ANNEXURE-VI

PSPCL - OBJECTIONS

Objection No.1: Lala Sant Ram Memorial Library (Regd.)

Issue:
A Library (Institution) is running in the name of Freedom Fighter Lala Sant Ram in the Quarter No. T-4 of Grade-3, Civil Station Bathinda allocated by the Government. The bill amounting to Rs. 26336/- is pending against its electricity A/c No. 30011556929. We met Executive Engineer of PSPCL who said that after death of Lala Sant Ram, the bill cannot be considered in the Freedom Fighter category. The Library is running for the public welfare. This Institute is not personal and not for the personal benefit of anyone and not dead. We are only caretaker for this library and there is no source of income of this library. It is therefore requested that the bill be corrected after giving free supply of 300 units for each month in the Freedom Fighter category as per rules.
PSPCL's Reply:
The issue does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
The objector may note the response of PSPCL.

Objection No. 2, 3 & 4: Ganpati Townships Limited

We are Distribution Franchisee for Single Point connection for Ganpati Township Ltd. at Bathinda. The terms and conditions of the agreement are so hard and cumbersome, that sometimes we feel to terminate the Agreement. But due to 100% underground /under ceiling cabling it is beyond thought to get out of the agreement. It is therefore, requested to review the terms and conditions of the Agreement and revise the tariff for Single Point Connections for Distribution Franchisee so that running of the same may become financially viable. Main difficulties are detailed as under: -

Issue No.1: Terms and Conditions of the Franchisee Agreement
i) As per para-7 of CE/Commercial memo no.303-397 dated 30-05-2017, LT supply is being given to consumers inside franchisee area from our own LD system. Our main single point supply is metered at 11KV so HT rebate on the whole consumption of single point supply should be given to us. Moreover, we also bear distribution losses of LD system which is about 10-15%, establishment expenditure to take meter readings to prepare bills, to distribute bills, to collect revenue and to maintain an office, depreciation of electrical equipment @ 3.10% per year, R&M of the electrical equipment/LD system and annual increase in salaries of staff are per price index. This expenditure does not commensurate with the 10% rebate allowed on the SOP charges of the billed amount of all the consumers. It is requested that rebate may please be enhanced to at least 18%.
ii) As per para-6 of the memo only 2% losses are allowed on the difference of the main meter and sum total of all the connections inside the franchisee area to account for the consumption of un-metered common services. Whereas PSPCL distribution losses as per tariff order MYT 2019-20 are 15-25%. So at least 15% losses for the consumption of common services should be given instead of 2%.
iii) In case of NRS connections fixed charges, we pay @Rs110/KVA and we charge only Rs 45/KW for load up to 7KW, Rs 55/KW for load exceeding 7KW to 20KW and Rs 100/KVA for loads exceeding 20KW up to 100KVA. Most of the connections of SCO's are up to 20KW. So, there is a loss of revenue borne by us. Moreover, consumers with load less than 20KW are billed on KWH basis whose power factor is generally much less than 0.9. Losses due to this reason are also born by us. iv) As per para-2 of CE/Comm. memo no. 393-397 dated 30-05-2017 regarding installation of meters on the existing/New individual connections, the meters will have to be got tested/issued from ME Lab or private meters will have to be got tested from ME lab after depositing meter testing fee with SDO Distribution PSPCL. This procedure is very cumbersome and time consuming which will increase our expenses manifold. Moreover, all the existing meters installed are branded make and accuracy has already been tested by the manufacturers.
v) As per para-3 of the memo, the billed amount of the consumers as per billing done on behalf of PSPCL shall have to be deposited with PSPCL on or before the due date of the bills. We may get the billed amount on the due date or not, depositing amount with the PSPCL office again involves one person per day and hence additional burden on us including defaulting amount, if any.
vi) As per para-8 of the memo, BG as security for LD works equivalent to 25% of cost of outdoor S/S erected/installed may not be got deposited from us as R & M of the LD System is solely our

responsibility. Keeping in view the above difficulties, you are requested to review the tariff applicable for Distribution Franchisee.

PSPCL's Reply:

i) Since the billing is being done by the Distribution Franchisee on LT Supply to the consumers inside its area, voltage rebate is not admissible. However, if there are any HT/EHT supply consumers inside the area of Distribution Franchisee, the voltage rebate may be passed on to such consumers as applicable in the Tariff Order. The distribution losses of LD system cited in the letter as 10-15% are not justified for a small internal Distribution system of the Distribution Franchisee. Maximum of 2% losses are reasonable for the same. Therefore, to account for losses and other works being performed by the Franchisee, a rebate of 10% or 12% on the SOP charges is being allowed on the energy billed.

ii) Common Services have to be separately metered. However, in cases where it is not possible to meter the supply to consumer services in the already laid down system, the consumption of common services may be segregated at the main meter as difference of cumulative consumption of all metered supply and reading of main meter by allowing 2% losses. The figure of units thus arrived is to be considered as consumption of common services. The 2% losses are reasonable for a small internal Distribution system of the Distribution Franchisee. On the other hand, the PSPCL distribution losses cited in the letter as 15-25% are for the entire Transmission & Distribution System of electricity starting from the Grid/Substation to the consumer's premises. Therefore, the same cannot be compared with the losses in the internal Distribution system of the Distribution Franchisee.

iii) The sum of the billed amount of all the consumers as per slab-wise billing done by Distribution Franchisee has to be deposited with PSPCL by the Distribution Franchisee. In addition to it, Distribution Franchisee has to deposit the amount billed for the difference of cumulative consumption of all metered supply and reading of main meter.

iv) The meters are the revenue monitoring/computing units for PSPCL. Therefore, the meters have to be tested as per PSPCL specifications to ensure their accuracy to the satisfaction of PSPCL.

v) Due date of the bill is as per the Regulations of Supply Code and have to be adhered by all the consumers including Distribution Franchisee.

vi) This Bank Guarantee is security amount for LD works inside the area of Distribution Franchisee which is necessary to be kept as a safeguard for consumers in the event of any default on part of Distribution Franchisee towards maintenance or repair of the LD system. The same has been reduced from 25% to 5% of the cost of HT outdoor substation erected/installed in the Franchisee area w.e.f. 13.02.2018 as per Commercial Circular No. 08/2018 dated 13.02.2018

Commission's View:

The issues pertain to the terms and conditions of the Franchisee Agreement and does not relate to the instant petition. However, the objector may note the response of the PSPCL.

Issue No. 2: Time of Day (ToD)

Working hours of the Mall are such that maximum load comes during peak load hours and almost nil load remains during night hours. We cannot reduce our load during peak load hours. So, on one side we are burdened with peak load charges and on the other side we cannot avail the benefit of rebate during night hours as per ToD tariff. So, it is requested to give us some relief from peak load charges.

PSPCL's Reply:

Time of Day (ToD) tariff is a tariff structure in which different rates are applicable for use of electricity at different times of the day. There are certain times in a day when the demand for electricity is at its peak. During these times, the utility has to purchase power at a very high cost, much higher than the price paid by the consumers. Time of Day tariff is implemented to reduce consumption of electricity during peak hours. To achieve this objective, electricity is made expensive during peak hours so that consumers use less electricity during these hours. Electricity charges during off peak hours are also reduced as an incentive for people to use more electricity during the off-peak hours.

As per Tariff Order 2019-20 for FY 2019-20, ToD Tariff shall be applicable to NRS/BS consumers with sanctioned Contract Demand exceeding 100 kVA, all LS/MS consumers (including Rural Water Supply Schemes & Compost/Solid Waste Management Plants, for loads with Contract Demand exceeding 20KVA) and EV charging stations which cannot be altered to suit the Load curve of the consumer.

Commission's View:

The Commission agrees with PSPCL. The objector may note the response of the PSPCL.

Objection No. 5: Sh. S.L. Goel, Sh. Jagjit Singh, Sh. Jawahar Singh Sidhu, Sh. Bhola Singh Chahal and Sh. Karnail Singh Mann.

Issue: Nonpayment of electricity bills

As per various newspaper clippings, critical shortcomings/lapses are reported regarding nonpayment of electricity bills by bigwigs of society rather law enforcers i.e. DCs & SSP for their residences and offices in particular and all other Government Officers residences and offices in general and nonpayment of electricity subsidies by the Punjab Government itself which they always promise to pay in time before the commission. PSPCL never dare to touch these bigwigs to recover the public money whereas they always use full force to recover from poor consumers even by minor defaults. By not recovering Crore of rupees from these bigwigs of society and due to nonpayment of huge subsidies by Punjab Govt., PSPCL is forced to buy money from market at exorbitant interest rates for working capital which is booked as expenditure in the ARR by putting huge costs to the consumers which is a grave injustice to the consumers.

So in the interest of justice it is humbly requested that quarterly progress regarding recovery of dues from the above said bigwigs may please be ensured by the commission from PSPCL and as of subsidies by the government for various sections of society seeing the track record of failure of Government for payment, it may please be either discontinued or the Punjab Govt. may be asked to pay in advance so that rest of the consumers should not suffer.

PSPCL's Reply:

The query does not relate to the Tariff Petition filed by PSPCL and will be dealt separately.

Commission's View:

The objector's concerns are noted. The Commission determines the tariff on the basis of assessed revenue and not the realized revenue. However, PSPCL, for its own financial health, needs to ensure recovery of its dues.

Objection No. 6: Indian Ex Services League, Bathinda

Issue No. 1: Theft and Non-payment of dues

a) Electricity now-a-days is the essential need for domestic life, Industry, Agriculture and Services Sector. The large-scale theft by all sectors has badly affected the common man and ruined the Economy of Punjab and State Finances. Who is to be blamed? The Political will of Governments of the day-Let it be any party in power be it Congress or BJP.

b) When the Jathedars like Dayal Singh Kolian Wali or a Transporter of Akali Dal are defaulters in lakhs nearing one Crore and Deputy Commissioners, SSPs etc all do not have moral character to pay Bills and Set bad example to common Citizen, then the Wisdom of Philosophy will dis-appear from the National Scene. When Chief Engineers and their ilk are found stealing power by Kundi connection from Street Lights Feeders in Haryana's Panipat Thermal Power Station as reported in media few day ago by Power Minister, how a Junior Engineer or Lineman can dare to check theft of Electricity. Free Power for Tube- Wells even for Super-Rich Farmers for many Tube-Wells is depleting water Table. The land of Five Rivers will turn shortly to barren land. Drinking water in Bottles sells with high price is transported for delivery. A shameful Scenario for Punjab. Like one citizen-one vote; only one Tube Well be given free power.

c) When a Big Leader like Parkash Singh Badal supports Kundi connection at Maghi Mela at Mukatsar, how the common man can build-up his integrity and honestly. The PSPCL and PSTCL with Thermal Power Station Engineers have done good work to supply power generated with regulated load shedding during peak seasons. The State is at 4th position in Power Management in the country but let down by Political class bereft of Sikhism to follow Gurus Footprints — equal Distribution.

d) A few letters sent to CMD PSPCL, CMO Punjab and rigid Rules followed by States like Kerala, Gujrat, Maharashtra State Electricity Boards are examples of Good Governance in Energy Management.

PSPCL's Reply:

The query is not related to the Tariff Petition filed and shall be dealt separately.

Commission's View:

The objector's concerns are noted. PSPCL is directed to take strict action on theft as per the provisions of the Electricity Act.

The Commission determines the tariff on the basis of assessed revenue and not the realized revenue. PSPCL, for its own financial health, needs to ensure recovery of its dues.

Issue No. 2:

a) May we request the Chairperson of Punjab State Electricity Regulatory Commission to guide the Government of Capt. Amrinder Singh to show Political will to relieve Debt-ridden Power Corporations to save the economy of Punjab. Otherwise Punjab State will plunge into Total Darkness during nights and Crime in Society and particularly against Women and Young Girls will increase beyond Proportions. Ex-Servicemen of Punjab like those in Haryana can help to raise revenue from Electric Supply and Bill collections.

b) Chief Minister of Haryana has done well that any one Defaulter in electricity Bills cannot contest any election be it for Sarpanch, MLA, MP. Any village found stealing Electricity will not get 24 x 7 Supply. More theft means reduced hours supply varying 12 to 18 Hours to control fiscal loss to power utilities. We need that type of rigid instructions for implementation. As an upright integrity, your good self as Chairperson SERC can do it. CM of Haryana has also issued instructions that there will be no Political interference in Electric Supply System. Also, the damaged Transformer will not be changed unless Panchayat and Gram Sabha agree to Pay Bills regularly.

c) Since 11th Schedule to Constitution lays down responsibility of Panchayat and Duties of a Sarpanch laid down in Punjab Panchayat Act-1994 (Chapter-III), it will be Prudent and appropriate to legally add the responsibility of a Sarpanch to ensure that there will be no theft of Electricity in his Village. Every house, School, Dharamshala and Water Supply Scheme will Pay Bills regularly to avoid heavy amount accumulations. This duty of Panchayat be added in Article 30 (9) of ibid Act. Similar provision be made in all municipalities Acts.

d) To discipline Senior Officers for use of Electricity in their Residence, Pre-paid Chips before Electric Meters must be fixed on Electric Poles for tapping Service Connection in the Fuse-Cut out itself to make Pre-paid use of power. Meters for Camp Offices of all Administrators, Police and Judicial Officers should be in the Pillar Boxes outside the House. Let the Charity began at Home to show our Resolve.

"Let the Authority of Punjab State Electricity Regulatory Commission Prevail to Check theft of Power. Government offices should be covered by Bureau of Energy Efficiency (BEE) and power consumption be laid per person with 15 to 20 Sqm Floor Space to make everyone conscious of Energy use with ECBC Regulations stipulated now.

PSPCL's Reply:

The query has been addressed to the Commission.

Commission's View:

The objector's concerns are noted.

Objection No. 7: Er. Darshan Singh Bhullar.

Issue No. 1: Domestic Consumers

Domestic Consumers in the State are reeling under the high tariff. In spite of the lower "Average Cost of Supply" in Punjab as compared to neighboring States, domestic consumers are paying huge unjustified amounts.

Industrial and Commercial tariff needs to be looked into closely for providing relief to DS consumers. Across, India, 22 states/UTs have higher commercial tariff than Punjab and 28 states/UTs have higher industrial tariff than Punjab. The industrial tariff in Haryana is Rs.6.87/kWh to Rs.8.14/kWh,in Delhi is Rs.10.68/kWh to rs.13.23/kWh, in UP is Rs.7.95/kWh to Rs.10/kWh and in Rajasthan is Rs.7.36/kWh to Rs.8.89/kWh where as it is just Rs.4.99/kWh to Rs.6.13/kWh in Punjab.

Further government is paying Rs.1990.38 Cr. as direct subsidy to Industry and whereas direct subsidy to the selected DS consumers is only Rs.1623.05 Cr. If incentives to the industry such as "Consumption of Power exceeding previous two FY Consumption", Time of Day (ToD) rebate, Special Night Tariff etc. is considered then the industrial tariff in Punjab becomes almost lowest in India and as a result domestic tariff becomes higher which is quite unfair and rankle. So, tariff of these two categories needs to be little bit on higher side.

Further, Cross Subsidy should be given to the poorer section of the society consuming below a specific amount of energy in accordance with the National Tariff Policy. Cross subsidizing amongst various categories needs a freshlook:

- Stop Subsidizing AP Category from DS Category: -Domestic Consumers are subsidizing Agriculture Sector in Punjab only. Cross Subsidy Level for DS Category is +2.71% in FY 2019-20 putting a burden of approx. Rs.269.24 Cr. on DS category. The gap so created must be plugged by withdrawing subsidy from the rich farmers.
- Divert Cross Subsidy from other Categories to DS Category: - Whole of the amount of the cross subsidy, which was approximately Rs. 1000 Cr in FY2019-20, charged to other categories

should be used to subsidize DS category on the pattern of other States e.g. Delhi

- Inter Slab Cross Subsidy: - The rich consumers consuming high energy should be charged high tariff as is being done in Delhi and Haryana for cross subsiding the lower strata of the society. Delhi is charging Rs.3.00/kWh up to 200 units and Haryana is charging just Rs.2.70/kWh for first 50 Units and Rs.4.50/kWh for next 100 Units whereas Punjab is charging Rs.4.99/kWh for first 100 units. So, Inter Slab Subsidy must be restructured to provide benefits to the poor DS consumers.

PSPCL's Reply:
Determination of cross subsidy is the prerogative of the Commission.
Commission's Views:
The suggestion is noted.

Issue No. 2: Electricity Duty (ED)
National Tariff policy states that "as a substitute of cross-subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers." So, in my opinion, Electricity duty should also be treated as Cross Subsidy. When cross subsidies and 20% ED are taken together then the total cross subsidy crosses the limit of +/- 20% and it is a violation of National Tariff Policy. No doubt that it is not in the purview of PSERC to impose/reduce the amount of ED but as the regulator is supposed to take care of the consumers by making PSPCL/PSTCL accountable for each paisa adding to the tariff, but in view of the above, it is requested that the Punjab Govt. must be made answerable for imposing too high ED i.e. 20%.
Further it is not out of context to mention here that across India four States are charging 10-15% ED and rest are charging just around 0-8% ED.
PSPCL's Reply:
Electricity duty is prerogative of the Government of Punjab and the determination of cross subsidy is the prerogative of the Commission.
Commission's View:
It is the prerogative of the State Govt. to decide on matters in respect of levy of electricity duty.

Issue No. 3: Theft of Electricity/ Distribution losses
Theft of Electricity: It has been estimated that energy equal to the amount of around Rs 1200 is being stolen each year. There are 15 (Bhikhiwind, Patti, West Amritsar, Ajnala, Sub urban Amritsar, City Tarn Taran, Sub Urban Btala, Patran, Lehragaga, Zeera, Bhagta Bhaika, Zeera, Malout, Rampura Phul and Jalalabad) notorious divisions having line losses ranging between 30% to 71% whereas the overall losses for 2018-19 were only 12.32%. So, in order to curb the theft, especially in above noted divisions, PSERC is requested to monitor the checking of theft by various agencies. PSERC should ask for submitting quarterly theft checking reports by DS organizations and Enforcement Wing of PSPCL separately. Eradication of theft will lead to reduce the ARR of PSPCL which will result in lowering the tariff.
PSPCL's Reply:

- PSPCL is striving hard to curb theft in these divisions despite the stiff resistance being faced by distribution and enforcement agencies from local public and various kissan unions. Sometimes PSPCL employees have been Gheraoed and Manhandled by public during checking of connections. Even some of the PSPCL employees were seriously injured and hospitalized during these incidents. In spite of this PSPCL is carrying out checkings on routine basis.
- Most of the divisions mentioned in the objection pertains to Border and West Zones and the checking status of these zones during FY 2019-20 upto December 2019 is as under: -

Zone	Nos. of connections checked	Theft cases detected	Penalties Imposed (In Lacs)
Border	320417	14814	1894.07
West	82990	9189	1599.09
Total	403407	24003	3493.16

- However, During FY 2019-20, upto December 2019 8,59,528 nos. connections have been checked by distribution organization under PSPCL and penalties of Rs. 89.29 Cr. have been imposed on 65433 nos. power thieves which shall be continued in remaining year.

Also, people are being made aware about the consequences of power theft by holding meetings with local leaders
Commission's View:
PSPCL is directed to take strict action on theft as per the provisions of the Electricity Act. Also refer to

directive No. 6.1 regarding reduction in distribution losses in high loss divisions.

Issue No. 4: Free Electricity to the Rich Farmers:

As the govt is providing free electricity to the selected poor e.g. SC, BC, BPL etc. there must be some criterion to provide subsidy to the agriculture sector. It should be based on the land holding. Only poor and medium farmers should be provided free electricity. The large and extra-large having land holding between 15-20 acres may be provided electricity on reasonable subsidized rates. There should be no subsidy for rich farmers, income tax payee and farmers having more than one tube well connection.

Direct Subsidies are not in purview of the Commission, but the EA Act has appointed the Commission to listen to the views of Electricity Consumers. I hope that your good self will take note of this and will convey to the government. This is the voice of many not my own.

PSPCL's Reply:

Providing subsidy is the prerogative of the Government of Punjab.

Commission's View:

Subsidizing any consumer category is the prerogative of the State Govt**.**

Objection No. 8: Indian Ex Services League, Bathinda.

Issue No. 1: Theft of Electricity

There is a large-scale theft of Electricity in the rural villages particularly infested with Union Leaders be it KISSANs, Teachers, Lineman or any other by name and Industrial Units/Govt Offices and so on. We have met Engineer-in-Chief and three Dy. CEs vigilance from Amritsar, Bathinda and Patiala in the Guest House at Bathinda. On a Single day vigilance check in Malout, Lambi and Mukatsar area Rs. 50.00 Lakh fines /recovery was found due on single day on 11.12.2019.

PSPCL's Reply:

PSPCL is striving hard to curb theft in high losses areas despite the stiff resistance being faced by distribution and enforcement agencies from local public and various kissan unions. Sometimes PSPCL employees have been Gheraoed and Manhandled by public during checking of connections. Even some of the PSPCL employees were seriously injured and hospitalized during these incidents. In spite of this PSPCL is carrying out checking's on routine basis.

- During FY 2018-19, PSPCL had checked 16,58,663 nos. connections, out of which 1,41,639 nos. cases of theft and UUE were detected and penalties to the tune of Rs. 179.29 Cr. were imposed on people who were involved in power theft.
- Similarly, during FY 2019-20, up to December 2019, 8,59,528 nos. connections have been checked by distribution organization under PSPCL and penalties of Rs. 89.29 Cr. have been imposed on 65433 nos. power thieves which shall be continued in remaining year

Commission's View:

PSPCL is directed to deal with issues in respect of theft as per provisions of the Electricity Act.

Issue No. 2:

a) Ex-serviceman employed in Haryana with the blessings of Chief Minister Bhupinder Singh Hooda, within three months the Revenue generation was up by 3 times when meter Reading and Billing was done by ESM. The Dy. CE (Vigilance) Patiala brought out that his batch mates have confirmed this Revenue generation.
b) After discussion, the E-in-C and his ream agreed to enroll ESM with outsourcing Agency providing manpower for Meter Reading/Billing in Bathinda Zone (SW) as a Pilot project with Two days training capsule to ESM particularly from Engineer/EME/Signals Technical Stream.

PSPCL's Reply:

The query does not relate to the Tariff Petition and has to be dealt separately.

Commission's View:

The Objector may note PSPCL's response

Issue No. 3:

The PSPCL & PSTCL can come out from debt and Subsidy from Tube Wells/Free Power to BPL/SCs. You are requested for directions to Chairman PSPCL to prepare the Scheme to improve the financial Health of Punjab to pay salaries in time to reduce frequent protests by employees/beneficiaries of Govt. Schemes.

PSPCL's Reply:

The query has been addressed to the Commission.

Commission's View:

This is a matter regarding subsidy and may be addressed to the Government.

Objection No. 9: S.S. JAIN SABHA NABHA.

The structure of Domestic supply bill contains Energy charges (EC), Fixed charges (FC), Electricity Duty (ED), Infrastructure Dev. Tax, Oct/MT, FCA (Fuel Surcharge) and Meter Rent etc. Besides increase in the rate of Electricity from 80 paisa to 115 per unit +20% tax, PSPCL has imposed Fixed Charges on Domestic supply consumer w.e.f. 1.1.2018 is Rs. 20/- to 30/- per kW which was further increased from time to time. Now rate of Fixed charges is Rs. 35 to 50 per kw.

The present Govt. has promised at the time of elections, to give relief to public by decreasing the rate of electricity.

But it is surprising that besides increasing the rates of DS consumers, it has also imposed Fixed Charges on load basis w.e.f. 1.1.2018 and further increased in it. It is also pointed out that 20% taxes (ED+ Infrastructure tax +Oct) are also imposed on Fixed Charges. Due to Fixed Charges & 20% taxes on it, the rate of electricity has become so high that the amount of Bill has risen to 150% after the new Govt. came in, this is injustice to people of Punjab. Now, if a consumer consume less electricity, his rate per unit comes more than of consumer consuming more electricity on same load i.e. if on the same load, a consumer consumes less electricity or saves electricity, he has to pay more average rate per of unit.

Issue No. 1:

Earlier in the year 2000, ED was charged 9 paise per unit for Domestic Supply and 11 paise per unit was for Industrial and Commercial supply consumers. But now it is changed @ 13% of EC & FC, which comes to 125 paise to 160 paise per unit. Throughout India, rate of ED in Punjab are the highest. In all the States, ED is being charged on the basis of consumption.

Further, Octroi/MT has been converted @ 2%of the EC and FC instead of 2 paise per unit of the consumption. This practice does not exist in any other State i.e. charging of Octroi/MT on ad valorem basis. Infrastructure is charged @5% of the EC & FC and it is not being charged in any other State. It is requested that:

i) Electricity Duty should be charged at the rate of per unit as it was in practice before year 2000.
ii) Oct./DF levies be stopped as this type of levies are not being charged nowhere, as the share of GST is being provided to Punjab Govt/Municipal Corporation.

Levy of fixed charged be stopped, at least 20% tax (ED/DF) should not be levied as fixed charged.

PSPCL's Reply:

Levy of ED and other taxes is the prerogative of the Government of Punjab

Commission's View:

It is the prerogative of the State Govt. to decide on matters in respect of levy of electricity duty and other taxes. Further, the Punjab is one of the last State to implement two-part tariff as provided in the National Tariff Policy.

Issue No. 2:

Has PSPCL checked/reduced its line losses for Theft of Energy? PSPCL is fooling people by showing its line losses and theft of energy as electricity consumed in Agricultural supply and in this way PSPCL is concealing its own weaknesses. Line loss should be reduced and meters on all the AP consumer premises be installed to determine actual line losses. PSPCL should reduce its expenditure/Line losses/theft of energy and should withdraw its proposed 14% increase in Tariff or PSERC should not allow this increase.

PSPCL's Reply:

T&D losses for FY 2018-19 is 14.17%. The calculation of the same has been mentioned in the Tariff Petition.

Commission's View:

Refer para 2.3 of this Tariff Order.

Issue No. 3:

In Haryana, Gujrat and Delhi rates of electricity are less than Punjab State. Hydro Power constitutes a major share/part of the PSPCL's generation. So why the electricity rates are higher than Haryana? No fixed charges are being levied there.

After 1.6.2019, detail of the component of the electricity Bill is being shown on the bill, itself. Electricity Bills are too complicated to understand by the consumers. Even PSPCL official dealing hands are not able to understand it. The Electricity Bill structure should be easy to understand.

The Free supply to AP/Domestic consumer is being provided, out of revenue collected. State levies 20% of the Bill i.e ED, FC and Octroi etc. which is the highest in India. The burden of subsidy is thrusted upon the general public. It is injustice to the people of Punjab. Free AP supply is being provided to landlords and rich farmers. Income tax is also not levied on AP income.

PSPCL reply:
The objector has only compared the Tariff for the Domestic Category of Punjab with the other states whereas the Tariff for Commercial category and industrial category is higher in Delhi than in Punjab. The average cost of Supply is the prime indicator of Tariff and the ACoS of Punjab is lower than the other states for which the comparison is done. The ACoS of Punjab is Rs.6.62/unit, for Delhi (TPDDL) is Rs.7.32, for Haryana is Rs. 6.89. Further, Haryana charges MMC in place of fixed charges for Domestic category. The provision of taxes and subsidy is the prerogative of the Government of Punjab.
Commission's View:
The tariff is determined as per PSERC Tariff Regulations. However, subsidy and ED etc. are the prerogative of the State Government.

Issue No. 4:
Increase in tariff @ 30 paisa per unit w.e.f. 01.01.2020 be withdrawn.
PSPCL's Reply:
The 30 paisa has been levied as a surcharge arising out of the judgment passed by Hon'ble Supreme Court in contempt petition filed by TSPL and NPL.
Commission's View:
The objector may note the response of the PSPCL.

Objection No.10: Er. Darshan Singh.

Issue No. 1:
It has become a well-known fact through discussions at various media forums that Punjab is reeling under high Electricity Tariff due to poor and questionable decisions w.r.t. addition of excessive Thermal Power Generation in private sector and one sided PPAs with these IPPs. It has now become very much clear that power in State is costly because of addition of surplus Generation capacity (3920MW) in private sector which is more than the envisaged /planned as originally only two units at TSPL (660 MW each) i.e. 1320 MW were to be installed but the capacity was enhanced to 1980 MW silently without any justification /planning. Now, this fact has also been raised through a paper issued by a section of Congress MLAs on 21.01.2020 that the earlier Cong Govt. in Punjab during its regime in 2006 period had framed a policy that keeping in view the demand scenario in the State, the new Green' field project in Thermal power should be limited to 2000 MW and each plant should not be more than 1000MW but the projects of capacity 3920 MW have been erected and commissioned through IPPs. Additional burden on State power consumers due to this excess 1920 MW above the planned requirement should not be a liability on the Punjab Energy Consumers.
PSPCL's Reply:
Secretary/ PSEB, vide its letter no 13602/W-141 dated 02.08.2006 forwarded a proposal for setting up 3 No. power projects, one each of 1000 MW at Doraha (Gas-cum-coal based), Nabha and Talwandi Sabo to the Secretary/ Power Govt. of Punjab. In order to meet the gap between peak demand and availability of power, it was planned by erstwhile PSEB to add about 10,000 MW of power during the 11th (2007-12) and 12th (2012-17) five year plans which included power from the above three within State power projects. Later on Gas-cum-coal based Doraha Project could not materialize due to issues relating to non-availability of gas, finalization of site for acquiring land etc.
The above was based on the power scenario during 10thplan (2002-2007) and 11th plan (2007-2012) wherein the installed generation capacity in Punjab during the year 2006-07 was around 4431 MW in State Sector and the share of Punjab in Centre sector projects was 1488 MW. As per the peak demand assessed by 17th Electric Power Survey Committee of CEA and expected projected availability of peak demand worked out as per peak demand availability norms of CEA for various power plants, the gap between demand and availability was projected as 2435 MW (34.5%) by the end of 10th five year plan and 3182 MW (30.4%) by the end of 11th five year plan. Therefore, an additional capacity of 4000 MW @ 80% PLF was estimated to be required to meet the gap between demand and supply of power during the 11th five year plan.
The Punjab Council of Ministers in the meeting dated 06.09.2006 approved.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2:
Date of signing PPAs with IPP's and fixed charges paid to them in the year 2017- 18 are as per table given below.

Sr. No.	PPA Date	IPP	Fixed Charges per Unit being paid in 2018-19	Technology
1.	22.04.2007	MUNDRA	0.90	Super Critical
2.	07.08.2007	SASAN	0.17	Super Critical
3.	01.09.2008	TSPL	1.18	Super Critical
4.	26.05.2009	GVK	2.20	Sub Critical
5.	18.01.2010	NPL	1.36	Super Critical

It is clear that when most of PPA's were done in the year 2007-08 of super critical technology then what was the compulsions to sign PPA's with M/s GVK in 2009 of sub critical technology and that too at high fixed charges? It shows the malafide intentions of authorities and this illogical framing of fixed charges should be reversed immediately to give relief to the consumers.

PSPCL's Reply:

The issue is not related to the Tariff Petition filed and shall be dealt separately.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 3:

It is agreed that Govt. can give free or subsidized power to any category of society but tax (ED) part of these free-bees should not be charged from the remaining consumers who are already reeling under burden of high tariff. Therefore, to reduce the burden, ED should also be charged from free users of power.

PSPCL's Reply:

This query does not relate to the Tariff Petition filed and shall be dealt separately.

Commission's View:

Charging of ED is the prerogative of the State Government.

Issue No. 4:

PSPCL signed PPA.s with M/s Sukhbir Agro for purchase of Bio-mass power at rate Rs 8.16 per unit with annual increase of 5% in the year January 2018. Later in the same year BODs of PSPCL approved the proposal to convert its unit no. 4 of GNDTP to 60 MW and rate of power from that project was estimated just Rs 4.5 per unit that too with profit margin of 16%. The commission is humbly requested to ask M/s Sukhbir Agro to justify/reduce the high rates being charged so that consumers of State can get some relief.

PSPCL's Reply:

The issue is not related to the Tariff Petition filed and shall be dealt separately.

Commission's View:

The Objector may note the response of PSPCL. The tariff for the biomass based power projects of Sukhbir Agro Energy Limited was determined by the Commission vide Orders dated 06.12.2016 and 20.12.2016 in the petition no. 53 of 2016 and 83 of 2016 respectively. Similarly, the tariff for the stated 60 MW biomass project at GNDTP, Bathinda shall be determined by the Commission as and when the petition for the same is filed.

Objection No. 11: PHD Chamber of Commerce.

General

PSPCL has submitted ARR 2020-21 to the tune of Rs.43884.64 Cr comprising of projected Net ARR for the FY2020-21 as Rs.36156.38 Cr and a revenue gap of Rs.7728.26 Cr including carrying cost.

The revenue gap projected by PSPCL is increasing every year in ARR whereas generally surplus is being determined by the Commission. Further, PSPCL projections of ARR of the ensuing year and the final figures in ARR True Up for the same year after two years clearly indicates that either the figures are being inflated or 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. Moreover, this expenditure is being incurred by PSPCL by drawing interest bearing working capital loans from various sources and incurring finance charges on arranging loans. Perusal of the above figures speaks of the total financial indiscipline.

Issue No. 1:

The power supplied to the agriculture sector has been growing consistently at very high rate due to

increase in capacity of tube wells due to depletion of water table. Now with the lifting of ban on release of new connections for agriculture since last year, the consumption is further set to increase due to additional new tube well connections being released. Providing the power at the subsidized rate of Rs 5.28/kWh as per TO 2019-20, which is far less than the actual cost of power (as high as Rs.7.18 per unit as per COS for 2019-20, Page 241 of TO 2019-20) is leading to serious financial crisis for the PSPCL and will ultimately seriously affect the interest of industrial consumers in the State, which are already reeling under recession. It is imperative to cap the maximum amount of power year wise & approved by the Commission that can be supplied to agriculture sector at the subsidized rate inclusive of additional connections projected in a year and the power supplied above that limit should be billed as per Cost of Supply for agriculture power as worked out in ARR.

PSPCL's Reply:

The objector has requested the Commission to limit consumption and fix the quantum of subsidized power to be supplied to categories being cross-subsidized. In this regard it is submitted that in domestic category as consumption increases the average cost increases due to consumption slabs.

In case of AP consumers, proposed tariff for AP category for FY 2020-21 is Rs.7.26 /Unit same as Average Cost of Supply, so the cross subsidy for AP Category would be zero. Further all these factors such as slab and category wise tariff rates, cost of supply, cross subsidy etc. are in the purview of the Commission while keeping in view Electricity Act, 2003 and provisions of the PSERC Tariff Regulations and Act. Further, it is submitted that as per Clause 5.3 of Supply Code 2014, GoP can decide the number of agricultural pump set (A.P.) connections and the manner in which these are to be released each year in the State or any part thereof.

Commission's View:

Subsidizing any consumer category is the prerogative of the State Govt. In respect of cross subsidies, the Commission has always endeavored to reduce the cross subsidy as provided in the Tariff Policy.

Issue No.2:

PSPCL and PSTCL were constituted in 4/2010 as successor companies to PSEB and since then Transmission losses were being assumed as 2.5% on notional basis. PSTCL has now claimed Transmission Losses as 2.86% in Table 3 of its True Up for the year 2018-19 against 2.5% in the TO. Further, as per RE 2019-20, the average Transmission losses for H1 (actual for 5 months) work out to as 2.30% and for the total year 2018-19 as 3.0%. For MYT period 2020-21 to 2022-23, the Projections are given as 3%.

In the MYT ARR submitted in 2016, PSTCL had projected Transmission Loss trajectory as 2.8% for 2017-18, 2.6% for 2018-19 and 2.5% for 2019-20. Against this, in the TO 2017-18, PSERC approved the trajectory as 2.5% for 2017-18, 2.4% for 2018-19 and 2.3% for 2019-20. However, due to non-finalization of boundary metering, the Transmission Losses are being provided notionally as 2.5% in TO 2017-18 and 2019-20. Instead of reducing the Transmission Loss and coming out with a trajectory for MYT period 2020-21 to 2022-23, PSTCL has proposed fixed loss level of 3% in spite of heavy capital investment proposed for MYT period. This needs to be looked into critically by the Commission. The losses claimed by PSTCL are higher than the trajectory given by PSERC in the TO. When PSTCL is being allowed the Capital Investment as per its demand, the trajectory agreed to needs to be followed and the losses be restricted to the approved trajectory only.

Accordingly, the Energy Balance of PSPCL needs to be trued up for 2018-19 and RE for 2019-20 as per the approved trajectory of Transmission & Distribution Losses. Transmission Losses and Distribution Losses Trajectory need to be fixed separately for PSPCL and PSTCL for the next MYT period. It is submitted that the Commission in the Order of the Capital Investment Plan and Business Plan has approved separate transmission losses and Distribution losses for PSPCL and PSTCL respectively.

PSPCL's Reply:

PSPCL has been able to reduce the T&D Losses from 16.34% in FY 2017-18 to 14.17% in FY 2018-19. The Commission has been allowing separate Transmission and Distribution losses in its Tariff Orders.

Commission's View:

Refer to the para No. 2.3 and 3.3 of this Tariff Order and para No. 2.3 & 3.3 of PSTCL Tariff Order for FY 2020-21 regarding Transmission & Distribution Losses.

Issue No.3: Interest on Short Term Loans for Working capital

The PSPCL has been admitting to raise short term loans to meet the revenue shortfall arising out of disallowances of ARR components, non-receipt of subsidy from the Government and delayed payments from consumers etc. It is submitted that interest on delayed receipt of subsidy is being

loaded to the State Govt. while determining the subsidy amount in the tariff orders. Further, PSERC is allowing the carrying cost of difference in revenue and ARR amount including delay in recovery of revenue from consumers. For late payments by consumers, PSPCL is getting Late Payment Surcharge. Therefore, WC interest should be allowed on normative basis and after deducting the Advance Consumption Deposit (Security) parked with PSPCL as per Regulations and practice being followed by the Commission so far. We also request that on the same lines, GPF fund parked with PSPCL by employees (Rs 1363.80 Cr ending 31.3.2018 and Rs 1129.05 Cr ending 31.3.19 as per Format 16 and being used by PSPCL to meet the working capital be also reduced from normative WC and interest on WC be reduced and only thereafter interest on GPF be allowed. Alternatively, PSPCL be asked to bear the interest on GPF amount from its internal accruals and claim by PSPCL in ARR need to be rejected.

PSPCL's Reply:

PSPCL avails the working capital loans to meet with its working capital requirement due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to cash losses of PSPCL.PSPCL has been claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis. So far as ACD is concerned, it is mentioned that PSERC has already deducting the ACD while calculating the working capital requirement. 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 and GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. PSPCL is making monthly repayments towards its GPF liability which has been parked to PSPCL at the time of unbundling of PSEB. Further, It is also submitted that As per regulation 41(a) of Provident Fund Regulation 1960, G.P Fund balances, after deducting final payments, permanent and temporary advances as admissible under these Regulations will be available for use by the Board in meeting its Capital Expenditure under the Plan. As such, the objection regarding reduction of GPF Balance for calculation of normative working capital and interest thereon is not justified.

Commission's View:

Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No.4: Return on Equity

The Commission has approved 15.5% return on equity for 2012-13 to 2015-16 purportedly as per PSERC Regulations as per 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 Cr to 6081.43 Cr which has led to increase of ROE from 405.73 Cr to 942.62 Cr 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. Accordingly, we request the Commission to re determine ROE for all the years w.e.f. 2011-12 onwards and adjust the same in RE 2019-20 along with carrying cost to provide relief to consumers."

PSPCL's Reply:

The Government of Punjab will be converting the UDAY loans of Rs.15,628 Crore into equity. As per PSERC MYT Regulations, PSPCL is entitled to return on equity of 15.50% on the equity amount.

Commission's view:

Return on Equity is determined by the Commission in-line with PSERC MYT Regulations after prudence check.

Issue No. 5: Comments on True-Up of 2018-19

Issue No.5 (1)

PSPCL has shown the Total Energy Requirement at Punjab Periphery as 57804.90 MU. However, the actual Energy Input as 58824.90 MU as per Sr. No 1 of Table No 3 titled Actual Transmission Loss for 2018-19. The energy input at Punjab Periphery is different as per the ARRs of PSPCL and PSTCL which need to be reconciled.

PSPCL's Reply:

It is submitted that 58824.90 MU's is the energy injected in PSTCL substations during FY18-19. While reconciliation of output energy of PSTCL with input energy of PSPCL, net energy flow (i.e. export – import) through T-D PSTCL network is taken into account.

Commission's view:
The objector may note the response of PSPCL.

Issue No.5 (2) PSPCL has surrendered 80.73 MUs under UI and has also paid 73.08 Cr to the UI pool account which is indicative of mismanagement and inefficiency. This amount should be disallowed.
PSPCL's Reply:
PSPCL never intends to purchase of power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of system, because Punjab being a heavy power consuming State where load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer – domestic load variations. Most of them are dependent on weather. UI cost indicates Net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net amount comes out to be irrational. In spite of such multifarious power system, by putting best efforts PSPCL has managed to keep net UI energy to be very negligible in comparison to total power exchanged by PSPCL for state of Punjab as a whole.
Commission's view:
Refer to Para 2.9 (i) of this Tariff Order.

Issue No.5 (3)
Late Payment Surcharge and TDS of Rs 47.48 Cr has been claimed at Sr. No 83 which needs to be disallowed as PSPCL is retaining Early Payment incentive and TDS is adjustable against overall liability of I Tax.
PSPCL's Reply:
The late Payment Surcharge and TDS have been claimed by PSPCL as per the PSERC MYT Regulations.
Commission's view:
Refer to Para 2.9 (ii) of this Tariff Order.

Issue No.5 (4):
Reactive Energy Charges of Rs 1.79 Cr have been paid to RE pool by PSPCL. The reactive energy is imported by PSPCL during Paddy season only and is due to the Heavy Agriculture load coming on the system. This needs to be recovered from agriculture sector by appropriately increasing their tariff. The Industry is maintaining the PF almost unity throughout the year and it rather generates MVARH by installing and maintaining costly equipment at its end and the Industry should not be penalized for this.
PSPCL's Reply:
During summer season demand of all the sectors goes up i.e. Domestic, Industrial & agriculture. & therefore, claim of the objector regarding Short Term Purchase only for agriculture sector is not agreeable. Moreover, rate of power purchased on short term basis is well below the rate approved by the Commission, (which is already including all the charges mentioned by the objector).
Commission's view:
The Commission agrees with the reply of PSPCL.

Issue No.5 (5):
GOP subsidy for agriculture was worked out as Rs 5874 Cr for 11227 MUs for 2018-19 which gives sale rate of Rs 5.23/unit. However, in Table No 4 of the ARR, the consumption for Agriculture is indicated as 11187.39 MUs which gives sale rate of Rs 5.25/unit. However, PSERC approved sale rate is Rs 5.16/unit plus FCA of 12 paisa per unit for 6 months only. Further in Form D-24A of the ARR, units sold to agriculture have been shown as 11228.83 MUs with revenue of 5755.07 Cr. Such wide difference of consumption and revenue in different formats is not understandable. It shows that the ARR has been prepared casually and to confuse the stakeholders.
PSPCL's Reply:
AP sales are to be considered as 11,187.39 MU. The difference in the AP consumption is due to a typographical error.
Commission's view:
The Commission approves the sales quantum for AP category after detailed prudence check and validation. Refer para 2.2.2 of this Tariff Order.

Issue No.5 (6):
GOP subsidy for LS consumers was worked out as Rs 1204.94 Cr for 13187.05 MUs (Rs 0.914/unit) for 2018-19 in the TO. However, in Table No 54 of the ARR 2019-20, the figures were Rs 1310.01 Cr and 14221 MUs (Rs 0.921/unit). Now, in Form D11 of the ARR, the subsidy for 14319 MUs has been stated as Rs 1141 Cr with which the per unit rate works out to 0.79/unit. The difference of per unit rate over the years is not understandable.
PSPCL's Reply:
The Objector is comparing the subsidy in Tariff Order for FY 2018-19, Tariff Order for FY 2019-20 and the subsidy of Truing up for FY 2018-19 which is not correct.
Commission's view:
The actual subsidy received from Govt. of Punjab for various categories is considered as per the audited financial statements when the true up takes place.

Issue No.5 (7):
The Form D11 indicates the total subsidy due from GOP as 8757 Cr against which GOP has paid Re 9036 Cr i.e. PSPCL has received excess subsidy of Rs 279 Cr. However, the form indicates that Rs 280 Cr is still to be paid by GOP. Further, in Table 27 of ARR, the subsidy received from GOP has been shown as 8635.94 Cr which needs to be reconciled.
PSPCL's Reply:
The format D 11 in which the subsidy for the year 2018-19 was shown as 8756.91 crore and in the foot note no.2, it was explained that after adjustment of True up of FY 2017-18, the actual subsidy booked for FY 2018-19 was Rs.8635.93 Crore. Also, in this format, the excess subsidy received was shown of 279.51 Crore.
Commission's view:
Amount of subsidy changes as per the true up.

Issue No.5 (8):
The energy sale to Agriculture shown as 11187.45 MUs in Table 4 need to be revised after taking 30% consumption of Kandi feeders as per the methodology approved by the commission so far. The arguments put forward on the basis of LDHF formula is an afterthought put forward for the first time since the adoption of pumped energy methodology and needs to be rejected as it shows wide variation of consumption pattern varying from 35% to 56% and cannot be relied up on. Further, PSPCL has been directed to segregate the load of mixed feeders but no progress is being reported. PSPCL cannot take benefit of its own wrong. It is also requested that methodology of calculating the AP consumption of mixed feeders based on connected load as approved by the Commission be incorporated in the MYT regulations so that the arguments put forward by PSPCL are stopped forthwith.
PSPCL's Reply:
The data has been submitted as per existing methodology adopted by the commission for estimation of energy for different categories of consumers and is not an afterthought as claimed by the objector. The variation in consumption pattern is due to different loading conditions and mostly dependent on the water table depth and the type of cropping in that area.
From almost 6000 AP feeders only about 319 Feeders have mixed load i.e. AP and non-AP (DS & NRS). Due to various technical and other constraints PSPCL was unable to segregate supply of AP consumers on these feeders. Already under the DDU scheme, PSPCL is making efforts to segregate AP supply wherever possible and installing meters on AP consumers. But due to resistance by various kissan unions and consumers, the work has been delayed. Though the work has been resumed and is expected to be completed by November 2020, it has been prayed before the commission to allow for a more reasonable methodology of estimating AP consumption on these feeders, so that PSPCL is not being denied billing on AP energy being utilized by the AP consumers on these kandi feeders. PSPCL has submitted data regarding the same and the petition is pending for decision before the Commission.
Commission's view: Refer para 2.2.2 of this Tariff Order.

Issue No.5 (9):
In APR, power purchase of 45841 MUs was approved at delivered cost of 19374 Cr at Punjab Periphery which works out to an average rate of Rs 4.23 per unit. However, the actual volume in true up has been indicated as 47007 MUs at a cost of 20547 Cr i.e. at an average rate of Rs 4.37 per unit. Thus, PSPCL has not been able to follow merit order dispatch and additional expenditure needs to be disallowed.

PSPCL's Reply:
In APR, PSPCL submitted power purchase of 48321.25 MUs at the cost of Rs. 20303.69 Cr. and the average rate towards the same comes out to be Rs. 4.20 per unit. The power purchase data submitted by PSPCL was on actual basis for April'18 to Sept'18 and projected (on the basis of Sept'18 rates) for the period from Oct'18 to Mar'19. However, the power purchase of 45841 MUs was approved at cost of Rs. 19374 Cr. and the average rate towards the same comes out to be Rs. 4.23 per unit. Further, in true up, PSPCL has submitted power purchase of 47007 MUs at the cost of 20547.36 Rs. Cr. and the average rate towards the same comes out to be Rs. 4.37 per unit which is on actual basis. Hence, PSPCL is following merit order in letter and spirit.
Commission's view:
The power purchase cost is allowed after prudence check**.** Refer to para 2.9 of this Tariff Order.

Issue No.5 (10):
Impairment Loss of Rs 644.33 Cr has already been booked by PSPCL in its accounts ending 31.3.2018 (Already trued up by PSERC) as per Note No 37 of Annual Financial Statement 2018-19. Therefore, the sale value of retired assets of GNDTP and GGSTP be adjusted in the year in which this accrues. Moreover, PSPCL be asked to give the status of disposal of retired assets through quarterly reports so that consumers are given relief.
PSPCL's Reply:
It is intimated that assets & work-in-progress of GNDTP Bathinda and SYL of Rs. 644.33 impaired as per requirement of Ind AS 36 issued by the MCA under The Companies Act, 2013 not yet allowed by PSERC in the tariff. So, for as the sale value of retired assets be adjusted in which year in which this accrues is concerned, it is submitted that the same will be accounted for, as per Ind AS 105, in the year in which assets are sold. It is again requested that impairment loss should be allowed in the review.
With regard to the status of retired assets it is submitted that there is a proposal to convert one unit of GNDTP into 1 X 60 MW Biomass plant. The proposed conversion to Biomass Unit is technically, commercially as well as environmentally feasible. The Board of PSPCL cleared the proposal after detailed deliberations and after considering all these aspects. Before submitting the proposal to board of PSPCL, each and every technical detail was discussed with the experts from Denmark who are into this field and are manufacturers of this technology since many years. Further, the proposal is still pending with the Govt. of Punjab for approval and shall be put up to PSERC for approval after that with all the relevant documentation.
Regarding the proposed Solar plant, it is mentioned that the GOP has decided that the current proposal to install the solar plant in view of the vacant land may be postponed till decision is made for the optimal utilization of vacant land
Commission's view:
Refer para 2.15 of this Tariff Order.

