

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

**ORDER DATE: 04.12.2023**

**In the matter of Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) regulations, 2022 (PSERC MYT Regulations 2022).**

**A. Brief Background**

The Ministry of Power vide notification dated 26th July, 2023 has issued Electricity (Second Amendment) Rules, 2023 wherein the Ministry of Power has framed rules to streamline subsidy accounting and payment, establish a framework for financial sustainability. In view of the same, the Commission issued the draft notification for Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) (3<sup>rd</sup> Amendment) Regulations, 2023, in the PSERC MYT Regulations, 2022.

A public notice was issued in the newspapers dated 28.09.2023 and also published the notice on the website of the Commission, inviting suggestions/objections of the public and stakeholders on the proposed amendment. In response to the above, 4 no. of objections were received from the following objectors: -

1. Mr. Harpreet Walia, Comfort Home Stay, Amritsar **(Objector No. 1)**
2. Mrs. Rashmi Talwar, Chinar Homes, Amritsar **(Objector No. 2)**
3. Mr. Anil Gupta, Urban Homestay, Zirakpur **(Objector No. 3)**
4. PSPCL **(Objector No. 4)**

The Public Hearing in this respect was held by the Commission on 25.10.2023. PSPCL submitted its reply on the objections vide letter dated 27.10.2023. PSTCL submitted NIL reply to objections vide letter dated 07.11.2023.

**B. Summary of Objections received:**

The provision wise objections/suggestions/comments received on the draft amendments alongwith PSPCL's/PSTCL's reply on the same have been summarized as under:

1. **Amendment in Regulation 9 of the Principal Regulations-Business Plan including Capital Investment Plan**

Following new clause 9.20 to Regulation 9 of the Principal Regulations shall be added as under:

“9.20 All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass through;

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions:-

- (i) The asset has been created in accordance with the capex roll out plan for the licensee approved by Commission.
- (ii) The asset has been procured in competitive and transparent manner.
- (iii) The asset is geo-tagged and properly recorded in Fixed Asset Register.”

#### **OBJECTIONS/COMMENTS/SUGGESTIONS RECEIVED:**

- **No. of Objections received: 1**
- **Name of Objector: PSPCL (Objector No. 4)**
- **Details of Objection received is as discussed below:**

#### **PSPCL (Objector No. 4)**

As far as the proper recording of the assets is concerned, PSPCL’s field accounting units are currently preparing an Updating Assets Register using M.S. Office (Excel) Utility. The statutory audit is also being conducted based on these registers. Additionally, the Commission allows for depreciation based on this Excel-base Fixed Assets Register on an annual basis.

However, it is pertinent to note that this register lacks quantitative details such as quantity and location of individual assets. Furthermore, these quantitative details are not available in utility or certainly in the fixed asset register of CFO, PSPCL office. Consequently, Geo-Tagging of assets does not appear feasible with prevalent Infrastructure available for maintaining Fixed Assets Require requisite Infrastructural changes including hardware or software etc.

Presently, no geo-tagging of assets is being done. However, geo-tagging of sub-transmission system is being done presently; Geo-tagging of HT/LT network will be cumbersome due to vast expenses of HT/LT network. If HT/LT network is to be geo-tagged then, necessary

SOP needs to be framed and provisions needs to be created in assets register for entries regarding geo-tagging.

Currently, M/S Tech Mahindra Ltd. has been engaged as the system Integrator (SI) for implementation of ERP project in PSPCL. As per the latest status shared by M/S Tech Mahindra Ltd. Fixed Asset module will be made Go-Live by 31.12.2023.

Provision is under development in ERP for Geo-Tagging of new assets in Fixed Asset Module. However, the same has to be maintained and entered by field offices.

Keeping above in view, the Commission is requested to issue condition no. iii regarding geo-tagging of new asset as a direction to PSPCL and de-link this condition from the proviso of pass through of the cost for the assets created by the PSPCL, till that time.

**PSTCL's reply:-**

NIL comments/suggestions may be considered.

**Commission's Analysis and Decision: -**

This amendment is as per notification dated 20<sup>th</sup> July,2023 issued by Ministry of Power under the **Rule-20 (Framework for Financial Sustainability)**.

**2. Amendment in Regulation 44 of the Principal Regulations- Power Purchase, Procurement Process and Cost**

- a) In clause 44.3, the words "PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011" shall be substituted as "Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its Compliance) Regulations, 2022."

**No comments/objections/suggestions received.**

- b) Following new clause 44.4 to Regulation 44 of the Principal Regulations shall be added as under:

"All the prudent costs of power procurement, incurred by distribution licensee for ensuring 24x7 supply of electricity to consumers under the Electricity (Rights of Consumers) Rules, 2020 and for meeting requirements as per Resource Adequacy plan prepared by PSPCL under the Electricity

(Amendment) Rules 2022 shall be taken into account, provided that the procurement of power has been done in a transparent manner or procurement price has been approved by the Commission.”

**OBJECTIONS/COMMENTS/SUGGESTIONS RECEIVED:**

- **No. of Objections received: 1**
- **Name of Objector: PSPCL (Objector No. 4)**
- **Details of Objection received is as discussed below:**

**PSPCL (Objector No. 4)**

The proposed regulation is in line with objectives outlined in the Tariff Policy and will help Distribution Utilities to recover their legitimate power purchase cost incurred to ensure 24x7 supply to consumers.

