

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

**Petition No. 49 of 2022**  
**Date of Order: 08.09.2022**

Petition for approval of Business Plan Including Capital Investment Plan for MYT Control Period from FY 2023-24 to FY 2025-26 under Section 62 and 64 of the Electricity Act 2003, read with Regulation 9 and 60 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019.

In the matter of: Punjab State Power Corporation Limited, having its registered office at Shakti Vihar, Patiala, Punjab.

... Petitioner

Commission: Sh. Viswajeet Khanna, Chairperson  
Sh. Paramjeet Singh, Member

**ORDER**

The petition has been placed before the Commission for admission. After considering the averments made in the Petition, petition is admitted. PSPCL shall publish a Public notice inviting objections/suggestions from the general public/stakeholders, as required under Regulation 67 of the PSERC (Conduct of Business) Regulations, 2005, without any delay. Further, PSPCL shall provide additional information/clarification in the petition as under:

1. Following data is required to be submitted in excel format:
  - a. Slab wise historical data (from FY 2018-19 to FY 2021-22 and 1<sup>st</sup> quarter of FY 2022-23; both metered and unmetered) for sales (MkWh), load/ demand and number of consumers;
  - b. Month-wise and category/sub category/slab wise unrestricted peak and average demand from FY 2019-20 to FY 2021-22 and 1<sup>st</sup> quarter of FY 2022-23.
  - c. PSPCL has projected Distribution losses of 12.30 % for FY 2023-24 whereas target Distribution loss of 12.04% has been given to PSPCL. PSPCL needs to explain higher projection of distribution losses.
  - d. PSPCL has taken 2.44% of transmission losses during each year of 3<sup>rd</sup> control period against 2.50% submitted by PSTCL. PSPCL has also

submitted transmission charges different from PSTCL submission in its petition.

2. Regulation 9.16 of the MYT Tariff Regulations, 2019 provides as under:

*“An Applicant shall provide a copy of the proposed Capital Investment Plan for Generation and/or Distribution Business, as the case may be, to the State Transmission Utility (STU) for carrying out planning for network augmentation/ strengthening at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the STU by the Applicant, immediately after approval by the Commission.”*

Accordingly, PSPCL is required to submit the documentary evidence of compliance of the above Regulation.

3. Actual capital expenditure breakup for all schemes approved by the Commission for 2<sup>nd</sup> Control Period till FY 2021-22 and projected expenditure for the same in FY 2022-23. Further, a list of deferred schemes i.e., approved in the 2<sup>nd</sup> Control Period, but the implementation of which has not been started, also be provided;
4. Actual Government grants received for the ongoing/ spillover schemes as on March 2022 and an estimate of Government grants expected to be received from FY 2023-24 to FY 2025-26.
5. The cost-benefit analysis done for most schemes (for which DPR submission is mandatory) do not quantify the projected financial benefits relative to the cost incurred. A financial analysis for these schemes, i.e., the quantification of additional future cash flows that would result from the implementation of these schemes discounted back with an appropriate discount rate (cost of capital), is required.

## 6. GENERATION

- a. PSPCL has proposed scheme of upgradation of 2x60kVA UPS system of GHTP Unit-1 for Rs. 36.57 Crore as spillover scheme whereas in DPR the scheme is new and its name is upgradation of Pro-Control System of Unit No. 1. Also in petition Sr. No. 6.3.6, completion cost has been mentioned as Rs. 35.61 Crore. PSPCL needs to provide clarification.
- b. GGSSTP has proposed max DNA control system for its Unit No. 5 or 6 with cost of Rs. 66.67 Crore whereas GHTP has proposed similar work on its Unit

no. 1 with cost of Rs. 36.57 Crore. PSPCL to explain the difference in costs of similar schemes.

- c. For GGSSTP project, PSPCL has proposed Rs. 195.10 Crore for installation of FGD whereas in DPR Rs. 200.10 Crore has been mentioned. During 2<sup>nd</sup> MYT PSPCL submitted the project cost as Rs. 128.10 Crore. PSPCL needs to explain and justify the increase in projected cost in detail.
- d. GHTP has sought Rs. 148.56 Crores for FGD whereas project cost as per DPR is Rs. 181.66 Crores. The Completion cost as per DPR is Rs. 179.855 Crore. PSPCL needs to explain the difference.
- e. PSPCL has proposed Anandpur Sahib hydel Project (ASHP) R&M work for two units as spillover work with remarks that process is initiated and included two other units in new schemes. PSPCL has also planned Renovation, Modernization uprating (RMU) of MHP -1 (Phase 1 to Phase 4) in 3<sup>rd</sup> control period. PSPCL needs to review its decision of doing many R&M works in one control period, so that hydro generation is not affected adversely. PSPCL is suggested to plan the replacement of major parts of various units in phases. Accordingly, PSPCL to prioritize the R&M schemes for its Hydel projects.
- f. PSPCL has included capital maintenance costs of RSD, Shanan etc. in CIP whereas it should be booked in O&M expenses. PSPCL to review the same and according submit revised information.
- g. PSPCL has included replacement works in respect of hydro plants. PSPCL needs to review whether the replacement works are capital investment or maintenance works to replace the defective parts.
- h. The Commission in Tariff Order for FY 2022-23 dated 31.03.2022 has observed that the Capital expenditure on SKPP will be considered upon commencement of the project.

