL:
It is submitted that the matter is not related with the current proceeding of ARR. PSPCL shall take the issue separately.
View of the Commission:
The Commission does not agree with the reply of PSPCL. The confirmation sought by the Objector should be attended by PSPCL under intimation to the Commission.

Issue No. 7: Acute shortage of staff in distribution system
The employee expenses for the control period have been indicated in this Table. It is a well-known fact that there is an acute shortage of staff in the distribution system which has a direct and adverse impact upon the quality of service to the consumers and operation of the distribution system. These charges are required to be allowed so that PSPCL can maintain the required strength of manpower so as to render the proper service to the consumers and to maintain the quantity of supply. Also to ensure standards of performance prescribed by Commission, the requisite manpower is essential. With adequate manpower the advantages will be i) Better maintenance of lines and substations. ii) Reduced outages due to faults iii) Reduces damage rate of distribution transformers.
Reply of PSPCL:
PSPCL welcomes the suggestion given by the Objector and request the Commission to allow Employee Cost as claimed in the Petition for the ensuing years.
View of the Commission:
Employee Cost is approved in line with PSERC Regulations.

Issue No. 8: Revenue gap of ₹1.10 per unit for 2017-18, 1.18 per unit for 2018-19 and ₹1.21 per unit for 2019-20.
PSPCL indicates a revenue gap of ₹1.10 per unit for 2017-18, 1.18 per unit for 2018-19 and ₹1.21 per unit for 2019-20. Such a high revenue gap which is increasing from year to year is a matter of extreme concern as this will surely deteriorate the financial condition of the Powercom. Such a high revenue gap is contrary to the aims and objects of the National Electricity Policy as well as National Tariff Policy which give a high priority to the financial health and turn-around of the Electricity Utilities. This high revenue gap would remain as the single largest problem before the Commission in the present ARR/Tariff exercise.
Reply of PSPCL:
In present petition for ARR and Tariff for FY 2017-18, PSPCL has submitted the truing up for FY 2014-15 based on audited annual accounts which are actual expenses. The expenses for FY 2014-15 are considered based on audited annual accounts. Also, the methodology adopted by PSPCL for projecting the expenses for FY 2016-17 and MYT control period (FY 2017-18 to FY 2019-20) is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC MYT Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. Also, PSPCL has not claimed any expenses which were disallowed by Hon'ble Commission in earlier Tariff Orders. However, it is clarified that if any expense is denied by Hon'ble Commission for respective year and PSPCL filed appeal for the same before Hon'ble ATE, then PSPCL has to claim such expenses to maintain their stand before Hon'ble ATE in next years.
PSPCL would like to submit that the input costs envisaged in the present Petition are as per various sources available in the public domain and as per the guidelines specified by PSERC in its MYT Regulations. PSPCL submits that main input costs relating to cost of coal, cost of purchase of power from outside sources, As regards the landed price of fuel, PSPCL has considered the actual landed price of Fuel as on Q1 of FY 2016.Further, PCPCL has not considered any upward rise in price of fuel for the projection of energy charges for the control period.
PSPCL understands that any change in fuel cost from the level approved by the Hon'ble Commission

shall be determined in accordance with the fuel cost adjustment (FCA) formula specified by the Hon'ble Commission in the Conduct of Business Regulations, and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations. The establishment cost etc has gone up and therefore will result in increase in revenue gaps. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.

PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC MYT Regulation, 2014 while determining the tariff for FY 2017-18.

View of the Commission:

The Commission notes the objector's concern and PSPCL's response thereupon. The Commission reviews the submissions of the petitioner and approves surplus/gap as per PSERC Tariff Regulations.

Issue No. 9: GCV of coal as received and coal as fired

Business plan should include details of efforts to reduce the grade slippage in case of GCV of coal as received and coal as fired. This matter may also be taken up with Forum of Regulators for adopting the system of joint sampling and testing of coal at receiving (power station) end.

Reply of PSPCL:

As per directions of GoI, MOP a tripartite agreement has been signed between CSIR-CIMFR, PSPCL and CIL, CSIR-CIMFR, Dhanbad shall act as nodal agency for work of third party sampling and analysis, work by CIMFR has been started at coal Loading End and is under consideration for unloading end.

View of the Commission:

The Commission agrees with the reply of PSPCL and directs to complete sample checking of GCV at unloading end without further loss of time.

PART-III
(TRUE UP 2014-15)

Issue No. 1: AP Consumption:

The methodology of using pumped energy to determine AP consumption adopted by the Commission is more accurate and reliable as compared to sample meters.

Reply of PSPCL

It is submitted that as stated in various petitions filed before Hon'ble Commission, Pumped energy methodology cannot be fully trusted method for taking the consumption of AP as it involves assumptions with respect to losses of AP feeders and contribution of AP consumption on mixed load feeders and any unreasonable assumption shall affect the consumption pattern adversely to PSPCL. Further, there is hardly any State which has 100% metering of Agriculture consumers. In the circumstances, it is not correct for the Hon'ble Commission to take AP consumption of Kandi area mixed feeders as 30% of the total consumption. It is, therefore prayed that the AP consumption may please be allowed on sample meter basis for Control Period as per the reasons already submitted by PSPCL in its MYT petition and Trued up for FY 2014-15.

The Hon'ble Commission has calculated the T&D losses of PSPCL in previous tariff order (which are higher than actual losses) mainly on account of reduction in AP consumption due to change in methodology from sample meter basis to pumped energy basis. The trajectories for T&D losses were already fixed based on considering AP consumption as per sample meters. However, later on the Hon'ble Commission has changed the methodology of AP consumption in true up i.e. from sample meters to pumped energy without revising the T&D loss trajectory and hence the T&D losses as calculated by Hon'ble Commission have been found to be higher than the fixed trajectory. This has resulted into double loss to PSPCL i.e. reduction in revenue due to reduced AP consumption and disincentive on account of higher T & D losses.

The Hon'ble Commission needs to follow the methodology of AP consumption based on sample meters instead of AP consumption on Pumped energy as mentioned hereinabove. In any event, in case one methodology for one aspect is changed, all corresponding issues also need to be addressed and the trajectory for T&D losses (which was earlier fixed on basis of AP consumption on sample meters) needs to be revised based on Pumped energy methodology.

View of the Commission:

The Commission notes the objector's view and PSPCL's response thereupon. Also, refer to Para 2.3 & 2.9 of this Tariff Order.

Issue No. 2: Loss figures to change based on AP consumption:
Actual T&D losses are to be determined by taking AP energy consumption on basis of pumped energy

Reply of PSPCL:
As stated in various petitions filed before Hon'ble Commission, Pumped energy methodology cannot be fully trusted method for taking the consumption of AP as it involves assumptions with respect to losses of AP feeders and contribution of AP consumption on mixed load feeders and any unreasonable assumption shall affect the consumption pattern adversely to PSPCL. Further, there is hardly any State which has 100% metering of Agriculture consumers. In the circumstances, it is not correct for the Hon'ble Commission to take AP consumption of Kandi area mixed feeders as 30% of the total consumption. It is, therefore prayed that the AP consumption may please be allowed on sample meter basis for Control Period as per the reasons already submitted by PSPCL in its MYT petition and Trued up for FY 2014-15.

The Hon'ble Commission has calculated the T&D losses of PSPCL in previous tariff order (which are higher than actual losses) mainly on account of reduction in AP consumption due to change in methodology from sample meter basis to pumped energy basis. The trajectories for T&D losses were already fixed based on considering AP consumption as per sample meters**.** However, later on the Hon'ble Commission has changed the methodology of AP consumption in true up i.e. from sample meters to pumped energy without revising the T&D loss trajectory and hence the T&D losses as calculated by Hon'ble Commission have been found to be higher than the fixed trajectory. This has resulted into double loss to PSPCL i.e. reduction in revenue due to reduced AP consumption and disincentive on account of higher T & D losses.

The Hon'ble Commission need to follow the methodology of AP consumption based on sample meters instead of AP consumption on Pumped energy as mentioned hereinabove. In any event, in case one methodology for one aspect is changed, all corresponding issues also need to be addressed and the trajectory for T&D losses (which was earlier fixed on basis of AP consumption on sample meters) needs to be revised based on Pumped energy methodology.

View of the Commission:
Refer to para 2.3 & 2.9 of this Tariff Order.

Issue No. 3: Coal Transit Loss:
For 2014-15, the coal transit loss of the three thermal plants is negative one possibility is that the weigh bridge at power plant (PSPCL) may be recording higher reading. PSPCL should give details regarding calibration of weigh bridges, date of calibration done and results

Reply of PSPCL:
Mentioning that possibility of recording higher reading is not correct.

In motion Weigh Bridge at GGSSTP is regularly got calibrated in presence of Inspector, Weights and Measures, Govt. Of Punjab and all the coal company representatives and is put into use only after getting valid certificate from Inspector, Legal Metrology (Weights and Measures), Govt. of Punjab. It is calibrated/tested in accordance with Railway RDSO schedule allowing +/- 1% variation/tolerance limit. There is no weighment error as transit loss calculated at GGSSTP end is showing different range for all types of coal received throughout the FY 2014-15 as evident from data supplied by PSPCL.

Copy of latest certificate is supplied by PSPCL.

The calibration of 2 no. weighbridges installed at GHTP, Lehra Mohabbat for FY2014-15 was carried out on 21.03.2014. The Calibration Results of these Weighbridge and Approval Certificate issued by Inspector/Legal Metrology (Weights & Measures), Bathinda are supplied by PSPCL.

In its Tariff Order for FY2014-15,PSERC had decided to adopt the GCV of received coal as per CERC Tariff Regulations, 2014 for working out SHR of a thermal plant.

Furthermore, weigh bridges at GNDTP, Bathinda have been calibrated on 22.07.2014 and then on 01.06.2015. The details are attached herewith. Further Weigh Bridges at all the three TPS of PSPCL cannot weigh incorrectly for the same period. The positive transit loss might be due to the rains at the loading end or during transit. Also it might be possible that the weigh bridges at loading ends did not weigh properly.

View of the Commission:
The objector may note the response of PSPCL.

Issue No. 4: Fuel Cost:
Station heat rate of GGSSTP is shown as 2681.64 kCal/kWh. PSPCL may clarify / give details regarding the GCV of coal taken for working out SHR. Following points may be clarified:-

a) Whether GCV was measured by Power Plant or value at loading end.

b) Whether GCV was as received or as fired.

Reply of PSPCL

a) GCV is measured by the Power Plant at GGSSTP end.
b) GCV of coal taken for working out SHR is that of coal being fed to boiler and is as fired basis.
c) The GCV of receipted coal measured at power plant was taken for working out SHR.

Firstly, the GCV on *air dried basis* of receipted coal is measured by bomb calorimeter. From this, the Equilibrated GCV is derived by formula taking into account inherent moisture and air dried moisture. Thereafter GCV as *fired basis* is derived from the Equilibrated GCV by formula taking into account total moisture. It is this GCV *as fired basis*, which is used for computation of SHR.

View of the Commission:

The objector may note the response of PSPCL

Issue No. 5: Subsidy Payments:

There is a shortfall of ₹1232.94 Crore in subsidy payment. PSPCL has not indicated any interest charges due to shortfall in subsidy payment PSPCL may clarify.

Reply of PSPCL:

It is submitted that PSPCL has no control over the amount of subsidy that is received from the Government of Punjab. PSPCL has not passed on any interest cost on pending subsidy from GoP. Furthermore, PSPCL has issued letters to the Government for release of subsidy along with carrying cost as specified in the petition. It is therefore requested to the Hon'ble Commission to take up the matter with the Government of Punjab.

View of the Commission:

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

PART-IV

(Annual Performance Review 2016-17)

Issue No. 6: Station Heat Rate (SHR)

PSPCL has stated that actual SHR in H-1 of FY 2016-17 is 2816 kCal/kWh. The abnormal increase has not been explained or justified. This high value of station heat rate may be due to over invoicing of GCV of coal by suppliers and GCV being taken on received basis. Commission may direct the GGSSTP should get a study conducted by NTPC consultancy Wing (CENPEED) which was set up for improvement of efficiency of state sector thermal stations.

Reply of PSPCL

Deterioration of Station Heat Rate is indeed a matter of concern. It is calculated by taking into account the GCV of the coal being fed to the boilers.

GGSSTP units are running since year 1984 for more than 32 years against the useful life of 25 years. Since inception no major R&M work has been carried out so far.

The main operating parameter i.e. Heat Rate of the units is affected adversely due to ageing of units, partial load operation of the units and number of Start/Stops of units.

Here this type of operation is being imposed by Power Controller, Patiala in shape of Higher backing down/shutting down of the units due to high frequency/low system demand and other reasons like PPAs with IPPs which is beyond the control of GGSSTP and has to be strictly followed to maintain the Grid discipline.

Back down loss for period ending Jan-17, FY 2016-17 is 62.61%. During this period the units were started 51 numbers of times after No Demand. Every start-up of unit involves consumption of heavy amount of Fuel Oil and Coal before synchronization of unit. This excess consumption without generating any power has also to be considered in the overall Coal and Fuel Oil consumption for power generation thereby the per unit(Kwh) Coal and Fuel Oil consumption increases. This excess fuel consumption increases manifold (upto 3 times) when units are to be started after long stoppages i.e under cold start-up conditions.

Due to cyclic power demand in the state huge variation is faced in power demand during day and night hours. GGSSTP Units are subjected to operate at partial load or even have to shut down due to low power demand. These operating conditions badly affect plant performance and Station Heat Rate which is evident from the extracts of the 'Performance Guarantee Test Report' of BHEL conducted at GGSSTP (copy of PG test report for guaranteed heat rates at 210 MW and 170 MW placed).

Here it is pertinent to mention that many a times during backing down the units have to run at as low as 150 MW of load and at this level of partial load operation the heat rate is further deteriorated than those mentioned for 170 MW. At this level many times oil support has also to be taken to avoid tripping of unit due to flame failure/disturbances.

The main equipments at GGSSTP are of BHEL design and make. BHEL acknowledges the variation in heat rate of turbine due to ageing (as specified under DIN 1943 (*DeutschesInstitut Fur Normung E.V.*(*German National Standard*) and the relevant extract in 'Performance Guarantee Test Report' of BHEL (copy placed) is reproduced as under:

Primary factors involved in ageing are:-

1. Salt deposition on blades.
2. Deterioration of surface finish of blades.
3. Increase in the clearances in the blading flow path.
4. Deposits in Heat Transfer Areas.
5. Increase in losses of valves seats.

Actual test values will thus be inferior to the expected values to the extent the plant undergoes ageing. The Deterioration in Heat Rate on account of the ageing of Units worked out as per DIN 1943 specifies the increase ranging from 17.24% to 23.36% above the Guaranteed Heat Rate values putting the average station Heat Rate to the value of 2714 Kcal/Kwh for age Jan-17.(Calculation Sheet attached as annexiue-5). This is further deteriorated by 2% to 3%due to partial load operation of units.

In view of above it is brought out that under these prevailing operating conditions the plant operating parameters are bound to deteriorate. However, GGSSTP is making all out efforts to maintain SHR at lower levels.

This was also established during the Energy Audit Test of the units. It was found out during the test that the Specific Coal Consumption and Unit Heat Rate deteriorated badly at part load (160 MW) operation. The key extract of the concerned part of report (March-16) placed as Annexure-6 is reproduced below:

"It may be noted that the heat rate of 2559.22 kcal/kWh computed for the station is weighted average GHRs of individual Units during the test period. The average GHR for FY 2014-15 for the station stood at 2681.54 kcal/kWh. The difference of 122.18 kcal/kWh is attributable to variation in load due to backing down, variation in weather parameters, Start-ups and shut downs. ***The effect of backing down on Heat Rate is observed by conducting the test at around 160 MW load for three Units (1 Unit from each stage) which averaged around 2809 kcal/kWh.Thus, the actual Heat Rate at which the Units/Station would operate primarily depend on loading on the Units besides other factors mentioned above."*** And Further,

"In order to bridge the gap between actual Heat Rate and test Heat Rate at least following is to be followed regarding operation of the units:

1) *The Units have to be operated at good constant load continuously*
2) *Avoid backing down and reserve shut downs to the extent possible*
3) *Frequent shut downs and start-ups must be avoided"*

It is further intimated that a team of NTPC visited GGSSTP during Jan-17 under the directions of MoP for improvement of efficiency under UDAY scheme and have collected various data. The report is awaited.

View of the Commission:

The objector may note the response of PSPCL

Issue No. 7: Commissioning of new Power Plant:

The latest revised commissioning schedule of new power plants may be informed by PSPCL.

Reply of PSPCL:

The revised commissioning schedule of new plants has been requisitioned from the companies and is awaited.

View of the Commission:

The information sought by the objector should be supplied at the earliest by PSPCL, under intimation to the Commission.

Issue No. 8: Agricultural Consumption:

Agricultural consumption comparison per kW per year has progressively increased PSPCL may clarify.

Reply of PSPCL:

The Agricultural consumption for FY 2016-17 has been re-estimated on the following basis:

Actual consumption of first 6 months (April 2016 to September 2016) is 9159.87 MUs. PSPCL submits that it has been observed that the agriculture consumption for first half of FY 2016-17 has increased to 9159.87 MU over the consumption of 8572 MUs for first half of FY 2015-16 which showed a considerable growth of 6.85% this is due to the release of new tube-well connection during the first half of the FY 2016-17. Hence, the agriculture consumption for FY 2016-17 has to be estimated by applying a considerate growth rate for justifying the increasing trend of agriculture consumption.

However, as per AP Policy issued by the Government of Punjab for FY 2015-16 vide letter No.1/33/08-EB(PR)/816 dated 10.12.2015, target for release of 1.65 lac new tube well connections by 31.12.2016 has been fixed. PSPCL vide its letter No.2156 dated 05.04.2016 has intimated the month-wise connections released during January, 2016, February, 2016 and March, 2016 and targets for release of AP connections from April, 2016 to December, 2016. In view of the target for release of 1.65 lac new tube well connections to be released by PSPCL by 31.12.2016, the AP consumption during FY 2016-17 is likely to be more than as projected by PSPCL in its ARR for FY 2016-17. The Commission, therefore, decides to estimate the AP consumption for FY 2016-17 by applying 7.50% increase (adhoc) over AP consumption…" (Emphasis added)

Therefore, base on the above consideration agricultural consumption for the second half of FY 2016-17 has been projected at 3105.50 MUs.

As per revised estimates AP consumption for FY 2016-17 is projected to be 12265.37 MUs. The AP consumption has been taken based on sample meters

View of the Commission:

Refer to Para No.4.2.2 of this Tariff Order.

PART-V

(ARR MYT 2017-18 to 2019-20)

Issue No. 9: Generation at GNDTP

PSPCL has stated that there will be nil generation from GNDTP during control / period of 3 years. This is also seen from Table-13 on Page 24, whereas the ARR petition shown NIL generation.

Reply of PSPCL:

PSPCL submits that Business Plan petition has been submitted before Hon'ble on dated 31st May 2016, after that PSERC has issued tariff order for FY 2016-17 on dated 27th July 2016. PSPCL hereby submits that the MYT petition as submitted considering various approaches keeping in view tariff order for FY 2016-17.

As per the above direction of Hon'ble Commission, under the current petition PSPCL has projected own thermal generation based on merit order rather than plant availability.

Further PSPCL would like to say that GNDTP, Bathinda is an old generating station whose units have already outlived their useful life of 25 years.

Furthermore, as per power demand scenario in the State of Punjab, GNDTP, units remained under reserve outage for longer period and during running period units remained running on backing down for maximum time as per directions of PC, Patiala. During frequent stop/start after reserve outage and running of units under backing down affects the performance of units. During FY 2015-16, there are 32 no. stop/start ups of GNDTP units after reserve outages and total number of reserve outage during the FY 2015-16 was 23547 hours. During backing down, power generation is reduced but most of the auxiliaries remained running at nearly full load which results in increase in percentage auxiliary consumption. Under the above circumstances, the variable cost of the GNDTP goes higher as compared to other plants and no power has been scheduled in merit order projection for the control period.

PSPCL has not claimed any fuel cost against GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in control period any variable expense shall be claimed during the trued up.

View of the Commission:

The objector may note the response of PSPCL

Issue 9.1: Cessation of GNDTP:

When GNDTP has been renovated with capital investment and new equipment, that investment may not be allowed to be practically scrapped by keeping nil generation over the three years control period as proposed in ARR. PSPCL should be asked to supply copy of project report for R&M of GNDTP, copy of memorandum approved by PSEB Board for the R&M of GNDTP and copy of all correspondence with CEA wherein the CEA approval has been given for R&M projects.

Reply of PSPCL

It is submitted that PSPCL had never proposed cessation of the GNDTP Bhatinda Plant and have claimed the availability of plant during the control period. PSPCL has not claimed any fuel cost against the GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in Control Period any variable expense on actual basis shall be claimed during the trued up for the relevant years of Control Period. It is also mention here that PSPCL is paying fixed cost of all the plants which have allocation share to PSPCL even after no power being scheduled in real time operation.

View of the Commission:

The Commission notes the objector's suggestion and PSPCL's response thereupon.

Issue 9.2: R&M of old and depreciated thermal stations:

The CEA policy is for R&M of old and depreciated thermal stations, since this is the most economic and time bound method of capacity addition where the existing infrastructure and facilities such as land, Railway linkage, water, etc. is utilized by replacing old equipment with new BTG under R&M scheme.

Reply of PSPCL:

Matter of record, hence PSPCL has no comments to offer.

View of the Commission:

The Commission notes the objector's suggestion.

Issue 9.3: Scrapping of GNDTP

Since GNDTP has been renovated under Govt' of India / CEA policy, it must not be scrapped at this stage

Reply of PSPCL:

PSPCL had never proposed cessation of the GNDTP Bhatinda Plant and have claimed the availability of plant during the control period. PSPCL has not claimed any fuel cost against the GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in Control Period any variable expense on actual basis shall be claimed during the trued up for the relevant years of Control Period. It is also mention here that PSPCL is paying fixed cost of all the plants which have allocation share to PSPCL even after no power being scheduled in real time operation.

View of the Commission:

The Commission notes the objector's suggestion and PSPCL's response thereupon.

Issue 9.4: GoI Renovated projects

The Govt. of India / NTPC renovated projects are an example of successful operation as under:

a) 4x110 MW Tanda TPS of UPSEB was taken over by NTPC' During current year, Apr-Dec, 2016, it has achieved PLF of 83.45o/o,

b) 460 MW Talcher TPS in Orissa having 4 units of 1101120 MW was similarly renovated by NTPC and during period April-December' 2016' it achieved PLF of 85'15%

c) RRVUN thermal station of Kota of 1240 MW capacity having a mix of 110 MW units and 210 MW units achieved 72.18% PLF during April. December, 2016.

Reply of PSPCL:

The Objection raised above is only for information purpose. Hence, PSPCL has no comments to offer.

View of the Commission:

The Commission notes the information.

Issue No. 9.5: Coal Linkage of GNDTP

The GNDTP has an inherent advantage of existing coal linkages which ensures long term supply of fuel at economic costs' as and when Pachhwara coal mine is restored, the economics of GNDTP will improve

Reply of PSPCL:

Pachhwara coal mine is subjudice in the Hon'ble High Court. Hence, PSPCL has no comments to offer at this stage.

View of the Commission:

The Commission notes the objector's suggestion.

Issue No. 9.6: Favourable PPAs with IPPs

The root cause of problem remains that Govt. of Punjab allowed the setting up of IPPs having excess capacity and favourable PPAs with the result that these stations are being preferred while the State owned GNDTP is being proposed for shut down. The Govt. of Punjab power generation policy even had the provision for additional unit at Talwandi Sabo and Rajpura which was not implemented

Reply of PSPCL:
Above objection relates to policy matter of GoP, Hence, PSPCL has no comments to offer at this stage.
View of the Commission:
The objector may note the response of PSPCL

Issue No. 9.7: Operational schedule of GNDTP
lt is proposed that the operational schedule of GNDTP must be decided starting with the requirement of State during the 4 months of paddy season where the demand is maximum. The ARR projections are based on annual energy requirements, whereas, for utilization of GNDTP, the maximum energy requirement during 4 months of paddy season should be the basis. Even if the merit order is to be considered, it should be during the loading and demand conditions of paddy season. Even during other months of the year, the preference should be given to state L I owned thermal stations.
Reply of PSPCL
As per the direction of the Hon'ble Commission PSPCL in the Tariff Order for FY 2014-15 and subsequent Tariff Orders

> *The Commission in the Tariff Orders for FY 2014-15 and FY 2015-16 directed PSPCL that the surrendering of energy should be as per merit order dispatch from all the thermal generating stations, including PSPCL's own thermal generating stations. In the present scenario, the estimation of generation from PSPCL's own thermal generating stations on the basis of plant availability will not give correct estimation*

As per the above direction of Hon'ble Commission, under the current petition PSPCL has projected own thermal generation based on merit order rather than plant availability.
GNDTP, Bathinda is an old generating station the units of which have already outlived their useful life of 25 years.
PSPCL has not claimed any fuel cost against GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in control period the variable expense shall be claimed during the trued up.
View of the Commission:
The Commission notes the objector's suggestion and PSPCL's response thereupon.

Issue No. 9.8: Sale of surplus Power
The other alternative is to explore new options for sale of surplus power from PSPCL thermal stations to other deficit states whereby the variable charges plus part of the fixed charges are recovered. ln case, GNDTP is kept shut down for 3 years, the fixed charges will not be recovered' However if buyers are found to purchase the energy at a rate by which the variable charges plus a portion of the fixed charges is recovered, PSPCL would gain financially to the extent of recovery of fixed charges on this energy sale.
Reply of PSPCL:
PSPCL welcome the suggestion of Objector. PSPCL is trying to explore all possible way out for optimal utilization of GNDTP Plant.
PSPCL welcomes the suggestion given by the Objector and will take necessary steps to utilise the capacity of GNDPT in best possible manner under the guidelines of Hon'ble commission.
View of the Commission:
The Commission notes the objector's suggestion and PSPCL's response thereupon. Also refer to view of the Commission on Issue No. 4 of Section A, Objection No. 5 above.

Issue No. 10: Details and clarification for deterioration of SHR of GNDTP
The PSPCL must give details and clarification for deterioration of SHR of GNDTP to 2800 range during 2016-17 particularly when the CPRI had carried out a study and recommended remedial measures to improve the SHR An action plan must be put up by PSPCL and NTPC can be requested to give further suggestions / for improving station heat rate. The NTPC has an organization CENPEEP which is for the purpose of improving the efficiency of State sector thermal stations.
Reply of PSPCL:
PSERC fixed target of Heat rate as 2750 Kcal/Kwh for FY 2016-17. Actual heat rate for FY 2016-17 (up to Sep-2016) remained as 2759.04 Kcal/Kwh and up to Dec-2016 remained as 2755.69 Kcal/Kwh. This show, the actual heat rate is slightly higher than the norms fixed by PSERC. GNDTP units remained under Reserve outage for 9992 Hours & under backing down for 4173 Hours up to Sep-2016 during FY 2016-17. Frequent Start/stops after reserve outage and running the units under

backing down adversary affects the performance parameters including Heat rate. R&M of stage-1 units was carried out during the period 2004-07 & R&M of stage-2 units has been carried out during the period 2010 to 2014. After R&M, GNDTP units are capable to run at their rated capacity with improved performance parameters and we are sure that GNDTP units will give better performance against the very stringent norms fixed by PSERC if these units are kept running with minimum backing down.

View of the Commission:

The objector may note the response of PSPCL

Issue No. 11: Mukerian Stage-II

PSPCL may give the commissioning schedule of Mukerian Stage-2

Reply of PSPCL

The tentative date for commissioning of UNIT -1 is July 2017 and of UNIT-2 is March 2018, the details of major items supplied by BHEL which have been imported from out of India is as under:

1. Shaft Ukrain
2. Bearings Ukrain
3. Stator Coils China
4. Rotor China

Rest of the material has been supplied by BHEL either own manufactured or manufactured by different firms located in India.

View of the Commission:

The objector may note the response of PSPCL

Issue No.12: Release of new T/W connection viz-a-viz T&D losses

PSPCL has stated that due to release of 1 .65 lakh AP connections in 2016-17 the T&D losses will be adversely impacted' However in the matter of tube well energy consumption methodology, in the case of applying the pumped energy principle' PSPCL had objected that the HT/LT losses will be much lower than l5%, i.e. 6 to 10% because of HVDS connections. PSPCL may indicate if the 1.65 lakh AP connections in 2016-17 are released under HVDS and if so the losses would be 6 to 10% as Per PSPCL claim.

Reply of PSPCL:

PSPCL is claiming AP energy consumption as per sample meter basis. However, the Hon'ble Commission while truing Up the AP consumption is following Pumped Energy methodology under which the Hon'ble Commission assumed 15% loss as sub transmission level which will adversely impact the overall loss trajectory of PSPCL. PSPCL prays the Hon'ble Commission to kindly restate Loss trajectory of PSPCL since they have adopted Pumped energy methodology for approving AP consumption.

