

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

Petition No. 68 of 2021
Date of Order: 14.12.2021

Petition for ARR for FY 2022-23, Annual Performance Review for FY 2021-22 and True-up for FY 2020-21, under Section 62, 64 and 86 of the Electricity Act, 2003 read with Regulation 11,12, 61 and 63 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019, as amended from time to time.

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

...Petitioner

Present: Sh. Viswajeet Khanna, Chairperson
Ms. Anjali Chandra, Member
Sh. Paramjeet Singh, Member

Order

The subject cited petition was admitted vide order dated 03.12.2021, observing that the deficiencies observed in the petition and any other information required by the Commission shall be intimated to PSPCL separately. The deficiencies and additional Information/clarifications required from PSPCL are given as under:

1. Submit the soft copy of the Petition (in MS Word/docx format).
2. As per Regulation 57 of the MYT Tariff Regulations, 2019, PSPCL is required to submit the tariff proposal for meeting the revenue gap for each year. In this regards submit the following:
 - a) Tariff Related Issues
 - b) Tariff Proposal for FY 2022-23
3. Submit the segregated ARR of the distribution business into wheeling business and retail supply in accordance with Regulation 6 of PSERC MYT Regulations, 2019.
4. **Audited/ Provisional Accounts**
 - 4.1. Complete Annual Audited Accounts for FY 2020-21 and Provisional accounts for FY 2021-22 (actuals till September) in soft copy (in MS Excel/xlsx format including Trial Balance). The certificate issued by Comptroller and Auditor General (CAG) for FY 2020-21 also needs to be furnished.

- 4.2. Cost Accounts and Cost Audit Report for FY 2020-21, in case final report is not available, please furnish the draft. Audited accounts for the same also need to be furnished.
- 4.3. PSPCL has submitted that it has relied on Provisional Allocation Statement for segregation of costs for FY 2020-21. Submit the allocation statement along with the methodology adopted for segregation of each ARR component (as applicable).
- 4.4. Provide point-wise reply to 'Qualified Opinion' provided in the independent auditor's report

5. Energy Sales:

- 5.1. In respect of AP sales, the following information be submitted for FY 2020-21 and FY 2021-22 (till September):
 - a) AP ledger data for FY 2020-21 and FY 2021-22(H1)
 - b) In Table 2 of the Petition PSPCL has considered metered AP consumption as 148 MU. Submit the details and consumer wise Meter readings of metered AP Connections on urban feeders
 - c) In Table 2 of the Petition, PSPCL has submitted energy pumped in case of kandi area mixed feeders as 2209 MU as against 418 MU approved by the Commission in the APR of FY 2020-21. The same be reconciled and the AP sales for FY 2020-21 be re-submitted.
 - d) The total AP energy pumped shown by PSPCL in Table 2 is 14269 MU. However, from data the total energy pumped works out to 15815.63 MU. The same be reconciled and accordingly AP consumption for FY 2020-21 be re-submitted.
- 5.2. AP load (in BHP) in Format D5 for FY 2020-21, 2021-22 and FY 2022-23 be submitted.
- 5.3. Category wise/subcategory wise actual Half yearly H2 sales for previous 5 years.
- 5.4. For FY 2020-21 and FY 2021-22, PSPCL has submitted the year-wise total quantum and amount of outside state sales. Break-up of power sold source-wise (both MU and revenue in Rs Crore) also be submitted.
- 5.5. In format D5 PSPCL has submitted 1 no. of consumer in Railway traction category whereas no energy consumption has been submitted for the same. The same be reviewed and resubmitted.
- 5.6. In Format D5 PSPCL has shown NIL consumer for Charitable Hospitals set-up under PwD Act. The same be reviewed and confirmed.
- 5.7. Category/sub-category, units adjusted for theft, UUE etc. and methodology for working out the same be furnished.

- 5.8. Total Energy sale submitted by PSPCL for FY 2020-21 is 49272 MU. However, as per Audited accounts total sales for FY 2020-21 is 49729 MU. The same be reconciled and re-submitted.
- 5.9. In Table 1 of the Petition, PSPCL has submitted the outside state sales of 39 MU. However, in Table 11 of the petition outside state sale has been shown as 70 MU. The same be reconciled and re-submitted.
- 5.10. Submit the kWh figures corresponding to sales figures in kVAh for kVAh based tariff categories/sub-categories and power factor considered for the same for FY 2021-22 (H1).
- 5.11. In Petition (Page 14) PSPCL has projected decrease of 8418 and 1008 consumers (11%) in commercial and LS category during FY 2021-22 whereas in table 24 it has projected 1% and 7% increase in energy consumption of commercial and LS consumers respectively. PSPCL to submit the justification for the same. Further, PSPCL to also review the data of consumers submitted in Format D5 as the same does not match with that submitted by PSPCL in the petition.