However, PSPCL has submitted the capital expenditure of Rs. 1695.60 Crore for SKPP during the 3<sup>rd</sup> Control Period. PSPCL to submit the expected date of its COD, project cost, expenditure up to current year (year wise), projected expenditure keeping in view the cost component to be borne by PSPCL along with the current status of works under the scheme.

- i. PSPCL has proposed CIP of Rs. 1238 Cr. (which includes Rs. 728 Crore for spillover schemes) for existing generating units in the 3<sup>rd</sup> Control Period which is Rs. 895 Crore after excluding CIP in respect of FGD systems, CIP of Rs. 591.26 Crore was approved during 2nd Control period. PSPCL needs to explain the substantial rise.
- j. PSPCL has submitted that GNDTP Biomass Power Plant (60 MW) will be undertaken in FY 2023-24 but has neither submitted any DPR nor sought any CIP for it.

## **7. DISTRIBUTION**

- a. PSPCL has not submitted details of Rs. 6.78 Crore of 'Any Other' works and Rs. 189.73 Crore for 'Other schemes' submitted for system augmentation & improvement and loss reduction schemes.
- b. PSPCL in its DPR of System augmentation work has proposed sales for all categories different than projected in business plan. Further CIP has been proposed to achieve losses of 10.99% in FY 2025-26 whereas it has projected a loss of 12.10% in FY 2025-26 in business plan.
- c. PSPCL has sought CIP of Rs. 640.04 Crore for augmentation of existing HT/LT lines and Rs. 587.98 Crore for augmentation of existing transformers and also sought Rs. 1519.55 Crore for Distribution System Improvement DT & HT/LT. PSPCL to confirm that works included in augmentation of existing HT/LT lines and Distribution System Improvement DT & HT/LT are separate from works included in augmentation of existing transformers. Further PSPCL has not submitted any details of these works. PSPCL to submit more detailed DPRs (with a more comprehensive breakup of expenditure and type of works involved) for System Augmentation & System Improvement Schemes, separately for Govt. approved schemes and own schemes;
- d. PSPCL has projected CIP of Rs. 587.98 Crore for augmentation of existing Distribution Transformers. PSPCL to intimate the strategy for utilization of the dismantled transformers (capacity wise be indicated) etc. where it has proposed augmentation planned for along with cost of transformers so dismantled.

- e. PSPCL to submit detailed justification for capital expenditure proposed for Capacity Addition, System Augmentation and System Improvement schemes, with details of existing capacity as on 31.03.2019 and capacity projected to be achieved by the end of 2<sup>nd</sup> Control Period; PSPCL to clearly provide the details of nature of works covered under above schemes along with details of system upgradation being achieved through such schemes and the identified areas/divisions/circles where such schemes are to be implemented along with justification for each work being undertaken in each of the identified areas/divisions/circles.
- f. In IT System works, PSPCL has included Rs. 134.4 Crore for manpower cost of 4 years for 500 subdivision 800 full time customer door step personnel. This cost may not be a capital cost but employee cost. PSPCL to provide rationale for inclusion of same in Capital cost.
- g. PSPCL has projected a CIP of Rs. 288.18 Crore for release of connections but PSPCL has not specified No. of connections against the projected CIP and amount of service connection charges to be collected against release of connections.
- h. PSPCL has projected CIP of Rs. 20 Crores for its 5 No. VIP Guest houses but has neither provided details of the works nor names of guest house for which CIP is required.
- i. PSPCL has projected CIP of Rs. 126.35 Crore for multi storey integrated corporate office building whereas in DPR PSPCL has projected its cost as Rs. 95 Crore.
- j. In para 6.18, PSPCL has projected Revamped Distribution Sector Scheme of Rs. 25237 Crore for which it has approached State Government regarding approval, wherein works of installation of smart prepaid meters, loss reduction works, system strengthening and modernization, IT works etc. have been included which may also become the part of the CIP of 3<sup>rd</sup> Control period. PSPCL to confirm, whether the works included in RDSS are exclusive works or the works proposed in CIP will be shifted to RDSS upon approval of the scheme.
- k. PSPCL to submit details of 'other works' of Rs. 7.25 Crore projected under other civil works.

- I. PSPCL has projected Rs. 1200 Crore for its sub transmission works but the list of transmission works provided in DPR is not lucid. PSPCL to provide clear list of transmission works, projected cost of each work, basis of calculation and copies of Load flow Studies carried out necessitating the Sub-transmission works as per Regulation 9.6 of PSERC MYT Regulations 2019.
- m. In summary of Capital expenditure of Distribution (Table 6.22), PSPCL has added CIP for scheme of shifting of meters amounting to Rs. 49.09 Crore and contributory works worth Rs. 313.99 Crore whereas it has not been mentioned in the petition. PSPCL to provide the details including DPR.
- n. In summary of Capital expenditure of Distribution (Table 6.22), PSPCL has added other works of Rs. 7.52 Crore whereas these are not mentioned in the petition. PSPCL to explain and provide details of these works.

