

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

**Petition No. 64 of 2023
Date of Order:07.12.2023**

Petition for the approval of True-up of ARR for FY 2022-23 under Section 62, 64 and 86 of the Electricity Act, 2003 read with the Regulation 12 and 13 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019 as amended from time to time and; approval of forecast of ARR for FY 2024-25 and determination of Tariff for FY 2024-25 under Section 62, 64 and 86 of the Electricity Act, 2003 read with Regulation 10 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2022

And

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

.....Petitioner

Commission: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, Member

ORDER

The petition has been placed before the Commission for admission. Keeping in view the fact that the tariff has to be finalized before the start of the next financial year, the Commission decides to admit the petition with the directions to PSPCL to provide further information/clarification as under:

1. As per Regulation 56 of the MYT Tariff Regulations, 2022, PSPCL is required to submit the tariff proposal for meeting the revenue gap for FY 2024-25.
2. As per regulation 12.4 of the MYT regulations 2022, Capital Expenditure shall be normally trued up at the end of the Control Period in accordance with Regulation 9 but PSPCL has not submitted the actual capital expenditure of 2nd Control

period (FY 2020-21 to FY 2022-23) to the Commission. PSPCL is directed to submit the scheme wise detailed list of approved works depicting capital investment approved vis-à-vis actual capital expenditure against each scheme/work. PSPCL also needs to provide the reasons in respect of the schemes in which actual expenditure is more than the approved.

3. In para 5.5 of Chapter 5 (Tariff Related Issues) in the tariff Order for FY 2024-25, the Commission had clarified that it intends to cover all DS consumers with load exceeding 20 kW and NRS consumers with load exceeding 7kW under the contract demand system. Accordingly, PSPCL was directed to create awareness amongst these consumers about this by 31.08.2023. PSPCL was also directed to give three months' time to all the consumers to get their contract demand registered from PSPCL through proper communication i.e. by issuing a commercial circular after 31.08.2023. PSPCL was also directed to ensure that the maximum demand in kW is recorded in the case of all NRS/DS consumers with load not exceeding 20kW by installing compatible meters on the premises of the remaining consumers. PSPCL was asked to submit the compliance report along with the ARR petition for FY 2024-25 but the same has not been submitted. PSPCL to submit the compliance report.
4. As per Electricity (Rights of Consumers) Amendment Rules, 2023, notified by Ministry of Power on dated 14.06.2023, ToD tariff for Commercial and Industrial consumers having maximum demand more than 10 kW shall be made effective from a date not later than 1st April, 2024. A number of reminders have been sent to PSPCL for intimating its preparedness for the same but there is no detailing regarding this issue in petition. PSPCL to submit its readiness for implementation of the directions (regarding point 8a & 8b) and proposal for the same.
5. **Energy Sales:**
 - i. Format D5 "Sales, Consumers and Connected Load" is missing. PSPCL to submit the duly filled form D5.
 - ii. Category wise Energy Sales figure for FY 2022-23, submitted in Format D24 do not match with category wise sales submitted in Format D-25(A) of the petition. In format D24, no revenue has been considered for Compost Plants/Sold waste management plants for Municipalities/Urban Local Bodies and start up power consumer categories whereas sale of

277 MU and 1103 MU have been shown for these categories in Format D 24. PSPCL to review, reconcile and resubmit the same.

