PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

Petition No. 12 of 2020
(Suo- Motu)
Date of Order: 17.07.2020

In the matter of: Due to the unprecedented conditions in view of the force majeure situation arising due to severe restrictions on movement of public in the State due to the spread of COVID-19 and to continue supply of electricity being an essential service, in the larger public interest, Govt. of Punjab, Department of Power has issued directions vide letter No. letter No. 01/04/2020-EB(PR)/185-186 dated 07.04.2020 to the Commission under Section 108 of the Electricity Act, to exempt the fixed charges for medium supply (MS) and large supply (LS) industrial consumers for the next 2 months from 23.03.2020 and to fix energy charges to commensurate with reduction in fixed charges (single rate) and further directing to reduce the Renewable Purchase Obligation (RPO) for year 2019-20 and 2020-21 by 1.50% and 2.00% respectively.

And

In the matter of: The Commission on its own Motion

Vs

1. Punjab State Power Corporation Limited (PSPCL),
   The Mall, Patiala
2. Punjab Energy Development Agency (PEDA),
   Solar Passive Complex, Plot No. 1&2,
   Sector -33D, Chandigarh

… Respondents

Present: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S Sarna, Member
Ms. Anjuli Chandra, Member

ORDER

The Government of Punjab, Department of Power, referring to the imposition of restrictions by the Govt. of India as well as Govt. of Punjab on the movement of public and on the opening of offices and establishments etc. to control the spread of COVID 19 pandemic in the country, issued directions to the Commission under Section 108 of the Electricity Act 2003 vide letter No. 01/04/2020-EB(PR)/185-186 dated 07.04.2020;

a) to exempt the fixed charges for Medium Supply (MS) and Large Supply (LS) industrial consumers for the next 2 months from 23.03.2020 and to fix Energy Charges to commensurate with reduction in Fixed Charges (single rate) and further;

b) to reduce the Renewable Purchase Obligation (RPO) for the year 2019-2020 and 2020-21 by 1.50% and 2.00% respectively, in the larger public interest in view of the force majeure situation.

The Govt. of Punjab vide directive no. 01/04/2020-EB(PR)/185-186 dated 07.04.2020 issued the directions as under:-

"***No. 1/4/2020- EB (PR)/184*** *- Whereas restrictions have been imposed on movement of public and opening of offices and establishments etc. by the Government of India as well as Government of Punjab to control the spread of COVID-19 pandemic in the country. In this time of crisis, the Government of Punjab is committed to provide uninterrupted 24x7 supply to all Health Care Institutions such as Medical Colleges, Hospitals, Dispensaries and other Medical Establishments and Quarantine Centers across the States for their smooth functioning. Besides,* *uninterrupted power supply is also being given to all consumers. Despite the lockdown, whole workforce of the power sector (Generation, Transmission, Distribution and System Operations) is working round the clock to keep all homes and establishments energised.*

Whereas, due to the unprecedented situation which is likely to continue for some time the consumers are unable to pay their dues to the State Discom Punjab State Power Corporation Limited (PSPCL). The PSPCL too has extended due date of electricity bills up to 15th April, 2020 of all the Domestic & Commercial consumers having current monthly & bimonthly bills up to Rs. 10000/- and current electricity bills of Small Power Industrial consumes with due date falling on or after 20th March, 2020 without levy of late payment surcharge. There will be no disconnection of Small and Medium supply Industrial consumers up to 15.04.2020 on account of non-payment current electricity bills.

Whereas, in view of the force majeure situation arising due to severe restrictions placed on movement of public in the State and continue supply of electricity being an essential service, the Government of Punjab in exercise of powers conferred upon it under Section 108 of the Electricity Act, 2003 issues following directions to the Punjab State Electricity Regulatory Commission in larger public interest:-

1). ***Industrial Consumers:*** *Fixed charges for Medium Supply (MS) and Large Supply (LS) Industrial Consumers be exempted* *for next 2 months from 23.03.2020 and Energy Charges may be fixed to commensurate with reduction in Fixed Charges (single rate). Revised Energy Charges will be paid by consumers and not to be considered for subsidy.*

2). Renewable Purchase Obligation (RPO) for the year 2019-20 and 2020-21 may be reduced by 1.50% and 2.00% respectively."

2. The Commission took notice of the above letter as petition No. 12 of 2020 (Suo-Motu) and issued notice to PSPCL and PEDA vide notice dated 09.04.2020 to file their respective comments by 17.04.2020 through email to secrertarypsercchd@gmail.com. PSPCL was directed to file its comments including financial impact of the aforementioned directions of the Govt. PEDA was directed to file its comments on the direction issued by the Govt. of Punjab regarding Renewable Purchase Obligation for the year 2019-20 and 2020-21.