#### 8. General

- i) Annual Audited accounts from FY 2021-22.

#### 9. Capital Investment Plan for Generation and Distribution Business

- i) A breakup of scheme-wise financing plan (FY 2023-24 to FY 2025-26) i.e., the breakup between debt, equity, Govt. grants and consumer contribution for each of the ongoing/ spillover/deferred and new schemes;
- ii) Government grants received for the ongoing/ spillover schemes as on August- 2022.
- iii) Capitalisation schedule for ongoing/ spillover and new schemes;
- a. PSPCL has projected capital expenditure, loan requirement for the 3<sup>rd</sup> control period. However, it has not shown the consumer contribution/grants from GoP/GoI, expected to be received during this period and has not been taken into account while working out the loan requirement as per regulation. The requirement of the funds based on the capital expenditure and excess fund requirement claimed by PSPCL is tabulated as below:

**In Rs. Crore**

<b>Particulars</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
Capital Expenditure (Pg. 127, Table 7.1)	3,224.82	3,050.39	3,160.34
Loan requirement (Pg. 133, Table 7.6)	4525.00	3,800.00	3,660.00
Equity (Pg. 131, Table 7.5)	-	-	-
<b>Total Fund Required</b>	<b>4,525.00</b>	<b>3,800.00</b>	<b>3660.00</b>
<b>Excess Fund Claimed</b>	<b>1,300.18</b>	<b>749.61</b>	<b>499.66</b>

PSPCL to clarify and submit the requirement of loan scheme-wise in line with projected capital expenditure for the 3<sup>rd</sup> control period.

**b. Employee Expenses**

Under para-7.14.5 of the instant petition, PSPCL has stated *“In addition to the above, it is submitted that the payment of arrears on account of the Pay Commission is pending for the State Government approval, therefore, the same will be claimed as and when the approval received from the State Govt.”* However, It is observed that PSPCL in its petition 68 of 2021 has submitted a claim of Rs.768 Crore and Rs. 2839 Crore for FY 2021-22 and FY 2022-23 respectively for payments of arrears of pay revision. Further, PSPCL vide its letter dated 08.03.2022 stated that Rs. 3500 Crores will be paid as an arrear in 5 equal yearly instalments (from FY 2022-23 to FY 2026-27. Statement (Para7.14.5) is contradictory to PSPCL’s submission under ibid letter. PSPCL needs to clarify the same. PSPCL to supply the quantum of disbursement of arrears of pay revision during FY 2021-22 and FY 2022-23(till August-2022).

**c. PSPCL to provide clarification on the following for generation Business:**

- i) The Capital expenditure and capitalization figures shown in Generation formats does not tally with that of claimed in the main petition such as of
- ii) G-12(RSD) FY 2023-24(spillover) Page-199, FY 2025-26 Page-207.
- iii) G12 (shaman) FY 2024-25(spill over and new schemes) Page-224.
- iv) G-12(MHP) FY 2025-26(Spillover) Page-228, Page-236, 237, FY 2025-26(new Schemes)
- v) While taking print of the format to the next page, figures of the column for “Expenditure at the start of the year” or in some cases “Expenditure during the year” are missing. The formats should be complete in all respects.

**d. PSPCL to provide clarification on the following for Distribution Business:**

In the instant petition, under para-6.18, PSPCL has submitted the planned expenditure of Rs. 25,237 Crore under “Revamped Distribution Sector Scheme (RDSS)”. Further, under table 6.21, the same has been tabulated by showing Rs.4390 Crore, Rs.6865 Crore, 9979 Crore and Rs.4002 Crore in the financial year(s) 2022-23, 2023-24,2024-25 and 2025-26 respectively. It has also been stated that PSPCL has approached the State Govt. regarding approval for RDSS

Scheme, as and when the approval of the scheme received, the same shall be filed before the commission for approval. PSPCL to clarify: -

- i) The present status of the proposed scheme. Whether works covered under RDSS and now claimed in the instant petition are identical in nature.
- ii) Whether RDSS will be GoP/Gol sponsored scheme? If so, quantum of Govt. Grant and loan to be taken if any, needs to be intimated.
- iii) Since, the scheme is pending for approval, tentative expenditure of Rs.4390 Crore as shown under FY 2022-23. It to be intimated as to whether any expenditure has been incurred and included in the capital expenditure incurred/to be incurred in the 2<sup>nd</sup> control period and claimed in petition No. 68 of 2021.
- iv) Though capital expenditure has been proposed under the scheme ibid, however, nothing has been stated for its year-wise capitalization/addition to GFA.

The above information be provided by PSPCL within a week. The petition, the additional information provided by PSPCL as well as the objections received in response of the public notice, be also uploaded on the website of the Commission as well as that of PSPCL.

The petition shall be taken up for hearing as well as public hearing on 28.09.2022 at 11.00 AM.

Sd/-

(Paramjeet Singh)  
Member

Sd/-

(Viswajeet Khanna)  
Chairperson

Chandigarh  
Dated: **08.09.2022**