View of the Commission:

PSPCL is directed to provide information sought by the objector, under intimation to the Commission.

Issue No.13: Data of AP category:

PSPCL may give the following data regarding AP consumption. ,

i) New connections to be released in each year of the control period

ii) Figures of connected load at the end of each year

iii) Figures of kWh per KW per year for AP connections for the years 2017-18 to 2019-20

Reply of PSPCL:

Released of new connections is policy decision of GoP. PSPCL has projected sales based on CAGR and observation of Hon'ble commission in ARR order for FY 2016-17. As far as connected load is concerned, it is directly related to the number of connections to be released based on GoP policy during Control Period.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No.14: Allocation of coal from Pachhwara

From the coal allocation table, it is seen that out of 13 million tonnes per year the supply from Pachhwara would be 7 MTPA. PSPCL may give its action plan for reviving the coal supply from this mine, which was reallocated to Punjab after payment of ₹390 Crore.

Reply of PSPCL:

The latest status of Pachhwara Coal Mine is as under:

1. Ministry of Coal, Govt. of India has allotted Pachhwara Central Coal Mine to PSPCL vide Allotment Order No. 103/11/2015/NA dated 31.03.2015. PSPCL has floated e-tender Global Tender Enquiry No. 4/ CE/ FUEL/ C-273 (V) dated 31.08.2015 for selection of Mine Developer

cum Operator (MDO) for development and operation of Pachhwara Central Opencast Coal Mining Project, Distt. Pakur, Jharkhand. Though the above tender enquiry was scheduled to be opened on 29.10.2015, but after holding pre-bid meeting, three number corrigenda were issued to the Global Enquiry and the tender enquiry was re-scheduled to be opened on 15.12.2015.

2. Evaluation of bids: Against the tender enquiry floated by PSPCL for appointment of MDO, the Technical and Commercial Bids were submitted by five number firms which were opened on its scheduled date i.e. on 15.12.2015. The technical and commercial evaluation of bids submitted by the bidders was carried out by PSPCL consultant M/s a'XYKno. On the basis of the recommendations of the Core Committee of PSPCL on this evaluation, an Agenda No. 186/ CE/ Fuel/ C-273 A (IV) dated 02.02.2016 was put up before the WTDs of PSPCL to consider and decide on the proposal contained in the Agenda. The WTDs in its 178th meeting held on 04.02.2016 decided as under:

"RESOLVED THAT approval be and is hereby accorded for opening of price bids of following four number firms:

i) Adani Enterprises Limited, Gurgaon
ii) EMTA Coal Limited, Kolkata
iii) NCC-BGR Consortium (Nagarjuna Construction Company Ltd. (Hyderabad) – BGR Mining & Infra Pvt. Ltd. (Hyderabad) through Consortium)
iv) SAINIK-VPR Mining Consortium (Sainik Mining & Allied Services Ltd. (Gurgaon) – VPR Mining Infrastructure Ltd. (Hyderabad) through Consortium)

FURTHER RESOLVED THAT Thriveni-AMR JV (Thriveni Earthmovers Pvt. Ltd. (New Delhi) – AMR India Ltd. (Hyderabad) through Consortium have not fulfilled the eligibility criteria under Clause 6.2.4 of the bid and hence disqualified."

Based upon the above decision of the WTDs, the price bid of the above four number eligible firms was scheduled for opening on 11.02.2016 and all the firms were informed vide this office letters dated 04.02.2016 for opening of the price bid. However, against this tender enquiry Price Bids could not be opened due to stay granted by Hon'ble Punjab & Haryana High Court in the following CWPs filed by various bidders against this tender enquiry. The case is still pending in the Hon'ble Court.

View of the Commission:

The objector may note the detailed response of PSPCL

Issue No. 15: Variable charges of IPPs

Variable charges of lPPs in Punjab, 294 Paisa Per unit for GVK, 264.05 Paisa for Talwandi Sabo and 227.8 paisa per unit for NPL.

Reply of PSPCL:

Matter of record, Hence, PSPCL has no comments to offer.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No.15.1: Actual billing figures

PSPCL may give the actual billing figures for the month April, 2016 to give the coal cost, Railway Freight, landed cost, energy generation and charges per unit.

Reply of PSPCL

Details have been provided by PSPCL.

View of the Commission:

PSPCL should supply the details to the Objector under intimation to the Commission.

Issue No. 15.2: Higher content of ash in coal supplied to Talwandi Sabo

In case of Talwandi Sabo, the coal was required to be first washed at the coal mine end. However storlite it has not been washing the coal. As a result the ash content of coal is as high as 50%. Whereas MOEF notification mandates that the coal of thermal stations located more than 1000 Kms from coal mine should have an ash content less than 34% Transporting of coal of 50% ash to Talwandi Sabo It is suggested that the railway freight on the higher content of ash must be recovered from Talwandi Sabo thermal plant.'

Reply of PSPCL:

PSPCL is making payments to TSPL as per Schedule 7 of PPA wherein quoted net station heat rate is 2400 kcal/kwh. Further fuel cost expressed per tonne consisting of coal cost & railway freight and GCV of the coal supplied by MCL (subsidiary of Coal India Ltd.) in kcals per kg are to be considered for calculation of energy charges rate for each unit of electricity (₹/kwh). Since fuel cost includes coal cost & railway freight for one kg of coal, therefore there is no difference in the transportation cost of one kg of coal by railways whether the coal is washed/ unwashed. Transporting coal having more than 34% ash contents, TSPL shall be paying more transportation charges to Indian Railways.

However, PSPCL is making the payment of the fuel cost of the quantity of coal as per Schedule -7 of PPA and is not paying extra payments to TSPL for transporting unwashed coal.
Regarding transporting the coal having ash contents more than 34% by TSPL, Punjab Pollution Control Board has already issued notice for violation of the norms of Ministry of Environments & Forest, GoI

View of the Commission:

On the basis of a news item in the Hindustan Times, Chandigarh dated 06.12.2006 under the heading 'Talwandi Sabo Power Plant flouts green laws to save ₹400 crore', alleging violation of environment laws and burdening the consumers of the State, the Commission has initiated suo-motu proceedings in petition No.6 of 2017, which is under adjudication in the Commission.

Issue No.15.3: Fuel Cost comparison of GNDTP, GGSSTP & GHTP with IPPs

PSPCL may be asked to supply a comparative statement of fuel quality and cost by working out the parameter of ₹ per 1000 kcal in respect of coal as received at Bathinda, Ropar, Lehra and compared with the billing figures of GVK, T. Sabo and NPL. This is most important because the IPPs who consider fuel as a pass through charge may not be making the maximum efforts to ensure economy in the procurement of fuel. There is also a clear possibility of over invoicing in the supply of coal for achieving extra, unjustified profit.

Reply of PSPCL:

The information has been supplied by PSPCL.

View of the Commission:

Objector may note the response of PSPCL and also refer para 5.7 of this Tariff Order.

Issue No. 15.4: Cost of fuel based on GCV for payment to IPPs

Since, PSPCL would be paying the cost of fuel, consumed at the IPP stations by way of payment of variable charges of energy supplied, the PSPCL must have its own system / safeguards to ensure that there are no overcharges by the lPPs regarding fuel. PSPCL must have a system of checking and verifying not only the cost of fuel arranged by the lPPs but also the GCV of this fuel so that the correct figures are used while billing for variable charges of energy supplied.

Reply of PSPCL:

PSPCL is making payments to IIPs i.e. NPL& TSPL as per Schedule 7 of PPAs signed

View of the Commission:

PSPCL is directed to ensure compliance of various clauses of the PPAs and the rules/regulations.

Issue No. 16: Continuation of subsidy to new consumers

New categories of consumers have been included for 2017-18 onwards which were introduced / allowed subsidized supply as late as Oct-2016. There is no indication or document from Govt. of Punjab that these new categories would continue to receive subsidized supply in the control period years 2017-18 to 2019-20.

Reply of PSPCL:

PSPCL has projected the subsidy for various categories of consumers based on current directions of GoP, subject to prudent check by Hon'ble Commission.

View of the Commission:

The payment of subsidized power to any section of consumers is the policy decision of the State Govt

Issue b: Position regarding subsidy payment for 2016-17:

PSPCL should give the present (current) position regarding subsidy payment for 2016-17.

Reply of PSPCL to Issue b:

Current status of subsidy as on 8th March 2017 as under:

Particulars	Subsidy (crore)		
	Agriculture	Power	Total
Payable during 2016-17	6113.66	1829.41	7943.07
Subsidy received including adjustment of ₹633.32 crore for intt. under UDAY/ED deposited upto date	3508.50	1615.11	5123.61
Balance due up to 8 March 2017	2605.16	214.30	2819.46
Expected adjustment in March '17			
Interest on UDAY Bond to be paid by PSPCL to state Government			439.47
ED to be paid by PSPCL			19.83
Total			2360.16

View of the Commission:
The information has been supplied by PSPCL.

Issue C: Payment position of subsidy
As per subsidy statement on PSPCL website, the subsidy payment position up to 31.12.16 shows that Subsidy received ₹3463.21crores Total subsidy to be given ₹7598.1crores
Reply of PSPCL:
Matter is for record. Hence, no comments to offer
View of the Commission:
The Commission agrees with reply of PSPCL.

Issue D: Interest on delayed payment of subsidy
Interest on delayed payment of subsidy should be allowed.
Reply of PSPCL:
PSPCL welcome the Suggestion and request Hon'ble Commission to allow Interest on delayed payment of subsidy
View of the Commission:
Commission allows interest to PSPCL on delayed payment of subsidy by GoP.

Issue E: Suggestion in case of shortfall in subsidy payment
In case of shortfall in subsidy payment for 2016-17, the quantum of shortfall may be included in the subsidy figure for next year 2017-18 to be paid upfront since it is the payment relating to the previous year. This amount should not be spread over the 12 months of the next year
Reply of PSPCL:
PSPCL welcome the Suggestion and request Hon'ble Commission to consider the same while allowing the subsidy for FY 2017-18.
View of the Commission:
Interest on delayed amount of subsidy is recovered from the Govt. of Punjab.

Objection No. 17: Sh.Sandip Jain, Director, Antarctic Industries Limited, C- 44/47, Focal Point, Ludhiana.

Issue No. 1: Two Part Tariff:
The objector has enclosed the same comments as filed by the objector to the earlier proposal of PSPCL in 04/2016 and has not submitted any fresh comments on the latest proposal of PSPCL.
Reply of PSPCL:
The proposal now submitted by PSPCL along with the MYT Petition is different from the earlier proposal and is based on the latest data of 2015-16 and tariff for 2016-17. The objector has also not provided any comments w.r.t. the fresh proposal submitted by PSPCL along with MYT Petition.
Hence, the earlier proposal is nowhere in picture now and the concept in the new proposal is different from the earlier proposal which already stands submitted to the Hon'ble PSERC for consideration and the final call to introduce the two part tariff is to be taken by the Hon'ble Commission, hence no comments are now required to be offered on the objection as per the earlier proposal as forwarded by the objector.
View of the Commission:
The Commission notes the objector's view and PSPCL's response thereupon.

Issue No. 2: Applicability of new tariff with retrospective effect:
The tariff is announced way beyond 1st April and is made effective retrospectively. It is requested that the tariff to be announced should be annualized and be made effective from the date of announcement.
Reply of PSPCL:
PSPCL files ARR & Tariff Petition every year within the stipulated time i.e. on or before 30th November as specified in the Regulations. The reply to deficiencies is also submitted within the specified time limits. The issuance of tariff order on time is the outlook of the Hon'ble Commission. PSPCL has no comments to offer. PSPCL has carried out all its duties as per the Regulations within the specified time. PSPCL request the Hon'ble Commission that even if the tariff order is issued with a delay, the Hon'ble Commission should take care that there is no revenue loss to PSPCL.
View of the Commission:
The Commission notes the objector's concern. Tariff determination exercise is carried out as per

PSERC Regulations after carrying out the prudence check of the expenses. It has been Commission’s endeavour to perform its functions within the time period as specified in the Act/Regulations. However, due to some exigencies beyond the control of the Commission, the proceedings of the Commission are delayed sometimes.

Issue No. 3: Cost of Supply:

As per APTEL judgments tariffs are to be recovered on the basis of cost of supply plus nominal profit. The current rates are against the above norm. Industrial category at 440 KV is charged lower than the LS category which is at 11 KV supply. Also (PIU) is charged higher tariff (currently ₹ 0.19 more than LS category)

Reply of PSPCL:

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

Further, Clause 8.3 of Tariff Policy states as under

> *"**8.3 Tariff design: Linkage of tariffs to cost of service***
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.

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

View of the Commission:

Refer to view of the Commission on Issue No. 12, Objection No. 6 above.

Issue No. 4: Free Power to Agriculture and Other Categories:

The objector raised the issue that power is free to Agriculture Sector and to BPL families up to 200 units. But the PSPCL don't have exact number of units been given free and actual cost of free power to be recovered from the Punjab Government. Resultantly the free power burden is passed on general consumers reflecting into high tariff. The objector has submitted to ensure that the tariff be approved on the basis of Cost of Supply irrespective of the benefit given to other consumers.

Reply of PSPCL:

As per the Punjab Government policy free supply to agriculture tubewells is allowed. As far as, the exact number of unit and cost thereof is concerned the same is approved by the PSERC after applying prudent check on the consumption submitted to PSERC.

View of the Commission:

The AP consumption is determined after prudent check by the Commission and the number of units for subsidy to BPL families are determined from the audited accounts of PSPCL.

Issue No. 5 Electricity Duty and Infra Cess:

Whenever any rebate or refund is given to a consumer, the electricity duty (13%) and Infra Cess (5%) is not refunded. Resultantly we get l8% less rebate/refund. Since electricity duty and Infra Cess is on applicable tariff and if there is any reduction in the same, both the above charges should also be reduced.

Reply of PSPCL:

With regards to Infra Cess and electricity duty, PSPCL would like to submit that these levies are imposed by the Govt. Of Punjab and PSPCL cannot comment in this regard.

View of the Commission:

The Commission does not agree with the reply of PSPCL and direct PSPCL to look in the matter and resolve the issue.

Issue No. 6: ToD Tariff:

PSPCL has offered a night rebate of ₹1 under ToD tariff for six month i.e. from 1st Oct to 31st March. The Objector requests to increase the night rebate to ₹2 per unit. Besides it, objector stated that due to absence of rebate on ED, ToD night rebate come to ₹0.87 only.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by Hon’ble Commission. Further, fixation of tariff and application of ToD rebate to particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.

View of the Commission:

The Commission has noted the objector's suggestion. Refer to para 6.2 of this Tariff order.

Issue No. 7 Peak Load Exemption Charges vis-a-vis ToD:

Objector suggests that PLEC should be totally abolished and in its place normal tariff + nominal charges per KVAH should be approved. This will totally abolish paper work for PLEC. For the period August- September the additional charges for 6 pm - 10 pm should be reduced from ₹2 per KVAH to ₹1 per kVAh

Reply of PSPCL:

The tariff different consumers/categories of consumer is approved by Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL levy charges to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.

View of the Commission:

The Commission has noted the objector's suggestion. Refer to view of the Commission against Issue No.1 Objection No.13 above and para 6.2 of this Tariff order.

Issue No. 8: Open Access of Power:

As per the new Open Access Regulations it is virtually impossible to buy power privately. It is requested to re-examine the new open access regulations and bring out a model which is suitable to both consumers and PSPCL.

Reply of PSPCL:

The request made by the Objector is to the Hon'ble Commission. PSPCL has no comments to offer.

View of the Commission:

The Commission notes the objector's suggestion. The various charges are determined by the Commission as per its notified regulations.

Issue No. 9: Unauthorized use of electricity:

UUE should only be made applicable where there is difference of tariff, difference of supply voltage or where revenue of PSPCL is affected but not in the case where a consumer has changed its machinery or land area or any other such change which is immaterial so far as PSPCL's revenue is concerned.

Reply of PSPCL:

The tariff is applicable to consumers based on the purpose of usage electricity as specified in the tariff order. In case the purpose of usage of electricity changes, the tariff applicable also changes.

View of the Commission:

The regulation related to UUE in Supply Code is strictly as per section 126 of the Electricity Act, 2003.

Objection No. 18: Sh.P.D.Sharma, President, APEX Chamber of Commerce & Industry (Pb), Room No.204, 2nd Floor, Savitri Complex-I, G.T.Road, Ludhiana.

Issue No. 1: Applicability of new tariff with retrospective effect:

Refer Issue No.2 of Objection No.17

Reply of PSPCL:

Refer reply of PSPCL against Issue No.2 of Objection No.17

View of the Commission:

Refer to Views of the Commission on Issue No.2 Objection No. 17 above.

Issue No. 2: Cost of Supply:

As per APTEL judgments tariffs are to be recovered on the basis of cost of supply plus nominal profit. The current rates are against the above norm. Industrial category at 440 KV is charged lower than the LS category which is at 11 KV supply. Also (PIU) is charged higher tariff (currently ₹ 0.19 more than LS category)

Reply of PSPCL:

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

Further, Clause 8.3 of Tariff Policy states as under

> "***8.3 Tariff design: Linkage of tariffs to cost of service***
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.

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

View of the Commission:

Refer to view of the Commission on Issue No. 12 Objection No. 6 above.

Issue No. 3: Free Power to Agriculture and Other Categories:

The objector raised the issue that power is free to Agriculture Sector and to BPL families up to 200 units. But the PSPCL don't have exact number of units been given free and actual cost of free power to be recovered from the Punjab Government. Resultantly the free power burden is passed on general consumers reflecting into high tariff. The objector has submitted to ensure that the tariff be approved on the basis of Cost of Supply irrespective of the benefit given to other consumers.

Reply of PSPCL:

As per the Punjab Govt. policy free power to Agriculture Tubewells is allowed. As far as the exact number of units and cost thereof is concerned the same is approved by the PSERC after applying prudent check on the consumption submitted to PSERC.

View of the Commission:

The AP consumption is determined after prudent check by the Commission and the number of units for subsidy to BPL families are determined from the audited accounts of PSPCL.

Issue No. 4 Peak Load Exemption Charges vis-a-vis ToD :

Objector suggests that PLEC should be totally abolished and in its place normal tariff + nominal charges per KVAH should be approved. This will totally abolish paper work for PLEC. For the period August- September the additional charges for 6 pm - 10 pm should be reduced from ₹2 per KVAH to ₹1 per KVAH

Reply of PSPCL:

The components of tariff are decided by the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL levies charges to the consumers at the rate specified in the Tariff Order issued by the Hon'ble Commission.

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No.13 above and para 6.2 of this Tariff Order.

Issue No. 5: ToD Tariff:

PSPCL has offered a night rebate of ₹1 under ToD tariff for six month i.e. from 1st Oct to 31st March. The Objector requests to increase the night rebate to ₹2 per unit. Also ToD shall be applicable throughout the year.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by Hon’ble Commission. Further, fixation of tariff and application of ToD rebate to particular category of consumer is the prerogative of the Hon’ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would sell electricity to the consumers at the rates approved in the tariff order issued by the Hon’ble Commission.

View of the Commission:

The Commission has noted the objector’s suggestion. Refer to para 6.2 of this Tariff order.

Issue No. 6: Open Access of Power:

As per the new Open Access Regulations it is virtually impossible to buy power privately. It is requested to re-examine the new open access regulations and bring out a model which is suitable to both consumers and PSPCL.

Reply of PSPCL:
The request made by the Objector is to be considered by the Hon'ble Commission. PSPCL has no comments to offer.
View of the Commission:
The Commission notes the objector's suggestion.

Issue No. 7: Unauthorized use of electricity:
UUE should only be made applicable where there is difference of tariff, difference of supply voltage or where revenue of PSPCL is affected but not in the case where a consumer has changed its machinery or land area or any other such change which is immaterial so far as PSPCL's revenue is concerned.
Reply of PSPCL:
PSPCL submits that the tariff is applicable to consumers based on the purpose of usage of electricity as specified in the tariff order. In case the purpose of usage of electricity changes, the tariff applicable also changes.
View of the Commission:
Refer to Views of the Commission on Issue No.9 Objection No.17.

Objection No.19: Sh. Gurmeet Singh, General Manager/Electrical, Khanna Paper Mills Ltd., NH-1, Majitha Bye-Pass, Amritsar.

Issue No.1: Two Part Tariff viz-a-viz CPPs
The objector has requested for considering the CPPs as a special category and allowing the rebates to them in the two part tariff for promoting the Cogen. Further it has also been brought out by the objector that, with the proposed fixed charges and abolition of MMC, CoGen Plants will suffer financially as in addition to bearing the fixed cost of power plants, they will have to pay the fixed charges for the same to PSPCL for maintaining the CD and thus cost of Power will be effected adversely. The objector has requested the Commission to hold a separate discussion and consider their request to keep the consumers having set up the co gen plants out of preview of the two part tariff.
It has also been raised that the Two Part tariff should have been dealt separately from ARR. The two part tariff proposal is simply the working of the existing tariff. The proposal will kill open access unless wheeling charges abolished. Higher fixed charges for higher CD will act as deterrent on the consumers to increase the CD. Further, the objector has also requested to allow incentives to increase the consumption as existing in MP and Maharashtra.
Reply of PSPCL:
Refer reply of PSPCL on Issue No.1 Objection No.3.
View of the Commission:
The objectors view and response of PSPCL has been noted. Refer to para 6.3 of this Tariff order.

Issue No.2: Proposal for Two Part Tariff
Presently there is single part tariff applicable for the consumers of PSPCL It s not understandable as to why the two part tariff proposal relating to the year 2016-17 has been clubbed with the ARR, It should have been dealt separately a few weeks before the ARR giving due time to consumers to deliberate, Further, the intention of PSPCL is to introduce two part tariff for 2017-18 but the working has been done for the year 2016-17.
It is pointed out that the two part tariff proposal submitted now is not a proposal for 2017-18 but simple reworking of the existing tariff for the year 2017-18.For some items data of 2015-16 has been used. Under these circumstances what comments are being expected from consumers is not understandable.
The proposal has to be seen in the backdrop of section 61 of the Act which requires that PSPCL and PSTCL be run on Commercial Principles and there should be competition. The proposal would kill open access (unless wheeling charges are abolished for availing open access power up to CD for embedded consumers. There is no proposal to introduce second distribution licensee. Thus competition would be eliminated which is the basic essence of the Electricity Act as promised in the preamble.
The recession in the Industrial sector is still continuing and PSPCL has again submitted the Two Part Tariff proposal without any discussion with various categories of consumers / consumer associations on the issues /objections raised by them since the issue of tariff order 2014-15.
Without prejudice to the above submissions, it is also submitted that while commission is trying to find

ways and means to increase the consumption in Punjab to absorb the surplus power. The higher fixed charges on for higher CD will act as a deterrent to the consumers to increase the CD for expansion of existing units. It may be pointed that Madhya Pradesh, Maharashtra etc., which is a favourite destination investments gives of new rebate on increase in consumption /utilization/Load factor consumption. If PSPCL also wants to increase the consumption of power by industries, it must propose on high end rebate industries on the pattern of Madhya Pradesh Maharashtra etc., for LS industry instead of surcharges.

Reply of PSPCL:

It is submitted that the two part tariff proposal has been submitted as per the various directions from the Hon'ble Commission from time to time. The Hon'ble Commission had directed to submit the two part tariff proposal alongwith the ARR. The two part tariff has been arrived at by using the latest available data for 2015-16 and the latest available tariff for the FY 2016-17. This exercise has also been done as per the directions of the Hon'ble Commission. In the proposal, only the existing single part tariff has been splitted and other charges/surcharges/rebates are still applicable as per the existing schedule and general conditions of the tariff. The various open access charges are also applicable as per the various provisions of the open Access Regulations notified by Hon'ble Commission. By the inherent nature of the two part tariff, the higher consumption consumers shall automatically be got benefitted as their bills (if the consumption is higher consumption than the U.F) shall be got reduced as compared to the existing single part bills. It is also submitted that the similar incentives as compared to other states (M.P as brought out by objector) are very difficult to apply in Punjab. However, it is pertinent to mention here that the State of Punjab with the approval of Hon'ble Commission recently had also announced the various incentives in different forms for the industrial consumers (such as reduction in tariff, abolition of PLEC, introduction of ToD etc…). However, it is also brought out that the charges (especially fixed/demand charges) in the states of M.P., Maharashtra are also very high as compared to the fixed charges proposed by PSPCL. Hence, PSPCL has already proposed a lower tariff than these states.

View of the Commission:

The objector's view and response of PSPCL has been noted. Refer to Para 6.3 of this Tariff order

Objection No. 20: Sh.Vijay K R Chawla, Chairman, Power & Energy Matters Comm., Mohali Industries Association, MIA Bhawan, Way 143-144, Oppo. E.S.I., Hospital, Industrial Area, Phase-VII, Mohali.

Issue No. 1: Power Tariff Structure viz-a-viz surplus power in State.

When power is surplus in the State it is irrelevant to charge higher power tariff from consumers as due to availability of uninterrupted power supply we are consuming more power so the power bills are automatically higher/inflated now than they were previously, in this way PSPCL is in gain of revenue.

Reply of PSPCL:

The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission after taking due cognizance of surplus power. Accordingly, PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.

View of the Commission:

Refer to Views of the Commission on Issue No. 6 Objection No. 15 above.

Issue No. 2: Industrial Tariff Vs Industrial recession in State

The industry is already in recession and along with this many industries of Punjab are shifting, due to tax holiday in neighbouring States and low land price (fixed cost and dead investment). If tariff under this scenario is increased it will catalyze more industry to move out of the State.

Reply of PSPCL:

Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.

View of the Commission:

The Commission notes the objector's submission. Refer to view of the Commission on Issue No. 6 Objection No. 15

Issue No. 3: Motivation for use of more power due to surplus power

In-stead of raising the tariff, the tariff should be lowered and the industry/ consumers should be motivated to use more power which will ultimately increase the power bills and in turn increase revenue to PSPCL.

Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission.
View of the Commission:
Refer to Views of the Commission on Issue No. 4 of Section A Objection No. 5 above.

Issue No. 4: Burden of power Agreements with Solar Generations
PSPCL has made agreement with solar power generating agencies at higher tariff (₹8/- per unit) it is now levying this burden on the consumer. This is totally irrelevant and it is the autocratic decision of the Power department.
Reply of PSPCL:
PSPCL has to make various NRSE agreements to comply the RPO obligations, based on time to time direction of Hon'ble Commission and also as per federal regulations.
View of the Commission:
Under Section 86 (1) (e) of the Electricity Act, 2003, the Commission is mandated to specify the Renewable Purchase Obligation (RPO) to be complied with by the obligated entities. The Commission specified the RPO for FY 2011-12 to FY 2014-15 vide notification No PSERC/Secy./Reg./55 dated 03.06.2011 and for FY 2015-16 to FY 2019-20 vide notification No. PSERC/Secy./Reg.100 dated 06.05.2015. In order to comply with the same, PSPCL signed the Power Purchase Agreements with the Solar Power Project developers for purchase of solar power as per the competitive bidding carried out by Punjab Energy Development Agency (PEDA) in FY 2013-14, FY 2014-15 and FY 2015-16 on the basis of discount offered by the bidders on the generic tariff determined by the Commission for solar PV power projects for the said years.

Issue No. 5 Burden of poor forecasting/planning on innocent consumers
Due to their poor forecast and perception, PSPCL have made purchase agreement at higher costs for long 25 years with National Grid/common pool, in turn their incapability is now being levied on innocent consumers.
Reply of PSPCL:
PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPAs signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPAs due to decrease in demand. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL
PSPCL has scheduled its procurement from various CGSs and IPP's on the merit order principles. Following factors have been considered for deciding the procurement/generation schedule:

i) Load profiles during various seasons;
ii) Technical constraints;
iii) Avoidable costs after giving due consideration to contractual obligations.

The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.
The Merit Order is a process which indicates the order in which indicates power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity
During the Control period, PSPCL has projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, the 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 2016. After surrender of energy, only variable charges have been reduced and fixed/other charges are assumed same. Accordingly, the surplus power available from thermal and gas stations has been surrendered as per merit order schedule.

View of the Commission:
Refer to Views of the Commission on Issue No. 4 of Section A Objection No. 5 above.

Issue No.6: Burden of private thermal plants whereas the Govt. plants are closed.
Private Thermal Power Plants are being run again due to PSPCL's non-intelligent agreements with them without any consent from the industry. Whereas Government Power plant units are now being closed also. This is ultimately impacting higher costs for power and in turn the staff engaged therein is sitting idle incurring cost to Power. All this at a time when the State is power surplus.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.5 Objection No.20 above.
View of the Commission:
Refer to Views of the Commission on Issue No. 4 of Section A Objection No. 5 above.