6. Energy Balance

- 6.1. Submit reconciliation of its energy inflow and outflow with that submitted by PSTCL in its ARR Petition.
- 6.2. While working out Energy Balance for FY 2020-21, PSPCL has reduced 418 MU as generation available at 66/11 kV from the total energy requirement. The details of NRSE power at 66/11kV be submitted.
- 6.3. While working out Energy Balance for FY 20221-22 and FY 2022-23, PSPCL has not reduced the generation available at 66/11 kV from the total energy requirement. The same be reviewed and accordingly the energy balance for FY 2021-22 and FY 2022-23 be re-worked and re-submitted.
- 6.4. In format D6, under Sr. No. 9, PSPCL has shown addition of royalty to HP from Shanan and share from RSD to HP. However, the same is not added in the Energy Requirement. The same be reviewed and resubmitted.

7. Power Purchase

- 7.1. Submit Format D3 (MS Excel Format) for FY 2021-22 (H2) and FY 2021-22 (Total).
- 7.2. In Table 10 of the Petition PSPCL has submitted Power Purchase cost as Rs. 23,376 Crore whereas in Table 19 PSPCL has considered PP cost as Rs. 22041 Crore and in Format D3 (FY 2020-21), the power purchase cost has been shown as Rs.23546.41 Crore. The difference be explained and accordingly the power purchase cost be resubmitted.
- 7.3. Year-wise details regarding rebate for timely payments of Power Purchase, LPS and TDS for FY 2020-21 and FY 2021-22 (H1), if any, be submitted.
- 7.4. Year-wise details for FY 2020-21 and FY 2021-22 (H1) in respect of

- a) Additional UI charges actually paid for over draw/under draw of power as per relevant CERC Regulations be submitted.
- b) Interest paid due to delayed payments to UI account/Regional Deviation Pool Account Fund.

7.5. Source wise details of “other charges” in Form D3 along with documentary evidence be submitted for FY 2020-21 and FY 2021-22 (H1).

7.6. In para 3.8.2 of the Petition it has been submitted as under:

“Power Grid (Transmission) charges, the actual charges paid to power grid on account of Transmission charges for first half of FY 2021-22(H1) have been assumed same for FY 2021-22(H2). The PGCIL charges for FY 2022-23 have been escalated by 5% from the FY 2021-22”

However, in format D28 the Inter-state transmission charges are submitted as under:

Inter State Transmission Charges													
S. No.	Lines/Links/region	FY 2020-21 (ACTUAL)			FY 2021-22 H1 (ACTUAL)			FY 2021-22 H2 (Proj.)			FY 2022-23 (Proj.)		
		Annual Tariff (Rs. Crore)	Share		Annual Tariff (Rs. Crore)	Share		Annual Tariff (Rs. Crore)	Share		Annual Tariff (Rs. Crore)	Share	
			%	Charges payable incl. Previous Payments (Rs. Crore)		%	Charges payable incl. Previous Payments (Rs. Crore)		%	Charges payable (Rs. Crore)		%	Charges payable (Rs. Crore)
I	II	IX	X	XI	XII	XIII	XIV	XV	XVI	XVII	XV	XVI	XVII
1	PGCIL			1,422.71			994.19			877.69			1,843.15
2	UPPTCL			2.18			0.80			0.63			1.32
	TOTAL			1,424.89			994.99			878.31			1,844.46

From the above it is observed that the same is in contradiction to PSPCL’s submission in its petition. In view of the same the following be submitted:

- a) Review the inter-state transmission charges and accordingly resubmit same.
- b) Give detailed justification for considering a steep increase of around 32% in its projection of inter-state transmission charges for FY 2021-22.
- c) Details of transmission charges paid to UPPTCL be submitted.

7.7. In format D3 (FY 2020-21) PSPCL has shown power purchase of 51.28 MU from NVVN bundled solar power at a very high variable rate of Rs. 10.73/kWh. Detailed break-up of the same be submitted

7.8. Submit the detailed break-up of prior period expenses of Rs. 1603.14 Crore and Rs. 163.73 Crore for FY 2020-21 and FY 2021-22(H1).

7.9. Submit the detailed voltage-wise break-up of NRSE power purchased from within the State.

7.10. Submit the month wise and source wise detailed break-up of Net banking for FY 2020-21 and FY 2021-22 (H1) including reverse banking and treatment of associated cost.

7.11. Details of Short-term power procurement comprising of the quantum and cost from Bilateral etc. along with supporting agreements.