Issue No.5 (11):
PSPCL has stated that they have claimed interest on actual amount of loans for working capital which is again wrong as consumer is bound to bear interest on Working capital as per Normative and Regulations are clear on the same. Action to consider Late Payment Surcharge as Non-Tariff Income is as per Regulations and as per previous tariff orders.
PSPCL's Reply:
PSPCL has claimed the interest on working capital on actual basis as the working capital loans have been taken to fund its financials. It is requested to the Commission to allow the actual interest on working capital.
Commission's View:
Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No.5 (12):
PSPCL has claimed interest on subsidy delayed by GOP through reduction from Non-Tariff Income. It is submitted that GOP commits the payment of subsidy in advance and interest for delay is also to be borne by GOP. However, PSPCL through such manipulation is trying to recover the interest from consumers which is not supported by Regulations and is illegal. Thus, the proposal of PSPCL needs to be rejected and it should be asked to explain as to why they have made such a proposal. PSPCL needs to pass on all the rebates and GBI received for solar plants etc. to the consumers by treating 100% of the same as Non Tariff Income. However, PSPCL has not considered the same in non tariff

income and instead has further retained 50% of the same through reduction.
PSPCL's Reply:
PSPCL has claimed the Non-Tariff Income as per PSERC MYT Regulations.
Commission's view:
Non-tariff income is allowed as per applicable MYT Regulations after prudence check.

Issue No.6: Comments on RE 2019-2020
Issue No.6 (1):
The surrender of power needs to be reviewed / checked every month in view of changing scenario of coal cost due to allotment of coal mines through bidding process, variation in imported coal prices and increasing gas prices.
PSPCL's Reply:
PSPCL already has a practice to review variable costs of projects on monthly basis.
Commission's view:
The objector may note the response of PSPCL.

Issue No.6 (2):
In table 31, the projected sales for Commercial, Small Power, Medium Supply and Street Lighting categories have been reduced drastically whereas it should be more than H1. The length of night hours is more in H2 and the Ginning and Rice Sheller seasonal industry operate during H2 and thus the consumption should be more in H2.
PSPCL's Reply:
The projected sales for Commercial, Small Power, Medium Supply and Street Lighting has been calculated as per the CAGR for the last three years and after considering the escalation in each category.
Commission's view:
The objector may note the response of PSPCL.

Issue No.6 (3)
Pumped Energy in Kandi Area mixed feeders needs to be reviewed based on PSERC adopted methodology till the feeders are segregated by PSPCL.
PSPCL's Reply:
The pumped energy in Kandi area mixed feeders has been submitted as per the LDHF formula as specified in the PSERC Supply Code Regulations.
Commission's view:
Refer para 2.2.2 of this Tariff Order.

Issue No.6 (4)
PSPCL has projected the Transmission and Distribution losses as 14%. Taking into consideration the proposed 3% losses for transmission proposed by PSTCL ARR, the figure needs to be reviewed.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's view:
Refer para 3.3 of this Tariff Order and para No. 3.3 of PSTCL Tariff Order for FY 2020-21.

Issue No.6 (5)
PSPCL has projected surrender of 106.70 MUs of energy under UI and has also paid 29.14 Cr to UI pool account. This needs to be disallowed as PSPCL has failed to efficiently operate the system.
PSPCL's Reply:
Refer PSPCL's reply is issue No. 5(2)
Commission's view:
Refer para 3.9 of this Tariff Order.

Issue No.6 (6)
PSPCL has proposed Rs 135 Cr. towards banking open access charges for 463.11 MUs of banked energy which works out to Rs 2.92/unit of energy. Similarly rate for 2018-19 works out to Rs 3.27/unit. Thus, viability to continue with banking needs to be checked under such high liability of open access as well as banking charges payable for banking transactions.
PSPCL's Reply:
Open Access charges are paid for whole quantum of export import banking transactions, not only on

net banking.
During 2018-2019, only Net banking has been compared with OA charges paid, while it needs to be understood in a way that during year 2018-19, 5008.81 MUs power exported by PSPCL and 4603.16 MUs power imported during paddy season. The open access charges were paid on total power transacted 9611.97MUs not for net power transacted. Similarly, during year 2019-20, 2871.64 MUs power exported by PSPCL and 5184.50 MUs power imported during paddy season. The open access charges were paid on total power transacted 8056.14 MUs not for net power transacted.
Commission's view:
The objector may note the response of PSPCL**.**

Issue No.6 (7)
PSPCL has indicated net banking of (-) 405.64 MUs in 2018-19 and (-) 463.11 MUs in 2019-20 totaling 868.75 MUs to be received from the other states. However, in 2020-21 only 556.13 MUs have been shown as receipt under banking and Zero banking in 2021-22 and 2022-23, indicating loss of 312.62 MUs not accounted for which needs to be checked into.
PSPCL's Reply:
Banking shown for 2020-21, 2021-22 & 2022-23 are part of projections will be settled on actual basis as will be decided time to time depending every season real time demand / availability gap to meet peak paddy demand & utilize surplus in winters. This proved to be very fruitful to PSPCL during recent paddy seasons. As PSPCL was able to have sufficient power arrangements and it did not require to purchase power on short term basis.
Commission's view:
The objector may note the response of PSPCL**.**

Issue No.6 (8) PSERC had approved power purchase for 2019-20 @ Rs 4.50 per unit as per Table 3.8(A) of TO 2019-20. However, the RE now submitted indicate in Table 42 the power purchase cost as Rs 4.75/unit. Thus, PSPCL is unable to control the expenditure and incurring costs more than approved.
PSPCL's Reply:
PSPCL submitted power purchase of 48001.73MUs at the cost of Rs. 21389.43 Cr. for FY 2019-20 in ARR 2020-21 and the average rate towards the same comes out to be Rs. 4.46 per unit. However, the power purchase approved for FY 2019-20 in TO 2019-20 was 47120.09 MUs at cost of Rs. 20834.98 Cr. and the average rate towards the same comes out to be Rs. 4.42 per unit.
The power purchase data submitted by PSPCL for FY 2019-20 in ARR 2020-21 was on actual basis for April'19 to Sept'19 and projected (on the basis of Sept'19 rates) for the period from Oct'19 to Mar'20.Further, the power purchase data submitted by PSPCL in ARR 2019-20 for FY 2019-20 was projected on the basis Sept'18 rates.
Commission's view:
The objector may note the response of PSPCL. Further, the Commission approves the power purchase after prudence check as per applicable MYT Regulations.

Issue No.6 (9)
In capital expenditure, PSPCL has claimed expenditure for creating new assets and has shown the capitalization of the WIP during the year. However, the assets to be retired during the year and recovery of cost of retired asset need to be accounted for on accrual/notional basis and Capital Investment Plan expenditure need to be reduced to that extent.
PSPCL's Reply:
It is intimated that as per accounting policy 2.12 of Company, the value of retired assets is withdrawn from the gross block as well as accumulated depreciation. At the time of sale of such assets the profit/loss on the sale proceeds is accounted for in the accounts.
Commission's view:
The Commission approves the addition of GFA in-line with PSERC MYT Regulations after prudence check.

Issue No.6 (10)
Interest on Loans be allowed after disallowing the excess loans taken to meet the excess expenditure and Interest on WC loans be allowed on WC calculated on normative basis instead of actual basis as per MYT Regulations.
PSPCL's Reply:
PSPCL has claimed the interest on working capital on actual basis as the working capital loans have

been taken to fund its financials. It is requested to the Commission to allow the actual interest on working capital.

Commission's View:

Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No.6 (11)

Regarding ROE, refer to issue No. 4 above.

Issue No.6 (12)

An amount of Rs 30 Cr was provided to PSPCL for DSM fund and the same amount has been asked for again in RE without disclosing the actual expenditure in H1 of 2019-20. The provision may be reviewed and actual expenditure incurred so far and likely expenditure feasible in the remaining period be allowed.

PSPCL's Reply:

The amount of Rs.30 Crore has been claimed as allowed by the Commission in the ARR for FY 2019-20.

Commission's view:

The amount allowed on DSM shall be trued up based on actuals during the True-up of FY 2019-20.

Issue No.6 (13)

Regarding Non-tariff income, comments at issue No. 5 (12) above may be referred for 2019-20 also.

Issue No. 7: Comments on ARR for MYT Period 2020-21 to 2022-23

Issue No. 7 (1)

Para 4.2 states that RSD capacity is 600 MW but PSPCL allocation is 452.40 MW. However, PSPCL is indicating only part sale to J&K and HP out of the balance 147.60 MW capacity which is less than their entitlement with the result that PSPCL is bearing the fixed costs for the capacity not utilized by J&K and HP. Thus, in turn, this is being passed on to the consumers. Consumers are at the receiving end as PSPCL is not able to recover fixed charges where it can be legally passed on and is paying fixed charges to IPPs of Punjab and cannot get out of liability.

PSPCL's Reply:

PSPCL has not yet started supplying the J&K share of power from RSD as there are technical constraints on the J&K side for receiving power. However, presently RSD is being run on full capacity and PSPCL is utilizing the available power from RSD.

Commission's view:

The objector may note the response of PSPCL.

Issue No. 7 (2) GNDTP Bathinda

a) We strongly object to taking up the GNDTP Biomass Project. Before approving the proposal of PSPCL, PSPCL should submit the demand supply projections and establish as to in which year it is going to consume the total contracted capacity available as on date and how the mismatch between Paddy period (Demand 13000 MW) and winter period (Demand 4000 MW) will be reduced with the proposed and / or any other new power plants. Also what is the generation cost of the power plants at present prices and how the generation cost will compare with the power available from other sources.

b) PSPCL has claimed impairment loss for all the four units of GNDTP Bathinda last year and these are being shown in the Audited statements. However, now PSPCL has indicated that they propose to convert some Bathinda units for biomass generation. Will PSPCL reverse the impairment loss in the event proposal is approved to pass on the relief to the consumers. Further, PSPCL failed to operate Jalkheri project and consumers had to bear the cost of idle capacity standing in the books of PSPCL and it is still to be made operational. PSERC need to approve the proposal only after critically examining the same other wise the present officers will retire and consumers will have to bear the adventurism of PSPCL in the shape of higher tariff.

c) PSPCL has not come out with its proposal of 100 MW solar plant at ash dyke site of GNDTP Bathinda so far for approval of PSERC.

PSPCL's Reply:

It is pertinent to mention that the proposal is to convert only one unit of GNDTP into 1 X 60 MW Biomass plant. The proposed conversion to Biomass Unit is technically, commercially as well as environmentally feasible. BODs of PSPCL cleared the proposal after detailed deliberations and after considering all these aspects. Before submitting the proposal to BODs of PSPCL, each and every

technical detail was discussed with the experts from Denmark who are into this field and are manufacturers of this technology since many years. Further, the proposal is still pending with the Govt. of Punjab for approval and shall be put up to PSERC for approval after that with all the relevant documentation. Impairment cost of GNDTP has been booked as per the accounting standards issued by the Accounting Regulatory bodies. Reversal of impairment cost shall also be done, if realized value is more than the impaired value, as per the prevalent accounting standards.
Regarding the proposed Solar plant, it is mentioned that the GOP has decided that the current proposal to install the solar plant in view of the vacant land may be postponed till decision is made for the optimal utilization of vacant land.

Commission's view:

The Commission has not included the biomass plant and solar plant at GNDTP Bathinda in its approval in Order in the Petition No. 18 of 2019. **Refer para 2.15 of Tariff Order regarding impairment cost of GNDTP.**

Issue No. 7 (3) PSPCL has also not informed about the disposal of two units of GGSSTP Ropar. PSPCL projections for GGSSTP Ropar are extracted as under: -

Year	2017-18 (TU)	2018-19	2019-20	2020-21
	Rs. Crore (Table No) of TO 19-20	Table 26 of MYT ARR	Table 53 of MYT ARR	Table 86 of MYT ARR
Employee cost	306.18 (2.19)	335.51	359.81	381.89
R&M+A&G	61.05 (2.26)	54.04	34.13	49.06
Depreciation	19.46 (2.31)	34.84	35.14	35.72
ROE	70.16 (2.40)	83.95	83.95	86.41

The above figures show that inspite of having retired 2 units, the expenditure is being booked which needs to be disallowed. Assets of two units be sold immediately and the sale proceeds of 2 units of Ropar and 4 units of Bathinda be used to repay the capital loans so that consumer get some relief. As PSPCL is delaying the disposal of assets, PSERC may start recovery of sale proceeds on notional basis say @ Rs 250 Cr per year till disposal of the assets.

PSPCL's Reply:

The process for disposal of 2 units of GGSSTP, Ropar which have been retired w.e.f 01.01.2018 by the decision of Punjab Govt. is already under process. Work Order has been issued for assessing the saleable value of the Units. Meanwhile, for preservation of boiler & for condition monitoring of the assets of the retired Units, operation & supervision by the Operation & Maintenance Staff is required at regular intervals of time. The only expenditure which is presently booked in respect of Units 1 &2 is on account of use of chemicals for preservation of their boilers, which is only a meager amount.

Commission's view:

Impact of expenditure on assets not in use will be considered in line with relevant regulations of PSERC MYT Regulations.

Issue No. 7 (4)

PSPCL has taken actual performance parameters of its own thermal plants higher than the normative parameters and has worked out the ARR accordingly. We request that parameters as per CERC Tariff regulations 2019 or actual whichever is lower, be allowed as per the practice being followed here to fore as these are controllable items.

PSPCL's Reply:

In the current & future power scenario of Punjab Units of GGSSTP, Ropar are run only at partial load & it is not possible to achieve optimum performance parameters as same can be achieved only if Units are run at full load., as such submission of performance parameters higher than normative parameters by PSPCL is fully justified. It is further submitted in order to achieve performance Parameters at partial loads R &M activities which require huge Capital Investment will have to be taken on Units of GGSSTP, Ropar which will only increase the cost of Power & ultimately this increase in cost will have to be passed on the consumers which in current power scenario of Punjab will be detrimental to the consumers. However, PSERC is allowing costs as per Normative basis only.

Commission's view:

Normative parameters have been considered wherever applicable. Refer to para 4.7 of this Tariff Order

Issue No. 7 (5)
The quantum and cost of surrendered power has been worked out by PSPCL in Format D2 of ARR as under:-

Year	Surrendered Quantum	Fixed charges
2018-19	8570.94	976.86
2019-20	11616,44	1374.93
2020-21	14499.23	1761.78
2021-22	13547.97	1626.90
2022-23	11533.65	1359.86

The above data shows that in spite of increase in consumption over the years, the quantum and cost of surrendered power is increasing up to the year 2020-21 as per PSPCL's own projections. The figures are further set to increase during the Tariff Order after PSERC scrutinizes the data and allows justified figures.
The data shows that the surrendered quantum of power is increasing indicating that PSPCL is still executing new PPAs for the power in spite of being surplus since the year 2016-17. This action is against the interests of consumers as ultimately they have to pay for the misadventure of PSPCL. PSERC is requested to check all the PPAs where the power is yet to flow and direct PSPCL to cancel all such PPAs where the power flow is yet to start. Further, it should also be directed not to take up any own capacity addition or contract any additional power until it is proved by PSPCL that the additional capacity will not increase the idle capacity.
PSPCL's Reply:
Surrendered quantum is showing decreasing trend in upcoming years. PSPCL has not signed any new PPA. Further, the petition regarding approval of long term PPAs signed by PSPCL has already been submitted by PSPCL before PSERC.
Commission's view: The objector may note the response of PSPCL.

Issue No. 7 (6)
Regarding the UDAY Loans which are appearing as GOP loans in the books of PSPCL had been given to improve the working of PSPCL. These loans are to be converted into grant or equity at the expiry of UDAY scheme. Presently GOP is paying interest of Rs 1307 cr per annum on these loans at around 8.36% of rate of interest which is repaid to GOP by PSPCL and is being further recovered from consumers thro' tariff. PSPCL has proposed in Para 4.6 to convert these loans amounting to Rs 15628.26 Cr into GOP equity on 31.3.20. As per Para 4.17, the ROE is payable @ 15.90 to 15.93% for the year 2020-21 to 2022-23 as per CERC norms. Thus, consumers will be loaded with the difference of Rate of Interest on loan and Rate of Return on Equity (15.93-8.36=) 7.57% i.e. Rs 1183 Cr per year. Thus, in the transaction, PSPCL will get additional Rs 1200 Cr approximately every year which it is not going to pay to GOP as ROE is not being paid to GOP till date, PSPCL being in loss. As such, the amount should either be converted into grants or be kept as Loans and consumers be saved from this manipulated source being created to earn extra money.
PSPCL's Reply:
The Government of Punjab will be converting the UDAY loans of Rs.15,628 Crore into equity. As per PSERC MYT Regulations, PSPCL is entitled to return on equity of 15.50% on the equity amount.
Commission's view:
Return on Equity is considered by the Commission in-line with PSERC MYT Regulations after prudence check.

Issue No. 7 (7)
PSERC has already defined the trajectory of Transmission and Distribution loss levels and the same should be followed without any relaxation as Capital Investment Plan are being approved as per projections of PSPCL and PSTCL.
PSPCL's Reply:
All out efforts shall be made by PSPCL to achieve the trajectory of distribution losses approved by the Commission.
Commission's view:
The objection is noted.

Issue No. 7 (8)
PSPCL has projected purchase of energy from Tapovan Vishnugad HEP, Parbati II, Singrauli III TPS

and Vishnugad Pipal koti HEP in Para 4.12 of ARR. PSERC should check that PPAs of these projects were entered into after taking approval of GOP and PSERC. If PSPCL has entered into these PPAs without such approvals, the purchase needs to be disallowed as PSPCL is already heavily surplus since last so many years and such PPAs will further bound the consumers to pay for idle capacity due to inefficient planning of PSPCL.

PSPCL's Reply:

PSPCL signed PPAs towards Tapovan Vishnugarh HEP on 29.12.2010, towards Parbati II HEP on 02.11.2002, for Singrauli III on 29.12.2010 and towards Vishnugarh Pipalkoti HEP on 05.06.2007. Further, the petition regarding approval of long term PPAs signed by PSPCL has already been submitted by PSPCL before PSERC.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 7 (9)

PSPCL has proposed financing of Capital Expenditure through normative 70% Debt and 30% as equity. PSPCL is not disclosing the source of funding of equity and evidently, equity is also proposed to be funded through taking loans since as per Balance Sheet, it has no investible funds (Reserves and Surplus) at its disposal and it is running into losses. By this innovation PSPCL is trying to fleece the consumers by taking loan @ 8% and charging 15.93% from consumers as ROE. PSERC should look into this matter and save the consumers from such exploitation.

PSPCL's Reply:

PSPCL has been given profit in Regulatory accounts as Return on equity every year. PSPCL will be infusing the equity from the same profit.

Commission's view:

ROE is allowed after prudence check as per applicable MYT Regulations.

Issue No. 7 (10)

Interest on Working capital for Generation and Distribution business be allowed on normative basis after deducting Consumer Security deposit and GPF from the WC so worked out and PSPCL's request for allowing WC interest on actual loans be not considered as per Regulations.

PSPCL's Reply:

PSPCL in the MYT petition for FY 2020-21 to FY 2022-23 has claimed the interest on Working Capital on normative basis.

Commission's view:

Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No. 7 (11) : Other Suggestions

i) Carry forward the rationalization of Electricity Tariff towards reduction of cross subsidy in a phased manner.
ii) Move towards fixing tariffs on the basis of realistic category wise cost of supply principle as early as possible.
iii) Reduce the electricity tariff of the subsidizing class of consumers as per the Act so that the GOP is not unduly burdened for providing power to industry at Rs 5/- per unit.
iv) PSPCL should be directed to
    a. Amend its pattern of submitting ARR. Instead of submitting ARR based on actuals with the same bunch of excuses for over expenditure every time, it should limit its expenditure as per Approvals.
    b. Explain as to why it is not able to recover revenues as per TO in-spite of increase in sales projected in TO.
v) The TOD peak charge need to be abolished as PSPCL is not purchasing any extra costly power during peak period and rather it is selling power during peak period. This will encourage the industry to operate for 24 hours instead of 20 hours presently.
vi) HT rebate was allowed as per the Directions of APTEL to align the Category wise tariff to voltage wise cost of supply. However, in tariff order 2019-20, the HT rebate during night hours has been withdrawn by including it in the cap on TOD night rebate whereas it was kept separate in TO 2018-19. This is in violation of APTEL order and HT rebate need to be restored round the clock throughout the year.
vii) More reforms and ease of doing business initiatives be introduced for the industrial consumers.
viii) Continue with incentives for increase of consumption by consumers to reduce the idle

capacity/surplus power.

PHD Chamber requests the Commission to check all the data provided by PSPCL and give some relief to industry by readjusting Voltage Rebate and TOD Night Rebate / TOD Peak Charges and introducing Load Factor Rebate. This is also necessary so that the industry of Punjab remains competitive viz-a-viz neighboring States otherwise it will have no other alternative but continue shifting to other States.

The Punjab industry is situated in a land locked area and has to face many hardships. We will also bring to your kind notice that the State Govt. is also charging 13% Electricity Duty in-addition to 5% Infrastructure Development Fee and 2% as Municipal Tax.

Commission's View: The suggestions have been noted. However, ED and other State levies/taxes are the prerogative of the State Govt.

Objection No.12: Mandi Gobindgarh Induction Furnace Association

Issue No.1: Timely issue of Tariff order for 2020-21

PSPCL has already filed the Petition on due date of 30.11.2019 and PSERC has issued notice for Public Comments. Public Hearings are scheduled between Jan 23thto Feb4th2020 and PSPCL's Presentation is ready. Thus, the tariff order for the year 2020-21 can very easily be issued by 30thMarch to be made applicable from 1.4.2020. We request the Commission to stick to the timelines and issue the TO well in advance so that industry is aware of the costing of the products and do not suffer financially on this count. This will also spare the GOP of the complications of bearing the arrears. Further, if there is delay in issue of Tariff Order, consumer should not be made to suffer and TO be made effective prospectively.

PSPCL's Reply:

The query has been addressed to the Commission.

Commission's View:

The suggestion is noted.

Issue No.2: Cross Subsidization Levels of Agriculture and Industry

Issue No.2 (I)

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 (ACOS). APTEL has also given directions to PSERC in Appeal No 142 & 168 of 2013 between Mawana Sugars & Bansal Alloys Vs PSPCL and others in para 14 of the order to work out the cross subsidy on the basis of voltage wise category wise cost of supply (VCOS) and has also held that the cross subsidy of any category of consumers will not be increased from the level of last year. as under:-

"…….the cross subsidy with respect to voltage wise cost of supply is not increased. However, the tariffs for different categories have to be within + 20% of the overall average cost of supply as per the Tariff Policy ……."

In compliance to the orders of APTEL, PSERC has determined the cross-subsidy levels for both the ACOS and VCOS in the TO 2017-18 and 2018-19. It is submitted that while working out the same in TO 2020-21, the tariff of the subsidized class of consumers i.e. agriculture sector and domestic consumers be managed suitably so that in the tariff order to be issued for 2020-21:

a. Cross subsidy levels based on cost of supply remain equal to or are less than those of last year.
b. Cross Subsidy levels remain within +/-20% based on average cost of supply as here to fore.
c. Back up calculations and assumptions taken in calculation of VCOS be included in the TO.

Further, APTEL has also ordered that trajectory for gradual reduction of cross subsidies shall also be finalized by the SERCs in line with provisions of the Section 61 of the Act. In this regard, Judgment dated 9.1.2017 in Appeal No 134 of 2015 in Spentex Industries Limited Vs MPERC and others may be referred vide which Hon'ble APTEL has made following observations:-

"*26 (e)----------The State Commission is required to prepare a road-map for reduction of cross subsidies amongst the various categories of consumers.*

27(c). We would like to put a remark on this count that the State Commission while issuing the Retail Supply Tariff orders and avoiding tariff shock to consumers should also identify the road map for reduction of cross subsidy"

Accordingly. the Commission is also requested to identify the road map for reduction of cross subsidies.

PSPCL's Reply:

The determination of cross subsidy is the prerogative of the Commission.

Commission's view:
The objection is noted. The Commission has always endeavored to reduce the cross subsidy as provided in the Tariff Policy.

Issue No.2 (II)
PSPCL for the first time, has proposed tariff for 2020-21 in which PSPCL has proposed to increase the Tariff for Agriculture Sector from existing Rs 5.28/Kwh to Rs 7.26/Kwh i.e.an increase of Rs 1.98/Kwh and also totally eliminating the cross subsidy to agriculture, which seems to be impractical proposal. Similarly, while rate for Domestic Supply for load up to 2 KW is proposed to be reduced, category 2 to 7 KW is proposed to be merged with 7 KW to 50 KW which will impact the middle class most and would not be acceptable to them. PSPCL has also proposed to merge the upper slabs of NRS supply which will greatly affect marginal businessman. Proposed increase of tariff for industrial category is unacceptable as there is no scope to further increase the sale value of products and any increase will make the Punjab industry uncompetitive. Thus, the proposed tariff be kept unchanged so that common man may not be pressed to shift to net metering.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.
Commission's view:
Refer to Tariff Order for detailed tariff schedule and rationale for the same.

Issue No.2 (III)
PSPCL has proposed to recover only 37250.76 Cr of the ARR of 43884.66 Cr through tariff increase and carry forward the balance 6633.90 Cr to next year as Regulatory Asset. PSERC is requested to check the ARR of the Licensee critically and reject the excess claims. We feel that with the proposed increase in the consumption, flow of low-cost wind power and retirement of 6 units of PSPCL/s own thermal plants, there should be no requirement of increase in tariff for 2020-21.
PSPCL's Reply:
Please refer to the reply (ii) above.
Commission's view:
Refer to Tariff Order for detailed tariff schedule and rationale for the same.

Issue No. 2 (IV) Limit on consumption should be specified by the Commission for the categories of consumers which are to be cross subsidized. Once the consumption of these categories exceed their limit specified in the order, they should be charged at normal tariff rate and not at subsidized rate. Thus, if supply of additional power to Agriculture Sector is to be given due to draught conditions through additional costly spot purchase or imposing cuts on highest tariff categories like industry, it should not be at subsidized but normal tariff and subsidy due from GOP be worked out accordingly.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's view:
Subsidizing any consumer category is the prerogative of the State Government.

Issue No. 2 (V)
The cross-subsidy burden on LS consumers which had increasing trend till the year 2015-16 had been reversed thereafter but for the year 2018-19, the support from Industry has again increased. This is against the directions of the APTEL and the directions of APTEL be followed while issuing Tariff Order for 2020-21 and the cross subsidy for industry be eliminated.
PSPCL's Reply:
The determination of Cross subsidy is the prerogative of the Commission.
Commission's View:
The Commission has always endeavored to reduce the cross subsidy to the level of ± 20 % of the average cost of supply as provided in the Tariff Policy.

Issue No.3: Return on Equity
(A) The Commission has approved 15.5% return on equity for 2010-11 to 2017-18 purportedly as per PSERC Regulations in line with the FRP of GOP through 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 Cr, 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 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.

(B) PSPCL has proposed conversion of loans taken over by GOP under UDAY scheme amounting to Rs 15628.26 Cr into equity of GOP on 31.3.2019 and have claimed ROE of 15.90% on this amount during 2020-21 onwards. We are aware that loans under UDAY scheme was on the interest rate of about 8.4% whereas after conversion into equity, consumers will have to bear the ROE @ 15.90%. Further interest on loan was being recovered by PSPCL from consumers and being paid to the banks. However, ROE is being recovered from consumers and retained by PSPCL for adjustment against its losses due to inefficiencies and wrong planning. We strongly oppose the proposal of PSPCL to convert the UDAY loans into equity and request for adjustment of loans through grant of GOP as per terms of the UDAY scheme.

(C) PSPCL has also proposed to finance the Capital Investment through deemed loans of 70% and deemed equity of 30% i.e. PSPCL will take loan for 100% investment but finance equity out of loan taken at around 9% and claim ROE @ 15.93% on the same from consumers. This is nothing but cheating of the consumers as PSPCL does not have any Reserves and Surplus in its Balance Sheet to finance such equity nor there is any cash infusion from GOP towards equity.

MYT regulations clearly provide that Debt equity ratio is to be taken as Equity is to be taken as 30% or actuals, whichever is low and further equity must be paid up i.e. there should be cash flow from GOP towards equity or contribution should be from Reserves and Surplus available in balance sheet. Thus, increase in equity need to be reflected in the balance sheet as well. Thus, even if PSPCL converts the loans into equity, PSERC is not bound to pay ROE on such amounts as it is nothing but unjust enrichment at the cost of consumers.

Notwithstanding to the above and without prejudice to the above submissions, it is also submitted that PSPCL has increased equity simultaneously with the loan amount for claiming ROE. Whereas, interest on loan is admissible as IDC (Interest during construction period)but equity does not earn any ROE till commissioning of the project. Thus, ROE if at all it is to be granted, is to be granted only on capitalization of the assets.

PSPCL's Reply:

A) The query has been addressed to the Commission.

B) Government of Punjab will be converting the UDAY loans of Rs.15,628 Crore into equity. As per PSERC MYT Regulations PSPCL is entitled to return on equity of 15.50% on the equity amount.

C) PSPCL has claimed equity infusion of 30% as PSPCL has been given profits in regulatory account. PSPCL wishes to infuse the equity from the profits given in the Regulatory accounts.

Commission's View:

A) The issue is pending with Hon'ble Supreme Court.

B) & C) Return on Equity is considered by the Commission in-line with PSERC MYT Regulations after prudence check.

Issue No.4: ARR and carrying cost of Revenue gap

The gap in realization with current tariff and expenditure incurred by PSPCL as projected in ARR along with carrying cost is increasing every year. This is very abnormal and indicates total financial indiscipline in PSPCL. This clearly indicates that PSPCL is incurring expenditure at their will and leading towards debt trap in spite of relief available under UDAY scheme.

PSPCL had projected Net Revenue Requirement of 32718.64 Cr in the ARR of 2017-18 with total revenue gap as 5576.21 Cr. The actual figures presented in ARR 2019-20 for true up were Rs 31127.53 Cr and 5524.53 Cr respectively whereas PSERC in the TO 2019-20, trued up the ARR of 2017-18 as 27232.40 Cr with Revenue gap of 881.23 Cr only.

The ARR for 2018-19 presented the Net Revenue Requirement as 33562.12 Cr with total Revenue Gap of Rs 5339.33 Cr. The revised estimates presented in ARR 2019-20 were Rs. 33796.12 Cr and 10195.25 Cr respectively against which PSERC approved Rs 30251.12 Cr and worked out Revenue gap of only Rs 497.25 Cr. However, PSPCL has now presented the ARR for 2018-19 under True Up

as Rs 33028 Cr and Revenue gap of Rs 3715.89 Cr.
In the ARR 2019-20, the Net Revenue Requirement has been worked out as 34505.60 Cr and total revenue gap with carrying cost has been worked out as12118.55 Cr. PSERC in the Tariff Order 2019-20, approved ARR of 31835.10 Cr with Revenue gap of 569.72 Cr. In the Current ARR 2020-21, the RE of ARR for 2019-20 are given as 35371.34 Cr and Revenue gap of Rs 7728.26 cr.
Now in present ARR, PSPCL has projected ARR for 2020-21 as Rs. 36156.38 Cr and previous years Revenue gap of 7728.26 Cr. Thus PSPCL requires revenue of Rs 43884.64 Cr whereas Revenue expected at current tariff works out to Rs 32704.97 Cr. Thus for full recovery of ARR, the tariff has to be increased by 21.37% across the board. indicating that for the PIU industry, present fixed charges of Rs 295 to be refixed as Rs 358 and Energy charge of Rs 6.19 to be refixed as Rs 7.51. With 30 Paisa Coal Washing Surcharge and 20% of ED+IDF+MT, the effective tariff would work out to above Rs 10.35 per unit for 2020-21. However, PSPCL has proposed to recover part of the revenue requirement i.e. 37250.76 Cr in the year 2020-21 (i.e. 14% increase in Tariff) and balance to be carried forward as Regulatory Assets to be recovered in future. Thus, PSPCL has proposed Fixed Charge as Rs 335 and Energy Charge as Rs 6.98.
The solution presented by PSPCL to increase the tariff by such hefty amount in tariff (14%) will prove disastrous for the industry in Punjab. The ARR needs to be critically examined by the Commission. Any increase will have to be passed on to GOP which is already short of money. PCPCL should manage the increase in ARR from increase in sale of power and better utilization of its assets. Industry in Punjab cannot bear any increase in tariff and the tariff needs to be frozen for next five years.
Further, in-spite of 2.17% increase in Tariff in 2018-19 and 1.78% in 2019-20 coupled with projected 11.8% increase in sales in 2020-21 over 2018-19, the gap still persists. It clearly indicates that there is something wrong in the operations of PSPCL. It is evident from the above that besides continuing with its inefficiencies, there seems to be a tendency on the part of PSPCL to inflate the figures of ARR to get higher tariff to cover up its continuing losses which need to be looked into by the Commission thoroughly otherwise the industry in Punjab will become totally uncompetitive with the industry of neighboring states and shall have to close down their factories.
PSPCL's reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. Further, the determination of Tariff is the prerogative of the Commission.
Commission's View:
The revenue gap is determined by the Commission keeping in view the PSERC Regulations.

Issue No.5: Excess claims
PSPCL had filed Appeal No 106 of 2013 in APTEL which was decided vide order dated 16.12.2015. The decision was further considered by the Commission for compliance and order dated have been issued on 4.1.2016. In these orders contentions of the PSPCL on many issues relating to tariff Order 2013-14 were considered and Hon'ble APTEL decided all the issues except one against PSPCL and upheld the orders of the Commission as per Tariff Order.
With the coming into force of new MYT regulations, PSPCL has again gone to the Hon'ble APTEL and has challenged all the disallowances in the Tariff orders. Thus, PSPCL is continuing its practice of incurring expenditure at will without caring for PSERC directions and Regulations and after the ARR is curtailed, wastes time and money seeking legal remedy on the already rejected contentions. This is proving disastrous for the consumers as expenditure on legal fees is increasing every year without corresponding benefit. PSERC need to disallow legal fees in such cases and not burden the consumers with such unsuccessful litigations.
It is also pointed out that the expenditure already denied / methodology already rejected by the Commission in the previous tariff orders should not have been included/ reiterated in the ARR at all but the PSPCL is continuing the practice. PSPCL reiterated the rejected arguments for justification of inflated Agriculture Consumption, Thermal parameters, Late payment surcharge etc. Thus, PSPCL wants to have the best of all. In our view, there is no reason for admitting the same.
PSPCL's reply:
PSPCL files an appeal before Hon'ble APTEL as per Section 111 of the Electricity Act, 2003 only when it is aggrieved by Order of the Commission. Further, PSPCL challenges the PSERC Orders on issues which PSPCL believes are legitimate and an appeal can be filed before Hon'ble APTEL.

Commission's View:
The Commission determines the ARR in line with the PSERC Regulations after considering APTEL orders.

Issue No. 6: Subsidized AP tariff
The absolute cost of power supplied to agriculture sector has been growing consistently at very high rate. Providing the power at the subsidized rate of Rs 5.28 per unit, which is far less than the actual cost of power (as high as Rs.7.18 per unit for 2019-20). PSPCL has not submitted the working of Voltage wise category wise cost of supply in the ARR but for the last year it was worked out by PSPCL as Rs. 9.61 as per ARR 2019-20.
It may be pointed out that Induction furnace and Rolling mill industry (PIU Category) to which the objector belongs, consumes power extensively and the cost of power is more than 50% of the operating costs. 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. The Commission is requested to fix the quantum of subsidized power to be supplied to agriculture and quantum above that ceiling be charged at full rate so that cross subsidy is kept in manageable levels.
PSPCL's reply:
The determination of cross subsidy is the prerogative of the Commission.
Commission's View:
The Commission has always endeavored to reduce the cross subsidy to the level of ± 20 % of the average cost of supply as provided in the Tariff Policy.

Issue No.7: Interest on Short Term Loans
PSPCL had admitted in earlier ARRs that it has to raise short term working capital loans to meet the revenue shortfall arising out of various factors stated in the ARRs i.e. disallowances by the Commission (Reduction in fuel & power purchase cost due to T&D losses etc., employee cost, R&M cost, A&G expenses), Non/late receipt of subsidy due from the Government and delayed payments from consumers. However these arguments are missing in the current ARR.
PSPCL had got converted 75% all the long and short term loans under UDAY and requested for treating all loans under UDAY as long term. This would have amounted to legitimizing of all disallowances made by PSERC in earlier Tariff Orders. Accordingly, PSERC rightly and correctly, worked out the short and long-term loans separately and treated short term loans as WC loans. Now PSPCL wants that PSERC should accept the total figure of UDAY loans for adjustment in current ARR of 2020-21 as UDAY is coming to end on 31.3.2020. The loans which were not accepted as long term loans prior to UDAY scheme should not be considered for adjustment. Similarly, all short term loans covered under UDA scheme should also not be considered as UDAY scheme was only for long term loans. Recognizing such loans as part of UDAY loans will amount to regularizing the loans and PSPCL may come out with demand of claims of Interest on such rejected loans.
The mismatch due to expenditure made by PSPCL without approval of PSERC year after year should have been met through internal accruals and ROE being retained by PSPCL. Similarly, interest on the subsidy due but not received is already being loaded in the due amount of subsidy payable by GOP and recovered from the Government. PSPCL is getting late payment surcharge for delayed payments by consumers. As such all such claims of PSPCL are not acceptable. Further, 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.
PSPCL's reply:
The Ministry of Power, Government of India has notified UDAY scheme during 2015-16 for financial turnaround of Power Distribution Companies (DISCOMs) with an objective to improve the operational and financial efficiency of the State DISCOMs. Accordingly, PSPCL has signed the MOU on dated 04.03.2016 and as per the provisions of UDAY, GoP has issued the special bonds amounting to Rs. 15,628.26 crore during the year 2015-16 and 2016-17. The proceeds of these bonds were handed over to PSPCL as GOP loans. While issuing the tariff orders, the Commission allows interest only on long term loan converted into GOP loans under UDAY scheme and disallows the interest on working capital loans converted into GOP loans under UDAY scheme.
PSPCL avails the working capital loans to meet with its working capital requirement due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to cash losses of PSPCL.PSPCL is being claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis. So far as ACD is concerned, it is mentioned that PSERC has already deducting the ACD while calculating the working capital requirement. As such the interest burden of excess working capital loans is being borne by

PSPCL and is not being passed on to the consumers.

PSPCL raise Working Capital Loans for meeting its day to day expenditure towards purchase of power, fuel cost etc. By adopting UDAY Scheme, PSPCL can raise Working capital loans upto 25% of the previous year revenue. While submitting the ARR, PSPCL has made the provision of interest on Working capital loans by restricting its working capital loans upto 25% of previous year revenue.

Commission's View:

Interest on short term loan for working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No.8: Surplus power and capacity charge of idle capacity:

The increase in expenses in ARR of PSPCL in recent years is due to power proposed to be surrendered on Merit order dispatch due to commissioning of new IPP stations of PSPCL. This saves the energy/variable charges but PSPCL has to bear the capacity/fixed charges for such non purchase of power. This position was predicted by PSERC and in this regard directive was given to PSPCL as early as in TO 2013-14 to review all the PPAs and surrender costly contracted capacity in view of commissioning of IPPs in the State. However, PSPCL has failed to surrender any contracted capacity and the directive was dropped in 2018-19 without any result.

PSPCL is consistently coming out with and disclosing new capacities which it had contracted earlier but not disclosed to stake holders. Now PSPCL has stated that it will be getting power from projects like Tapovan Vishnugad, Vishnugad Pipalkoti, SingrauliIII and Parbati II in the MYT control period. It has also stated that Shahpurkandi Project and 60 MW biomass project at GNDTP Bhatinda will also be commissioned during the period. PSPCL had also proposed 100 MW solar plant on Ash Dyke area of GNDTP Bhatinda but the same has not been included in the projections.

PSPCL has also worked out the power plant wise year wise quantum of power (MUs) and Fixed Charge liability for idle capacity in Form D2 of ARR. The liability varies as under:-

a) Rs 976.86 Cr (Actual) in 2018-19
b) Rs 1374.93 Cr (RE) in 2019-20
c) Rs1761.78 Cr (Proj) in 2020-21
d) Rs 1626.90 Cr (Proj) in 2021-22
e) Rs1369.86 Cr (Proj) in 2022-23

As is evident, inspite of increase in yearly consumption, the idle capacity and liability increases up to 2020-21 and starts reducing thereafter provided that PSPCL does not have any other PPA which it has not disclosed so far. The liability will also increase depending on the capacities added through Solar Plants set up under Net Metering or as CPPs, Power plants coming up under NRSE Policy, Cogeneration power plants to be set up by industry etc as such generation will replace PSPCL power and surplus power will increase equal to their generation.

It is not understandable as to how and why PSPCL acted to contract such huge capacities. Surplus capacity was envisaged by the Commission in 2013-14 when directive to review PPAs was given to PSPCL. It shows that all such PPAs were signed before 2013-14, there was no power flow for 7 to 8 years and still PSPCL is not able to cancel PPAs and is taking for granted the PSERC and Consumers and to be duty bound to pay and bear the capacity charges for such excess capacity. Industrial consumers cannot survive the competition from other states under such situation as the tariff is bound to be higher. As such to reduce the burden on the industrial consumers of idle capacity created by the wrong actions of GOP and PSPCL, PSERC may direct the GOP to share the fixed charges thro' Lump sum grant to PSPCL.

PSPCL's reply:

Regarding review of long term PPAs signed by PSPCL with Centre Sector Generating Stations, it is intimated that the agreement can only be reviewed on mutually agreed terms and conditions. Also, a legal opinion regarding surrender of power share has been taken by PSPCL and the advocate Mr. M.G. Ramachandran opined that PSPCL cannot treat any agreement as terminated unless the Generating Company agrees to the same.

Further, the matter regarding surrender of power from NTPC/NHPC Generating Stations has been reviewed by PSPCL & accordingly MoP, GoI has been requested to reallocate PSPCL share of power from Anta, Auriya, Dadri & APCPL jhajjar to some other needy States in India. Regarding payment of fixed charges against surrender of power, fixed charges have to be paid irrespective of the fact that weather PSPCL avails power from plant or not. So real time operation depending upon demand for matching availability does not depend on fix charges. Hence relating payment of fixed charges is not appropriate with surrender of power.

Moreover, the matter regarding the opinion from AG Punjab towards the issue of payment of fixed charges to M/s NTPC even after the lapse of contract period is under process.

PSPCL signed PPAs towards Tapovan Vishnugarh HEP on 29.12.2010, towards Parbati II HEP on 02.11.2002, for Singrauli III on 29.12.2010 and towards Vishnugarh Pipalkoti HEP on 05.06.2007. Further, the petition regarding approval of long term PPAs signed by PSPCL has already been submitted by PSPCL before PSERC**.**

Commission's View:

The objector may note the response of PSPCL.

Issue No.9: Employees expenses

It is strange that, the claims made in the initial ARRs are highly inflated and actual in true up have come down drastically and even lower than those approved by the Commission. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARRs. In view of the fact that now Audited Employee cost is being allowed in True Up as per APTEL orders, PSPCL should come out with realistic figures in ARR so that tariff determined by the Commission is somewhat realistic.

The Commission had been allowing increase in employees cost on the basis of Wholesale Price Index as per Tariff Regulations which have been amended now to cover CPI also. Therefore, increase in employees cost on the basis of amended regulations may be allowed during MYT period. Recruitment of new employees and grant of any allowance need to be made by PSPCL keeping in view the provisions of the Tariff Order which should act as Budget for PSPCL which should not be exceeded at any cost.

PSPCL's reply:

Employee expenses have been claimed by PSPCL as per the Regulations specified by the Commission and PSPCL has never claimed inflated employee expenses. The employee costs claimed in the ARR petition is on the basis of WPI index and CPI index. The index changes every year and hence the actual employee cost changes.

Commission's View:

Employee cost is considered by the Commission as per the PSERC MYT Regulations.

Issue No.10: Cost of supply / HT rebate

In compliance to APTEL orders, PSPCL has carried out the study on Cost of Supply, which was a part of ARR 2013-14 and PSERC accepted methodology II of the study. While submitting the comments on cost of supply study, we had pointed out that the study is based on lot of assumptions which had to be taken at every step due to absence of one or other parameter required for the study and sample feeders taken are quite inadequate. Further, even the assumptions had been so taken that HT/EHT consumers were loaded with unjustified costs and made to share big burden of the ARR. The T&D losses for 220 and 132 KV consumers had been taken as 6.6% against 2.5% assumed by the commission in the tariff order. T&D losses for agriculture had been taken as 22% whereas these should have been more than 30% as it is well known that these consumers do not install Capacitors, use high wattage bulbs against CFLs permitted free with pump set, use non ISI motors and indulge in theft of power during paddy season.

PSERC had accepted methodology II and had worked out Voltage wise and category wise Cost of supply for 2013-14 in TO 2013-14. Accordingly rebate for EHT consumers was reintroduced. The practice has been continuing and the rebate of 30/25 paisa is being continued till date. However the difference in cost of supply for 66 KV industrial consumers and 11 KV industrial consumers which was Rs 0.56/unit in 2013-14 had increased to 0.64/unit in 2019-20. PSPCL has not worked out the cost of supply for 2020-21 in ARR. Therefore, there is strong case of increasing the 66 KV voltage rebate.

However, PSERC in the Tariff Order 2019-20 has provided a cap on the tariff chargeable during night period i.e. Normal Tariff minus HT Rebate minus TOD night rebate will not be lower than the cap and through this the HT rebate of LS consumers has virtually been withdrawn for 8 hours of night period for 8 months. HT rebate is granted on account of difference in Cost to serve for consumers connected at 11 KV and 66 KV and this difference in COS is on 24X7 basis. 66 KV consumers were requesting for increase in HT rebate but instead it has been partly disallowed. With GOP subsidy, now all LS consumers at 11 KV, 66 KV and 132/220 KV are paying same tariff during 8 hours X 8 months. This has been done in-spite of directions of the APTEL. We request the Commission to not to include HT rebate in the cap along with TOD night rebate as was granted by the Commission in the tariff Order 2018-19.

In order to make the determination of cost of supply more realistic and reliable, it is requested that PSPCL be asked to firm up the data required for the study since lot of computerization/digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL/PSTCL. Further as per recent orders of APTEL in an appeal filed by the Objector, it has been ordered that Cross-Subsidy Levels be also worked out on the basis of Cost of supply and it should be ensured that these

levels remain or are less than those of last year and should not exceed 20% limit. Further, voltage rebate be further enhanced to make it commensurate with the cost of supply.

PSPCL's reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view. Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply which would have defeated the purpose of giving concessional tariff.

Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The suggestion is noted.

Issue No.11: MOR for lower end consumers

PSERC had introduced two part tariff system with effect from 1/4/2017 which was later shifted to 1/1/2018 due to the difficulties brought to the notice of the PSPCL, GOP and this Commission. One of the adverse impact of the two part tariff has been highlighted as exponential increase in per unit effective cost after considering the impact of fixed charges. Though, the fixed charges have been kept lower for low end consumers but per unit impact is still very high for Small and Medium Enterprises having CD above 100 KVA. The charges for the consumers falling in the category of 100 KVA – 1000 KVA under PIU category are Rs170/KVA/month and 593 paisa per unit. This works out to 24paise per KVAH for 100 % Utilization Factor but for a consumer running his factory for 4 hours per day for 20 days a month,, this works out to 213 paisa per unit and overall rate as 806paise/unit and with 30 paisa coal washing surcharge and 5 paisa FCA and 20% ED+IDF, the rate is 1009 paisa per unit. For some industries working on job order basis or which do not have regular orders and during TOD peak charge period, the total tariff may reach Rs12 to Rs14 per unit and it is actually happening with small scale industry.

PSPCL designs and provide distribution equipment as per the peak demand observed during paddy of each year irrespective of the connected load on the system. Only the service cable connecting the premises and metering equipment is provided as per CD but the cost of these is borne by the consumer in full. Beyond that, the system is based on demand observed. Therefore PSPCL argument that it has to arrange equipment for the CD of the consumer does not hold good.

Punjab has lot of MSME units and keeping in view the genuine difficulty of such lower end consumers employing thousands of workmen, we request the Commission to make the MoR as the permanent feature of the two part tariff to give relief to industry operating on the margin otherwise these are bound to become financially unviable and shut their shops causing huge blow to the efforts of GOP to revive the industry in Punjab. PSERC may consider introducing MOR initially for 100 to 1000 KVA and 1000 to 2500 KVA slabs of LS consumers only.