Issue No. 7: Data Analysis for sale of surplus power
PSPCL does not collect any data through which data analysis could be done and power could be sold intelligently, at lower production costs and increase in revenue for the department.
Reply of PSPCL:
The allegation of objector that the PSPCL does not collect any data through which data analysis could be done and power could be sold intelligently, is baseless. Regular data analysis exercise is being carried out by PSPCL to optimize Power Purchase Expenses.
View of the Commission:
The objectors view and response of PSPCL has been noted.

Issue No.8: UUE charges on Industries
Manufacturers manufacture for sale, if the product is not displayed, how can he sell the same. If the product is displayed within the industrial premises why should the department levy charges on UUE basis?
Reply of PSPCL:
As per the existing provisions of Schedule of Tariff SI.1.1.1- industrial Tariff, 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. UUE charges are not leviable in such a case.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 9: Category of Tariff for IT Industry
IT industry is being provided NRS connection whereas as per MSME Rules and Industrial Policy of Punjab Notification dated 5.12.2013, it should be charged as per clause 6.5.3.2 Sub Clause (A&B). It is evident from the said clause that incentives in respect of electric power are made available to units in "approved IT parks, industrial focal point, industrial areas and industrial estates at the tariff for Domestic and NRS loads of upto 50KW. The rates increase as the load increases.
Reply of PSPCL:
As per the instructions contained in commercial circular 42/2011 dated 03.11.2011 issued on the directions of Hon'ble PSERC vide memo no. PSERC/Tariff/Petition8 of 2011/3735 dated 27.07.11 and subsequent memo no. PSERC tariff/Pet.8 of 2011/6159 dated 10.10.2011, connection to IT /ITES industries is to be released depending upon the nature of the job. Service providers, even if service tax is exempted, should be covered under NRS' category and electricity connection to those units which are liable to pay Excise Duty even if exempted from payment of excise duty may be covered under industrial tariff.
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No. 10: Separate categorizations for industrial connection
Principally, Industry needs three connections in their industrial premises: NRS, Residential & Commercial as in the present scenario all three types of connections are required as the Industry also makes arrangements for boarding and lodging of their workers also due to shortage of labour and sale point for manufacture products.
Reply of PSPCL:
Categorization of various consumers is to be carried out as per the Schedule of Tariff, General Condition of Tariff and Supply Code-2014 issued by Hon'ble PSERC. PSPCL cannot change the

category. UUE is chargeable as per provision under section 126 of Electricity Act. 2003 (with amendments) and Supply Code-2014 issued by Hon'ble PSERC. Moreover, any grievance in respect to UUE can be got redressed through appropriate appeal to the designated/authorized authorities as specified in the PSERC Supply Code, 2014- Clause no. 36

View of the Commission:

Refer schedules SI 1.1.1, SI 5, SII 1.1.1 and SII 5 as contained Annexure-II of this Tariff Order.

Issue No. 11: UUE and usage of industrial supply for DS/NRS

If the tariff difference for NRS / Residential and commercial connection is very small then why does the department charge higher penalty of UUE? It is suggested that the Department should merge all the three types of categories of power supply and calculate a mean tariff for the Industry which the industry can use for all types of activities.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.8 Objection No.20 above

View of the Commission:

Refer to Views of the Commission on Issue No.9 Objection No.17 above.

Issue No. 12: Penalty for slowness of Meter installed outside

If the meter of a consumer is installed outside his premises and is running slow due to any technical reason where the consumer is not a fault, he is penalized. The meter is sealed and clamped by PSPCL. Secondly when the department deputes a dedicated staff to visit the meter and check the working of meters which is his duty, then why is the consumer still found to be at fault whereas the staff appointed by PSPCL should point out any malfunctioning of the meter to the department to rectify. Hence the consumer should not be penalized for this.

Reply of PSPCL:

As per clause no.21.4.1 of PSERC approved Supply Code-2014, in case a consumer's meter becomes defective/dead stop or gets burnt, a new tested meter is installed within the time period prescribed in Standards of Performance on receipt of complaint. If the meter is burnt due to reasons attributable to the consumer, the cost of the meter is debited to the consumer who shall also be informed about his liability to bear the cost. In such cases the investigation report regarding reasons for damage to the meter is supplied to the consumer within 30 days. However, supply of electricity to the premises is immediately restored even if direct supply is to be resorted to, till such time another tested meter is installed.

As per Supply Code-2014 clause 21.5.1, if a consumer meter on testing is found to be beyond the limits of accuracy, the account of the consumer is overhauled and the electricity charges for all categories of consumers shall be computed in accordance with the said test results for a period not exceeding six months immediately. As per clause no. 21.3.6 (a) of Supply Code, 2014, distribution licensee shall have the right to test any consumer meter and related equipment, either at site or in the laboratory, if there is a reasonable doubt about its accuracy and the consumer shall co-operate with the distribution licensee in conducting the test. The consumer shall have the right to be present during such testing. A copy of the test results indicating the accuracy of the meter shall be provided to the consumer.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Objection No. 21: Sh. Inderjeet Singh Navyug, Sr. Vice President, United Cycle and Parts Mfrs. Association, Gill Road, Ludhiana

Issue No. 1: Press news – Power Surplus State want 28% hike in tariff

"Power Surplus" state want 28 percent tariff hike for 2017-2018, The Tribune news on dated 30-01-2017

Reply of PSPCL:

PSPCL would not like to comments on media report as published in News Paper. Furthermore Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections.

The process which is being followed for determination of tariff is very well defined in Section 61, Section 62 and Section 64 of the Electricity Act, 2003.

View of the Commission:

Refer to Views of the Commission on Issue No. 6 Objection No.15 above.

Issue No. 2: Increase the limit of MS industry from 100 kVA to 200 kVA
The objector has requested to increase the MS industry from 100 kVA to 200 kVA and with the new meter installed, exchanging old L&T meters resulting in rise in the electricity bills by 25 to 30 percent.
Reply of PSPCL:
The issue of increasing the limit of MS industry and rise of 25 to 30 percent electricity bills due to change of old meters with new meters are not linked to ARR or its current proceeding for FY 2017-18 and therefore PSPCL has no comments to offer on the same.
View of the Commission:
The matter is not related to ARR and may be dealt separately.

Objection No.22: Sh. Arvind Dhumal, State President, Laghu Udyog Bharti, Punjab), Crescent Engineering Corporation, G.T. Road, Bypass, Jalandhar

Issue No.1: Filing of petitions separately
Objector asked PSERC to direct PSPCL to file Separate petition and License Fee for Generation, Distribution, trading and other Business.
Reply of PSPCL:
The present Petition for ARR and Tariff for the control period from FY 2017-18 to 2019-20 is in line with the regulatory principles set by Hon'ble Commission and PSERC MYT regulation 2014. As far as the license fee is concern, PSPCL has paid the same as per the PSERC Regulation.
Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the ARR proposed by PSPCL as per PSERC MYT Regulation, 2014 while determining the tariff for FY 2017-18.
View of the Commission:
The objector may note the response of PSPCL

Issue No.2: Publication of application in abridged form & no proposal given to increase the tariff category wise.
That the petitioner has not published the application in abridged form for determination of tariff. Objector raised the issue that there is no proposal given by the distribution licensee for proposing to increase the tariff category wise.
Reply of PSPCL
PSPCL has no comments to offer the number of volume of MYT petition and the given time to file objection on the same. As per directions of the Hon'ble Commission on 29th December 2016 and within 7 days of the admission of the petition; PSPCL had published a public notice in the widely circulated English, Hindi & Punjabi newspapers in the State. The last date of filling of suggestions/ objections was also intimated in the public notice.
PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed as per PSERC Tariff Regulation, 2005 and PSERC MYT Regulation 2014, while determining the tariff for FY 2017-18.
View of the Commission:
Refer to Views of the Commission on Issue No.10 of Section C Objection No.9 above.

Issue No. 3: CAG Audit
CAG Audit report has not been submitted by PSPCL
Reply of PSPCL
It is submitted that the accounts for the year FY 2014-15 have been adopted by the members in the AGM held on dated 21/12/2016. As far as the accounts for FY 2015-16 are concerned the same are under statutory audit and will be supplies as soon as possible. Furthermore, PSPCL submits that there is no delay or laxity in the finalization of accounts on the part of PSPCL.
View of the Commission:
The Commission has directed PSPCL for timely submission of Audited Annual Accounts. Refer to Commission's Directive No.7.15 of this Tariff Order.

Issue No.4: Price of Tariff Petition
That Hon'ble Commission has fixed price of tariff petition @ ₹ 250/-, but PSPCL has demanded the sum of ₹1100 (One Thousand One Hundred) per copy of petition. Thus consumer could not afford to purchase tariff copies depriving the consumers to file objections.
Reply of PSPCL:
PSPCL is charging the cost of petition as fixed by Hon'ble Commission.

View of the Commission:
PSPCL should follow the directions of the Commission.

Issue No. 5: Bifurcated figures of load charges
That commission has approved tariff for three sub categories under Domestic category, but petitioner has not given bifurcated figures of load charges and consumption sub Category wise. We further wish to state that figures of consumption shown for domestic consumers below 100 units are inflated and are not true figures. This needs prudent check by Hon'ble Commission. Tariff benefit for poor consumers using upto 100 units should not be extended to other consumers who are using electricity for more than 100 units.
Reply of PSPCL:
PSPCL has projected the energy sales based on actual first half data for FY 2016-17 and projection of second half data based on CAGR of 3 years. PSPCL has already stated detailed methodology for category wise projection in his petition. Moreover, Hon'ble Commission will approve the sales for respective categories after applying prudence check.
View of the Commission:
The suggestion of the objector has been noted.

Issue No.6: Categories of domestic consumers
That we propose there should be only 3 (Three) kinds of domestic consumers detailed as under:-
(i) consumers using 30 units @50% of the rate as per Tariff Policy.
(ii) consumers consuming electricity upto 100 units @ cost price.
(iii) Consumers consuming electricity for more than 100 units should be charged @ cost price + cross subsidy.
Reply of PSPCL:
Determination of tariff and classification of categories is the prerogative of the Hon'ble Commission and PSPCL has no comments to offer.
View of the Commission:
The suggestion of the objector has been noted.

Issue No. 7: Cross subsidy
That the Tariff Policy framed U/S 3 of Electricity Act 2003 clearly says that, cross subsidiary rates can be given only to poor class of consumers using electricity units up to 30 units. Tariff Policy 2016 framed under Act also mention that, no subsidiary is to be given even to this class of consumers, if their consumption exceeds the permitted limits. On this score also only two categories of consumers should be made under domestic category. However to achieve this roadmap, one more sub category be allowed i.e. consumers using electricity up to 100 units @ cost price. This will increase the income of Powercom which will ultimately creating competition by reducing tariff instead of purposed increase.
Reply of PSPCL:
Clause no. 5.5.2 of National Electricity Policy notified by the Central Government in compliance with section 3 of the Electricity Act 2003, reproduced as under:-
"A minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consumed below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50% of the average (overall) cost of supply. This provision will be further re-examined after five years." PSPCL would like to submit that the provision of Act as mentioned above authorized PSERC to specify the different levels/slabs of energy consumption for applying different rates of tariff within one category. The Act has been misquoted as "cross subsidiary rates can be given only to poor class of consumers using electricity units upto 30 units", whereas Act mentioned "say 30 units per month" which means it is taken as example
View of the Commission:
The Commission agrees with the reply of PSPCL

Issue No.8: Categorization of load for consumers
That it is an admitted fact that, there is no proper growth, either in number of consumers or in connected load for Small Scale Industry having electricity connection under S.P category and M.S category since 1997, thus there is no growth of Small and Medium supply power consumers causing unemployment and bad economic conditions of citizens in the State. We humbly pray that permissible load of S.P category be changed from 20kW to 100kW/100kVA and for M.S from existing load upto 100kW to 200kW/100kVA, this will facilitate the consumers to install electric furnaces instead of oil

fired, wood fired and coal fired furnaces. This will also be a good step to improve air pollution besides this consumer will use more electricity which will illuminate the surplus power to be surrendered.

Reply of PSPCL:

The issue of categorizing a particular consumer under LS or MS category is not related to the ARR and tariff for which the current proceedings are undertaken. However PSPCL would like to submit that the categorization of load for consumer category is based on Supply Code Regulations notified by PSERC. It is not in the hands of PSPCL to provide a connection to a particular consumer for medium supply or large supply. The Supply Code has clearly specified the differentiation between large supply and medium supply. Also such categorization is also provided in the tariff order. PSPCL only follows these guidelines and based on them releases the connection. PSPCL therefore on its own cannot determine a particular consumer as LS or MS.

View of the Commission:

The issue is not related to ARR.

Issue No. 9: MMC:

There is no provision in Electricity Act 2003 to charge MMC (Monthly Minimum Charges). However MMC were allowed to be charged under Schedule Vl of Indian Electricity Act 1910, that too only upto the extent of 15% of the cost of expenditure spent on service line, that too for the maximum period of 2 (Two) years,

Reply of PSPCL:

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regard to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon'ble Commission keeping the interest of PSPCL in view. As far as PSPCL is concerned, it has been charging MMC as per instruction in vogue. However, with the introduction of Two part tariff, MMC will be abolished.

View of the Commission:

The objector's view and PSPCL's response are noted.

Issue No. 10: Determination of tariff & classification of categories

That as per Section 45 of Electricity Act read with Tariff Policy 2016 distribution licensee (PSPCL) can charge fix charges in addition to the charge for actual electricity supplied. Fix charges are only to be calculated on the basis of infrastructure and the fix expenses incurred for distribution purpose only and not for trading business or generation business or any other business done by PSPCL.

Reply of PSPCL:

Determination of tariff and classification of categories is the prerogative of Hon'ble Commission and PSPCL has no comments to offer. PSPCL levies the tariff as determined by the Hon'ble Commission. Further, it is submitted that as per Hon'ble Commission directive, PSPCL has submitted two part tariff proposal before Hon'ble Commission to levy two part tariff which is under the preview of Hon'ble Commission.

View of the Commission:

The objectors view and the PSPCL's response are noted. Refer para 6.3 of this Tariff Order.

Issue No.11: Subsidy for different categories of consumers

As per Tariff Policy 2016, extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. It has been mentioned in the tariff policy that the provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to rise in demand of electricity rapidly to put severe strain on the distribution network. Thus adversely affecting the quality of supply power. Therefore, it is necessary that reasonable level of user charges are levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariff reflecting efficient cost of service be charged from consumers. Lf the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or by any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers

Reply of PSPCL:

The increase in power consumption by Agriculture tubewells is partly due to increase in the number of tube wells and partly due to weather conditions prevailing during paddy season of June to September. Supply to agriculture tubewells 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 that too during the months of June to September for paddy cultivation. It is further submitted that power is available to Agriculture category for limited period of 8 hours; however, the industrial consumers are availing 24x7 supply considering their importance of usage. Hence, if industrial category consumers are paying higher tariff, the quality and availability of supply is also much better than other category of consumers. Also, industrial category consumers are also availing other benefits like kVAh tariff, ToD tariff, etc. which are not available for Agriculture category of consumers. As regards the cross subsidy, it is submitted that determination of tariff and "cross-subsidy level for agriculture category is prerogative of the Hon'ble Commission as per Electricity Act, 2003.

View of the Commission:

Allowing subsidized tariff to any class of consumers is the prerogative of the State Govt.

Issue No. 12: Free Electricity Supply:

That in the state of Punjab, free electricity supply is given to A.P sector, totally in violation of statutory provisions contained in tariff policy and that too without looking the fact that free supply will increase the demand besides lowering of water table which would create problem of water shortage in future. No cross subsidy is required for AP category of consumers.

Reply of PSPCL:

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

With regards to supply of power to agriculture category of consumers at COS rate is concerned, the said issue is under the prerogative of Hon'ble Commission. PSPCL would comply with the directions of the Hon'ble Commission. PSPCL only request the Hon'ble Commission to kindly allow recovering the legitimate cost of PSPCL claimed in the Petition.

View of the Commission:

Refer to the Views of the Commission on Issue No.11 objection No.22 above.

Issue No. 13: Determination of cross subsidy

That as per Para 8.3 of the Tariff Policy 2016 as a substitute of cross subsidy the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. Since the State Government has availed the option of raising resources by means of leaving electricity duty, thus cross subsidy cannot be imposed on the subsidizing class of consumers because the electricity duty collected is to be used for giving direct subsidy to A.P consumers, S.C, B.C consumers.

Reply of PSPCL

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

Further, Clause 8.3 of Tariff Policy states as under

> *"**8.3 Tariff design: Linkage of tariffs to cost of service***
>
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy…."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.

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

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No. 2 above

Issue No.14: ED & cross subsidy

Punjab is a land locked State where man power is not available and industry is employing manpower coming from other States. The industry in Punjab is paying Electricity Duty @ 18% and Octroi @ 10 paisa per unit+cow cess over and above the tariff rates fixed. If cross subsidy is also added this will unnecessarily increase the cost of supply to the consumers which is not the purpose of the Electricity Act, 2003. In view of the tariff policy para 8.3 cross subsidy should not be charged from subsidising class of consumers who are paying ED over and above the approved tariff.

Reply of PSPCL:

Refer to the reply of PSPCL against Issue No.13 objection No.22.

View of the Commission:

Refer to Views of the Commission on Issue No.1 Objection No.2 above

Issue No. 15: True figures of MMC

PSPCL is not disclosing true figures of MMC collected from consumers. However what so ever the income from MMC disclosed by PSPCL double the amount of that may be proportionately shared on different categories of consumers on their load and demand factor.

Reply of PSPCL:

Regulation 9 of PSERC Tariff Regulations, 2005 defines for audited actual expenditure to be submitted in true up of respective year for which audited accounts are available. The Hon'ble Commission will revisit the figures previously approved based on the audited accounts available and revise approve the cost while truing up exercise. PSPCL is disclosing true figures of PSPCL.

View of the Commission:

The objector's suggestion and the PSPCL's response are noted.

Issue No.16: MMC for Induction Furnace consumers

Monthly Minimum Charges for induction furnace consumers are fixed @ ₹491/- per kVA. These higher rates of Monthly Minimum Charges were fixed to discourage the release of new connections under induction furnace category because there was acute shortage of power supply than demand.

Reply of PSPCL:

PSPCL in the current petition has not proposed any MMC to any category of consumer. With regard to the matter to waive off MMC for particular category of consumer, the decision to do so rests upon the Hon'ble Commission keeping the interest of PSFCL in view. As far as PSPCL is concerned, it has been charging MMC as per instruction in vogue. However, with the introduction of Two Part Tariff, MMC will be abolished.

View of the Commission:

The objectors view and the PSPCL's response are noted.

Issue No. 17: Revenue earned on kWh and kVAh basis

That PSPCL is submitting revenue earned on kWH basis whereas M.S category, DS/NRS consumers having load more than 50kW, L.S category consumers, Bulk supply consumers are on kVAH basis. Thus true figure of revenue earned from sales of kVAH units should be directed to disclose revenue earned in kVAH consumption. Sub category PIU tariff under L.S tariff rate of which is 622 paisa per kVAH unit instead of 604 paisa (General Industry), Thus electricity sold to PIU category should be reflected separately, so that true figure of sale in kVAH units are known. This will increase revenue income for electricity through meter sales.

Reply of PSPCL :

Matter is not related to the current proceeding of ARR. Hence PSPCL has no comments to offer at this stage

View of the Commission:

The information sought by the objectors should be supplied.

Issue No. 18: True picture of temporary connections

That each and every building which is coming up for getting electric connection needs temporary connection. Rate of electricity energy of temporary connection is just double than permanent connection. PSPCL should be directed to give true picture of temporary connections, its load and revenue earned. Thus true picture of revenue earned will appear due to which revenue gap will reduce.

Reply of PSPCL:

Objector has raised the issue to Hon'ble Commission. Hence, PSPCL has no comments to offer.

View of the Commission:

The Commission does not agree with the reply of PSPCL. The information sought regarding temporary connections, their load and revenue earned may be supplied to the objector under intimation to the Commission.

Issue No. 19: Fuel surcharge

PSPCL is charging fuel surcharge every month over and above the tariff approved, but the figure of fuel surcharge charged from consumers has not been shown in revenue earned from sale of energy. PSPCL should be directed to disclose this figure. This will reduce tariff

Reply of PSPCL:

To neutralize the changes in fuel cost, Fuel Cost Adjustment as per fuel cost adjustment formula in accordance with the provisions of PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005 & PSERC (Conduct of Business) Regulations, 2005, as amended from time to time shall be applicable in addition to the tariff rates of various categories of consumers specified in relevant Schedule of Tariff. Further it is submitted that Hon'ble commission prudently check all the expenses and Income statement as submitted by PSPCL.

View of the Commission:

The objector's view and the PSPCL's response are noted.

Issue No. 20: Prudent check of income earned from each and every item

PSPCL is allowed to collect additional charges through the rates fixed for Schedule of General Charges. PSPCL should disclose separate figures for each and every item of revenue earned by charging as per Schedule of General Charges approved by Commission. Non-tariff income reflected is incorrect and wrong. Hon'ble Commission should check prudently income earned from each and every item. This will reduce tariff gap.

Reply of PSPCL:

Objector has pointed out PSERC to prudently check all Financial statement as submitted by PSPCL. PSPCL has no comment to offer.

View of the Commission:

The Commission has determined non-tariff income as per its regulation and as per the information supplied by PSPCL during the course of processing of ARR.

Issue No. 21: Processing fee

PSPCL is recovering process fee, but income earned from process fee has not been reflected. This is non tariff income and should be disclosed. This will reduce revenue gap.

Reply of PSPCL:

PSPCL mentioned all incomes as per their accounting policy. This has submitted to Hon'ble Commission for prudent check**.**

View of the Commission:

The Commission has determined non-tariff income as per its regulations after prudent check.

Issue No. 22: Provide residential accommodation instead of paying house rent

That when there were about 1 Lac employees including officers with PSPCL (erstwhile PSEB), normally all the officers and employees were provided residential accommodation. Now there is approximately 35000 employees and most of them are living in their own houses and PSPCL is also paying house rent allowance to them. PSPCL should be directed to provide accommodation to employees and officers and if they are not willing to occupy PSPCL Kothies and flats they should not be allowed house rent allowances. Moreover maintenance charge for buildings which are not in occupation should not be allowed. Value of surplus property and property under encroachment are not eligible for deprecation as well as return on equity. This point should prudently checked by Hon'ble Commission

Reply of PSPCL:

Objector has pointed out PSERC to prudently check all Financial statement as submitted by PSPCL. PSPCL has no comment to offer.

View of the Commission:

Repair and Maintenance (which includes the maintenance of houses) expenses are being allowed as per PSERC Regulations.

Issue No. 23: kVAh Tariff

That when kVAH tariff was introduced consumption recorded through TPT meters were considered. Even in Commercial Circular No. 49 of 2014. Formula to convert kWH consumption to kVAH was given i.e. for PIU 0.98PF, for General L.S Industry 0.95PF and for M.S category 0.92PF tariff was designed on the basis of readings recorded through TPT meters. But PSPCL without getting permission from Hon'ble Commission and even without informing consumers installed quadrant meters having kWH, MDI, kVAH and kVARH meters resulting fall of Power Factor with consumers for the same machinery and capacitors installed. This has penalized consumers un-necessary for nothing. Hon'ble Commission should look into the matter and give relief in tariff for kVAH consumption recorded through illegal quadrant meters installed instead TPT meters.

Reply of PSPCL:

The objector failed to explain that how replacement of meters with any type of energy meter can result in lower power factor and as such it needs more elaboration. Since the kVAh tariff has been made applicable, as such measurement of kVAh, kVARh is required in the meters.

View of the Commission:

Necessary directions have been issued separately to PSPCL.

Issue No. 24: Provide rebate to L.S. Consumers

There is rebate for 11kV supply to all consumers except L.S category since tariff is to be charged on cost of supply basis thus rebate of 20 paisa per unit as given to other 11kV supply voltage consumers should also be given to L.S consumers.

Reply of PSPCL:

As per Supply Code, 2014 Clause no. 4.2, amended vide PSERC notification no. PSERC/Secy./ Regu.116 dated 05.10.2016, specified supply voltage for Large Supply Consumers (General and Power intensive industry) having load 'l00kVA to 4000kVA is 11kV and as such, rebate of 20 paise/kVAh to LS industry being fed at 11kV is not permissible.

View of the Commission:

Refer to para 6.4 of this Tariff Order.

Issue No. 25: PLEC:

Clause 15 of General Condition of Tariff regarding Peak Load Exemption charges should be deleted because PLEC is not applicable. Further whenever PLEC is to be levied, it must be levied after calling public objections and after giving at least 90 days advance Regd. AD notice to concerned consumers.

Reply of PSPCL:

As per Tariff order 2016-17 clause no.7.2.14, Hon'ble PSERC has removed PLEC and approved ToD tariff for Large Supply industrial category consumers and Medium Supply industrial category consumers and same stands circulated vide PSPCL PR circular no. 1/2016 dated 29.07.2016 and commercial circular no. 28/2/16 dated 29.07 .2016

With respect to Clause no. 15 of General Condition of Tariff i.e. "Levy of Peak Load Exemption Charges / ToD Tariff, it is submitted that it is the prerogative of the Hon'ble Commission as per Electricity Act, 2003, whether to remove PLEC permanently and to amend clause no. 15 or not, as this clause also includes application of ToD tariff during peak load hours

View of the Commission:

Refer to condition 15 of General Conditions of Tariff (annexure-I) of this tariff order.

Issue No. 26: Accreditation of meter laboratories

The Hon'ble Commission has directed PSPCL to get their meter laboratories accredited but PSPCL has not got their Meter Testing Laboratories accredited. PSPCL should be finally directed to comply with legal statutory provisions to get their Meter Testing Laboratories accredited.

Reply of PSPCL:

The process to get NABL accreditation for ME Lab Jalandhar was initiated way back in the year 2013. It is to bring to your kind notice that ME Lab at Jalandhar has got NABL Accreditation in the year 2013 as required under clause 21.3.2 PSERC (Electricity Supply Code & Related Matter) Regulation, 2014.

View of the Commission:

The Commission directs PSPCL to get other ME labs NABL Accredited also.

Issue No. 27: Providing equipment/mobile testing van for testing meter/metering equipments

PSPCL is not having the equipment / mobile testing van for testing meter / metering equipment's at site under the provisions of Section 18(2) of Meter Regulations 2006. Thus due to non-testing, non-calibration of meters PSPCL is suffering loss burden of which is ultimately loaded on poor consumers.

Reply of PSPCL:

The process for acquisition of equipment for testing of meters/metering equipment at site was initiated in the year 2013 by the office of CE/Enforcement, PSPCL, Patiala. A budget of ₹1.10 Crore was allocated to Enforcement organization for procurement of 5 No' HT/EHT, CT PT test equipment in the year 2013-14. Tender Enquiry No' 1 was floated by the office of CE/Enforcement for the same. Only 3 No firms had quoted against the said tender enquiry out of which 1 No. firm was found to be technically unsuitable and another firm failed to bring the equipment for sample testing even after repeated perusal. The equipment offered by the 3rd firm failed during the testing as it failed to provide the %age error (variation) in ratio error and phase angle error' It is further brought out that these bidders were not the manufacturers of the original equipment but were merely the collaborators of foreign firms supplying the said equipment. The tender enquiry was dropped due to the above reasons.

Now a committee has been constituted to look into the matter and frame the specifications for the same and procure the equipment. The specifications are being deliberated by the committee and will be put up to the competent authority for approval shortly. Tenders will be floated once the specifications have been approved by the competent authorities.

View of the Commission:

The Commission notes that a lot of time has already been lost to comply Section 18(2) of Meter Regulations, 2006. Refer Directive No.7.22 of this Tariff Order.

Issue No. 28: Tariff for News Paper Printing Presses

Clause 17 under the heading Tariff for News Papers clause read as however the lighting load in the premises of accredited newspaper presses shall be metered separately and charged under NRS category. All the industrial consumers are allowed to pay light load running in their premises under industrial tariff. Thus newspaper printing presses should also be covered under industrial tariff. PSPCL is not earning any excess revenue from this impugned clause.

Reply of PSPCL:

In this regard Clause no. 17 of Tariff Order for FY 2016-17 i.e. "Tariff for News Paper Printing Presses" is as under.-

"Accredited newspaper 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 newspaper presses shall be metered separately and charged as per rates under Schedule Non-Residential Supply. "

As per Schedule of Tariff, the tariff for NRS category is more than General industry tariff. Also the lighting load in case of General industry is comparatively very low as compared to lighting load of Newspaper printing presses. So, requisite change in tariff for the lighting load in the premises of accredited newspaper presses from NRS to General industry tariff will put extra financial burden on PSPCL and as such is not recommended.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 29: Prudent check & correct calculation of A.P. category consumers

As per Tariff Order 2002 - 2003 onwards, it is clear cut mandate that all new A.P consumers are to be released Connections after installing meters. Moreover all the A.P consumers fed in municipal limits and running on urban feeders are fed on meters. A.P category meter sales reflected is wrong. PSPCL should disclose number of connections with load released under A.P category in cities etc. Hon'ble Commission should prudently check this information for correct calculation of A.P category consumers which PSPCL is fudging every time.