**PSTCL’s reply:-**

NIL comments/suggestions may be considered.

**Commission’s Analysis and Decision: -**

The Proposed amendment is in line with Electricity (Second Amendment) Rules, 2023 vide MOP notification dated 26.07.2023.

**3. New Regulation 48(A)-Subsidy from State Government**

Following new Regulation be added to the Principal Regulations: “Regulation 53 (Subsidy from State Government) of the PSERC (Conduct of Business) Regulations, 2005 as amended from time to time may be referred to”.

**OBJECTIONS/COMMENTS/SUGGESTIONS RECEIVED:**

- **No. of Objections received: 1**
- **Name of Objector: PSPCL (Objector No. 4)**
- **Details of Objections received is as discussed below:**

**PSPCL (Objector No. 4)**

The comments on this are given separately because, the same have been covered under Amendment in Regulation 53 in Conduct of Business (7th Amendment) Regulations 2023.

**PSTCL’s reply:-**

NIL comments/suggestions may be considered.

### **Commission's Analysis and Decision: -**

The proposed amendment is only a linking provision while the main amendment on the issue of subsidy has been made in Punjab State Electricity Regulatory Commission (Conduct of Business) (7<sup>th</sup> Amendment) Regulations, 2023. The same has been dealt separately in the Commission's Order dated 04.12.2023.

#### **4. ADDITIONAL OBJECTIONS/COMMENTS/SUGGESTIONS RECEIVED:**

- **No. of Objections received: 3**
- **Name of Objectors:**
  - i) Mr. Harpreet Walia, Comfort Home Stay, Amritsar **(Objector No. 1)**
  - ii) Mrs. Rashmi Talwar, Chinar Homes, Amritsar **(Objector No. 2)**
  - iii) Anil Gupta, Urban Homestay, Zirakpur **(Objector No. 3)**
- **Details of Objections received are as discussed below:**

**Mr. Harpreet Walia, Comfort Home Stay, Amritsar (Objector No. 1)**  
**Mrs. Rashmi Talwar, Home Stay, Chinar Homes, Amritsar (Objector No. 2) and Mr. Anil Gupta, Urban Homestay, Zirakpur (Objector No. 3)**

That "homestay under BnB Scheme" is floated by Govt. of Punjab-Min. of Punjab Heritage and Tourism Development Board and Govt. of India,- Min. of Tourism being the operational body. Concept of Homestays is to assist, support and help the Government to absorb the Tourism rush and also utilize existing structure, amenities, existing precious resources and not burden the city's limited infrastructure for visiting guests, in providing space and provision for visiting guests. Amritsar as the Holy city and a border city is blessed and attracts huge tourist's interest. Homestays therefore are the backbone of the Tourism industry in Punjab World over Tourism attractive places recognize, assist, encourage facilitate and subsidize homestays in all possible ways and means due to following points:-

- Homestays are a concept to retain the true flavour of the region
- Homestays serve as tourist rush absorbers
- Homestays help and assist a government to save resources

- Homestay gives a unique experience to a tourist leading to increase in Tourism
- Homestays being low cost does not pinch the pocket of tourists and adds to variety of experience that guests can take back.
- Homestays are sustainable pieces of land that showcase the culture of the region, lifestyle, local cuisine and traditional mores to the world.
- Homestays have become Tourism's largest arm in the service industries in the country. Its importance lies in being an instrument for economic development and employment generation across the country. Inbound tourism plays an important role in earning valuable foreign exchange for the country, overall development of tourism including augmenting tourism infrastructure and facilities.
- Homestays are non-branded, have very low occupancy and offers at extremely low rates therefore not treated as commercial establishment in states, no commercial luxury or service taxes are levied. Hence an electricity connection is the same as that of same.
- Homestay is renting room because it encourages people to contact as owners share their information about city, its history, tips, experience and lifestyle with the guests.

In view of above, it is suggested that "Homestay BnB units duly registered by Punjab Government Tourism Development, should be encouraged and provide hand-holding by government, it be patronized by successive government and rightfully placed in Domestic Service Tariff (DST) category and charges thus, as using the house/residential property for B&B purposes does not and will never amount to be commercial activity rather just a means of sustenance and better/additional use of spaces.

**PSPCL's Reply:**

The Objectors have demanded that "Homestay BnB units duly registered by Punjab Govt Tourism department, should be placed in DS Tariff category". Hence, these objections do not relate to the Amendments proposed.

**PSTCL's Reply:**

NIL comments/suggestions may be considered.

**Commission's Analysis and Decision: -**

The objections/suggestions received do not pertain to the present amendment in the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff (3<sup>rd</sup> Amendment) Regulations, 2023. Also, the issue of BnB/Homestays has already been dealt in Order dated 09.08.2023 in Petition No. 35 of 2023.

The Commission has gone through the objection/suggestion/comment of the objectors and replies of PSPCL and PSTCL on the same and after detailed deliberations, the Commission approves the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff (3<sup>rd</sup> Amendment) Regulations, 2023 as discussed above.

**Sd/-**

**(Paramjeet Singh)**  
**Member**

**Chandigarh**

**Dated: 04.12.2023**

**Sd/-**

**(Viswajeet Khanna)**  
**Chairperson**