PSPCL's reply:

Two Part Tariff was implemented w.e.f. 01.01.2018 as per provisions of National Tariff Policy, after giving two months' time to the consumers, so that they could optimize/reduce the sanctioned load as per their requirement. Two Part Tariff for respective categories was split at certain Utilization Factor (UF), Consumer having UF higher are liable to pay less per unit cost as compared to consumer having lower UF i.e. the consumers who consume more power as per their sanction load/contract demand will be benefitted because in such cases as the consumption rise, per unit electricity rate comes out to be low.

To give relief to consumers having low UF and adapt to the structure of two part tariff as the same was implemented first time in the State, the GoP had decided that Two Part Tariff system introduced w.e.f. 01.01.2018, shall be subject to Maximum Over All Rate (MOR) and the concept of MOR (Subject to MM therein) for Large Supply and Medium Supply industrial consumers (from 01.01.2018 to 31.03.2018) was fixed. The State Government had borne additional financial implication on this account which was estimated as Rs. 50 Crore approximately for 3 months period i.e. January to March, 2018. However, it may be noted that the introduction of concept of MOR again shall defeat the

basic structure and motive (regarding recovery of fixed cost from fixed charges and variable cost from energy charges) of introduction of Two-Part Tariff and shall be an additional burden of subsidy on the GoP.

It is also intimated that the Power Purchase is being done in two-part tariff structure wherein fixed cost as well as variable cost is being paid to generators as per PPAs. PSPCL is paying for power purchase expense in two-part structure (fixed cost plus variable cost per unit), as such revenue should also be recovered in the same structure without any intervention of MOR as same will put an additional burden on State Government.

Commission's View:

The objector may note the reply of PSPCL.

Issue No.12: Submissions of Induction Furnace Industry

Induction furnace industry is passing through a critical phase. The viability of the industry greatly depends on the hand holding of GOP and its departments. As the cost of power constitute around 50 to 60 % of the value addition cost, the tariff and rebates of power play vital role in its survival. Savings through open access has stopped and industry has started using PSPCL power. We thank the Commission for withdrawl of PLEC, increasing the night rebate period from 6 months to 8 months and increasing the night rebate to 1.25/unit. However, introduction of two-part tariff, increase in tariff rates for last three years, introduction of Coal Washing Surcharge and increase in Electricity Duty by GOP, Capping of TOD night rebate plus HT rebate and FCA has taken away part of the meager reductions. Industry is looking forward to further concessions in power rates as under:-

Issue No.12 (1)

There is full justification to increase the 66 KV voltage rebate to reduce the gap between cost and supply and tariff.

PSPCL's reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Commission's View:

The suggestion is noted**.**

Issue No.12 (2)

Merging of PIU and General Category or to reduce the gap in tariff between two categories.

PSPCL's reply:

PIU industries affect the Distribution System on account of various parameters like Voltage Dip, Voltage flickers and Voltage & current waveform distortion, harmonics, capacity loss of the utility Distribution System, Demand Factor, Energy loss in Distribution System etc. The main points are also listed as under:-

(i) The load of these PIU industries is non-linear.
(ii) The non-linear nature of these loads distorts the voltage waveform and pollutes the power quality.
(iii) The presence of harmonics in the system reduces the Distribution capacity of the Utilities. The capacity loss increases with the increase in non-linear load.
(iv) As the harmonic current increases, the true maximum demand will increase. But the static energy meters will record only RMS value of maximum demand. The excess demand increases with the increase in non-linear load.
(v) The non-linear load will not exhibit true power factor. The true power factor of non-linear load is low where harmonic currents are present.
(vi) The presence of harmonics in the system increases the Iron/Energy Losses of Utility Power Transformers. The energy loss in Utility Power Transformer increases with the increase in non-linear load.
(vii) The Utility has to invest more to provide higher level of short circuit MVA to absorb the power quality pollutants created by the industry having a large capacity of non-linear loads.

As such the tariff of PIU and Arc furnace consumer is on high side than general industry consumers. Utilization factor of such industries is high and per unit cost is low therefore such industries stand to gain due to inherent nature of two-part tariff. Further cross subsidy levels to various categories of consumers is under the purview of the Commission. Regarding measurement of harmonics in LS/PIU industries, a report /proposal has already been sent to PSERC. Similarly, comments desired on draft regulations on Power Quality were also submitted to the Commission through the O/o CE/ARR & TR

vide this office Memo no. 237 dated 08.11.2019, where a formula was also proposed regarding imposition of penalty for excess values of total harmonic distortion (THD). Directions on proposal are awaited, however the demand of the industry for same tariff as that of General industry can be considered subject to installation of Power Quality Meters, for which the Commission may allow at least six months to procure, install and training of personnel.

Commission's View:

The suggestion is noted**.** Also refer para 5.4 of this Order**.**

Issue No.12 (3)

Threshold rebate has already served its purpose and now industry has no incentive as it is not possible to increase consumption every year. As such, we request to introduce load factor rebate for industry.

PSPCL's reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Commission's View:

The suggestion is noted**.**

Issue No.12 (4)

Solar power has become very cheap and does not require incentive. Consumer setting up solar power plant gets benefit of banking, ED and IDF whereas the fixed charges for the capacity becoming surplus is passed on to the other consumers. Therefore, for level playing field, incentives to such plants be curtailed.

PSPCL's reply:

The levying of Taxes is the prerogative of the Government of Punjab.

Commission's View:

The objector may note the response of PSPCL.

Issue No.12 (5)

We further request for timely issue of Tariff Order in the first week of April.

PSPCL's reply:

The Tariff Order is issued by the Commission.

Commission's View:

The suggestion is noted.

Objection No. 13: Nahar Spinning Mills

Issue No. 1: General

There is lack of transparency as details of arrears being claimed in the monthly and supplementary bills is still not being provided. Further, resolution of billing disputes at sub division level is not available at all and consumers are being directed to approach dispute resolution authorities. Software updates are delayed requiring manual intervention. Keeping in view heavily surplus scenario and to increase the demand of power and energy , ease of doing business strategies be evolved and implanted for industry through mutual discussions.

PSPCL's Reply:

The details related to arrear are currently displayed in the supplementary bills. However, the provision of displaying the corresponding document number has been made in the New bill Formats as desired by PSERC. Software is updated as and when the Commercial instructions are received and the corresponding developments are approved by the Commercial Organization after testing

Commission's view:

PSPCL needs to address the issue to the satisfaction of the consumers in line with the provisions of the Supply Code.

Issue No. 2

PSPCL has delayed uploading the public notice inviting comments on the ARR on their web site whereas ARRs have been loaded. Public Notices printed in the daily newspapers though meet the legal requirement but may get skipped by 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 such public notices related with ARR and Petitions etc. on their web site at a designated link simultaneously while releasing it to the press so that it does get noticed by stake holders.

PSPCL's Reply:
The public notices were uploaded on the website of PSPCL at the designated link. Further, Public notice has also been published in two English and two Hindi newspapers.
Commission's View:
The objector may note the reply of PSPCL.

Issue No. 3: Delay in CAG Audit Report for True Up 2018-19
Audited accounts of 2018-19 have been supplied with ARR 2020-21. However, the CAG report is not submitted as it is still not supplied by GAG and approved by PSPCL. The delay in timely compiling and submitting the audited data along wills true up ARR for the previous years is proving disastrous for the consumers in both the scenarios. If the actual / admissible for true up are untrue, then consumer has to bear the carrying cost of Revenue Gap for 2 years and if the actual/admissible are less, then consumer gets relief after 2 years and in the meanwhile suffers due to high production costs resulting from higher tariff, Moreover, the Regulations/ Electricity Act 2003 do not permit such laxity and APTEL has already held that suo motu proceedings be started where the utility fails to present its case. MYT Regulations also provide that for delay, the carrying cost will not be allowed. As such PSERC may initiate action against the utility for willful and continuous violation of regulations and the Act. Further, PSPCL/PSERC are requested to share these reports with the stake holders by making these part of ARR Petition and placing on the web site link of PSPCL/PSERC,
PSPCL's Reply:
It is intimated that the annual accounts of PSPCL for FY 2018-19 were timely prepared and got approved from BoDs in its 77th meeting held on 24-09-2019 and stand audited by the Statutory Auditor on 25-09-2019. Thereafter, the CAG has conducted the supplementary audit of accounts of PSPCL for FY 2018-19 from 14-10-2019 to 13-11-2019. The management replies on the draft comments were submitted to their office on 26-11-2019. The final audit report is still awaited. As & when received, the same along with management replies will be placed before BoDs for its approval and for onward adoption in AGM. Thereafter the same will be supplied, 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.
Commission's view:
PSPCL has now submitted CAG report of FY 2018-19, which has been uploaded on the website.

Issue No.4: Revenue Gap and its Financing
From the figures of Revenue Gap as projected by PSPCL in the ARRs and tariff orders, the Cumulative gap works out to 11179.66 Cr against the Net ARR 2019-20 figure of 36156.38 Cr which is 30.92%. PSPCL, which had surplus power up to FY 2015-16 turned into a loss-making utility after that and the increase in loss is rising alarmingly.
PSPCL, has not separately worked out the liability of GOP for nonpayment of subsidy and is also manipulating the interest on delayed payment of subsidy of GOP by accounting it in Non-Tariff Income thereby loading it on the consumers rather than seeking recovery of the same from GOP. The GOP subsidy and interest on the delayed payments need to be charged from GOP.
Perusal of ARR shows that PSPCL is not presenting the correct picture in the ARR. Even the contents of the ARR Petitions show that the information being given in ARR has been considerably reduced and more information is being submitted through the Reply to Deficiency and submission of ARR is becoming a mere formality. With the Revenue for 2020-21 at current tariff projected as 32704.97 Cr, and Net ARR to be recovered through tariff worked out as Rs 43884.63 Cr with Revenue gap of 11179.66 Cr, the required increase in tariff works out to 34.20%. Thus, PSPCL needs the tariff to be 134% of the present tariff immediately to meet its current expenditure and previous unmet liabilities which seems to be absurd and either ARR or Tariff Orders are not presenting the real picture of State of affairs in PSPCL. Further, to reduce the tariff shock, PSPCL has proposed to recover Only Rs 37250.76 cr during current year i.e. raising the tariff by 11.4% and the balance Rs 6633.87 Cr to be carried forward as Regulatory Asset to be recovered in the future years. However, APTEL order in OP no 1 clearly indicate that recovery of revenue gap be done in the relevant year and creation of Regulatory assets should be discouraged.
The revenue from consumers for H2 of 2019-20 has not been indicated in Form D25 (A) and in Reply to Deficiency including LS consumers. For 2020-21, Projected net revenue is Rs 11963 Cr on the sale of 15908 MUs indicating average tariff of Rs 7.52/unit. The final tariff with 20% taxes, the tariff of LS consumer will be Rs 9.02/unit. After counting the 35 paisa Surcharge for Coal Washing (Including taxes), withdrawal of 0.25 paisa per unit of HT rebate to 66 KV consumers during night hours for 8 months, difference of interest of Security Consumption (6% being paid by PSPCL Vs 12% payable to banks) and FCA which is certainly to be levied etc. the tariff works out to Rs 10.50 plus without subsidy and Rs 9.30 with GOP subsidy.

The figures therefore need appropriate scrutiny by PSERC as neither consumer can bear any more increase in tariff nor GOP can bear any more subsidy burden beyond the existing level. With the current net tariff being Rs 5/- as variable charge with GOP subsidy plus Rs 260/KVA/Month as fixed charges for the General Industry plus ED+IDF+MC of 20%, imposition of 35 paisa surcharge, merging of HT rebate in TOD for night hours of 8 months etc, industry is finding it difficult to remain in profit. With any further increase, industry cannot compete with neighboring States and will have to shut down.

PSPCL's Reply:

With regard to the query of the objector regarding the passing of nonpayment of subsidy of GoP to the consumers, the Commission had approved the carrying cost on account of delayed payment of subsidy amounting to Rs.1057 Crore.

Also, the query of the objector that PSPCL has been reducing the contents of the ARR is incorrect as PSPCL has been transparent in filing the petition and has submitted the ARR as per Regulations issued by PSERC. Further, the replies to deficiencies have also been uploaded on the website. Further, the query of the objector that the ARR does not present the real picture of state of affairs in PSPCL, it is submitted that the ARR petition is filed as per the Regulations issued by the PSERC. With regard to PSPCL creating regulatory assets, it is submitted that PSPCL has proposed the revenue gap to be recovered during FY 2021-22 and FY 2022-23 in order to avoid Tariff shock for the consumers of Punjab. It is further submitted that the determination of Tariff is the prerogative of the Commission.

Commission's view:

The Revenue gap is determined by the Commission keeping in view the expenses and income as per MYT Regulations. Tariff order is issued after prudence check and due diligence.

Issue No.5: Interest on Short Term Loans

The PSPCL has admitted in previous ARRs to raise short term loans to meet the revenue shortfall arising out of non-receipt of subsidy from the Government, disapproval of expenses, and delayed payments by consumers etc. though in the present ARR, this has not been repeated. However, the fact remains that PSPCL has raised loans on its own over and above the approved loans as per Tariff orders and claiming interest on the same which were being disallowed. 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 accrual. 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 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. It is also submitted that as per Regulations, PSPCL is to be allowed working capital on normative basis. PSPCL has GPF of the employees and this amount just like Advance Consumption Deposit (Security) is being used by PSPCL for its working capital requirement and therefore funds parked with PSPCL by employees in the shape of GPF' should also be deducted from the Working capital as per Advance Consumption Deposit (Security) and claim of PSPCL for interest on GPF as well as interest on actual amount of short term loans as claimed by PSPCL in ARR need to be rejected.

Further PSPCL is getting interest/carrying cost for late receipt of subsidy from GOP which is being worked out by PSERC. Further, PSPCL is getting Late Payment Surcharge for delayed payments of consumers. So, there is no reason for approving interest cost for such loans.

PSPCL's Reply:

PSPCL avails the working capital loans to meet with its working capital requirement due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to cash losses of PSPCL.PSPCL is being claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas PSERC allows the same on normative basis. So far as ACD is concerned, it is mentioned that PSERC has already deducting the ACD while calculating the working capital requirement. 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 and GPF subscription of employees is being transferred to Trust by PSPCL on monthly basis. PSPCL is making monthly repayments towards its GPF liability which has been parked to PSPCL at the time of unbundling of PSEB. Further, It is also submitted that As per regulation 41(a) of Provident Fund Regulation 1960 "G.P Fund balances, after deducting final payments, permanent and temporary advances as admissible under these Regulations will be available for use by the Board in meeting its Capital Expenditure under the Plan." As such the

objection regarding reduction of GPF Balance for calculation of normative working capital and interest thereon is not justified.

Commission's view:

Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No.6: Conversion of Loans under Uday Scheme to GOP equity

PSPCL has equity base of Rs 6081.43 Cr as per FRP approved by GOP while PSEB was bifurcated into PSPCL and PSTCL on 16.4.2010. Though the matter regarding conversion of Consumer Contribution and Govt Subsidies into equity has not been approved by APTEL, still the matter is under litigation in Supreme Court and PSERC is granting ROE on Rs 6081.43 Cr. APTEL had observed that the Govt can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE. Subsequently, MOP, GOI introduced UDAY scheme for stressed power sector and PSPCL, GOP and MOP entered into a tripartite agreement as per which PSPCL loans of Rs 15628.26 Cr were taken over by GOP through issue of SLR bonds by banks in the name of GOP and loans were taken off the books of PSPCL. However, instead of paying the interest on such loans from the State govt funds, GOP continued to recover the interest on such loans from PSPCL. The amount paid by PSPCL is 1307 Cr in 2017-18 and 2018-19 and Rs 867 Cr for 9 months of 2019-20. The rate of interest works out to 8.4% per year. Since the UDAY scheme is up to 31.3.2020, PSPCL has proposed in Para 4.17 of ARR to convert the loan amount of Rs 15628.26 Cr as GOP equity in PSPCL thereby increasing GOP equity from 6081.43 cr to 21709.69 cr. It is also proposed to recover ROE on this loan converted equity amount of Rs 15628.26 @ 15.90% which works out to Rs 2485 Cr. Thus, by simply maneuvering the entry of loan amount to equity, consumers will be asked to pay Rs. 2485 Cr instead of Rs. 1307 cr i.e. an increase of Rs. 1178 Cr requiring increase of tariff of about 23 paisa per unit across the board on this account alone. Consumers will have to pay 28 paisa per unit including taxes of GOP. This is clearly against the interest of the consumers and PSERC should not allow it.

It is also pointed out that we had been raising the issue of excess capital and WC loans, PSERC had been disallowing such excess loans. Therefore, the loan amount was much less and all such loans of Rs 15620.26 Cr cannot be charged to the consumers though may have been taken by PSPCL. Further, the UDAY loans need to be treated as per tripartite agreement executed at the time of execution of UDAY scheme. PSPCL itself says that the loans are to be converted into grants and/or equity: Then why the PSPCL has proposed to convert these into equity only and not grants. We request that firstly the loan amount be scrutinized and after disallowing the excess loan amount, balance amount be first considered for GOP grant as per amount fixed in Tripartite agreement and remainder amount only be considered as equity but it should not qualify for ROE as per orders of APTEL dated 17.12.2014 in Appeal No 168 and 142 of 2013 as there is no cash flow towards equity and it is only paper adjustment.

PSPCL's Reply:

The Government of Punjab will be converting the UDAY loans of Rs.15,628 Crore into equity. As per PSERC MYT Regulations, PSPCL is entitled to return on equity of 15.50% on the equity amount.

Commission's view:

Interest on long term loans and Return on Equity is determined by the Commission in-line with PSERC MYT Regulations after prudence check.

B) Detailed comments on the True up of 2018-19 and Revised Estimates 2019-20.

Issue No.7: Power Purchase

Issue No 7Bi) Directive regarding review of PPAs etc.

PSERC directive in TO 2013-14 may be referred asking PSPCL to review all the PPAs and surrender costly powers in view of commissioning of IPPs in the State. This directive was being perused every year but PSPCL has not reported any progress so far. PSERC has dropped the directive in the tariff Order 2018-19 without any drop in contracted capacity.

PSPCL has also not submitted any proposal for "Sale of Surplus Power" in the ARR and has proposed to simply pass on the fixed cost of idle capacity to the consumers. We are very sorry to say that In spite of being grossly surplus in power, PSPCL is not changing its mind set to encourage increase in consumption by the industry and other consumers with in Punjab. Instead of adopting consumer friendly practices enabling ease of doing business, it is creating environment in which it is forcing the existing consumer base to pay so much that the revenue equals its revenue requirement. In the process, there is no incentive for the industry to willfully invest here.

We may point out that Rebate for Threshold limit to eligible LS consumers at reduced tariff of Rs 4.99

in 2016-17 was given in Oct-Nov 2017 i.e. after 7 months of closing of FY, that too after the intervention of PSERC and thereafter reduced tariff of Rs 4.23 for 2017-18 was given after the year was over as per orders of the Commission and PSPCL is treating such eligible consumers as though they are a liability for PSPCL. PSPCL is still to refund ED+IDF collected upfront and interest for the period of delay in releasing payments.

Facility of pre-paid meters is not being made available since PSPCL will have to refund the security amount of the consumers because it is earning about 6% interest being the difference of rate of interest of RBI and WC. Remote reading of LS consumers under SAP has been introduced but neither display units nor the TOD wise meter readings are being provided to consumers for verification. Bills being issued under SAP are wrong most of the times and consumers have to run after PSPCL to get them corrected. Each CBC is adjusting GOP subsidy in its own fashion and there is no uniformity. Sundry charges are not supported by details/calculations and consumers are asked to deposit the amount within 7 days with threat of action as per rules of PSPCL though the grace period of bill should be at least 15 days/30 days from date of receipt. Industry opting for Special Night Tariff was issued bills at full rate and they had to run to the SDO and CBC office for getting the bills corrected manually since software is not updated. Such reform measures should not be left at the mercy of PSPCL and time bound action needs to be ensured as it will encourage consumers to plan its consumption in an efficient manner.

PSPCL's Reply:

With regard to review of long term PPAs signed by PSPCL with Centre Sector Generating Stations, it is intimated that the agreement can only be reviewed on mutually agreed terms and conditions. Also, a legal opinion regarding surrender of power share has been taken by PSPCL and the advocate Mr. M.G. Ramachandran opined that PSPCL cannot treat any agreement as terminated unless the Generating Company agrees to the same.

Further, the matter regarding surrender of power from NTPC/NHPC Generating Stations has been reviewed by PSPCL & accordingly MoP, GoI has been requested to reallocate PSPCL share of power from Anta, Auriya, Dadri & APCPL jhajjar to some other needy States in India. For handling of surplus power PSPCL had created a dedicated cell in Nov'15 under PPR organization. Since 2015, every year PSPCL had floated tender enquiry for empanelment of traders for signing MOU for sale of power on behalf of PSPCL. For sale of power, PSPCL is bidding in Day Ahead market segment of IEX for last many years. PSPCL has also started to bid in Term Ahead market segment of IEX as well as PXIL (Power Exchange India Limited) from the year 2018 onwards, to exploit various market opportunities available in this segment. For sale of surplus power PSPCL had also considered Tender Enquiries floated by other State Utilities/ Discoms for purchase of power and participated in such Tender Enquiries in which PSPCL was eligible/surplus

Commission's view:

The objector may note the response of PSPCL.

Issue No 7B ii) Extra cost of short term purchase/banking transactions for Agriculture

The short-term purchase of power and banking of power with other States is being done for meeting the consumption of agricultural sector during paddy for which industry is not responsible. Consumption of industrial sector remains almost same throughout the year and is not generally linked with the season where as PSPCL arranges the additional power and books the interstate/inter regional corridor for open access in advance for Agriculture sector which is dependent on rains and in case of excessive rain, the power has to be surrendered at very cheap rates and in case of shortfall in rain, industry has to suffer power cuts/weekly off days. Justice demands that industrial consumers should not suffer and bear the burden for enhanced power requirement during the paddy season. Hence, such increase in power consumption and extra cost attached to it should be loaded on the sector which is responsible for such consumption of electricity rather than loading the same on the overall tariff including the industrial sector.

PSPCL's Reply:

During summer season demand of all the sectors goes up i.e. Domestic, Industrial & agriculture. & therefore, claim of the objector regarding Short Term Purchase only for agriculture sector is not agreeable. Moreover, rate of power purchased on short term basis is well below the rate approved by the commission, (which is already including all the charges mentioned by the objector). The 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.

Commission's view:

The objector may note the response of PSPCL.

Issue No 7B iii) Power Purchase

Perusal of year wise power purchase data given reveals that PSPCL is not exercising due care in its planning of power purchases as under:

a) Power surrendered/ to be surrendered

The increase in quantum of surrendered power indicates that there are some PPAs already entered in to by PSPCL, which will be commissioned during 2019-20 to 2021-22. PSPCL has also disclosed that they will be receiving power from Tapovan Vishnugad HEP, Vishnugad Pialkoti HEP, Parbati II HEP and Singrauli III. Inspite of being surplus in Power, PSPCL is adding new projects to its kitty for purchase of power under long term contracts binding the consumers of the State to pay for the fixed costs for such projects. The excess capacity will continue till around 2027-28 if no fresh capacity addition takes place in these years. However, in view of additional capacity coming up udder roof top solar. Solar IPPs, wind capacity already contracted and other RE based projects for meeting RPO and energy conservation/Demand side management measures, the period may further extend to 2029-30. PSPCL is surplus in power and PSERC had directed PSPCL to review all PPAs in TO 2013-14. It is strange that inspite of such situation and inspite of projected increase in consumption over the years, the idle capacity is increasing. PSPCL has commitments to purchase power from power plants to be commissioned in 2020-21. We request PSERC to take action for the episode:

i) Why PSPCL has signed such PPAs and why no action taken has been to cancel such PPAs.

ii) Whether advance approvals were taken by PSPCL from its owner GOP and PSERC.

iii) Justifications given by PSPCL for purchase of the capacity needs thorough investigation and if the projections given in justifications have not materialized then why related officers should not be held responsible.

iv) How PSPCL can bind consumers to bear fixed charges for such capacity year after year.

v) Whether GOP and PSPCL should not bear the fixed charges of such capacity till the demand increases to that extent.

Further, PSPCL needs to be advised in clear terms that it should not bind the consumers of Punjab for the fixed charges of any new capacity unless prior approval of GOP and PSERC is taken after prior publication of the proposal from stakeholders and holding Public Hearing: otherwise the liability will have to be borne by them.

PSPCL's Reply:

Surrendered quantum is showing decreasing trend in upcoming years. Further, the matter regarding surrender of power from NTPC/NHPC Generating Stations has been reviewed by PSPCL & accordingly MoP, GoI has been requested to reallocate PSPCL share of power from Anta, Auriya, Dadri & APCPL jhajjar to some other needy States In India.

PSPCL signed PPAs towards Tapovan Vishnugarh HEP on 29.12.2010, towards Parbati II HEP on 02.11.2002, for Singrauli III on 29.12.2010 and towards Vishnugarh Pipalkoti on 05.06.2007. Further, the petition regarding approval of long term PPAs signed by PSPCL has already been submitted by PSPCL before PSERC.

Commission's view:

The objector may note the response of PSPCL

Issue No B 7iii b) Year 2018-19 (Form D-3)

i) PSPCL had indicated in ARR of 2019-20 that PSPCL, had purchased 3432.04 MUs of short-term power in of 2018-19 through traders at 311 paisa per unit at Punjab Periphery. In addition, 71.78 Cr is also paid for open access charges. However, this item is not appearing in the True up of 2018-19 submitted in ARR 2020-21. This needs to be checked.

ii) Previous year payments of Rs 350.08 Cr included distorts the average purchase rate of power as these are not related to the year 2018-19.

iii) PSPCL has surrendered 80.73 MUs under UI and also paid Rs 73.08 Cr to UI pool account which is indicative of mismanagement and inefficiency. This transaction should be disallowed.

iv) Late Payment Surcharge and TDS need to be disallowed as Early Payment Discount is not being counted in Power Purchase Cost and being retained by PSPCL.

v) Reactive charges of Rs 1.79 Cr indicate that PSPCL is importing reactive power from grid and PSPCL is not generating enough reactive power to meet its demand. This import is mainly during paddy season as farmers are not providing Reactive power compensation and thermal plants which are producing more KWH and not maintaining rated power factor. PSERC is requested to introduce Reactive power charges on thermal plants to save the situation.

vi) Pragati III gas plant variable rate is Rs 3.77/unit which is above the variable rate of PSPCL's own plants. Purchase of 246 MUs of power should have been avoided.

PSPCL's Reply:

i) PSPCL has submitted purchased 3432.04 MUs (net MUs) of short-term power and Rs. 71.78 cr. towards open access charges in ARR 2019-20 for FY 2017-18 (true up).

ii) The previous year payments in respect of central sector generating stations have been made towards the bills raised by various firms for previous period on account of revised energy charges, capacity charges, water usages charges, RLDC charges etc. on the basis of various CERC orders revising AFCs. However, previous year Charges against Sasan Power Ltd for FY 2018-19 accounts towards various Supplementary bills raised by Sasan Power Ltd due to certain Change in Law events as allowed by CERC, APTLL and SCI. Further, previous year payments towards GVK has been made during FY 2018-19 on account of revised calculation of monthly bills in view of PSERC order dated 06.03.19 27.05.19 for FY 16-17, FY 17-18.

In case of Mallana-II HEP, Previous year payments has been made on account of revised calculation of monthly bills in view of PSERC order dated 11.02.19 for FY 14-15,15-16,16-17,17-18.

iii) Refer PSPCL's reply in issue No. 5(2) of Objection No. 11.

iv) The Late Payment Surcharge and TDS are being dealt as per the PSERC MYT Regulations.

v) The query has been addressed to the Commission.

vi) Power available from Pragati III gas Plant is only availed as per their lower variable cost in comparison to other stations. Load pattern varies during day and different seasons. To meet peak of day/year power from all projects needs to be availed at same time & surrendered during lean period of day/year. During surrender firstly costly power is surrendered. Moreover, being the center sector generating stations, even if power is not requisitioned by PSPCL from these stations, at times while running on technical minimum, some quantum is booked by NRLDC in order to maintain desirable availability of power in grid depending upon real time operation. PSPCL is following merit order in letter and spirit. It is evident from such minimal quantum of power from such stations.

Commission's View:

i) to iv) The objector may note the response of PSPCL.

v) The concern of the objector is noted.

vi) The objector may note the response of PSPCL.

Issue No 7B iii b) APR for FY 2019-20 (Form D3)

i) Para III to VI above for 2018-19 are also applicable to 2019-20 also.

ii) The variable rate of Unchahar II (352.55 paise/Unit) is highest amongst its 4 No. units but the power scheduled is highest means that merit order Is not followed.

iii) Details of other receipts (-7.88 Cr) is not given

iv) PSERC has decided the Petition No 25 of 2019 and imposed 29 paisa per KVAH Surcharge. Therefore, the amounts under other charges be reduced from the Power Purchase Cost.

PSPCL's Reply:

i) Please refer to the reply given for FY 2018-19.

ii) Power available from Unchahar II is only availed as per their lower variable cost in comparison to other stations. Load pattern varies during day and different seasons. To meet peak of day/year power from all projects needs to be availed at same time & surrendered during lean period of day/year. During surrender firstly costly power is surrendered. Moreover, being the centre sector generating stations, even if power is not requisitioned by PSPCL from these stations, at times while running on technical minimum, some quantum is booked by NRLDC in order to maintain desirable availability of power in grid depending upon real time operation. PSPCL is following merit order in letter and spirit. It is evident from such minimal quantum of power from such stations.

.iii) The detail of other receipts (-7.88 Cr.) is as under:

Sr. No.	***Company Name***	***Amount (in Rs.)***
1	Arunachal	-1,73,120/-
2	GMR	-18,010/-
3	Manikaran Power	-3,32,459/-
4	NVVNL	-60,39,968/-
5	RUVNL	-5,87,80,763/-
6	Telangana	-13,43,848/-
7	POSOCO-NRLDC	-9,000/-
8	Other	-1,21,20,001/-
	Total Other Receipts (Rs.)	**-7,88,17,169/-**

iv) The amount of Rs. 421.77 Cr. included in other charges of NPL paid by PSPCL (variable charges) in view of Hon'ble Supreme Court order dated 07.08.19 to NPL for the period Jan-14 to June-19 and the amount of Rs. 1002.05 crone included in other charges of TSPL paid by PSPCL to M/s TSPL in compliance to SC order dated 07.08.19 for the period of Jun, 14 to June, 19 has already been removed from other charges by PSPCL.

Commission's view:

The objector may note the response of PSPCL.

Issue No 7B iii c) Projections of 2020-21

i) The surrender of power needs to be reviewed/checked every month in view of changing scenario of coal cost due to allotment of coal mines thro' bidding process, variation in imported coal prices and increasing gas prices.

ii) PSPCL is bearing the fixed charges of Anta and Auriya power stations but the generation at these plants is very costly. PPAs for these stations were executed on 31.10.1994. The useful life of the gas-based projects is 25 years and thus PPA term is already over by 30.10.2019. PSPCL and GOP should clearly intimate the MOP and NTPC that it will not extend the PPA for these two stations. PSPCL may associate Haryana, Himachal and other beneficiaries of these plants which are also surplus in power. The matter needs to be flagged in CEA also that these plants may be retired after their useful life is over. This will save PSPCL Rs. 71 Cr of fixed charges and 133 MW of contracted capacity.

iii) Banking import and export is shown as 606.13 and 50 Mus respectively for 2020-21 and 1700 Mus in 2021-22 against 4765.80 in 2019-20. PSPCL may bring out the reasons for the same.

PSPCL's Reply:

i) PSPCL already has a practice to review variable costs of projects on monthly basis.

ii) As per PPAs signed between NTPC & PSEB for Anta & Auriya, the duration of the agreement shall remain operative upto 31.10.97 provided that this agreement may be mutually extended, renewed or replaced by another agreement such terms and for such further period as the parties mutually agree. In case Bulk power Customer(s) continue to get power from NTPC-stations even after expiry of this agreement without further renewal or formal extension thereof, then all the provision of agreement shall continue to operate till this agreement is formally renewed, extended or replaced. Further, MoP, GoI has been requested to reallocate PSPCL share of power from Anta & Auriya generating stations to some other needy States in India.

iii) Banking shown for 2020-21, 2021-22 & 2022-23 are part of projections will be settled on actual basis as will be decided time to time depending every season real time demand / availability gap to meet peak paddy demand & utilize surplus in winters. This proved to be very fruitful to PSPCL during recent paddy seasons. As PSPCL was able to have sufficient power arrangements and it did not require to purchase power on short term basis.

Commission's view:

The objector may note the response of PSPCL.

Issue No. 8: UDAY Scheme benefits:

i) Perusal of UDAY scheme reveals that PSPCL transferred 75% of its long term and short-term working capital loans to Punjab Govt and again started taking loans for working capital negating the savings in interest due to lower interest rates under UDAY. PSERC has been rightly disallowing the interest charges on excess working capital loam converted under UDAY and we request that the practice should be continued as consumers cannot be punished with the mismanagement of finances by PSPCL.

ii) PSPCL had brought out the provisions of the MOU signed under UDAY scheme for conversion of the 75% of Loan taken over by COP into loan and equity and the extract is produced as under:

PSPCL submits that, as per clause no. : 1.2 (d) of MOU of UDAY Scheme, State Government will convert the GOP loans .of Rs. 15,625.26 Crore into Grant of Rs. 11,728.26 Crore and Equity of Rs. 3,900 Crore. Further, for projecting interest expenses for 2019-20, it has been assumed that the State Government will convert the GOP loans into Grant and Equity on March 31, 2020, Accordingly, repayment of GOP loans has been assumed on March 31, 2020. Further, PSPCL submits that consequential impact of conversion of loan into grant and equity shall be considered after April 1, 2020.

PSPCL has now proposed that the UDAY loans will be converted into GOP equity in PSPCL which is wrong and we strongly object to the same. GOP is presently paying interest on UDAY loans @ 8.36% whereas after conversion of equity, PSPCL will get ROE @ 15.93% from the consumers benefitting to the extent of 7.57 %.

PSERC had rejected lot of capital loans and Working capital Loans as these were taken w/out approval of PSERC and these are detailed out in the respective tariff orders. These were also not recognized by PSERC as per tariff Orders of PSERC under UDAY Loans. PSERC is requested to consider only the approved loans for adjustment under clause 1.2 (d) of MOU of UDAY and determine the closing balance of admissible amount out of Rs 15625.26 Cr as on 31.3.2020 and adjust the balance firstly under Grant of 11728.26 Cr and only balance be treated as equity. Further, no return on equity will be admissible as there is no cash flow from GOP to PSPCL.

PSPCL's Reply:

i) Working capital loans have been taken by PSPCL, to fund the deficit of its financials.

ii) It is submitted that the Government of Punjab will be concerting the entire Rs.15,628 Crore loan into equity and hence PSPCL is entitled to RoE on the equity infused by the GoP.

Commission's view:

Interest on long term loans and Return on Equity is determined by the Commission in-line with PSERC MYT Regulations after prudence check.

Issue No. 9: Purchase of NRSE Power

The details of NRSE power show that PSPCL has signed PPAs with SECI for purchase of windpower. It is a fact that wind power is infirm power and it will flow during night hours of non-paddy period of 8.5 months when PSPCL is heavily surplus of power. Though the sale rate is lower but since the night power is sure to be dumped at zero cost, the ultimate cost will be much higher. PSPCL cannot burden the consumers with such purchases. Setting up Biomass projects in Punjab particularly based on Rice Straw as fuel is the need of the hour. Setting up such projects will bring investments in Punjab, create employment, increase rural incomes, bring down losses of PSPCL and above all reduce pollution. It is therefore suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under APPC regime only. This will make available NRSE power to PSPCL at cheaper rites and allow the developers to get RECs which they can sell in power exchanges. Alternatively, the power purchase can be made on APPC plus Floor price of REC. In this front-loaded tariff of RE power will be replaced with back loaded tariff and give relief to the consumers as well as PSPCL.

PSPCL should not bind the consumers with infirm solar and wind power from the sources out of the State and instead either purchase such power from plants to be set up in the State or else may purchase RECs to meet the shortfall of RPO. We also suggest that contracts for power from new projects be executed keeping in view the surplus scenario forcing the consumers to bear the fixed cost of idle capacity, tariff of the project, RPO requirement, rate of REC, present sale rate of power to consumers in Punjab vis a vis sale rate in neighboring states, GOP subsidy liability etc.

PSPCL's Reply:

It is correct that Wind Power is Infirm Power but it is not correct to say that it will flow during night hours of non-paddy period of 8.5 months when PSPCL is heavily surplus of power. As per studies conducted by various bodies, it has been observed that the Wind Resource available in India peaks during summer season (May-Aug) i.e. maximum during the month of June. It is worth mentioning that Load demand of Punjab rises abruptly during June due to Paddy season. Availability of more Wind Power during that time will help to mitigate the demand.

Further, PPA was signed with SECI for purchase of 150 MW of Wind Power. This power has already been started flowing from May, 2019. During the month of Nov, 2019, it has been observed that more Wind Power per hour is available during night hours but it also recompenses the morning and evening peak load hours. Moreover, further analyzing the data depicts that the daytime (06:00 hrs. to 21:00 hrs.) generation on monthly average basis is at par with the night time (21:00 hrs. to 06:00 hrs.) generation in the said month.

PSPCL has also signed a PSA with NTPC to purchase 200 MW Wind Power from the project of M/s Sprng Vayu Vidyut Pvt. Ltd., (Madhya Pradesh) at a tariff of Rs. 2.776/kWh. The Firm has sent the estimated project data to PSPCL regarding monthwise wind power Generation and Day & Night Wind Power Generation. After perusal, it is observed that during winters i.e. in the month of October to March, Night Generation is at par with Day Generation, but in summers i.e. April to September, Day Generation is substantially higher than Night Generation. It is also observed that more energy (approx. 51% of the total energy supplied in year) is available during the period from May to September i.e. the period of Paddy Season for PSPCL. During the remaining months i.e. October to April, the monthly energy available during nights is approx. 23% of the total energy supplied in a year which is relatively smaller and acceptable.

PSPCL agreed that setting up Biomass Projects in Punjab particularly based on Rice Straw as fuel is the need of the hour and setting up of such projects will bring investments in Punjab, create employment, increase rural incomes and reduce pollution, but the tariff notified by PSERC for such

types of projects for FY 2019- 20 using Rice Straw & Juliflora (plantation) with water cooled condenser & travelling grate boiler i.e. Rs. 8.75 /kWh(Fixed Cost Rs.3.01/kWh + Variable cost Rs.5.74 /kWh) with 5% annual escalation on variable cost is on much higher side and is the maximum ceiling rate which is not affordable to PSPCL in the interest of electricity consumers of Punjab. The Firm suggested that PSPCL should sign long term PPAs with developers of NRSE power projects under APPC (Average Pooled Power Cost/Average Power Purchase Cost) regime only as this will make available NRSE power to PSPCL at cheaper rates and allow the developers to get RECs which they can sell in Power Exchanges. In this regard, it is submitted that power purchased through this mode will not be treated as RE power for RPO Compliance by PSERC. If PSERC accept/consider this power (purchased through this mode) as RE Power for the purpose of RPO Compliance, then PSPCL have no objection to purchase RE Power through this mode and it will be in the interest of peoples of Punjab State from the point of view of pollution & low cost power. If PSERC allow, then, it will be the good option for PSPCL. Alternatively, Firm suggested that the power purchase can be made on APPC plus Floor Price of REC. The applicable APPC for the FY 2019-20 is Rs. 4.29/kWh as determined by PSERC in Tariff Order FY 2019-20 for PSPCL. Floor Price is Rs.1000/REC for each Solar & Non-Solar REC. If any 100% Rice Straw Biomass IPP Power Project developer is ready to sell power to PSPCL at this suggested mode i.e. at the rate of 5.29/kWh (4.29+1.00) then it is also a good option for PSPCL to purchase RE power from such projects through this mode. Offers to sell power through this mode by the Rice Straw biomass IPP project developers will be accepted by the PSPCL. As per PSERC's RPO Regulations, RPO Compliance is must. To compliance RPO, PSPCL have the option to purchase either RE Power or RECs. In the market (PXIL & IEX), at present (January, 2020), Solar REC is available in the range of Rs. 2400/--2500/- and Non-solar REC is available in the range of Rs. 2000/- - 2200/-. Combination of Solar and Wind Power is good from the point of view that Solar Power is available during Day time and Wind Power at Night time. Moreover, the most of the Wind power is available during May to August i.e. during the paddy season when PSPCL needs more power during both day and night times. PSA with SECI for 150 MW Wind Power was signed @ Rs.2.52/kWh and for 200 MW Wind Power signed on Rs. 2.72/kWh, which are the comparable rates with the present rates of RECs.

Further, the Firm suggested that contracts for power from new projects be executed keeping in view the surplus scenario forcing the consumers to bear the fixed cost of idle capacity, tariff of the project, RPO requirement, rate of REC, present sale rate of power to consumers in. Punjab vis a vis sale rate in neighboring States, GOP subsidy liability etc. In this regard it is informed that Power Purchase Agreements to purchase RE Power from the new projects are signed only after examining the above mentioned factors.

Commission's view:

The Objector may note the response of PSPCL.

Issue No. 10. Other issues

i) PSPCL has consumer security deposit of Rs 3254.91 Cr on 31.3.2019. This is reduced from WC requirement as per normative to work out the interest on WC. However, Similarly GPF amount of Rs. 1129 Cr as on 31.3.2019 is also available with PSPCL for use as WC. However, PSPCL is able to get more than the admissible WC loans from banks. Probably PSPCL is not disclosing the Consumer Security Deposit granted by PSERC to be used as WC and GPF amounts to banks and getting higher WC loans. It is probability this ability of PSPCL to get more WC loans which enables GOP to default on subsidy amounts.

ii) Details of Other Debits of Rs 215 Cr for 2018-19 are given in Schedule 38 of Audited statement. These are not admissible to be passed on to the consumers as PSPCL is getting revenue through TO mostly on normative basis and such losses & bad debts not recoverable need to be borne by the PSPCL. This also include Rs 7.18 Cr as loss due to fire in mine which is not admissible as mine was under the joint venture custody. Therefore, this needs to be disallowed.

PSPCL's Reply:

i) Please refer to reply in Issue no.5 above.

ii) The Other Debits Rs. 215 Crore has been claimed as per actual accounts of PSPCL and within the limit (subject to a maximum of 1% of annual sales revenue excluding subsidy) specified under regulation no. 47 "Bad and Doubtful Debts and other Debits" of PSERC.

It is intimated that after the decision of Hon'ble Supreme Court of India on dated 25-08-14 to cancel the mine allotments, with the strenuous efforts of PSPCL through Government of Punjab, the Pachhwara Central Coal Mine got allotted again to PSPCL in the year 2014-15. As such the expenditure of Rs. 7.18 Crore on account of loss on fire in mine is borne by PSPCL.

Commission's view:
The Commission allows Other Debits as per Regulation-47 "Bad and Doubtful Debits and other Debits" of PSERC MYT Regulations-2014 after prudence check.

Objection No. 14: Punjab Alkalies and Chemicals Limited

Issue No. 1: Voltage Rebate
PSERC issued the Tariff Order for 2019-20 on 27.5.2019 effective from 01.06.2019 in which the condition of Capping of TOD night tariff was changed as under: -

> "*.....cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh.*

Thus "voltage rebate" was included in the cap of TOD for the first time in this tariff order of 2019-20 and during night hours all the consumers on 11 KV, 33/66 KV and 132/220 KV were clubbed together at the same tariff of Rs 4.45/KVAH for 8 hours of night period during 8 months of the year. With this, while the Energy Charge was increased by 11 paisa per unit for 16 hours of day and peak hours under Tariff Order 2019-20, the Energy Charge for 66 KV consumers was increased from 4.03 to 4.45 i.e. an increase of 0.42 paisa per unit and net increase of 0.31 paisa per unit.
Thus, the action of PSERC has withdrawn the benefit of Voltage Rebate during night hours which was granted by the PSERC itself as per directions of the APTEL and as per the provisions of Electricity Act 2003.
PSPCL was granting voltage rebate of 3% to 66 KV consumers earlier considering the investments on 66 KV substation incurred by the consumer and the savings of transformation losses of 66/11 KV borne by the consumers. However, this HT rebate was withdrawn w.e.f. 1.4.2010 in the Tariff Order 2010-11. Consumers having set up 66 KV infrastructures felt aggrieved and approached PSERC, GOP and APTEL for continuation of voltage rebate or aligning the Tariff with "Voltage wise cost of supply" as per Electricity Act 2003. In compliance with the orders of APTEL, PSERC, in the Tariff Order 2012-13 directed PSPCL as under: --
"6.11 Cost of Supply and Cross Subsidy
The Hon'ble Appellate Tribunal for Electricity while delivering its judgment on January 11, 2012, in various Appeals has directed the Commission to determine the category-wise Cost of supply. PSPCL, in the ARR Petition for FY 2012-13, has submitted that it has engaged an agency ***(TERI)*** *on September 23, 2010 to conduct cost of supply study and TERI has submitted the draft report on methodology to arrive at cost of service which is to be finalized by the committee constituted by PSPCL for this purpose.* ***The Commission directs PSPCL to expedite finalization of the report and submit the findings of the study to the Commission at the earliest.*** *Thereafter, the Commission will consider and decide the issue."*
Accordingly PSPCL submitted the study report of TERI which was deliberated, discussed with stake holders and PSERC ordered in Tariff Order 2013-14 to grant voltage rebate of 20 paisa/unit which was later increased to 25 paisa per unit in the Tariff Order 2014-15.
Therefore, 66 KV industrial consumers submit that it is not correct to merge the voltage rebate with the minimum tariff of Rs.4.45/unit since it was granted due to persisting difference of Cost of Supply in the previous years, which is still continuing. Further, it was granted as per the directions of APTEL and as per provisions of Electricity Act 2003, the same should be separately given to the consumers who draw power on 66 KV voltage level. In addition, the voltage rebate be increased appropriately to align it with the difference in Cost of Supply as brought out above.
We request that HT rebate be restored for night hours as was being granted during 2018-19 so that industry can continue to operate in Punjab and remain viable.
Since 2014-15, the industry is requesting the PSERC to increase the voltage rebate further in line with provisions of Electricity Act 2003 to align it with the difference of cost of supply on 11 KV and 66 KV voltage levels as is being determined by the Commission in the tariff orders but the action of PSERC as per TO 2019-20 has acted reversely and withdrawn the same for 8 hours i.e. for 33% period. Thus the order was completely unfavorable to the industrial power consumers in the State.
Further, the Commission in its tariff order FY 2019-20 has also worked out the cost of supply for 66 and 11 KV industrial consumers as Rs 6.22/unit and Rs 6.86/unit i.e. a difference of Rs 0.64/unit against which we are being given the voltage rebate of only Rs 0.19/unit [(0.25* 16 hours *8 months + 0.25*24 hours * 4 months)/ (24 hours * 12 months)].
It is also added that there was no proposal from PSPCL in the ARR to merge Voltage Rebate in the cap nor any proposal was indicated by PSERC during the Public Hearings. GOP had confirmed that the subsidy will continue to be paid as per pattern of 2018-19 and thus there was no request from

GOP for any such merger. Even the tariff order does not give any reasoning/speaking order for the merger and therefore the action of PSERC lackstransparency.

PSPCL's Reply:

It was clarified by Department of Power, GOP vide its letter dated 09.08.2018 that in no case Tariff below Rs. 4.23 per KVAh for FY 2017-18 and Rs. 4.28 per KVAh for FY 2018-19 as capped by PSERC be charged.

Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in a revenue gap which would have defeated the purpose of giving concessional tariff.

Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The suggestion is noted.

Objection No.15: Focal Point Industries Association

Issue No. 1: Improve Working& Efficiency

PSPCL should improve its working/ efficiency and reduce avoidable losses. Loss to the PSPCL is due to their inefficient working/ pilferage which leads to increase in cost of electricity generation and same is ultimately recovered from the consumers by increasing Tariff every year. It is suggested that PSPCL should improve its working with help of experts and minimise its losses. If other States can supply power at cheaper rates, then why not PSPCL? Study should be made. Increasing rate every year is no solution.

PSPCL's Reply:

- PSPCL always endeavors for improvement in its working and reduction in its T&D and AT&C losses. To achieve this concerted effort have been made by PSPCL from past many years resulting into improvement in technical as well as commercial parameters since its inception.
- As per provisional figures of PSPCL for FY 2018-19, PSPCL has achieved 14.11% T&D losses and 11.32% Distribution Losses by the end of March-2019 which have been decreased by -2.23% and -2.87% respectively from FY 2017-18. The overall collection efficiency of PSPCL has also been increased by 5.27% from last year i.e 93.02% to 98.29% resulting into achievement of 12.83% AT&C losses against target of 14% for FY 2018-19 under UDAY scheme. PSPCL is striving hard for further reduction of T&D losses by undertaking various loss reduction schemes.
- PSPCL had taken the main initiative to crack down the power theft during FY 2018-19. To curb the energy theft 16.58 lac connections were checked by PSPCL during FY 2018-19. Out of which 1.41 lac cases of theft and UUE were detected and penalties to the tune of Rs.179.29 Cr. were imposed on consumers which were found indulging in power theft.
- Similarly, During FY 2019-20, upto December 2019, 8,59,528 nos. connections have been checked by distribution organization and penalties of Rs. 89.29 Cr. have been imposed on 65433 nos. power thieves.