Reply of PSPCL:

Objector has requested Hon'ble Commission to prudently check the AP details as submitted by PSPCL. Hence, PSPCL has no comments to offer.

View of the Commission:

Refer to Directive No.7.5 of this Tariff Order.

Issue No. 30: Rounding off net amount payable

Clause 20 of General Condition of Tariff should be amended to read 1 to 50 paisa as 0 (Zero) and 51 to 100 paisa as Rs: 1/-. Because 49 paisa for rounding off purposes.

Reply of PSPCL:

In this regard, Clause no. 20 of General Schedule of Tariff "Rounding-off Energy Bill" is as -under:-

> *Consumption charges i.e. both demand and energy charges including surcharges, rebates, octroi (if applicable), meter / MCB rentals, electricity duty as well as total energy bill (net as well as gross) shall be rounded-off individually to the nearest rupee by ignoring 1 to 49 paise and taking 50 to 99 paise as one rupee. Thus the amount mentioned in the bill shall be in whole rupee. The net amount payable in all electricity bills shall be rounded-off to the nearest ₹10/- (Rupees ten) and difference due to rounding-off shall be adjusted in subsequent bills.*

There is no valid ground raised in the objection for this change

View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No.31: Categorization of load for consumers
Schedule of Tariff Clause SI.I should be amended to read 200 kVA instead of 100 kVA under L.S. category.
Reply of PSPCL:
Refer to reply of PSPCL against Issue No.8 objection No.22
View of the Commission:
Refer to the view of the Commission against Issue No.8 objection No.22.

Issue No. 32: ToD tariff
Rate of T.O.D tariff mentioning rates should be fixed for Peak Hours, Off Peak Hours and Normal Hours. There should not be any word rebate.
Reply of PSPCL:
There is no reasoning/logic given in this objection for the change suggested.
View of the Commission:
The Commission has noted the suggestion. Refer para 6.2 of this Tariff Order.

Issue No. 33: Clause Sl.3.5 of Schedule of Tariff
In Clause Sl.3.5 of Schedule of Tariff word tariff should be added, so that method for proportionate tariff for PIU and General Industry is clarified.
Reply of PSPCL:
ln this regard, clause SI.3.5 of schedule of tariff is reproduced as under:

> *SI 3.5. For Arc/PIU industries, where the load is of mixed nature, i.e. in addition to Arc/Power intensive loads, General industrial loads are also running, monthly minimum charges shall be determined by computing the contract demand on prorata basis in proportion to such loads duly sanctioned by the load sanctioning authority. ln such cases, Power intensive loads shall comprise of loads as mentioned in para 5.3.2, including auxiliary loads, loads of pollution control machinery, gas plants & corresponding lighting loads, and general industrial loads in such cases shall comprise loads of rolling mills and its allied loads, related workshop, general engineering machinery and corresponding lighting load, for the purpose of levy of monthly minimum charges.*

The above clause is for calculating monthly minimum charges only where the load is of mixed nature. The addition of word Tariff in this clause will completely change the applicable tariff for Arc/PIU industries and will put extra financial burden on PSPCL. Therefore this change is not recommended.
View of the Commission:
The clause relates to calculation of MMC.

Issue No. 34: Schedule Sll.1
Schedule Sll.1 should be amended to read 20kW as 100kW/100kVA and word 100kVA should be amended with 200kVA instead 100kVA.
Reply of PSPCL:
Refer to the reply of PSPCL against Issue No.8 Objection No.22
View of the Commission:
Refer to the Views of the Commission on Issue No.8 Objection No.22

Issue No.35: Categorization of load for consumers
Clause Schedule Slll.l should be amended to read 100kW/100kVA instead 100kVA.
Reply of PSPCL:
Refer to the reply of PSPCL against Issue No.8 Objection No.22
View of the Commission:
Refer to the Views of the Commission on Issue No.8 Objection No.22

Issue No. 36: Unnecessary harassment of consumers
PSPCL officers / officials are removing meters without testing, without making any checking report, removing meters un-packed but took signatures on printed / photostat blank performa which they are using later on as paper seal and consent. Consent can be given by consumer only after receiving Regd. AD notice for attending M.E. Lab to get meter tested in his presence. Lacs of meters are lying in sub-divisions un-packed and consumers are un-necessary harassed. Consumers should be saved from un-necessary harassments by PSPCL officers/officials.

Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18, therefore, PSPCL has no comments to offer on the same.
View of the Commission:
The Commission directs PSPCL to examine the matter and take necessary corrective steps.

Issue No. 37: Issue of any CC involving any charges/penalty
PSPCL should be restrained to issue any Commercial Circular which involves effect of any charges/penalty without the approval by Commission.
Reply of PSPCL:
Approval of the Hon'ble PSERC is always obtained before issue of any Commercial Circular which involves effect of any charges/penalty.
View of the Commission:
The Commission directs PSPCL to ensure compliance.

Issue No. 38:.Free electricity to SC/BC consumers
Punjab Government has allowed 200 units free electricity to SC/BC consumers with a condition that connected load should not be more than 1 kW Whereas against load of 1kW consumption of 200 units is not possible. Further PSPCL is allowing free electricity of 200 units per month to SC / BC consumers and charge for over and above 200 units. This clearly proves that connected load is more than 1kW. PSPCL officers are not performing their duty to check those connections resulting false burden as subsidy on government. This ultimately burden citizens of state. Thus PSPCL (distribution licensee) should be directed to perform their duties of checking as per their schedule.
Reply of PSPCL:
Matter is not linked to ARR or its current proceeding for FY 2017-18 and therefore PSPCL has no comments to offer on the same.
View of the Commission:
The Commission directs PSPCL to check misuse in any form.

Issue No. 39: Segregation of AP feeders
PSPCL has not segregated A.P feeders inspite of Central Government schemes. PSPCL should be finally directed to segregate all A.P feeders and also to segregate industry feeders for giving smooth supply to industry.
Reply of PSPCL:
Regarding to this, it is intimated that as per office of CE/RE & APDRP the matter has been taken up by PSPCL with REC for funding from Ministry of Power/Govt. of India for incorporation of works relating to segregation of Kandi area feeders and 100% metering of AP consumers fed from feeders where segregation is not possible under DDUGJY in the state of Punjab The monitoring committee of MoP/GoI in its meeting held on dated 20.12.16 have allowed PSPCL to utilize the un-utilized funds amounting to ₹149.01 Crore of RGGVY XIth plan project for segregation of feeders/AP Consumers metering in Kandi area under DDUGJY. Now PSPCL has submitted a new petition before the Hon'ble PSERC for approval of the 20 no. DPRs already sanctioned by the MoP regarding the investment approval for capital works to be under taken under the DDGUJY scheme and of Kandi area projects for segregation of mixed load feeders/metering of AP consumers under DDUGJY scheme. After getting approval from PSERC, project shall be implemented on full turnkey basis, work is to be completed within a period of 24 months from the date of placement of Work Orders.
View of the Commission:
Refer to Directive No.7.5 of this Tariff Order.

Issue No. 40: Income earned from VDS schemes
PSPCL has not reflected income earned from VDS schemes. PSPCL should disclose these figures as it is mandatory to disclose these figures as per Commission Orders.
Reply of PSPCL:
PSPCL mentioned all incomes as per their accounting policy. This has submitted to Hon’ble Commission for prudent check**.**
View of the Commission:
The Commission has determined non-tariff income as per its regulations after prudent check.

Issue No. 41: Consideration of Industry up to 500 kW under L.S. tariff
Industry upto 500kW having induction furnace, billet heater load should be considered under L.S. tariff

in General Industry. This will persuade the consumers to convert their wood fire, coal fire and oil fired furnaces to electric furnaces, which will ultimately increase consumption of electricity. This will be a good method to use surplus power than to surrender.

Reply of PSPCL:

As per Hon'ble PSERC order dated 28.10.2013 in petition no. 3 of 2012, all LS consumers where the induction Billet Heaters/Surface Hardening Machines are installed shall be treated under PIU category. Accordingly Commercial circular no.27/2014 was issued. As such, this change is not recommended.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 42: Very low level generation at GNDTP Bathinda

PSPCL has shown its own generation at very low levels. Bhatinda plant has been shown to generate almost nil generation. If that is the case then why the plant is not shut down as otherwise it is un-necessary burden on consumers of Punjab.

Reply of PSPCL:

As per the above direction of Hon'ble Commission, under the current petition PSPCL has projected own thermal generation based on merit order rather than plant availability.

PSPCL has not claimed and fuel cost against GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in control period any variable expense shall be claimed during the true up.

View of the Commission:

The objectors view and the PSPCL's response are noted. Refer Commissions Directive no. 7.27 of this Tariff Order.

Issue No. 43: Higher variable cost at GGSSTP and GHTP

Higher Variable cost for Ropar and Lehra Plant, This aspect needs prudent check by Hon'ble Commission**.**

Reply of PSPCL:

It is submitted that PSPCL has taken actual fuel cost of first qtr. of FY 2016-17 for the FY 2016-17 and Further for the control period. Furthermore it is submitted that the PSPCL is submitting all the details of fuel cost for their own generation to Hon'ble Commission for prudent check.

View of the Commission:

The Objector's view and the PSPCL's response are noted. Refer Para 4.8 of this Tariff Order.

Issue No. 44: Very less power generation at GVK plant

GVK plant seems to have been shown to generate very less power. If it is so, why PSPCL has allowed COD of the plant when the plant coal linkage is not assured. This has burdened the consumers of Punjab for the reason to be probed and checked prudently by Hon'ble Commission.

Reply of PSPCL:

Objector requested Hon'ble Commission to check GVK details. Hence, PSPCL has no comments to offer.

View of the Commission:

The Commission disagrees with the reply of PSPCL.

PSPCL has challenged the Order of the Commission dated 01.02.2016 in petition No.33 of 2015 filed by GVK Power (Goindwal Sahib) Limited (GVK) in Hon'ble Appellate Tribunal for Electricity. Further, PSPCL has filed an IA bearing No.26 of 2016 in petition No.33 of 2015 in the Commission praying for recall of Commission's ibid Order dated 01.02.2016. In the said Order, the Commission held that 'under the circumstances, arrangement of coal for a period of 2 to 2.5 years as an interim measure made by the petitioner is sufficient for the time being. The Commission is of the view that the petitioner may declare the COD of the Project, if it otherwise meets with and satisfies the terms & conditions of the PPA and qualifies in terms of the State Grid Code, Indian Electricity Grid Code and other statutory requirements.'

As the matter is sub-judice in Hon'ble APTEL as well as in the Commission, no further view in the matter can be expressed.

Issue No. 45: Running of Talwandi Sabo plant on non commercial basis

Talwandi Sabo plant is being allowed to run on non-commercial basis by PSPCL. It is learnt that the plant is allowed to transport coal having full of ash against the environment guidelines. Further the plant has never been asked to run on continuous basis as PSPCL management is aware that plant has issues and will not become available but the plant is being allowed to claim full availability.

Reply of PSPCL:

Matter is not related to the current proceeding of ARR. Hence, PSPCL has no comments to offer at this stage.

View of the Commission:

The Commission agrees with the reply of PSPCL. Also refer view of the Commission against Issue No.15.2 Objection No.16.

Issue No. 46: P**rocedure to know coal availability of plants**

It seems that PSPCL has no procedure to know coal availability of plants. If it is so; then why PSPCL do not have the procedure to know the coal availability of the plants to the extent of knowing exactly that how much coal is available and how much loss in transit and what is likely to be loaded in coming days so that the plants are asked to run in a judicial manner so as to save on fixed charges but PSPCL is allowing Plants in scheduling them as per their wishes to earn maximum which ultimately is a burden to consumers

Reply of PSPCL:

Matter is not related to the current proceeding of ARR. Hence, PSPCL has no comments to offer at this stage.

View of the Commission:

The Commission agrees with the reply of PSPCL.

Issue No. 47: Assessment of AP consumption

That A.P consumption need to be assessed critically and the tariff of AP consumption should also be in line with other categories as in case of Haryana and the Punjab government need to foot the subsidy bill at reasonable tariff.

Reply of PSPCL:

Being policy of the Government, this objection is not relevant in the context of present ARR.

View of the Commission:

Refer to Para 2.2.3 of this Tariff Order.

Issue No. 48: Short Term Purchase

That Hon'ble PSERC has not allowed any short term power purchase in the year 2016-17 but even then it seems that PSPCL has purchased the power on short term and mentioning it as commercially viable, whereas it appears that the fact remains to be beneficial may be due to other reasons. PSERC need to find mechanism to stop such behaviour otherwise expenditure once incurred cannot be rolled back even if the same is not allowed by PSERC as in that case they take further loans and burden the consumers further.

Reply of PSPCL:

PSPCL has not proposed any short term power purchase in this present ARR. Furthermore; PSPCL is making all possible efforts to optimising it’s Power Purchase cost, hence PSPCL has put own plants in MOD for second half of FY 2016-17 and during the Control Period.

View of the Commission:

The objector’s view and the PSPCL’s response is noted.

Issue No. 49: Determination of separate generation tariff

Generation tariff is to be determines separately, thus fixed charges including employees cost spent for generation should be added for calculating generation per unit cost and it should not be burdened on distribution charges to levy fix charges admissible U/S 45 of Electricity Act 2003.

Reply of PSPCL:

Determination of separate generation tariff is prerogative of Hon’ble Commission PSPCL has no comments to offer.

View of the Commission:

The Commission has noted the Objector’s suggestion.

Issue No. 50: Evacuation of power less than the manpower cost

There are good number of substations from where the evacuation of power in total is less than the manpower cost being incurred on the station. Such assets seems to have been created wrongly and perhaps due to ill planning. For example number of substations has been made in SAS Nagar on the behest of deposit works but it is learnt that the fact remains that the same has been added unnecessarily to the employee cost as they are hardly in any use. It should be prudently checked by Hon'ble Commission.

Reply of PSPCL:

Objector has raised the issue to PSERC. Hence PSPCL has no comments to offer.

View of the Commission:

The Commission has noted the suggestion.

Issue No. 51: Release of subsidy in advance

Subsidy as calculated by PSERC is required to be disbursed in advance under the provisions of Section 65 of Electricity Act 2003,

Reply of PSPCL:

PSPCL has no control over release of Subsidy from GoP. Moreover PSPCL agrees with Objector that Subsidy should be realised in advance as per Section 65 of Act.

View of the Commission:

Govt. of Punjab is expected to pay subsidy as per the Orders of the Commission.

Issue No. 52: Non tariff income

Income reflected as non tariff income is wrong. As per Supply Code Regulations Clause 29

Reply of PSPCL:

PSPCL has claimed non tariff income as per regulations of PSERC, PSPCL requests the Hon'ble Commission to approve Non tariff income as submitted in petition.

View of the Commission:

The Commission has determined non-tariff income as per its regulations after prudent check.

Issue No. 53: Wrong projection of power purchase

Projected power purchase is wrong and is very higher side when there is surplus power available with PSPCL why to purchase such a huge quantum of electricity. Rather PSPCL should try to negotiate with Central Government generating stations to cancel the agreements to avoid over purchase

Reply of PSPCL:

The purchase from central generating stations and IPPs is based on the long term power purchase agreement made between PSPCL and NTPC. As per these PPAs PSPCL is liable to pay fixed charge even if no energy is purchased from these stations. As per these PPAs fixed charge is an obligation that is to be paid which cannot be avoided. The generation in these plants is based on availability of fuel and is not in control of PSPCL. However in any case fixed charges are to be paid to these generators based on the availability of the plants.

PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However for the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPA‟s signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPAs due to decrease in demand. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL

PSPCL has scheduled its procurement from various CGSs and IPPs on the merit order principles. Following factors have been considered for deciding the procurement/generation schedule:

i) Load profiles during various seasons;
ii) Technical constraints;
iii) Avoidable costs after giving due consideration to contractual obligations.

The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.

The Merit Order is a process which indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity

PSPCL submits that during the Control period, PSPCL projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, the 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 2016. After surrender of energy, only variable charges have been reduced and fixed/other charges are assumed same. Accordingly, the surplus power available from thermal and gas stations has been surrendered as per merit order schedule.

View of the Commission:

Objector may note the PSPCL response. Also refer Commission's view on issue no. 2 and 2 a) of Section B objection No.5.

Objection No.23:Sh.Devinder Kumar Mehta, Induction Furnace Association of North India, Room No.212, 2nd Floor, Savitri Complex, G.T.Road, Ludhiana.

Issue No. 1: Applicability of new tariff with retrospective effect:

The tariff is announced way beyond 1st April and is made effective retrospectively. The objector stated that this is totally wrong and affected badly to Furnace Industry

Reply of PSPCL:

Refer reply of PSPCL against Issue No.2 of Objection No.17.

View of the Commission:

Refer to Views of the Commission on issue no. 2 Objection no. 17

Issue No. 2: Increase Period of ToD:

PSPCL has offered a night rebate of ₹1 under ToD tariff for six month i.e. from 1st Oct to 31st March. The Objector requests that ToD should be applicable throughout the year.

Reply of PSPCL:

It is submitted that the tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. Further, fixation of tariff and application of ToD rebate to particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would sell electricity to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.

View of the Commission:

The Commission has noted the objector's request. Refer Para 6.2 of this Tariff Order

Issue No.3: Cost of Supply:

As per APTEL judgments tariffs are to be recovered on the basis of cost of supply plus nominal profit. The current rates are against the above norm. Industrial category at 440 V to MS category is charged lower than the LS category which is at 11 KV supply. Also (PIU) is charged higher tariff (currently ₹ 0.19 more than LS category)

Reply of PSPCL:

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

Further, Clause 8.3 of Tariff Policy states as under

> *"**8.3 Tariff design: Linkage of tariffs to cost of service***
>
> *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy...."*

As given in the Tariff Policy, there has to be gradual reduction in cross-subsidy, keeping in view the interest of Utility.

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

View of the Commission:

Refer to Views of the Commission on Issue No. 12 of Objection No. 6 above.

Issue No. 4: Cross Subsidy on Open Access:

Cross subsidy charges of 128 paisa per unit were imposed on Open Access by PSERC

Reply of PSPCL:

The request made by the Objector is to the Hon'ble Commission. PSPCL has no comments to offer.

View of the Commission:

The Commission notes the objector's suggestion. The various charges are determined by the Commission as per its notified regulations.

Issue No. 5: Wheeling Charges on Open Access:
Wheeling Charges increased by 145 paisa per unit. Further, as per order in petition No. 16 of 2013 dt. 01.06.2015, Open Access is totally closed for Punjab steel industry.
Reply of PSPCL:
The request made by the Objector is to the Hon'ble Commission. PSPCL has no comments to offer.
View of the Commission:
The Commission notes the objector's suggestion. The various charges are determined by the Commission as per its notified regulations.

Issue No. 6: Free Power to Agriculture and Other Categories:
PSPCL provides free power to AP and to BPL families up to 200 units. But PSPCL don't have exact number of units been given free and actual cost of free power to be recovered from the Pb. Govt.
Reply of PSPCL:
Supply to agriculture tube wells is free as per policy of the Government of Punjab. As far as the exact number of units and cost thereof is concerned, the same is approved by the PSERC after applying prudent check on the consumption submitted to PSERC.
View of the Commission:
The Commission determines the various charges after prudent check and as per its notified regulations.

Issue No. 7: Unauthorized use of electricity:
UUE should only be made applicable where there is difference of tariff, difference of supply voltage or where revenue of PSPCL is affected but not in the case where a consumer has changed its machinery or land area or any other such change which is immaterial so far as PSPCL's revenue is concerned.
Reply of PSPCL:
The tariff is applicable to consumers based on the purpose of usage of electricity as specified in the tariff order. In case the purpose of usage of electricity changes, the tariff applicable also changes. UUE is made applicable as per prevailing instructions.
View of the Commission:
Refer to the Views of the Commission on Issue No.9 objection No.17.

Issue No. 8: Duty and taxes on electricity:
Objector raised issue on notification/clarification vide memo no 01/DD/SE-91 dated 03.02.2017.
Reply of PSPCL:
Matter is not related to the ARR. Hence PSPCL has no comments to offer at this stage.

View of the Commission:
Duties & taxes are levied by Govt. of Punjab.

Issue No.9: Two Part Tariff:
Objector requested an open meeting with all associations before applicability of two part tariff.
Reply of PSPCL:
PSPCL has submitted two part tariff proposal as per the directive of the Hon'ble Commission. PSPCL states the tariff determination is a process to be carried out by the Hon'ble Commission in an unbiased way unless for factors mentioned in the Section 62 of the Electricity Act.
View of the Commission:
The Commission has dealt the issue of Two Part Tariff in Para no. 6.3 of this Tariff Order.

Issue No. 10: Incentive of 66 KV rebate:
PSPCL has given 25 paisa rebate which is 4% of total tariff, which is very less from the actual. Objector urged that a comparative study is needed to calculate cost of supply of 66 KV consumers.
Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. Further, fixation of tariff and application of any rebate to any particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL sells electricity to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.
View of the Commission:
Refer to para 6.4 of this Tariff Order.

Issue No. 11: Unmetered Use:
PSPCL in its ARR show 14% losses on account of transmission Loss. These all losses are due to unmetered use of electricity. Some strong steps should be taken to stop this.
Reply of PSPCL:
Objector has stated some hypothetical assumption which is not allied to ARR. Hence; PSPCL has no comments to offer.
Moreover, PSPCL has achieved 15.20% of T&D loss in FY 2014-15 against 16% approved by PSERC This reduction in T&D losses is the result of continual efforts and focused approach of PSPCL for improving operational efficiency. In future years also, PSPCL will undertake its best possible efforts for reduction in T&D losses.
View of the Commission:
Refer to Directive No.7.1 of this Tariff Order.

Issue No.12: Two Part Tariff
Director/Finance of PSPCL had called all associations for meeting in his office at Patiala where the issue had been discussed in detail. Industry has raised so many objections and decided that policy has been amended and send for public view and a similar meeting will be called. No fresh policy and meeting has been called till date. It is urged that same process should be adopted for this policy so that all issues will be resolved before applicability of the system.
Reply of PSPCL:
The objector now has not submitted any comments on the latest two part tariff proposal filed by PSPCL. The various public hearings in this regard are being organized by Hon'ble Commission and the objector may file the fresh objections/comments (if any) on the two part tariff proposal submitted along with the MYT petition which shall be duly replied by PSPCL. However, it is brought that the proposal has been made after following the due procedure and after due consideration of the various objections raised by the consumers about two part tariff. Efforts have been made to make it a consumer friendly tariff structure where the consumers shall be benefitted by consuming more power.
View of the Commission:
Refer to para 6.3 of this Tariff Order.

Objection No. 24: Sh.H.N.Singhal, President (Corp.HR & Admn.), Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana.

Issue No.1: Two Part Tariff viz-a-viz Cogen Plants
a) Section 61(h) and 86 (1)(e)of the ElectricityAct2003cast a duty upon the SERCs to promote Co-generation'
b) Similar provisions have been made in National Tariff Policy and Electricity Policy also.
c) We have made heavy investments on Cogen plants keeping in view the rules and regulations prevailing at the time of installation of Cogen plants with due approvals of PSEB/PSPCL. Justice demand that such term should not be change now to harm their interests.

Reply of PSPCL: Matter of record. However, the various terms and conditions along with various charges applicable to CPPs are as per the Regulations of the Hon'ble Commission.
View of the Commission:
Refer to Views of the Commission on Issue No.1 objection No. 3 above.

Issue No.2: Fixed & Energy Charges in Two Part Tariff for CPPs
d) Objector has taken reference of PSERC observation in tariff order for FY 2014-15 as under
...keep the consumers having set up the cogeneration plants out of preview of the TWO Part tariff proposal and existing system of signal part tariff with MMC....
e) Objector also quoted the reply of above para as per tariff order.
The levy of fixed and energy charges in Two Part tariff proposal is as per prevision of Electricity Act 2003. In case, CPPP owner want to keep the contract demand as sanctioned, to meet with its requirement of power during non-availability of power from CPP, it should pay to PSPCL as per two part tariff proposal, as PSPCL shall have to keep this capacity reserved to be utilized by CPP owner in such even utilise.

Reply of PSPCL:
d. & e. In this regard, it is submitted that the Hon'ble PSERC in the para 7.2.2 of Tariff Order 2014-15 had nowhere mentioned that the two part tariff shall not be applicable to the CPPs. The Hon'ble PSERC in 7.2.2 had only mentioned the issues raised by the various consumers.

Further, in the tariff order for 2014-15, the Hon'ble Commission nowhere directed PSPCL to not to consider CPPs as part of the Two Part Tariff. Further, PSPCL had already stated that to meet the requirement of the load/contract demand, PSPCL has to tie up the power and the charges for which are paid in two part tariff structure.

View of the Commission:

Refer to Views of the Commission on Issue No.1 objection No.3 above.

Issue No.3: Two Part Tariff viz-a-viz National Tariff Policy on Cogen Plants

f) Objector pointed out that no discussions were held with Cogen plant owners before fresh proposal submission of Two Part tariff In spite of clear directive of Commission.

g) However, PSPCL placed a proposal of two part tariff on its web site in April 2015 inviting comments and also held meeting at Patiala with consumers where co gen plants owner submitted their views, but the present proposal is again on the same lines without considering the case of Cogen plant owners.

h)Regarding the reply of PSPCL extracted above, we submit that PSPCL is bound by the provision of the Act and National Tariff Policy which clearly lay down that such plants are to be encouraged'

i) Moreover, these plants/consumers have helped PSPCL when it was facing acute shortage of power and should not be penalized now when it is surplus in power

Reply of PSPCL:

PSPCL has submitted the proposal while keeping in view the issues and concerns of the majority of the consumers. The electricity act and national tariff policy provides to encourage the co-generation. However, it has not been mentioned anywhere in the Act or National Tariff Policy that the CPPs are to be kept out of Two Part Tariff. The various charges applicable to the CPPs and Cogen Plants are, as per the Regulations and General Conditions of Tariff which has been framed by the Hon'ble Commission after due consideration of all the facts.

View of the Commission:

Refer to Views of the Commission on Issue No.1 objection No.3 above.

Issues No.4: Two Part Tariff viz-a-viz CPPs

The objector has requested for considering the CPPs as a special category and allowing the rebates to them in the two part tariff for promoting the Cogen. Further it has also been brought out by the objector that, with the proposed fixed charges and abolition of MMC, Cogen Plants will suffers financially as in addition to bearing the fixed cost of power plants, they will have to pay the fixed charges for the same to PSPCL for maintaining the CD and thus cost of Power will be effected adversely. The objector has pointed out to allow the Cogen plants to maintain CD as per the requirement on payment of the nominal commitment charges. The objector has requested the Commission to keep the consumers having set up the Cogen plants out of preview of the two part tariff and single part tariff with MMC be continued in their case.

Reply of PSPCL:

The various terms and conditions along with various charges applicable to CPPs are as per the Regulations of the Hon'ble Commission. It is submitted that the Hon'ble PSERC in the para 7.2.2 of Tariff Order 2014-15 had nowhere mentioned that the two part tariff shall not be applicable to the CPPs. The Hon'ble PSERC in 7.2.2 had only mentioned the issues raised by the various consumers. Further, in the tariff order for 2014-15, the Hon'ble Commission nowhere directed PSPCL to not to consider CPPs as part of the Two Part Tariff. Further, PSPCL had already stated that to meet the requirement of the load/contract demand, PSPCL has to tie up the power and the charges for which are paid in two part tariff structure. PSPCL has submitted the proposal while keeping in view the issues and concerns of the majority of the consumers. The electricity act and national tariff policy provides to encourage the co-generation. However, it has not been mentioned anywhere in the Act or National Tariff Policy that the CPPs are to be kept out of Two Part Tariff. The various charges applicable to the CPPs and Cogen Plants are as per the Regulations and General Conditions of Tariff which has been framed by the Hon'ble Commission after consideration of all the facts.

View of the Commission:

Refer to Views of the Commission on Issue No.1 objection No.3 above.

Objection No. 25: Er.Abhiraj S.Randhawa, Secretary, Punjab Power Engineers Association, AEE/TTI, PSPCL, Patiala.

Issue No. 1: Overview of Power Sector of Punjab.

A. The share of own thermal as percentage of total energy input has reduced from around 38% in the year 12-13 to around 9% in year 17-18 whereas power purchase has risen from 44% lo 77%

during the same period.

B. There is Nil energy from GNDTP plant and the PLF of GGSSTP and GHTP plants is in the range of 25-30%. Nil energy proposal from GNDTP, plant is an alarming situation which demands utmost attention.

C. The element of power purchase is steadily rising over the years

D. The T & D losses have been reduced from 22% to around 14% in last 6-7 years mainly due to shifting of meters and installing in pillar boxes which has controlled theft of energy in DS / NRS sectors. The AP factor has also gone down from around 1600 to 1250 during the same period

E. The AP tariff is highly cross subsidized for which other category of consumers have to pay higher tariff

Reply of PSPCL:

A. As per Hon'ble PSERC direction time to time PSPCL has scheduled his own plants under MOD. Henceforth, overall percentage of own generation shown decreasing trend. Furthermore, as an incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL. The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.