3. Public notice inviting objections/comments/suggestions of general public and stakeholders with regard to the directions of the Govt. vide letter dated 07.04.2020 was published on 17.04.2020 in the Tribune (English), Hindustan Times (English), Ajit (Punjabi) and Punjabi Kesari (Hindi). The objections/suggestions/comments from the public and stakeholders were invited by 04.05.2020 through e-mail at secretarypsercchd@gmail.com. However, in the meantime, the Govt. of Punjab further extended the lockdown to counter the COVID - 19 pandemic. The Commission vide Order dated 04.05.2020 extended the date for receiving the comments/objections/suggestions upto 19.05.2020 and stated that the next date of hearing the petition would

be intimated separately. The Govt. of Punjab further extended the lock down to contain Covid-19 and the Commission vide order dated 18.05.2020 further extended the date for receiving comments and suggestions from the general public and stakeholders upto 27.05.2020 and fixed the petition for hearing as well as public hearing on 01.06.2020. It was further held by the Commission that in case the lock down is extended further, the Commission will dispense with the hearing and the public hearing as ample opportunity has been provided to all for submitting their comments. The public notice extending the date for receiving the comments/objections/suggestions was published in the newspapers.

4. PSPCL filed its reply/comments vide memo no. 03/Spl/ARR/Dy. CAO/256/Vol-1 dated 16.04.2020. PEDA filed its submissions vide letter no. PEDA/SPL/110520 dated 11.05.2020. In response to the public notice, 24 objections/comments/suggestions from M/s Alloys Pvt. Ltd., Mandi Gobindgarh, Aryabhatta Tutorials Pvt. Ltd., Induction Furnace Association of North India, District Ludhiana, M/s Alena Ventrure Ltd., Amritsar, Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace Association (dated 24.04.2020), M/s Induction Furnace Association of North India (Regd.), Luhdiana, PHD Chamber, National Apex Chamber (dated 24.04.2020), Sh. P.P. Singh, M/s Nahar Spinning Mill, Ludhiana, M/s Siel Chemical Complex (dated 30.04.2020), M/s Chokha Empire Cineroyale Cinemas, Moga, Sh. Harish Kumar Anand, Steel Furnace Association of India (Punjab Chapter), Ludhiana, M/s AKM Enterprises (p) Ltd., M/s Azure Power India Pvt. Ltd., M/s Vector Green Energy Private Limited, Mumbai, Sh. Mohinder Gupta, President, Mandi Gobindgarh Induction Furnace

Association (dated 15.05.2020), PHD Chamber, National Apex Chamber (dated 15.05.2020), M/s Janta Nagar Small Scale MFRS, Association (Regd.) Ludhiana, M/s Apex Chamber of Commerce & Industry (Punjab), Steel City Furnace Association, Mandi Gobindgarh, United Cycle and Parts MFRS Association, Ludhiana, Sh. Rahul Ahuja, Chairman, CII Punjab State, PHD Chamber, National Apex Chamber (dated 28.05.2020) and Sh. Jagmohan Modi, 428/1, Sector-44 A, Chandigarh vide email dated 19.05.2020 and email dated 31.05.2020 have been received. PSPCL filed reply to the objections.

5. The petition was taken up for hearing as well as public hearing on 01.06.2020 at 12.30 PM. During the hearing the Chamber of Industrial and Commercial Undertakings, Ludhiana, Federation of Industrial & Commercial Organization, Focal Point, Ludhiana and Siel Chemical Complex and Cycle Trade Union (Regd.), Ludhiana submitted their respective objections / suggestions. Sh. Pritpal Singh, Dr. Harish Anand, Sh. Tajinder Joshi, Advocate, Sh. Aditya Grovar, Advocate and few others also participated in the hearing.

6. Submissions of PSPCL

PSPCL has submitted that:

i) MS and LS consumers are billed on the basis of AMR/ actual reading. Further, in case of MS and LS consumers the fixed charges will be levied only for the days the industry was running on pro-rata basis i.e. from the date of last reading up to curfew in the state i.e. 23.3.2020. Fixed charges of MS and LS will be exempted for two months from 23.3.2020 as per above letter of GOP. These charges are to be recovered from theses consumers and are not to be considered for subsidy being provided by GOP for these consumers.

ii) That the Fixed Charges and Energy Charges rates as per the current Tariff are as under:

Category	Slabs	Fixed Charges (Rs/kVA/month)	Energy Charges (Rs/kVAh)
Medium Supply	Above 20 kVA & upto 100 kVA	120	5.80
Large Supply			
General Industry	Above 100 kVA & upto 1000 kVA	165	5.89
	Above 1000 KVA & upto 2500 kVA	225	5.93
	Above 2500 KVA	260	5.98
PIU / ARC Furnace	Above 100 kVA & upto 1000 kVA	170	5.93
	Above 1000 KVA & upto 2500 kVA	260	6.18
	Above 2500 kVA	295	6.19

iii) On the basis of energy consumption, kVA Demand, revenue from existing Energy Charges and Fixed Charges, the energy charges have been calculated for consumption of two months' period and then percentage increase in energy charges have been calculated after adding two months exempted fixed charges as under:

	Energy Consumption (Million kVAh)	Contract Demand (kVA)	Revenue from Variable Charges (Rs. in Crore)	Revenue from Fixed Charges in 12 months Rs in crores	Projected Fixed Charges for two months (to be exempted) S no. 5x(2/12) (Rs. in crore)	Projected energy charges corresponding to consumption of 2 months [s.no.4x(2/12)] Rs in crores	Total EC recoverable (in two months' period) including exempted Fixed Charges = (sno.6 + sno. 7) (Rs in crores)	%age increase in rate of per unit energy charges (for two months) on account of exempted FC of two months(8/7)
1.	2.	3.	4.	5.	6.	7.	8.	9.
LS	16,184.35	55,10,156.94	9748.57	1201.36	200.22	1624.76	1824.98	12.32%
MS	2448.05	17,33,795.00	1419.87	283.01	47.16	236.64	283.80	19.93%

On the basis of projected consumption and revenue from energy charges for two months period for LS and MS category Industrial consumers, the enhancement in per unit energy rate (Rs per kVAh) on account of exemption of Fixed Charges may be done as shown above i.e. exempted Fixed charges of LS and MS categories for two months (Rs 247.38 Cr. approx.) may be recovered by enhancing the per unit Energy Charges for these two months for LS and MS categories by 12.32% and 19.93% respectively.

iv) In the above calculations it has been assumed that consumption of LS and MS consumers shall be normal but due to lockdown w.e.f. 23.03.2020, actual consumption of these consumers is almost nil and it would not be possible to recover exempted fixed charges for two months from the energy charges of these two months. Keeping in view the above, it is proposed that:

a) Fixed Charges for MS and LS consumers may be deferred for 2 months and arrears may be recovered in a span of ten months in the form of fixed charges. In this case, arrears corresponding to each consumer will be paid by that particular consumer.

b) However, the Commission may increase the period of recovery of exempted fixed charges depending upon the Covid-19 pandemic conditions.

c) Further, as it is a force majeure condition GOI may give some relief package/grant to compensate the fixed charges.

v) It is further proposed that fixed charges of those connections covered under industrial category tariff whose operation has not been effected to a large extent by lockdown such as Sewerage treatment plants, water supply connections, Milk plants, Milk chilling plants, cold storage, water bottling plants, distilleries, pharmaceutical industry, Food industry, Medical equipment industry etc. be not exempted. Financial implication on account of exemption of fixed charges for MS and LS consumers for two months shall be around Rs. 247 Cr.

vi) The RPO approved by the Commission is as under:-

Year	Non-Solar	Solar	Total
2019-20	5.5%	4.0%	9.5%
2020-21	6.5%	5.0%	11.5%

Availability of RE power from various PPAs signed by PSPCL and Solar Rooftop scheme has been delayed and shall be delayed further due to Covid-19 pandemic effect. Details of some of the delayed projects have been given as under:

a. Solar Rooftop (Subsidy cases) for residential sector (appox.30 MW/Yr) could not be commissioned in the F.Y 2019-20 as this scheme was handed over to PSPCL in the month of August and tendering along with project commissioning took 6-8 months .Further, due to the prevailing Covid-19 situation commissioning of these projects will further get delayed.

b. PSPCL Signed PPAs of 300 MW Solar Power and 200 MW Wind Power (Non-Solar) with NTPC in March, 2019. As the gestation period for these projects varies and it will be delayed due to Covid-19, therefore, power from these projects will be available only in FY 2021-22.

c. Commissioning of 26 MW out of 150 MW wind power project (PSA signed with SECI) has still not been completed and may get further delayed due to Covid-19.

d. Various Solar projects with total capacity of 110 MW are under litigation and due to the current situation arising on account of Pandemic Covid-

19, court cases are getting delayed which may further delay the execution of these projects.