Commission's view:

The objector may note the response of PSPCL.

Issue No.2: Free Power to Farmers

Punjab Government is providing Free Electricity to the farmers irrespective of their land holding and the burden of the same is passed on to the other consumers. Giving free electricity to them also leads to misuse of electricity especially it effects underground water level because misuse of tube wells. It is suggested that free electricity should be given only to the farmers up to the Land Holding of 5 (five) acres.

PSPCL's Reply:

This issue relates to the Government of Punjab and is not related to the Tariff Petition filed.

Commission's View:

It is the prerogative of the Govt. to decide matters regarding subsidy.

Issue No.3: Compensation to the Private supplier of Electricity
The PSPCL has made wrong agreement with the private supplier of electricity. PSPCL is paying compensation to the private supplier even against Non-requirement/Non-purchase of electricity. The compensation paid to the private supplier is ultimately recovered from the consumers by increasing the tariff. The State like Gujarat is not paying such type of charges. The consumers of Punjab are suffering due to the mistake made by the PSPCL officials. It is suggested that auditing of the private supplier be initiated so that the private supplier improve their efficiency & reduce the price of the electricity supplied to PSPCL.
PSPCL's Reply:
This issue is not related to the Tariff Petition filed and will be dealt separately.
Commission's View:
The Commission notes the concern of the objector.

Issue No.4: More Suppliers of Electricity
In order to curb the monopolistic status of PSPCL, the number of suppliers should be increased which will lead to healthy competition. Quality of power supply will also improve. Presently, PSPCL is passing on cost of their inefficiency to consumers due to Monopoly business.
PSPCL's Reply:
This issue is not related to the Tariff Petition filed and will be dealt separately.
Commission's View:
The issue is not related to Tariff Petition.

Issue No. 5: Rate Revisions from Retrospective dates
PSPCL is implementing & demanding rate revisions from retrospective date whereas it should be made effective from the current month billing to follow fair business practice.
PSPCL's Reply:
Tariff Order is released by the Commission.
Commission's View:
The suggestion is noted.

Objection No.16: Punjab Steel Forging and Agro Industries

Objection No.18: Joginder Casting Private Limited

Objection No.19: Oasis Enterprises Private Limited

Objection No.28: Bansal Alloys & Metal Private Limited

Objection No.36: Madhav Alloys Limited

Objection No. 37: Hansco Iron Steel Private Limited

Issue
The Commission in its tariff order for FY 2019-2020 had changed the terms of TOD tariff and made it un-favorable to the consumers drawing power at 66/132/220KV voltage level. The minimum tariff has been fixed as Rs.4.45/unit under TOD tariff including the high voltage rebate given to the industry. In the previous year FY2018-19, The minimum power tariff was Rs.4.28/unit excluding the voltage rebate, which is 25 paise/unit. For 2019-20, not only the minimum tariff was increased by 17paisa/unit, but the voltage rebate of 25 paisa per unit was merged with it, increasing the night tariff 66 KV consumers by 42 paisa. Thus, the night tariff for 8 months of the year was same for all LS consumers drawing power at 11/33/66/132/220 KV voltage level. It is accepted fact that voltage rebate is not a concession or incentive but compensation of investment on High voltage Substation and savings accruing to PSPCL on transformation losses.
HT rebate is being granted in accordance with the Electricity Act 2003 which provides that tariff should be in line with voltage wise cost of supply. Hon'ble APTEL has upheld this provision and Voltage rebate was also granted to Punjab consumers in view of the numerous orders issued by APTEL in this regard. InTariffOrderFY2013-14, the Commission accepted that cost of supply for HT consumers is lower and accordingly given relief to the consumers drawing power at higher voltage. Due to the inability to charge cost of supply based tariff, voltage rebate is given to partially compensate such consumers.

Further, the Commission in its tariff order FY2019-20 also calculated the cost of supply for 11 KV and 66 KV industrial consumers and the cross subsidy based on cost of supply. While the Cost of supply for11KVConsumershas been worked out as 6.86/unit, it is 6.22 per unit for 66 KV consumers. Thus there is difference 64 paisa per unit whereas HT rebate was being given as only 25 paisa per unit which has now been reduced to17 paisa per unit. Similarly, the cross subsidy paid by 66 KV consumers is 14.58%, which is much more than CS levels of 11 KV and LT consumers. Therefore, the action to merge the voltage rebate with the minimum tariff of Rs.4.45/unitis against the provisions of the Act, orders of the Hon'ble APTEL and also against the principles accepted by the Commission while granting this rebate and the same need to be restored to the consumers who draw power on 66 KV system.

It is also submitted that there were no directions from GOP which is bearing the subsidy for grant of Energy charge of Rs 5/- per unit to industry as GOP had consented to continue the subsidy as per pattern of 2018-19. There was no demand from PSPCL in the ARR to this effect and the proposal was never put up in the Public domain. The tariff order was also silent as to the reasons requiring this action. Thus the action of the Commission lacked conviction. It is therefore requested that the matter of merging HT rebate in minimum tariff slab of TOD on urgent basis be reconsidered and the HT rebate may please be restored in the Tariff Order 2020-21 so that industry can continue to operate in Punjab and remain viable.

PSPCL's Reply:

It is intimated that determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view. Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply which would have defeated the purpose of giving concessional tariff. Furrther, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The objection is noted.

Objection No.17: Steel Furnace Association of India.

Issue No.1: Balance sheets and ARR are designed for two different purposes and should not be mixed

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.

PSPCL's Reply:

ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.

Commission's View:

The Commission determines the claims of PSPCL in line with the PSERC MYT Regulations.

Issue No. 2: Subsidized agriculture consumption to be capped

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.
PSPCL's Reply:
Provision of subsidy is the prerogative of the Government of Punjab
Commission's View:
Subsidy is Government's prerogative.

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 toward meeting revenue requirement of the Board. For instant, the Commission has been disapproving the excess expenses claimed by the Board in its previous ARRs, which were funded from somewhere by the Board. For illustration, PSPCL in its replies to deficiencies to PSERC has admitted that excess capital expenditure was incurred to the tune of Rs.2846.33 Crore by diversion of funds by raising working capital loans during FY2011-17. It is submitted to the Commission to ensure that such expenses are not claimed in the ARR of the Board. A detail 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.
PSPCL's Reply:
Please refer to reply on Issue No.(1) above.
Commission's View:
Interest on working capital is allowed in line with the PSERC MYT Regulations after prudence check on normative basis.

Issue No.4: Sale of surplus power
The detailed information of surplus power as being provided in the tariff petitions of previous years and even in earlier tariff orders by the Commission is not being provided. Such details include quantum of surplus power, plant wise fixed cost surrender, as part of purchase cost, quantity sold out of State at different rates and other details as the commission may deemed fit. It is prayed to the Commission that the complete information related to surplus power need to be provided by PSPCL during public hearing and complete Profit and loss account of surrender power may be given in tariff order as well. This issue is dealt in Madhya Pradesh Tariff Order FY 2018-19.
Power surrendered / to be surrendered
PSPCL has worked out the year wise surrender of power along with quantum and cost of surrender and the same is extracted as under:-

Year	Surrendered Quantum (MUs)	Fixed charges (Rs Crore)
2018-19	8570.94	976.86
2019-20	11616,44	1374.93
2020-21	14499.23	1761.78
2021-22	13547.97	1626.90
2022-23	11533.65	1359.86

The increase in quantum of surrendered power indicates that there are some PPAs already entered in to by PSPCL, which will be commissioned during 2019-20 to 2021-22. PSPCL has also disclosed that they will be receiving power from Tapovan Vishnugad HEP, Vishnugad Pialkoti HEP, Parbati II HEP and Singrauli III. In spite of being surplus in Power, PSPCL is adding new projects to its kitty for purchase of power under long term contracts binding the consumers of the State to pay for the fixed costs for such projects. The excess capacity will continue till around 2027-28 if no fresh capacity addition takes place in these years. However, in view of additional capacity coming up under roof top solar, Solar IPPs, wind capacity already contracted and other RE based projects for meeting RPO and energy conservation / Demand side management measures, the period may further extend to 2029-30.
PSPCL is surplus in power and PSERC had directed PSPCL to review all PPAs in Tariff 2013-14. It is strange that in spite of such situation and in spite of projected increase in consumption over the years, the idle capacity is increasing. PSPCL has commitments to purchase power from power plants to be commissioned in 2020-21. We request PSERC to take up matter with concerned authorities to ensure that such PPAs should be cancelled and no burden of fixed cost is levied on consumers of the State.
PSPCL's Reply:
Surrendered quantum is showing decreasing trend in upcoming years. Further, PSPCL signed PPAs towards Tapovan Vishnugarh HEP on 29.12.2010, towards Parbati II HEP on 02.11.2002, for

Singrauli III on 29.12.2010 and towards Vishnugarh Pipalkoti HEP on 05.06.2007. Moreover, the petition regarding approval of long term PPAs signed by PSPCL has already been submitted by PSPCL before PSERC.

Commission's View:

The objector may note the response of PSPCL.

Issue No.5: Voltage Rebate for 66 KV consumers:

T&D losses for 66 KV consumers as per open access regulations worked out in TO 2018-19 are 4.28% for 2018-19 against total T&D losses of 14%. In addition to T&D loss, the 66 KV consumer has to be compensated for the investment and operating cost of the 66/11 KV transformer and switchyard. The voltage wise cost of supply worked out by PSPCL for 2019-20 for 66 KV industry is Rs 5.77 and for 11 KV industry as Rs 6.59 indicating a difference of 72 paisa per unit. However the rebate being given to consumers connected at 66 KV is only 25 paisa per unit. Voltage rebate need to be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage. Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate for 66 KV consumers should also be 10%.

PSPCL's Reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view. Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply.Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The suggestion is noted.

Issue No. 6: Fix industrial Tariff as per category wise cost of supply

The Board has submitted the category wise cost of supply. We appreciate the Board on this account to come up category wise cost of supply as well as related cross subsidy earned/given to each segment of consumers. Therefore, it is also prayed to the commission to reduce the cross-subsidy burden on LS consumers and fix the tariff based on category wise cost of supply, tariff of the LS consumers may be rationalized and tariff for subsidized class may be increased. It is also submitted that category wise cost of supply basis has been fixed many years back. It is submitted that the same should be revisited to revise the category wise cost of supply.

PSPCL's Reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Commission's View: The suggestion is noted.

Issue No.7: T&D losses

We would like to appreciate reduction in T&D losses achieved by PSPCL, however, we request the commission to verify the same independently. It is also important to note that T&D losses were claimed for FY 2018-19 as 14.17% while the agriculture consumption is increased from 11111MU against approved by PSERC to11187.39 MU by changing the assumption for working out consumption of power in agriculture sector. The assumption regarding agriculture supply through mixed feeder is changed mainly in Kandi area. It is stated in the ARR that the assumption of 30% supply through mixed feeder as assumed by PSERC in previous tariff order (FY18-19) is not followed and instead 45% of total supply is taken as mixed supply. It looks that by increasing agriculture consumption, lower T&D are claimed.

It is our submission that the Commission may kindly look into the matter and incentive be passed only if it actual T&D loss reduction is achieved as per PSERC method. Meanwhile, PSPCL may be asked

to finish the work of separating the supply of power to agriculture from mixed feeders to independent feeders in fixed time period and not in "Future" as claimed by Discom. T&D losses are very high in selected regions as also pointed out by PSERC time and again. It is submitted that same also need to be reduced drastically.

PSPCL's Reply: With regard to the agricultural consumption of Kandi area feeders, it is submitted that the detailed methodology of computing AP consumption (45%) of Kandi area feeders has been submitted in the petition. Further, the T&D losses have been calculated as per the Energy Balance prepared in the petition.

Commission's View:

Refer para No. 2.3 of this Tariff Order.

Issue No. 8: Power purchase cost

The power purchase cost should be subject to approved T&D loss by PSERC for FY 2018-19 onwards. In the ARR, it is mentioned that power cost was approved at Rs.4.25/unit against which actual power purchase cost is Rs.4.37/unit. It also covers previous years expenses of Rs.350.08 Crore. Previous years expenses should be dealt separately and no expenses can be allowed in ARR simply due to reason that it is actually incurred. For part of ARR, it should be approved also by PSERC. Therefore, only after taking out of such exaggeration, the power cost should be approved. Further, in the past, power purchase cost separately shows amount of fixed charges paid for surrender of power. However, no separate information on the same is provided for. In the absence of the same, it is difficult to find out as how much is the actual cost of power per unit of power purchased from IIPs in Punjab. Based on installed capacity and dedicated to PSPCL (100% in case of Rajpura and Talwandi Sabo) and actual power purchase units from these plants need to be verified and separated calculated and shown. In the absence of such information, it is difficult to work out a price at which such power can be sold, if any opportunities arise.

PSPCL is bearing the fixed charges of Anta and Auriya power stations but the generation at these plants is very costly. PPAs for these stations were executed on 31.10.1994. The useful life of the gas based projects is 25 years and thus PPA term is already over by 30.10.2019. PSPCL and GOP should clearly intimate the MOP and NTPC that it will not extend the PPA for these two stations. PSPCL may associate Haryana, Himachal and other beneficiaries of these plants which are also surplus in power. The matter needs to be flagged in CEA also that these plants may be retired after their useful life is over. This will save PSPCL 71 Cr of fixed charges and 133 MW of contracted capacity.

PSPCL's Reply:

The previous year payments in respect of central sector generating stations have been made towards the bills raised by various firms for previous period on account of revised energy charges, capacity charges, water usages charges, RLDC charges etc. on the basis of various CERC orders revising AFCs. However, previous year Charges against Sasan Power Ltd for FY 2018-19 and 2019-20 (H1) accounts towards various Supplementary bills raised by Sasan Power Ltd due to certain Change in Law events as allowed by CERC, APTEL and SCI.

Further, previous year payments towards GVK has been made during FY 2018-19 on account of revised calculation of monthly bills in view of PSERC order dated 06.03.19 & 27.05.19 for FY 16-17 , FY 17-18 and during FY 2019-20 H1 previous year payments has been made on account of reduced capacity charges for FY 17-18 as per PSERC order 12.9.19 in pet 37 of 2018 & revised calculation of monthly bills in view of PSERC order dated 06.03.19 & 27.05.19 for FY12-13, FY 16-17.

In case of Mallana-II HEP, Previous year payments has been made on account of revised calculation of monthly bills in view of PSERC order dated 11.02.19 for FY 14-15,15-16,16-17,17-18.

The information towards surrender of power and the fixed costs incurred on the same has already been submitted against MYT format D2 for FY 2018-19 to FY 2022-23.

As per PPAs signed between NTPC & PSEB for Anta & Auriya, the duration of the agreement shall remain operative upto 31.10.97 provided that this agreement may be mutually extended, renewed or replaced by another agreement such terms and for such further period as the parties mutually agree. In case Bulk power Customer(s) continue to get power from NTPC-stations even after expiry of this agreement without further renewal or formal extension thereof, then all the provision of agreement shall continue to operate till this agreement is formally renewed, extended or replaced.

Further, MoP, GoI has been requested to reallocate PSPCL share of power from Anta &Auriya generating stations to some other needy States in India.

Moreover, the matter regarding the opinion from AG Punjab towards the issue of payment of fixed charges to M/s NTPC even after the lapse of contract period is under process

Commission's View:
The objector may note the response of PSPCL.

Issue No. 9: Excess capital expenditure incurred than approved
PSPCL has claimed higher capital expenditure of Rs. 1992.23 Crore against 1700 Crore approved by the Commission in its tariff order FY 2019. We have some observations in this regard

i. As per audited annual accounts for the period 1/4/18 to 31/3/2019, consumer contribution has increased from Rs. 2635 Crore in FY2018 to Rs. 2953 Crore in FY2019 an increase of Rs. 318 Crore. It is to be seen that whether the same is reduced from the capital expenditure requirement of PSPCL for the year FY 2018-19 or not. It is our submission that the same should be reduced.
ii. In hydel project construction, Rs. 137.30 Crore are shown as expenditure for FY19 in the ARR for FY2019. It is also mentioned in previous petition that most of the funds are spent on Shahpur Kandi project. In our view, Shahpurkandi project is an irrigation cum power project. If it is so, then the total capital expenditure is to be divided between irrigation department of the Punjab Government and PSPCL suitably. As per a news-report, the project is aimed to produce 206 MW power and irrigate 37173-hectare land. The civil work is to be done by irrigation department of Punjab Govt. and PSPCL has to do only electro and mechanical work only as per Punjab Government notification. Therefore, it is to be ensured that a fair allocation of total expenditure is done between Irrigation department and PSPCL(ref. Times of India, 9th Sept 2018).
iii. The capital expenditure in case of GNDTP in FY 2018-19 is towards pending payment of repair and maintenance of FY 2012-2017. First, it is prior period expenses not be dealt here and second capital expenditure cannot be taken for revenue items. Therefore, all such anomalies need to be isolated before considering ARR for approval purpose.
iv. The capital expenditure in transmission and distribution work is also shown above approved level, which also need close scrutiny.

Taken together, it is our submission that only such cost of such capital expenditure in terms of depreciation, interest and finance charge etc. should be passed on to the consumers of electricity in the State, for which benefits start flowing and remaining should be not be allowed as a part of the ARR.

The same approach needs to be adopted for FY2019-20 onwards.

PSPCL's Reply:

i. The consumer contribution has been reduced from the capital expenditure.
ii. With regard to the claim of Rs.137.30 Crore on account of Shahpur kandi Power project, it is submitted that only the expenses on account of power project has been claimed in the Capital Expenditure.
iii. The capital expenditure in GNDTP in FY 2018-19 has been claimed on account of pending payments towards Renovation & Modernization and not repair and maintenance.
iv. PSPCL requests the Commission to approve the capital expenditure as submitted in the petition

Commission's View:
The objector may note the response of PSPCL. The Commission allows the Capital Expenditure in line with PSERC Regulations, after prudence check.

Issue No.10: Depreciation charges
Though, we do not wish to comment specific on depreciation charges claimed by PSPCL for FY2018-19 and FY2020-23. However, we would like to submit that the Commission may kindly look into the matter of those fixed assets which have completed their life. Such assets need to be identified and shown separately and no depreciation on such assets to be allowed for ARR determination purpose.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
Depreciation is provided in line with PSERC MYT Regulations.

Issue No.11: High interest and finance charges
PSPCL has claimed actual interest and finance charges of Rs. 2113.14 Crore on loan amount of Rs. 25000 Crore for FY2018-19. It also includes interest of Rs. 1306.95 Crore on GOP Loan (UDAY Bond) of Rs.15628.26 Crore.
First of all, the loan taken for unapproved purpose should be taken out of this loan amount and no

interest is to be provided on the same.
Thereafter, the loan from Government (Uday Bond) of Rs.15628.26 cCrore also needs to be divided between equity and grant. It is estimated about Rs.11728 Crore will be in form of grant and no interest burden of the same should come to ARR. Regarding return on equity of about Rs.3900 Crore should be treated as equity and return on the same should be given only if the equity is injected in cash in the PSPCL otherwise there is no logic of giving return on equity on this amount also.
In the light of above, interest cost should be approved accordingly, which would be substantial lower than interest claimed by them.
It is absolutely wrong on account of PSPCL to ask interest on UDAY loan. The viability of PSPCL is to be ensured by removing the UDAY loan from books and not by giving interest on the same.
It is also pertinent to note that PSPCL has shown other debits of Rs.215 Crore including bad and doubtful debts. It is submitted that bad and doubtful debts are allowed to 2% of sale and subject to the actually bad debt written off. Therefore, such expenses should be restricted to the actual bad-debt written off and subject to 2% of sale or as provided in the regulations.
PSPCL's Reply:
Government of Punjab will be converting the UDAY loans of Rs.15,628 Crore into equity. As per PSERC MYT Regulations, PSPCL is entitled to return on equity of 15.50% on the equity amount.
Further, the other debits Rs. 215 Crore has been claimed as per actual accounts of PSPCL and within the limit (subject to a maximum of 1% of annual sales revenue excluding subsidy) specified under regulation no. 47 "Bad and Doubtful Debts and other Debits" of PSERC.
Commission's View:
Interest & Finance charges and bad & doubtful debts are allowed in line with PSERC MYT Regulations.

Issue No.12: Return on equity
PSPCL has equity base of Rs 6081.43 Cr as per FRP approved by GOP while PSEB was bifurcated into PSPCL and PSTCL on 16.4.2010. Though the matter regarding conversion of Consumer Contribution and Govt Subsidies into equity has not been approved by APTEL, still the matter is under litigation in Supreme Court and PSERC is granting ROE on Rs 6081.43 Cr. APTEL had observed that the Govt can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE. Subsequently, MOP, GOI introduced UDAY scheme for stressed power sector and PSPCL, GOP and MOP entered into a tripartite agreement as per which PSPCL loans of Rs 15628.26 Cr were taken over by GOP through issue of SLR bonds by banks in the name of GOP and loans were taken off the books of PSPCL. However, instead of paying the interest on such loans from the State govt funds, GOP continued to recover the interest on such loans from PSPCL. The amount paid by PSPCL is 1307 Cr in 2017-18 and 2018-19 and Rs 867 Cr for 9 months of 2019-20. The rate of interest works out to 8.4% per year. Since the UDAY scheme is up to 31.3.2020, PSPCL has proposed in Para 4.17 of ARR to convert the loan amount of Rs 15628.26 Cr as GOP equity in PSPCL thereby increasing GOP equity from 6081.43 cr to 21709.69 cr. It is also proposed to recover ROE on this loan converted equity amount of Rs 15628.26 @ 15.90% which works out to Rs 2485 Cr. Thus, by simply maneuvering the entry of loan amount to equity, consumers will be asked to pay 2485 Cr instead of 1307 cr i.e. an increase of Rs 1178 cr requiring increase of tariff of about 23 paisa per unit across the board on this account alone. Consumers will have to pay 28 paisa per unit including taxes for GOP. This is clearly against the interest of the consumers and PSERC should not allow it.
PSPCL's Reply:
Government of Punjab will be converting the UDAY loans of Rs.15,628 Crores into equity. As per PSERC MYT Regulations PSPCL is entitled to return on equity of 15.50% on the equity amount.
Commission's View:
Return on Equity is determined by the Commission in-line with PSERC MYT Regulations after prudence check.

Issue No.13: Employee cost
We have reiterated many times that employee cost has been growing consistently and also acknowledge that the same cannot be capped due to manifold reasons. This is our submission that only reasonable cost be passed through ARR and remaining must be taken over by Government as PSPCL employees are government employees and must get their dues as per Government rules and regulation, but the same should not be used as an excuse to increase the ARR and cost of power for consumers.

PSPCL's Reply:
The employee costs have been claimed as per PSERC MYT Regulations and PSPCL requests the Commission to allow the employee costs accordingly.
Commission's View:
Employee cost is allowed by the Commission in-line with Regulation-26 of PSERC MYT Regulations.

Issue No.14: Subsidy and interest thereon due from government not fully accounted for
PSPCL has not separately worked out the liability of GOP for nonpayment of subsidy and is also manipulating the interest on delayed payment of subsidy of GOP by accounting it in Non-Tariff Income thereby loading it on the consumers rather than seeking recovery of the same from GOP. The GOP subsidy and interest on the delayed payments need to be charged from GOP.
PSPCL's Reply:
PSPCL avails the working capital loans to meet with its working capital requirement due to non-receipt of Government dues, non-receipt of timely subsidy from GOP and due to cash losses of PSPCL.PSPCL has been claiming interest charges on the basis of actual interest paid against the loans availed by PSPCL, whereas the Commission allows the same on normative basis.
On the other hand, the Commission allows interest on delayed payment of subsidy by GOP to PSPCL. As the interest on working capital loans raised to meet the cash gap due to delayed payment of subsidy is not allowed by the PSERC on actual basis so the interest allowed to be recoverable from GOP on delayed payment of subsidy should also not be treated as income. As such, PSPCL has reduced this amount from the non-tariff income and there is no manipulation. Hence, it is requested to allow it.
Commission's View:
The objector may note the response of PSPCL. Non Tariff income is allowed in line with PSERC MYT Regulations after prudence check.

Issue No.15: Separate cost of shut down plant-Bhatinda
Total cost of Bhatinda plant be segregated including work, maintenance and employee cost etc. and should not be allowed as a part of ARR and passed through to electricity consumers of the State. For example, PSPCL has mentioned that Rs.39.89 Crore is the expenditure up to November 2018 on employee cost of Bhatinda plant. Such cost should not be passed on to ARR and must be dealt separately. PSPCL has also not informed about the disposal of two units of GGSSTP Ropar. PSPCL projections for GGSSTP Ropar are extracted as under:-

Year	2017-18 (TU)	2018-19	2019-20	2020-21
	(Table No) of TO 19-20	Table 26 of MYT ARR	Table 53 of MYT ARR	Table 86 of MYT ARR
Employee cost	306.18 (2.19)	335.51	359.81	381.89
R&M+A&G	61.05 (2.26)	54.04	34.13	49.06
Depreciation	19.46 (2.31)	34.84	35.14	35.72
ROE	70.16 (2.40)	83.95	83.95	86.41

The above shows that in spite of having retired 2 units, the expenditure is being booked which needs to be disallowed. Assets of two units be sold immediately and the sale proceeds of 2 units of Ropar and 4 units of Bhatinda units be used to repay the capital loans so that consumer get some relief.
PSPCL's Reply:
With regard to GNDTP employee cost, deployed manpower of 933 in 31.12.2017 has been reduced to 240 ending 31.01.2020 and is further being reduced to 160 during Feb'2020 which is the bare minimum strength mandatory for the effective and cost-effective disposal of GNDTP Assets.
Further, with regard to GGSSTP Ropar, it is submitted that process for disposal of 2 units of GGSSTP, Ropar which have been retired w.e.f. 01.01.2018 by the decision of Punjab Govt. is already under process. Work Order has been issued for assessing the saleable value of the Units. It is also submitted that since 4 Units of GGSSTP, Ropar are still operational, as such only equipment's installed on Units 1 & 2 will be disposed of such land used for Units1 &2 cannot be disposed of as common auxiliaries/system of all the six units is installed spanning over this land.
Presently no manpower is deployed exclusively for Units 1 & 2 of GGSSTP, Ropar, however manpower from Stage 2 & 3 Units is used for carrying out the preservation of the boilers & for condition monitoring of the equipment's of Stage-I Units at regular intervals of time.
Commission's View:
Refer para No. 2.15 of this Tariff Order.

Issue No.16: Overdue receivables

As per note 41 in balance-sheet FY 2018-19 given with ARR, the outstanding amount to Govt. office was 431.02 Crore as on 30/9/2015, which increased to Rs.1417 Crore. We fully support PSERC suggestion that prepaid meters to be installed in government offices. However, as far as outstanding from Government office is concerned (Rs.1417 Crore), the same should be deducted from the Government loans given to PSPCL or the Government equity be reduced by Rs.1417 Crore plus due interest for delay payments and return on equity be reduced by the same amount. This should be left to the government as how to deals with these outstanding amount of various government offices.

Similarly, it is also humbly suggested that a detailed MIS system to be developed to track such accounts where power is regularly supplied but payment is not received. Such account holders may be pursued suitably to pay due bill amount to PSPCL.

PSPCL's Reply:

The issue is not related to the Tariff petition filed by PSPCL and shall be dealt separately.

Commission's View:

PSPCL needs to take appropriate steps to recover the overdue receivables.

Issue No.17: Revenue Gap

Year	Revenue Requirement projected by PSPCL	Revenue Requirement as Approved by Commission	Revenue Gap for the year	Carrying cost	Total cumulative gap
			Surplus (+) / Deficit (-)		
As per Tariff Order 2019-20					
2017-18 (TU)	31127.52	27232.40	(+) 1546.52	-------	(-)881.23
2018-19 (RE)	33796.15	30251.12	(+) 383.98	--------	(-) 497.25
2019-20 (Pro)	34505.59	31835.10	(-) 72.47	-------	(-) 569.72

However the ARR 2020-21 projects the Revenue gap as under:-

(Figures INR Crores)

Year	Revenue Requirement projected by PSPCL	Revenue Requirement as Approved by Commission	Now Proposed by PSPCL	Revenue Gap	Total cumulative gap
				Surplus (+) / Deficit (-)	
As per ARR for MYT 2nd Control Period now submitted by PSPCL					
2018-19 (TU)	30251.12	29942.69	33000.28	(-) 2334.89	(-) 3715.89
2019-20 (RE)	33796.15	31835.10	35371.34	(-) 3613.80	(-) 7728.26
2020-21 (PR)			36156.38	(-) 3451.40	(-) 11179.66

Thus, the Cumulative gap works out to 11179.66 Cr against the Net ARR 2019-20 figure of 36156.38 Cr which is 30.92%.

In the light of above submission made, there would be no or negligible deficit will be there for at least next couple of years and same PSPCL should meet through internal efficiency measures.

PSPCL's Reply:

ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.

Commission's View:

Revenue gap is determined by the Commission after prudence check of ARR petition and as per PSERC MYT Regulations.

Issue No.18: Security (Consumption)

Presently interest on Security is at RBI rate which is only around 5-6% whereas we have to take working capital loan at 12-13%. There is provision of pre-paid meter in Supply Code. PSPCL should spell out the road map for introducing Pre-Paid meters for industry. If PSPCL is not ready, then consumers be allowed the facility to submit Bank Guarantee for Security (Consumption) and the cash deposited for Security be refunded

PSPCL's Reply:

The issue is not related to the Tariff petition filed by PSPCL and shall be dealt separately.

Commission's View:
The objector may note the response of PSPCL.

Issue No.19
For 2020-21, Projected net revenue is Rs 11963 Cr on the sale of 15908 MUs indicating average tariff of Rs 7.52/unit. The final tariff with 20% taxes the tariff of LS consumer will be Rs 9.02/unit. After counting the 35 paisa Surcharge for Coal Washing (Including taxes), withdrawal of 0.25 paisa per unit of HT rebate to 66 KV consumers during night hours for 8 months, difference of interest of Security Consumption (6% being paid by PSPCL Vs 12% payable to banks) and FCA which is certainly to be levied etc. the tariff works out to Rs 10.50 plus without subsidy and Rs 9.30 with GOP subsidy. This much burden, the State industry cannot bear and will result into closer of the industrial units in the State. The relief given by State Government by fixing variable cost at Rs.5/unit will become ineffective to give any relief to the consumers. Therefore, increase in tariff for the industry consumers should be avoided for next couple of years.
PSPCL's Reply:
The determination of Tariff is the prerogative of the Commission.
Commission's View:
Tariff is determined by the Commission after prudence check of ARR petition and as per PSERC MYT Regulations.

Issue No.20
i) There is no case for allowing full increase in ARR as sought by the Board for the control period
ii) Carry forward the rationalization of Electricity Tariff in the State based on the principle of category wise 'Cost To Serve' principle
iii) Reduce the electricity tariff of the subsidizing class of consumers particularly EHT category of consumers.
iv) Ensure tariff rationalization of subsidized class of consumers or ask State Government to compensate the Board through explicit subsidy.
v) Minimize the power cut on large industrial EHT and HT consumers.
vi) No one category of consumers may be given preferential treatment and no one should be discriminated against.
vii) Voltage rebate for 66 KV consumers be increased from 25 paise/unit to 50 paise/unit

Commission's View:
The suggestions have been noted.

Objection No. 20: SEIL Chemicals.

A - General Submissions
Issue No. A (1) As per MYT Regulations, PSPCL and PSTCL are required to get approval of additional Capital Expenditure over the approved Capital Investment Plan and Business Plan approved by the Commission. MYT Tariff Petitions are to be prepared by the utilities based on such approved plans. However, here, Capital Expenditure of Rs 1992.23 has been incurred in 2018-19 against approved plan of Rs 1700 Cr. Similarly, RE for Capital Expenditure for 2019-20 have been stated as Rs 2606.19 Cr against finally approved projected plan of 966.72 Cr. PSPCL has further stated that this does not include Capital expenditure on Shahpur Kandi Project and Pachwara coal mine. Further, PSERC had approved 100 Cr for installation of FGD at thermal plants which amount is proposed to be surrendered and not included.
Thus, the figures of PSPCL are already at variance to the approved expenditure/capitalization showing little respect given by PSPCL to the orders of the Commission. We request that this tendency of PSPCL to incur expenditure at their will without due approvals of the Commission and then coming up with actual figures in the ARR need to be curbed as this puts the Commission as well as Consumers in a very tricky situation. If such expenditure is not approved, then PSPCL suffers and if approved, tariff increase becomes inevitable.
PSPCL's reply:
For FY 2018-19, the capital expenditure of Rs.1992.93 Crore incurred by PSPCL is inclusive of the costs of Pachwara Coal Mine and Shahpur Kandi Power Project which were not considered by the Commission while approving the capital expenditure. Moreover, the capital expenditure for FY 2019-20 has been estimated based on the expenses incurred by PSPCL during the last few years and is required for development works to be done by PSPCL.

Commission's View:
Refer Para 2.10 and 3.11 of this Tariff Order.

Issue No. A(2) For the first time, PSERC has also worked out and proposed the tariff for each category of consumers to meet the revenue gap in Table 92 and Form D-24. The category wise cross subsidy levels on Average COS have also been worked out which show that the tariff for the PIU category (>2500 KVA) to which the objector belongs is proposed to be increased by 13.16% but Cross subsidy, which is 6.89% at existing tariff shall reduce to 6.20% with the proposed tariff. However, proposal is not likely to mature in view of the proposal of PSPCL to drastically increase the Tariff of Agriculture pumps from the existing Rs 5.28/Kwh to Rs 7.26/Kwh (37.50%) increasing the GOP subsidy amount from existing Rs 6060 Cr in 2019-20 to proposed Rs 9115 Cr in 2020-21 which is not likely to be accepted by GOP.
PSPCL's reply:
The Tariff Proposal and the determination of cross subsidy is the prerogative of the Commission.
Commission's View:
Refer to Chapter 7 of this Tariff Order.

Issue No. A (3)
Data being disclosed by PSPCL in ARRs is being reduced every year. PSPCL comes up with actual expenditure during RE and True up which widely varies from the approved figures of TO and requests for approval of excess expenditure in relaxation of Regulations but tries to retain the savings. Suggestions on voltage based categorization of tariff, consumption of agriculture sector, road-map towards cross subsidy reduction etc are some of the suggestions which are imperative and convincing, but still being ignored. Details of these points are being touched upon in specific issues highlighted in succeeding paras for consideration of PSPCL/PSERC.
PSPCL's reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations**.**
Commission's View:
The Suggestions are noted.

Issue No. A (4) As per the Tariff Orders being issued every year, the Commission is modifying the Rebates and Surcharges under "Tariff Related Issues". As per the Time of Day tariff, TOD peak charge is leviable for 4 months from 00.00 hours of 1st June to 24.00 hours of 30th Sept each year and for balance 8 months, the night rebate is admissible. PSPCL has changed the billing cycle from 21st of the month to 21st of next month whereas the change of tariff takes place on 1st of the month. LS Consumers have suffered in 2019-20 as peak charges were imposed and TOD rebate was reduced on proportionate basis for the billing month 21.9.2019 to 21.10.2019 though it is mandatory for the Licensee to take readings on the date of every change of tariff. The software updating is delayed and in the mean while consumers have to run after officers for corrections.
PSPCL's Reply:
For accurate calculation of TOD surcharge/rebate, the provision for recording the reading of 30th September and 31st March are required in the system and S/D's has already been authorized in the SAP system for the same.
Commission's View:
The objector may note the response of PSPCL.

Issue No. A (5) Threshold limit is either not fixed in advance or calculated wrongly or reduced tariff is not made applicable when due. This is giving rise to disputes of the billing and the consumer has to run after the Local/CBC officers for getting the bill corrected. The Objector is facing such situation and every year, we have to depute our concerned officers to Patiala for corrections of the bills being issued. PSPCL be directed to update the billing software to indicate the threshold limit for the year on the bill itself and automatic grant of rebate as soon as the consumer crosses the threshold limit.
PSPCL's Reply:
The software is already updated to automatically calculate the threshold limit and pass the threshold rebate when the consumer becomes eligible, for each financial year.
Commission's View:
The objector may note the response of PSPCL.

B: PRELIMINARY SUBMISSIONS:

Issue No. B(1) Cross Subsidy Level based on Voltage Wise Cost of Supply

a) APTEL has given directions to PSERC in para 14 of the order in Appeal No 142 & 168 of 2013 between Mawana Sugars & Bansal Alloys Vs PSPCL and others as under:

> *"…….We only want that the cross-subsidy with respect to actual cost to supply should also be shown to reflect the cross-subsidies transparently and to ensure in the future tariff exercise that the cross subsidy with respect to voltage wise cost of supply is not increased. ……..."*

b) In line with above directions of the Hon'ble APTEL, this Commission has worked out the cross subsidy w.r.t. cost of supply in the respective tariff orders. We, request that the orders of APTEL may please be complied with in the MYT Tariff orders as well and cross subsidy levels based on cost of supply for 2020-21 should be kept below 14.58%.

PSPCL's Reply:

The query has been addressed to the Commission.

Commission's View:

The objection is noted.

Issue No. B (2) Determination of Voltage wise Cost of Supply

a) It is submitted that Section 61(g) of the Electricity Act, 2003 mandates as follows:

> "… The tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission; "

b) Hon'ble APTEL In its order dated 12.07.2012 passed in Review Petition No. 8 of 2012, filed by Mawana Sugars Ltd, directed PSERC/PSPCL to ensure completion of the exercise of determination of voltage-wise cost of supply by the end of November, 2012. Pursuant to these directions, a Voltage wise cost of supply study was got conducted by PSPCL from "The Energy and Resources Institute (T.E.R.I.)" and cost of supply was worked out detailing data considered / assumptions taken etc. for the years 2011-12 and 2012-13. Thereafter PSPCL and PSERC are working out the Cost of Supply every year on the same assumptions and data. The difference between tariff and cost of supply has increased from Rs 0.18/unit in 2017-18 to 0.48 in 2018-19 and further increased to 0.53 in 2019-20, meaning thereby that industry is being loaded with increased Cross Subsidy in successive tariff orders which may be kept in view while determining tariff for 66 KV PIU category for 2019-20.

c**)** PSERC has withdrawn the HT rebate during night hours and merged it with TOD rebate with a cap of Rs 4.45 per unit and now HT rebate is available only for 16 hours. HT rebate is granted in accordance with the Electricity Act 2003 which provides that tariff should be in line with the difference of voltage wise cost of supply for the relevant voltage. Hon'ble APTEL has upheld this provision and Voltage rebate was also granted to Punjab consumers in view of the numerous orders issued by APTEL in this regard. In Tariff Order FY 2013-14, para 4.21, page 104, the Commission accepted that cost of supply for HT consumers is lower and accordingly given relief to the consumers drawing power at higher voltage. Due to the difficulties in implementing voltage wise cost of supply-based tariff, voltage rebate is given to partially compensate such consumers. The difference in cost of supply is increasing over the years and is more than the HT rebate of Rs 0.25/unit available to 66 KV consumers. Instead of increasing the HT rebate to bring the tariff of HT consumers in line with cost of supply as directed by APTEL, PSERC chose to withdraw the HT rebate by putting a cap on TOD tariff along with HT rebate. There was no such proposal from PSPCL in the tariff order and no indication was available during the proceedings of the ARR that HT rebate is being reduced by 33%. Sudden merging of HT rebate in the capping of TOD rebate in the Tariff Order of 2019-20 has brought the 66 KV consumers at par with 11 KV consumers which is not as per the orders of the APTEL. We therefore request for restoring the HT rebate on round the clock basis independently and fix the TOD night rebate independently since both are being granted to achieve separate and distinct goals.

PSPCL's Reply:

The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003.

Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply which would have defeated the purpose of giving concessional tariff.

Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation

comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The objection is noted.

Issue No. B (3): True up of Previous Year 2018-19

Issue No. B(3) a)

PSPCL has submitted Financial Statements for 2018-19 along with the MYT ARR which are prepared by Independent Auditors appointed by PSPCL. Further, Annual Audited Accounts for 2018-19 have been supplied in Reply to Deficiencies. However, Certificate/Report of CAG is not supplied. As per Regulations 12.4 of MYT Regulations 2014, True Up exercise is to be taken up only when audited accounts are made available by the Licensee. Further, 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:*

It is therefore requested that Audit Report of CAG may be supplied to us immediately and a copy be posted on the web site so that we are in a position to offer comments.

PSPCL's Reply:

Refer PSPCL's reply in Issue No. 3 of Objection No. 13.

Commission's View:

Refer the Commission's view in Issue No. 3 of Objection No. 13.

Issue No. B(3) b) As per Regulation 13 of MYT Regulations, Commission is to review the achievements of the objectives laid down in the Regulations at the end of control period. Commission is requested to carry out the exercise as laid down in the Regulations.

PSPCL's Reply:

The query has been addressed to the Commission.

Commission's View:

The objection is noted.

Issue No. B (3) c): Comments on True-up for 2018-19, RE for 2019-20 and MYT ARR 2020-21 to 2022-23:

Issue No. B (3) c) 1

ARR applications for the year post FRP indicate steep rise in the total revenue requirement. The Difference between Net Revenue Requirement presented by PSPCL in ARR is escalated to claim higher tariff and in the end during true up, the requirement comes down by about Rs 4000 cr. The escalation which was 11.87% in 2010-11 has escalated to 20.15% in 2017-18. If the Revenue gap and carrying cost is also considered, the escalation of ARR will be much more. The total revenue gap projected in ARR of 2010-11 indicated as 1433.91 Cr has reached alarming level of Rs 12118.55 Cr ending 2019-20 and 11179.66 Cr ending 2020-21 indicating PSPCL to be in debt trap. 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.

PSPCL's Reply:

PSPCL has been transparent in filing the petition for the True up for FY 2018-19, APR for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23. In the present petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2018-19, actual figures for the first half of FY 2019-20 as available at the time of petition filing exercise. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. It has been observed that during the year FY 2018-19, the main input costs relating to cost of purchase of power from outside sources, establishment cost etc. has gone up and therefore has resulted in increase in revenue gaps. Further, PSPCL submits that the determination of tariff is the prerogative of the Commission.

Commission's View:

The Revenue gap is determined by the Commission after the prudence check and due diligence of the expenses and income in line with the provisions of the MYT Regulations.

Issue No. B3 (c) (2):

The AP-tariff rates are required to be fixed in line with the 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. In addition to 20% burden, the consumers are also bearing additional burden varying from 2 paisa to 20 paisa which has been transferred to industry by & large for power supplied to Agriculture sector. It is requested to keep the directives of the National Tariff Policy in view for the year 2017-18 and burden be reduced below 20% and further brought down every year progressively

PSPCL's Reply:

Cross subsidy of Agriculture sector is within +/-20% as per the provisions of the National Tariff Policy. The cross subsidy for AP category FY 2019-20 is (-17.82%) and the calculation of the same as mentioned in page 189 of the Tariff Order for FY 2019-20.

Commission's View:

The Commission has always endeavored to reduce the cross subsidy to the level of ± 20 % of the average cost of supply as provided in the Tariff Policy.

Issue No. B3 (c) (3):

The power supplied to agriculture sector has been growing consistently at very high rate due to release of new connections, unpredictable rains and depletion of water table. Supplying power to agriculture sector at the subsidized rate, at far less than the actual cost of supply is leading to serious distortions for the PSPCL and seriously affecting the interest of industrial consumers in the State, which are already reeling under recession. Therefore, while adequate rise in agriculture tariff is the need of the hour, it is also 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 connections projected in a year and power supplied above that limit should be billed as COS for agriculture worked out in TO. These provisions need to be kept in view for determination of agriculture tariff.

PSPCL's Reply:

PSPCL in its Tariff Proposal has proposed the AP Tariff at the rate of Average Cost of Supply in line with the provisions of the National Tariff Policy. However, the determination of tariff is the prerogative of the Commission.

Commission's View:

The Commission has always endeavored to reduce the cross subsidy to the level of ± 20 % of the average cost of supply as provided in the Tariff Policy.

Issue No. B3 (c) (4):

It is also felt that many 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 caps/approvals. The repetition of arguments for AP consumption of Kandi Area agriculture consumption and Interest charges on long term & working capital loans etc. shows that PSPCL does not care about the determination of tariff process, Suggestions like reclassification of categories of consumers, restrictions on release of connections to consumers 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.

PSPCL's Reply:

PSPCL has always adhered to the constructive objections received from the objectors. With regard to the AP sales of Kandi area mixed feeders, it is submitted that PSPCL in the Truing up petition for FY 2018-19 has computed the AP sales for kandi area feeders as 45.64% of the total AP consumption on those feeders. Further, the suggestions received from the objectors are being analyzed by PSPCL and deliberations are being done on the suggestions received from various objectors.

Commission's View:

The objection is noted.

Issue No. B3 (c) (5):

Distribution Loss for PSPCL are 11.54% for 2019-20 and 1.73% for those receiving supply at 66 KV (15% of 11.54%). PSTCL claims to have commissioned the Boundary Metering system and have worked out the Average Transmission Losses of 2.86% for True Up of 2018-19 and 2.3% for H1 of 2019-20 against 2.5% approved by the Commission for 2018-19 and 2019-20. Now PSTCL has requested for approval of 3.0% loss level for 2019-20 as well as for the 3 years of MYT period of 2020-21 to 2022 to 2023, Total T&D losses as per True up of 2018-19 indicated in ARR by PSPCL

are 14.17% for 2019-20. The Transmission and distribution Losses for 2019-20 as per TO 2019-20 are 2.5% and 11.54% respectively totaling 13.75% against which PSPCL has now proposed T&D losses as 14%. With PSTCL proposal of 3% Transmission Loss for 2019-20 (RE), the Distribution losses works out to 11.34%. Thus for the year 2019-20, PSPCL has proposed Distribution Loss of 11.34% for 66-33-11-0.415 KV for the year 2019-20 T&D losses for 66 KV consumers work out as ((11.34 X 15%)+3=) 4.07% since PSPCL receives supply at 66 KV from PSTCL and supplies to us on 66 KV itself.

However the rebate being given to consumers connected at 66/33 KV (compensation for investment of 66 KV equipment plus T&D Losses) is only 25 paisa per unit. 66 KV consumers are paying more fixed and energy charges compared with 11 KV industrial consumers though they use less of the grid system and have to invest on the 66 KV system. Thus the 66 KV consumers are not getting adequate incentive on account of heavy investment made on creating and maintaining facilities by the consumer and the resultant reduction in T&D losses accruing to PSPCL. It is therefore submitted that in view of directions of Hon'ble APTEL,

a) the industrial consumers be divided 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 OR
b) adequate voltage rebate be given commensurate with cost of supply worked out till implementation of such tariff, OR
c) the voltage rebate be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage. Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate for 66 KV consumers should also be 10%.

PSPCL's Reply:

Determination of tariff is the prerogative of the Commission.

Commission's View:

The suggestion is noted.

Issue No. B3 (c) (6):

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. The PSPCL has approached even APTEL on some of these issues but their arguments have been rejected there as well but still PSPCL continues to present ARR in the same fashion. With the introduction of new Tariff Regulations for MYT period, PSPCL has again filed appeal in APTEL challenging each and every disallowance in the Tariff Orders under MYT Regulations. Consumers neither have financial resources nor understanding to contest such appeals. Therefore, the Commission is requested to contest the claim of PSPCL to full extent.

Order dated 16-12-2015 of APTEL in Appeal No 106 of 2013 filed by PSPCL needs to be referred vide which APTEL has rejected PSPCL's Appeal for revision of Revenue Requirement for 9 items of ARR/Tariff Order 2013-14, Many of these issues are covered in the MYT Regulations also. However, PSPCL is still pressing the rejected arguments again and again. This indicates that licensee is not bothered to adhere to the approved expenditure and/or follow the already notified regulations upheld time and again by even the APTEL in the Appeals filed by PSPCL itself. It may also be added here that we are raising this issue time and again and request PSERC to direct PSPCL to prepare their ARR accordingly and if PSPCL still continues the same, punitive action like disallowance of the Legal Expenses of advocates engaged for frivolous appeals and petitions be taken against PSPCL besides penalties under Section 142 of the Act. It is added that PSPCL's legal expenses are increasing exponentially and were 8.47 Cr in 2017-18 have increased to 11.70 Cr in 2018-19 (Rise of 38%). PSPCL has not given the legal charges for subsequent years.

PSPCL's Reply:

PSPCL files an appeal before Hon'ble APTEL as per Section 111 of the Electricity Act, 2003 only when it is aggrieved by Order of the Commission. Further, PSPCL challenges the PSERC Orders on issues which PSPCL believes are legitimate and an appeal can be filed before Hon'ble APTEL.

Commission's View:

The Revenue gap is determined by the Commission after the prudence check and due diligence of the expenses and income in line with the provisions of the MYT Regulations.