- 7.12. Provide detailed breakup of power purchase through traders both in MU and Rs. Crore alongwith trading margin paid by PSPCL during FY 2020-21.
- 7.13. In Para 3.9.13 of the Petition it has submitted that it has issued termination notice to Anta, Auriya and Dadri on 12.08.2022. However, PSPCL has not reduced the power purchase projection for FY 2021-22(H2) from these plants. The same be reviewed and resubmitted.
- 7.14. In Format D3 (FY 2020-21) (soft copy) PSPCL has submitted that it has disputed Rs. 27.20 Crore, Rs. 49.11 Crore & Rs. 22.93 Crore for Durgapur STPS, Raghunathpur TPS & Pragati-III Power Stations respectively for the month of April and May, 20 in view of Force Majeure Notice being issued to DVC & Pragati Power Limited due to nation-wide lockdown implemented by GoI due to Covid-19 Pandemic. However, the said amount has not been paid till date but has been considered in the ARR data of FY 2020-21. Accordingly, justification for including the said amount in the power purchase cost of FY 2020-21 even though it has not paid for, be submitted.
- 7.15. The Commission in the Order dated 01.02.2021 in Petition No. 28 of 2019 has disallowed the power purchase from Meja, Pragati-III and DVC's Raghunathpur, Durgapur & Bokaro Stations. Accordingly, the Commission in the ARR of FY 2021-22 has also re-worked the power purchase cost of these plants. PSPCL to confirm whether cognizance of the same has been taken by PSPCL while projecting the power purchase cost for FY 2021-22 and FY 2022-23. If so, the detailed calculation alongwith methodology and justification considered for working out the power purchase cost of these plants be submitted.
- 7.16. In para 2.8.7 of the Petition it has submitted that it paid an amount of Rs. 103.68 Crore on account of change in law. The details and justification for considering the same be submitted.
- 7.17. With regards to Fixed and Variable Cost of NPL and TSPL for FY 2022-23, the following be submitted:
- a) Under para 3.9.14, PSPCL has considered an increase of 10 paise/unit and 13 paise/unit towards Mega Power Status. Basis for considering the same be submitted.
 - b) Under para 3.9.15, PSPCL has considered an increase of 37 paise/unit and 26 paise/unit towards fixed cost for NPL and TSPL respectively on account of effect of Supreme Court order towards installation of FGD and SNCR system. Basis for considering the same be submitted.

8. Own Thermal and Hydel Generation

- 8.1. Submit the unit wise breakup of own generation for FY 2020-21 and FY 2021-22(H1)
- 8.2. In Table 3 of the Petition PSPCL has submitted gross hydro generation of 3703 MU for FY 2021-22. However, in format G32, PSPCL has submitted gross hydro generation as 3699.92 MU. The same be reconciled and re-submitted.

- 8.3. In Format G24 (GGSSTP), PSPCL has projected coal receipt of 14.57 Lac/MT against consumption of 5.85Lac/MT for FY 2021-22(H2) and receipt of 20.68 Lac/MT against coal consumption of 12.52 Lac/MT. Justification for the same be provided.
- 8.4. Submit the supporting documents/bills (FY 2020-21& FY 2021-22 (H1)) for GCV & fuel Cost for each plant.
- 8.5. Submit the actual generation details for FY 2020-21& FY 2021-22 (H1) duly vetted from SLDC.

9. Renewable Power Purchase

- 9.1. Correct the RPO targets specified by the Commission and revise the tables accordingly.
- 9.2. The information with respect to Renewable Purchase Obligation compliance for FY 2020-21 (True up), FY 2021-22 (APR) and FY 2022-23 be given as per Annexure A attached.
- 9.3. Source-wise and project-wise power purchase from renewable energy sources including PSPCL's own hydel/ micro-hydel/ other generation projects be given as per the enclosed Annexure B for FY 2020-21 (True up), FY 2021-22 (APR) and FY 2022-23.
- 9.4. Provide details of Solar power purchase through Net-Metering and RECs (both Solar & Non-Solar).
- 9.5. Voltage-wise injection of renewable power be given as per the enclosed Annexure C for FY 2020-21 (True up), FY 2021-22 (APR) and FY 2022-23.
- 9.6. Year wise list of upcoming renewable energy projects in which PPAs/PSAs have been signed or are in the pipeline be given as per the enclosed Annexure D.
- 9.7. Submit the supporting documents for procurement of power for fulfilling the RPO as submitted in the petition for True up of FY 2020-21(Lo/ agreements etc.).
- 9.8. Submit its proposal to meet the projected shortfall in RPO compliance.