PSPCL stated that due to the above reasons, there shall be RPO shortfall of Solar and Non Solar by 140.71 MUs and 495.67 MUs approximately for FY 2019-20 and amount of Rs 100 Crore shall be required for the purchase of RECs corresponding to shortfall. Further as per approved RPO targets for FY 2020-21, there shall be tentative shortfall of 899.26 MUs (which is approximately equal to 2%) and an amount of Rs. 220 crore shall be required for the purchase of RECs corresponding to this shortfall.

vii) The reduction of RPO targets is required otherwise it will put an additional financial burden on consumers of PSPCL who are already suffering due to the Covid-19 pandemic. Therefore, in view the financial position of PSPCL and in the interest of the public of Punjab, PSPCL requested to reduce the Solar and Non-Solar Target for the FY 2019-20 and 2020-21 by 1.50%(i.e. 1.0 % for Non-Solar & 0.5 % for Solar Power for FY 2019-20) and 2.0 % (i.e. 0.5 % for Non-Solar & 1.5 % for Solar Power for FY 2020-21) respectively. The Financial implication for reducing Renewable Purchase Obligation (RPO) for the year 2019-20 and 2020-21 by 1.50% and 2.00% respectively was stated to be Rs. 320 Cr.

7. Submissions of PEDA

PEDA has submitted that in view of the directions of the Govt. of Punjab with regard to RPO (letter No 01/04/2020-EB(PR)184 dated 07.04.2020), PSPCL has submitted its reply to the Commission vide memo no. 01/Spl/TR-5/961 dated 17-04-2020 where with reference to the RPO, PSPCL has stated that availability of RE power from various PPA's signed by PSPCL and Solar Rooftop Scheme will be delayed. PEDA agreed that in view of the Covid-19 Pandemic, the commissioning of RE projects under execution will be delayed. Further, it has also adversely affected the industry and business of Punjab thereby reducing the sales and revenue of PSPCL to these sectors. The situation is still critical and the effect shall continue for some more time. PEDA agreed to the submission of PSPCL on this issue and requested the Commission to issue orders on the directive given under Section 108 of the Electricity Act 2003 as deemed fit.

Objections

8. The issues raised by the objectors, who responded to the public notice as mentioned in Para No. 4 earlier, are summarized as under:-

A) Fixed Charges:-

i) That orders may be issued as expeditiously as possible so that consumers are not burdened with Fixed Charges in the bills payable in May 2020.

ii) Since the Two Part Tariff is in operation since 01.01.2018, consumers have worked out the economics of their cost of production and the average per unit cost of fixed charge as applicable to their own units. Any proposal of varying the per unit loading of fixed charge from the usual loading will hurt one section of the consumer or the other i.e. if a single figure is decided for whole of the category/sub category, some consumers will be gaining at the cost of loss of other consumers which needs to be avoided.

iii) Benefit of 50% fixed charges be made available to the consumers using electricity exclusively during night hours and may be charged 50% of the additional energy charge in lieu of fixed charges to be worked out by the Commission for the energy consumed during night hours.

iv) The methodology proposed by PSPCL for the LS category is against the principle adopted by the Commission regarding sub-category wise distinctive tariff's. The same distinction be maintained for calculation of the additional Energy Charge in lieu of fixed charges.

v) The intermittent operations of the factories at part load to meet the urgent requirements of the State to fight Covid-19 Pandemic have also resulted in lower power factor for the period of lockdown as Capacitor Banks take time to control the parameters. The power factor which remained at 0.99 for the pre lockdown period has now come down to 0.96 in the lock down period thus increasing the consumption in KVAH by 3%. Thus, the Energy Charge will be higher by 3% than pre lockdown period.

vi) Most of the steel mills, which were earlier operating three shifts, are now constrained to work only one shift. As such, their fixed charges when converted into variable charges would be three times higher than charges paid earlier and this would make their operations unviable.

vii) It was suggested that, the impact be absorbed by PSPCL as it is already getting relief for the postponement of payment of CGS and CTU dues for 3 months at 12% interest instead of 18%. Similar relief is being considered by this Commission in respect of State Gencos with reduced rate of interest of 6% instead of 15% as per the interim order in petition no. 11 of 2020 (Suo-Motu). Other relief such as reduced rate of interest on capital as well as Working Capital Loans, reduction of RPO for 2020-21 and 2021-22 are also under consideration of the Commission providing relief of Rs 320 Cr to PSPCL in two years. PSPCL is also getting benefit of relaxation in advance payment for coal, deferred payments of installments of DA etc. It was also suggested that:

- PSPCL/PSTCL/GOP need to be directed to give relief of Return on Equity to customers. ROE payable to GOP on its investment in PSPCL and PSTCL need to be reduced to 5% for two years from 15.5%. Further, PSPCL had been getting around Rs 1000 Crore as ROE in previous years which it has not paid to GOP and was retaining the same. That may be used to grant relief to consumers.
- PSPCL has Rs. 1814 Crore as reserve and surplus in its balance sheet. It also has land and land rights of Rs. 18843 Crore as on 31.3.2019. These can be used by PSPCL at this critical juncture.
- Disposal of retired assets of GNDTP Bhatinda and GGSTP Ropar be expedited.