Issue No. B3(c) (7):

The ARR for 2020-21 now submitted indicate Net Revenue Requirement of 36156.38 Cr for the year

2020-21. Thus the ARR of Rs 16612 Crore in 2010-11 when PSPCL was formed has escalated to Rs 36156 Crore in 2020-21 indicating an increase of 218% over Ten years. The total requirement trued up for 2010-11 plus Gap as (14849.23+1433.91=) 16283.14 Crore has now been projected as (36156+11180=) Rs 47336 Crore, indicating a rise of 291% over Ten years. As against this, the Total Energy Requirement which was projected as 42915 MUs at Punjab Periphery in 2010-11 has increased to only 59927.46 MUs in 2020-21 showing increase of 140% only. The abnormal rise in projected revenue 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 Objector, are not burdened with undue tariff increase.

PSPCL's Reply:

PSPCL has been transparent in filing the petition for the True up for FY 2018-19, APR for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23. In the present petition, PSPCL has submitted the revenue requirements based on the audited accounts for FY 2018-19, actual figures for the first half of FY 2019-20 as available at the time of petition filing exercise. The methodology adopted by PSPCL for filing the petition is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. It has been observed that during the year FY 2018-19, the main input costs relating to cost of purchase of power from outside sources, establishment cost etc. has gone up and therefore has resulted in increase in the ARR.

Commission's View:

The Revenue gap is determined by the Commission after the prudence check and due diligence of the expenses and income in line with the provisions of the MYT Regulations.

Issue No. B3 (c) (8):

GOP ordered to retire 4 units of GNDTP Bhatinda and 2 units of GGSSTP Ropar w.e.f. 1.1.2018 and PSPCL has accordingly assumed their generation as Zero from 1.1.2018 onwards. ARR of PSPCL is silent on the disposal of the scrap of the material of retired assets and disposal of the Land of the projects. Further, no separate data regarding man power deployed on the retired assets and their schedule of reduction is available in the ARR. The details need to be provided to the objector for information and comments.

PSPCL's Reply:

After the retirement of GNDTP units w.e.f. 01.01.2018, the process of disposal of Scrap at GNDTP is under continual progress. The equipment/material is being transferred to other wings of PSPCL/PSTCL, the scrap & surveyed off material is being sold on regular basis. The details of the disposed of material/equipment is as under:

Sr. No.	Description	Amount
1	Coal Mill Reject/Carpet Coal	68.74 Lakh
2	Furnace oil	254.64 Lakh
3	Light Diesel Oil	42.34 Lakh
4	Spares	601.73 Lakh
5	Consumables & Lubricants	292.12 Lakh
6	Scrap	569.72 Lakh
7	Other material/ equipment transferred	947.64 Lakh
	Total	**2776.9 Lakh**

The Assets of GNDTP are being actively disposed of in a phased and cost-effective manner. Regarding the land of GNDTP, it is intimated the Govt. of Punjab is already in process to explore all the possibilities for optimal utilization of vacant land.

As far as the manpower deployed is concerned, it is intimated that from deployed manpower of 933 in 31.12.2017,it has been reduced to 240 ending 31.01.2020 and is further being reduced to 160 during Feb'2020 which is the bare minimum strength mandatory for the effective and cost effective disposal of GNDTP Assets. Further, with regard to GGSSTP, the process for disposal of 2 units of GGSSTP, Ropar which have been retired wef 01.01.2018 is already under process. Work Order has been issued for assessing the saleable value of the Units.

For preservation of boiler & for condition monitoring of the assets of the retired Units operation & supervision by the Operation & Maintenance Staff is required at regular intervals of time. The only

expenditure which is presently booked in respect of Units 1 &2 is on account of use of chemicals for preservation of their boilers, which is only a meagre amount.
Since 4 Units of GGSSTP, Ropar are still operational, as such only equipments installed on Units 1 & 2 will be disposed off ,as such land used for Units1 &2 cannot be disposed off as common auxiliaries/system of all the six units is installed spanning over this land.
Presently no manpower is deployed exclusively for Units 1 & 2 of GGSSTP, Ropar, however manpower from Stage 2 & 3 Units is used for carrying out the preservation of the boilers & for condition monitoring of the equipments of Stage-I Units at regular intervals of time.
Commission's View:
The objector may note the response of PSPCL**.**

ISSUE NO. D: SPECIFIC ISSUES:
Issue No. D1
Cross Subsidy :
i)As per the mandate given under the Electricity Act, 2003 to the Commission, the cross subsidies have to be progressively reduced. The same provision has been made In the National Tariff Policy also, Central government has advised State Regulatory Commissions to fix time frame for eliminating cross subsidy and declare the trajectory upfront. APTEL is also issuing orders for declaring such trajectories. The Objector requests the Commission to declare the trajectory in the tariff order for 2019-20.
(ii)We would also like to mention that as per Table 7.3 of TO 2019-20, there are only two categories of consumers which are being cross subsidized i.e. AP (to the extent of ((-) 17.82%) and Compost/RWW (to the extent of ((-)15.08%). The lowest slab of Domestic Consumers is also subsidized category but the same is not appearing separately in the table. In real sense, the subsidy of AP category has not been reduced in tariff orders issued by the Commission in last 3-4 years, which is in contradiction to the provisions of the Electricity Act, 2003. The concept of gradual elimination of cross subsidy of Agriculture Sector has been ignored by the Commission while issuing tariff orders so far, which is mandatory as per law. In the present scenario, where the market is very competitive, it is very difficult for the industry to take the huge burden of cross subsidizing other categories of consumers. It is requested that the cross subsidy should be got eliminated in phased manner and a road map may kindly be got drawn by PSERC.
PSPCL's Reply:
The query has been addressed to the Commission**.**
Commission's View:
The Commission has always endeavored to reduce the cross subsidy level of various categories of the consumers.

Issue No. D2: AGRICULTURAL CONSUMPTION:
i) AP Category of consumers get cross subsidised by the industrial consumers. But, consumption of AP consumers earlier increasing exceptionally year by year has suddenly started showing decreasing trends. The objector had been repeatedly stressing in its objections that AP consumption being estimated based on sample meters was not correct and being inflated. Probably this is the reason that PSPCL is not ensuring 100% metering of agriculture consumers as per Act 2003 and not complying with repeated directives of PSERC in this regard. This compelled PSERC to estimate the Agriculture Consumption based on Pumped Energy. Thus the increasing trend of agriculture consumption has been arrested and actual consumption has fallen steeply in audited/actual.
ii) The arguments given by PSPCL in the ARR for allowing higher consumption for Kandi Area feeders are not at all convincing. PSPCL has repeatedly stated that lower AP consumption will result in higher T&D Losses thereby proving that unmetered agriculture sector was being used by PSPCL to inflate AP consumption and lowering T&D Losses.
iii) The PSERC has disallowed a portion of Pumped Energy of PSPCL for 2014-15 to 2016-17 as per Suo Motu Petition No 42 of 2016. However, no such exercise was undertaken later due to which PSPCL has again inflated the figures of 2018-19. PSERC is requested to undertake such exercise again to stop inflating the agriculture consumption by PSPCL.
iv) PSPCL has started segregation of Mixed Kandi feeders into Pure AP and Urban Supply feeders and exercise is likely to be completed soon. However, no time span has been defined in the ARR. Further no progress regarding segregation is available.
v) The argument for considering 45.46% energy of Kandi feeders towards agriculture is not at all convincing and PSPCL is coming up with new arguments Instead of segregating the mixed feeders

expeditiously as directed in TO of 2013-14. Such arguments have already been rejected during previous Tariff Orders but being repeated again. Since PSPCL has failed to segregate the feeders in the last 7 years and is also not submitting any progress on the issue, the 30% norms has attained finality and no arguments on this count be entertained at this stage. The arguments of LDHF formula is an afterthought and therefore, We, request PSERC to continue with 30% figure.

PSPCL's Reply:

i) Although The Electricity Act provides for 100% metering of all consumers but installation of meters on AP category of consumers which are being provided free power by GoP will not serve any purpose except recording energy, as meters have already been provided on all feeders. In case 100% metering on AP feeders is carried out, there is no doubt this would certainly make AP energy accounting more accurate but this scheme would also require considerable investment in manpower and equipment's keeping in view the large expenses of network and may not justify the return on investment. At present, AP energy is being billed on the basis of energy input recorded from AP feeder meters. PSPCL has been submitting feeder meter readings of all AP feeders on a monthly basis to the Commission.

ii) From almost 6000 AP feeders only about 319 Feeders have mixed load i.e. AP and non-AP (DS & NRS). Due to various technical and other constraints PSPCL was unable to segregate supply of AP consumers on these feeders. Already under the DDUGJY scheme, PSPCL is making efforts to segregate AP supply wherever possible and installing meters on AP consumers. But due to resistance by various kissan unions and consumers, the work has been delayed. Though the work has been resumed and is expected to be completed by November 2020 , it has been prayed before the commission to allow for a more reasonable methodology of estimating AP consumption on these feeders, so that PSPCL is not being denied billing on AP energy being utilized by the AP consumers on these kandi feeders. PSPCL has submitted data regarding the same and pending for decision before the Commission. Further, PSPCL in the truing up petition filed for FY 2018-19 has computed the AP consumption of kandi area feeders and estimated the AP consumption on those feeders to 45.64%.

iii) PSPCL has always been open and receptive of any checking or data as demanded by the Commission

iv) Please refer to reply (ii) above.

v) The data has been submitted as per existing methodology adopted by the commission for estimation of energy for different categories of consumers and is not an afterthought as claimed by the objector. The variation in consumption pattern is due to different loading conditions and mostly dependent on the water table depth and the type of cropping in that area. It is requested to the Commission to consider the computed figure of 45% for consumption in kandi area AP feeders.

Commission's View:

Refer para 2.2.2 of this Tariff Order regarding AP consumption.

Issue No. D 3 INTEREST COST:

i) PSPCL is increasing the burden of loans every year. The total loans including working capital loans which were 14649.80 Cr on 1.04.2010 have been projected as 31601.87 Cr on 31-3-2019. These evidences financial indiscipline of PSPCL. Further, after part loans are taken over by GOP under UDAY scheme, the balance loan will be 17624.13 Cr ending 31.3.2020. The fate of taking over will be known only on 31.3.2020. The tendency of incurring expenditure above the ARR by PSPCL by taking loans has to be curbed by the Commission firmly and PSPCL be asked to freeze the loans and seek prior approval for any additional loan which should be sanctioned only after studying its pay back benefits. PSPCL has admitted to raise short term loans to meet the revenue shortfall arising out of various factors viz. Non/late receipt of subsidy from the Government, delayed payments by consumers and Disallowances etc., Under MYT Regulations, most expenses are allowed on normative basis and thus there are no disapprovals. PSERC is allowing carrying costs of delayed payments of subsidy and PSPCL is getting Late Payment Surcharge from consumers for delayed payments. 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 and ROE being retained by PSPCL.

Unlike previous years, in the present ARR, PSPCL has worked out the Working capital as per normative and source wise interest charges without disclosing the nature of loan. Loans covered under UDAY are to be taken over by GOP as per terms and conditions of UDAY scheme on 31.3.2020. This will substantially reduce the loan portfolio of PSPCL, It is to be seen that the loans again do not reach the earlier levels of debt trap.

PSPCL has also claimed interest of Rs 93.35 Cr on GPF amount deposited by employees for 2018-

19, Rs 73.38 Cr for 2019-20. This amount just like Consumer Security deposit has also been used by PSPCL to meet the working capital and as such the factual WC being utilized by PSPCL is much more than being reflected here. PSERC may direct PSPCL to give clarity on where these amounts have been utilized or invested and interest charges should be allowed accordingly.

(ii) PSERC has started approving the Capital/Business investment plan for the control period in advance as per MYT regulations. PSPCL is not sticking to approved figures and is also not obtaining prior approval of the Commission for changing the scope of approved investment. This practice unnecessarily changes the projections of ARR and Tariff order. PSPCL intention is not clear as to why such changes are not got approved in advance so as to scrutinize the proposal and analyze for cost benefit analysis. Therefore, we submit to the Commission to look into the lapses of the PSPCL for a realistic assessment and only such changes be accepted which are as per legal requirement or are financially beneficial and reduce the ARR of PSPCL in the long run and accordingly approve interest cost for capital works for the APR and RE.

PSPCL's Reply:

i) Refer PSPCL's reply in issue No. 3 of objection No. 11.

ii) With regard to the capital expenditure submitted and approved by the Commission, the difference is due to the additional schemes which PSPCL had to undertake due to some emergency nature of work. All the schemes are system improvement schemes and were necessary for public welfare and maintaining the reliable supply of electricity.

- **During FY 2018-19**, The Commission had approved the Capital Expenditure of Rs. 1700.00 Crore, however PSPCL has claimed a Capital Expenditure of Rs. 1992.23 Crore. While approving the CAPEX, expenditures of Shahpur Kandi Power Project (SKPP) and Pachwara Coal Mine were not considered but during the true-Up of FY 2018-19, these schemes have been included in the Capital Expenditure Head.

- **During the FY 2019-20**, The Commission had approved the Capital Expenditure of Rs.1055.46 Crore, however PSPCL has claimed a Capital Expenditure of Rs. 1867.37 Crore (earlier 2606.19 Cr). In addition to including expenditure of Pachwara Coal Mine in CAPEX (earlier not included in CAPEX by PSERC), some emergency nature of works has to be executed during FY 2019-20 such as:-

i) Under Normal Development works, due to VDS, about 94944 new AP load extension applications were received. The revised requirement of funds is based upon the anticipated consumption pattern for maintaining requisite inventory level of various items for use in distribution system for normal development works including system improvement schemes and additional distribution transformers for AP consumers (about 25000 more than previous years).

ii) Under Sub-Transmission scheme, it is submitted that Commission approved only Rs 180 Cr. against proposed capital expenditure of Rs 350 Cr which was very low keeping in view the development works supposed to be executed during FY 2019-20. Till 30.11.2019, PSPCL has incurred expenditure of Rs 128.17 Cr and it is expected that expenditure of balance Progressive work amounting to Rs 179.58 will be incurred in the remaining period of FY 2019-20 (summary attached as annexure-A). Therefore, total expenditure will be around Rs 307.75 Cr as per the expenditure incurred in the previous years.

iii) Under the schemes DDUGJY and IPDS, the funds could not be fully utilized in FY 2017-18 due to lesser period of FY 2017-18 and slow initial pace of work. The pace of work picked up during FY 2018-19 as such more funds were utilized in FY 2018-19 and FY 2019-20.

PSPCL had/has to execute the normal/emergency nature of works for improving the quality of supply to its valuable consumers.

Commission's View:

Capital expenditure and interest on long term loans are allowed as per PSERC MYT Regulations. Similarly, Interest on working capital is allowed in line with PSERC MYT Regulations after prudence check on normative basis.

Issue No. D4 POWER PURCHASE COST

Issue No. D4 i)

One of the main reasons of increase in expenses in ARR of PSPCL is power proposed to be surrendered on merit order principle due to commissioning of new IPP stations of Talwandi Sabo, Rajpura and Goindwal sahib in Punjab and PPAs executed with Interstate Generating Stations which are being commissioned now. This will only save the energy/variable part of tariff but PSPCL has to bear the capacity/fixed charges for such non purchase of power. This position was predicted by PSERC and in this regard directive given to PSPCL in TO 2013-14 to direct PSPCL to review all the

PPAs and surrender costly powers in view of commissioning of IPPs in the State. However, the Directive was dropped in TO 2018-19

PSPCL sold power last year as market conditions were favorable / sale rate on Power exchange was viable, but it is not so this year. Thus, PSPCL has to come out with strategy to increase consumption by existing / prospective consumers of Punjab and consumers do not go in for captive generation for self use and facilitating environment has to be provided by GOP/PSPCL/PSERC. PSPCL should change its mind set to encourage increase in consumption by the industry and other consumers.

Instead of bringing reforms in its working by adopting consumer friendly practices enabling ease of doing business, it is creating environment in which industry feels suffocated and pressed against the wall. Billing errors are prevailing on large scale and industry has to run from pillar to post to get the errors rectified. Facility of pre paid meters is not being made available since PSPCL will have to refund the security amount of the consumers. Remote reading of LS consumers under SAP has been introduced but neither display units are being provided to consumers nor initial and final readings for TOD blocks are being supplied. Billing cycle dates (20th of the month) and dates for change of TOD tariff / FCA (1st of relevant month) are now different and even this is being used to the loss of consumers. The bills issued by CBC and bills placed on web site differ widely. Software update for revised tariff is delayed and in the meanwhile consumer suffers. Threshold limit is not displayed on bills in advance. Peak TOD charge is levied for more than 122 days and night rebate is given for less than 243 days

Such reform measures should not be left at the mercy of PSPCL and time bound action needs to be ensured as it will encourage consumers to plan their consumption in an efficient manner.

PSPCL's Reply:

Issue is not related to the Tariff petition filed by PSPCL and shall be dealt separately.

Commission's View:

PSPCL needs to address the issues raised by the objector to the satisfaction of the consumers**.**

Issue No. D4 (ii)

PSERC took a right decision in not allowing any short term purchase during Paddy 2018 since PSPCL had sufficient power to meet the paddy demand. Still as per RE 2018-19 as appearing in ARR 2019-20, PSPCL had made short term power purchase through Traders of 764.84 MUs costing Rs 329.97 Cr @ 422.76 paisa per unit in H1 of 2018-19. However, in Form D2 for 2018-19 (Actuals) of ARR now submitted the short term power purchase is through power exchange the actual purchase is 498.97 MUs @ 328 paisa per unit. Open access charges are paid separately. PSERC is requested to please check if the directions given in orders for Petition No 12 have been complied with by PSPCL and whether the total cost of delivered power fits in the merit order dispatch as variable cost of most of the NTPC and other plants is less than the purchase cost.

PSPCL may be asked to provide details of short term power contracted, scheduled, surrendered under Ui and actually utilized along with costs involved for each, penalty paid if any for non scheduling and open access corridor booked and corridor actually availed, open access charges paid for the same.

PSPCL's Reply:

Cost indicated under Short Term Power Purchase is for purchase of RE power done for RPO compliance, which has different cost structure than conventional power. Costs indicated under Short Term Power Purchase through exchange is to meet different demand pattern throughout the day specially during winters when demand is higher during day instead of running our units whole day/ night and minimum i.e. nearly half during night which would otherwise lead cheaper power surrender during night. The desired details related to Short term power purchase are as under:

Detail of Short Term Power

	Power Contracted as per PPA (MU)	Power Scheduled (MU)	Corresponding power at Himachal State Periphery (MU)	Surrendered under UI	Power Actually Utilized (MU)	Costs Rs. crore (Excluding OA charges)	Penalty for Non-Scheduling	OA corridor booked (MU)	OA corridor actually availed (MU)	OA Charges paid (Rs. Crore)
NRSE Power	738	725.50	737.32	NIL	725.5	306.72	NA	725.5	725.50	16.304
throug Exch.	504.51	504.51	498.973	NA	498.973	165.62	NA	504.51	504.51	NA

Commission's View:

The objector may note the response of PSPCL.

Issue No. D4 (iii) & (iv)

Year wise comparison of the rate of power purchase approved by PSERC in the respective TOs and

now proposed by PSPCL in ARR, the actual rates of power purchase are way below the rate proposed in the ARR. This proves that PSPCL has been inflating the ARR to claim higher revenue. Perusal of year wise power purchase data given reveals that PSPCL is not exercising due care in its planning of power purchases as under:

a) **True Up for 2018-19**

a i) PSPCL has worked out the actual total rate per unit for Anta Gas Station as Rs 12.82/unit and for Auriya Gas station as Rs 27.68/Unit. These rates are abnormally high and occurring year after year. As per web site information, The Anta station was commissioned in March 1990 and Auriya station in June 1990. The useful life of Gas based thermal plants as per CERC Terms and Conditions of determination of tariff Regulations is 25 years which is already over in June 2015. Therefore, these projects need to be retired as we have done in case of GNDTP and GGSTP. As already requested last year also, the case needs to be taken with CEA, MOP and NTPC by PSPCL/GOP.

PSPCL's Reply:

Refer PSPCL's reply in Issue No. B iii(c) of objection No. 13.

Commission's view:

The objector may note the response of PSPCL.

a ii) On perusal of UI of TSPL and NPL indicate that TSPL over injected 21.18 MU and received Rs 3.72 Cr @ 175.56 Paisa per unit and NPL under injected 32.11 MUs and paid Rs 10.70 Cr @ 333.24 paisa per unit. However, UI power of PSPCL indicate that PSPCL under drawn 80.73 MU and have also paid Rs 73.08 Cr under UI. This is a double blow to consumers as power had also been surrendered and payment has also been paid. Thus, whereas IPPs of Punjab are managing their affairs very well, PSPCL is not able to manage its scheduling and drawl. The rate of Dadri Gas Station worked out as Rs 1.13/Unit seems to be wrong as the total cost of Rs 113.26 Cr has been paid for total power purchase of 13.682 Cr units which gives the per unit cost as Rs 8.28 per unit.

PSPCL's Reply:

PSPCL never intends to purchase of power through UI by overdrawing and sale power by under drawing through UI. Over drawl & under drawl are part of system, because Punjab being a heavy power consuming State where load variations are frequent & caused by a no. of reasons such as day & night, crops season, winter & summer – domestic load variations. Most of them are dependent on weather. UI cost indicates Net cost of under drawn & over drawn energy. During load crash situations, normally frequency is higher and UI rate is lower, so under force majeure conditions power in grid is injected at very lower rate and during normal periods when energy is drawn from grid even at normal rates, net figure of cost per unit of both under/over drawn energy comes out to be higher which results in net high per unit rate of UI. In view of this actual cost during True-up shall be considered. Further total per unit cost towards Dadri Gas station comes out to be 807.25 paisa/unit.

Commission's View:

Refer to Para 2.9 (i) of this Tariff Order.

a iii) The VC for short term power thro' traders had been indicated for 2019-20H1 (Actuals) as 422.76 ps/unit. Further, the open access charges had been shown as 13.78 Cr for 764.84 MUs i.e. 18 paisa per unit. However though these figures were appearing for H1 (Actually incurred) of 2018-19, these are not appearing in True up of 2018-19 in present ARR.

PSPCL's Reply:

Out of total 780.52 gross MUs (net MUs 764.84) shown under Short term power purchase during FY 2018-19 (H1) submitted in ARR 2019-20, 737.32 MUs are under Non-Solar RE Short term power purchase and balance power purchase was through Exchange. Now, PSPCL submitted 737.32 gross MUs under short term NRSE power and 504.51 gross MUs under short term power through exchange for FY 2018-19 (true up) in ARR 2020-21. And the open access charges for short term power are of Rs. 16.30 Cr.

Commission's view:

The objector may note the response of PSPCL.

a iv) Late Payment Surcharge and TDS of Rs 47.48 Cr need to be disallowed as Early Payment Discount is not being counted in Power Purchase cost and being retained by PSPCL.

PSPCL's Reply:

The Late payment surcharge and TDS have been claimed as per PSERC MYT regulations.

Commission's View:

Refer to Para 2.9 (ii) of this Tariff Order.

a v) Previous Year Payments need to be considered under prior period payments.

PSPCL's Reply:
The previous year payments in respect of central sector generating stations have been made towards the bills raised by various firms for previous period on account of revised energy charges, capacity charges, water usages charges, RLDC charges etc. on the basis of various CERC orders revising AFCs. However, previous year Charges against Sasan Power Ltd for FY 2018-19 and 2019-20 (H1) accounts towards various Supplementary bills raised by Sasan Power Ltd due to certain Change in Law events as allowed by CERC, APTEL and SCI. Further, previous year payments towards GVK has been made during FY 2018-19 on account of revised calculation of monthly bills in view of PSERC order dated 06.03.19 & 27.05.19 for FY 16-17 ,FY 17-18 and during FY 2019-20 H1 previous year payments has been made on account of reduced capacity charges for FY 17-18 as per PSERC order 12.9.19 in pet 37 of 2018 & revised calculation of monthly bills in view of PSERC order dated 06.03.19 & 27.05.19 for FY12-13, FY 16-17. In case of Mallana-II HEP, Previous year payments has been made on account of revised calculation of monthly bills in view of PSERC order dated 11.02.19 for FY 14-15,15-16,16-17,17-18.
Commission's View:
Previous year payments are taken as 'prior period expenses' and dealt with as per PSERC MYT Regulation.-2014

a vi) PSPCL has surrendered 80.73 MUs under UI and also paid Rs 73.08 Cr to UI pool account which is indicative of mismanagement and inefficiency. This transaction should be disallowed.
PSPCL's Reply:
Refer PSPCL's reply in issue No. 5(2) of objection No. 11.
Commission's View:
Refer the Commission's view in issue No. 5(2) of objection No. 11.

b) Revised Estimates for 2019-20
b i) The comments for Anta and Auriya Gas Station at a(i) above are also applicable for this year also.
PSPCL's Reply:
Refer PSPCL's reply in Issue No. 7 B iii(c) of objection No. 13.
Commission's View: The objector may note the response of PSPCL.

b ii) MOP had allocated 30 MW power from Unchahar-I station of NTPC to Arunachal Pradesh w.e.f. 1.2.2019 vide their letter no 3/6/19/OM dated 21.1.19 and revised allocation as per the Revision No 12/2018-19 for Punjab is 1.43% permanent share and 0.18% unallocated share totaling 1.61%. However, the fixed cost claimed for Unchahar 1 plant is Rs 23.05 Cr for 2018-19, Rs 22.31 Cr for 2019-20 and Rs 25.93 Cr for 2020-21 indicating that PSPCL has paid full fixed charges for all the years. This needs to be checked.
PSPCL's Reply:
MoP has allocated 30MW power from Unchahar-1 station of NTPC to Arunachal Pradesh vide their letter no 3/6/2018-OM dated 21/01/19 for three months w.e.f 1st February, 2019 to 30thApril, 2019. Accordingly, fixed charges has been paid to M/s NTPC towards Unchahar-1 generating station keeping in view the allocation to PSPCL and CERC regulations.
Commission's View:
The objector may note the response of PSPCL.

b iii) Purchase of power from Unchahar, Dadri II, Jhajjar, Singrauli Small Hydro, Pargati Gas, may be reviewed keeping in view the VC of PSPCL thermal plants.
PSPCL's Reply: Power available from Uchahar, Dadri II, Jhajjar & Pragati gas are only availed as per their lower variable cost in comparison to other stations. Load pattern varies during day and different seasons. To meet peak of day/year power from all projects needs to be availed at same time & surrendered during lean period of day/year. During surrender firstly costly power is surrendered. Moreover being the centre sector generating stations, even if power is not requisitioned by PSPCL from these stations, at times while running on technical minimum, some quantum is booked by NRLDC in order to maintain desirable availability of power in grid depending upon real time operation. PSPCL is following merit order in letter and spirit. It is evident from such minimal quantum of power from such stations. It is further submitted that Hydro plants are must run plants, Power from plants is must drawn in any condition.
Commission's View:
The objector may note the response of PSPCL.

b iv) The surrender of power needs to be reviewed/checked every month in view of changing scenario of coal cost due to allotment of coal mines thro' bidding process, variation in imported coal prices and increasing gas prices.

PSPCL's Reply:

PSPCL already has a practice to review variable costs of projects on monthly basis.

Commission's View:

The objector may note the response of PSPCL.

Issue No. D 5: TRANSMISSION & DISTRIBUTION LOSSES (T&D LOSS):

Issue No. D5 (a) T&D Loss Target were proposed in MYT ARR for 2017-18 as 14.25%, 14% and 13.75% for the MYT control period of 2017-18, 2018-19 and 2019-20 respectively and were accepted in TO for MYT period. In the present ARR for 2020-21, the actual T&D Loss for 2018-19 is indicated as 14.17%, 14% for RE 2019-20 and 13.90%, 13.80% & 13.70% for MYT control period of 2020-21, 2021-22 and 2022-23 respectively. While fixing the targets of T&D loss level for PSPCL, the loss level for PSTCL were fixed as 2.5%, 2.4% and 2.3% for 2017-18, 2018-19 and 2019-20 respectively. However, the PSERC had been approving the loss of 2.5% so far and now PSTCL has proposed Loss level for transmission system is proposed as 3% for the period 2019-20 to 2022-23.

Thus, the loss levels fixed by the Commission are not being achieved by PSPCL as well as PSTCL. This needs to be critically analyzed by the Commission.

PSPCL's Reply: PSPCL has been striving hard to attain the T&D Loss levels as fixed by the Commission. PSPCL has been able to significantly bring down the T&D losses to 14.17% in FY 2018-19 from16.34% for FY 2017-18 as approved by the Commission. Further, PSPCL has projected - 2.49% reduction in Distribution Losses by the end of FY 2022-23 from FY 2017-18. To achieve this, PSPCL requires adequate Capital Investment for the Sub–Transmission & Distribution System strengthening and its modernization. Accordingly, PSERC has approved the Capital Expenditure Plan for reduction in distribution losses

Commission's View:

Refer para No. 2.3, 3.3 & 4.3 of this Tariff Order and para No. 2.3, 3.3 & 4.3 of PSTCL Tariff Order for FY 2020-21.

Issue No. D5 (b): PSPCL is revising the T&D Loss level trajectory on its own. The loss level of 13.75% was projected for 2019-20 which is now proposed to be shifted to 2022. The reduction in loss level trajectory from 1% per year to 0.5% and now to 0.1% per year for PSPCL means that projections of cost recovery and cost benefit analysis of saving in power purchase and additional revenue given in the DPRs for obtaining huge loans for loss reduction programs will be disturbed, loan repayments will be delayed and additional interest burden will be loaded to consumers which will be greatly unfair. Therefore it is requested that the interest burden due to such shifting of loss targets be met from the internal accruals or performance incentives of the PSPCL. With the huge surplus scenario and huge cost of capital investment for further reduction of T&D loss by merely 0.1% each year, capital investment plan for loss reduction needs to be reviewed for cost benefit analysis taking variable coat of power saved instead of full power purchase cost. The objector feels that it will not be cost efficient to invest further in loss reduction programs.

PSPCL's Reply:

PSPCL does not revise the loss trajectory on its own. The loss trajectory is fixed by the Commission. The loss trajectory of 13.75% has been shifted to FY 2022-23 keeping in view the actual T&D Losses of 16.34% for FY 2017-18.

Commission's View:

Refer para No. 4.3 of this Tariff Order and para No. 4.3 of PSTCL Tariff Order for FY 2020-21.

Issue No. D6: Employees Expenses:

It is strange that for 2014-15 to 2016-17, the claims made were highly inflated and actual have come down drastically. As per APTEL order, audited Employee Cost has to be approved in True up. Therefore, either PSPCL needs to control the employee cost or else we request that all the recruitments of new employees should be subject to the approval of PSERC. PSPCL also needs to explain as to how it was giving justifications for inflated figures in the ARRs.

The following parameters of Employee Cost also need perusal:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employee Cost (Rs. Crore)	4397.99 (TU)	4551.57 (TU)	4480.97 (TU)	4656.74 (Actual)	4958.45 (RE)	5240.79 (Proj)
Total Sale in State (MUs)	40600	43778	47374	47407	49141	51333
Employee Cost per unit (Paisa/unit)	108	104	95	98	101	102
No of Employees	39157	39036	35413	35359	35957	36555
Per Employee expenditure in Rs. Lac	11.232	11.660	12.653	13.170	13.790	14.337

The above reveals that in spite of all the claims made by PSPCL for containing the employee cost i.e. reduction in no of employees, making urgent new recruitments on contract basis, increasing demand of power in the State and improved employees performance parameters etc., the employees cost per unit has started increasing and yearly average pay of each employee is increasing abnormally which is unjustified and defies any logic in reference with WPI and CPI. In spite of decrease in no. of employees in the ARR there is increase in employee cost per unit which needs to be looked into from WPI angle.

The abnormal decrease in employee cost during true up over the ARR figures confirms our argument that projections are initially inflated to claim higher revenue. PSPCL is unable to find the real cause of abnormal increase in employee cost year after year compared with the increase admissible as per Regulations in spite of repeated disallowances.

PSPCL's Reply:

The employee expenses have been claimed by PSPCL as per the Regulations specified by the Commission and PSPCL has never claimed inflated employee expenses. With regard to the query of the objector that the employee costs must decrease with the no. of employees it is submitted that the employee expenses are approved on a normative basis.

Commission's View:

Employee cost is allowed in line with PSERC MYT Regulations after prudence check.

Issue No. D7: Tariff for PIU industry based on power factor:

In Tariff Order for 2014-15, PSERC had approved the tariff of Rs 6.33 per KVA for PIU industry against 6.33/KWH prevailing in 2013-14. Thus, power factor incentive available to us in 2013-14 was withdrawn. However, the tariff of general industry was lowered from 6.33 to 6.14 paisa per unit. Same tariff has been continued for 2015-16. Thus, the PIU industry has been put in a disadvantageous position under two part tariff as in addition to existing 20 paisa per unit, PIU industry was loaded with Rs 35 to Rs 65/KVA/Month also compared with General Industry. Based on the comments submitted by PIU industry and submissions made in Public Hearings, the Commission reduced the FC in the T.O 2018-19. PSPCL opposed the merger of PIU and General Industry category as per para (vi) of Page 190 of ARR of the previous year on the same logic and has also failed to submit any proposal for checking of Harmonics.

PSPCL is conveniently forgetting that PIU industry has higher utilization factor and also better power factor than general industry. CEA regulations on connectivity and Supply Code provide for limits of harmonics which should be the guiding factor for injections of distortions.

PSPCL is charging higher tariff from PIU industry but has not installed any equipment like harmonics filter etc in the sub stations and the variations are being simply passed on to the other consumers. Checking of Harmonics will force the consumers to contain the distortions and this will increase the life of PSPCL equipment and thus will be beneficial to PSPCL also.

As such justice demands that under the present surplus scenario, the tariff for PIU industry should be lower or at least equal to general industry.

We also submit that tariffs based on KVAH should be rationalized and PSERC may look into it keeping in view the higher Power actor and higher Load factor of PIU industry and benefits accruing to PSPCL in view of improved voltage profile and reduced line losses and above all, all the expenditure on equipment installed is borne by the consumer. We also request that cross subsidy levels and voltage wise cost of supply for PIU and general category be worked out separately and shown in Tariff orders instead of single figure for both the categories to indicate the correct picture.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 12(2) of objection No. 12.

Commission's View:
Refer Commission's view in issue No. 12(2) of objection No. 12.

Issue No. D8: Cost of supply / HT rebate:
The voltage rebate of 25 paisa per unit is continuing for the last many years though the gap of cost of Supply is much more. Further, the calculations of cost of supply along with assumptions are not disclosed for study of stake holders. PSERC has also put a cap on the HT rebate and night rebate from the year 2019-20 by which the EHT and HT consumers from 220 KV to 11 KV are paying same tariff during night hours. The Commission is therefore requested to:-
a) Direct the PSPCL to be transparent on the cost of supply and make the complete calculations a part of ARR.
b) The cost of supply study be made more realistic and reliable by firming up the data required for the study since lot of computerization/digitization has taken place and IT practices have been introduced under APDRP schemes in PSPCL/PSTCL.
c) As per recent orders of APTEL in an appeal filed by the Objector, it has been ordered that Cross Subsidy Levels worked out on the basis of Cost of supply should be kept less than that of last year. Further cross subsidy levels based on average cost of supply basis should not exceed 20% limit.
d) Till the tariffs are determined based on cost of supply, voltage rebate for night hours be not capped with night rebate and be further enhanced to make it commensurate with the cost of supply.
e) As the Voltage Surcharge is levied on percentage basis, on the same analogy, voltage rebate should also be fixed on percentage basis.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
The objection is noted.

Issue No. D9: Return on Equity:
The FRP approved by GOP has increased the cost of assets by their revaluation/merging of consumer contribution, subsidies and grants with its equity leading to increase in the equity share capital of GOP in PSPCL from 2617.61 crore to 6081.43 crore w.e.f. 16.4.10 which has led to increase of ROE from 607.55 crore in ARR to 1411.50 crore i.e. an increase of 232% in both the figures without any fresh investment by GOP or PSPCL. This revaluation is causing cyclic increase in ARR for subsequent years also.
It will be appreciated that this revaluation of dead assets is neither a cash flow nor the increased cost of assets is reclaimable for cash flow. These revaluated assets remain in books only and it cannot be used for any improvement in financial performance of the licensees. GOP has already recalled its loans advanced to the then PSEB due to financial crunch in GOP due to huge subsidy amount of agriculture power. Now GOP may start recalling its equity from PSPCL or adjust it against the subsidy amount forcing financial crunch in PSPCL.
Further, Regulation 25.4 is very clear that only cash infusion is to be treated as equity for grant of ROE. The consumer contribution, grants and subsidies are not cash flow for the purpose of equity as per settled financial principles and this has been acknowledged by the Commission in the proposed amendment of Regulation 25.4 and more recently in MYT Regulations.
This matter was appealed 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 an Appeal against the order in Supreme Court and stay has been granted. Accordingly, we will approach the Commission to re determine ROE for all the years w.e.f. 2011-12 onwards after the verdict of the Hon'ble SC.
PSPCL's Reply:
The matter is sub-judice under the Hon'ble Supreme court and PSPCL has no comments to offer.
Commission's View:
The commission will take the call on the issue in accordance with decision of the Supreme Court, as and when given.

Issue No. D10: Conversion of Loans to be taken over by GOP under UDAY scheme:
Now PSPCL has proposed in the ARR that loans taken over by GOP under UDAY scheme on 31.3.2020 amounting to Rs 15628.26 Cr be converted into equity of GOP in PSPCL whereby GOP equity in PSPCL is proposed to be increased from 6081.43 Cr to 21709.69 Cr and increase in Return on Equity @ 15.9% from Rs 966.95 cr to 3451.84 cr.

It is to be seen that the para also states that matter regarding implementation of UDAY loan has been "discussed in earlier section of this order". However, no reference of the order is available where the conversion of all the loans into equity were discussed.

We invite the attention of the Commission to MOU entered into between PSPCL, GOP and MOP dated 4.3.2016 regarding implementation of UDAY scheme in Punjab submitted to the Commission vide CE/ARR & Tr letter no 481/CC/DTR/Dy CAO/246/Voll-1 dated 12.4.2016 which clearly says that the Loans of Rs 15628.26 will be adjusted by conversion of Rs 11728.26 Cr as GOP grant at the end of 5th year and Rs 3900 Cr as equity. GOP and PSPCL cannot make their own adjustments at this stage as it will kill the very purpose of the UDAY scheme and will be illegal.

It is also submitted that PSERC, for the purpose of grant of ROE, is required to consider the equity actually contributed and subscribed by GOP and must be through cash flow and not thro book adjustment as it will undue burden the consumers of the State. It is not necessary for the PSERC to consider the equity as projected by PSPCL for the purpose of ROE and can work out the actually contributed equity for the purpose of ROE.

In this regard, comments of the objectors on the ARR with UDAY effect submitted vide above referred letter dated 12.4.2016 wherein we have stated that the all the loans covered under UDAY does not qualify for consideration as PSERC had been disallowing large part of working capital loans and some capital loans in the tariff orders. We request that only accepted loans by PSERC as per TO 2016-14 be considered for adjustment under UDAY and PSPCL should also be asked to bear the liability of unapproved WC and Capital loans.

PSPCL's Reply:

Government of Punjab will be converting the UDAY loans of Rs.15,628 Crores into equity. As per PSERC MYT Regulations PSPCL is entitled to return on equity of 15.50% on the equity amount. Further, the working capital loans have been taken by PSPCL to fund its financials and PSPCL requests the Commission to allow it.

Commission's View:

Refer para 3.17 of this tariff Order.

Issue No. D11: Infusion of additional equity for Capital investment.

PSPCL is proposing additional equity for financing the capital investment plan to maintain Debt Equity ratio of 70% to 30% without disclosing the source from which the cash flow will be brought when PSPCL is showing loss in its Annual Financial Reports and no fund flow from GOP.

MYT Regulations are very clear that the Debt Equity ratio will be kept as normative 70: 30 if the equity is more than 30% and actual Debt equity if it is less than 30%. Therefore, there is no requirement of financing the capital works with 30% equity by taking loan on 8 to 9% and earning 15.5 to 16.5% ROE on the same. Such arrangement needs to be rejected outrightly with strong message to the Licensee that such attempts to increase the sale rate of power on artificial means.

PSPCL's Reply:

PSPCL has proposed equity of 30% has been projected as per the Regulatory framework issued by the Commission. Further, PSPCL earns profits in Regulatory accounts on account of RoE. PSPCL will be infusing from the earned profits.

Commission's View:

Return on Equity is determined by the Commission in-line with PSERC MYT Regulations after prudence check.

Objection No.21: Varun Steel & Castings Private Limited

Issue No.1: TOD tariff/ HT Rebate

The Commission in its tariff order for FY 2019-2020 had changed the terms of TOD tariff and made it un-favorable to the consumers drawing power at 66/132/220 KV voltage level. The minimum tariff has been fixed as Rs.4.45/unit under TOD tariff including the high voltage rebate given to the industry. In the previous year FY 2018-19. the minimum power tariff was Rs.4.28/unit excluding the voltage rebate, which is 25 paise/unit. For 2019-20, not only the minimum tariff was increased by 17 paisa/unit, but the voltage rebate of 25 paisa per unit was merged with it, increasing the night tariff tar 66 kV consumers by 42 paisa.

Thus, the night tariff for 8 months of the year was made same for all LS consumers drawing power at 11/33/66/132/220 KV voltage level. It is accepted fact that voltage rebate is not a concession or incentive but compensation of investment on High voltage Substation and savings accruing to PSPCL on transformation losses.

HT rebate is being granted in accordance with the Electricity Act 2003 which provides that tariff should

be in line with voltage wise cost of supply. Hon'ble APTEL has upheld this provision and Voltage rebate was also granted to Punjab consumers in view of the numerous orders issued by APTEL in this regard. In Tariff Order FY 2013-14, the Commission accepted that cost of supply for HT consumers is lower and accordingly given relief to the consumers drawing power at higher voltage. Due to the inability to charge cost of supply based tariff, voltage rebate is given to partially compensate such consumers.

Further, the Commission in its tariff order FY 2019-20 also calculated the cost of supply for 11 KV and 66 KV industrial consumers and the cross subsidy based on cost of supply. While the Cost of supply for 11 KV Consumers has been worked out as 6.86/unit, it is 6.22 per unit for 66 KV consumers. Thus, there is difference 64 paisa per unit whereas HT rebate was being given as only 25 paisa per unit which has now been reduced to 17 paisa per unit. Similarly, the cross subsidy paid by 66 KV consumers is 14.58%, which is much more than CS levels of 11 KV and LT consumers. Therefore, the action to merge the voltage rebate with the minimum tariff of Rs.4.45/unit is against the provisions of the Act, orders of the Hon'ble APTEL and also against the principles accepted by the Commission while granting this rebate and the same need to be restored to the consumers who draw power on 66 KV system.

There were no directions from GOP which is bearing the subsidy for grant of Energy charge of Rs 5/- per unit to industry as GOP had consented to continue the subsidy as per pattern of 2018-19. There was no demand from PSPCL in the ARR to this effect and the proposal was never put up in the Public domain. The tariff order was also silent as to the reasons requiring this action. Thus, the action of the Commission lacked conviction.

It is therefore requested that the matter of merging HT rebate in minimum tariff slab of TOD on urgent basis be reconsidered and the HT rebate may please be restored in the Tariff Order 2020-21 so that industry can continue to operate in Punjab and remain viable.

PSPCL's Reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply which would have defeated the purpose of giving concessional tariff. Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours.

Commission's View:

The suggestion is noted**.**

Objection No.22: Apex Chamber of Commerce and Industry

Issue No.1

Country is passing through a severe economic slowdown. Punjab has special reason to worry because it is predominantly an agriculture State. Hard work of people in Punjab is mainly responsible for the development of Industry in the absence of ingredients promoting industry. Ludhiana is the commercial capital of Punjab. Power rates affect the economics of industry vitally. PSPCL has its own problems.

To strike the proper balance Regulatory Commission plays a very predominate role. It is learnt that Regulatory Commission is thinking of avoiding public hearing at Ludhiana. This is perhaps based on some disturbance last year, perhaps by some political workers. Miscreants can be expected anywhere anytime. This can be handled by the administration with strong hands. Miscreants should not be allowed to affect such a vital gathering on economic issue.

In view of above fact public hearing of Regulatory Commission to have the views on power rates from the affected industry must be held at Ludhiana. Administration can be informed before hand to keep the miscreants at Bay. The absence of Public hearing in this slowdown will speak differently on the role of the Regulatory Commission.

PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
The Commissions reaches out to new consumers every year and hence the Public Hearings are conducted at different cities in addition to the Commission's office at Chandigarh. All consumers are welcome to attend at any venue. The Ludhiana consumers were specifically invited and they did attend the hearing in Chandigarh.

Objection No.23: Mr. Kulwarn Singh Atwal.

Issue No. 1:
PSPCL should be run in a more professional was as the present set up system of Technocrats has failed in first finalizing agreements for purchase of power and later failed in representing the case in courts. Medial discussions and mudslinging by Congress & Akalis have brought the cat out. PSERC should ask PSPCL to bring more members from all categories of consumers who have to bear the cost of expensive power. The consumer has to pay for the aged inefficient and politically recruited staff in the guise of providing jobs to jobless. Outsourced staff is efficient and inexpensive and more caring; reduce salary bill of PSPCL and less burden on consumer. PSPCL should reduce its cost as per adjoining Himachal Pradesh & Delhi.
PSPCL's Reply:
The query does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
PSPCL would benefit from more efficient practices.

Issue No.2:
Power supplied to AP consumers in night shift is of no use. The labour is unwilling to irrigate fields at night due to free movement and fear of wild boars and cows roaming in fields. Moreover, if tube wells are switched on at night lot of water is wasted. The cost of power at night to Agriculture Sector is same as in day and no relief on subsidy bill of Govt. of Punjab. The State is surplus in power, power generation units lying closed should generate during day and no generation be made for agriculture sector at night. The farmer should have liberty to switch on his motor during day, at par with industry & NRS beneficiaries.
Though there are fixed timings but supply is not given in that time & switched off abruptly without informing, a lot of wasted and electricity is unutilized when tube well, industrial supply is given which is unattended by farmer/worker. To stop wastage, What's app group of a particular feeder, village, farmers, industrial consumers would be made or mobile SMS service should be started to inform the consumers about the power supply timings. Monthly/Quarterly charges as per banking norms can be collected from farmers for the service.
PSPCL's Reply:
The query does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
The objector may note the reply of PSPCL.

Objection No.24: UDYOG NAGAR MANUFACTURER'S ASSOCIATION:

Issue No. 1:
Electricity rates in Punjab are too high in comparison to neighboring States. Any hike of electricity will lead to slow down of industrial output and lower the consumption thereof. So, there will be decrease in revenue of PSPCL due to lower consumption of electricity.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. Further, the determination of Tariff is the prerogative of the Commission.
Commission's View:
The Tariff is determined by the Commission after prudence check of ARR petition and as per PSERC Tariff Regulations.

Issue No. 2:
In case of LS connection, an individual Gang Switch was installed outside the premises of Industrial unit, in case of any fault in any unit these switches were used to isolate the concerned unit. But these switches have been removed. Due to this when there is some fault in transformer or switches of any industrial unit, whole feeder has to be shutdown and all industries falling under the feeder comes to halt. This leads to loss of revenue of both PSPCL & Industries. So G.O. switches or some mechanism should be installed to solve the problem.
PSPCL's Reply:
The query does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
The objector may note the reply of PSPCL.

Issue No.3:
In August 2019, a number of industrial unit were unable to make payment on last date due to "Punjab Bandh" on that day and have to make payment on the next day with surcharge. It was informed to concerned officers on that day telephonically and request letter on whatsapp Bandh was called after demolition of Shri Guru Ravidas Mandir, Delhi on 10th of August,2019 which is Saturday of the Month, 11th was Sunday,12th was EID holiday (All bank Holiday). 13th August was the last date of payment. On this day even the movements of the person were restricted and banks were closed. Copies of bill of the two of the effected consumer and letter sent to concerned officers are attached herewith.
As per Electricity Laws the last due bill payment automatically goes to next working day in case of any closure. So, the surcharge should be adjusted in our next electricity bills. The requested letter for waiving of that surcharge has been given to the concerned authorities but nothing happened till date.
PSPCL's Reply:
The query does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
The objector may note the reply of PSPCL.

Issue No.4
Charges other than monthly charges & any disputed charges should be sent separately to consumers. As consumers has to get done amendment from the department every time to pay it online. This leads to unnecessary harassment.
PSPCL's Reply:
The query does not relate to the Tariff Petition filed and shall be dealt separately.
Commission's View:
The issue does not relate to the ARR Petition. However, PSPCL needs to settle the issue to the satisfaction of the consumers**.**

Objection No.25: District Jalandhar Beopar Mandal.

Issue No. 1:
1) That the sum of Rs. 1420/- Crore to be paid or paid by PSPCL relates to be washing charges of coal to two thermal plants in Rajpura & Talwandi Sabo for the period of 2012-13 to 2019.
2) The process of coal washing was to be done by the producer plants and not the distributors PSPCL.
3) That PSPCL has been charging from consumers at the rate fixed from time to time by either Punjab State Electricity Regulatory Commission or by PSPCL.
4) That it is totally unjustified and against the principles of natural justice to burden the consumers in the State who are facing already the economic slowdown after demonetization and introduction of GST.
5) The practice of burdening the consumers every time with retrospective effect is totally unjustified and illegal.
6) That the Punjab Government in its Industrial Policy-2017 announced on 01.11.2017 that existing and new units will get assured power @ Rs. 5/- per unit net for fixed period of 5 years. Hence the increase of rate after 01.11.2017 is ultra-virus and illegal.