The Merit Order is a process which indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity.

B. PSPCL had never proposed cessation of the GNDTP Bathinda Plant and have claimed the availability of plant during the control period. PSPCL has not claimed any fuel cost against the GNDTP during the control period, as no power has been scheduled in Merit Order Dispatched projection for control period. Furthermore, PSPCL would like to mention here that during the real time operation in Control Period any variable expense on actual basis shall be claimed during the trued up for the relevant years of Control Period. It is also mention here that PSPCL is paying fixed cost of all the plants which have allocation share to PSPCL even after no power being scheduled in real time operation. Moreover, the PLF for the GGSSTP and GHTP has been projected based on actual energy scheduled under MOD operation.

C. Same as reply to point A

D. Point pertains to T&D loss is a matter of record. Hence, PSPCL has no comments to offer.

E. Determination of Cross Subsidy is prerogative of Hon'ble Commission. Hence, PSPCL has no comments to offer.

View of the Commission:

The objector's concern and response of PSPCL has been noted

Issue No. 2: Challenges Ahead

i) Losses can be further reduced to 10% from current figures in coming years.

ii) No losses mean higher metered sale which reduces cost of supply.

iii) Assured 24 hours supply in Rural areas.

Reply of PSPCL:

Matter of record. Hence, PSPCL has no comments to offer.

View of the Commission:

The Commission notes the concern of the objector.

Issue No. 3 Concerns

i. Percentage own thermal as percentage of total energy input has reduced from around 38% in the year 12-13 to around 9% in year 17-18

ii. There is Nil energy from GNDTP plant and the PLF of GGSSTP and GHTP plants is around

30% from earlier more than 80% till a few year ago.

iii. Mining operation from own Pachwara Coal Mine not yet started.

iv. Cost of Power can be reduced by 35 p/Unit by use of own coal from Pachhwara Coal Mine

v. Further, 3-4% loss reduction and checks and balance required for sustaining these loss levels.

Reply of PSPCL:

i. Reply as per point A above.

ii. Reply as per point B above.

iii. Matter of Pachhwara Coal Mine is a Judiciary issue. Hence, PSPCL has no comments to offer.

iv. Matter of Pachhwara Coal Mine is a Judiciary issue. Hence, PSPCL has no comments to offer.

v. Reply as per point A above

View of the Commission:

The objector's concern and response of PSPCL has been noted

Issue No. 4: Suggested way forward

Generation:

The weakest link in chain is own thermal generation and this link is on the brink of collapse unless some urgent remedial actions are taken. To ensure that own generation is boosted there is urgent need to acquire thermal plant of super critical technological. PSPCL can raise equity by disposing of the land at market price and equipment of sub critical thermal plant of GNDTP (approximately ₹ 3000 Crores for land and ₹500 Crores for equipment) to acquire super critical NPL plant at Rajpura (approximately depreciated value of ₹6000 Crores). This shall utilize highly skilled team of Engineers/ employees of PSPCL. Utilization of good quality Pachhwara Mine Coal and depreciation/return on equity paid as fixed charges to L&T. The cost of power shall save ₹1674 Crores annually for the State.

Distribution

Reduction of losses from 22% to 14% has been achieved due to shifting of meters outside which curbed theft.

Further reduction of losses of 3 to 4% by installing boxes in remaining highly theft prone areas.

AP Tariff

AP subsidy should be paid on cost of supply instead of cross subsidized tariff.

AP tariff is lower in Punjab despite ED @18%.

UDAY SCHEME:

The objector has mentioned the obligation of Govt. of India, Govt. of Punjab and PSPCL in the tripartite agreement signed by them under UDAY scheme to improve the financial and technical status of PSPCL.

Reply of PSPCL:

Generation:

Matter is not linked to ARR or its current proceedings for FY 2017-18, therefore, PSPCL has no comments to offer.

Distribution:

Matter is not linked to ARR or its current proceedings for FY 2017-18, therefore, PSPCL has no comments to offer.

AP Tariff:

Fixation of tariff and cross subsidy is the prerogative of Hon'ble Commission. PSPCL sells the energy @ fixed by PSERC**.**

UDAY Scheme:

Matter of record. Hence PSPCL has no comments to offer.

View of the Commission:

The Commission has noted the Objectors suggestions and response of PSPCL. Impact of UDAY Scheme on interest element has been taken cognizance of.

Issue No. 5: CONCLUSION

To fix tariff as per policy direction stated in MOU signed between MOP, GoI, GoP and PSPCL. It is brought out that the tariff hike of 5% envisaged in MOU was not given in
2016-17.

Since PSPCL has already achieved the operational parameters mentioned in the MOU, the tariff should be so designed that gap between ACS and ARR, is eliminated Payment of AP subsidy on the Haryana pattern may be considered at least till the 5th year of MOU.

Since there is NIL energy to be generated from GNDTP, Bathinda, PSPCL may be issued directive for initiating process for acquiring thermal plant of super critical technology by dispossessing GNDTP,

Bathinda plant. This shall also ensure mining from own Pachhwara mine.
To issue directions / orders to PSPCL for taking out balance meters in high theft prone areas and to fix pin pointed responsibility of employees for proper sealing status for connections below 20 KW on the pattern of fixed responsibilities for connections above 20 KW. This shall enable further reduction of losses 3-4% and also ensure mechanism
of check and balances for sustaining these lower level of losses.
Disposal of surplus power to minimize burden of fixed charges.
Reply of PSPCL:
Objector has requested Hon'ble Commission to consider their suggestion while finalizing the tariff for FY 2017-18. Hence PSPCL has no comments to offer.
View of the Commission:
The Commission has noted the Objectors suggestions.

Objection No.26: Sh.Babu Khan, Regional Director, Confederation of Indian Industry, Northern Regional Headquarters, Sector 31A, Chandigarh.

Issue No. 1: Key points outlined in Confederation of Indian Industry.
The various points regarding Power scenario of the State discussed in Confederation of Indian Industry and the recommendations of IIM Ahmedabad for promoting growth of load in Punjab raised by the Objector.
Reply of PSPCL:
The points discussed in the Confederation of Indian Industry are a matter of record. Hence, PSPCL has no comments to offer.
View of the Commission:
The Commission agrees with the reply of PSPCL.

PART-I Issues raised by Industry

Issue No. 2: Industrial recession viz-a-viz surplus power:
Power Tariff should not be increased because the state is power surplus, the industry is already in recession and moving to neighbouring States due to attractive tax benefits, industry/consumers should be motivated to use more power
Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. . PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission
View of the Commission:
Commission has noted the Objector's suggestions. Also refer to view of the Commission on Issue No..4 of Section A Objection No.5 above.

Issue No.3: UUE Charges
No rational behind charging Unauthorized use of electricity (UUE) charges.
Reply of PSPCL:
UUE is chargeable as per provision under section 126 of Electricity Act. 2003 (with amendments) and Supply Code-2014 issued by Hon'ble PSERC. Moreover, any grievance in respect to UUE can be got redressed through appropriate appeal to the designated/authorized authorities as specified in the PSERC Supply Code, 2014- Clause no. 36
View of the Commission:
The Commission agrees with the reply of PSPCL.

Issue No.4: Billing Errors
There are huge numbers of billing errors every month. Further, the format of bill is complicated needs to be very simple to check calculation and should also be available via email and on line for better readability
Reply of PSPCL:
PSPCL is making best efforts to reducing billing errors. However any billing error pointed out by consumers are being rectified by PSPCL on priority. Moreover, the issue related to format of bill has been noted by PSPCL and appropriate action shall be taken by PSPCL after discussion with Management of PSPCL in due course of time.
View of the Commission:
The Commission agrees with the reply of PSPCL and directs PSPCL to ensure zero billing errors and

simplify billing format.

Issue No.5: Clubbing of Forging Industry with Steel Furnace Industry
Large Forgoing Industry is still clubbed with Steel Furnace Industry where as forging industry is not involved in any kind of melting and only heat treatment is done.
Reply of PSPCL:
It is submitted that the classification of categories is prerogative of Hon'ble Commission. Hence; PSPCL has no comments to offer.
View of the Commission:
The Issue does not relate to ARR and may be taken up separately.

Issue No.6: Non Transparency of actual Line Charges
No transparency for 66 KV lines expenses- charges are deposited on estimate basis – with high margin – later on they don't share actual expenses, and additional deposit should be refunded in transparent manner
Reply of PSPCL:
Matter is not related to current proceeding of ARR. Hence, PSPCL has no comments to offer at this stage.
View of the Commission:
PSPCL should ensure strict compliance of Supply Code, 2014 Regulations

Issue No.7: Cross subsidy
Carry forward the rationalization of Electricity Tariff towards reduction of cross subsidy in a phased manner.
Reply of PSPCL:
The determination of tariff and cross subsidy is prerogative of Hon'ble Commission. Hence; PSPCL has no comments to offer.
View of the Commission:
Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue No.8: Category wise cost of supply
Move towards category wise cost of supply principle as early as possible
Reply of PSPCL:
The determination of tariff is prerogative of Hon'ble Commission. Hence; PSPCL has no comments to offer.
View of the Commission:
Refer to para 6.4 of this Tariff Order.

Issue No.9: Tariff for subsidized class
Reduce the electricity tariff of the subsidized class of consumers
Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. PSPCL sells electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission
View of the Commission:
Refer to Views of the Commission on Issue No.1 Objection No. 2 above.

Issue No.10: Govt. compensation of subsidy
Ensure tariff rationalization of subsidized class of consumers to ask State Government to compensate the Board through explicit subsidy. Meanwhile the unpaid subsidy amount to be worked out and interest thereon should be claimed from the government only and should not be part of financial charges under ARR or regulatory assets.
Reply of PSPCL:
PSPCL submits the status of subsidy
View of the Commission:
Interest on unpaid subsidy is being charged from Govt. of Punjab.

Issue No.11: Continuity of Industrial Tariff Policy
Continue with the scheme to lower tariff base of ₹4.99/unit for industrial safe above the threshold consumption as approved in the last tariff order for FY 2016

Reply of PSPCL:
It is submitted that the tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. PSPCL sells electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission
View of the Commission:
Refer to para 6.1 of this Tariff Order.

Issue No.12: Advance intimation of scheduled cuts
The scheduled power cuts for maintenance & other related purposes are supposed to be announced about a week in advance. The Industry is normally informed about a maintenance power cut only an evening before the scheduled cut. This upsets the production schedule & other business plans of the entrepreneur. This also causes financial losses to the company, as it is unable to pass information related to power cut to its workers and with them tuning up for the job on next date. Thus, workers have to be compensated for being present on the day.
Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
PSPCL should ensure meticulous compliance of the directions of the Commission on the subject.

Issue No.13: Erratic Power Frequency
Today, the Industry works with fully automated machines & equipment which are quite expensive & sensitive to power fluctuations & outages. As the frequency of the power supplied is erratic at times, the industry is forced to install either backup systems or other expensive safeguards for its machines which further add to the costs and make the produce uncompetitive.
Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
PSPCL should ensure un-interrupted quality supply to the consumers.

Issue No.14: Surcharges on Open Access
As a result of various surcharges imposed by PSPCL on power purchased from outside the state, the cost of sourced power from outside the states becomes too high
Reply of PSPCL:
The Objector has no details about the charges which is claimed by objector that additionally imposed by PSPCL. Hence, PSPCL has no comments to offer.
View of the Commission:
Commission notes the objector's concern

Issue No.15: Cumbersome Load enhancement
Getting power enhancements is a very cumbersome process. It is nearly as complicated as applying for a new connection.
Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
In view of the surplus power in the State, PSPCL should simplify the procedures for enhancement of load.

Issue No.16: Sub classification of Industrial Usage of Power
Principally Industry needs three connections in there industrial premises: NRS, Residential & Commercial as in the present scenario all three types of connections are required as the Industry also makes arrangements for boarding and lodging of their workers and sale point for manufactured product.

Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
Refer to Views of the Commission on Issue No.10 objection No.20 above.

Issue No.17: Burden of Solar Power Tariff
With power tariffs going down in India, PSPCL has made an agreement with solar power generating agencies at higher tariff (₹ 8/- per unit). Request the burden not to be passed on to the customers.

Reply of PSPCL:
PSPCL need to comply RPO targets year on year as determined by Hon'ble Commission. Agreements with solar power generating companies are done to comply the same.
View of the Commission:
Refer to the view of the Commission against Issue No.4 objection No.20.

Section B of Objection No.26 - Recommendations

Issue No.1: Burden of AP Subsidy
Free power provided to agriculture sector is increasing the subsidy burden on the industry. As a step the state Government can consider metering the power supplied to the farm sector and encourage usage of energy efficient equipment. They could develop a mechanism by which power up to certain limit could be given free to farmers (about 400 units) which can then be tapered down over the years. Farmers who do not use the subsidized units could trade and those using additional units can purchase it from the DISCOM. This will help farmers become more efficient in their operations and also reduce the subside burden.
Reply of PSPCL:
The supply to agriculture tube wells is free as per policy of the Government and capping of the same is at the discretion of the Government of Punjab. Moreover, supply to AP consumers is limited only up to 8 hours that too during the months of June to September for paddy cultivation. As far as the farm sector and encourage usage of energy efficient equipment PSPCL welcome the suggestion of objector and request Hon'ble Commission to take appropriate view on the same.
View of the Commission:
Providing subsidy to any class of consumers is the prerogative of the State Govt. However, suggestions for efficient use of electricity have been noted.

Issue No.2: Privatization of Discoms
Privatization of power distribution_companies as done in Mumbai and Delhi (franchises model) can lead to reduction in AT&C loses. Also, penalize DISCOMS for power cuts.
Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
The issue does not relate to ARR.

Issue No.3: Mandatory Industrial Power Efficiency:
Efficient use of electricity should be made mandatory for setting up of industries which may be through the use of LEDs/energy saving equipment, solar water heating etc.
Reply of PSPCL:
PSPCL welcome the suggestion of objector and request Hon'ble Commission to take appropriate view on the same
View of the Commission:
Refer to Directive No.7.4 of this Tariff Order.

Issue No.4: Low Cost Solar Installations
Encourage government and private sectors to install solar roof tops in the premises and also install solar plants wherever possible through low cost financing options.
Reply of PSPCL:
PSPCL welcome the suggestion of objector and request Hon'ble Commission to take appropriate view on the same
View of the Commission:
The Commission has already notified Net Metering regulations for SPV plants.

Issue No.5: Lowering Fixed Cost
Device mechanisms to lower fixed cost (employee etc.) and increase revenue for PSPCL apart from tariff increase and burdening the end consumers.
Reply of PSPCL:
The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost. As far as the increase revenue for PSPCL apart from tariff increase is not related to Current ARR, PSPCL has no comments to offer at

this stage.

View of the Commission:

Employee cost is allowed under O&M expenses as per Regulation No.26 of PSERC Regulations, 2014.

Issue No.6: Exemption of Addl. Charge during Peak Hours

To increase powers consumption of industries benefits under the present Time of the Day (ToD) tariff by not charging any additional charge (present ₹ 2.00 per unit) for power consumer during peak hrs should be extended this will help in reducing the idle generation capacity of the state

Reply of PSPCL:

It is submitted that the tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. PSPCL sell electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission

View of the Commission:

Commission notes the objector's suggestion. Refer Para No.6.2 of this Tariff Order .

Issue No.7: Rebate on increasing Power consumption

The policy of PSPCL in providing ₹1 rebate to units increasing their power consumption vis a vis last three years consumption is a good scheme, to motivate the SSI sector units, to increase their capacities regime.

Reply of PSPCL:

Matter of record. Hence, no comments to offer.

View of the Commission:

Commission notes the objector's suggestion

Issue No.8: Stopping Peak Load Restrictions.

Do away with the peak load hour restriction regime

Reduce open access charges

Reply of PSPCL:

The tariff and various charges for different consumer categories are determined by Hon'ble Commission. PSPCL sells electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission

View of the Commission:

Refer to Views of the Commission on Issue No.1, Objection No.13 above.

Issue No.9: Capacity expansion

10 percent automatic enhancement for capacity expansion to industries

Reply of PSPCL:

The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.

View of the Commission:

PSPCL may examine the issue separately.

Issue No.10: Penalty for high AT&C losses

Penalise Discom of areas for high AT&C losses

Reply of PSPCL:

PSPCL has been continuously making best efforts to improve the distribution loss of the system. PSPCL has been able to achieve 15.20 % T&D loss in FY 2014-15 as against 16% approved by Hon'ble Commission which in itself is an achievement. PSPCL has been able to over achieve the target by 0.80 % during FY 2014-15.

View of the Commission:

Commission notes the objector's suggestions and response of PSPCL. Refer para 2.9 of this Tariff Order. Also refer to directive no. 7.31 of this Tariff Order.

Issue No.11: Load Factor Incentive

Increase load factor incentive

Reply of PSPCL:

The tariff and various charges for different consumer categories are determined by the Hon'ble Commission. PSPCL sells electricity to the consumers at rates approved in the tariff order issued by the Hon'ble Commission

View of the Commission:
Commission notes the objector's suggestions.

Issue No.12: Hot line washing of Insulators
Use hot line washing system as done by Tata Power in Mumbai to avoid tripping of power line during foggy months.
Reply of PSPCL:
The above matter is not related to Current ARR, PSPCL has no comments to offer at this stage.
View of the Commission:
Refer to Directive No.7.28 of this Tariff Order.

Objection No. 27: President Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh.

Objection No. 28: Director, Vimal Alloys Pvt. Ltd., Regd. Office: Shop No.445, Sector 3-C, GT Road, Mandi Gobindgarh.

Objection No. 29: Director, Dang Steels Pvt.Ltd.,B-XXIX-536/6-B/2, Singla Cycle Road. Opp. Dhandari Railway Station, G.T. Road, Ludhiana.

Objection No. 30: Sh. Harinder Puri, G.M./Commercial, C/O Upper India Steel Mfg. & Engg. Co. Ltd., Dhandari Industrial Focal Point, Ludhiana

Issue No. 1: Increase Period of ToD: Objector has quoted abstract of Hon'ble Commission Tariff Order for FY 2016-17 as under
7.2.14 (V) The Commission, as a policy, decides to remove PLEC and approves following ToD tariff for Large Supply industrial category consumers:
(a) ToD tariff comprising of normal tariff plus additional charge approved by the Commission in the Tariff Order will be applicable during peak hours from 06:00 PM to 10:00 PM from 1st June to 30th September.
(b) ToD tariff comprising of normal tariff minus rebate as approved by the Commission in the Tariff Order will be applicable from 10:00 PM to 06:00 AM (next day) from 1st October to 31st May of next year.
Accordingly, the Hon'ble Commission provided the night rebate and peak charges in para 7.2.14 (vii) of tariff order covering the period 1st April 2016 to 31st March 2017. ToD tariff is to be decided by the Hon'ble Commission every year in the tariff order.
PSPCL included the above provision in its CC No. 28/2016 covering the period up to 31st March 2017. However, there are no instructions available from PSPCL side regarding Night Rebate and Peak ToD charges w.e.f. 1.4.2017. LS Steel Furnace and Rolling Mill industry has to take advance decision for deployment of labour and resource keeping in view the financial implications of tariff and current rates of its products from neighbouring states for running industries.
Since, it has already been decided that night rebate will be for 8 months (1st October to 31st May of next year) of lean demand and Peak charge will be applicable for 4 months (1st June to 30th September) of peak demand and tariff order for 2017-18 is likely to be delayed beyond 1.4.17, as such instruction may be issued to PSPCL to extend the night rebate of ₹ 1/- per unit up to 31st May 2017 and issue CC accordingly so that there is clarity in this regard.
Reply of PSPCL:
The tariff at which electricity can be sold to consumers is determined by Hon'ble Commission. Further, fixation of tariff and application of ToD rebate to particular category of consumer is the prerogative of the Hon'ble Commission as per Electricity Act, 2003 and provisions of the PSERC Tariff Regulations. PSPCL would sell electricity to the consumers at rates specified in the tariff order issued by the Hon'ble Commission.
View of the Commission:
Refer Order of the Commission dated 29.03.2017 against Petition No.90 of 2016 vide which necessary Order has already been passed by the Commission.

Objection No. 31: Seil Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No.52, Rajpura, Distt. Patiala (Pb).

Issue No.1: Relief to Industry
The present tariff structure is a legacy of the earlier period of acute power shortage in the state. PSPCL always tried to meet this shortage through power cuts/restrictions & higher rates for high end

industrial consumers in order to discourage them for high use so as the gap between demand & availability is met. PSPCL is still continuing with higher rates of power for industry and seeking further increase in tariff even in surplus scenario which is evident from the current ARR and two part tariff proposal submitted for 2017-18. Though some relief to industry was given in the Tariff Order for 2016-17 by the Hon'ble Commission but more needs to be done in this regard.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003; on the basis of data provided by the PSPCL in the ARR petition keeping also the interest of PSPCL in view. PSPCL has been charging tariff to consumers as prescribed by the Commission from time to time in various tariff orders

View of the Commission:

The Commission processes the ARR as per its notified Regulations & determine the revenue gap after prudent check of expenses. Tariff rates are determined to cover this revenue gap & cross-subsidy.

Issue No.2: Provide quality power at competitive rate

At this juncture, the demand of the hour is to provide good quality power at competitive rates to the High end consumers like industrial LS consumers especially High power consuming (Power intensive sector) so as to reduce the idle capacity and to bring down their cost of production thus motivating the industry for further expansion and full utilization of production capacity. This in turn shall increase the employment of man power and revenue of the state in the form of GST, Electricity Duty and IDF etc.

Reply of PSPCL:

PSPCL is continuously making efforts for 24x7 quality power supply to its consumers. PSPCL has improved in terms of reduction in power outages and increased power availability. Moreover the Distribution System is regularly maintained and is being strengthened under RAPDRP schemes. PSPCL is maintaining the reliability / performance norms. For the improvement of Sub transmission system i.e. 66 KV and distribution system i.e. 11 KV and below, PSPCL has taken various initiatives since its inception from 2010 onwards with the help of APDRP and in house investment.

View of the Commission:

PSPCL should ensure uninterrupted quality supply to all the consumers. Refer to Directive No.7.12 & 7.29 of this Tariff Order.

Issue No.3: Implementation of State Industrial Policy

Govt of Punjab is already committed to supply power to industry @ ₹ 5/- per unit for 5 years. This has already been made a part of the State industrial Policy 2017 under finalization. It is requested that this may be implemented at the earliest and the tariff be reduced w.e.f. 1 .4.2017 for the full tariff order 2017-18 period.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003; on the basis of data provided by the PSPCL in the ARR petition keeping also the interest of PSPCL in view. However, if all existing and new Industrial consumers are to be supplied Power @ Rs 5/unit (at par with the new units), then the GoP has to provide subsidy (Approx. Rs 1600 Crore per annum as per rates approved for 2016-17) for the difference in the tariff determined by the PSERC and the special tariff, as per Section 65 of Electricity Act. The reduction in Tariff to the existing Industrial consumers shall also result in reduction in ED to the state govt (approx. Rs 288 Crore as per rates approved for 2016-17). This subsidy for allowing concessional electricity to existing industry in any case has to be provided by the GoP as the special tariff @ Rs 5/unit is much lower than the tariff of Rs 6.03/kVAh for General Industry, ₹ 6.22/kVAh for Arc furnace/PIU Industry & also average cost of supply of 597.95 Paise/unit as determined by PSERC for FY 2016-17.

View of the Commission:

Refer to the Views of the Commission on Issue No.1 above. However, issue of subsidizing any category of consumers falls under the purview of Govt. of Punjab.

Issue No.4: Fixation of Industrial Tariff at ₹5/-

Further, while fixing the tariff at ₹5/- following points be kept in view:

a) In case two part tariff is implemented for the year 2017-18, the Fixed/Capacity charge and Variable/Energy charge should be so fixed that at Normative Utilization Factor, the liability of the consumer is neutral.
b) The Voltage rebate of 25 paisa per unit for 66 KV and 30 paisa per unit for 220 KV consumers is

to be continued and is not to be merged in the proposed tariff of ₹5/- since APTEL has already held many times that tariff should be as per Voltage wise cost of supply and in Punjab this is being achieved through, voltage rebate. Electricity Act 2003 has clear directions to fix tariff based on Cost of Supply.

c) ToD tariff should be on the base tariff of ₹5 per unit i.e. night rebate and peak ToD charge should be additional to base tariff.

d) Electricity Duty and IDF should be leviable on the sale value of power and not on notional tariff.

Reply of PSPCL:

(a) The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003. PSPCL has been charging tariff to consumers as prescribed by the Commission from time to time in various tariff orders

(b) Hon'ble Commission in Tariff Order for FY 2013-14 had decided to adopt Cost of Supply study (Methodology-II) and observed in Tariff Order for FY 2013-14 that cost to serve at higher voltages is lesser than the cost to serve at lower voltages. The Hon'ble Commission, accordingly, decided to approve rebate of 25 paise/unit to all consumers getting supply at 220/132 kV, 20 paise/unit to all consumers getting supply at 66/33 kV and 15 paise/unit to DS, NRS, AP High–Technology, Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies and MS category consumers getting supply at 11 kV and assessed the impact of this voltage rebate at ₹ 103.63 crore for FY 2013-14 and ₹ 107.17 crore on the basis of energy sales data supplied by PSPCL in the ARR for FY 2014-15 with 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, NRS & MS consumers getting supply at 11 kV and 20 paise/kWh to AP/AP High-Technology, Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies consumers getting supply at 11 kV.

Further, the Hon'ble Commission had assessed the impact of voltage rebate at ₹ 142.20 crore on the basis of energy sales data supplied by PSPCL for FY 2016-17 in its ARR and approves the same provisionally. The revenue from tariff on existing rates has accordingly been reduced to this extent. The actual revenue impact will be adjusted at the time of truing up. Hon'ble Commission has also allowed a rebate as mentioned above keeping in view lesser amount of losses attributable to EHV/HV consumers. The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003.

(c) The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view.

(d) With regards to Electricity Duty and Infrastructure Development fund, it is submitted that these levies are imposed by the State Government. The revenue received on these accounts are passed on to the State Governments. PSPCL on its own without consent of State Government/PSERC cannot decide the matter of ED & IDF calculation on concessional tariff, if any.

View of the Commission:

Refer to para 6.2, 6.3 and 6.4 of this Tariff Order.

Issue No.5: Continuous process Industry Surcharge

Under the present scenario of surplus power in the state, proposal of continuation of Continuous Process Surcharge (CPS) of paisa 10 per unit is highly unjustified. CPS was imposed on continuous process status industry during the FY 2012-13 on the plea that under the situations of power shortage, PSPCL is forced to purchase power from costly sources in order to cater the demand of this category of industry and other categories of consumers have to face power cuts to ensure continuous power to continuous process industry' Since now there is no shortage of power, this CPS needs to be withdrawn immediately thus endorsing their clam of surplus power.

Reply of PSPCL:

Extra levy @ 10 paise per kVAh on pro-rata basis, for continuous process industries has been levied on LS and MS consumers as per Tariff Order of FY 2016-17. Surplus power is available with PSPCL but on annual basis because of reduction of load during the off peak seasons, PSPCL has to procure the power during the peak time. Regarding the reduction of charge of 10 paisa/kVAh on continuous process industries, it is not recommended as costly power has to be purchased to meet with the demand of continuous process industry for all 24 hours of the day. Moreover in case of emergency curtailments, curtailments on continuous process consumers have been made in the last.

View of the Commission:

Refer para 6.6 of this Tariff Order.

Issue No.6: Incentive to High End Consumers to Increase Consumption

If the industry starts consuming more power by increasing their production levels thro' increased working Hours or using idle capacity, they will be purchasing more power and reducing PSPCL's liability of fixed charges for the idle generating capacity. To achieve this objective, Licensee should have come forward with proposals to incentivize the high end consumers but there are no such proposals of the PSPCL in ARR.

Reply of PSPCL:

The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003; on the basis of data provided by the PSPCL in the ARR petition keeping also the interest of PSPCL in view PSPCL has been charging tariff to consumers as prescribed by the Commission from time to time in various tariff orders

View of the Commission:

Refer to para 6.1 & 6.3 of this Tariff Order.

Issue No.7: Determination of Tariff according to Cost of Supply

Section 61(g) of the Electricity Act 2003 says that while determining tariff, Appropriate Commission shall keep in mind "That the tariff progressively reflects the cost of supply of electricity and also, reduces cross subsidies in the manner to be specified by the Appropriate Commission...."

This has been repeatedly requested to the Hon'ble Commission that LS consumers on 66KV voltage level need to be treated as a separate category and their tariff need to be fixed according to the principle of cost of supply/cost to serve. But this request of the consumers is still unfulfilled. Till separate category of 66KV consumers is created, at least HT rebate to this category of consumers need to be raised from the present level to justify the provisions of the EA.