- New recruitments be reviewed / stopped.
- Capital Expenditure proposed for 2020-21 and 2021-22 be pruned drastically as demand will remain subdued for at least 2020-21 and the existing transmission and distribution system is sufficiently capable of meeting the likely demand.
- MOP and its agencies like NTPC, NHPC, NPCIL, SJVNL, PGCIL etc. be requested to retire the assets which have completed their useful life so that Fixed Charge liability of Discoms gets reduced.
- It is gathered that, presently, PSPCL has been forced to stop scheduling power from their power plants, and accordingly, PSPCL has given notice of the existence of force majeure circumstances affecting PSPCL and has requested the private generating stations not to declare availability from the generating station offering power, as PSPCL is presently not obliged under Force Majeure conditions of the PPA, to avail such power or disburse capacity charges. As PSPCL will not be paying capacity charges to private sector generating stations during force majeure conditions due to Lockdown, the Power Purchase Cost will be further reduced than as projected in the ARR for FY 2020-21 by PSPCL.

viii) Other issues such as exemption of TOD peak-charges, demand of Additional Security Deposit and deferment of the provisions of the Power Quality Regulations mandating installation of the harmonics suppressor/filters, during the current year were also raised.

ix) Relief of exemption in payment of monthly fixed charges during the period of lockdown be extended to Non Residential Supply (NRS) category at par with Industrial consumers as all shopping centers cum Malls have been also shut down resulting in disruption of retail business operations hurting both mall owners and retailers causing huge business losses.

B) Reduction in RPO:-

i) The proposal to reduce RPO for FY 2019-20 and FY 2020-21 to grant relief to PSPCL which will be passed on to the consumers, is supported and the relief be utilized to offset the loss of revenue due to exemption of FC for the industry and this should not be passed on to the other consumers who have used the power during lock down period.

ii) There will not be any loss to PSPCL on account of exemption of fixed charges as the directive simultaneously directs the Commission for reduction of RPO of PSPCL for the FY 2019-20 and FY 2020-21 which will provide relief to PSPCL amounting to Rs. 320 crore. Thus, PSPCL will be benefitted in the process rather than suffer any loss.

Not all the objectors supported the reduction in RPO. Such objections are summarized below:-

iii) The proposed RPO target reduction by 1.50% and 2.00% for FY 2019-20 and FY 2020-21 is due to delayed commissioning of RE projects in FY 2019-20 and FY 2020-21 resulting in RPO shortfall by 636.38 MU and 899.26 MU respectively. The proposed RPO reduction is specifically due to commissioning delays of the projects and all the other operational projects in the state which were commissioned before FY 2018-19 should not be impacted and considered part of the RPO target/fulfillment.

iv) RE projects under must run status, should continue to operate and any back down/curtailment should be deemed generation.

v) The RPO for FY 2019-20 and FY 2020-21 as specified in the amendment issued by the Commission on 2nd January, 2019 in PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011 be maintained.

vi) Under the Electricity Act, 2003, the Commission is obligated to promote generation of electricity from renewable energy sources and promotion of investment in renewable energy sector. The retrospective modification in RPO will give a bad precedence and also impact the investment friendly climate of the State.

vii) The Tariff Policy, 2016 notified by the Central Govt., provides for increase in the share of renewable energy in the total energy requirement of the obligated entity. While specifying the RPO trajectory, the Commission has provided relief to PSPCL in comparison to the trajectory specified by the Ministry of Power, GOI. Any further relief in RPO compliance will not be in line with the Tariff Policy, 2016.

8. PSPCL's Reply to the objections

i) PSPCL submitted that due to lockdown w.e.f. 23.03.2020, the actual Industrial consumption is minimum or almost nil and it would not be possible to recover exempted fixed charges for two months from the energy charges of these two months. Therefore, PSPCL proposed that Fixed Charges for MS and LS consumers may be deferred for 2 months and arrears may be recovered as an alternative measure in a span of ten months in the form of Fixed Charges. In this case, arrears corresponding to each consumer will be paid by that particular consumer. The consumers who opted for use of electricity exclusively during night hours, under which Fixed Charges were 50%, will have to pay arrears corresponding to 50% Fixed Charges of these two months.