PSPCL's Reply:
The amount of Rs.1423.82 Crore is on account of the judgment and Order dated 07.08.2019 passed by the Hon'ble Supreme Court in contempt petition(Civil) No.1766-1767 of 2018 filed by TSPL and Contempt petition(Civil) Nos.1277-1278 of 2018 filed by NPL. Further, the Commission vide Order dated December 24, 2019 approved the recovery of the said amount through separate surcharge of

Rs. 0.30/kWh for the period of twelve (12) months commencing from January 1, 2020. Further, the determination of Tariff is the prerogative of the Commission.

Commission's View:

The objector may note the reply of PSPCL. However, grant of subsidy to the consumers is the prerogative of the Commission.

Objection No.26: Pathankot Road Manufacturers Association.

Issue No.1: Peak Load Hours:

For the last 40 years, timing of PLH were for 3 years i.e. from 6 to 9 PM or so. After the introduction of TOD, it has been increased to 4 hours i.e. 6 to 10 PM. This is set back to industry. It is worthwhile to mention here that in the starting of TOD, PLH were 3 hours but later on it was increased to 4 hours without any need.

PSPCL's Reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Commission's View:

Noted.

Issue No.2 - Rate per unit during PLH and Night Usage:

During PLHs Rs 2/- are charged from the industry whereas during night usage, rebate of Rs 1.25 is given. It should be both ways. Either PLHs should be charged Rs 1.25 per unit or night rebate should be Rs 2.00 per unit.

PSPCL's Reply:

There are certain times in a day when the demand for electricity is at its peak and certain times where it falls, this distorts the load curve of the Utility. To flatten the peak and implementing various energy conservation measures, electricity is made expensive during peak hours so that consumers use less electricity during these hours. Electricity charges during off peak hours are also reduced as an incentive for people to use more electricity during the off peak hours.

Commission's View:

The objector may note the reply of PSPCL. Also refer to Para 5.2 of this Tariff Order.

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Issue No.3 - Restriction of Minimum rate of unit/night usage:

Minimum rate is fixed at Rs 4.45 per unit. Units using electricity at night are unable to get the benefit due to this minimum rate. Minimum rate should not be applicable for night usage units.

PSPCL's Reply:

Regarding the matter of capping, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being the marginal cost to generate additional energy.

Commission's View:

The suggestion is noted. Also refer to Para 5.2 of this Tariff Order.

Issue No.4: Threshold limit/excess consumption:

Lower rate of electricity is given to industry which is using more electricity as compared to last 2 years. Consumption should be compared with one year i.e. last year only. Secondly, this should also supersede the minimum rate clause.

PSPCL's Reply:

It is intimated that determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view. Regarding the matter of capping, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being the marginal cost to generate additional energy.

Commission's View:

The suggestion is noted**.** Also refer to Para 5.1 of this Tariff Order.

Issue No. 5 - Payment through Credit Card/Charges:

PSPCL has made a lot of arrangements for online payment of bills. Payments through Amazon,

Paytm are free of Charge but the PSPCL is charging 0.75% of bill amount if the payment is more through website of PSPCL through Credit Cards. This is not justifiable. There should be Cap of maximum charges as per other payments options.

PSPCL's Reply:

The issue does not relate to the Tariff Petition filed and shall be dealt separately.

Commission's View:

The objector may note the response of PSPCL. However, facilitating online payments is in the interest of the PSPCL.

Objection No.27: Federation of Jalandhar Industrial and Traders Associations.

Issue No. 1: Demand of power @5 Rs/unit

Punjab Govt. had promised us in 2017 to provide power @ Rs. 5 Per unit to all the industries. But PSPCL implemented 2 Part Tariff simultaneously. This implementation has worsened the situation of small-scale industries. Early industry was getting power @ 7.35 Rs. Per unit. Now the industries consuming less power are getting bills @ 9-10 Rs. Per unit because of 2 part tariff.

PSPCL's Reply:

Single Part tariff has been converted into Two Part Tariff at an average utilization factor (U.F.) of each category. Two Part Tariff for respective categories has been split at certain U.F., there may be consumers having UF above the Utilization Factor at which the tariff has been designed and consumers having Utilization Factor below the level of designed Utilization Factor. In case we fix MOR tariff equal to Single Part Tariff, all consumers having UF above designed Utilization Factor shall be paying less than Single Part Tariff determined by the Commission and all consumers having UF below designed Utilization Factor will be paying the revised Single Part Tariff only, though they were required to pay higher than revised Single Part Tariff as per designed Two Part Tariff.

Commission's View:

The objector may note the reply of PSPCL. However, subsidy is in the purview of the State Government.

Issue No.2- Fixed Charges

Industry is going through big crises from a very long time. Currently industry is burdened with the fixed charges that are calculated on Sanctioned Loads. This is a big injustice. Fixed charges should be calculated on MDI instead of Sanctioned Load.

PSPCL's Reply:

Fixed charges are to be calculated on Sanctioned Load only.

Commission's View:

The fixed charges are levied at 80% of the contract demand or actual MDI whichever is higher.

Issue No.3: Limit of SP connection & MS connection

There is a demand going on from a very long time. Limit for Small Power Connection should be increased to 50 KW & Medium Supply should be increased to 200 KW in order to help the industrial growth.

PSPCL's Reply:

The determination of Tariff is the prerogative of the Commission.

Commission's View:

The Commission notes the suggestion**.**

Issue No.4: Burden of 1420 Crore Rs. On PSPCL Consumers

PSPCL is going to collect Rs. 1420 Crore in the shape of new charges to its consumers, which is to be paid or has been paid by PSPCL as the washing charges of Coal of Thermal Plants of Rajpura & Talwandi Sabo for the period 2012-13 to 2019. The, Coal washing charges has to be paid by the producer plants & not PSPCL who is only the distributor. This is direct injustice Industry in not in a situation to bear this burden. Govt. should take measures to help industry in growth instead of harassing & burdening it.

PSPCL's Reply:

The amount of Rs.1423.82 Crore is on account of the judgment and Order dated 07.08.2019 passed by the Hon'ble Supreme Court in contempt petition(Civil) No.1766-1767 of 2018 filed by TSPL and Contempt petition(Civil) Nos.1277-1278 of 2018 filed by NPL.Further, the Commission vide Order dated December 24, 2019 approved the recovery of the said amount through separate surcharge of

Rs. 0.30/kWh for the period of twelve (12) months commencing from January 1, 2020.
Commission's View:
The objector may note the response of PSPCL.

Objection No. 29: CYCLE TRADE UNION (REGD).

Issue No. 1: Our Association strongly oppose any increase in tariff as well as fixed charged for all types of consumers of Punjab because we did not trust the inflated, enhanced, created as well as fabricated shown figures in above said petitions without the production of Audited-Certified sheets of the PSTCL and PSPCL for the year 2017-18 and 2018-19 to check the truth and irregularities of PSPCL and PSPCL. Moreover, the tariff of Punjab is already unbearable. The PSTCL and PSPCL are white elephants of Punjab. These should be handed over to the payers as is done by the Central Government.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. Further, the determination of Tariff is the prerogative of the Commission.
Commission's View:
The Revenue gap is determined by the Commission keeping in view the expenses and income as per MYT Regulations. The Tariff Order is issued after prudence check and due diligence.

Objection No. 30: Apex Chamber of Commerce.

Issue No.1: TOD night Tariff inclusive of HT Rebate
In compliance to APTEL orders to determine voltage wise category wise cost of supply to determine cross subsidies based on cost of supply in line with Electricity Act 2003 and to gradually reduce the same, PSPCL carried out the study on Cost of Supply, which was a part of ARR 2013-14 and PSERC accepted methodology II of the study and Voltage wise and category wise Cost of supply for 2013-14 in TO 2013-14. Accordingly, recognizing that cost of supply in case of 66 KV consumers is less than 11 KV consumers, HT rebate for such consumers was introduced. The practice is since continuing and rebate of Rs 0.25 /unit for 66 KV is being granted. We had been requesting through comments on ARRs for the previous years to further increase the HT rebate as 66 KV consumers are not fully compensated with meager 25 Paisa HT rebate. However, we were surprised to find that in the Tariff order 2019-20, PSERC ordered that Energy Charge during 8 hours of night period for 8 months will be capped at Rs 4.45 inclusive of HT rebate. No such clause existed during 2018-19 and HT rebate was granted in addition to Tariff of Rs 4.28 fixed for night period. There was no request by PSPCL in the ARR for such capping. Thus, after the grant of subsidy by GOP, 66 KV consumers were charged Rs 4.03 as EC during TOD night period in 2018-19 whereas in 2019-20, they have been charged Rs 4.45 increasing their tariff by 42 paisa during night hours against 11 paisa during balance 16 hours of 8 months. This action has hit the 66 and 220 KV consumers very hard as all consumers at 11, 66 and 220 KV consumers are paying same Energy charge of Rs 4.45 during TOD night hours, thereby withdrawing even the meager benefit granted due to difference in Cost of Supply as per APTEL orders. By this action, PSERC has presumed that the cost of supply is same for all voltage levels during night hours which are not correct. We request that while issuing tariff order for 2020-21, the status of 2018-19 may be restored and in view of large difference in cost of supply of 11 KV and 66 KV, the HT rebate may be further increased.
The voltage surcharge is being levied in percentage terms i.e. a consumer required to take supply at 66 KV but taking supply at 11 KV is levied voltage surcharge of 10% but voltage rebate is flat 25 paisa per unit. Therefore, we request that Voltage rebate be increased proportionately and fixed in percentage terms.
PSPCL's Reply:
The determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of PSPCL in view.
Commission's View:
The objection is noted.

Issue No.2: Maximum overall rate (MOR) for the industry under two part tariff system.

PSERC introduced two part tariff system retrospectively with effect from 1/4/2017 vide tariff order dated 23.10.2017 but was later reviewed and modified vide order dated 9.11.2017 to single part system from 1.4.2017 to 31.12.2017 and two part system was made applicable for 3 months of 1.1.2018to 31.3.2018.This was after the industry brought the difficulties to the notice of the PSPCL, GOP and this Commission. One of the adverse impact of the two part tariff is the exponential increase in per unit cost after considering the impact of fixed charges for low end industries passing thro' low demand phase due to recession in economy or low utilization factor etc.Though the fixed charges have been kept lower for low end consumers but per unit impact is still very higher for Small and Medium Enterprises having contract demand of above 100KVA.

The fixed charges for the consumers falling in the category 100 KVA – 1000 KVA for the category of PIU industry is Rs170/KVA/Month and Energy Charge of 593 paisa per unit.The fixed charge works out to 24paise per KVAH per 100 % utilization factor and for a MSME consumer running his factory for 4 hours a day for 20 days will work out to be 213 paisa per unit and total billing with 20% ED+IDF works out to (593+213) X 1.2 = 967 paisa per unit and more than Rs 12 per unit during peak hours of Peak TOD. The rate per unit will increase if the usage reduces further due to market conditions or low demand phase as happened in the recent past.

Keeping in view the difficulties of such consumers, GOP was kind enough to agree to the concept of MOR for the industry for the period 1.1.18 to 31.3.18.Thereafter the MOR facility has been withdrawn. It is a well-known fact that SMSEs are the backbone of Punjab economy and business environment for them must be to facilitate their operations. PSPCL has not touched the issue in Chapter 5 of the ARR titled Proposed tariff for 2020-21.

Keeping in view the genuine difficulty of the lower end consumers employing thousands of workmen and as approved by GOP also, we request the Commission to introduce the Maximum Overall Rate for industryto give relief to industry operating on the margin otherwise these are bound to suffer financially causing huge blow to the efforts of GOP to revive the industry in Punjab.

PSPCL's Reply:

Single Part tariff has been converted into Two Part Tariff at an average utilization factor (U.F.) of each category. Two Part Tariff for respective categories has been split at certain U.F., there may be hundreds of consumers having UF above the Utilization Factor at which the tariff has been designed and hundreds below this designed Utilization Factor. In case we fix MOR tariff equal to Single Part Tariff, all consumers having UF above designed Utilization Factor shall be paying less than Single Part Tariff determined by the Commission and all consumers having UF below designed Utilization Factor will be paying revised Single Part Tariff only, though were required to pay higher than revised Single Part Tariff as per designed Two-Part Tariff. This will result in perpetual revenue loss.

In view of PSPCL, there should not be MOR concept in two-part tariff system or it has to be fixed sufficiently higher than Single Part Tariff.

Commission's View:

The Commission agrees with PSPCL that there should be no maximum overall rate (MOR) concept in the two part tariff system.

Issue No.3: One tariff for LS industry (Removal of sub categories based on CD)

In single part tariff, same tariff rate was applicable to all consumers of the category, in two-part tariff, sub categories have been created based on the CD. The tariff i.e. fixed and energy charges both have been kept lower for consumers with lower CD. However, the conversion of single part tariff to two-part tariff for revenue neutrality and subsidy levels were worked out for all PIU consumers treating them as one category. Thus, such LS consumers with CD between 100 to 1000KVA are being subsidized at the cost of consumers with CD above 1000 KVA. This sub categorization within one category of industry gives heart burning to consumers at the margin. Thus, a consumer with 950 to 990 KVA Demand is unduly benefitted compared to a consumer with 1010 to 1050 KVA demand since the per unit effective cost of power increases abnormally for the later consumer. It is also pointed out that the basis for this categorization i.e. Contract demand is not a valid basis for differentiation as per Section 62(3) of the Act 2003. Sub categorization be dispensed with immediately and MOR be introduced which will take care of low utilization factor of industries appropriately.

Electricity is a commodity and tariff should be same and linked with CD and consumption only and different tariff rates fixed for consumers having low and high CD & Consumption is against the Section 62 (3) of Electricity Act 2003 which no-where provides different tariff based on connected load or consumption. We also request that while re-fixing tariff for any category, revenue neutrality need to be ensured for PSPCL as a whole and not for that category.

PSPCL's Reply:
It is the prerogative of the Commission. Further as far as the proposal sent by PSPCL is concerned it is submitted that revenue neutrality has been considered by PSPCL.
Commission's View:
Sub-categories within the LS category were created based on their utilization factors. However, the suggestion is noted.

Issue No.4: TARIFF FOR POWER INTENSIVE LS INDUSTRY (PIU):
In Tariff Order for 2014-15, while adopting KVAH tariff, PSERC had approved the tariff of Rs 6.33 per KVAH for PIU industry against 6.33/KWH prevailing in 2013-14. Thus power factor incentive available to us in 2013-14 was withdrawn. However, the tariff of general industry was lowered from Rs 6.33 to 6.14 per unit. Same tariff continued for General and PIU categories in 2015-16. The PIU industry has been put in a disadvantageous position under two part tariff vis-à-vis general Industry while changing over from single part tariff to two part tariff as in addition to existing difference of 20 paisa per unit on 31.12.2017, PIU industry has been loaded additionally with Rs 65/KVA/Month of fixed charges on 1.1.2018.This difference is persisting thereafter. Though higher MMC was applicable earlier on PIU category. But it was not affecting 99% of consumers since their consumption was higher than MMC. However, the fixed charge is applicable irrespective of usage/non usage of power and the difference is now apparently hurting us.
PSPCL recovers higher tariff from PIU consumers, but does not install any equipment at its end proving thereby that no harmful effect occurs on the grid due to PIU industry. Further, data supplied by PSPCL along two part tariff proposal indicate that PIU industry has high Utilization Factor than General Industry proving that assets deployed for PIU industry is giving higher returns to PSPCL. PIU industry also maintains higher Power factor than General Industry and thus has better voltage profile. It is unfair to impart undue preference to General Industry consumer's vis-à-vis PIU. As such justice demands that under the present surplus scenario, there is no justification for creating two sub categories under LS category and these needs to be merged.
PSERC also acknowledged the arguments put forward by us 2018-19 and observed in Para 4.5.1 of TO as under:-

> *The Commission notes that the provisions for compliance with the specified harmonics standards, measurements/monitoring of harmonics currents generated by a consumer and provision for penal action against consumers contributing harmonic distortion in excess of the specified standards already exists in Regulation 24 of the Supply Code 2014. However, PSPCL is yet to submit a proposal before the Commission, regarding the penalty to be levied on the consumers contributing harmonic distortion in excess of the specified standards.* ***Thus, till a system for measurements/monitoring of Harmonics currents generated by a consumer and levy of penalty on the consumers contributing harmonic distortions in excess of the specified standards is put in place, the Commission decides to give some relief in the fixed charges payable by the Arc/ PIU units.***

In reply, PSPCL in para iv of page 190 of ARR 2019-20 stated as under:-

> *In case of Arc Furnaces and other PIU industries, tariff should be kept higher, since they affect the distribution system of PSPCL more than that of General Industry as load of these PIU industry is nonlinear which distorts the voltage wave form and pollutes the power quality. The presence of harmonics in the system reduces the Distribution capacity of the utilities and increases losses.*

In this regard we submit that CEA vide amendment dated 6.2.2019 of Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007, has substituted the paragraph 2 and 3 of Part IV as under:-

> *"(3) Voltage and Current Harmonics. - (i) The limits of voltage harmonics by the distribution licensee in its electricity system, the limits of injection of current harmonics by bulk consumers, point of harmonic measurement, i.e., point of common coupling, method of harmonic measurement and other related matters, shallbe in accordance with the IEEE 519-2014 standards, as amended from time to time;*
> *(ii) Measuring and metering of harmonics shall be a continuous process with meters complying with provisions of IEC 61000-4-30 Class A.*
> *(iii) The data measured and metered as mentioned in sub-paragraph (ii) with regard to the harmonics, shall be available with distribution licensee and it shall also be shared with the consumer periodically.*
> *(iv) The bulk consumer shall install power quality meter and share the recorded data thereof*

with the distribution licensee with such periodicity as may be specified by the appropriate Electricity Regulatory Commission:

Provided that the existing bulk consumer shall comply with this provision within twelve months from the date of commencement of the Central Electricity Authority (Technical Standards for Connectivity to the Grid)(Amendment) Regulations, 2018.

(v) In addition to harmonics, periodic measurement of other power quality parameters such as voltage sag, swell, flicker, disruptions shall be done as per relevant International Electro technical Commission Standards by the distribution licensee and the reports thereof shall be shared with the consumer.

(vi) The distribution licensee shall install power quality meters in a phased manner within three years from the date of commencement of the Central Electricity Authority (Technical Standards for Connectivity to the Grid)(Amendment) Regulations, 2018 covering at least 33% of the 33 kV substations each year."

Thus PSPCL cannot continue to reiterate the same arguments time and again. When connectivity standards are not differentiating between types of industries, PSPCL cannot take the shield of voltage sag-swell, flicker and harmonics etc. The PSERC is requested to look into it keeping in view the benefit accruing to PSPCL on account of higher Power factor and bulk consumption i.e. improved voltage profile and reduced line losses and above all, all the expenditure on equipment installed being borne by the consumer and merge these two categories.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 12(2) of Objection No. 12.

Commission's View:

Refer Commission's view in issue No. 12(2) of Objection No. 12.

Issue No. 5: Increasing the eligible Contract Demand on 11 KV to 4950 KVA

The Commission has already increased the contract Demand on 11 KV Voltage from 2500 KVA to 4000 KVA vide 2nd amendment of Supply Code Regulations 2016 dated 5.10.2016. For availing demand above 4000 KVA, voltage connectivity is required at 66 KV. We have been requesting the Commission to increase the eligible limit of CD on 11 KV to 4950 KVA. However, PSPCL has been opposing the suggestion on the plea that it will increase the T&D Losses of the utility.

In this regard we reiterate that the issue needs to be considered from the revenue side rather than Loss. As per data submitted by PSPCL in ARR, The number of consumers for 2020-21 having CD above 2500 KVA are only 258 Number with demand of 2786 MVA. Prior to the Amendment, all consumers above 2500 KVA were connected at 66 KV. Only those consumers having demand between 2500 -- 4000 KVA and connected at 11 KV presently may seek extension of CD to 4000 – 4950 KVA if this is permitted. The number will not be such which may disturb the T&D Loss of the licensee. In any case, the losses can be brought down by augmenting the conductor of the 11 KV line to the higher size at the cost of consumer. Therefore the apprehensions of PSPCL on this count are not correct.

Further, the erection of new 66 KV lines and towers in the existing already developed industrial areas is difficult due to permanent structures already constructed posing serious right of way problems. The release of additional Demand under such conditions will be technically non feasible depriving the PSPCL of possible additional revenue. However if increased CD is allowed on existing 11 KV line, there will be very minor and negligible overall increase of losses but PSPCL will start getting Rs 300/KVA/Month of fixed charges and Rs 6 per unit on additional demand and consumption which will be much above the losses. We agree to bear the cost of upgrading of the 11 KV line conductors and other equipment.

New Induction furnaces are of 3800 to 4000 KVA which are more efficient with less consumption/ton of scrap handled. If the CD is increased to 4950 KVA, the consumer can plan for a pipe plant or rolling mill along with the upgraded induction furnace enhancing the viability of the project which will motivate the industry to invest in the project. This will enable the GOP to achieve the target of setting up additional industry in Punjab.

PSERC is requested to consider our proposal as it will be a win win situation for both consumers and PSPCL as well as for the State.

PSPCL's Reply:

On the persistent demand of industrial consumers, 11 kV supply voltage was increased for loads from 2500kVA to 4000kVA vide 2nd amendment to Supply Code-2014 notified by PSERC vide notification dt. 05/10/16 and instructions in this regard were circulated vide Commercial Circular No. 51/2016 dt. 11.11.16. The Commission has already considered the prevalent voltage for loads in the other states and technical constraints in allowing the same. The theoretical power carrying capacity of 11 kV line

with 100mm^2 ACSR conductor is 4839 kVA. However, loading the line up to its maximum capacity will stress the system to a greater extent and therefore, the same may not be accepted and moreover induction furnaces and rolling mills have jerk load, though it is not recorded but it has impact on the system.

Commission's View:

The issue does not relate to the instant petition.

Issue No.6: Grant of Night Rebate and levy of Peak Charge in monthly bills

The TOD is applicable on LS, MS, BS and NRS consumers with CD exceeding 100 KVA. Thus thousands of consumers become liable to pay peak charge or receive night rebate at 00 hours of the appointed day. In addition to above, now, PSPCL has changed the billing cycle of industrial consumers from 1st of each month to 21st of each month. PSPCL's action put the LS industrial consumers in great difficulty during October billing as billing for peak charges for 21st Sept to 30th Sept and night rebate for 1st Oct to 20th Oct was charged on proportionate basis in the absence of reading of 1st Oct. Consumers did not use power during peak hours from 21st to 30th Sept but were billed for Peak Charge on proportionate basis for power consumed during 1st to 20th Oct treating this as consumption for 21st Sept to 20th Oct. Similarly night rebate was reduced as night consumption of 1st to 20th Oct was taken for 21st Sept to 20th Oct 2019.

Thus the bills issued are being prepared by PSPCL as per their suitability. The consumer is made to suffer in the process and peak charges are claimed in excess and night rebate is curtailed.

We fear that unless suitable directions are issued to PSPCL, same thing will happen on 1st of June this year when TOD tariff will change over.

Therefore we request that

i) PSPCL be directed to start AMR on all LS consumers

ii) Till AMR is introduced, manual readings need to be taken on 1st of June and 1st of Oct in addition to readings on 21st of each month.

iii) Or else the TOD changeover should take place on the meter reading date i.e.21st of June and Sept each year.

We also request that penalty for wrong billing is introduced in the Standard of Performance.

PSPCL's Reply: PSPCL has already taken up the project of AMR on all consumers having load > 100 KVA. Presently, PSPCL has 10549 (6459 in SAP and 4090 in NON SAP) consumers with load > 100 KVA. A total of 7927 (6201 in SAP and 1726 in NON SAP) have been installed with AMR facility. The remaining 2622 (258 in SAP and 2364 in NON SAP) consumers should be brought on AMR in near future.

Commission's View:

PSPCL to address the issue to the satisfaction of consumers.

Issue No. 7: Revenue Assessed and Revenue earned as per Tariff Orders in Projections and True Up.

Perusal of the TOs being presented year after year indicate that the revenue earned as per True Up is always less than the revenue projected in the tariff orders. It is evident that recovery is less by around 600 to 2700 Cr and there is some serious error in the methodology of assessment of revenue and revenue actually earned. The reasons for these needs to be investigated as PSERC is permitting increase in tariff to meet the ARR of licensee but PSPCL is not able to recover the revenue from existing consumers shifting the burden on future consumers who are not responsible for the same.

PSPCL's Reply:

ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.

Commission's View:

Refer to Para (Revenue) 2.29 and 3.31 of this Tariff Order.

Issue No.8 - Agriculture Tariff less than Cost of Supply

i) The absolute cost of power supplied to agriculture sector has been growing consistently at very high rate. Providing the power at the subsidized rate of Rs 5.28 per unit, which is far less than the actual cost of power will seriously affect the interest of industrial consumers in the State.

ii) Induction furnace and Rolling mill industry (PIU Category) to which the Objector belongs consumes power extensively and the cost of power is more than 50-60% of the operating costs and this is the reason that almost 50% industry was closed and rest of them was running in one shift prior to grant of

subsidy by GOP. 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.

iii) The Commission is requested to fix the quantum of subsidized power to be supplied to agriculture and quantum above that ceiling be charged at full rate so that cross subsidy is kept in manageable levels.

PSPCL's Reply:

The determination of cross subsidy is the prerogative of the Commission.

Commission's View:

The Commission has always endeavored to reduce the cross subsidy as provided in the Tariff Policy. However, It is Govt.'s purview to grant subsidy to different categories of consumers.

Issue No.9 - Return on Equity

PSERC has been allowing Return on equity as per CERC Regulations which was 15.5% for the period 2014-18 and around 15.93% for 2020 onwards. This ROE is being retained by PSPCL and not transferred to GOP in whose name the equity stands in the balance sheet of the Company on the plea that the company is in loss and does not have surplus funds to pay dividend.

It is evident that Return on Equity being recovered by PSPCL is being adjusted against unapproved expenditure/other liabilities and the tendency is continuing unabated. PSPCL will not introspect to economize and work efficiently till the ROE is continued to be paid.

It is also noted that ROE starts accruing only after the assets are capitalized whereas in the ARR, PSPCL has claimed contribution of equity simultaneously with the loan amount which is wrong.

Further to above, we invite the kind attention of the Commission to the Tariff order issued by UPERC for "Determination of APR for FY 2017-18 & FY 2018-19 and ARR for FY 2019-20 and True up of ARR for FY 2016-17 for UPPTCL" in which

i) ROE is granted for equity corresponding to 30% value of assets capitalized.

ii) ROE is only 2% in view of large gap in revenue earned and requirement.

In view of the huge equity addition proposed by PSPCL for conversion of UDAY bonds issued to GOP while taking over 75% of long-term loans, amount of equity is set to increase from present 6071.43 Cr to 22439.49 Cr, in 2020-21 and ROE is set to increase from present Rs 942.68 Cr to 2266.76 Cr. The situation being similar to UP, We request the Commission to seek voluntary reduction of ROE from GOP, PSPCL and PSTCL so as to give relief to the consumers.

PSPCL's Reply:

The Government of Punjab will be converting the UDAY loans of Rs.15,628 Crores into equity. As per PSERC MYT Regulations PSPCL is entitled to return on equity of 15.50% on the equity amount.

Commission's View:

Return on Equity is considered by the Commission in-line with PSERC MYT Regulations.

Issue No.10 - Wrong Billing of Consumers opting for Special Night tariff

Many of our members have opted for Special Night Tariff and running the industry for 12 hours between 10 PM to 10 AM of next day. Due notices of changeover were given to PSPCL and most of the consumers opted from 1.10.2019. However, PSPCL had already changed their billing cycle to 21st of the month to 20th of next month but the meter readings on 1st Oct were taken only for few consumers who took up the matter with local SDOs. Then CBC/IT cell did not update the billing software for such consumers and they were issued the bills on full rate as per normal billing. PSPCL officers advised the consumers to deposit the bills in full assuring that bill on Special Night tariff will be prepared next month and excess amount will be adjusted. However, all such consumers are still getting the bills in full as PSPCL has not updated the software till date. The Association had brought the matter to the notice of EIC/Central Zone Ludhiana but so far no action in the matter has been taken. The consumers are still getting bills initially on full rate and thereafter, MMTS officers have to be brought to down load the data to extract consumption between 10 PM to 6 AM and 6 AM to 10 AM for the billing period, bring the consumption to SDO who informs the CBC and the bill is amended thereafter by CBC.

Thus the efforts of PSERC to increase night consumption for flattening the load curve are being negated by PSPCL. The consumers are getting only part relief of 50% of Fixed Charge instead of 80% of fixed charge as Energy charge is equal to other consumers. The efficiency of the workers during night hours also decreases further reducing the benefit. Then waiting for the refund of 30% of Fixed Charge for months and complacency of PSPCL in the matter are negative factors which need to be addressed by checking with PSPCL and giving appropriate directions so that PSERC orders are implemented in true spirit.

PSPCL's Reply:
With the introduction of special Night Tariff a new time slot was required for 6.00 AM to 10.00 AM which is not available in current meters installed in field. Procuring compatible meters at short notice is not viable. Accordingly, it was decided to upload a patch in the energy meters for creating additional time slot in addition to existing 04 time slots. The uploaded patch requires the DDL downloading for arriving at energy consumption for 6.00 AM to 10.00 AM. With the patch it becomes essential that DDL be downloaded with reading itself and be forwarded to concerned CBC for billing so that consumer could be served with actual bill. Dealing matter productively, PSPCL replaced meters of almost all Night Tariff consumers with meters uploaded with patch for recording reading from 6.00 AM to 10.00AM and these readings of the slot can be downloaded through DDL only.
DDL of most of Night Tariff consumers is done on date of reading only and consumers of Night Tariff are getting refund systematically. However, there can be some cases where DDL is done after reading date and consumers get refund afterwards.
Commission's View:
PSPCL is directed to address the issue to the satisfaction of the consumers.

12. Suggestions and requests:
(a) The special night tariff which is applied from October to March, should be available for full year.
(b) Under Two Part Tariff, it is very difficult to control production in the times of economic slowdown, recession in market etc. As requested many times the Two Part Tariff should be with Maximum Overall Rate (MOR). This, Two Part Tariff without MOR is resulting into closure of many industrial units.
(c) The industry which is being categorized as PIU is charged highest tariff whereas it is most profitable connection for PSPCL. Therefore we request you to make single industrial tariff in respect of General or PIU industry. An industry is categorized as PIU because of the harmonics it generates. We request the Commission to make provision that any unit controlling harmonics within the prescribed limits shall be categorized as General Industry.
(d) Presently even under PIU category tariff, there are different tariff rates as per Contract Demand which again creates unfair competition between the same type of industry but with different Contract Demand.
(e) The voltage rebate for connections on 66KV should be increased.
(f) In the Tariff Order 2019-20, cumulative effect of ToD rebate and voltage rebate on the Energy Charges at any time shall be limited to the lowest Energy Charge of Rs. 4.45 per kVAh. We bring to your attention that this minimum tariff of Rs 4.45 has been calculated at 11KV supply voltage and consumers at 66KV voltage are incurring extra cost which should be given as voltage rebate and if voltage rebate is withdrawn this benefit is being passed on to PSPCL which is not part of ARR. In fact almost energy charges should be calculated at different supply voltages and fixed accordingly.

Commission's View:
The suggestions are noted.

Objection No. 31: Laghu Udyog Private Limited.

Issue No.1: Concealing Actual Sale Figures of kWh Consumption:
1. That, PSPCL (Punjab State power Corporation Ltd) being licensee has not shown correct picture of actual sales. Tariff of many categories are in kVAH & kVA base, but PSPCL has giving the figures only in kWH & kW basis by converting the KVAH consumption into kWH by adopting 0.9 Power Factor. Whereas while designing Tariff on kVAH base, average Power Factor was taken as 0.95. Thus, conversion of power sale in kVAH can't be converted in kWH without adopting Power Factor as 0.95. PSPCL is concealing actual sale figures of kWH consumption on this issue, we reiterate As Under:
A. The PSERC directed PSPCL to start recording the kVAH reading alongwith kWH reading in respect of LS General, LS Power Intensive, MS, Bulk Supply HT, Bulk Supply LT, DS with connection more than 100 kW and Railway Traction with effect from 01.04.2014. These instructions of the PSERC was circulated by PSPCL vide Commercial Circular No. 21 / 2014 Dt. 24.04.2014.
B. PSPCL has issued Commercial Circular No. 49 / 2014 Dt. 16-10-2014 in compliance to orders issued by the PSERC. This circular gives the method with which kVAH consumption is to be converted on different Power Factors, average Power Factor of which comes to 0.95. Thus, in absence of true consumption in kVAH (which is available with PSPCL). The PSERC can convert KVAH consumption into kWH consumption by adopting Power factor 0.95.

C. That, PSPCL has issued all the bills to the consumers by giving readings in KWH, KVAH and KVA. PSPCL should disclose actual KWH consumption which has already been recorded and shown on consumer bills. It is also pertinent to mention here that, consumers are maintaining Power Factor even upto unity. Thus, kVAH consumption is not required to be converted into KWH consumption when PSPCL is already having sales figure of KWH consumption available with them, but they are concealing the same. This wrong figure given by PSPCL is false seems to have been manipulated to show revenue deficit. In view of above, kindly verify the wrong sales figures reflected and correct the same.

D. True up should be approved only on the basis of Norms and Parameters approved in annual performance review of FY 2018-2019 and after going through Controller General Audit Report.

PSPCL's Reply: PSPCL is not concealing the sales as mentioned by the objector. The energy sales in kWH and kVAh for FY 2018-19 has been supplied to the Commission in the deficiencies raised. Further, the category, sub-category and slab wise actual sales in kWH and kVAH for FY 2019-20 H1 onwards have been supplied to the Commission.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 2(I) 1. Controller Audit General Report has not been provided. PSPCL should be directed to put the same on their website for view and comments thereupon. It is requested that CAG Report must be kept in view.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 3 of objection No. 13.

Commission's View:

Refer Commission's view in issue No. 3 of objection No. 13.

Issue No. 2(I) 2 PSPCL has charged full cost of Distribution Lines, Service Lines and Breakers from consumers upto the load of 30,000 MW (Thirty Thousand Mega Watt) upto 2014 when kVA tariff was made applicable and thereafter further demand of approximately 4,000 MVA (Four Thousand Mega Watt) is released by the Distribution Licensee. But we are strange to know that System can take up load upto 12,000 MVA (Twelve Thousand Mega Watt) only.

PSPCL's Reply:

This issue is not related to the Tariff Petition filed by PSPCL and shall be dealt separately.

Commission's View:

The objector may note the response of PSPCL

Issue No. 2(I) 3 Keeping in view, the above, charging of Fixed Charges on 80% of Sanctioned Contract Demand is not fair. Fixed Charges should be charged from LT consumers at 40% of Sanctioned Demand, HT Supply at 60% and EHT consumers at 75%.

PSPCL's Reply:

The determination of Tariff is the prerogative of the Commission.

Commission's View:

Fixed Charges are determined on the basis of utilization factor of the consumer category**.**

Issue No. 2(II) - Voltage Surcharge:

Issue No. 2(II) 1.

Certain categories are receiving supply at lower voltage than specified and are wrongly, illegally enjoying supply without paying Voltage Surcharge due to lacuna left in General Condition of Tariff.

It is mandatory to levy Voltage Surcharge @ 15% on consumers for getting supply at 400 Volt against specified voltage 11000 volts as per Clause 13.1(V)(b) of General Condition of Tariff. There are many consumers existing as on 31.03.2010 who have been wrongly, illegally been allowed to get supply at lower voltage. There is no provision in Act, Rules or in Regulations which allows to discriminate consumers having same load factor in same geographically area. In this case of existing consumers getting supply at 400 volt against specified voltage of 11000 volt should be directed to convert their supply voltage to specified voltage failing which they must be charged Voltage Surcharge @15% on tariff. In the similar case, Hon'ble Supreme Court has ordered to charge Voltage Surcharge. It is pertinent to mention that, loss of revenue from these consumers can't be overloaded to other consumers. Thus, such type of consumers should be directed to convert their supply to specified voltage or to pay surcharge. This will bring the true picture of sale.

PSPCL's Reply:

The exemptions from levy of voltage surcharge are as per General Condition of Tariff Clause 13.1(v),

which is as under:
(a) LS consumers existing as on 31.03.2010 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 31.03.2010 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.
PSPCL agrees with the view point of Objector and proposes that the Commission may issue Order for such consumers to convert these system on specified voltage in a definite time period failing which they shall have to pay Voltage Surcharge.
Commission's View:
The objection is noted**.**

Issue No. 2(II) 2. PSPCL is billing consumers at different rates as per Slab Rates, Sub Category rates, main category rates, Supply Voltage wise, LT Supply, HT Supply but sales figures are shown just consolidate figures which is not giving true picture. The PSERC should get true picture of actual sale price calculated on actual sold category wise, slab wise and sub category wise.
PSPCL's Reply:
The energy sales and Revenue for FY 2018-19 and FY 2019-20 have been supplied to the Commission.
Commission's View:
The objector may note the reply of PSPCL.

Issue No. 2 (III): TOD Tariff Income:
PSPCL has not shown tariff income of TOD Peak Hours rates slab wise, sub category wise. There are extra charges for using electricity during peak hours 06:00 PM to 10:00 PM for categories NRS / BS / MS / LS etc. income of TOD units used during peak hours 06:00 AM to 10:00 PM during paddy season has yet not been shown.
PSPCL's Reply:
PSPCL has filed the Tariff Petition as per PSERC MYT Regulations and submitted all information as desired by the Commission.
Commission's View:
The Objector may note the response of PSPCL.

Issue No. 2 (IV) Fuel Cost Adjustment:
Fuel Cost adjustment charges (FCA) is also part of tariff. These charges have been charged from consumers, but figures of these charges have not been shown as unit sales charges. Thus, value of FCA earned need to be given.
PSPCL's Reply:
The revenue on account of FCA charges has not been supplied for FY 2018-19 as the FCA was subsumed in the energy charges, however from H1 of FY 2019-20 PSPCL has submitted the revenue from FCA in the formats supplied to the Commission.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2(V) Fixed Charges:
Fixed Charges rates are applicable now on kVA basis as per slab wise, category wise and sub category wise. These should be calculated accordingly and true sale figures of Fixed Charges should be disclosed.
PSPCL's Reply:
The fixed charges are calculated as per the provisions of the PSERC MYT Regulations.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2(VI) : Share of BBMB:
There is share of 1600 PSPCL employees with BBMB. But only 500 employees from PSPCL are working in BBMB resulting either payment of 1100 employees are paid extra or surplus staff available with PSPCL can be transferred to BBMB. Non providing of 1100 surplus employees to BBMB is creating burden on consumer tariff. Even if there is no surplus staff available with PSPCL in that case also they should recruit new staff of 1100 employees provide 1100 PSPCL employees in BBMB. This will give employment to unemployed youth of Punjab.

PSPCL's Reply:
The issue does not relate to the Tariff petition and shall be dealt separately.
Commission's View:
The objector may note the response of PSPCL

Issue No. 2(VII) - Consumer ACD (Security Deposits):
There is sale of Rs: 42,000/- Crore approximately. Thus, Consumer Security Deposit for 1.5 month comes to Rs: 5,250/- Crore. But PSPCL is showing the same as Rs: 3,400/- Crore only. PSPCL has not updated Security Deposits inspite of directions by the Commission in Tariff Orders and by PSPCL through their commercial Instruction issued by Chief Engineer. PSPCL officers / Officials are not updating Security Consumptions actually deposited by consumers. Actual Security Consumption of consumers should be more than Rs: 5,250/- Crore.
PSPCL's Reply:
The issue does not relate to the Tariff petition and shall be dealt separately.
Commission's View :
Refer to the directive No. 6.7 in this Tariff Order.

Issue No. 2 (VIII) - Franchise Agreement:
There are many connections released by PSPCL to different Colonies, Malls and Multiplex's. There is no provision for single supply connection to these categories except through franchise agreement. Sale under this category has not given. PSPCL (Licensee) should be directed to put the names of approved franchise with detail of load approved, load connected, and number of consumers running in franchise area. Income from this category has not been reflected.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission.
Commission's View:
PSPCL is required to supply information directly to the Objector under intimation to the Commission.

Issue No. 2 (IX): Income from shifting of lines, sale of scrap, sale of fly ash and sale of old vehicles etc:
Income from shifting of lines, Sale of Scrap, Sale of Fly Ash, Gain on Sale of Assets, Sale of Old Vehicles etc. etc has not been shown. Same needs clarification.
PSPCL's Reply:
The other income has been shown in the Petition as a part of Non-Tariff Income.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2(X) - Demand Surcharge:
Demand Surcharge is applicable for using demand over and above the sanctioned kVA Demand. Income from demand Surcharge has not been shown.
PSPCL's Reply: PSPCL has filed the petition as per the norms specified by the Commission in its Tariff Regulations.
Commission's View:
PSPCL is directed to show income from each head separately.

Issue No. 2(XI): Grant, Consumer Contribution and Amount of Uday Scheme can't be considered as Equity:
PSPCL is considering these contributions as their equity which is against the Norms fixed by Commission. These amounts can't be considered as equity.
PSPCL's Reply:
The equity amount has been infused by the Government of Punjab and hence PSPCL is entitled to RoE on the equity infused.
Commission's View:
Equity and Return on Equity is determined by the Commission in accordance with relevant regulations of MYT Regulation after prudence check.

Issue No. 2(XII) Non tariff Income: All the amounts received from any account of business are Non-Tariff Income. Under the provisions of section 51 and 45 of Electricity Act 2003, all these incomes should be charged to revenue receipts.

PSPCL's Reply:
The Non-Tariff Income has been reduced from the ARR and submitted in the petition.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2(XIII) -Notifications U/S 45 And 181: It is settled law that, Notifications override administrative Orders / Instructions. Thus, we humbly request the Commission to issue Notifications for General Condition of Tariff, Schedule of Tariff after its approval as per the provisions contained in section 45 (2) Read with Section 181 of Electricity Act 2003.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
General Conditions of tariff and Schedule of tariff are part of the Tariff Order.

Issue No. 2(XIV) - Two CGRF's In Patiala and Ludhiana:
1. That, Dispute Settlement Committees seems to have been formed in violation to the provisions of Electricity Act. These committees were formed temporarily just to give speedy resolution of consumer disputes at local level. Continuations of these Committees i.e. Division Level, Circle Level and Zonal Level Dispute Settlement Committees functioning at Patiala and Ludhiana are not required now for the simple reason that, Two CGRF (Consumer Grievances Redressal Forum) one at PATIALA and second at LUDHIANA has already been constituted and are working under the provisions of Section 42(5) of Electricity Act 2003.
2. That, it is commonly said that staff with Licensee at divisional level of all the Divisions in North Zone is short by more than 70% of approved strength. Now in Ludhiana and Patiala, there is no need of continuing Dispute Settlement Committees and same needs to be abolished. This will save time and energy of officers / officials of PSPCL and they can do other works for consumers by devoting this time. Accordingly, some staff from the divisions having more than 50% strength can be transferred to Jalandhar. Furthermore there is no transparency of the Orders issued by Dispute Settlement Committees because their orders are not appearing on website of PSPCL or on the website of PSERC, whereas orders of CGRF are appearing on Website. Full bench of Hon'ble Punjab and Haryana High Court has already held in the case of Ranbaxy Laboratories Ltd Vs. Punjab State Electricity Board cited in 2004 AIR (Punjab) 137 stating that, Electricity Act does not authorized the Distribution Licensee (PSPCL / PSEB) to make any law for settlement of civil disputes between consumers and Distribution Licensee (PSPCL / PSEB). Section 42 (5) of Electricity Act 2003 also mandates formation of CGRF (Consumer Grievances Redressal Forum) not the Dispute Settlement Committees. Thus, parallel Dispute Settlement Committees at same station i.e. Ludhiana and Patiala is not required because two different CGRF are already functioning.
PSPCL's Reply:
The dispute Settlement Committees were constituted by the Distribution Licensees as per the mechanism and procedure specified in the Consumer complaint handling procedure of the distribution licensee framed and notified by the Commission. DSC's play a vital role in addressing the complaints of consumers at local level as every consumer cannot approach forums for small billing/meter related issues. Therefore, DLDSC, CLDSC and ZLDSC should not be abolished but must be retained. However, if forums are established at each zonal level as has been envisaged in future then ZLDSC can be closed because of same location of ZLDSC and CGRF and scope of ZLDSC being covered in CGRF.
Commission's View:
The issue does not relate to the Tariff petition. However, the objector may note the response of PSPCL.

Issue No. 2(XV): Subsidy
Under the provisions of Clause 8.3 of Tariff Policy 2016, it is categorically stated that "*The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively*".

That, State Government has already levied Electricity Duty under the powers conferred with Section 65 of Electricity Act 2003. Thus, it is government to give cash subsidy to the consumers

eligible for government subsidy. Thus, there should be no double burden on consumers i.e. one by charging Electricity Duty to pay subsidy and second through cross subsidizing the tariff.

PSPCL's Reply:

The provision of subsidy is the prerogative of the Government of Punjab.

Commission's View

Subsidy and Electricity Duty are the prerogative of the State Govt.

Issue No. 2(XVI)

Issue No. 2(XVI) 1. Prepaid / Prepayment meters:

As per Meter Regulations framed under the provisions of Electricity Act 2003, Supply Code and Related Matters Regulations framed by the Commission and Tariff Policy 2016 framed by Ministry of Power Government Of India, where it is clearly stated that, Prepaid / Pre-Payment meters should be used on consumers availing supply at Subsidized Tariff, Temporary Connections, Defaulting Consumers and Government Connections by installing Prepaid / Pre-Payment meters resulting no need of Meter Readers, Bill Distributors, Staff preparing Bills / Maintenance of Account and Cashiers. Moreover cash flow of Licensee will improve by getting advance payment. Supply Code and Related Matters regulations (2014) also mandates providing Prepaid / Pre-payment meters and to encourage supply on Prepaid / Pre-payment meters has allowed 1% rebate. The Commission should pass necessary Orders / Regulations for installing Prepaid / Pre-payment meters in Punjab.

PSPCL's Reply:

PSPCL is procuring 96,000, 3 phase whole current smart meters, which can be used either in postpaid or pre-paid mode. For this tender enquiry no. MQP-145 has been floated by PSPCL and 3 no. firms namely M/s L&T Ltd., M/s HEPL & M/s Genus Power Infrastructure Ltd., have participated in the tender and presently, the sample meters are being tested for technical parameters by Sample Testing Committee at ME Lab Jalandhar, Regarding Single Phase Pre-paid meters tender enquiry for 10,000 meters has been floated by PSPCL and meters are likely to reach ME Labs within a span of six months.

Commission's View

The objector may note the response of PSPCL.

Issue No. 2(XVI) 2. Industry of Punjab is facing financial crises, we hereby suggest for providing Prepaid/Prepayment Meters to the consumers. This will reduce the carrying cost leading to reduce requirement of working capital of the Distribution Licensee. This will also eliminate associated cost involved in meter readings, billing and collections. Ministry Of Power, Government of India has also requested all the Electricity Regulatory Commissions of India to implement the policy of installing Prepaid / Prepayment Meters within 6 (Six) months from 16-01-2020 i.e. date of issue of these directions.

PSPCL's Reply:

Regarding prepaid HT & LT CT meters, it is intimated that prepaid metering can be done only on whole current meters. It is not possible for CT connected and CT/PT connected meters. However, Electricity Act-2003 has provision for installation of pre-paid meter for consumers and in that case no security is required to be deposited/maintained. Electricity Supply Code-2006 and 2014 also have similar provisions. Prepaid metering is available in whole current meters only (single and three phase) and not in LT CT meters or HT meters. This fact has also been verified by representative of M/s L&T limited and M/s Secure Meters. For Industrial consumers as far as SP connections are concerned, pre-paid metering is thus possible. For MS connections having sectioned load up to 25 kw, pre-paid three phase whole current meters can be used but it is not possible to use LT CT pre-paid or HT pre-aid meters.

Commission's View

The objector may note the response of PSPCL.

Objection No.32: Nahar Fibres.

Issue No.1: PSPCL cannot increase tariff year after year indefinitely.

1. PSPCL comes out with demand of 14 to 20% rise in tariff every year based on Projected ARR. The Commission allows some expenditure, rejects some revenue requirement and ultimately 2 to 8 % rise is allowed.
2. The rise is being allowed despite the fact that
   i) There is increase in demand, both peak and energy, by 2 to 6% every year resulting in additional revenue.

ii) PSPCL is receiving huge amounts under Consumer Contribution, Govt Subsidy and grants. As per Balance Sheet attached with ARR, PSPCL received Rs 272.97 Cr in 2018-19 under this head.

iii) PSPCL is retaining the Return on Equity of Rs 942.62 Cr since 2010-11 and not transferring the same to GOP.

iv) To reduce the burden of surplus capacity, GOP has retired 860 MW thermal capacity of Bhatinda and Ropar plants.

v) Reducing burden of interest on GPF amount retained by PSPCL in previous years.

vi) Changing the interest on Security from SBI rate to RBI rate. Etc etc.