- iii. In respect of AP sales, the following information be submitted for FY 2022-23:
 - a) AP ledger data for FY 2022-23 citing feeder wise monthly energy consumption, feeder load details etc.
 - b) In Table 2-2 of the Petition PSPCL has considered metered AP consumption as 164.55 MU. PSPCL to submit the details and consumer wise monthly Meter readings of metered AP Connections along with meter status on urban feeders with clearly mentioning opening reading on 01.04.2022. PSPCL shall ensure authentication and thorough checking of the readings with regards to its correctness before submission to the Commission.
- iv. PSPCL has submitted AP sales of 1 MU in Format D25 pertaining to 132 No. consumers for FY 2022-23. This consumption has been shown in addition to AP consumption submitted in the petition. PSPCL to intimate the type of these agriculture consumers and whether these are subsidised consumers or non-subsidised consumers. PSPCL needs to review and resubmit correct AP data along with AP load (in BHP) in Form D25 for FY 2022-23 and FY 2024-25.
- v. In case of AP High Technology/High Density farming, PSPCL has shown 13 consumers in FY 2022-23 with contract demand whereas these consumers are not covered under contract demand. Further in FY 2024-25, PSPCL has shown only one No. consumers. Also, the energy consumption of AP High Technology/High Density farming consumers for FY 2022-23 has been shown as 0.02MU in Format D25 and 0.6MU in petition. PSPCL to check and confirm correct data of AP High Technology/High Density farming.
- vi. From Format D25 of FY 2022-23, it is observed that power factor for “Bulk Supply” and ‘Railways’ is shown as 0.38 and 0.82 respectively which seems incorrect. PSPCL to review and resubmit the sales and power factor from the same.

- vii. For FY 2022-23, PSPCL has submitted the year-wise total quantum and amount of outside state sales. PSPCL to submit the break-up of power sold source-wise (both MU and revenue in Rs Crore).
- viii. Category/sub-category, units adjusted for theft, UUE etc. and methodology for working out the same be furnished.
- ix. In Form D25, PSPCL has shown fewer industrial consumers during the season as compared to that during off season. Similarly for Ice factories & Candies and Cold Storage PSPCL has submitted fewer consumers during April to May as compared to that during August to March. PSPCL to submit the reasons for showing fewer industrial consumers during the season as compared to that during off season. PSPCL to review and resubmit the data for seasonal industry as well as Ice factories & Candies and Cold Storage.

6. Energy Balance

- i. PSPCL to reconcile its energy received from PSTCL with that submitted by PSTCL in its ARR Petition.
- ii. While working out Energy Balance for FY 2022-23 as per table 2.10, PSPCL has reduced 1553.64 MU as generation available at 66/11 kV from the total energy requirement. The same be reviewed and details of NRSE power source wise at 66/11kV be submitted.
- iii. While working out Energy Balance for FY 2024-25, PSPCL has not reduced the generation available at 66/11 kV from the total energy requirement. The same be reviewed and accordingly the energy balance for FY 2023-24 be re-worked and re-submitted. Further, details of NRSE power at 66/11kV be submitted for FY 24-25.
- iv. In para 2.9.4, PSPCL has submitted that strengthening of sub transmission system by creating new 33kV substation. PSPCL to submit new 33kV stations created during FY 2022-23.

7. Power Purchase

- i. Details for FY 2022-23 in respect of
 - a) Details of LPS and TDS, if any.
 - b) Additional UI charges actually paid for over drawl/under drawl of power as

- per relevant CERC Regulations be submitted.
- c) Interest paid due to delayed payments to UI account/Regional Deviation Pool Account Fund.
 - ii. Source wise details of “other charges” in Form D3 along with documentary evidence be submitted for FY 2022-23.
 - iii. PSPCL to submit the details of transmission charges paid to UPPTCL.
 - iv. In format D3 (FY 2022-23) PSPCL has shown power purchase of 52.48 MU from NVVN bundled solar power at a very high variable rate of Rs. 10.72/kWh. Detailed break-up of the same be submitted. Also submit details of SECI solar power purchased at a rate of Rs. 5.50/kWh.
 - v. PSPCL has claimed Rs. 341 Crore as Open access Charges (TGNA Charges) for FY 2024-25. PSPCL to intimate the details and justification of these charges.
 - vi. PSPCL has submitted Rs. 3.15 Crore payment towards SECI solar transmission and SLDC charges. PSPCL to provide the details of these charges
 - vii. In Format D3 for FY 2022-23, PSPCL has submitted prior period expenses of Rs. 1356.46 Crore out of which major charges are of TSPL (Rs. 364.68 Crore), NPL (Rs. 212.55 Crore) and CTUIL (Rs. 501.46 Crore). PSPCL to submit the detailed break-up of prior period expenses.
 - viii. Also, in table 2.17 PSPCL has claimed other prior period expenses (Force Majeure amount of NRSE Generators, Disputed amount of Pragati Power Limited for COVID period and amount paid to NPL in compliance to Hon’ble District Court Patiala). PSPCL to intimate details of these charges and to confirm that these are not included in the prior period expenses submitted in Format D3.
 - ix. PSPCL has submitted that power purchase cost includes Rs. 0.76 Crore paid by BBMB on account of NRLDC charges. PSPCL to provide details and confirm whether these charges are not part of the O&M expenses being claimed by PSPCL in this petition.
 - x. PSPCL has issued Termination Notice dated 12.08.2021 to Anta, Auraiya, & Dadri stations of NTPC in view of the Commission’s order dated