ii) That as per PSERC Tariff Regulations RoE is allowed on a normative basis on the equity available with PSPCL. Further, as per Tariff Regulations many components such as Interest on Loan, Interest on Working capital, O&M expenses etc is being allowed by the Commission on a normative basis whereas the actual expenses on account of these components is higher. PSERC has been disallowing the actual expenses incurred to PSPCL and hence the RoE recovered from the consumers is being adjusted against the disallowed expenses and hence there is no RoE available with PSPCL to utilize at this juncture

iii) Regarding waiver of fixed charges for NRS consumers, PSPCL submitted that it is obligated to pay the fixed charges like payment of salary to the employees/ pensioners, to various contractors for wages of outsourced workers, debt repayment, fixed charges to IPPs, interest on loans, and transmission charges to PSTCL etc as such PSPCL is unable to waive off / defer the fixed charges payable by NRS consumers.

iv) PSPCL, reiterating its earlier submissions, has further submitted that all RE projects which are already commissioned are being considered while calculating the RPO target/fulfillment. Further, RE power projects shall be operated as per State Gird Code and terms & conditions of the PPA.

v) The present petition of reduction in RPO targets is due to Covid-19 pandemic, there is uncertainty prevailing about how long this situation will continue, it is expected that SCOD of some projects will further get delayed in FY 2020-21 and PSPCL will not get the expected supply from these plants. Otherwise, PSPCL would have adhered to the targets fixed by the Commission earlier.

9. The Commission has examined the directive No. 01/04/2020-EB(PR)/185-186 dated 07.04.2020, issued by the Govt. of Punjab, the replies filed by PSPCL and PEDA, the objections raised by the objectors/stakeholders and replies thereto by PSPCL. A public hearing has also been held. The Commission observes as follows:

Summary of Issues, PSPCL proposal and objections

9.1 Issue of Exemption of Fixed Charges

9.1.1 Government Directions:

GoP has issued directions to the Commission under Section 108 of the Electricity Act 2003 to exempt the fixed charges for Medium Supply (MS) and Large Supply (LS) industrial consumers for the next 2 months from 23.03.2020 and to fix Energy Charges commensurate with reduction in Fixed Charges (single rate). Revised energy charges will be paid by the consumers and not be considered for subsidy.

9.1.2 PSPCL Proposal:

PSPCL has proposed that Fixed charges of LS and MS categories for two months (Rs 247.38 Cr. approx.) may be recovered by enhancing the per unit Energy Charges for these two months for LS and MS categories by 12.32% and 19.93% respectively with observation that in the above calculations it has been assumed that consumption of LS and MS consumers shall be normal but due to lockdown w.e.f. 23.03.2020, actual consumption of these consumers is almost nil and it would not be possible to recover exempted fixed charges for two months from the energy charges of these two months. PSPCL has therefore proposed that Fixed Charges for MS and LS consumers for 2 months may be deferred and the same may be recovered in a span of ten months in the form of fixed charges. In this case, arrears corresponding to each consumer will be paid by that particular consumer. However, the Commission may increase the period of recovery of exempted fixed charges depending upon the Covid-19 pandemic conditions.

9.1.3 Objections:

The main objections submitted by various stakeholders are summarized below:

a) All the objectors belonging to the industrial category have objected to PSPCL's proposal for recovery of fixed charges by enhancing per unit Energy Charges by 12.32% and 19.93% for LS and MS categories respectively with the following major observations:

   i) Additional energy charge should be consumer specific since every consumer has a different utilization factor.

ii) With a single figure for the whole of the category/sub category some consumers will be gaining at the cost of others. This need to be avoided.

iii) Further while determining additional energy charge in lieu of fixed charge, lowering of Power Factor due to partial load operations also need to be factored in.

b) No fixed charges should be payable for the shutdown period as the lockdown was imposed by the State and Central Governments and industry had no option but to accept it. The Impact be absorbed by PSPCL from its own resources.

c) PSPCL/PSTCL/GOP need to be directed to give relief of Return on Equity to customers. ROE payable to GOP on its investment in PSPCL and PSTCL need to be reduced to 5% for two years from 15.5%.

d) As PSPCL will not be paying capacity charges to private sector generating stations during force majeure conditions due to Lockdown, the Power Purchase Cost will be further reduced than as projected in the ARR for FY 2020-21 by PSPCL.

e) There will not be any loss to PSPCL as the Government has simultaneously directed the Commission to reduce the RPO of PSPCL for the FY 2019-20 and FY 2020-21 which will provide relief to PSPCL amounting to Rs. 320 Crore.

f) The NRS consumers submitted that they are also equally affected by the lockdown and need to be treated at par with the industrial consumers for grant of similar relief.

g) Relief is likely to be available to PSPCL from central power utilities in terms of deferred payments and fixed costs.