3. The retail tariff of PSPCL has already reached to alarmingly high value and pinching the society in general. However, PSPCL is taking the society and consumers for granted to reimburse it the costs incurred thro tariff. The proposal of merging the Slabs of DS and NRS categories will further increase the monthly bills of the consumers which averages around Rs 6000/- per 2 months per family during summer months whereas Monthly Minimum Wages payable for highly skilled worker is only for 11486 as per GOP notification issued in November 2019. The situation cannot continue indefinitely and PSPCL has to put a stop somewhere.
4. We also request the Commission to amend the Regulations so that increase in expenditure of PSPCL should be met from the increase in sales and accompanying revenue.

PSPCL's Reply:

ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.

Commission's View:

The Commission undertakes a detailed prudence check of the Tariff Petition and allows expenditure & losses as per the applicable MYT Regulations while deciding the tariff.

Issue No.2: Distribution System for serving Rural Load including Agriculture.

1. As per press report which appeared on 26.12.2015 in ET, Punjab is losing about Rs 1200 Cr due to higher T&D losses in many areas in Punjab. We further quote the figures given in the news as under:-

   Maximum losses have been reported from 12 divisions in Amritsar, Tarn Taran and Sangrur, where figures exceed 25%. In Tarn Taran circle, which falls in the border zone, Bhikhiwind and Patti divisions have losses of 47.14% and 40.28%, respectively. Amritsar cricle's three divisions — West, Ajnala, and Sub-urban — have losses of 33.18%, 31.62% and 31.21%, respectively.

   In the west zone, Malout division of Muktsar circle has losses of 33.28%. In the south zone, Patran division of Sangrur circle has losses of 30.24%. Divisions where losses are between 25 % and 30% are City Tarn Taran, Lehragaga, BhagtaBhaiKa, Zira and Baghapurana divisions.
2. An article by a retired PSPCL Engineer in HT of 17 January 2020 states that Bhikhiwind Division has losses of 54.84%, Patti has 52%, Tarn Taran as 40.71%, West Amritsar has 43.13%, Gurdaspur has 32.88%, Batala has 38.77%, Patran :36.47%, Jalalabad : 36.28%, Baghapurana : 35.78% and Malout : 52.83%.
3. These T&D losses were last available in Public domain in UDAY MOU submitted by PSPCL in 2016 ARR. These divisions are also appearing in the list annexed with UDAY scheme MOU. Thus PSPCL has failed to bring down the losses in these divisions in last 5 years though agreed to in UDAY agreement till date when UDAY scheme is getting over.
4. Theft of power is a major contributing factor for persisting high losses as almost all the divisions are predominantly serving rural areas, the inadequate capacitive compensation at the consumer end is also adding to the losses. It is a known fact that farmers are not installing the Capacitors on their motors for irrigation. The excess drawl of reactive power from the grid by agriculture pump motors increase the current drawl thereby increasing the losses. This not only disturbs the agriculture supply but also affects the industry getting supply from rural grids.
5. Thus, while there is urgent need to contain the theft in these high loss areas, the system also needs strengthening by providing on line capacitors at the H pole serving the tubewell by PSPCL.

PSPCL's Reply:

The query raised by the petitioner does not relate to the Tariff Petition filed and shall be dealt separately.

Commission's View:

The objector's concerns are noted. PSPCL is directed to take strict action on theft as per the

Electricity Act. Also refer to directive No. 6.1 regarding reduction in distribution losses in high loss divisions.

Issue No. 3: Grant of HT rebate during Night Hours with TOD Night rebate

1. The Commission in its TO for FY 2019-20 fixed the min. tariff as Rs.4.45/unit under TOD night tariff including the HT rebate. In FY 2018-19, the min. tariff was Rs.4.28/unit excluding the HT rebate, thus increasing the night tariff/energy charge for 66 KV consumers by 42 paisa (0.17 of minrate + 0.25 HT rebate). Thus, the night tariff for 8 months of the year was made same for all LS consumers drawing power at 11/33/66/132/220 KV voltage level.
2. It is accepted fact that voltage rebate is not a concession or incentive but compensation of investment on High voltage Substation and savings accruing to PSPCL on transformation losses.
3. HT rebate is granted as per Electricity Act 2003 providing that tariff should be in line with voltage wise cost of supply. Hon'ble APTEL has upheld this provision and Voltage Rebate was granted to Punjab consumers as per numerous orders of APTEL. In Tariff Order 2013-14, the Commission accepted that cost of supply for HT consumers is lower and accordingly given relief to the consumers drawing power at higher voltage. Due to the inability to charge cost of supply based tariff, HT rebate is given to partially compensate such consumers.
4. The Cost of supply for 2019-20 worked out in TO for 11 and 66 KV consumers is Rs 6.86 and 6.22/unit respectively i.e. difference of 64 paisa/unit whereas HT rebate is only 25 paisa/unit which has now been reduced to 17 paisa/unit. Therefore, the merging of the HT rebate with the min. tariff of Rs.4.45/unit is against the provisions of the Act, orders of the Hon'ble APTEL and also against the principles accepted by the Commission while granting this rebate and the same need to be restored to the consumers who draw power on 66 KV system.
5. It is also submitted that GOP consented to bear the subsidy for grant of Energy charge of Rs 5/unit as per pattern of 2018-19. There was no demand from PSPCL in the ARR and the proposal was never put up in the Public domain. The tariff order has no speaking orders on this. Thus the action of the Commission lacked conviction.
6. It is therefore requested that the matter of merging HT rebate in minimum tariff slab- of TOD on urgent basis be reconsidered and the HT rebate may please be restored in the Tariff Order 2020-21 so that industry can continue to operate in Punjab and remain viable.

PSPCL's Reply:

Determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view. Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only, it was decided to limit the same to Rs. 4.45 per kVAh, being only the marginal cost to generate additional energy. Charging tariff below this cost would have resulted in uneconomical rate of supply. Further, the cumulative effect of ToD rebate and Voltage rebates on the Energy Charges including reduced Charges for consumption exceeding threshold limit/ use of electricity exclusively during night hours at any time has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh. This limitation comes into effect only in case they opt to consume power in excess of the threshold consumption (i.e. the consumption in excess of maximum annual consumption in any of the last two financial years) and/or exclusively during night hours. Further, as per Tariff Orders, Cross Subsidy burden on LS(GI) consumers for F.Y. 2017-18 was 11.01%,F.Y. 2018-19 was 7.49% and for F.Y. 2019-20 is 6.04%, so there has been gradual reduction in cross subsidy levels and it is in line with the National Tariff Policy.

Commission's View:

The objection is noted.

Issue No.4: Wrong monthly and supplementary billing and bill dispute Resolution

Though PSERC grants relief to consumers through Tariff Order and Regulations and PSPCL is also quick to pass on the relief to the consumers by timely issue of the Commercial instructions to the field staff, however, the working of Centralized Billing Cells and issue of bills under AMR through IT still need improvement for expeditious disposal of the disputes of billing which are increasing day by day. There is lack of transparency as details of arrears being claimed in the monthly and supplementary bills are still not being provided. Further, resolution of billing disputes at sub division level, though specifically provided in Supply Code is not available at all and consumers are being directed to approach dispute resolution authorities. Software updates are delayed requiring manual intervention.

Keeping in view heavily surplus scenario and to increase the demand of power and energy, ease of

doing business strategies be evolved and implemented for industry thro' mutual discussions.
PSPCL's Reply:
The issue is not related to the Tariff petition filed and shall be dealt separately.
Commission's View:
PSPCL needs to address the issue to the satisfaction of the consumers in line with the provisions of the Supply Code.

Issue No.5: Disposal of 2 units of Ropar thermal plants
1. GOP ordered to retire 4 units of GNDTP Bhatinda and 2 units of GGSSTP Ropar w.e.f. 1.1.2018 and PSPCL has accordingly assumed their generation as Zero from 1.1.2018 onwards. Whereas SLDC has removed 4 units of Bhatinda from Real Time Data appearing on SLDC web site, 2 units of Ropar are still appearing. When these units have been retired, SLDC should also remove these two units of Ropar from the real time data link.
2. ARR of PSPCL is silent on the time lines of disposal of the scrap of the material of retired assets and disposal of the Land of the project.
3. No separate data regarding man power deployed on the Ropar power plant and its reduction post retirement of two units is not evident from ARR.
4. PSPCL has also not indicated any time line for 100 MW solar plant and 60 MW biomass plant at Bhatinda plant site.
5. The details need to be provided to the objector for information and comments.

PSPCL's Reply:
With regard to GGSSTP Ropar, process for disposal of 2 units of GGSSTP which have been retired w.e.f. 01.01.2018 by the decision of Punjab Govt. is already under process. Work Order has been issued for assessing the saleable value of the Units. Since 4 Units of GGSSTP are still operational, as such only equipment's installed on Units 1 & 2 will be disposed of such land used for Units 1 & 2 cannot be disposed of as common auxiliaries/system of all the six units is installed spanning over this land. Presently no manpower is deployed exclusively for Units 1 & 2 of GGSSTP, Ropar, however manpower from Stage 2 & 3 Units is used for carrying out the preservation of the boilers & for condition monitoring of the equipment's of Stage-I Units at regular intervals of time.
Commission's View:
The objector may note the response of PSPCL.

Objection No. 33: NATIONAL ELECTRICITY CONSUMERS ASSOCIATION.

Issue No.1:
Controller General Audit Report on Balance Sheet of PSPCL FY: 2018 – 2019 has neither been made available to us nor is available on website of PSPCL. Respondents (PSPCL) be directed to put Controller General Audit Report on PSPCL website.
PSPCL's Reply:
Refer PSPCL's reply in issue No. 3 of Objection No. 13.
Commission's View:
Refer the Commission's view in issue No. 3 of Objection No. 13.

Issue No.2:
Consumers always face panic after seeing Tariff proposals seeking hike by showing huge false revenue deficit whereas it is settled principal that approved norms and parameters can't be deviated. Inefficiency on the part of Licensee (by not forecasting correct growth of sales, by not making efforts to find market for sale of surplus electricity (wrongly purchased excess than the requirement of consumers in the State.) Inefficient actions of wrong decisions by Licensee cannot be and should not be burdened on consumer retail tariff.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.
Commission's View:
The Commission undertakes a detailed prudence check of the Tariff Petition and allows expenditure & losses as per the applicable MYT Regulations while deciding the tariff.

Issue No.3:
As per Supply Code and related matters Regulation 2014 clause 29, Distribution Licensee can charge in respect of supply of electricity from consumers only as per GENERAL CONDITION OF SUPPLY and SCHEDULE OF TARIFF (Framed under Section 45 read with Section 181 of Electricity Act 2003). In addition, consumer shall be liable to pay rent and / or other charges in respect of Electric Meter or Electric Plant provided by Distribution Licensee. Thus, all the charges approved by the Commission which Licensee (PSPCL) can collect from consumers are Part of Tariff and Non Tariff Income of Distribution License and same should be considered as part of receipts while calculating revenue earned. Any of the expenses charged or claimed from consumers without approval of Commission is illegal recovery by misusing the power enjoyed as wholly Government owned company and having monopoly to supply electricity. This illegal recovery is without authority of Law and is liable to be returned to consumers or alternatively that is also a non tariff income and is to be considered while calculating Revenue Surplus / Deficit at the time of determining tariff.
PSPCL's Reply:
Non-Tariff Income has been reduced from the ARR in the petition filed by PSPCL.
Commission's View:
The objector may note the response of PSPCL.

Issue No.4:
Distribution Licensee has not disclosed the figures of Connected Load in kW, kVA and consumption in KWH, KVAH for all the categories, sub categories and of different slabs. Non providing of these figures is nothing except depriving the consumers to know the correct revenue receipts collected by Licensee as Fixed Charges, Energy Charges, TOD Peak Period Charges, Demand Charges, Fuel Cost Adjustment Charges and Voltage Surcharge Charges from each and every consumer.
PSPCL's Reply:
All the details regarding connected load, revenue receipts etc. have been provided in the petition and the subsequent deficiencies raised by the Commission**.**
Commission's View:
The objector may note the response of PSPCL.

Issue No.5:
Distribution Licensee is charging many other charges from consumers, prospective consumers, applicants and Govt. Departments i.e. Sundry Charges without disclosing the reasons of charging. PSPCL is also charging Disconnection and Reconnection Charges without physically disconnecting and or reconnecting connections. Further PSPCL is further adding late payment Surcharge in every bill again and again. All these charges, although collected illegally, are also revenue receipts and is Non-Tariff Income, which needs to be included in Revenue Earned, while computing Aggregate Revenue Requirement. Distribution Licensee should also be restrained from collecting any charges in future without prior approval of the Commission.
PSPCL's Reply:
The charges collected are as per PSERC Supply Code Regulations and the applicable charges are being considered as a part of the Non-Tariff Income.
Commission's View:
The objector may note the response of PSPCL.

Issue No.6:
That, it is settled law that, Notifications override administrative Orders / Instructions. Thus, we humbly request the Commission to issue Notifications for General Condition of Tariff, Schedule of Tariff after its approval as per the provisions contained in SECTION 45 (2) READ WITH SECTION 181 OF ELECTRICITY ACT 2003.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
General Conditions of tariff and Schedule of tariff are part of the Tariff Order.

Issue No.7:
Generating business and distribution business is two distinct and separate activities. ARR of Generation Tariff and Distribution Retail tariff are to be filed declaring separate assets, separate income and expenditures. But Distribution Licensee is making excuses since last ten years right from 2010 stating that separate accounts are not available. This is nothing except concealment of facts.

The Commission should take cognizance of the same.

PSPCL's Reply:

As per the existing accounting system PSPCL maintains financial accounts as per the Companies Act 2013 for both generation and Distribution Business being a single entity. However, it is submitted that PSPCL maintains the Cost Accounting Records every year in which the cost sheet of generation and distribution business is prepared separately and separate income and expenditure is shown in the cost accounting records.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 8 & 9: Refer issue No. 2(XIV) of Objection No. 31

.**PSPCL's Reply:**

Refer PSPCL's reply in issue No. 2(XIV) of Objection No. 31

Commission's View:

Refer the Commission's view in issue No. 2(XIV) of Objection No. 31.

Issue No. 10 & 11:

Refer issue No. 2(XV) of Objection No. 31

PSPCL's Reply:

Refer PSPCL's reply in issue No. 2(XV) of Objection No. 31

Commission's View

Refer the Commission's view in issue No. 2(XV) of Objection No. 31.

Issue No. 12:

Refer issue No. 2(XVI)1 of Objection No. 31

PSPCL's Reply:

Refer PSPCL's reply in issue No. 2(XVI)1 of Objection No. 31

Commission's View

Refer the Commission's view in issue No. 2(XVI)1 of Objection No. 31.

Issue No.13:

It is need of the day to install meters on each and every connection installed to arrive at correct consumption for the sale of electricity to consumers. In the Tariff Policy 2016 Clause 8.4(3) it is stated that "The Appropriate Commission may provide incentives to encourage metering and billing based on metered tariffs, particularly for consumer categories that are presently unmetered to a large extent. The metered tariffs and the incentives should be given wide publicity. Smart meters have the advantages of remote metering and billing, implementation of peak and off-peak tariff and demand side management through demand response. Smart Meters have an advantage of remote metering and billing. To curb un-metered supply installation of Smart Meters / Prepaid / Pre-payment meters should be encouraged by keeping metered supply rates less and by increasing un-metered supply rates.

PSPCL's Reply:

Refer PSPCL's reply is issue No. 11 above.

Commission's View

The objector may note the response of PSPCL.

Issue No.14:

That, Tariff Policy 2016 Clause 8.3(4) clearly states that Free Electricity is not desirable as it encourages waist full 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 the coming generations. It is also likely to lead to rapid rise in demand of electricity putting strain on the distribution network, thus, adversely affecting the quality of power. Therefore it is necessary that reasonable level of user charges is levied. Subsidized rates of electricity should be permitted only up to a pre-identified level of consumption, beyond which tariff reflecting efficient cost of service should be charged from consumers. It is also mandated in Tariff Policy 2016 that if 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 any other way. Use of Prepaid / Pre-payment meters can also facilitate this transfer of subsidy to such consumers.

PSPCL's Reply:

The provision of subsidy is the prerogative of the Govt.

Commission's View
Subsidy is the prerogative of the State Govt.

Issue No.15:
That, industry of Punjab is facing financial crises, we hereby suggest for providing Prepaid/Prepayment Meters to the consumers. This will reduce the carrying cost leading to reduce requirement of working capital of the Distribution Licensee. This will also eliminate associated cost involved in meter readings, billing and collections. Ministry Of Power, Government of India has also requested all the Electricity Regulatory Commissions of India to implement the policy of installing Prepaid / Prepayment Meters within 6 (Six) months from 16-01-2020 i.e. date of issue of these directions.
PSPCL's Reply:
Refer PSPCL's reply is issue No. 11 above.
Commission's View
The objector may note the response of PSPCL.

Issue No.16:
Previously PSPCL was issuing bills after 15 (Fifteen) days from the date of reading. Now AMR (Automatic Meter Reading) devices are installed and are recording on the same day and bills are issued on next day. This procedure is as good as Spot Billing. In the case of Spot Billing, one month Consumption Charges are required. Thus, it is requested that Security Consumption from the consumers whose readings are recorded automatically through AMR should becharged 1 (One) month average consumption instead of 1½ (One & a Half) month average consumption.
PSPCL's Reply:
The issue does relate to the Tariff petition filed and shall be dealt separately.
Commission's View
The objector may note the response of PSPCL.

Issue No.17
In the other States of India i.e. Maharashtra and Delhi, the Commissions has made the regulation to accept bank guarantee as Security Deposit (Security Consumption) instead of cash deposit with Distribution Licensee. In that case consumers will not be entitled for any interest on Security Deposits. Distribution Licensee is already availing wrong capital limits from banks, interest for which is overloaded in ARR and consumers are paying the same. This will be fair for Distribution Licensee and for consumers too.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View :
The issue does relate to the instant petition. However, the suggestion is noted.

Issue No.18
That, as per Tariff Policy, the Commission is to frame the tariff first and only thereafter to know from the State government regarding subsidy to be given to different consumers. After the issue of the Tariff Order subsidized tariff should be pronounced giving clear tariff rates chargeable from consumers.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
The provision of subsidy is the prerogative of the Commission.

Issue No. 19:
That, categories framed in Schedule of Tariff are too much in numbers and is confusing. Figures in the bills of such huge categories can't be given by the Distribution Licensee. It is evident from the facts that, PSPCL is not giving the figures / instructions / information's which are mandatory to be given as per Clause 30 of Supply Code and Related Matters Regulations (2014).
PSPCL's Reply:
PSPCL has submitted all the relevant information as per PSERC Tariff Regulations.
Commission's View:
PSPCL is directed to address the issue to the satisfaction of consumers.

Objection No. 34: PSEB ENGINEERS ASSOCIATION.

Issue No. 1:
In the true up for 2018-19, the assessment has been made of AP supply in Kandi area mixed feeders as 55.31% in terms of agricultural kw load and 45.64% in terms of energy consumption. In case PSPCL can carry out segregation of AP supply 11 KV feeders from mixed supply feeders, it would enable the correct/ reliable measurement of AP energy as metered at the grid substation. PSPCL may give the position or target by which the segregation of 11 KV AP feeders from mixed feeders in Kandi area would be achieved. In table-3, page 23, the AP consumption of mixed feeders is shown as 644.15 MU but in table-4, the energy figures are shown as 1859.12 MU. PSPCL may clarify.
PSPCL's Reply:
From almost 6000 AP feeders only about 319 Feeders have mixed load i.e. AP and non-AP (DS & NRS). Due to various technical and other constraints PSPCL was unable to segregate supply of AP consumers on these feeders. Already under the DDU scheme, PSPCL is making efforts to segregate AP supply wherever possible and installing meters on the premises of AP consumers. But due to resistance by various kissan unions and consumers, the work has been delayed. Though the work has been resumed and is expected to be completed by November 2020.
The AP consumption shown in Table no.3 is only of the Hoshiarpur, Nawashahar and Ropar circle whereas in Table No.4 the AP consumption of all the kandi area feeders have been shown.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2: TRUE UP OF THERMAL STATIONS 2018-19
Actual station heat rate of GGSSTP Ropar is 2703 kCal/KWh and for GHTP it is 2655. The increased SHR is due to low PLF which is further due to prolonged shut down and operation at low loads. In such circumstances, the fuel cost may not be allowed on SHR-normative basis but on actual basis. Similarly, in case of specific oil consumption.
PSPCL's Reply:
PSPCL agrees with the objector and requests the Commission to allow the actual fuel costs.
Commission's View:
The Commission allows fuel cost as per PSERC MYT Regulations after prudence check.

Issue No. 3: TRANSIT LOSS OF COAL FOR 2018-19
PSPCL has stated that transit loss is negative for Ropar and Lehra TPS. Negative loss implies that weight of coal received is more than the weight of coal loaded at the mine. One possible reason for negative loss may be that the weigh-bridges (in motion weigh bridges) may be recording higher weight of the wagons than the actual.
PSPCL may carry out the calibration of the weigh bridges located at Ropar and Lehra.
PSPCL's Reply:
The in-motion weighbridges (IMWB) of GHTP, Lehra Mohabbat are calibrated every year regularly with a standard test wagon of Railways. The last calibration of IMWB was carried out on 04th Feb, 2020. It is further intimated that the weigh bridge at GGSSTP is being calibrated annually and last calibration was done on 26.09.2019.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 4: ARR 2018-19
Issue No. 4.1 The following items of ARR are a matter of grave concern:

	APR (Annual Performance Review)	**True up**
Interest charges (Rs. Crore)	824.25	2113.14
Interest on working capital (Rs. Crore)	302.4	870.04

It is observed that there is a substantial increase in the interest figures (actuals) as compared with the APR figures. During past years, when loans are taken to meet the gap between expenditure and revenue, it may be a short-term solution but the long-term impact results in the form of increased interest charges and interest on working capital which results in the stress on financial condition of PSPCL. While the tariff policy as well as National Electricity Policy lays stress on restoring the

financial health of DISCOMS, the position is reverse.
For example, under UDAY scheme, the outstanding loans of Rs.15628.26 Crore were transferred to Govt. of India, the resulting interest of Rs.1306.95 Crore has caused an increase in the interest charges to Rs. 2113.14 Crores.
While the loan amount of Rs. 15628.26 Crore may originally have been at higher interest rate of around 11 or 11.5%, the interest payable on UDAY bonds to Punjab Govt. is at lower interest rate of 8.36%, even then the interest of Rs.1306.95 Crore is huge resulting in the total interest on loan amount being Rs.2113.14 Crore.

PSPCL's Reply:

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 (APR) figures are on the basis of normative.

PSPCL raises Working Capital Loans for meeting its day to day expenditure towards purchase of power, fuel cost etc. By adopting UDAY Scheme, PSPCL can raise Working capital loans upto 25% of the previous year revenue. While submitting the ARR, PSPCL has made the provision of interest on Working capital loans by restricting its working capital loans upto 25% of previous year revenue. However, on True up of financial data, interest on working capital is claimed on actual basis.

Under UDAY scheme, PSPCL has signed the MOU on dated 04.03.2016 and as per the provisions of UDAY, GoP has issued the special bonds amounting to Rs. 15,628.26 crore during the year 2015-16 and 2016-17. The proceeds of these bonds were handed over to PSPCL as GOP loans against which PSPCL is making the payment of interest of Rs. 1306.95 crore to GOP. GOP has decided to convert these GOP loans of Rs. 15628.26 crore into Equity by the end of 31.03.2020. Accordingly, GOP has made the provision in their budget. Resultantly, the interest cost of PSPCL will be reduced by Rs. 1306.95 crore w.e.f. 01.04.2020.

Commission's View:

Interest on working capital loan is allowed on normative basis in line with PSERC MYT Regulations after prudence check.

Issue No. 4.2:

In the ARR Table, the ROE component of ARR has been indicated as Rs 942.62 crore. PSPCL may inform whether there is any court case regarding ROE and if so, the present status.

PSPCL's Reply:

The issue regarding RoE is pending with the Hon'ble Supreme Court. However, the date of hearing on the issue has not been fixed yet.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 4.3: REVENUE GAP 2018-19

Revenue gap for ARR of 2018-19 is shown as Rs 2334 crores which becomes Rs 3716 crores with carrying cost and will adversely impact the finances in future years.

PSPCL's Reply:

The carrying cost has been computed as per the provisions of the PSERC MYT Regulations.

Commission's View:

Revenue gap is determined by the Commission after prudence check of ARR petition and as per PSERC MYT Regulations.

Issue No. 5: Annual performance review 2019-20

Issue No.5 a) Thermal Plant's performance: The Station Heat Rate for H-1 of 2019-20 and projected SHR for H-2 of 2019-20 are summarized as under:

	GGSSTP	GHTP
H-1 SHR	2801	2847
H-2 SHR	2576	2576

The same problem of low load operation and low value of annual PLF will surely prevail in H-2 of 2019-20 as in the case of H-1 of 2019-20. The SHRs of H-2 would certainly suffer similarly, due to low PLF operation and would be approximately of the same order for H-2 as for H-1. However, PSPCL has indicated a much better station heat rate of 2576 for both the thermal plants for H-2 whereas the SHR of H-1 is in the range of 2801-2847. Accordingly, assessment of SHR for H-2 would be of the same order as for H-1.

PSPCL's Reply:
PSPCL agrees with the objector and requests the Commission to allow the SHR as submitted in the petition.
Commission's View:
The Commission considers the normative Station Heat Rate as per PSERC MYT Regulations.

Issue No. 5 b) Capital Expenditure
PSPCL may give details of following expenditures proposed under capital head:
i)Rs. 47 Crore for GHTP
ii)Rs. 138 Crore for metering labs.
iii)Expenditure for IPDS and IT.
PSPCL has stated that capital expenditure proposed for SP Kandi project and for Pachhwara coal mine would be considered separately. The salient details and time frame for execution of these critically important projects may be given by PSPCL.
PSPCL's Reply:

i. **47 Crore for GHTP:** In FY 2019-20, Rs 47 Cr was expected expenditure of GHTP. Out of this till 31.01.2019, Rs 41.66 Cr has been incurred. Majority of the expenditure is on Coal Mine under Lease (Pachwara) - **Rs. 33.95 Crore**. Along with this **Rs 5.29 Cr**. has been incurred on Supply, Delivery, installation and commission for HMI Up gradation. The expenditure of Rs 1.16 Cr. has been incurred on FGD. The other expenditure is on

ii. **Rs. 138 Crore for metering labs:**The major works included are:-
   a. Single/Phase Meters-Rs 43.5 Cr
   b. 3-Phase meters-Rs 9.16 Cr
   c. Smart Meters(3-phase)- Rs 16.04 Cr.
   d. LT-CT Smart Meters- Rs. 13.5 Cr.
   e. RF Meters(Radio Frequency)-single-Rs 6.6 Cr
   f. RF-Meters(Radio Frequency)-3phase-Rs 3.60 Cr
   g. Pre-paid meters(Single phase)-Rs 5 Cr
   h. LT CT Box (3-phase)- Rs 6.84 Cr.

iii. **Expenditure for IPDS and IT:**
A.) **IPDS**: The physical execution of work is likely to be completed by 31.03.2020.Till 31.01.2020, the actual expenditure incurred is Rs 83.82 Cr and the total expected expenditure till 31.03.2020 is Rs 247.87 Cr. out of total project total cost of Rs 329.99 Cr.The pending /Final payments amounting to Rs 82.12 Cr (approx) will be made in the next financial year i.e. FY 2020-21.
B.) IT:
1. ERP implementation under IPDS- 20 Cr.
2. SCADA-RTDAS- 5 Cr.
3. In –House- 23.66 Cr

➢ **Salient features of Shahpur kandi power project:** CWC vide its letter dated 24.07.2018 has approved the revised cost on Feb.,2018. P.L. of civil works of Rs. 2298.95 Cr. and CEA vide its letter dated 12.09.2018 has approved revised cost on Feb.,2018 P.L. of E & M works of Rs. 416.75 Cr. Hence, total estimated cost of project at, Feb, 2018 PL is Rs.2715.70 Cr. Govt. of Punjab vide its letter dated 21.08.2018 has concurred the cost apportionment as 71.39 % for Power Component & 28.61 % for Irrigation Component. Accordingly, the cost of Irrigation Component works out to be Rs. 776.96 Cr and that of Power Component work out to be Rs. 1938.74 Cr.
Consultancy contract for E & M works with WAPCOS has been revived on 29.04.2019.The E & M Contract with BHEL has also been revived and amendments thereof have been issued on 10.05.2019 & 23.05.2019. As per revised contract E & M, the completion/commissioning date has been revised as 30.04.2022 counted from zero date of 01.11.2018.
In compliance to the WTDs decision against CE/HPs Agenda No.33 dated 04.02.2019, PSPCL has tied up for the loan amounting to Rs.1894.84 cr. with PFC.
The amendment no. III dated 14.10.2019 regarding approval for acceptance of revised output guarantees of 33MW& 8MW units of (PH-I&II) on a/c of changed made in heads & other hydraulic data by Water Resources Department, GoP, was issued to BHEL.
1st milestone payment amounting to Rs.6,05,58,452/- (2% of Ex-works amount of Rs. 302, 79, 22,600/-) has been released to BHEL through RTGS on 02.12.2019.
The tender enquiry for Civil Works of Power Houses has been invited by CE/SPKD, Water

Resources Department, GoP on 01.11.2019 for opening on 17.12.2019. This due date of bid opening was extended to firstly 16.01.2020, then to 17.02.2020 due to NIL receipt of tenders.

- **Salient Features of Pachwara Coal Mine:**

•Global Tender Enquiry floated by PSPCL on 31.08.2015 for selection of Mine Developer-cum-Operator (MDO) for Pachhwara Central coal mine, was dropped in July 2017, as the selection of MDO was getting delayed due to CWPs filed by participated bidders against their disqualification and encashment of Bank Guarantees.

•On 30.04.2018, fresh Global Tender Enquiry was floated by PSPCL.

•M/s DBL - VPR Consortium, has been selected as MDO and Coal Mining Agreement has been signed on 11.09.2018.

•In the meantime, CWP 26180 of 2015 was filed by EMTA in High Court Chandigarh for Right of First Refusal and Novation of existing Contracts.

•On 01.02.2018, Hon'ble High Court ordered that M/s EMTA shall file its claims to PSPCL and PSPCL shall consider its claims.

•On 06.04.2018, PSPCL issued Speaking Order that optional novation as per Section 11 of Coal Mining Act 2015 is not permissible at this stage, so representation of EMTA for Novation of existing contracts cannot be acceded.

•EMTA filed CWP 10055 of 2018 and CWP 16245 of 2018 challenging PSPCL's Speaking order dated 06.04.2018 and fresh Global Tender Enquiry dated 30.04.2018.

•On 25.01.2019, Hon'ble High Court ordered that petitioner would have the first right of refusal but it would not claim any benefit from the previous contractual agreements.

•EMTA vide letter dated 30.01.2019 informed that they are ready to match the lowest price bid that has been revealed in the Tender Enquiry dated 30.04.2018.

•After taking the legal opinion of AG Punjab, PSPCL filed SLP 9924-9925 of 2019 in Hon'ble Supreme Court on 08.04.2019 against High Court order dated 25.01.2019.

•The case was listed on 06.05.2019, 13.08.2019, 17.01.2019 & 10.02.2020 and 17.02.2020. Now the hearing is fixed for 24.03.2020.

•Status of transfer of statutory clearances/licenses in the name of PSPCL:

For starting mining operations, PSPCL has already obtained Mining Lease, Environment Clearance, Forest Clearance, Ground Water Clearance, Land Licensing Agreement of Pakur Railway Siding and is in the process of transfer of private siding at Pakur Railway Siding and applied for Consent to Establish from State Pollution Control Board Jharkhand.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 6: WORKING CAPITAL FOR DISTRIBUTION

Against opening balance of loans, 6460 crores, additional loans of Rs. 2412 crores were taken with repayment of Rs 1911 crores leading to a closing balance of Rs. 6961 crores and interest amount of Rs. 708.54 crores. This shows a position of debt trap where PSPCL had to take more loans to repay the earlier loans and in the process incur huge interest charges. The closing loan amount is Rs. 6961 crores which is more than the opening loan of 6460 crores. This shows that instead of coming out the debt trap, PSPCL has gone deeper into the debt trap to the extent of Rs. 501 crore and in coming years, the interest on loan will be charged/ payable on a bigger amount during 2020-21 and interest claim would thereby be higher. In other words, the financial position regarding working capital loans would become worse in 2020-21 as compared to 2019-20. The practice of taking working capital loans to bridge the gap of expenditure and revenue is not sustainable at all.

PSPCL's Reply:

PSPCL raises Working Capital Loans for meeting its day to day expenditure towards purchase of power, fuel cost etc. By adopting UDAY Scheme, PSPCL can raise Working capital loans upto 25% of the previous year revenue. While submitting the ARR, PSPCL has made the provision of interest on Working capital loans by restricting its working capital loans upto 25% of previous year revenue.

Commission's View

Interest on working capital is determined and allowed in line with PSERC MYT Regulations after prudence check

Issue No. 7: PARA 3.11, TABLE 47

For 2019-20, the equity amount is shown as Rs 6081.43 Crore on which ROE of Rs 942.62 Crore is claimed. However, on 31.3.2020, the Govt. of Punjab UDAY loan of Rs 15628.26 Crore would be converted to equity with effect from 1.4.2020. This would reduce the interest on loan by Rs 1306.95 Cores and increase the ROE at 15.5% of Rs 15628.26 Crore i.e. by about Rs 2422 Crore.

PSPCL's Reply:
The GoP will be converting the entire UDAY Loan of Rs.15,628 Crore to equity and hence PSPCL has claimed RoE on the equity amount infused.
Commission's View:
Return on equity is determined and allowed in line with PSERC MYT Regulations**.**

Issue No. 8:
Cumulative Revenue Gap
The Revenue Gap of 2019-20 is stated as Rs 3613.80 Crore and cumulative revenue gap including past period carry over and carrying cost as on 31.3.2020 is stated as Rs 7728.26 Crore. Such high revenue gap is unsustainable and runs counter to section 61(D) of the Electricity Act 2003 which prescribes the recovery of cost of electricity in a reasonable manner.
PSPCL's Reply:
ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations.
Commission's View:
Revenue gap is determined by the Commission after prudence check of ARR petition and as per PSERC MYT Regulations.

Issue No. 9: ARR Forecast
Issue No. 9(a)
PSPCL may give the salient construction targets and schedules of SPK Project vide which the project would be made operational by 1.4.2021 i.e. 2021-22.
The commissioning and construction of such projects depend upon the timely execution of civil works which is to be done by the Punjab PWD Irrigation Branch. The PSPCL portion of the power project will start with the execution of civil works of the power house which is essential to be completed before the mechanical and electricity works can be taken up.
Past experience shows that with different agencies executing a hydro-electric power project, a High-Level Steering-cum-Monitoring Committee to monitor the works and expedite the construction.
PSPCL's Reply:
Please refer to reply on Issue No. 5(b) above.
Commission's View:
The objector may note the response of PSPCL

Issue No. 10. NORMS FOR THERMAL STATIONS
The PLF of GGSSTP and GHTP is given as under:

	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20 (H1)**
PLF GGSSTP	36	25	21	23	27
PLF GHTP	39	34	37	31	22

With such low PLF and repeated start/ stop of the units due to backing down and low demand etc., the attainment of designed operating norms of SHR and specific oil consumption would not be possible. The SHR for H-1 of 2019-20 and specific oil consumption (actuals) is as under:

	SHR	Specific Oil consumption
GGSSTP Ropar	2801 kCal/KWh	1.82 Milli litres/ KWh
GHTP Lehra	2847	1.81

It is suggested that Commission may consider and allow actual coal and oil consumption expenses since the regime of low PLF operation is going to continue in the coming years also. The parameters in Table 59 are not attainable when the thermal stations operate at around 30% annual PLF.
PSPCL's Reply:
The Commission may consider and allow actual coal and oil consumption expenses.
Commission's View:
The Commission allows fuel cost as per PSERC MYT Regulations after prudence check.

Issue No. 11: TABLE 62-63, PAGE 83
The energy charge rate and fuel cost table 62-63 for the control MYT period of three years are based on assumed SHR and specific oil consumption parameters which are practically not attainable due to

low PLF operation. The PLF taken for GGSSTP and GHTP are as under for 2020-21.

	GGSSTP	GHTP
PSPCL MU 2020-21	2956	2537
Gross MU	3284	2819
PLF	44.6	35

PSPCL's Reply:
The energy charge rate has been computed keeping in view the normative parameters as specified in the CERC Regulations 2019.
Commission's View:
The objector may note the response of PSPCL

Issue No. 12: Energy Sale Projections, 2020-21 to 2022-23, Tables 66-67.
In case of Large Supply category, the metered sale figures in MU are as under:

Year	LS consumption (MU)
2018-19 True up	14056
2019-20 APR	14476
2020-21	1557
2021-22	16718
2022-23	17965

For period 2020-21 to 2022-23, the Compound Annual Growth rate CAGR are taken as 7.46%, due to which the LS consumption is shown to increase from year to year. However, in view of the economic slowdown and recession condition across the country, the LS CAGR of 7.46% may not be realistic as it is based on past year's data while the current and future position is of economic slow-down.
PSPCL's Reply:
The increase in sales has been projected as per the CAGR of past years. However, there might be variation in actual sales.
Commission's View:
The objector may note the response of PSPCL**.**

Issue No. 13: TABLE 71, PAGE 89
PSPCL may clarify, whether 4.6% share of HP in RSD is free power or at generation cost. And, whether 20% share of J&K from RSD Project is at generation cost or whether it is free power. The copy of interstate power sharing agreement may be supplied by PSPCL.
PSPCL's Reply:
The 4.6% share of HP in RSD is free power**.** With regard to 20% share of J&K from RSD project, it is submitted that the power is supplied at the bus bar rate to be determined by CERC with a ceiling of Rs.3.50/unit.
Commission's View:
The objector may note the response of PSPCL**.**

Issue No. 14: POWER PURCHASE COST – FIXED CHARGED
The fixed charges may be taken as per relevant PPA, particularly in case of Sasan and Mundra UMPPs which have PPAs specifying the year-wise fixed and variable charges.
PSPCL's Reply:
The fixed charges have been considered in the petition as per the relevant PPA.
Commission's View:
The objector may note the response of PSPCL**.**

Issue No. 15: Pachwara Coal Mine and SKPP.
PSPCL may give the current updated position regarding Pachhwara Coal mine and SKP project.
PSPCL's Reply:
Please refer to Reply No. 5(b) above.
Commission's View:
The objector may note the response of PSPCL**.**

Issue No. 16: Return on Equity
For the three years period 2020-21 to 2022-23, the major difference in ARR is that during the earlier two years, 2018-19 and 2019-20, the equity is Rs 6081 crores and ROE is about Rs.942 crores.

However, from 1.4.2020, the Govt. of Punjab loans under UDAI schemes get converted into equity and the ROE component increases correspondingly as under:

	2018-19	2019-20	2020-21	2021-22	2022-23
ROE (Rs. Crores)	942.62	942.62	2267	3622	3714

The ROE component of tariff should be retained by PSPCL as it would be helpful in reducing or bridging the gap between revenue and expenditure and it would be an important parameter in improving the financial condition of PSPCL.

PSPCL's Reply:

PSPCL requests the Commission to kindly approve the RoE as claimed in the petition.

Commission's View:

Return on equity is determined and allowed in line with PSERC MYT Regulations.

Issue No. 17: Interest Charges

During 2018-19 and 2019-20, the PSPCL has to pay interest charges at the rate of 8.36% on the UDAY loan of Rs 15628.26 crores. From 1.4.2020, the amount of Rs 15628.26 crores of UDAI bonds is converted into equity and from 2020-21 onwards, the claim of interest charges reduces. The component of interest charges year-wise is tabulated as under:

Year	Interest charges (Rs crore)
2018-19	2113.14
2019-20	2259.98
2020-21	1264.79
2021-22	1339.80
2022-23	1391.60

For PSPCL ARR of 2020-21, the ROE component has increased by Rs 1324 crores as compared to 2019-20 while on the other hand, interest component has reduced by 995 crores.

PSPCL's Reply:

PSPCL requests the Commission to kindly approve the RoE as claimed in the petition.

Commission's View:

Interest Charges & ROE is allowed as per PSERC MYT Regulations.

Issue No. 18: MONTHLY POWER PURCHASE, 2020-21 TO 2022-23 IN RESPECT OF PUNJAB IPPS

Format D4 gives the Monthly Projected figures of MU power purchase and cost in Rs crore from each source year-wise, 2020-21 to 2022-23.

18.1: The data of IPPs in Punjab for each year is tabulated and summarized as under:

TSPL 2020-21 MU drawl by PSPCL is nil from the months Nov-2020 to Mar-2021 while capacity charge is to be paid at Rs.142.86 crore per month (only for month of Dec-2020, some energy is drawn)

NPL 2020-21 Monthly energy drawl is maintained during all the months Nov-20 to Mar-21.

GVK 2020-21 During months Nov-20 to Mar-21, nil MU drawl is there while monthly fixed charge of Rs. 77.62 Crore is to be paid. (Except for Dec-2020 when some energy drawl takes place)

TSPL 2021-22 There is nil energy drawl for the months Nov-21 up to Mar-22 while monthly fixed charge of Rs 177.65 crore is payable for each month, Nov-21 to Mar-22.

NPL 2021-22 Energy drawl is maintained for each month during the period Nov-21 to Mar-22.

GVK 2021-22 From Nov-21 to Mar-22, there is nil MU drawl while fixed charges of Rs 77.62 crore per month are payable. Only in Dec-21 there is some drawl of 59 Mu.

TSPL 2022-23 There is nil MU drawl each month from Nov-22 up to Mar-23 while fixed charge of Rs 175.56 crore is payable for each month.

NPL 2022-23 Monthly energy drawl is maintained for all the months of 2022-23

GVK 2022-23 There is nil MU drawl in the month of Feb-2023 with capacity charger of 77.62 crore.

PSPCL's Reply:

The observations of the objector are correct.

Commission's View:

The objector may note the response of PSPCL

Issue No. 19:

The PSPCL formats attached with petition give the following data station-wise and year-wise covering

the Punjab IPPs for the period 2018-19 up to 2022-23. The following data is tabulated:

a) Fixed cost (capacity charge) of each station year wise based on availability (declared capacity)
b) Quantum of energy (Mu) surrendered due to non-scheduling.
c) Quantum of fixed charges to be paid on the capacity that was not availed by PSPCL due to low schedule i.e. quantum of fixed charges paid corresponding to the surrendered energy for the year.

The summary of backing down data is given as under:

i) Mu surrendered by the 3 Nos. IPPs year wise
ii) Corresponding fixed charges on capacity that was surrendered (not availed)

The summary of data is as under:

	2018-19	2019-20	2020-21	2021-22	2022-23
Mu surrendered	5086.2	8349.7	11224	10637.4	8841.2
Mu surrendered capacity, Rs Crore	687.2	1098.8	1473.6	1373.2	1138

PSPCL's Reply:

PSPCL making efforts to sell the surplus Power in open market to generate revenue. The details are as under:-

FY	Units Sold (MUs)	Amount (Rs. Cr.)	Rate per unit (Rs./kWh)	Saving (Rs. Cr.)
2016-17	361	108	2.98	-
2017-18	1219	446	3.66	162
2018-19	2268	1183	5.21	453
2019-20 (up to 22.01.20)	397	187	4.72	64.21

Commission's View:

The objector may note the response of PSPCL

Issue No. 20: TOTAL COST OF ENERGY SUPPLIED BY IPPS

The PSPCL formats give the following data in respect of each IPP station:

i) MU scheduled (availed)
ii) Variable (fuel) cost and fixed (capacity) charge
iii) Total energy cost, variable cost + capacity charge (fixed charge)

20.1 THE YEAR-WISE SUMMARY IS AS UNDER:

	2018-19	2019-20	2020-21	2021-22	2022-23
Mu	20717.8	20681.7	18254.3	19901.4	21179.8
Variable cost (Rs cr)	6489.6	6866.2	6334.3	7509.7	8441.1
Fixed cost (Rscr)	3480.7	3695.1	3997.8	4831.9	4806.77
Total Cost (RsCr)	9928.2	12040.2	10332.2	12341.1	13247.9
Rate (Rs per unit)	4.79	5.82	5.66	6.20	6.25

20.2 The station-wise and year-wise details of fixed charges, variable charges and Rupees per unit rate is tabulated as under:

SUMMARY OF FIXED AND VARIABLE CHARGES OF PUNJAB IPPS

	MU	Variable cost (Rs Cr)	Fixed cost (Rs Cr)	Total cost (Rs Cr)	Paisa per unit
2018-19 TSPL	9837.4	3152.7	1521.3	4634.5	471.1
2018-19 NPL	8677.2	2578.5	1332.3	3910.8	450.7
2018-19 GVK	2203.2	758.4	627.1	1382.9	632.2
2019-20 TSPL	8674.8	3102.5	1516.2	5641.5	650.3
2019-20 NPL	9567.7	2908	1247.5	4577.2	476.4
2019-20 GVK	2439.2	855.7	931.4	1821.5	745.7
2020-21 TSPL	5565.2	2144.4	1714.4	3858.8	693.7
2020-21 NPL	10454.4	3311.67	1352	4663.5	446.08
2020-21 GVK	2294.74	878.4	931.4	1809.9	788.7
2021-22 TSPL	6381.1	2678.26	2131.85	4810.11	753.7
2021-22 NPL	11088	3854.1	1768.6	5622.7	507.1
2021-22 GVK	2430.34	976.87	931.45	1908.33	785.2
2022-23 TSPL	7294.43	3213.66	2106.77	5320.44	729.38
2022-23 NPL	11088	4046.8	1768.6	5815.39	524.48
2022-23 GVK	2797.4	1180.6	931.4	2112.1	755.02

PSPCL's Reply (20):
The data for IPP's collected by the objector is correct.
Commission's View:
The objector may note the response of PSPCL

Issue No. 21: Delayed payment of subsidy by Punjab Govt
Delayed payment and default in subsidy for 2019-2020 , PSPCL data

Subsidy default as on	Amount of default, Rs Cr
30-Apr 2019	762.92
31 May 2019	1361.85
30 June 2019	1925.67
31 Oct 2019	3496.95
15 Nov 2019	4680.52
30 Nov 2019	4227.87
15 Dec 2019	5109.91
31 Dec 2019	4294.86
15 Jan 2020	5188.06

21.1 PSERC may incorporate stringent instructions in Tariff order for GoP to ensure timely payment of subsidy as per Electricity Act sec 65.
PSPCL's Reply:
The query has been addressed to the Commission.
Commission's View:
The Commission allows carrying cost for the delay/non-payment of subsidy by the State Government.

Objection No. 35: Amritsar Hotel and Restaurant Associations, Amritsar.

Issue
This is with reference to the subject above. Kindly note that there has been a phenomenal increase in the electricity charges for the city. We as consumers and representatives of the Association of Hoteliers in the city wish to express our disappointment to you over this matter. Punjab Government had earlier through its notification in Industrial Policy-2017 promised to give the industry a rate of Rs. 5/- per unit but now however we are being charged rate almost double of this. This is not only totally unjustified but also a breach of promise on the part of the Government. As you are already aware that business of Tourism is very sensitive in nature and gets affected by almost every aspect whether be

climate, political or of any other nature lading to fall in arrival of tourists. We as Hoteliers have had our share of problems with PSPCL in terms of TOD rebate not being passed on other like bills not being delivered on time lading to penalties. This is to kindly request you to please look into the matter and have the unit rate of electricity levies as Rs.5/- per unit only and not more.

PSPCL's Reply:

ARR is being prepared and submitted before the Commission as per the regulatory principles set by the Commission. The methodology adopted by PSPCL for truing up for FY 2018-19, RE for FY 2019-20 and MYT petition for FY 2020-21 to FY 2022-23 is very well elaborated in the Petition and is in line with the regulatory principles set by the Commission and PSERC MYT Regulations. Further, the determination of Tariff is the prerogative of the Commission.

Commission's View:

The Commission notes the concern of the objectors.

Objection No. 38: All India Steel Re-rollers Association, Mandi Gobindgarh.

Issue No. 1: Provision of Voluntary Disclosure Scheme (VDS) to LS Industry: Presently Voluntary Disclosure Scheme (VDS) for load extension for commercial consumers is available to all but not available for LS Industries, which is undergoing modernization/up gradation under Industrial and Business Development Policy – 2017, to improve their production capacity to survive from recession and to compete in the market which is very essential in present scenario. The industry has to install machinery, technology and new mechanism and it will naturally be needed more electricity load. In normal process for getting load extension, which is presently needed to go through feasibility process with so many forms which are mandatory through PSPCL channels is so complicated, too lengthy for which the industrialists are wandering here to there since last six months and files moving table to table. In such circumstances the industrialists facing harassment and even not aware how much time it will take.