Reply of PSPCL:

Hon'ble Commission in Tariff Order for FY 2014-15, FY 2015-16 & FY 2016-17 has already approved rebate of 25 paise/kVAh to all consumers getting supply at 66kV. The determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble 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:

Refer to para 6.4 of this Tariff Order.

Issue No.8: Tariff for Power Intensive Industry (PIU)/Clubbing of Sundry charges in Current Bill

Rate of tariff for LS PIU industry sub category should be same as that of general sub category or may be less as now there is no shortage of power. In fact PIU industry is helping the licensee more as a major player of the game and consuming more power which is evident from the category wise Utilisation factors thus minimising the unused or surrendered power.

We request the Hon'ble Commission to consider the above suggestions for imparting relief to industry so that the vision of the GoP is fulfilled.

We also submit here that for the last many months we are feeling greatly harassed by the monthly consumption bills being raised to us. The requisite details of sundry charges and allowances are not provided to us in the bill. Orders/directives of the Hon'ble Commission are not followed in letter and spirit; clarifications on financial matters relating to consumers are issued through internal letters and not as Commercial Circulars etc. Such wrong bills with excess charges have to be paid upfront and the consumers have to run here and there for adjustments in the subsequent bills, of course without any interest payable to consumers.

This is causing unnecessary harassment to the concerned consumers and under several situations leading to unwanted and avoidable expensive & time consuming litigations. PSPCL needs to be directed to adopt practices that promote ease of doing business in the state and be more consumer's friendly.

Reply of PSPCL:

The Power Intensive and Arc Furnace consumers generate harmonics in the system, additional losses and other parameters like current & voltage harmonics, voltage flicker and voltage dip as well, as such the tariff of PIU and Arc furnace consumer is on high side than general industry consumers.

View of the Commission:

The Commission is not satisfied with the incomplete reply of PSPCL. Clubbing sundry charges with the current electricity bill & not providing details of such charges is violation of regulation 30.1.2 of the Supply Code, 2014. The Commission has already issued a strict warning to PSPCL officers in this regard through Order dated 29.03.2017 in petition no.66 of 2016 (Suo-motu). PSPCL is directed to ensure compliance of Supply Code & Order of the Commission. Also refer para 6.3 of this Tariff Order.

Objection No. 32: Khanna Paper Mills Ltd., NH-1, Majitha Bye-Pass, Amritsar-143001

Issues No. 1: Applicability of Fixed Charges under Two Part Tariff on CPP
Refer to Issue No.1 of Objection No.19
Reply of PSPCL:
The objector has already raised the same issue as objection No. 19 of the petition for ARR & determination of tariff filed by PSPCL for MYT Control Period FY 2017-18 to FY 2019-20, Reply to the same was sent to PSERC as well as to objector vide Memo No.: 368, dated: 27.03.17 in reference to PSERC Reference No. PSERC/reg.1085/Pet.90/2016/Obj.19/ 7016 dated: 17.03.2017.
View of the Commission:
Refer to Views of the Commission on Issue No.1 of Objection No.19. Also refer para 6.3 of this Tariff Order.

Issue No 2: Voltage wise Cost of Supply
Objector raised the issue that cost of supply at 132 KV, Industrial category is ₹4.51 per unit, whereas the same cost of 11 KV is ₹6.73 per unit, this difference of ₹2.22 per unit is beyond tolerable limits.
Reply of PSPCL:
It is submitted that PSPCL has projected voltage wise cost of supply based on methodology approved by Hon'ble Commission, wherein voltage wise demand energy and consumers related cost is allocated to different categories. The rebate of 30 paisa is determined by Hon'ble commission considering the approved CoS and ARR, Further rebate of 30 paisa and difference between CoS cannot be linked together.
View of the Commission:
Refer to para 6.4 of this Tariff Order.

Objection No. 33: President, Punjab Unaided Technical Institutions Association, C-124, Phase VIII, ELTOP, Near PCL Chowk, Mohali.

Issue No.1: Inclusion of "Educational institutions" under the Categories of industries for giving concessional rates for Power Tariff.
PSERC is framing concessional tariff for industries policy of the State, it is requested that Education Sector may kindly be included under the categories of industries for giving a further fillip to education in the state, and this may please be made applicable to the new educational institutions as well as the existing educational institutions of the State.
Reply of PSPCL:
PSPCL has been charging tariff to any category of consumers as prescribed by the Commission under Commission's approved schedule of tariff from time to time in various Tariff Orders. Furthermore, the classifications of tariff categories and determination of tariff is the prerogative of Hon'ble Commission.
View of the Commission:
Educational Institutions are bulk supply consumers with mixed load and as such cannot be categorized as purely Industrial category.

Objection No. 34: Sh. P.P. Singh, Vice President (E&U), Nahar Fibres (Prop.Nahar Spinning Mills Ltd.), 373, Industrial Area A, Ludhiana-141003

Issue No.1: Agriculture Consumption
The Objector raised the issue of fudged figures of agriculture consumption as reported in media and prays that as the metered segments have already been overcharged due to fudged figures of PSPCL in these years so the agriculture tariff may be increased suitably for adjustment of excess AP subsidy of ₹1803 Cr claimed by PSPCL. This will also decrease the difference of cost of supply between agriculture tariff and tariff of other categories.
Reply of PSPCL:
PSPCL submit that the T&D loss target trajectory fixed by PSERC was based on considering AP consumption as per sample meters. However, later on the Hon'ble Commission has changed the methodology of AP consumption in true up i.e. from sample meters to pumped energy without revising the T&D loss trajectory and hence the T&D losses as calculated by Hon'ble Commission have been found to be higher than the fixed trajectory. This has resulted into double loss to PSPCL i.e. reduction in revenue due to reduced AP consumption and disincentive on account of higher T&D losses. Furthermore; PSPCL would like to submit that the classification of tariff categories and determination of tariff is prerogative of Hon'ble Commission. PSPCL has been charging tariff to consumers as

prescribed by the Commission from time to time in various tariff orders.

View of the Commission:

Refer to para 2.2.3, 3.2.3 & 4.1.1 of this Tariff Order.

Issue No. 2: Industrial Tariff @ ₹5 per unit for 5 years

The Govt of Punjab has repeatedly assured to supply power to industry @ ₹5/- per unit for 5 years. The voltage rebate of 25 paisa per unit for 66 KV and 30 paisa per unit for 220 KV consumers is to be continued and is not to be merge in the proposed tariff of ₹ 5/-. The ToD tariff should be on the base tariff of ₹5/- per unit i.e. night rebate and peak ToD charge should be additional to base tariff. ED and IDF should be leviable on the sale value of power and not on notional tariff.

Reply of PSPCL:

PSPCL would like to submit that the classification of tariff categories and determination of tariff is prerogative of Hon'ble Commission. PSPCL has been charging tariff and other charges to consumers as prescribed by the Commission from time to time in various tariff orders.

The determination of tariff, rebate or surcharge to any category is also the prerogative of the Hon'ble Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view.

With regards to Electricity Duty and Infrastructure Development fund, it is submitted that these levies are imposed by the State Government. The revenue received on these accounts is passed on to the State Governments. PSPCL on its own cannot decide the matter of ED & IDF calculation on concessional tariff, if any, as it is prerogative of State Government.

View of the Commission:

Refer to Views of the Commission on Issue No.4, Objection No.31

Issue no. 3: Two Part Tariff

In the Two part tariff proposal submitted by PSPCL, the highest slab is ₹200/KVA/Month for 66/132/220 KV levels, whereas lowest slab is ₹ 100/KVA/Month for 11 KV. The consumers at higher voltage use only a part of the distribution system but these are being penalised here. The consumer at 11 KV is to pay ₹ 100 where as a consumer at 66 KV is to pay ₹ 200 per KVA per Month. Thus it is a clear case of cross subsidy of low voltage consumers by high end consumers with in the category itself LS consumers are to cross subsidise the Agriculture also. Thus, for Large Supply high end consumers, it amounts to double penalty without any justification.

Reply of PSPCL:

Refer PSPCL's reply to issue No.3 &11, Objection No.1 above.

View of the Commission:

Refer to Views of the Commission on issue No.3 &11, Objection No.1 above.

Issue no. 4: Cost of Supply

The Cost of Supply of Agriculture being supplied at LT has been calculated lower than 11 KV LS industry. The objector requested that the assumptions being taken by PSPCL be reviewed as the projections does not seem to be realistic. The cost of supply for 11 KV consumer is ₹ 6.73 whereas for 66 KV consumer it is ₹5.90 (difference of 83 paisa) whereas the voltage rebate is only 25 paisa. Hon'ble Commission is requested to increase the voltage rebate appropriately.

Reply of PSPCL:

Hon'ble Commission in Tariff Order for FY 2013-14 had decided to adopt Cost of Supply study (Methodology-II) and observed in Tariff Order for FY 2013-14 that cost to serve at higher voltages is lesser than the cost to serve at lower voltages. The Hon'ble Commission, accordingly, decided to approve rebate of 25 paise/unit to all consumers getting supply at 220/132 kV, 20 paise/unit to all consumers getting supply at 66/33 kV and 15 paise/unit to DS, NRS, AP High– Technology, Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies and MS category consumers getting supply at 11 kV and assessed the impact of this voltage rebate at ₹ 103.63 crore for FY 2013-14 and ₹ 107.17 crore on the basis of energy sales data supplied by PSPCL in the ARR for FY 2014-15 with 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, NRS & MS consumers getting supply at 11 kV and 20 paise/kWh to AP/AP High-Technology, Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies consumers getting supply at 11 kV.

Further, the Hon'ble Commission had assessed the impact of voltage rebate at ₹142.20 crore on the basis of energy sales data supplied by PSPCL for FY 2016-17 in its ARR and approves the same provisionally. The revenue from tariff on existing rates has accordingly been reduced to this extent. The actual revenue impact will be adjusted at the time of true up. Hon'ble Commission has also allowed a rebate as mentioned above keeping in view lesser amount of losses attributable to EHV/HV consumers. Further, the determination of tariff, rebate or surcharge to any category is prerogative of the Hon'ble Commission as per Electricity Act, 2003.

View of the Commission:

Refer to para 6.4 of this Tariff Order.

Issue no. 5: Continuous Process Industry Surcharge

Continuous Process Surcharge was levied in the Tariff Order of 2012-13 on the request of PSPCL submissions that continuous uninterrupted power is supplied to such industries and on several occasions in situations of power shortage. PSPCL is forced to purchase power from costly sources to meet with the requirement of continuous process industry. At that time continuous process industries was getting uninterrupted power supply for the full load even when there were weekly off days on the general industry. During peak load hours also, uninterrupted power as per requirement of the consumer is supplied, whereas in shortage scenario, such supply is refused to general (non-continuous) process industry. These views were also detailed in Hon'ble Commission's order dated 01.06.2012 also and Surcharge of 10 Paisa per unit on pro rate basis on continuous load was imposed.

Now in surplus scenario, PSPCL is paying fixed charges for idle capacity which we are already bearing. There is no purchase of costly spot power and power being purchased, if any, is only for optimum operation of the grid due to higher capacity generator sets commissioned in the system. Thus, all the justifications for CPS have ceased and position is likely to remain same in the next 5-6 years at least. PSPCL should have come forward themselves with the proposal to discontinue the CPS but they are not bothered. As is evident, there is no justification to continue with this surcharge and the same needs to be abolished like PLEC.

Reply of PSPCL:

Refer to PSPCL's reply on issue no.5, Objection no.31.

View of the Commission:

Refer to Views of the Commission on issue no.5, Objection no.31 and refer para 6.6 of this Tariff Order.

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Issue No. 6: Increased in Fixed Cost liability.

PSPCL has surplus capacity round the year, As calculated from the ARR figures, PSPCL is paying ₹2473 crore for idle capacity in 16-17 which will increase to ₹3086 Crore in 2019-20 inspite of increase in consumption of PSPCL. The abnormal increase in Fixed cost of idle capacity is not understandable. It is also indicated on Page 36 of ARR Vol 1 and Part -2 that PSPCL has signed 8 PPAs (projects of Bokaro, Meja, Teesta 3, Tanda, Parbati II, Vishnugad, North Karanpura, and Tapovan) and power from these Projects will also flow in the MYT period. Out of these 8 PPAs, four are with thermal plants which doesn't suit PSPCL requirements. Why these PPAs were signed and whether PSERC has approved these PPAs is not indicated. PSPCL has also not proposed any concrete suggestions for disposal of the surplus power and reduce the loading of idle capacity on consumers. They are not bothered being well aware that this liability will be loaded on the consumers and they are not taking any initiative for reducing the liability. We request the Commission to reimburse only 75% of the liability for their ill planning.

PSPCL has proposed payment of fixed cost of ₹12.90 Cr for Meja Power Plant without any power flow for H2 of 2016-17. Thus liability of Meja Plant is already on our head.

Reply of PSPCL:

The purchase from central generating stations and IPPs is based on the long term power purchase agreement made between PSPCL and NTPC. As per these PPAs PSPCL is liable to pay fixed charge even if no energy is purchased from these stations. As per these PPAs fixed charge is an obligation that is to be paid which cannot be avoided. The generation in these plants is based on availability of fuel and is not in control of PSPCL. However in any case fixed charges are to be paid to these generators based on the availability of the plants.

PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPA"s signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPAs due to decrease in demand. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL

PSPCL has scheduled its procurement from various CGSs and IPPs on the merit order principles. Following factors have been considered for deciding the procurement/generation schedule:

i) Load profiles during various seasons;
ii) Technical constraints;
iii) Avoidable costs after giving due consideration to contractual obligations.

The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.

The Merit Order is a process which indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity

PSPCL submits that during the Control period, PSPCL projected to have surplus energy available from tied up sources. In order to manage demand and maintain energy balance, the 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 2016. After surrender of energy, only variable charges have been reduced and fixed/other charges are assumed same. Accordingly, the surplus power available from thermal and gas stations has been surrendered as per merit order schedule.

View of the Commission:

Objector may peruse the reply of PSPCL. Also refer to Directive No.7.14 and 7.17 of this Tariff Order.

Objection No. 35: Gurbakhshish Singh, Domestic Consumer, Nabha Town, Patiala.

Issue No.1: Demand for tariff hike:

Although PSPCL claims reduction in losses due to shifting of meters but still demands hike in Tariff

Reply of PSPCL:

Approximately 80% Meters have been shifted outside consumer premises. Balance work is under progress. The pace of balance work was slow due to opposition by Kissan Unions etc., however the same shall be completed soon.

View of the Commission:

Refer to Directive No.7.1 of this Tariff Order

Issue No.2: Concessions to PSPCL's Employees / Officers

When PSPCL's employees and officers are getting handsome wages then why they are getting free electricity concession as per their ranks which is injustice to other consumers.

Reply of PSPCL:

It is submitted that free electricity concession to employees as per their rank is a policy matter of PSPCL duly approved by competent authority to motivate their employees to work efficiently under difficult conditions to maintain 24/7 uninterrupted supply around the year at consumers level.

View of the Commission:

Grant of Pay scales & allowances to the employees, is the HR policy of the licensee.

Issue No.3: Corruption in PSPCL

Corruption in PSPCL is at its peak and 100% field staff is corrupt.

Reply of PSPCL:

It is totally wrong to say that 100% field staff is corrupt. However if any complaint is received against any of the official/officer then the action is taken as per departmental rules & regulations.

View of the Commission:

PSPCL is required to introduce IT in a big way to bring transparency & efficiency in its operations.

Issue No.4: Wasteful Expenditure

There is unnecessary expenditure like painting of residential houses of officers every year, purchase of furniture, construction of swimming pools in colonies and other facilities in residential colonies of PSPCL there is no sense of work culture in PSPCL's employees and also there is theft in police line quarters and other govt. offices.

Reply of PSPCL:

This is a policy matter and necessary measures are being taken by the department to reduce expenditure to the extent possible. Further, all the theft complaints are being attended regularly & promptly by the field staff and flying squad of PSPCL and action is taken as per departmental rules & regulations.

View of the Commission:

PSPCL should reduce its unproductive expenses. Efforts need to be made to improve employees' productivity and efficiency. Also refer to Directive No. 7.6 of this Tariff Order.

Issue No.5: Outstanding Amount.

Non recovery of defaulting amount from PSPCL's consumers related to government departments like, water supply, police, local body and government hospitals.

Reply of PSPCL:

It may not be possible to disconnect temporarily/permanently electricity connections of Govt. departments keeping in view essential services. So, the matter is being taken up with the concerned departments and efforts are being made continuously to recover the defaulting amount and notices are also being issued to concerned departments.

View of the Commission:

Refer to Directive No. 7.7 of this Tariff Order.

Issue No.6: Political Interference

PSPCL do not take strict action to collect pending electricity bills from influential/powerful/political people. The political leaders allow liberty to people of their areas to indulge in theft of energy. They create hindrance and political interference in meters shifting outside the consumer's premises

Reply of PSPCL:

Recently, the connection of a consumer was disconnected against whom defaulting amount of ₹2351208/- was standing. The consumer has deposited ₹3,06,000/- on 27.02.2017, ₹5,00,000/- on 24.03.2017 and ₹1,00,000/- on 18.05.2017 (total amount ₹9,06,000/-). The five monthly instalments have been made of balance amount of ₹14,51,208/-.

View of the Commission:

All consumers should be treated equally and disconnection due to non-payment should be applied uniformly. Also refer to Directive No.7.2 of this Tariff Order.

Issue No.7: Subsidies Supply

As Punjab Govt. has granted 400 units bi-monthly free electricity to SC, BC, EWS consumers who has connected load up to 1 KW, but most of the consumers have more load than 1 KW but load of their connections is not checked by PSPCL employees. This is totally mis-use of electricity concession. The progress of connections checked by PSPCL should be monitored.

Reply of PSPCL:

The strict instructions have been given to the field staff to check load of these consumers from time to time and to stop free electricity of those consumers whose load is found above 1KW.

View of the Commission:

PSPCL should ensure that subsidy is availed by the eligible consumers only.

Issue No.8: Metered supply:

According to Electricity Act PSPCL cannot supply electricity to consumers of any category without installing energy meter then how PSPCL is supplying electricity to AP consumers without energy meters as PSERC has imposed penalty in crore on PSPCL for not installing energy meters on AP connections but PSPCL has not installed meters and is not ready to install them.

Reply of PSPCL:

It is submitted that the 100% metering is not possible on AP connections. However, 100% metering is being carried out on 83 no. AP feeders which is as per directions of PSERC to install 100% meter on 1% AP feeders.

View of the Commission:

PSPCL should achieve 100% metering as per Section 55 of the Electricity Act, 2003. Also refer to Directive No.7.30 of this Tariff Order.

Issue No 9: High AP consumption

PSPCL shows excess AP consumption to claim high subsidy from Punjab Govt. PSPCL is showing theft of energy in supply given to AP consumers. If PSPCL can install 50 lac energy meters to domestic supply consumers then why 12 lac AP connections cannot be provided with energy meters. If supply is given through energy meters, the actual consumption can be measured and misuse of power supply by farmers can be prevented.(If PSPCL can put meters on 50 lac Domestic Consumers, why meters cannot be installed on 12 lac AP consumers**.**

Reply of PSPCL:

The segregation of AP feeders has been done and to record consumptions meters have been installed on 11 kV Grids. Further, as per directions of PSERC subsidy is being claimed from Punjab Govt. by calculating losses on these feeders.

View of the Commission:

The Commission appreciates the concern of the Objector. Also refer to Directive No.7.5 & 7.30 of this Tariff Order.

Issue No.10: Non installation of meters on AP

Due to non installation of meters Punjab Govt. is losing in crores. PSPCL is showing theft of energy in supply given to AP consumers.

Reply of PSPCL:

The segregation of AP feeders has been done and to record consumptions meters have been installed on 11 kV Grids. Further, as per directions of PSERC subsidy is being claimed from Punjab Govt. by calculating losses on these feeders.

View of the Commission:

Refer to Directive No.7.30 of this Tariff Order.

Issue No.11: Supply Hours

PSPCL supply 7 to 8 hours power to farmers from 15.06.2017 to 30.09.2017 i.e. during paddy season. During the remaining period of the year only one hour supply is given and that is too during night hours as PSPCL gets cheaper power during night hours.

Reply of PSPCL:

The supply is being given as per notification of Punjab Govt.

View of the Commission:

PSPCL should ensure supply to AP sector as per policy of the State Govt.

Issue No.12: Power supply to AP as per crop pattern

During Rabi season, PSPCL manages the supply of power to tube-well consumers according to their own schedule. Due to lesser water requirement to wheat crop & other vegetables during winter season, there is wastage of water due to supply of power during night hours. PSPCL management may be asked to make power schedule according to season and crop so that wastage of water can be minimized.

Reply of PSPCL:

During Rabi season, the supply schedule is being maintained as per instructions of the Punjab Govt. keeping in view the system constraints and load curve.

View of the Commission:

PSPCL and GoP should take note of the concern of the objector.

Issue No.13: Levy of nominal tariff to AP consumers:

If one rupee per unit bill is charged from farmers, the subsidy burden on Punjab Govt. will be reduced and wastage of electricity supply and underground water can be minimized. So PSPCL should be directed to install 100% energy meters on AP connections in a time bound manner. Secondly supply schedule of AP connections should be uploaded on PSPCL's website and a dedicated toll free number for AP supply complaints should be executed 4 hours power supply for day time and 4 hours supply for night time in Rabi season may be given to AP consumers.

Reply of PSPCL:

Complaints are being received at telephone no. 1912 for all the 24 hrs. During Paddy season, control rooms at Zonal level are being opened in PSPCL head office in which complaints of consumers are attended/solved. During paddy season, the supply schedule is being maintained as per instructions of the Punjab Govt. keeping in view the system constraints and load curve.

View of the Commission:

PSPCL & GoP should take note of the suggestion of the Objector. PSPCL should also start SMS service for AP consumers to provide supply schedule.

Objections in Petition No.33 of 2017
True Up for FY 2015-16

Objection No.1: Sh. H.S. Sandhu, V.P. (Works), Mawana Sugars Limited, Unit:Siel Chemical Complex, Charatrampur, Village Khadauli/Sardargarh, Post Box No.52, Rajpura, Distt. Patiala (Pb)

Issue No. 1. : True up 2015-16 viz-a-viz CAG Report
Objector raised the issue that the true up ARR of 2015-16 now supplied is only audited by statutory auditor and comments of CAG and action there upon has not been supplied along with ARR. In the past CAG has been differing on the audited annual accounts prepared by statutory auditor on many counts. Further, PSPCL has stated earlier in ARRs that Statutory Auditor has limited jurisdiction and auditing of Energy Sale, Generation and Power Purchase is over and above the scope of the statutory audit. As such, in the absence of CAG report and without this being made available to the stake holders, any exercise to true up the accounts will be futile and should be deferred. However, we are offering comments on the same but these will be subject to revision on the basis of CAG report.
Reply of PSPCL:
The audit certificate of CAG of India has been received on dated 28-04-2017 the same along with its reply has been approved by the BOD in its 55th meeting held on 26-05-2017 and is still to be adopted by the member of company in AGM As & When it is adopted the same will be submitted before Hon'ble Commission. In view of the above it is submitted that there is no delay or laxity in the finalization of accounts on the part of PSPCL.
View of the Commission:
The Commission has issued Directive to PSPCL for timely submission of Audited annual Accounts. Also refer Directive No. 7.15 of this Tariff Order.

Issue No. 2: Return on Equity
The Commission had approved 15.5% return on equity for 2015-16 and PSPCL has again claimed the same in its true up ARR purportedly as per PSERC Regulations The FRP approved by GoP increasing the cost of assets by their revaluation and merging the Consumer Contribution, Subsidies and Grants with GoP equity leading to increase in the equity share capital of PSPCL from ₹2617.61 crore to ₹6081.43 crore which has led to increase of RoE from ₹405.73 crore to ₹942.62 crore i.e. an increase of 232% in both the figures without any fresh investment or infusion of cash by GoP or PSPCL. This matter was challenged in APTEL and it has already directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013.
PSPCL has filed SLP in Hon'ble Supreme Court of India and case is pending there. Accordingly, we submit that orders of the Hon'ble Supreme Court of India shall be applicable on this ARR also.
Reply of PSPCL:
PSPCL has filed an Appeal in Hon'ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17 December, 2014. Therefore the order of APTEL has been stayed till the final outcome of the order of the Hon'ble Supreme Court. PSPCL submits that since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon'ble Commission in its previous Tariff orders. Hon'ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders
View of the Commission:
The Commission has considered Return on Equity as per PSERC Tariff Regulations, 2005 and as per Order of the Hon'ble Supreme Court.

Issue No.3. Plant Availability Incentive
PSPCL is trying to claim the charges for its thermal generating plants both as per CERC and PSERC regulations as per its convenience based on its unique nature of being generating company plus distribution licensee.

i) It has failed to maintain separate stand alone accounts for the twin activities being performed by it.
ii) It refuses to inform the period of back down/shutdown of its thermal plants to State Load Dispatch Centre due to its unique ownership of generation and distribution.
iii) It is not backing down / shutting down the plants as per Merit Order Position and doing the maintenance jobs during the shutdown periods.
iv) It is doing maintenance job during the shutdown period.
v) It does not want to be subjected to Clause of "Mis-declaration of Availably".

vi) It is not ready to give daily schedules of availability of thermal units and subject its thermal plants under intra state UI mechanism.

Still it wants to claim incentive for Plant availability Factor (PAF) and wants PSERC to accept paper certification for the purpose of PAF. The proposal of Incentive for PAF and similar other claims need to be summarily rejected and PSERC may strictly follow its Regulations and orders already upheld by APTEL. In fact it seems that it is done deliberately to first claim such items in the ARR and when it is rejected, then to approach APTEL and Supreme Court to clamour for relief based on losses being suffered.

Further, It has been claimed in para 2.5 of ARR that the PAF of PSPCL Plants remained between 85.93% to 99.21% and plants were kept shut down as their variable cost is very high and PSPCL purchased short term power from bilateral sources/power exchange being cheaper than variable cost. PSPCL has claimed PAF incentive for availability in addition to normal fixed charges towards Depreciation, ROE, Employee cost and Op and Mtc. charges. It is submitted that if PAF incentive is to be approved then the PAF incentive needs to be added to the cost of short term bilateral/IEX power before certifying that the short term power is really cheaper, since PSPCL purchased short term power though plants were available. The liability of PAF would not have accrued, if these plants would have operated and thus this is a charge for intentionally not operating the plant and therefore variable charge would reduce by that amount. In this regard Hon'ble Commission may kindly refer to its orders dated 18.5.2017 in Petition No.7 of 2017 and add PAF incentive along with compensation payable to CIL for non-liftment of coal for keeping its plants under shutdown.

Reply of PSPCL:

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

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

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

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

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

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

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

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

View of the Commission:
Refer to para 3.10 of this Tariff Order.

Issue No.4: Delay in CAG Audit and True Up viz-a-viz its impact on consumers
The true up for ARR of 2015-16 now supplied is only audited by statutory auditor and CAG audit report and action there upon has not been supplied along with ARR. Objector pointed out that PSPCL is not acting as per PSERC Regulation 12 of PSERC MYT Regulations 2014 requires the Licensee to submit CAG audited accounts for True Up and also against the terms of license. The delay in compiling the audited data for the previous years is proving disastrous for the consumers. If the actual / admissible for true up are more, than consumer has to bear the carrying cost of Revenue Gap for 2 years and if the actual/admissible are less, then consumer gets the relief after 2 years and in the meanwhile suffers due to high production costs resulting from higher tariff.MYT Regulation 12.6 provide as under: -

> *Provided that no carrying cost shall be permitted for the period of delay in filing of true up on account of non-submission of audited accounts due to the fault of the utility:*

Moreover, the regulations/Electricity Act 2003 do not permit such laxity and APTEL has already held in OP No 1 that suo-motu proceedings be started where the utility fails to present its case. As such PSERC may initiate action against the utility for wilful and continuous violation of regulations and the Act and carrying cost of gaps should be disallowed.
Reply of PSPCL:
The audit certificate of CAG of India has been received on dated 28-04-2017 the same along with its reply has been approved by the BOD in its 55th meeting held on 26-05-2017 and is still to be adopted by the member of company in AGM. As & When it is adopted, the same will be submitted before Hon'ble Commission. In view of the above it is submitted that there is no delay or laxity in the finalization of accounts on the part of PSPCL.
View of the Commission:
The Commission has issued Directive to PSPCL for timely submission of Audited Annual Accounts. Also refer Directive No. 7.15 of this Tariff Order.