9.1.4 Commission's Observations

a) The Commission is conscious of the prevailing difficult conditions and is in agreement with the State Government that due to the unprecedented situation the LS & MS consumers are unable to pay their dues especially for the two months of the Lockdown period. Further, the Government of Punjab in the opening para of its order has stated that, restrictions have been imposed on the movement of the public and opening of offices and establishments etc. by the Government of India as well as Government of Punjab to control the spread of the COVID-19 pandemic in the country. It is, however, felt that the NRS consumers are also affected in the same way as LS & MS industrial consumers. Accordingly, the Commission agrees with the objectors belonging to NRS category that they ought to be also granted similar relief as is being proposed to be given to LS & MS industrial consumers of PSPCL, since the imposition of restrictions during the lockdown period have also affected their business activities adversely.

b) Fixed charges are part of the tariff and are levied to recover the fixed costs of the distribution licensee such as the capacity charges payable to power generators, transmission charges, operation & maintenance expenses (i.e. Employee Cost, R&M and A&G expenses), depreciation, Interest on loans, return on equity etc. Regulation 29.4 of PSERC Supply Code Regulations specifies that, the Fixed Charges shall be payable by a consumer even if no electricity is actually consumed. Therefore, The Commission does not agree with objectors' views that no Fixed Charges should be payable for the period.

c) The Commission notes that RoE is allowed to PSPCL as per PSERC Tariff Regulations.

d) The notices issued by PSPCL to the State Generating companies under force majeure have been challenged and the matter is sub-judice. So no cognizance can be taken of these notices at this juncture. The impact if any of these notices would be taken in the ARR as a whole.

e) The impact of concession(s), if any, from Central power utilities becoming available to PSPCL due to the lockdown will be known later. The benefit of the such concessions would need to be passed on to all consumers.

9.1.5 Commission's Decision:

The GoP directions state that Fixed charges for Medium Supply (MS) and Large Supply (LS) Industrial Consumers be exempted for 2 months from 23.03.2020 and Energy Charges may be fixed commensurate with reduction in Fixed Charges (single rate). The GoP direction also states that, the revised Energy Charges will be paid by consumers and are not to be considered for subsidy. PSPCL has stated that the Conversion of Fixed Charges to Energy Charges is not implementable and has suggested that Fixed Charges be recovered as arrears. The objectors have also opposed the conversion of Fixed Charges to Energy Charges. The Commission agrees with PSPCL's submission that it would not be possible to recover the total fixed charges through the energy charges of these two months, as actual consumption of these consumers (MS & LS) was minimal or almost nil during that period. The Commission finds merit in the objectors' view that a uniform formula is not suitable for recovery of fixed charges through Energy Charges as different consumers have different utilization factors. Therefore, the Commission is of the view that recovery of the fixed charges for these two months through energy charges is not an implementable proposition.

The Commission refers to the following provisions of the Supply Code:

"29. RECOVERY OF ELECTRICITY CHARGES FROM CONSUMERS

29.1 A distribution licensee may recover from a consumer any charges in respect of the supply of electricity as per General Conditions of Tariff and Schedules of Tariff …………….

29.2 …………………....

29.3 …………………....

29.4 The Fixed Charges shall be payable by a consumer even if no electricity is actually consumed ……………………..

31. PAYMENT OF ELECTRICITY BILLS

31.1 Payment of the bills by different categories of consumers shall be effected within a period of:

(a) ten (10) days from date of delivery of the bills in the case of Large Supply, Medium Supply, Small Power supply industrial consumers and

DS/NRS consumers covered under spot billing & where monthly bills are issued;

(b) twenty one (21) days from date of delivery of the bills in case of Railway Traction, Large/Bulk Supply connections of Railways; and

(c) fifteen (15) days from date of delivery of the bills in case of all other categories of consumers."

Further, Regulation 46 of the Supply Code provides as under:

"46. POWERS TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may do or undertake things or by a general or special order, direct the distribution licensee, to take suitable action, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing difficulties."

Keeping in view the above and in view of the difficulties faced by the LS/MS/NRS Consumers due to lockdown, the Commission in exercise of its power conferred under Regulation 46 (Powers to Remove Difficulties) of the PSERC (Electricity Supply Code and Related Matters) Regulations, 2014 relaxes the provisions of Regulation 29 (Recovery of Electricity Charges From Consumers) read with Regulation 31(Payment of Electricity Bills) of the Supply Code and decides to defer the payment of pending amount of the fixed charges of two months starting from 23.03.2020 for Medium Supply/Large Supply industrial and Non-Residential Supply consumers and to allow the recovery of these deferred fixed charges in six equal

monthly installments without any Late Payment Surcharge (LPS). The first installment will be raised in the bill of September 2020 and the last in the bill of February 2021. In case, any scheduled installment is not paid by the due date, LPS at the normal rates shall be applicable. However, no connection shall be disconnected for non- payment of these arrears till 31.03.2021, thereafter action will be taken as per the provisions of the Supply Code Regulations.