As the same problem was discussed by the undersigned in front the Chairperson on 3.2.2020 in the public hearing and vide mentioned facts, it is humbly submitted that provision of Voluntary Disclosure Scheme (VDS) may please be permissible for existing LS industry with provision to increase for extension of their industry load up to 25% of the existing (already sanctioned) load without any concession. It will not only serve to survive the industry will also be big beneficial to the PSPCL for boosting their collection, minimizing routine faults and increase revenue of the states well as contribute the GDP growth also. In view of the facts it is once submitted your kind honors that ruling may please be provided for affected industry as soon as possible.

PSPCL's Reply:

With reference to the representation of All India Steel Re-rollers Association on the subject regarding, introduction of Voluntary Disclosure Scheme (VDS) for LS industries with provision of extension upto 25% of sanctioned load without feasibility process, it is intimated that only DS consumers upto 50 kW sanctioned load & NRS consumers upto 20 kW sanctioned load are covered under load based Tariff whereas all Industrial consumers (SP, MS & LS) are covered under Demand based Tariff. The Maximum Demand (MD) is not recorded for DS consumers upto 50 kW & NRS consumers up to 20 kW. Non declaration of true connected load adversely affects the distribution system due to overloading of distribution lines/transformers as the actual load running on system is more than sanctioned load. PSPCL suffers continuous & recurring financial loss on account of fixed charges under two-part tariff system on one hand and consumers also have to face breakdowns or interruption of supply due to inadequacy of distribution system on the other hand.

In view of above, Voluntary Disclosure Scheme (VDS) was launched vide Commercial Circular No. 44/2019 dated 27.08.19 (extended upto 30.11.2019 vide CC No. 56/2019 dated 31.10.2019) was meant only for those DS/NRS Consumers which are covered under load based Tariff to give them an opportunity to get their unauthorized load/hidden load regularized. 50% discount was offered on Service Connection Charges under VDS was offered to motivate these DS/NRS Consumers.

Since all Industrial consumers (SP, MS & LS) are covered under Demand based Tariff, there is no hidden load in these category of consumers as Maximum Demand is regularly recorded alongwith monthly consumption readings and so there is no purpose of launching Voluntary Disclosure Scheme for industries.

Regarding the requirement of feasibility study, it is intimated that feasibility clearance is not required in cases where new or total demand including additional demand is upto 500 KVA. However, the load/demand sanctioning authority i.e. Addl. SE/Sr. XEN (DS) considers the technical aspects before release of the load/demand. Further, as per Regulation-6.3 of the PSERC (Electricity Supply Code and Related Matters) Regulations 2014, feasibility clearance is required only in those cases where

new or total demand including additional demand exceeds 500 KVA which has to be granted to an applicant/consumer by PSPCL within 60 days.
All application of new connections with demand above 100 KVA are required to be applied through single window system, which are being disposed of in time bound manner. Therefore, by default there is a monitoring of such new applications received from all through the Punjab and there is a regular check on operation offices for timely disposal of new applications. If this system is stopped, then new applicants might have to approach their respective field offices, which may further delay the release of new connection above 100 KVA.
In all cases where it is technically feasible to release the load, the clearance is being granted by PSPCL within stipulated timeline of maximum 60 days. However, every effort is made to grant feasibility clearance as early as possible i.e before the maximum timeline of 60 days. After feasibility clearance, the electricity connection is also released within stipulated time limit as per Regulation-8 of Supply Code-2014 (maximum 45 days & 90 days from date of compliance of Demand Notice in case of HT & EHT consumers respectively).
It is also brought out that the consumers desirous of availing additional load without any change in contract demand may avail such additional load by informing PSPCL about increase in load which may be recorded in the A&A form. No feasibility is required in such cases. However, proposal regarding allowing conditional feasibility to avail partial load/demand to the applicant upto the extent of bearing capacity of the system is under consideration.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 2: Change in Meter Reading dates from 31st to 21st:
Change in the reading dates factor is directly affecting adverse to the Industry to calculation the production figures because all the calculations are being monitored 1st to 31st of each month and it is not understood that what is the reason behind the change in dates and there is no any logic. One more technically foul here that the consumption reading is on 21st and the Contact demand as on 31st on the energy bills. This system may please be reversed as if was earlier to bring out the industry from the calculations.
PSPCL's Reply:
The change in billing cycle has been done as per financial requirement of PSPCL as forwarded by Finance Section of PSPCL. Further, regarding MDI reset, it is submitted that all the energy meters of consumers having load >100KVA have been updated vide a patch which effects the MDI reset on 00:00 hrs of 22nd day of each month in line with present billing cycle.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 3: Surcharge from various consumers:
Amounts have been recovered from the consumers billing is unfortunate and unaccepted. If PSPCL loosing in court cases regarding private thermal Plants, the charges recovered from the consumers are not fare because industry billing unit rate is fixed by your good office. It has also been noticed and grievances from the members that violation of order dated 29.3.2017 passed in Petition No. 66 of 2016 (Suo-moto) is started and needed fresh instruction to be issued to the concerned departments to obey the order strictly. In view of the above it is submitted that such recovery is to be repaid and to be bear by the corporation or Punjab State. Please review of the surcharge.
PSPCL's Reply:
The surcharge has been imposed as per order dated 24.12.2019 of the PSERC's in Petition No. 25 of 2019 filed by PSPCL, for recovery of the amount paid to Nabha Power Limited (NPL) and Talwandi Sabo Power Limited (TSPL) in compliance of the Hon'ble Supreme Court's Order dated 07.08.2019.
Commission's View:
The objector may note the response of PSPCL.

Issue No. 4: Double circuit G-1 (220 KVA) to Focal Point 66 KVA Mandi Gobindgarh.
220 KVA Ambey Mazra Mandi gobindgrh grid to Single circuit to 66 KVA grid point is already running. Feasibility for double circuit already passed by the PSTCL on existing towers, however the work is not been started by the PSTCL Ludhiana due to which the list of extensions load is pending on 66 KVA focal point grid resulting big loss of PSPCL and the consumers.
PSPCL's Reply:
This issue does not relate to the Tariff Petition filed by PSPCL and shall be dealt separately.

Commission's View:
The objector may note the response of PSPCL.

Issue No. 5: Night Tariff:
The induction furnaces working only 12 hrs due to night tariff as where the fixed charges are 50% but in the monthly billing due to the slot reading by the MMTC the provisions of 50% rebate is not served as the industry is continue running in the night only.
PSPCL's Reply:
With the introduction of special Night Tariff a new time slot was required for 6.00 AM to 10.00 AM which is not available in current meters installed in field. Procuring of compatible meters at short notice is not viable. Accordingly, it was decided to upload a patch in the energy meters for creating additional time slot in addition to existing 04 time slots. The uploaded patch requires the DDL downloading for arriving at energy consumption for 6.00 AM to 10.00 AM. With the patch it becomes essential that DDL be downloaded with reading itself and be forwarded to concerned CBC for billing so that consumer could be served with actual bill.
Dealing matter pro-actively, PSPCL replaced meters of almost all Night Tariff consumers with meters uploaded with patch for recording reading from 6.00 AM to 10.00AM and these readings of the slot can be downloaded through DDL only.
DDL of most of Night Tariff consumers is done on date of reading only and consumers of Night Tariff are getting rebate systematically. However, there can be some cases where DDL is done after reading date and consumers get rebate afterwards; for which instructions are being issued to the field offices for ensuring the DDL's to be done on the reading date only, so that there may not be any discrepancy in billing and refund amount if any. The O/o CE/Metering has also been directed to purchase new meters compatible to record time slot of 6.00 AM to 10.00 AM separately, which will also helps to solve the above problem of readings of Night Tariff consumers.
Commission's View:
The objector may note the response of PSPCL.

Objection No. 39: Siel Chemicals Complex Rajpura.

Issue No. 1: T & D LOSS TRAJECTORY
PSPCL has revised the transmission and distribution loss trajectory for the MYT period to bring these in line with the trajectory approved by the Commission in the Business and Capital Investment Plan. However, comparison with the ARR submitted earlier by PSPCL on 30.11.2019 reveals that PSPCL itself proposed a combined transmission and distribution loss of 13.90% for the year 2020-21, whereas now, the combined loss has been proposed as 14.8%.
It is very strange that PSPCL while submitting ARR had itself proposed T&D loss of 14.17 % for the true up of 2018-19, 14% in revised estimates for 2019-20 and for 2020-21. However, now PSPCL has revised and proposed T&D loss of 14.8% in 2020-21 i.e. an increase of 0.9% of 16056.07-59927.46+635.61 MUs of energy and ever the Commission has agreed to revise the figures upwards against the interest of the consumers.
As per Regulation 8.2 of MYT regulations the transmission and distribution losses are controllable parameters. However PSPCL has failed to achieve the trajectory approved by the Commission for the first MYT control period of 2017-18 to 2019-20. Still, PSERC has accepted the submissions of PSPCL and revised the loss trajectory upwards without penalizing PSPCL for non-achievement of controllable parameters. It is also strange that the PSTCL has taken to 10 years to complete the boundary metering and the transmission losses assumed as 2.5% for the year have now been revised onwards to 2.86% in tenth year. It is evident that consumers are taken for granted to bear the inefficiency of PSPCL and PSTCL.
PSPCL has been investing heavily on system improvement and loss reduction programs and got support of GOI and GOP to further reduce the T&D losses under UDAY Scheme. All these expenditure incurred has not yielded the desired loss reductions indicating there by that the cost recovery commitments were wrongly projected and now PSPCL wants that the consumer be burdened or it's under achievement of losses. Since T&D losses are controllable parameter PSPCL needs to bear the under achievement and consumer should not be burdened for its underperformance.
PSERC has approved of T&D loss from 12.3% in FY 2020-21 to 12% in 2021-22 i.e. a reduction if 0.3 percent in one year for PSPCL. With an energy requirement of 61103 MU in 2020-21 this will save 183 MU of energy and with average energy charge of Rs. 3.5 per unit, it will give relief of Rs. 64 Crore to PSPCL/consumers. However, the capital expenditure as per capital investment plan approved by

PSERC, PSPCL has been granted Rs. 290.69 Crore for system augmentation plus 465.35 Crore for system improvement and Rs. 269 Crore for loss reduction i.e. a total Rs. 956.69 Crore. The investment will require yearly interest payment of Rs. 96 Cr @ 10% nominal rate of interest against savings of Rs. 64 Cr per year and thus the approved capital investment is not justified in view of very meager reduction in distribution losses. It is therefore requested that the proposals of PSPCL may be reviewed and a proper cost benefit analysis need to be carried out and only justified expenditure needs to be approved keeping in view the interest of consumers.

PSPCL's Reply:

PSPCL has revised the T&D Losses based on the T& D losses approved by the Commission in the Order for Business Plan and Capital Investment Plan approved for FY 2020-21 to FY 2022-23 on the 3rd December 2019.It is further submitted that PSPCL always endeavors to reduce its T&D losses to minimum level. The main component of T&D losses under PSPCL is low billing efficiency which is mainly due to high theft especially in Border Areas. To curb the energy theft 16.58 lakh connections were checked by distribution and enforcement organization in FY 2018-19 out of which 1.41 Lakh cases were detected and penalties to the tune of Rs. 179.29 Cr were imposed on consumers which were found indulging in power theft. Similarly, during FY 2019-20 upto December 2019, 13.81 Lac connections have been checked by distribution and enforcement organization and penalties of Rs. 157.55 Cr. have been imposed on 1.28 Lac. power thieves. During checking PSPCL faces stiff resistances from local public and various kissan unions. Sometimes PSPCL employees have been Gheraoed and Manhandled by public during checking of connections. Therefore, concerted efforts are required from local administration also in order to facilitate PSPCL employees for checking of power theft in these areas, as without their support it is not possible to curb the theft of power.

Commission's View:

Refer para No. 2.3, 3.3 & 4.3 of this Tariff Order and para No. 2.3, 3.3 & 4.3 of PSTCL Tariff Order.

Issue No. 2: CHANGE IN POWER PURCHASE COST

The MYT regulations provide that the power purchase cost for the ensuing year is to be worked out based on the bills of the power purchase of September of the current year and the same have been attached with ARR for reference. The MYT petition was prepared accordingly. However, in the Additional Submissions submitted now, PSPCL has proposed to shift the base to November of the current year for which the bills of November are required to be supplied but not attached with the additional submissions. As such the request of PSPCL needs to be rejected. The deduction in the power purchase cost will automatically appear in the true up/next year.

It is also submitted that as per ARR submitted on 30.11.2019, PSPCL's requirement of energy at State periphery for 2020-21 has been projected as 59927.46 MUs. In BP&CIP approved by Commission on 3.I2.2019, the approved energy is 62612.89 MUs. Now in additional submissions, the quantum of energy has been revised as 60563.07MUs. Such wide variations need to be investigated. It is also evident that the figures in BP&CIP are inflated to get higher capital expenditure and the returns on investment will be loss than projected burdening the consumers.

The cost of 46533.52 MUs of power purchase for 2020-21 in ARR was Rs 21914.48 Cr. @Rs4.53/unit. The figures have been revised in Additional submissions to 47807.16 MUs at a cost of Rs21491.68 Cr @Rs4.42 per unit. While working out her revised Power Purchase cost, PSPCL has reduced/increased the fixed cost (Rs. Cr.) for almost all CGS which is not understandable as to how FC has changes between Sept. and Nov. 2019.

PSPCL's Reply:

The Power Purchase rates for November 2019 have been assumed because it would provide more accurate rates for projections of future Power Purchase Cost. Since the Tariff Petition is to be filed in November so the rates of September are taken for projections of Power Purchase. Further, with regard to the changes in quantum of energy at PSPCL's periphery, it is submitted that the energy requirements have changed due to the revised T&D Losses approved by the Commission in the BP & CIP Order after the ARR petition was filed by PSPCL. The Fixed Costs have changed as PSPCL has not considered the effect of Mega Power Status, FGD & SNCR towards NPL and TSPL in the additional submissions which were considered earlier in the Tariff Petition filed by PSPCL.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 3: TRANSMISSION CHARGES PAYABLE TO PSTCL

The proposal of PSPCL to revise the transmission charges payable to PSTCL is only to inflate the ARR. PSTCL has not been revised its ARR under similar exercise for revising transmission loss and its trajectory as per approved Business Plan and Capital Investment Plan. Evidently PSTCL has left it

to PSERC to revise the figures while issuing the Tariff Order. As such the transmission charges payable to PSTCL though revised by PSPCL are not final figures and are to be determined by PSERC.

PSPCL's Reply:

The Transmission charges payable to PSTCL have been revised based on the MYT petition submitted by PSTCL to the Commission.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 4: RECOVERY OF REVENUE GAP AND AVERAGE COST OF SUPPLY.

PSPCL had purposed to partially recover Rs. 4545.79 Crore of the revenue gap through increase of tariff and worked out the Average Cost of Supply as Rs. 7.26 per unit in the ARR. Now in the additional submission, the recovery proposed through increase in tariff has been reduced to Rs. 2965.40 Crore with Average Cost of Supply as Rs.6.95/unit. PSPCL has not given any justification for arbitrarily changing the amount of partial recovery of revenue gap and fixing amount of Regulatory Assets of the revenue gap. We request the Commission to not to carry forward the revenue gap and partially convert it into Regulatory Asset and urge to fully recover the revenue gap as worked out for the year 2020-21 in the year itself so that the consumers pay the actual cost of supply. It is necessary that the difference is not passed on to the future generations and in line with the principle of "Pay as you go". If such trend of creating Regulatory Asset is approved by the PSERC, this will put the consumers in distress at some stage below the line when huge increase in Tariff will become imminent. This will also create mismatch of GOP subsidy in current and future years.

It may also be added here that APTEL has already ordered in many petitions that Regulatory Assets should not be created as a routine and it will be a violation of the orders of APTEL.

PSPCL's Reply:

The Regulatory Assets have been created in order to avoid Tariff Shock for the consumers of Punjab.

Commission's View:

The Revenue gap is determined by the Commission keeping in view the expenses and income as per MYT Regulations. Tariff order is issued after prudence check and due diligence. However, the concern of the objector regarding Regulatory Asset is noted.

Objection No. 40: Nahar Fibres:

Issue No. 1: T&D Losses for true up, Revised estimates and MYT period and Distribution loss trajectory.

In the Additional Submission, PSPCL has revised the T&D losses for the year 2020-21 from 13.90% as per ARR to 14.8% as per Additional Submission and so on. As per Regulation 8 of MYT Regulations 2019, one of the criteria for adopting base line values for next MYT period shall be true up values of the previous period. The trued up aggregate T&D loss for the year 2018-19 in ARR is 14.17% and thus the T&D loss in 2020-21 have to be less than 14.17%. Therefore, revised /proposed T&D loss of 14.8% in 2020-21 is wrong and needs immediate revision by PSERC.

It is evident that heavy investments on system improvement, system augmentation and loss reduction schemes to reduce the T&D losses have not yielded results. PSPCL has failed to achieve the desired loss levels, indicating there by that the cost benefit projections given by PSPCL were wrong. Further, now PSPCL wants that the consumer be burdened for its under achievement of losses. Since T&D losses are controllable parameters as per MYT regulations. PSPCL needs to bear the under achievement and consumer should not be burdened for its under-performance.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 1 of Objection No. 39.

Commission's View:

Refer the Commission's view in issue No. 1 of Objection No. 39.

Issue No. 2: Power Purchase Cost:

In additional submissions, PSPCL has revised the Formats of Fixed charges and surrender of power due to excess contracted capacities Further, the formats of the Power Purchase cost have also been revised by PSPCL and the cost as demanded in ARR and revised now in additional submission for 2020-21 are compared as under:

Parameter	Unit	As per ARR	As per Addl. Subm.	+/-
Energy purchase	MUs	46533.52	47807.10	+ 1273.58
Cost of Energy	Rs. Cr.	21914.48	21491.68	- 422.80
Fixed Cost	Rs. Cr.	8288.85	7996.50	- 292.35
Variable Charge	Rs/unit	2.89	2.74	- 0.15
Total Rate	Rs./Unit	4.63	4.42	- 0.21

There seems to be something wrong in submission for the MYT period as the change does not show any consistency. Energy surrendered for 2020-21 has reduced but fixed charges for idle capacity have increased. At the same time, Purchase of energy has increased but cost of energy, fixed cost, variable charge and total rate have decreased. The Commission may check the data so that liability of the current year is not shifted to future years.

PSPCL's Reply:

In the additional submission although the total quantum of power purchase has decreased, the surrendered quantum of power towards IPPs (i.e. NPL, GVK) has increased. Therefore, the fixed charges on normative basis payable for surrendered power for FY 2020-21 have increased.

Further, in the additional submission the power purchase cost for FY 2020-21 to FY 2022-23 has been projected on the basis of November 2019(FY 2019-20) MOD and considering NIL effect of Mega Power Status, FGD & SNCR towards NPL and TSPL. Accordingly, the power purchase cost has been reduced in the Additional Submission.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 3: Recovery of Revenue gap:

The proposal to partly recover the revenue gap in 2020-21 and make the balance as Regulatory asset is not in the interest of consumers as it will be at the cost of consumers who shall have to bear the interest cost of regulatory asset. If this trend is adopted, where will be more violations in recovery of subsidy and defaulting amounts setting a wrong precedent. This shifting of liability to give relief to existing consumers and shifting the liability to future years is also not acceptable. APTEL has also ordered that regulatory assets should not be creed as a routine.

We request the Commission not to carry forward revenue gap by creating regulatory asset and recover the revenue gap as worked out for the year 2020-21 in the year itself by appropriate increase in tariff so that the consumer pays the actual cost of supply and the difference is not passed on to the future consumers.

PSPCL's Reply:

The Regulatory Assets have been proposed in order to avoid any Tariff Shocks for the consumers.

Commission's View:

The concern of the objector is noted.

Issue No. 4:

PSPCL has not made available the Report of CAG for the year 2018-19 to the stake holders so far whereas this is available to the media as is evident from the report appearing in The Tribune dated 01.03.2020. PSPCL may be directed to make available the report failing which the true up exercise should not be taken up this year and no carrying cost be allowed as per MYT regulations.

PSPCL's Reply:

Report of CAG for the year FY 2018-19 has been submitted to the Commission and uploaded on the website of PSPCL.

Commission's View:

The objector may note the response of PSPCL.

Issue No. 5:

PSPCL has proposed rationalization of tariff for different slabs of domestic category proposing relief to domestic consumers up to 2 KW connected load. It is submitted that whereas subsidy is proposed and paid by GOP, PSPCL has taken up on itself to provide subsidy to Domestic Consumers hurting the interests of the other categories of consumers. When GOP has not provided any relief to domestic consumers through reduction in ED, IDF and MT in the budget already presented and PSPCL has recently removed the creamy layer of SC and BC DS consumers from eligibility of GOP subsidy, PSPCL proposed reduction in tariff will simply put the clock reverse. This will also reduce the

amount of subsidy payable by GOP as the lower tariff will also benefit the SC,BC and FF category of consumers. We also submit that since introduction of subsidy for industrial consumers, PSPCL is trying to increase their burden of tariff this way or that way. For revival of industry to State, such actions should be avoided.

While introducing two-part tariff on KVAH tariff or removal of PLEC and introducing TOD tariff, PSPCL had always been insisting on category wise revenue neutrality.We, therefore, request that the increase in tariff should be on proportionate basis or else cost of supply be introduced for all categories.

PSPCL's Reply:

Providing subsidy and collection of Taxes is the prerogative of the Government of Punjab.

Commission's View:

The concern of the objector is noted.

Objection No. 41: Mandi Gobindgarh Induction Furnace Association

Objection No. 42: HANSCO Iron & Steel Pvt. Ltd.

Objection No. 43: Confederation of Indian Industries (CII)

Issue No. 1: Voltage Rebate to 66/220 KV industry during night hours

PSPCL's additional submissions are silent on restoring the voltage rebate of 66 / 220 KV industry during night hours. HT rebate of industry connected at 66/220 KV during night hours stands withdrawn since 1.4.2019 and merged it with TOD rebate with a cap of Rs. 4.45 per unit and thus HT rebate is available only for 16 hours. HT rebate is granted in accordance with the Electricity Act 2003 providing that tariff should be in line with the difference of voltage wise cost of supply for the relevant voltage Hon'ble APTEL has also upheld this provision and Voltage rebate was also granted to Punjab consumers in view of the numerous orders issued by APTEL in this regard.

Due to the difficulties in implementing voltage wise cost of supply-based tariff, voltage rebate is given to partially compensate such consumers. The difference in cost of supply is increasing over the years and is much more than the HT rebate of Rs 0.25/unit available to 66 KV consumers. Instead of increasing the HT rebate to bring the tariff of HT consumers in line with cost of supply as directed by APTEL, PSERC chose to withdraw the HT rebate by putting a cap on TOD tariff along with HT rebate. Sudden merging of HT rebate in the capping of TOD rebate in the Tariff Order of 2019-20 has brought the 66 KV consumers at par with 11 KV consumers which is not as per the orders of the APTEL. We therefore request for restoring the HT rebate on round the clock basis independently and fix the TOD night rebate independently since both are being granted to achieve separate and distinct goals.

PSPCL's Reply:

Voltage rebate is available to consumers getting supply at HT/EHT voltages as per Clause No. 13.2 of General Condition of Tariff of Tariff Order 2019-20. Rebate of 30 paise/kVAh is available to all consumers getting supply at 400/220/132 kV and 25 paise/kVAh to all consumers getting supply at 66/33 kV. However, cumulative effect of ToD rebate and Voltage rebate on the Energy Charges (including reduced Energy Charges for consumption exceeding threshold limit / use of electricity exclusively during night hours) at any time, has been limited to the lowest Energy Charge of Rs. 4.45 per kVAh.

Regarding the matter of capping of Rs. 4.45 per unit and HT rebate, the Commission in its Order dated 13.09.19 in Review Petition No. 5 of 2019 filed by industrial consumers, has decided that concessional/ discounted tariff can be provided subject to certain limitations only. It was decided to limit the same to Rs. 4.45 per kVAh, being the marginal cost to generate additional energy. It is further intimated that determination of tariff, rebate or surcharge to any category is prerogative of the Commission as per Electricity Act, 2003 on the basis of data supplied by PSPCL in the ARR, keeping the interest of stakeholders in view.

Commission's View:

The suggestion is noted.

Issue No. 2: Return on Equity:

PSPCL has not withdrawn the conversion of UDAY Loans into equity of GOP, infusion of equity through loans and demand of Return on Equity of GOP without any cash flow from GOP.

A) Conversion of Consumer Contributions and Grants & Subsidy to equity through FRP

and claiming ROE on such equity:-

As per the FRP approved by GOP, the consumer contribution, subsidies and grants were converted into equity of GOP leading to increase in the equity share capital of GOP in PSPCL from 2617.61 crore to 6081.43 crore w.e.f. 16.4.10. Consequently, ROE was increased from 607.55 crore per year to 1411.50 crore though there was no fresh investment/cash flow by GOP or PSPCL. This revaluation is causing cyclic increase in ARR for subsequent years also and has hurt the consumers through increase intariff.

Regulation 25.4 clear states that only cash infusion is to be treated as equity for grant of ROE. The consumer contribution, grants and subsidies are not cash flow for the purpose of equity as per settled financial principles and this has been acknowledged by the Commission in the proposed amendment of Regulation 25.4 and more recently in MYT Regulations. Even the CAG has also raised objections to it.

This matter was appealed in APTEL by consumers 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 an Appeal against the order in Supreme Court and stay has been granted. Accordingly, we will approach the Commission to re determine ROE for all the years w.e.f. 2011-12 onwards after the verdict of the Hon'ble SC.

PSPCL's Reply:

The matter regarding Return on Equity is sub-judice before the Hon'ble Supreme Court and PSPCL has no comments to offer in this regard.

Commission's View:

The Commission will take action on the issue as per the decision of the Supreme Court.

B) **Conversion of Loans taken over by GOP under UDAY scheme into equity***:*

PSPCL had proposed that loans taken over by GOP under UDAY scheme dated 4.3.2016 amounting to Rs 15628.26 Cr be converted into equity of GOP in PSPCL whereby GOP equity in PSPCL is proposed to be increased from 6081.43 Cr to 21709.69 Cr and increase in Return on Equity @ 15.9%from Rs 966.95 Cr. to 3451.84 Cr. PSPCL has not withdrawn the demand in the Additional Submissions and still propose to unduly burden the consumers for the additional ROE.

The MOU entered into between PSPCL, GOP and MOP dated 4.3.2016 regarding implementation of UDAY scheme in Punjab submitted to the Commission vide CE/ARR & TR letter no 481/CC/DTR/Dy.CAO/246/Vo11-1 dated 12.4.2016 clearly says that the Loans of Rs 15628.26 will be adjusted by conversion of Rs 11728.26 Cr as GOP grant at the end of 5th year and Rs 3900 Cr. as equity. This is clear violation of the MOU and is illegal.

PSERC, for the purpose of grant of ROE, is required to consider the equity actually contributed and subscribed by GOP and such contribution must be through cash flow and not through book adjustment as it will undue burden the consumers of the State. It is not necessary for the PSERC to grant Return on Equity on equity as projected by PSPCL and can grant the ROR on equity actually contributed.

It is also submitted that all the loans covered under UDAY does not qualify for consideration as PSERC had been disallowing large part of WC and Capital loans in the tariff orders. We request that only loans accepted by PSERC as per TO 2016-17 be considered for adjustment under UDAY and liability of unapproved WC and Capital loans be borne by PSPCL. The approved loans covered under UDAY be converted into GOP grants and equity in the ratio approved in UDAY MOU but ROE be granted only if there is cash flow/actual contribution/payments.

PSPCL's Reply:

The Government of Punjab will be converting the UDAY loans of Rs.15,628 Crores into equity. As per PSERC MYT Regulations PSPCL is entitled to return on equity of 15.50% on the equity amount.

Commission's View:

Equity and Return on Equity is determined and approved by the Commission as per PSERC Regulations after prudence check.

C) Non infusion of additional equity for Capital investment.

PSPCL has proposed financing of Capital Investment through additional equity and loan through Debt Equity ratio of 70% to 30% without disclosing the source from which the cash flow will be brought when PSPCL is showing loss in its Annual Financial Reports and there is no fund flow from GOP for equity contribution.

MYT Regulations are very clear that the Debt Equity ratio will be kept as normative 70:30 if the equity is more than 30% and actual Debt equity if it is less than 30%. Therefore, there is no requirement of financing the capital works with 30% equity by taking loan on 8 to 9% and earning 15.5 to 16.5% ROE

on the same. This is nothing but fleecing of the consumers. Such arrangement needs to be rejected out-rightly with strong message to the Licensee to not to make such attempts to increase the sale rate of power on artificial means.

PSPCL's Reply:

PSPCL has claimed equity infusion of 30% as PSPCL has been given profits in regulatory account. PSPCL wishes to infuse the equity from the profits given in the Regulatory accounts.

Commission's View:

Equity and Return on Equity is determined and approved by the Commission as per PSERC Regulations after prudence check.

Issue No. 3: T&D losses for true up, revised estimates and MYT period and Distribution loss trajectory

In the Additional Submissions, PSPCL has revised the T&D losses for the 2nd MYT period as per the loss level approved by PSERC in the order dated 3.12.2019 in Petition No.18 of 2019 regarding approval of Business Plan and Capital Investment Plan. In the ARR submitted by PSPCL on 30-11-2019, PSPCL had itself proposed aggregate T&D loss of 13.90% for the year 2020-21. However, now in the Additional Submissions, Loss for 2020-21 has been proposed as14.8%.

MYT Regulations 2019 provide the criteria for adopting base line values for MYT period in Regulation 8. The true up data for the year 2018-19 in MYT ARR indicates T&D loss 14.17% and thus the T&D loss in 2020-21 cannot be more than 14.17%. Therefore, the proposal of T&D loss of 14.8% in 2020-21 finalized on BP & CIP petition (When audited figures of 2018-19 were not available) is wrong and needs immediate revision by PSERC.

If PSPCL proposal in additional submissions is accepted, it indicates that PSPCL has failed to achieve the trajectory approved by the Commission for the first MYT controlperiodof2017-18 to 2019-20 and now requires upward revision at the start of 2nd MYT control period.

It is pointed out that PSERC has been approving and PSPCL has been investing heavily on system improvement, system augmentation and loss reduction schemes and got full support of GOI and GOP to reduce the T&D losses under UDAY and other schemes. As is evident from PSPCL projections, PSPCL has failed to achieve the desired loss levels, indicating there by that the cost recovery projections given by PSPCL were wrong. Further, now PSPCL wants that the consumer be burdened for its under achievement of losses. Since T&D losses are controllable parameter as per MYT regulations, PSPCL needs to bear the under achievement and consumer should not be burdened for its under performance.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 1 of Objection No. 39.

Commission's View:

Refer the Commission's view in issue No. 1 of Objection No. 39.

Issue No. 4: Power Purchase Cost

In additional submissions, PSPCL has revised the Formats of Fixed charges and surrender of power due to excess contracted capacities. There seems to be something wrong in submissions for the MYT period as the quantum of surrendered power has reduced but fixed charges on normative basis payable for surrendered power has increased. At the same time, PSPCL has reduced the power purchase cost in Additional submissions. PSERC may check the data so that liability of the current year is not shifted to future years.

PSPCL's Reply:

Refer PSPCL's reply in issue No. 2 of Objection No. 40.

Commission's View:

Refer the Commission's view in issue No. 2 of Objection No. 40.

Issue No. 5: Recovery of Revenue gap

ARR proposed to recover Rs 4545. 79 Crore through increase of tariff with average cost of supply as Rs 7.26 per unit. The additional submissions propose reduced recovery of Rs 2965.40 Crore through increase in tariff with average cost of supply as Rs 6.95 per unit. PSPCL has not given any justification for arbitrary decrease in recovery of revenue gap and variation in the amount of creating regulatory asset of the revenue gap.

We request the Commission to not to carry forward revenue gap by creating regulator asset and recover the revenue gap as worked out for the year 2020-21 in the year itself by appropriate increase in tariff so that the consumer pays the actual cost of supply and the difference is not passed on to the future consumers.

We also submit that if such trend of creating regulatory asset is approved by the PSERC, this will put

the consumers in loss as they will have to bear the interest charges for financing regulatory asset which will be loaded in the tariff of future years. Further, if this trend is adopted, there will be more violations in recovery of subsidy and defaulting amounts setting a wrong precedent.
It may also be added here that APTEL has already ordered that regulatory assets should not be created as a routine and it will be violation of the orders of the APTEL. We therefore request that our above submissions be considered while processing the additional submissions of PSPCL as referred to above.
PSPCL's Reply:
Refer PSPCL's reply in Issue No. 4 of Objection No. 39.
Commission's View:
Refer Commission's view in Issue No. 4 of Objection No. 39.

Objection No. 44: Nahar Spinning Mills Limited (Nahar Fibres).

Issue No. 1: T&D Losses for true up, Revised estimates and MYT period and Distribution loss trajectory.
PSPCL has revised the T&D losses for the year 2020-21 from 13.90% as per ARR to 14.8% as per Additional Submission and so on.
The trued up aggregate T&D loss for the year 2018-19 in ARR is 14.17% and thus the T&D loss in 2020-21 have to be less than 14.17%. Therefore, revised /proposed T&D loss of 14.8% in 2020-21 is wrong and needs immediate revision by PSERC.
It is evident that in spite of heavy investment on T&D loss reduction schemes, PSPCL has failed to achieve the trajectory. Thus cost projections given by PSPCL were wrong. Now PSPCL wants that the consumer be burdened for its under achievement of losses.
Since T&D losses are controllable parameters as per MYT regulations. PSPCL needs to bear the under achievement and consumer should not be burdened for its under-performance.
PSPCL's Reply:
Refer the PSPCL's reply in issue No. 1 of Objection No. 39.
Commission's View:
Refer the Commission's view in issue No. 1 of Objection No. 39.

Issue No. 2: Power Purchase Cost:
PSPCL has revised the Formats of Fixed charges and surrender of power due to excess contracted capacities. We are unable to understand as to how the fixed charges of idle capacity in 2020-21has increased when surrendered quantum has decreased due to increase in T&D losses.
Further, PSPCL has also revised the formats of Power Purchase cost for FY 2020-21. We are unable to understand as to how cost of power purchase has decreased by Rs. 422.80 Crore whereas power purchase has increased by 1273.58 MUs. There seems to be something wrong in submission for the MYT period as the change does not show any consistency. PSPCL is manipulating the data so as to artificially reduce the ARR for 2020-21 which will increase the ARR of 2021-22 during revised estimates and 2022-23 during true up. As presently GoP is committed to give subsidy to many categories in 2020-21 which may not be available during next year or thereafter and all such consumers will suffer.
APTEL has already ordered that "Under business as usual conditions, no creation of Regulatory Asset shall be allowed" i.e. Regulatory Asset should not be created as a routine.
We request that ARR be strictly dealt with as per MYT Regulations so that consumers get full benefit of GoP subsidy schemes.
Commission's View:
The Commission notes the concern of the objector.

Issue No. 3: CAG Audit Report for FY 2018-19:
As PSPCL has failed to make available the CAG report for FY 2018-19 to the stake holders as far whereas this is available to media as is evident from the report appearing in The Tribune dated 01.03.2020. PSPCL may be directed to make available the report failing which the true up exercise for 2018-19 should not be taken up this year and no carrying cost be allowed as per MYT regulations.
Commission's View:
CAG report has been submitted and uploaded on website by PSPCL.

Issue No. 4: MOD of IPPs and PSPCL power plants:
As per directions of the Commission, PSPCL has started placing Merit Order Dispatch (MOD) on its website. As per data of December 2019 and January 2020. MOD of Punjab plants is as under:

(Rs./kWH)	December 2019	January 2020
Rajpura (NPL)	2.96	2.76
Talwandi Sabo (TSPL)	3.62	3.57
Goindwal Sahib (GVK)	3.67	4.13
Ropar GGSSTP (PSPCL)	3.87	4.23
Lehra Mohabbat GHTP (PSPCL)	4.44	4.22

So even after payment of coal washing and other charges, the MOD rate of IPPs is lower than PSPCL plants and the difference is in the range of 65 to 145 paise per unit. Therefore we feel that misinformation campaign is being spread against IPPs and PSPCL is benefitted compared with its power plants.

Refer to the news item dated 29.02.2020 in The Tribune in reference to audit in PSPCL accounts. It is stated that PSPCL did not pay the washing charges to the IPPs which resulted in payment of Rs. 961 Crore for transportation of unwashed coal with ash content up to 63.16%. PSPCL had also submitted to PSERC that washed coal resulted in saving of 59.16 paise per unit of generation. Thus the hue and cry against the IPPs is wrong.

Commission's View:

Objection is of general nature and does not relate to the Tariff Petition.

Issue No. 5: PSPCL signed 8 PPAs for conventional projects and around 140 PPAs for NRSE projects after signing PPA with 1st IPP i.e. TSPL. 8 PAAs are signed with NTPC and NHPC etc. should have been avoided by PSPCL in view of surplus scenario. PSPCL's action to hold IPPs responsible solely for surplus scenario is not justified. In fact PSPCL failed to prepare its own power projections and revising it on yearly basis and therefore consumers can not be held responsible for such excess capacity.

Commission's View:

Issue does not relate to the Tariff Petition. However the concern of the objector is noted.

Objection No. 45: Batala Foundry Cluster.

Issue No. 1: State of Punjab vide notification dated 17.10.2017 approved and passed special package and sick MSME (Micro, Small and Medium enterprises) giving special relief and concession for its rehabilitation and revival such as minimum charges of electricity connection would be exempted during the closure period and only cost of consumed units were to be paid and to be recovered as per the plan approved by the financial institution with the normal interest. However, surprisingly PSPCL had not till date notified the requisite relief resultantly the notified benefit is not being extended to sick MSME, despite being sanction and notified by GoP.

Issue No. 2: The notified benefit is required to be extended to all eligible sick MSME w.e.f. 17.10.2017 or earlier date of other notified industrial policies and the excess payment received by PSPCL is liable to be refunded and necessary directions are required to be issued in this regard to PSPCL for effective compliance of directives issued by GoP.

Issue No. 3: In order to boost industrialization and revive economic activity in the State, Punjab Cabinet had further approved the new Industrial and Business Power Tariff at Rs. 5 per unit w.e.f. 01.11.2017 including provisions of fixed Tariff for years to existing and new industries. However, PSPCL is not following the spirit of directives issued by GoP and it had devised a new technique to defeat financial relief by converting the head of minimum charges into fixed charges and extort huge money from MSME, apart from several other additional charges under various heads are also being levied on MSME's with result in exuberant bill amount, wherein the average per unit cost comes around Rs. 9-10 against promise of Rs. 5 per unit given by GoP. It would be useful to submit that prior to this the fixed charges were not levied. The imposition of fixed charges along with actual consumption charges, tactically takes away the financial benefit of Rs. 5 per unit extended by GoP.

Issue No. 4: The notified benefit is required to be extended to all eligible MSMEs w.e.f. 01.11.2017 and the fixed charges and other surcharges being levied by PSPCL are liable to be scrapped and the

excess amount received by PSPCL w.e.f. 01.11.2017 should be refunded to all eligible MSMEs.

Commission's View:

Subsidy is the prerogative of the State Government.

Objection No. 46: Government of Punjab, Department of Power, (Power Reforms Wing), Chandigarh.

Issue No. 1: Power Purchase Cost

PSPCL has projected Power Purchase Cost for the period FY 2019-20 and FY 2020-21 at Rs. 22813.26 Crore and Rs. 21914.51 Crore respectively. Although, the PSPCL has purchased power on merit order basis to meet demand supply gap, efforts should be made by PSPCL to purchase power for FY 2020-21 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. It is encouraging to note that PSPCL is selling power at a good price to make some profits and help in reducing the fixed charges. PSPCL should endeavor to buy bio-mass based renewable power at competitive price so as to fulfill the non-solar RPO at lower price. Otherwise, buying of this costlier power will further aggravate the problem of paying exorbitant fixed charges and any additional unit of costly renewable energy in the system will lead to surrendering the conventional energy from IPPs as PSPCL is surplus in power. Suitable tie-ups nationally/internationally and other avenues for sale of power are required to be explored urgently by PSPCL.

The Commission may 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.

Commission's View:

The Commission agrees with Govt. that PSPCL should ensure the power purchase and its sale should be commercially viable and do not result in any net loss to PSPCL.

The Commission determines the quantum of power purchase on the basis of energy balance, which is prepared from the estimated energy sale of PSPCL, target T&D losses and energy available to PSPCL from its own sources. The difference in quantum of power purchase claimed and allowed is primarily on account of over assessment of AP consumption and under achievement of target distribution losses by PSPCL. Further, the rate of power purchase is provisioned for on the basis of rates of the previous year payments. This is trued up afterwards on the basis of the actual rate at which payments have been made.

Issue No. 2: Employee Cost

PSPCL should reduce Employee's Cost and bring in efficiency.

Commission's View:

The Commission agrees with Govt. PSPCL has been directed to do a proper cadre review keeping in mind the need to staff BBMB properly while also redeploying the surplus staff from GNDTP and GGSSTP optimally.

Issue No. 3: 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 and utilize the funds effectively.

Commission's View:

The Commission has been allowing DSM funds as sought by PSPCL in the last few tariff orders but no expenditure has been reported by the utility. The Commission had directed PSPCL to execute at least one pilot project each for Agriculture DSM and efficient lighting to showcase the benefits to the stakeholder. The funds spent on these measures would be allowed on actual basis after prudence check. Refer directive no. 6.12 of this Tariff Order.

Issue No. 4: Energy Consumption

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 behavior from the consumer and also incentivize industry which shall increase economic output, boost employment and increase consumption.

View of the Commission:

The Two Part Tariff introduced by the Commission inherently encourages increased consumption as the consumers with higher consumption would have a lower overall unit rate. Since FY 2016-17 the

Commission has provided for a reduced tariff for consumption in excess of the last two years and since FY 2018-19 there has been a special tariff to increase night consumption. The Commission has also allowed reduced fixed charges for marriage places and Hot mix / Ready mix plants to shift these loads from DG Sets to PSPCL's system. A low tariff for electric vehicle charging stations has also been introduced to increase the energy consumption.

Issue No. 5: Capital Expenditure

The Commission is requested to approve the proposed Capital Expenditure amounting to Rs. 2606.19 Crore for FY 2019-20 and Rs. 2599.39 Crore for FY 2020-21 which includes R&M activities of the Thermal Power Plants, Network Capacity addition, Improvement Projects for Network upto 66 KV, Construction of new Sub-Stations and Mini Grid Sub-Stations alongwith associated Transmission Lines and for Improvement works in Distribution.

View of the Commission:

The Commission determines the Capital Expenditure as per PSERC Regulations after due process. PSPCL has already incurred Capital Expenditure in 2019-20 which will be considered at the time of true-up. For the 2nd MYT Control Period, the Commission has approved Capital Investment Plan of Rs. 2504.96 for FY 2020-21, Rs. 2078.62 for FY 2021-22 of and Rs. 1845.74 for FY 2022-23.

Issue No. 6: Energy Audit

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 such as DDUGJY, IPDS etc. 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. In case timelines and targets are not achieved, PSPCL should bear the liability on account of conversion of grant into loan in such schemes.

View of the Commission:

The Commission has issued directives to PSPCL in Tariff Order FY 2019-20 to reduce the losses of divisions with distribution loss level above 25% to below 15% during FY 2019-20 and carry out energy audit of at least one circle and submit the report by March 2020. Further, PSPCL has been directed to submit the quarterly report on the action being taken and status of losses achieved in these Divisions. Refer Directive No. 6.1.

Issue No. 7: T&D Losses and AP consumption

The main emphasis should 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 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. It is requested that the Commission may keep AP Tariff hike at a reasonable level till the various other aspects like improvement in accuracy in measurement in AP and T&D losses are taken care of.

It is vital to accurately measure the AP consumption of the State. AMR Scheme should be implemented in the right earnest by PSPCL. As the funds for feeder segregation in Kandi Area have been allocated, PSPCL should complete the work on war-footing. It is hoped that the Commission will make prudence checks on the AP consumption on some of the AP feeders and arrive at AP consumption as accurate as possible.

View of the Commission:

The consumption of AP consumers is being assessed on the basis of energy pumped into AP feeders which is recorded at the substations. However, for a more accurate assessment of AP consumption, PSPCL has already been directed to cover at least 1% AP feeders under 100% metering and compute the losses on the basis of input and metered sale of these feeders. Directions has been also issued for segregation of Kandi Area mixed feeders.

The Commission has also issued directions to PSPCL to ensure availability of monthly AMR data along with feeder wise sanctioned load of AP consumers of all AP feeders. However, the said directive is pending full compliance since FY 2013-14. Presently AMR data of only 1200-1500 AP feeders is available despite repeated directions in the tariff orders of last few years. It would be in

Govt's interest to insist that the utility assess its AP consumption correctly. Refer directive No. 6.4 of this Tariff Order to PSPCL.

Issue No. 8: Tariff

It is submitted that for subsidized categories i.e. for Industrial And Agriculture, PSPCL has proposed a tariff hike varying from 12.36% to 15.56% for Industrial category and 37.50% for Agriculture category. The Government does not support any proposal to raise the tariff. The Utility should be advised to reduce its expenditure and increase internal and external efficiencies.

As per the data obtained from PSPCL the number of Large Supply (LS) Industry users is 8785 with 32321 belonging to Medium Supply (MS) Category and 1,00,995 Small Scale users (SP) category. However, the Large Supply industry received 80.60% of the total subsidy to the industries for FY 2019-20 till December, while MS and SP supply received 10.67% and 8.72% respectively. This translates to Rs. 10.47 lacs of subsidy per LS user in comparison to Rs. 0.38 lacs for MS and Rs. 0.10 lacs for SP users. Industrial tariff needs to be rationalized to ensure that the principle of equity is established and industrial subsidy is not concentrated in Large Supply segment alone as the MS and SP Industry is responsible for significant employment and economic growth in the State.

View of the Commission:

The larger share of subsidy per consumer for Large Supply Industry is due to its higher consumption as compared to medium supply as small power industrial consumers. Large Industrial Supply accounts for 27% energy consumption 29.42% of the revenue from industry for PSPCL. In any case, grant of subsidy is the Govt's prerogative.

Issue No. 9: Return on Equity (RoE)

The Return on Equity (RoE) incorporated in the calculation of tariff for the Control Period has witnessed a significant rise on account of conversion of UDAY Discom Loans into Equity. The takeover of UDAY Loans as Equity was aimed at financial turnaround of Discom and by increasing the RoE component by 140%, an additional amount of almost Rs.1325 Crore is being computed in the Net Revenue Requirement. It is noteworthy that the Government has already taken a financial hit by converting loans into equity and now by building the additional component of RoE in the tariff, the citizens of the State are expected to again bear the brunt of it. Keeping this in mind, the Government of Punjab is willing to let go of the Return on its Equity by keeping it unchanged at Rs. 942.62 Crore for the next five years and the RoE on UDAY Loan Equity may be incorporated in the subsequent five years in an equal and phased manner so that the ARR of PSPCL is not projected in an enhanced manner thereby leading to a demand of increased tariff by PSPCL.

View of the Commission:

Noted. Refer Para no. 4.19.

Issue No. 10: Sales Projection for Industrial Category:

For FY 2019-20, PSPCL had estimated a subsidy to industries amounting to Rs. 1991 Crore as per the Tariff Order. As per the data provided by PSPCL in this regard for 2018-19 and H1 of 2019-20, the assessment of the Finance Department is that the industrial subsidy amount should be estimated to be around Rs.1500 Crore in FY 2019-20 keeping in view the trends observed. This pegs the estimates of PSPCL 32.71% higher than those observed by FD. The growth estimated in the industrial subsidy as per internal assessment is 3.20% to FY 2019-20 over previous FY. Therefore, the same growth rate be applied for the future control periods for estimation of subsidy to industries.

View of the Commission:

Refer to para 4.2.1.

Issue No. 11: Subsidy

The State Government is committed to supply free power to AP consumers and 200 units per month to SC Domestic (DS) consumers, Non-SC BPL DS consumers, BC DS consumers and 300 units Freedom Fighter DS consumers in the State. Besides, the State Government is also committed to provide supply to industry tariff @Rs.5/- per Kvah (excluding FCA). The difference between the variable tariff determined by the Commission and tariff @ Rs.5/- per Kvah shall be borne by the State Government.

View of the Commission:

Noted.

Issue No. 12: Tariff of Domestic Category

As Domestic consumers has faced tariff hike of 60% in the last 10 years and no subsidy has been given to this category for the last many years. Besides, due to the present pandemic COVID-19: the National Disaster under the National Disaster Management Act-2005 and resultant complete shutdown of trade, business and industry, incomes and paying capacity of the households, both rural and urban, have been badly impaired and reduced considerably in the State of Punjab. Therefore, the State Government has issued Order under Section 108 of the Electricity Act 2003 to give relief to give Domestic category and if required, cross subsidy level can be increased upto +40% for NRS category. The Commission may also consider the Policy stated in this order and allow readjustment of Domestic tariff accordingly.

View of the Commission:

The direction is being dealt with as per due process of law.