Issue No.5: Revenue Gap and its Financing viz-a-viz financial indiscipline
The PSPCL had submitted MYT ARR to the tune of ₹27683.96 crore and had further indicated a revenue gap of ₹11317.78 crore which included annual revenue gap of ₹3269.26 crore for the year 2015-16 and ₹8048.52 crore including carrying cost as per the revised estimate for the year 2014-15 & previous years.
As per the true up of 2015-16 now submitted, the revenue gap along with carrying cost has been indicated as 3243.19 Crore which includes carrying cost of ₹192.54 Cr for 2015-16 and ₹413.18 Cr for 2016-17.
Objector requested the Commission to disallow carrying cost of 2015-16 and 2016-17 to protect the interest of consumers since PSPCL failed to submit true up along with the main ARR due to reasons attributable solely to PSPCL.
Further, such wide revenue gaps every year in true up clearly indicate that either the figures are being inflated or revenue requirement determined by PSERC has no consideration for PSPCL which is incurring expenditure at their will. PSPCL is meeting revenue gap by drawing interest bearing working capital loans from various sources and incurring finance charges on arranging loans. The figures speak of the total financial indiscipline. Same excuses are being put up again and again in a stereo type manner for exceeding the approved ARR in tariff Orders.
This indicates that PSPCL is not bothered to follow the already notified regulations upheld time and again even by the APTEL in the Appeals filed by PSPCL itself. The revenue gap is occurring in spite of the fact that the ROE of ₹942.62 Cr being allowed every year since 2010-11 is also not being passed on to GoP and being used to meet the unauthorized expenditure every year.
Reply of PSPCL:
In present petition for Truing up for FY 2015-16, PSPCL has submitted the truing up based on audited annual accounts which are actual expenses the methodology adopted by PSPCL for truing up expenses for FY 2015-16 is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC tariff Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. It has been observed that during the year FY 2015-16 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc has gone up and therefore it will result in increase in revenue gaps. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with

respect to the proposed expenditure, the same is adjusted during the truing up process. It is therefore not appropriate to hold that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2015-16. Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18.

View of the Commission:

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

Issue No.6: Interest on Short Term Loan

PSPCL has claimed interest charges of ₹2880.61 Crore against the approved amount of ₹1668.98 Crore in tariff order which is 173% more than approved.

During the year, there is increase of Long term loans from ₹10684.59 Cr to ₹20808.56 Crore (increase of ₹10123.97 Crore) and working capital loans have decreased from ₹13220.73 Crore to ₹6431.02 Cr (decrease of ₹6789.71 Crore). It is also indicated that during the year, UDAY bonds of ₹9859.72 Cr have been issued under which PSPCL has manipulated the conversion of short term working capital loans to long term loans. PSERC has been disallowing the interest on excess working capital loans which PSPCL is taking to meet the disallowed expenditure under ARR. Therefore, the amount of UDAY Bonds need to be segregated for Long term and Working capital loans and Interest on working capital loan should be allowed on normative basis as per Regulations.

PSPCL has admitted to raise short term loans to meet the revenue shortfall arising out of non-receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders, replenishment of loans of GoP & PSTCL etc. It is submitted that 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 accruals. Objector opposed to consider request of PSPCL to allow interest on working capital loans on actual basis.

Break up of other bank charges and interest charges of ₹89.13 Cr have not been provided in the ARR and as such we are unable to offer any comments on the same. Hon'ble Commission may scrutinize the details before approval of these charges.

Reply of PSPCL:

So far as difference in interest on loans is concerned, it is submitted that PSPCL has claimed interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis.

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 as 4-3-2016. As per the provisions of MOU Govt. of Punjab has issued special Bonds amounting to ₹9859.72 Cr during 2015-16 and handed over the proceeds to PSPCL as loan of GoP. With these proceeds, PSPCL has prepaid its high cost loans. Due to this long term loan of PSPCL has increased and short term loan has been decreased during 2015-16.

Interest on working capital loans is allowed by PSERC on normative basis. As such the interest burden of excess working capital loans is being borne by PSPCL and is not being passed on to the consumers.

Moreover, after unbundling of PSEB, GPF Trust has been established GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. So far as ACD is concerned, it is mentioned that PSERC has already been deducting the ACD while calculating the working capital requirement.

Other bank and interest charges include net benefits of carrying cost ₹80.26 Cr (92.79-12.53) relates to FY 2012-13 and 2013-14 passed on to GoP as per Tariff order 2016-17. ₹4.04 Cr is bank guarantee charges and remaining ₹4.83 Cr is Misc.

View of the Commission:

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

Issue No 7: A&G Expenses

ARR for True Up indicates that PSPCL has claimed an expenditure/donation of ₹5 Cr in FY 2015-16 paid to Director/Cultural Affairs Punjab as per Corporate Social Responsibility initiative of ARR. This expenditure is neither related to power sector, nor exclusively for the employees of PSPCL. Further, PSERC in the TO 2014-15 has already decided for a similar donation as under –

5.12.11 As Commission is allowing A&G expenses as per PSERC (Terms and Conditions for

Determination of Tariff) Regulations, 2005, so amount of ₹25.00 crore claimed by PSPCL as donation made to Cancer & Drug Addiction Treatment Infrastructure Fund should be meted out of profit earned by PSPCL during FY 2013-14 and not passed on to the consumers. Accordingly, this donation is not being allowed over & above the A&G expenses allowed on a normative basis in line with the regulations.

Therefore, PSPCL should meet this expenditure out of its profits and the claim should be rejected out rightly.

Scrutiny of this Para also indicates that APTEL has already held on an Appeal filed by PSPCL that A&G Expenses are to be allowed on normative basis and PSPCL has also quoted relevant Para of the order. Further PSPCL has also calculated the normative A & G expenses as ₹164.21 Crore However, in spite of all this, PSPCL has requested for A&G expenses of ₹186.11 Crore on actual basis which is not as per Regulations. Hon'ble Commission is requested to approve the expenses as per Regulations and spare the consumers from bearing the unauthorized expenditure of PSPCL.

Reply of PSPCL:

₹5 Crore pertaining to donation to Director/ Cultural Affairs under A&G expenses Fund is the actual expenditure incurred by PSPCL in FY 2015-16. PSPCL has claimed cost in the true up petition which is legitimate and allowable as per PSERC Tariff Regulations. Since it is true up for FY 2015-16, therefore, most of the cost are claimed as per audited annual accounts as provided in the PSERC Tariff Regulations, 2005.

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

The claim made by PSPCL in its Petition for true up for FY 2015-16 is legitimate cost and has been provided with proper justification and therefore shall be allowed by the Hon'ble Commission.

View of the Commission:

A&G Expenses are approved in line with PSERC Regulations.

Issue No.8: High Cost of Power purchase

Objector raised the issue that the rate of power purchase is higher than the rate approved by PSERC. The variation seems to be due to excessive dependence on purchase of short term power thro' traders and unfavourable power surrender/drawl under UI.

It is also pointed out that for the year, PSERC approved surrender of power of 1736.66 MU under UI/sale thro' traders & Power Exchange at a cost of ₹323.68 Crore at ₹1.86 Per unit, whereas actual data now submitted indicates net purchase through' short term purchase of power of 1769.23 MUs at a cost of ₹621.49 Cr @ ₹3.43 per unit. Furthermore; objector also raised the issues of Perusal of power purchase data pertaining to UI mechanism, MOD, upcoming generation plants, review of PPA etc.

Reply of PSPCL:

For supplying power to the consumers, PSPCL takes power mainly from Thermal Generation in the State as well as purchase of power from Central Generating Stations and IPPs. This cost of power increases every year for reasons beyond control of PSPCL such as increase in coal cost, transportation cost, and increase in tariff by CERC for CGSs etc. Power purchase cost for FY 2015-16 has been submitted based on actual figures. As regards the purchase of power, it is submitted that in case of reduction in anticipated sales, the power purchase quantum is to be reduced which further reduces the energy charges However, PSPCL has to pay fixed charges as per CERC Order (in case of CGSs). PSPCL has estimated the power purchase cost based on available Tariff Orders for the generators and best available secondary information. PSPCL has been making the best possible efforts to optimize the power purchase cost. While estimating the power purchase cost, PSPCL has also considered the purchase based on merit order stack so as to optimize its cost. The additional energy available with PSPCL also envisaged for direct sale or sale through banking so as to minimize the power purchase cost. PSPCL is making best efforts to purchase power at the lowest rate as per merit order despatch and requests the Hon'ble Commission to allow power purchase cost as submitted in the petition.

View of the Commission:

Refer Para 3.8 of this Tariff Order.

Issue No 9: Prior Period Expenses

Regarding net prior period expenses of ₹35.47 crore, it may be noted that the ARR under consideration can seek expenses related to the benefits passed on to the consumers in the relevant year only. Therefore, the prior period expenses, which have not contributed in any way towards the electricity supplied to consumer in the year (2015-16) under consideration cannot be a part of the ARR for 2015-16. Further, if at all these are to be considered, then only those items should be allowed which were allowed in the Tariff Order on actual basis and for items allowed previously on normative basis, these should be disallowed.

It is also seen that Prior period expenses of few heads have been claimed here and for some heads viz. Power Purchase, these are claimed in respective heads. PSPCL may be directed to follow one practice.

Reply of PSPCL:

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

View of the Commission:

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

Issue No.10: General Issues

A) Approved Capital Expenditure Vs Actual Expenditure:

The True up ARR indicates actual Capital Expenditure of ₹1485 Crore against PSERC approved capital expenditure of ₹2000 Crore Thus ₹515 Crore recovered from consumers thro' tariff have been used elsewhere i.e. to reduce working capital loans. The interest there up on may be recovered from PSPCL for diversion of the recovered amount.

Reply of PSPCL:

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

View of the Commission:

Refer para 5.11 of this Tariff Order.

B) Surcharge on late payment and rebate on early payment of Power Purchase Late payment Surcharge and Rebate for early payment for power purchase should be treated as Non- tariff income.

Reply of PSPCL:

The delay in the recovery of amounts by PSPCL is funded by its own and by taking working capital loans and the actual working capital loans are presently not being allowed by the Hon'ble Commission. Such late payment surcharge, if any would only go to fund the increased working capital requirements. The above decision of the Hon'ble Commission would be correct only if the Hon'ble Commission allows the actual working capital requirements of PSPCL as claimed.

Similarly, the rebate on early payment also has the same effect. The early payment results in loss of interest for the time when the amounts could have been retained. The rebate is provided to compensate for this. When the interest on working capital is only on normative basis, the question of taking the rebate on early payment as non-tariff income does not arise.

In the circumstances, PSPCL prays the Hon'ble Commission the corresponding recovery of late payment surcharge by PSPCL for the delayed recoveries and early payment of power purchase bills should not be taken as non-tariff income.

View of the Commission:

Late payment surcharge and early payment of Power Purchase are treated as non tariff income as per Regulation 34 of PSERC Tariff Regulations.

C) True up ARR Data:

The sum total shown in Table 33 of ARR data of True up for FY 2015-16 does not tally with the sum of individual figures. Further revenue from agriculture metered supply is not shown.

Reply of PSPCL:
During data transformation some inadvertent error has crept in Table 33, the same has now rectified and does not have any bearing in the final value as shown under table 33. Furthermore, Supply to agriculture tube wells is free as per policy of the Government and in AP category includes subsidy of ₹4637.35 crore on a/c of Free Supply to AP consumers as per Trial of PSPCL.
View of the Commission:
The Commission agrees with the comments of PSPCL.

D) Payments to GoP for RSD:
Payments to GoP for RSD were claimed and allowed but in true up it is shown as NIL. The amount has been recovered but used to reduce the 'working capital. As such this amount, be adjusted with interest. Further, no explanation has been given for non-recovery of O&M expenses from BBMB.
Reply of PSPCL:
As per accounting practice, PSPCL has considered payments to GoP for RSD ₹6.5 crore under the head "Operating Expenses" which includes Cost of water, lubricant & consumable stores and Station supplies of ₹25.52 Crore same has been claimed in the R&M expenses in accordance with the philosophy adopted by the Hon'ble Commission in previous Orders.
View of the Commission:
The Commission agrees with the comments of PSPCL. So far as O&M expenses of BBMB are concerned, the same has been discussed in detail in para 3.13.7 of this Tariff Order.

Objection No. 2: Sh. P.P.Singh, Vice President (E&U), Nahar Fibres (Prop. Nahar Spinning Mills Ltd., 373, Industrial Area A, Ludhiana.

Issue No.1: True Up without CAG Audit Report: -
Refer Issue No.4 of Objection No.1 of True Up for FY 2015-16.
Reply of PSPCL:
Refer reply against Issue No.4 of Objection No.1 of True Up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.4 of Objection No.1 of True Up for FY 2015-16.

Issue No.2. (A) Incentive for Plant Availability Factor (PAF)
Refer Issue No.3 of Objection No.1 of True up for 2015-16.
Reply of PSPCL:
Refer reply against Issue No.3 of Objection No.1 of True Up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.3 of Objection No.1 of True Upfor FY 2015-16.

Issue No.2 (B): UI Charges:
UI charges paid/received on the days when short term power was purchased also needs to be included in the calculation of cost of short term power since schedule of short term power can be varied only with 48 hours' notice as per CERC Regulations.
Reply of PSPCL:
UI charges are paid on account of over drawl/under drawl by consumers of PSPCL on real time basis. However it is beyond the control of PSPCL that how much power is being drawn on real-time basis. The UI charges are paid by PSPCL based on the over/under drawl of power on real time basis.
View of the Commission:
Refer to Para 3.10 of this Tariff Order.

Issue No. 3: Return on Equity
Refer to Issue No.2 of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.2 of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.2 of Objection No.1 of True Up for FY 2015-16.

Issue No.4: Revenue Gap and its Financing
Refer Issue No.5 of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.5 of Objection No.1 of True up for FY 2015-16.

View of the Commission:
Refer Views of the Commission on Issue No.5 of Objection No.1 of True Up for FY 2015-16.

Issue No.5.(A) : Interest and Finance Charges
Refer Issue No.6 of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL Issue No.5 (A):
Refer reply of PSPCL against Issue No.6 of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.6 of Objection No.1 of True Up for FY 2015-16.

Issue No.5 (B): Break up of bank and interest charges
Break up of other bank charges and interest charges of Rs 89.13 Cr have not been provided in the ARR and as such we are unable to offer any comments on the same. Hon'ble Commission may scrutinize the details before approval of these charges.
Reply of PSPCL Issue No.5 (B):
Other bank and interest charges includes net benefits of carrying cost ₹80.26 Crore (92.79-12.53) relates to FY 2012-13 and 2013-14 passed on to GoP as per Tariff order 2016-17 (page no. 206). ₹4.04 crore is bank guarantee charges and remaining ₹ 4.83 crore is Misc.
View of the Commission:
Bank Charges and Interest Charges are allowed as per PSERC Tariff Regulation after prudence check based on true Annual audited Accounts.

Issue No 6: A&G Expenses
Refer Issue No.7 of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.7 of Objection No.1 of True up for FY 2015-16
View of the Commission:
Refer to Views of the Commission on Issue No.7 of Objection No.1 of True Up for FY 2015-16.

Issue No 7: High Cost of Power purchase
Refer Issue No.8 of Objection No.1 for True up for FY 2015-16
Reply of PSPCL:
Refer reply of PSPCL against Issue No.8 of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer to Para 3.8 of this Tariff Order.

Issue No 8: Prior Period Expenses
Refer Issue No.9 of Objection No.1 of True Up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.9 of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.9 of Objection No.1 of True Up for FY 2015-16.

Issue No 9: General
A) True Up Data:
Refer Issue No.10 C of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.10 C of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer Views of the Commission on Issue No.10 of Objection No.1 of True Up FY 2015-16.

9 B) Payments to GoP for RSD:
Refer Issue No.10 D of Objection No.1 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.10 D of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer Views of the Commission on Issue No.10 D of Objection No.1 of True Up FY 2015-16.

9 C) Approved Capital Expenditure Vs Actual Expenditure:
Refer Issue No.10 A of Objection No.1 of True up for FY 2015-16.

Reply of PSPCL:
Refer reply of PSPCL against Issue No.10 A of Objection No.1 of True up for FY 2015-16.
View of the Commission:
Refer Views of the Commission on Issue No.10A of Objection No.1 of True Up FY 2015-16.

Objection No.3: Sh.Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (Regd.), Grain Market, Mandi Gobindgarh.

Issue No. 1: Return on Equity
The Hon'ble Commission has approved 15.5% return on equity for 2010-11 to 2016-17 purportedly as per PSERC Regulations in line with the FRP of GoP thro 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 2617.61 crore to 6081.43 crore which has led to increase of ROE from 405.73 crore to 942.62 crore i.e. an increase of 232% 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 Crore 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 under:-

"48. ----- We direct the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARR/ True up for the year to provide relief to the consumers."

"Issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc.

50.3 The findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission shall re-determine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.

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:
PSPCL has filed an Appeal in Hon'ble Supreme Court against the APTEL judgement in Appeal No. 168 and 142 of 2013 dated 17 December, 2014. Therefore the order of APTEL has been stayed till the final outcome of the order of the Hon'ble Supreme Court. PSPCL submits that since the final order on this issue is still pending, it has claimed Return on Equity in line with the methodology approved by Hon'ble Commission in its previous Tariff orders. Hon'ble Commission is also requested to allow Return on Equity as it has been allowing in the past tariff orders
View of the Commission:
The Commission has considered Return on Equity as per PSERC Tariff Regulations, 2005 and as per Order of the Hon'ble Supreme Court.

Issue No. 2: ARR AND CARRYING COST OF REVENUE GAP
Perusal of the MYT ARR indicates that PSPCL has submitted stand alone true up ARR for 2015-16 and has not revised the MYT ARR figures. PSPCL has already submitted in ARR for 2016-17 that the deficit for 2014-15 as Rs 776.71 Cr and for 2016-17 as ₹ 4570.49 Crore For the MYT period year wise gaps have been worked out as 5576 Cr, 6130 cr and 6406 Cr respectively for the years 2017-18, 2018-19 and 2019-20 respectively. Now for 2015-16, the revenue gap has been indicated as 2637.47 Cr (All figures without carrying cost of revenue gap). The carrying cost for 2014-15 is Rs 243.96 Cr, for 2015-16 is Rs 605.72Cr and for 2016-17 is Rs 408.16.
This is very abnormal and indicates total financial indiscipline in PSPCL. The gap which is increasing every year clearly indicates that 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. This expenditure is being incurred by PSPCL by taking interest bearing working capital loans from various sources and incurring finance charges on arranging loans.
It is also pointed out that the expenditure already denied by the Commission in the previous tariff orders should not have been included in the ARR at all but the PSPCL is continuing the practice of presenting/preparing ARR as per expenditure already incurred and continues to put forward the same

arguments time and again to justify the denied expenditure. This is irrespective of the fact that the appeals of PSPCL against the orders of the Commission have already been rejected by the Hon'ble APTEL and Hon'ble Supreme Court.

If this True up ARR and other ARRs presented by PSPCL previously are accepted in toto, the base tariff of LS (PIU) industry which is Rs 6.22 per unit would be above Rs 10/- per unit. It can be well imagined as to how many industrial units can operate with tariff above ₹10/- per unit. In such a scenario 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:

In present petition for Truing up for FY 2015-16, PSPCL has submitted the truing up based on audited annual accounts which are actual expenses. The methodology adopted by PSPCL for truing up expenses for FY 2015-16 is very well elaborated in the Petition and is in line with the regulatory principles set by Hon'ble Commission and PSERC tariff Regulations. Hence, it would not be correct to say that the revenue gap figures are inflated. It has been observed that during the year FY 2015-16 the main input costs relating to cost of coal, cost of purchase of power from outside sources, establishment cost etc has gone up and therefore will result in increase in revenue gaps. Hon'ble Commission follows a transparent process for determination of tariff and consumers are given every opportunity to present the facts in their objections. In case there is any change in the expenditure with respect to the proposed expenditure the same is adjusted during the truing up process. It is therefore not appropriate to hold that revenue gap arising out of these expenses is inflated and unrealistic Moreover Hon'ble Commission will perform its own prudence check while approving the cost parameters for FY 2015-16. Further, PSPCL has requested the Hon'ble Commission to take an appropriate view on the revenue gap proposed by PSPCL as per PSERC Tariff Regulation, 2005 while determining the tariff for FY 2017-18. Further, PSPCL submits that the determination of tariff is the prerogative of Hon'ble Commission. PSPCL sell energy at the rates determined in Tariff Orders of the relevant year by Hon'ble PSERC.

View of the Commission:

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

Issue No. 3: Excess claim not accepted by Commission in Tariff Orders

PSPCL had filed Appeal No 106 of 2013 in APTEL which has been decided vide order dated 16.12.2015. The decision has been further considered by Hon'ble Commission for compliance and order have been issued on 4.1.2016. In these orders contentions of the PSPCL on following issues relating to Tariff Order 2013-14 were considered:-

i) Whether the State Commission has correctly calculated the fuel cost to be allowed for the generating stations of the appellant?
ii) Whether the State Commission has correctly calculated the subsidy to be contributed by the Government of Punjab for FY 2012-13?
iii) Whether the State Commission has correctly calculated the Return on Equity (RoE) to be allowed to the appellant in terms of tariff regulations?
iv) Whether the State Commission has correctly calculated the carrying cost to the appellant?
v) Whether the employees cost allowed by the Commission is correct?
vi) Whether the State Commission has correctly allowed the transit loss of coal, generation incentive and transit availability for generation?
vii) Whether the State Commission has correctly calculated and allowed the short term power purchase as claimed by the appellant?
viii) Whether the State Commission has correctly calculated the interest and finance charges to be allowed?
ix) Whether the State Commission has correctly allowed the interest on working capital?

Hon'ble APTEL decided all the issues except one against PSPCL and upheld the orders of the Commission as per Tariff Order. This order is applicable for the coming years as well. Therefore this order of APTEL be kept in view while deciding the True up ARR for 2015-16 and all such demands still being repeated in this ARR be rejected out rightly.

Reply of PSPCL:

The present case is not relating to the True Up petition filed by PSPCL for FY 2015-16 and objector requested Hon'ble Commission to be kept in view the APTEL order while determining the Tariff Order for FY 2017-18. Hence, no comments can be offered.

View of the Commission:

The Commission has trued-up the figures as per its Regulations, as held by APTEL.

Issue No. 4: Cross Subsidization of Agriculture Supply

National Tariff Policy 2016 provides in para 8.3.3 as under:

> *"While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending on the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage.".*

In view of the above, PSPCL needs to think of innovative ways to restrict agriculture supply in areas where the ground water levels have reached alarming levels. Such a move will force the farmers to adopt water conserving crops, will help sustain ground water level, reduce agriculture consumption and the cross subsidy load on industry.

It may be pointed out that Induction furnace and Rolling mill industry (PIU Category) to which the Objector belongs is running their business in loss with the prevailing rate of power as the power cost is more than 50% of the operating costs and this is the reason that almost 50% industry is already closed and balance is 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.

Reply of PSPCL:

The present case is not relating to the true up petition filed by PSPCL for FY 2015-16. Hence, no comments can be offered.

View of the Commission:

The Commission agrees with PSPCL as the issue does not relate to True up, however, the proposal requires detail examination.

Issue No. 5: CAG Audit Report Not supplied

The True up ARR of 2015-16 is audited by Statutory Auditor only and is without the CAG audit report. The delayed submission of ARR without mandatory CAG Audit shows PSPCL is not bothered to follow the Regulations. The Regulations/ Electricity Act 2003 do not permit such laxity and APTEL has already held in OP No 1 that suo-motu proceedings be started where the utility fails to present its case for tariff determination. As such PSERC may initiate action against the utility for wilful and continuous violation of regulations and the Act.

Reply of PSPCL:

It is intimated that the audit certificate of CAG of India has been received on dated 28-04-2017. The same along with its reply has been approved by the BOD in its 55th meeting held on 26-05-2017 and is still to be adopted by the member of company in AGM. As & When it is adopted the same will be submitted before Hon'ble Commission. In view of the above it is submitted that there is no delay or laxity in the finalization of accounts on the part of PSPCL.

View of the Commission:

The Commission has issued Directive to PSPCL for timely submission of Audited Annual Accounts. Also refer Directive No. 7.15 of this Tariff Order.

Issue No. 6: Expenses above approved expenses

The explanation for incurring higher expenses than approved for 2015-16are same being beyond control of PSPCL and actual with no reference to the regulations of tariff determination and/or the directive given in the Tariff Order 2016-17. Further, for R&M expenses, PSPCL is claiming on normative since actual are less but for A&G expenses, it is claiming actual which are more than normative. Thus PSPCL wants to have the best of all. In our view, there is no reason for admitting any expenditure which does not conform to Regulations.

Reply of PSPCL:

The claim made by PSPCL in its Petition for true up for FY 2015-16 is legitimate cost and has been provided with proper justification and therefore shall be allowed by the Hon'ble Commission. Furthermore, PSPCL in the present Petition has claimed the R&M and A&G expenses as per Regulation 28 of PSERC Tariff Regulations, 2005, as amended from time to time. PSPCL has already submitted in the present Petition that Hon'ble Commission while approving such expenses has taken an inconsistent approach and the methodology adopted i.e. allowing the actual or normative whichever is less, is an incorrect methodology and contrary to concept of normative wherein the benefit for overachievement should remain with the utility and decision of Hon'ble ATE in the

Judgment dated 18 October, 2012. For allowing employee expenses on actual and concept of normative wherein the benefit for over achievement should remain with the utility.

View of the Commission:

R&M expenses are allowed as per PSERC Regulations after prudence check based on the Annual Audited Accounts.

Issue No. 7: INTERST COST WITH UDAY SCHEME

PSPCL has admitted of ARR that it had to raise short term loans to meet the revenue shortfall arising out of various factors viz. Non/late receipt of subsidy due from the Government, Reduction in fuel & power purchase cost due to T&D losses etc., Disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders, withdrawal of Govt. loans etc. It is submitted that interest on such loans should not be passed on to the consumers who are not to be blamed for such lapses of PSPCL.

The mismatch between the ARR approved by the Commission in the Tariff Order and actual expenses incurred by the PSPCL (expenditure made by PSPCL without approval of PSERC year after year) should be met through internal accruals. Similarly, interest on the subsidy due but not received should be recovered from the Government. Short term loans are to be taken for working capital which is to be allowed on normative basis as per PSERC Regulations and the practice of previous years for interest on normative working capital should continue.

It is also pertinent to point out here that 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 incurred by PSPCL 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. Therefore 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 the next ARR.

Long term loans were ₹10684.59 Cr on 1.4.2015 and ₹20808.56 Crore on 31.3.16 (increase of ₹10123.97 Crore.). On the other hand, working capital loans were ₹6431.02 Crore on 1.4.15 and decreased to ₹3220.73 Cr on 31.3.16 (decrease of ₹6789.71 Crore). It is also indicated that during the year, UDAY bonds of ₹9859.72 Cr have been issued. This shows that PSPCL has cleverly manipulated the conversion of short term working capital loans to long term capital loans under UDAY scheme. Our request to the Commission is to bifurcate UDAY Bonds into two parts, Bonds issued for long term loan conversion be treated as here to fore and those issued for short term loan conversion be considered under Normative working capital with revised rate of interest

Reply of PSPCL:

So far as difference in interest on loans is concerned, PSPCL has claimed interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis.

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 as on 4-3-2016. As per the provisions of MOU Govt. of Punjab has issued special Bonds amounting to ₹ 9859.72 Cr during 2015-16 and handed over the proceeds to PSPCL as GoP loan. With this proceeds, PSPCL has prepaid its high cost loans. Due to this long term loan of PSPCL has increased and short term loan has been decreased during 2015-16.

Interest on working capital loans is allowed by PSERC on normative basis. As such the interest burden of excess working capital loans is being borne by PSPCL and is not being passed on to the consumers.

After unbundling of PSEB, GPF Trust has been established GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. So far as ACD is concerned, it is mentioned that PSERC has already deducting the ACD while calculating the working capital requirement.

View of the Commission:

Interest and Finance charges are allowed by the Commission as per its Regulation after prudence check.

Issue No. 8: SURPLUS POWER AND CAPACITY CHARGE OF IDLE CAPACITY:

In the TO 2015-16, PSERC gave following directive to PSPCL for reducing liability of surplus power and also directed PSPCL to submit report along with next ARR :

> *"PSPCL is directed to pursue vigorously with regard to directive of the Commission in the matter of Review of PPAs with Generators/Traders for purchase of power from outside the*

State of Punjab (Refer Directive at Sr. No. 6.17). Further, sincere efforts should be made to sell the surplus power at reasonable rates to reduce the burden of fixed charges on the consumers of the State."

However the true up ARR for 2015-16 is silent on this directive and consumers are being loaded with liability of Capacity charges for surplus/idle capacity. To add salt to our wounds, PSPCL is also claiming Incentive for Plant Availability by calculating the PAF Factor including the period of shut down due to higher variable cost of own thermal plants.