PSPCL shall issue notices to these categories of consumers intimating the arrears and the installments along with the schedule of payment within two months of issue of this Order.

9.2 Issue of RPO for FY 2019-20 and FY 2020-21

The Govt. of Punjab directed the Commission that RPO for the year 2019-20 and 2020-21 may be reduced by 1.50% and 2.00% respectively. PSPCL submitted that the reduction of RPO targets is required because it may not be able to meet the targets laid down as many of the RE projects which were to come up in FY 2020-21 have been delayed. If the targets remain unchanged, the cost of purchase of RECs would be approx. Rs. 320 crore. This would be an additional financial burden on consumers of PSPCL, who are already suffering due to the Covid-19 pandemic. PEDA while agreeing with the submissions of PSPCL requested the Commission to issue orders on the aforementioned directive of Govt. of Punjab as deemed fit. While some of the objectors have supported the directive for reduction in RPO, others have opposed the same. Considering the directive of

Govt. of Punjab, submissions of PSPCL and PEDA and divergent views expressed by the objectors, the Commission decides as hereunder:

RPO for FY 2019-20

The Commission in the Tariff Order dated 01.06.2020 for FY 2020-21 and ARR for the 2nd MYT Control Period FY 2020-21 to FY 2022-23, in para 3.10, worked out the RPO compliance for FY 2019-20. The RE shortfall has been worked out as 509.40 MU (Non-Solar) and 53.01 MU (Solar). In the said Tariff Order, PSPCL had been directed to fully comply with the RPO for FY 2019-20 in, at the most, three forthcoming sessions of REC trading at the power exchanges from the date of issue of the said Order i.e. in FY 2020-21. Considering the submissions of PSPCL in this petition, the Commission is of the view that PSPCL would be financially constrained in FY 2020-21 due to the prevailing Covid-19 pandemic adversely affecting the sale of power to various categories of consumers. The aforementioned procurement of RECs shall put a financial burden on PSPCL and consequently the consumers of the State in FY 2020-21. Accordingly, taking notice of the same, the Commission allows the carry forward of the aforementioned shortfall in RPO compliance for FY 2019-20 to FY 2020-21 under the inherent powers of the Commission under PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011 as amended upto date which states that nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of process envisaged in these Regulations.

RPO for FY 2020-21

In the aforesaid Tariff Order dated 01.06.2020, based on the submissions made in the ARR, the RPO compliance for FY 2020-21 was worked out showing a surplus of 431 MU (Non-Solar) and shortfall of 418 MU (Solar). Considering the carry forward of shortfall in RPO compliance of FY 2019-20 of 509.40 MU (Non-Solar) and 53.01 MU (Solar) as allowed above and the revised RE purchase of 2569 MU (Non-Solar) and 1578 MU (Solar) in FY 2020-21 submitted by PSPCL in this petition as against 3087 MU and 1625 MU respectively considered in the Tariff Order dated 01.06.2020, the Commission finds that there is likely to be shortfall in RPO compliance by PSPCL in FY 2020-21. The procurement of RECs to comply with this shortfall shall put a considerable financial burden on PSPCL and consequently on the consumers of the State. PSPCL would also be financially constrained in FY 2020-21 due to the prevailing Covid-19 pandemic adversely affecting the sale of power to various categories of consumers. Also there would be reduction in receipt of power from new RE projects due to their late commissioning.

Regulation 3(2) of the PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011 as amended upto date, states as follows:

“The Commission may, either on its own motion or on recommendation of the State Agency or on receipt of an application from the obligated

entity, revise the percentage targets specified herein above, for any year, as deemed appropriate."

Considering that the RPO target for FY 2019-20 has not been reduced by 1.5%, and the RPO shortfall has been allowed to be carried forward to FY 2020-21, the Commission finds it prudent to allow 3.5% (both for solar and non solar combined) reduction in RPO target for FY 2020-21 provided that PSPCL shall honour all the PPAs with RE generators and shall not refuse power from such projects during FY 2020-21. The proviso shall be strictly adhered to by PSPCL.

The petition is disposed of accordingly.

Sd/-	Sd/-	Sd/-
(Anjuli Chandra) **Member**	**(S.S. Sarna)** **Member**	**(Kusumjit Sidhu)** **Chairperson**

Chandigarh
Dated: 17.07.2020