10. Capital Expenditure and Capitalization

- 10.1. PSPCL has not submitted the actual scheme-wise capital expenditure, capitalisation and financing details (loan/equity/consumer contribution/grants) for FY 2020-21, FY 2021-22 (till September) and projected for FY 2021-22 and FY 2022-23. Further, also submit physical and financial progress of these schemes for FY 2020-21, FY 2021-22 (till September). In case of Generation Business, ensure segregation of these details into Thermal and Hydel generating stations (plant-wise).
- 10.2. In format D7 PSPCL has shown capital expenditure of Rs. (-) 35.1822 Crore for FY 2020-21 under the head Sub-Transmission works. The details and reasons for the same be submitted.

- 10.3. In case of Generation Business, the particulars of opening balance, addition/deletion during the year and closing balance of fixed assets (along with complete depreciation, loan and equity calculations) be provided for Thermal (separate for GGSSTP and GHTP) and Hydro (separate for Shanan, UBDC, RSD, MHP, ASHP, Micro and BBMB) projects for 2nd MYT Control Period i.e., for FY 2020-21, 2021-22 and FY 2022-23.
- 10.4. Project wise loan details (separate for Hydro, Thermal and Distribution) for FY2020-21 (on actual basis), FY 2021-22 and FY2022-23 should be provided. The details should clearly depict the project wise opening loan balance, loan requirement, rate of interest and loan repayment for each year separately. Further, the details should clearly segregate the long-term loans, short term/working capital loans and Govt. loans.
- 10.5. As per MYT Regulations, depreciation shall be calculated annually as per straight line method over the useful life of the asset, provided, that the total depreciation during the life of the asset shall not exceed 90% of the original cost. Also, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation / put in use of the asset shall be spread over the balance useful life of the asset. The details of depreciation for FY 2021-22 be provided in accordance with the aforesaid regulation incorporating the following:
- a) Details be submitted head wise for all assets with further break up of each asset to account codes.
 - b) The details be furnished separately for each project: (i) for Hydro and Thermal (Generation Business); and (ii) for Wheeling and Retail Supply (Distribution Business)
- 10.6. Submit the Fixed Asset Register (FAR) prepared for FY 2020-21.
- 10.7. Submit a detailed list of assets completing 90% of depreciation for FY 2020-21 (actuals), FY 2021-22 (estimated) and FY 2022-23 (estimated).
- 10.8. PSPCL has stated that it has given details of CWIP in Form-D-9 (missing) and G-13 for FY 2020-21, FY 2021-22 and FY 2022-23 but both the pages are without any information regarding Capital work in Progress and capitalization during the year for distribution and Generation business. The requisite information be provided.
- 10.9. In para 2.9.3 it is submitted that it has created new 33 kV substations whereas in Format D32 it has shown NIL additions. The same be reviewed and resubmitted.
- A soft copy (in MS Excel format) be provided for all above submissions.

11. Operation & Maintenance (O&M) Expenses

- 11.1. Submit the following (in MS Excel format):
- a) Number of employees retired and recruited (Grade-wise) during FY 2020-21

(actual), FY 2021-22 (estimated), and FY 2022-23 (estimated).

- b) Information on methodology for accounting of Employee expenses, A&G expenses and R&M expenses charged to capital works. If the same is apportioned based on assumptions/ historical data, PSPCL to submit the workings of the same for FY 2020-21.

11.2. Plant-wise breakup (for own generating stations) of employee, A&G and R&M expenses for FY 2020-21 and FY 2021-22 (till September).

11.3. Details of electricity/ Water charges and miscellaneous expenses under A&G expenses for FY 2020-21.

12. Depreciation

12.1. The depreciation claimed as Rs.1283 Crore for FY 2020-21 charged under P&L accounts under Note-36 does not tally with depreciation shown in Note-3 (Property, Plant and Equipment (Non-current) of the Audited Annual Accounts of FY 2020-21. Reasons for difference be explained.

12.2. Closing balances of GFA for FY 2020-21 shown in Table No.15 (Depreciation for FY 2020-21(Page-42) do not tally with opening balance of GFA taken in Table No.39 (Depreciation for FY 2021-22 and FY 2022-23, P-73). The same be clarified.

13. Return on Equity

13.1. PSPCL has claimed an addition of Rs. 4592.96 Crore (2346.19+2246.77) Crore with opening balance of Rs. 10673.96 (Rs.6081+4592.96) Crore of FY 2020-21 and claimed Return on equity of Rs.1684.00 Crore each during FY 2020-21,2021-22 and FY 2022-23. PSPCL submitted that out of total UDAY loans Rs. 2246.77 Crore were capital expenditure loans and Rs.13381.49 Crore of working capital loans. PSPCL claimed that out of Rs.13381.49 Crore,Rs. 2346.19 Crore were diverted for capital expenditure funding since it has been already approved by the Commission. Supporting documents/details be provided.