Such gross laxity in dealing with such important issue affecting the tariff directly for which timely directive had been issued by PSERC in advance way back in 2013-14 and then burdening the consumers on account of such inefficiency is uncalled for and should not be allowed by the Commission as pass through. Scrutiny of Power Purchase details reveals that

i) PSERC approved surrender of power of 1736.66 MU under UI/sale thro' traders etc. at a cost of ₹323.68 Crore at ₹1.86 Per unit, whereas actual data now submitted indicates net purchase through' short term purchase of power of 1769.23 MUs at a cost of ₹621.49 Crore @ ₹3.43 per unit.
ii) PSPCL has overdrawn 184.95 MUs under UI at an exorbitant rate of ₹12.72 per unit which is indicative of mismanagement and inefficiency. This purchase should be disallowed or allowed at average approved tariff**.**
iii) The TO 2015-16 provided that PSPCL will not purchase any power from Farakka, Kahalgaon, Dadri II and IGTPS Jhajjar being costly powers under merit order despatch. However PSPCL has purchased power from all these stations. It is evident that PSPCL is not following merit order surrender/purchase of power and PSERC directives. Purchase of high cost R/F power from gas based stations of Anta, Auriya and Dadri is also indicative of the same.
iv) ₹293.61 Cr have been claimed as Prior Period expenses. However, no details are available for this expenditure.

Hon'ble Commission may scrutinize the claims and allow it after prudent check.

Reply of PSPCL:

The purchase from central generating stations and IPPs is based on the long term power purchase agreement made between PSPCL and NTPC. As per these PPA‟s PSPCL is liable to pay fixed charge even if no energy is purchased from these stations. As per these PPA‟s fixed charge is an obligation that is to be paid which cannot be avoided. The generation in these plants is based on availability of fuel and is not in control of PSPCL. However in any case fixed charges are to be paid to these generators based on the availability of the plants.

PSPCL is the incumbent distribution licensee in the State of Punjab having Universal Service Obligation (USO) as per Electricity Act, 2003 and hence planning for power purchase to meet the demand is to be done considering the overall demand in the State. In accordance with the same, PPAs with Generators are signed under long term contract so that the consumers of Punjab do not have to face power deficit situation. However from the last two to three years, open access has increased in the State which has resulted into surplus availability of power with PSPCL. Since PPA‟s signed by PSPCL are on long term basis (around 25 years) it becomes very difficult to terminate these PPA‟s due to decrease in demand. However PSPCL has been following merit order dispatch principle and has been curtailing high cost power from its power portfolio, it has to bear the fixed cost of the generators as per the terms of the PPA. PSPCL would like to submit that since the cost of this surrender power is very high and is an unnecessary burden on the consumers of PSPCL

PSPCL has scheduled its procurement from various CGSs and IPP's on the merit order principles. Following factors have been considered for deciding the procurement/generation schedule:

i) Load profiles during various seasons;
ii) Technical constraints;
iii) Avoidable costs after giving due consideration to contractual obligations.

The power purchase expenses as determined through such optimal merit order dispatch after due consideration for contractual obligations and technical constraints, have been proposed for approval.

The Merit Order of a process indicates the order in which power from various available sources shall be utilized. In the process, sources of power have been considered in ascending merit order of variable cost. Sources of power with the lowest variable cost/ unit have been scheduled to be procured first (base load) and those with the highest cost/unit at last (peak load). Sources with equal merit order have been considered together in proportion to their available capacity

Further, to utilise the surplus power Hon'ble Commission in his tariff order for FY 2016-17 has stated.

".....Now with the Commissioning of additional units of various IPPs in Punjab, more of surplus power needs to be utilized to reduce the burden of fixed cost of the surrendered power on the consumers of the state. One more chance needs to be given to the consumers of state to utilize

surplus power. Therefore, the Commission approves base tariff rate of ₹4.99 per kVAh for Large Supply industrial category consumers, who consume power above threshold limit as per para 7.4.3. All other surcharge and rebates as approved by the Commission and Govt. levies as notified by the State Government shall be charged extra. The Commission expects that this will result in reducing extra fixed cost of surrendered power to some extent, the actual quantum of which will only be known at the end of FY 2016-17 and shall be considered by the Commission at the time of true up.

The criterion for allowing rate of ₹4.99 per kVAh shall be as under:

(i) It shall be allowed for any consumption during the financial year exceeding the consumption worked out on the following methodology:

The maximum annual consumption in any of the last two financial years shall be taken as threshold. In case, period is less than two financial years i.e. if connection has been released after 31.03.2014, tariff @ ₹4.99 per kVAh shall not be permissible. Further, in case, there is reduction or extension in load/demand, threshold consumption for a financial year shall be worked out on pro-rata basis.

(ii) The billing at the reduced rate shall be done once the consumer crosses the target consumption as worked out under Step (i), e.g. if a consumer has maximum annual consumption in any of two financial years as 10000 kVAh, the consumer shall be entitled for billing at the reduced rate for any consumption exceeding the threshold consumption of 10000 kVAh during FY 2016-17. The reduced rates shall be allowed to the consumer as and when the consumption of the consumer exceeds 10000 kVAh.

Furthermore, As per PSERC directives to review of PPAs with Generators / Traders for purchase of power from outside the State of Punjab. PSPCL submits that presently scheduling about 3700 MW power under Long Term PPA's/ BPSA's signed with Central Sectors entities i.e. NTPC, NHPC, SJVNL, DVC, NPCIL, UMPPs etc.

With the Commissioning of Independent Power Plants like NPL, Rajpura, TSPL Talwandi Sabo and GVK Goindwal Sahib, PSPCL has become surplus in power. Now in the changed scenario after the commissioning of IPPs, a few of these Central Sector Plants have become un-economical for PSPCL due to their comparatively higher variable rates.

Review of Long Term Power Purchase Agreements already signed with Generators outside Punjab for purchase of power is under process. On this matter Long Term Power Purchase Committee of PSPCL has discussed on 6.4.2016, 22.6.2016 & 28.7.2016 and identified Anta, Auriya, Dadri ,Jhajar, Unchahar-I, Farakka, Kahalgaon -I, of NTPC, Sewa-II, Chamera-III, Uri-II & Parbati-III of NHPC (Total 11 nos.), where PSPCL can consider for surrender its power share on mutual agreed terms with NTPC & NHPC for at least for next five years, to any other needy utility/state for availing PSPCL share.

Accordingly, letters in this regard to Govt. of Punjab, NTPC & NHPC has already been written for surrender of PSPCL share on mutual agreed terms with NTPC and NHPC for at least for next five years, otherwise if the same is not mutually agreed by both the parties, there is no such long term PPA where PSPCL can unilaterally come out of the long term Power Purchase Agreements / Bulk power Supply signed with various Generators/Traders.

Hereby it is intimated that the figures under prior period income and expenses arise in the current period as, a result of errors or omission in the preparation of the accounts of previous year. it is also added that all the expenses of previous year booked during the year are in the normal course of business and are allowable. The treatment to prior period income and expenditure has been given according to the accounting policies.

View of the Commission:

Refer to Commission's Directive No.7.25 and paras 3.8 & 3.10 of this Tariff Order.

Objection No. 4:Sh.Madhu Pillai, Resident Director, PHD Chamber of Commerce and Industry, Regd. Office: PHD House, Sector 31A, Chandigarh.

Issue No. 1: Return on Equity

Refer Issue No.1 of Objection No.3 of True up for FY 2015-16.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.1 of Objection No.3 of True up for FY 2015-16.

View of the Commission:

Refer to Views of the Commission on Issue No.1 of Objection No.3 of True Up for FY 2015-16.

Issue No. 2: ARR AND CARRYING COST OF REVENUE GAP

Refer Issue No.2 of Objection NO.3 of True up for FY 2015-16.

Reply of PSPCL:

Refer reply of PSPCL against Issue No.2 of Objection NO.3 of True up for FY 2015-16.

View of the Commission:
Refer to Views of the Commission on Issue No.2 of Objection No.3 of True Up for FY 2015-16.

Issue No. 3: Excess claim not accepted by Commission in Tariff Orders
Refer Issue No.3 of Objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.3 of Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.3 of Objection No.3 of True up for FY 2015-16.

Issue No. 4: Cross Subsidization of Agriculture Supply
Refer Issue No.4 of objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.4 Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.4 of Objection No.3 of True Up for FY 2015-16.

Issue No. 5: CAG Audit Report not supplied
Refer Issue No.5 of Objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.5 of Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.5 of Objection No.3 of True Up for FY 2015-16.

Issue No. 6: Expenses above approved expenses
Refer Issue No.6 of Objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.6 of Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.6 of Objection No.3 of True up for FY 2015-16.

Issue No. 7: INTERST COST WITH UDAY SCHEME
Refer Issue No.7 of Objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.7 of Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.7 of Objection No.3 of True up for FY 2015-16.

Issue No. 8: SURPLUS POWER AND CAPACITY CHARGE OF IDLE CAPACITY:
Refer Issue No.8 of Objection No.3 of True up for FY 2015-16.
Reply of PSPCL:
Refer reply of PSPCL against Issue No.8 of Objection No.3 of True up for FY 2015-16.
View of the Commission:
Refer to Views of the Commission on Issue No.8 of Objection No.3 of True up for FY 2015-16.

Issue No. 9: Comments on Audited Balance Sheet
Point No. 1: UI Charges to OA consumers.
PSPCL has paid UI charges to the Open access consumers for the power brought under open access but not used. However, the amount has not been shown under head 70.104 in Balance Sheet.
Reply of PSPCL:
UI charges are paid on account of over drawl/under drawl by consumers of PSPCL on real time basis which has been accounted under power purchase cost in true-up petition.
View of the Commission:
UI charges are allowed by the Commission after prudent check.
Point No. 2: **Non Tariff Income.**
₹498.83 Cr received as Other Income is not reflected in ARR under Non-Tariff Income appropriately. Particularly, the generation based incentive of ₹9.17 Cr received from GOI for purchase of power from solar plants, Commission of ₹12.87 Crore for collection of Octroi and ₹82.24 Crore transferred from consumer contribution need to be shown in ARR.
Reply of PSPCL:
The amount of ₹498.83 crore received as other income has been depicted under Non-Tariff Income as per annual audited accounts for FY 2015-16. Further; the head wise detail of Non-tariff income has

been supplied with the ARR Format under Non-Tariff income.

View of the Commission:

The Commission agrees with the comments of PSPCL.

Point No. 3. Reserves and Surplus

PSPCL is using its Reserves and Surplus to meet the Loss in operations for 2014-15 and 2015-16. The Reserves and Surplus on creation of PSPCL were ₹8750.73 Cr and position for last 5 years is as under:

Year	Closing Balance
2011-12	₹6976.4 Crore
2012-13	₹7604.1 Crore
2013-14	₹8183.5 Crore
2014-15	₹8616.7 Crore
2015-16	₹7050.1 Crore

The gains are being wiped out though the Tariff Orders are allowing revenue requirement as determined by PSERC. Thus, PSPCL is incurring expenditure beyond its means which trend needs to be reversed and PSPCL should now keep its operations strictly as per ARR approved in Tariff Orders.

Point No. 4 GPF Interest:

Note No. 6 on page 20 indicates an amount of ₹659 Cr towards Deposits for electrification/service connection as other long term liability. We feel that these deposits are Service Connection Charges and should be part of consumer contribution. Further, GPF deposits of employees with PSPCL are earning interest and PSPCL is claiming interest in ARR also.

Point No. 5: Non recoverable PDCO amount

₹243 Cr dues are outstanding against PDCO cases after adjusting their security deposit. This amount has become non recoverable and it is inefficiency of PSPCL since it failed to disconnect the premises and allowed the arrears to accumulate for more than the Security deposit amount.

Point No. 6: Legal Expenses

PSPCL has incurred legal charges of ₹8.36 Cr for defending cases in courts. These charges are increasing every year showing increasing litigation in PSPCL. This trend needs to be checked. A legal audit needs to be conducted whether the cases being defended in higher courts and tribunals are really worth pursuing.

The issues raised by Statutory Auditor at the end of the balance sheet have not been replied by PSPCL. Further, CAG report and PSPCL reply has been enclosed. Comments can be offered only when these papers are supplied. We request that the true up exercise should be taken up only after CAG report is available for comments.

Reply of PSPCL to point 3, 4, 5 & 6

It is intimated that the figures have been claimed in ARR as per actual accounts of PSPCL. The Points /objection raised are either suggestive or directive type hence no comments to offer by PSPCL. However, the comments of CAG and management reply will be supplied after the adoption of the accounts by AGM please.

View of the Commission on points 3, 4 5 & 6

The Commission agrees with the response of the PSPCL. Also, refer para 3.8 of this Tariff Order.

Objection No. 36: Govt. of Punjab, Department of Power

The comments/observations of the State Government on the ARR and MYT Petition (ARR & Tariff Proposal for the control period from FY 2017-18 to FY 2019-2020) filed by the PSPCL are as under:-

Issue No.1: Revenue Gap:

At present, the financial health of PSPCL is precarious. While PSPCL has been showing improvement in its fiscal health, this trend needs to be supported and encouraged. PSPCL vide this instant ARR Petition has depicted revenue gap for the year 2017-18 as ₹5576.21 Crore approximately and total revenue gap of approximately ₹11575.53 Crore for FY 2017-18. Further, PSPCL has estimated a gap of ₹6129.76 Crore & ₹6406.26 Crore respectively for FY 2018-19 and FY 2019-20. The major components of increase in this gap are as below:

(In ₹ crore)

Sr. No.	Description	FY 2017-18	FY 2018-19	FY 2019-20
i)	Power Purchase	1498.76	1170.85	799.82
ii)	Employee Cost	254.14	225.14	284.54
iii)	Depreciation	392.47	95.32	71.33
iv)	Interest Charges	614.21	242.39	168.45
v)	Transmission Charges payable to PSTCL	57.55	60.43	63.45

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. Hence, in terms of Section 86 of the Electricity Act, 2003, the Commission in pursuance to its duties is requested to suggest a road map to meet this goal.

View of the Commission:

The Commission has been laying down a road map for improving the financial health of the utility through various directives in its Tariff Orders. The fuel cost, power purchase cost, employee cost and interest and finance charges are being determined and approved by the Commission as per the notified regulations and as per various norms and performance parameters fixed by the Commission.

Revenue Gap is determined keeping in view the expenses and income approved by the Commission as per PSERC Regulations. Also refer Chapter 7 of this Tariff Order.

Issue No. 2: Disallowances:

The Commission while determining electricity tariff on the basis of tariff petitions filed by PSPCL, on its discretion allows expenditure either as per norms specified in the Regulations or the actual expenditure whereas, there should be a single approach to determine the tariff. On this basis, the Commission has been making some disallowances. These have been mainly related to employee costs, interest charges and also on account of non-achieving of various norms, performance parameters and targets fixed by the Commission. These disallowances have 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 Commission processes the ARR and fixes various norms, parameters and targets as per its notified regulations and accordingly determines the ARR on prudent check of the expenses projected in the ARR. The justified costs are allowed to the utility after processing the ARR as per the notified regulations. The Commission has stressed PSPCL in its various Tariff Orders for improvement in its working by limiting its expenses within the approved amounts and improving the performance parameters. The accumulated losses of the utility are due to non achievement of various norms, performance parameters, targets fixed by the Commission and non implementation of various directives issued in its Tariff Orders. The utility has to improve its performance through various efficiency measures and achieve the targets in respect of various parameters fixed by the Commission. Inefficiencies of the utility cannot be passed on to the consumers.

Issue No.3: Power Purchase Cost

PSPCL has projected Power Purchase Cost for the control period of FY 2017-18 to 2019-20 at ₹17988.67 Crore, ₹19159.52 Crore and ₹19959.34 Crore respectively against 2016-17(RE) of ₹16489.91 Crore showing increase of 9.08% in 2017-18, 6.50% in FY 2018-19 and 4.17% in FY 2019-20.Although, it is essential to purchase power to meet demand supply gap, efforts must be made by PSPCL to purchase power 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.

View of the Commission:

The Commission is approving the power purchase cost of PSPCL as per its Tariff Regulations and Power Purchase & Procurement Process of Licensees Regulations. The entire cost of power purchase against long term contracts is being allowed to the utility, whereas the cost of short term power purchase is allowed to the utility as per prudent check, subject to the provision of the ibid regulations.

Issue No.4: Utilization/Disposal of Surplus Power

Due to commissioning of new power plants Punjab is now surplus in power and it will have to incur expenditure on account of the fixed charges to be paid to private generating companies for surrendering of surplus power. Therefore, it becomes all the more important to optimize the generation and sale of surplus power to other States/consumers so that PSPCL is not compelled to surrender the costly power. The Commission is requested to keep the targets for Renewable Purchase Obligations (RPOs) such that for 2-3 years targets are kept to bare minimum so that the utility is not bound to purchase costly power from the renewable projects. Otherwise, buying of this costlier power will further aggravate the problem of paying exorbitant fixed charges. Suitable tie-ups nationally/ internationally and other avenues for sale of power are required to be explored urgently by PSPCL.

The Commission is requested to allow the actual Power Purchase Cost and also take a judicious view as regards the quantum of power being purchased vis-a-vis its optimum utilization/requirement.

View of the Commission:

In order to promote the consumption of more power, the Commission has already replaced PLEC with ToD and has also approved incentive in the form of lower tariff for consuming more power than a threshold limit. Refer paras 6.1 & 6.2. The Commission also appointed IIM, Ahmedabad as Consultant to suggest ways to use surplus power in the State. Some of the recommendations of the Consultants have been considered and implemented in the ToD Tariff and Two Part Tariff structure. Also refer directive no. 7.25 of this Tariff Order.

Issue No.5: Employee Cost

The Commission has been consistently disallowing the Employee Cost to the Utility, which can in no way be reduced, since the terms and conditions of an employee once recruited cannot be changed to his disadvantage during the course of his service. Further, PSPCL is making only those recruitments which are very much necessary for its survival. Even employees who are retiring are also contributing to increase in employee cost of PSPCL by way of payment of Gratuity, Pension etc. Though, Government is impressing upon PSPCL to reduce employee cost and bring in efficiency, but it will take time for PSPCL to reduce the employee cost and bring it at par with other advanced State Utilities. Till then, the Employee Cost, which is a genuine cost of Utility, must be passed on to the end consumers on an actual basis keeping in view the APTEL Judgments and genuine requirements which are statutory in nature.

View of the Commission:

The Commission allows employee cost as per PSERC Tariff Regulations/APTEL Judgment. While approving employee cost, terminal benefits and share of BBMB employee expenses are allowed on actual basis. Also refer paras 2.11, 3.11, 4.10 and 5.10 of this Tariff Order.

Issue No. 6: DSM Fund

The Commission is requested to approve DSM fund to promote various DSM programmes, as these programmes will help in reducing the Power Purchase Cost. The utility in this regard needs to be proactive to innovate and implement various DSM programmes.

View of the Commission:

The Commission has been allocating funds as sought by PSPCL in the ARR, for implementation of various DSM Programmes in accordance with the provisions of PSERC (DSM) Regulations, 2011. An amount of ₹40.76 crore was approved by the Commission for FY 2014-15 and ₹10 crore each for FY 2015-16 and FY 2016-17. However, PSPCL failed to utilize any amount during these years. The Commission gave in-principle approval to the proposal of PSPCL to replace 16 lac ICLs with LEDs under DELP scheme during FY 2016-17 but no tangible progress has been reported by PSPCL. The Commission in the Tariff Order for FY 2016-17, also directed PSPCL to execute a Pilot project of Agriculture DSM, so that energy saving potential in the agriculture sector can be demonstrated to the stakeholders. A Pilot project for replacement of 108 agriculture motors was started in August, 2016 through Energy Efficiency Services Ltd (EESL) but after replacing only 14 motors, the project appears to have been abandoned by the project Implementer. The Commission has approved an amount of ₹10 crore for each year of MYT control period, as claimed by PSPCL for implementation of DSM Programmes. Also refer to directive No.7.4 of this Tariff Order.

Issue No.7: Fuel Cost:

The Fuel Cost of PSPCL in the instant ARR is comparable with that approved by the Commission in last Tariff Order. In the instant MYT Petition, PSPCL has projected Fuel Cost of ₹1847.39 Crore, ₹1840.37 Crore and ₹2036.39 Crore for the FY 2017-18, FY 2018-19 and FY 2019-20 respectively. The lesser fuel cost in 2018-19 with respect to 2017-18 is due to lesser generation from State Owned Power Plants as per projections based on Merit Order Despatch.

The Commission is requested to approve the Fuel Cost based on actual increase in the cost of fuel and also keeping in view the target specified for the parameters. PSPCL should be incentivized for over achieving the targets specified by PSERC, otherwise the cost should be pass through in the ARR based on the Norms specified.

View of the Commission:

Refer to para 6.7 of this Tariff Order.

Issue No.8: Encouraging Energy Consumption & efficiency:
The Commission on its part should device a mechanism to encourage energy consumption while at the same time encouraging energy efficiency. The Commission should determine a tariff structure that encourages such behaviour from the consumer and also incentivize industry which shall increase economic output, boost employment and increase consumption.
View of the Commission:
In order to promote the energy consumption, the Commission has approved incentive in the form of lower tariff for consuming more power as compared to the previous consumption. Commission has also increased the ToD rebate during the night hours in addition to approving the Two-part Tariff which shall result in lowering of marginal cost, and thus incentivize the higher consumption by the consumers. Also, the Commission has notified PSERC (Demand side Management) Regulations, 2011 to facilitate energy conservation & DSM in the State of Punjab.

Issue No.9: Capital Expenditure
The Commission is requested to approve the proposed Capital Expenditure amounting to₹2774.69 Crore, ₹2118.70 Crore and ₹1548.14 Crore for FY 2017-18, FY 2018-19 and FY 2019-20 respectively, which includes R&M activities of the Thermal Power Plants, Network Capacity Addition, Improvement Projects for Network up to 66 KV, Construction of new Sub-Stations and Mini Grid Sub-Stations along with Associated Transmission Lines and for Improvement works in Distribution for the control period of FY 2017-18 to FY 2019-20.
View of the Commission:
Capital Expenditure is approved keeping in view the capital expenditure incurred during previous years and after prudent check in line with PSERC Regulations.

Issue No.: 10 Loss Reductions/T&D Losses
The main stress will 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. Hence, 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 14.25%, 14.00% and 13.75% by FY 2017-18, FY 2018-19 and FY 2019-20 respectively.
View of the Commission:
The Commission has been issuing various directives to PSPCL for T&D loss reduction and energy audit of the distribution system. Various schemes like shifting of meters outside the consumers' premises, replacement of electro-mechanical meters with electronic meters, conversion of Low Voltage Distribution System (LVDS) to High Voltage Distribution System (HVDS), implementation of R-APDRP (Part-B) scheme etc. are being monitored regularly by the Commission. However, PSPCL could not complete the projects in the allotted time, resulting in failure to achieve the T&D loss trajectory fixed by the Commission. On the scrutiny of the online data of 47 towns for FY 2016-17 covered under R-APDRP, it has been observed that there are 6 towns with AT&C losses more than 40% and 14 towns with losses between 30 to 40%. The Malout town has AT&C loss of 60.11% with billing efficiency of 69.17% and collection efficiency of only 57.22%. Such poor collection efficiency belies the claim of more than 99% collection efficiency by PSPCL. The Commission has directed PSPCL to investigate the reasons for such high losses in these towns and take necessary remedial measures. Ministry of Power, Government of India has fixed AT&C loss trajectory under UDAY scheme. Accordingly, PSPCL has been directed to supply AT&C loss data regularly to the Commission. Also refer to directive no. 7.1 & 7.31 of this Tariff Order.

Issue No.11: AP Consumption
It is vital to accurately measure the AP consumption of the State. AMR data of AP feeders should be

compared with the data of sample meters. Anomalies if any found should be removed so that the desired accuracy can be reached. The Commission at its level should also sample check the AP consumption on some of the AP feeders and arrive at AP consumption as accurate as possible. PSPCL has projected 0.58% growth in AP consumption from 12265.37 MUs for 2016-17 (RE) to 12336.54 (MUs) in 2017-18. Further, PSPCL has projected 2.20% growth in AP consumption for FY 2018-19 and FY 2019-20. PSPCL has released around 1.15 Lakh AP tubewell connections in FY 2016-17. PSERC may consider to allow AP consumption for Control Period FY 2017-18 to FY 2019-20 keeping in view the release of new connections by PSPCL.

View of the Commission:

The endeavour of the Commission is always to determine the AP consumption as accurately as possible for which various directions have been issued to PSPCL from time to time by the Commission. PSPCL was directed to supply AMR data and also direct access of on-line data to the Commission. PSPCL submitted the AMR data of about 2000 feeders during FY 2013-14 but stopped supplying the data to the Commission w.e.f. March, 2014. The matter was also brought to the notice of the State Government. Despite repeated assurances from the PSPCL management, no AMR data was supplied during FY 2015-16 and FY 2016-17 although the AMR data was captured at the data centre during this period. The Commission also noticed that PSPCL had booked huge pumped energy on average basis by showing healthy meters as non-functional. The pumped energy data was got validated and huge discrepancies were observed. The Commission in its Order dated 19.04.2017 in Petition No.42 of 2016 has directed CMD/PSPCL to order an independent inquiry to pinpoint the responsibility and guilty officers/officials for supplying incorrect data to the Commission. Govt. of Punjab may take up the issue with PSPCL management at its level. Also refer Para 2.2.3, 3.2.3 and 4.2.2 of this Tariff Order.

Issue No.12: Commercial Viability

While, it is not disputed that the utilities need to bring efficiency in their operations, it is also imperative to ensure that financial health of the utility doesn't suffer due to disallowance of expenditure, which the utility is unable to avoid due to historical reasons or other constraints.

PSERC would appreciate that a financially strong and commercially viable power utility is ultimately in the long term Interest of the consumers and the State. The National Tariff Policy also provides that "the Regulatory Commission needs to strike the right balance between the requirements of Commercial viability of the Distribution Licensees and Consumers' interests". Thus the Commission is requested to balance the interest of all the stakeholders and in the long run to provide for a vibrant power sector, in the State.

View of the Commission:

Refer to the View of the Commission on Issue No.1 & 2 above.

Issue No.13: UDAY Scheme

A Tripartite Memorandum of Understanding amongst Ministry of Power, Government of India and Government of Punjab and PSPCL have been signed under UDAY Scheme in which key assumption for tariff hike for FY 2016-17 and FY 2017-18 is specified as 5% and 9% respectively. No tariff hike was allowed to PSPCL in FY 2016-17. Therefore, the Commission is requested to allow a reasonable hike in tariff in FY 2017-18.

View of the Commission:

The Commission processes the ARR as per its notified regulations and accordingly revises the tariffs for various categories of consumers to recover the gap determined on prudent check of the expenses projected in the ARR.

Issue No.14: Free/Subsidised power to AP/SC & BPL/BC Domestic Consumers

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 considering to fix tariff @ ₹5/- per Kvah (excluding FCA) to the existing as well as prospective industries for a fixed period of five years as per Industrial Policy, 2017 of the State Government.

View of the Commission:

The subsidy payable by Govt. of Punjab is determined in Chapter 9 of this Tariff Order; in accordance with Section 65 of the Electricity Act, 2003.

Issue No.15: FCA

The Commission is requested to allow PSPCL to recover ₹391.46 Crore from consumers through tariff (additional FCA) of the additional levy amounting to ₹391.46 crore paid to the Central Government along with interest in case of Pachhwara Central coal mine as the benefit of cheaper power has been passed on to consumers of the State and should now be recovered from them.

View of the Commission:

FCA is being allowed to the PSPCL from time to time as per provisions contained in the PSERC Regulations.

Issue No.16: Relaxation of norms w.r.t. auxiliary consumption

Punjab being agriculture based state so load profile in the State is not constant as demand changes with type of crop being produced in a particular season and weather conditions. Due to this, frequent start/ stopping of the units have to be carried out, on which a lot of oil is being consumed along with enhanced auxiliary consumption. Central Electricity regulatory Commission (CERC) norms do not cover this aspect of frequent start/stopping of units but allow same norms for all power plants in the country. The Commission is requested to take up the matter in Forum of Regulators (FOR) to allow oil consumption in frequent start/stop of units along with enhanced auxiliary consumption to coal based power plants in Punjab.

View of the Commission:

Similar matter is under the consideration of the Commission in Petition No. 16 of 2017.

Issue No.17: Station Heat Rate (SHR)

Coal based power plants in Punjab also remain partially loaded during most of the times. Station heat rate of a power plant varies inversely with loading of power plants. Presently, only one fixed heat rate is allowed by the Commission which has no connection with loading profile of the stations. The Commission is requested to take up the matter in Forum of Regulators to allow heat rate depending upon the load profile of the units.

View of the Commission:

Similar matter is under the consideration of the Commission in Petition No. 16 of 2017.

Date: October 23, 2017

Place: CHANDIGARH

Sd/-	Sd/-	Sd/-
(Anjuli Chandra)	**(S.S. Sarna)**	**(Kusumjit Sidhu)**
MEMBER	**MEMBER**	**CHAIRPERSON**

Certified

Sd/-
Secretary
Punjab State Electricity Regulatory Commission,
Chandigarh.