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PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

The 2nd June, 2023

No. PSERC/Secy/Regu.175. -In exercise of the powers conferred under Section 181 of the Electricity Act, 2003 (Central Act 36 of 2003) and all powers enabling the Commission in this behalf and after previous publication, the Punjab State Electricity Regulatory Commission hereby makes the following Regulations to amend the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 including the first to fifth amendments thereof (hereinafter referred as “the Principal Regulations”) namely:-

1. Short Title and Commencement:

- (1) These regulations shall be called the Punjab State Electricity Regulatory Commission (Conduct of Business) (6th Amendment) Regulations, 2023.
- (2) These Regulations shall come into force from the date of their notification in the official gazette of the State.

2. Amendments in Regulation 55 of the Principal Regulations – Revision of Tariff

Regulation 55 (1) of the Principal Regulations shall be substituted as under:

“No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with Fuel and Power Purchase Adjustment Surcharge” (FPPAS) formula as specified in Appendix – 7 of the PSERC (Conduct of Business) Regulations, 2005 as amended from time to time.”

3. Amendments in Appendix 7 of the Principal Regulations – Fuel Cost Adjustment (FCA) Formula

Appendix 7 of the Principal Regulations shall be substituted as under:

APPENDIX-7

(See Regulation 55)

FUEL AND POWER PURCHASE ADJUSTMENT SURCHARGE (FPPAS)

1. For these Regulations “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in

cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission.

2. The Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, by the Licensee, on a monthly basis, according to the formula prescribed by the Commission, subject to true up, on an annual basis, Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations.
3. Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and, in such cases, the right to recovery the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.

4. The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a Billing Month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds 40 paise/kWh.
5. The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through fuel and power purchase adjustment surcharge shall first be accounted towards the oldest carry forward portion of the fuel and power purchase adjustment surcharge followed by the subsequent month.
6. In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the rate of State Bank of India Marginal cost of Funds-based lending Rate plus one hundred and fifty basis points shall be allowed till the same is recovered through tariff and this carrying cost shall be true up in the year under consideration.
7. Depending upon quantum of fuel and power purchase adjustment surcharge, the automatic pass through shall be adjusted in such a manner that,
 - i. If fuel and power purchase adjustment surcharge $\leq 5\%$, 100% cost recoverable of computed fuel and power purchase adjustment surcharge by distribution licensee shall be levied automatically using the formula.
 - ii. If fuel and power purchase adjustment surcharge $> 5\%$, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per 7(i) above 90% of the balance fuel and power purchase adjustment surcharge shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true up.
8. The distribution licensee shall file a petition seeking true-up of fuel and power purchase adjustment surcharge for the year under consideration by 30th April of the next financial year. The Commission shall true up the

same by 30th June after applying prudence check.

9. In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of fuel and power purchase adjustment surcharges shall be allowed during true up, to be billed along with the automatic Fuel and Power Purchase Adjustment Surcharge amount.

Explanation: -For example in the month of July, the automatic pass-through component for the power supplied in May and additional Fuel and Power Purchase Adjustment Surcharge, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.

10. The distribution licensee shall submit details of the variation between expenses incurred and the fuel and power purchase adjustment surcharge recovered, and the detailed computations and supporting documents, during true up of the normal tariff.
11. To ensure smooth implementation of the Fuel and Power Purchase Adjustment Surcharge mechanism and its recovery, the distribution licensee shall ensure that the licensee's billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open-source software as available.
12. The licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge and recovery of fuel and power purchase adjustment surcharge (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.
13. The Fuel and power purchase adjustment surcharge, shall be computed as under:-

Monthly FPPAS for nth Month (%) =

$$\frac{(A-B) * (C) + (D-E)}{\{Z * (1 - \text{Distribution losses in } \% / 100)\} * \text{ABR}}$$

- Where, nth month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in tariff for the power supplied in (n-2)th month
- A is the total units procured in (n-2)th Month (in kWh) from all Sources including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to distribution licensees) and the total units generated from its own thermal generating stations.
- B is Bulk sale of power from all sources in (n-2)th Month (in kWh) (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).
- C is incremental Average Power Purchase Cost= Actual average Power Purchase Cost (PPC) from all Sources including the normative fuel cost of licensee's thermal stations in (n-2)th month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources including projected fuel cost of licensee's thermal stations (Rs./ kWh)- (from tariff order)
- D = Actual inter-state and intra-state Transmission Charges in the (n-2)th Month, (From the bills by Transcos to Discom) (in Rs)

- $E = \text{Base Cost of Transmission Charges for } (n-2)^{\text{th}} \text{ Month.} = (\text{Approved Transmission Charges}/12)$ (in Rs)
 - $Z = [\{ \text{Actual Power purchased from all the sources outside the State in } (n-2)^{\text{th}} \text{ Month. (in kWh)} * (1 - \text{Interstate transmission losses in } \% / 100) + \text{Power purchased from all the sources within the State including power generated from its own thermal generating stations (in kWh)} \} * (1 - \text{Intra state losses in } \% / 100) - B] / 100$ in kWh
 - ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh)
 - Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)
 - Inter-state transmission Losses (in %) = As per Tariff Order
 - Intra-state transmission Losses (in %) = As per Tariff Order
14. The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.
15. Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted through the true-up approved by the Commission.

The approved formula is subject to the followings:

- i) The Commission can review the formula at any stage.
- ii) The FPPAS amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants, T&D losses etc..

By Order of the Commission

Sd/-
SECRETARY

Note: The **Principal Regulations** were issued vide Notification No/PSERC/Secy./Regu. 13 published in Punjab Govt. Gaz.(Extra) dated 7th March, 2005 and further amended vide:

The **1st Amendment** to the Principal Regulations issued vide notification No. PSERC/Secy/Regu.28, published in Punjab Govt. Gaz.(Extra) dated 7th Sept., 2006

The **2nd Amendment** to the Principal Regulations issued vide notification No. PSERC/Secy/Regu.69, published in Punjab Govt. Gaz.(Extra) dated 8th Aug., 2012

The **3rd Amendment** to the Principal Regulations issued vide notification No. PSERC/Secy/Regu.81, published in Punjab Govt. Gaz.(Extra) dated 7th May, 2013

The **4th Amendment** to the Principal Regulations issued vide notification No. PSERC/Secy/Regu.92, published in Punjab Govt. Gaz.(Extra) dated 14th May, 2014

The **5th Amendment** to the Principal Regulations issued vide Notification No. PSERC/Secy./Regu. 148 published in Punjab Govt. Gaz.(Extra) dated 16th March, 2020.