14. Non-Tariff Income

14.1. Provide details of rebate for timely payment of power purchase received for FY 2020-21 and FY 2021-22 (till September).

14.2. Category-wise energy wheeled under Open Access and Open Access Charges assessed on the same for FY 2020-21

14.3. Regulation 28.1(d) of MYT Regulation 2014 (amended) provides that net revenue from late payment surcharge (late payment surcharge less financing cost of late payment surcharge) shall be considered as Non-Tariff Income. Detail of net revenue from late payment surcharge received and cost of financing be provided for FY 2020-21 and FY 2021-22 (till September).

15. Interest on Working Capital

15.1. Submit the detailed calculation sheet of interest on working capital for Generation Business (separate for each project) for FY 2020-21, FY 2021-22 and FY 2022-23.

16. Expenditure due to other debits

16.1. Submit detailed breakup of Rs. 371.37 Crore (Bad & doubtful debt written off) and Rs. 46.30 Crore (Misc. Losses and write offs) claimed under Rs. 477.68 Crore) (Other Debits) during FY 2020-21 along with item wise justification.

17. Revenue from Sales

17.1. Format D24: Category-wise and Slab-wise revenue bifurcated into fixed charges, variable charges, Fuel Cost Adjustment (FCA) rebates, surcharges etc. be submitted for the following periods:

- a) FY 2020-21
 - April-May 2020
 - June 2020 to March 2021
- b) FY 2021-22
 - April-May 2021
 - June 2021 to September 2021

A soft copy (in MS Excel format) has to be provided for all the above submissions. PSPCL to also submit kW/kWh and kVA/kVAh figures (along with power factor) wherever applicable.

17.2. In Table 21 and 22 of the Petition, PSPCL has submitted total revenue for FY 2020-21 as Rs. 31608 Crore. However, in format D24(a), PSPCL has submitted total revenue for FY 2020-21 as Rs. 31592 Crore. Also in table 21 the amount of subsidy is shown as Rs. 11091 Crore whereas in Table 22 it is shown as Rs.11901 Crore. The difference be reconciled and accordingly, revenue for FY 2020-21 be resubmitted.

18. Estimated Subsidy

18.1. As per para-3.22.3, PSPCL claimed subsidy of Rs.38 Crore on account of electricity concession of 300 units per month to the successors/grandchildren of Freedom fighters for FY 2021-22 and FY 2022-23. PSPCL to revise the claim for subsidy after considering the impact of reduction of tariff rates @Rs.3.00 per unit for FY 2021-22 and FY 2022-23.

18.2. As per para-3.22.4, PSPCL has claimed subsidy @ Rs.2.50/Unit for Domestic consumers having load upto 7 KW and worked out subsidy as Rs.1123/- Crore for 5

months for FY 2021-22 and Rs.3101/- Crore for FY 2022-23 but letter no.No.1204/L-231 dated 17.11.2021 of Chief Engineer/Commercial, PSPCL Patiala, the reduction in the electricity tariff rates @ Rs.3.00 per unit to all the Domestic category consumers with sanctioned load upto 7 KW. PSPCL to explain reasons for claiming subsidy @ Rs.2.50 per unit instead of Rs.3.00 per unit .

- 18.3. As per para-3.22.6, PSPCL has projected category-wise subsidy receivable from GoP to the tune of Rs.12245 Crore and Rs.13929 Crore for FY 2021-22 and FY2022-23 respectively in format D-11. The calculation of subsidy claimed for FY 2021-22 and FY 2022-23 be provided.

19. Others

- 19.1. MS Excel of Voltage wise cost of supply along with detailed approach and methodology adopted for the computation of the same be submitted.
- 19.2. Voltage wise value of assets (Voltage wise asset ratio) be submitted.
- 19.3. Calculation of distribution capacity (for wheeling charges) for FY 2022-23 be submitted.

The above information be provided within a week (through hard copy & soft copy) alongwith with the compliance of directions passed in last Interim Order dated 03.12.2021. The deficiencies and additional information/clarification and reply thereto filed by PSPCL be also uploaded on the website of PSPCL and the Commission.

Sd/-
(Paramjeet Singh)
Member

Sd/-
(Anjuli Chandra)
Member

Sd/-
(Viswajeet Khanna)
Chairperson

Chandigarh
Dated: 14.12.2021

[Click here for annexures](#)