05.08.2021 in Petition no. 28 of 2021 but PSPCL in Tariff petition for FY 2024-25 has shown fixed cost of Rs. 30.73 Crore paid to these stations without availing any energy. PSPCL need to provide the details and rationale of the payment made.

- xi. In Format D3 of FY 2022-23, PSPCL has submitted net energy received through Net banking as 108.93 MU while the total cost of Net banking has been considered as Rs. 258.55 Crore with per unit cost of Rs. 8.29/kWh. For FY 2024-25, per unit cost has been considered as Rs. 4.61/kWh. PSPCL to submit the month wise and source wise detailed break-up of Net banking and accounting thereof for FY 2022-23 along with projected calculations for FY 2024-25.
- xii. Details of Short-term power procurement comprising of the quantum and cost. along with supporting documents and trading margins, if any, for FY 2022-23.
- xiii. The Commission has rejected power purchase proposal of PSPCL from Meja, Pragati-III and DVC's Raghunathpur, Durgapur & Bokaro Stations vide Order dated 01.02.2021 in Petition No. 28 of 2019 but PSPCL is still procuring the power due to stay on the Commission's Order by Hon'ble APTEL. PSPCL to provide the latest status of the appeal pending in APTEL.
- xiv. PSPCL, while projecting power purchase cost for FY 2024-25, has submitted that it has considered an escalation of 5% with regards to variable rate of September 2023. PSPCL to provide reasons of reduced power purchase cost in FY 2024-25 and to provide actual power purchase costs of FY 2023-24 (upto September) as per D3 format.
- xv. PSPCL in para 3.8.12 has submitted that ash evacuation charges of Durgapur STPS and ash transportation charges for NTPC power stations. PSPCL to submit the reasons of considering these charges separately in respect of these power stations along with related documents.
- xvi. PSPCL to submit the details of energy received by it on account of net metering. Also energy available/received from M/s Winsome and M/s Nahar Industries be intimated.

- xvii. In Format D3, PSPCL has submitted UI charges for TSPL, NPL and GVK as Rs. 6.83 Crore, Rs. 26.92 Crore and Rs. 1.25 Crore respectively for FY 2022-23. PSPCL to submit the detailed break-up of the above charges alongwith justification for these UI charges.
- xviii. Power purchase cost as per balance sheet is Rs. 30466.47 Crore whereas as per Format D3, it is Rs. 30415.98 Crore. PSPCL to reconcile the power purchase cost.

8. Own Thermal and Hydel Generation

- i. Submit the unit wise breakup of own thermal generation for FY 2022-23.
- ii. Submit the actual generation details for FY 2022-23 duly vetted from SLDC.
- iii. PSPCL to provide reasons for around 300 MUs less projection of generation from BBMB during FY 2024-25 than FY 2022-23.
- iv. For GGSSTP, in Format G-24, while calculating fuel cost, GCV of receipted coal has been taken as 3807 kCal/kg whereas in format G29(A), GCV of receipted coal is shown as 4126 kCal/kg. PSPCL to check and reconcile.

9. Others

- i. In Form D-9, PSPCL has not submitted scheme wise details of Capital expenditure of its generation wing. PSPCL needs to submit scheme wise capital expenditure vis-à-vis Capital investment approved by the Commission. D7 format has also not been submitted.
- ii. PSPCL in Para 6.6.4 has proposed that PSPCL may be allowed to undertake the procurement of Power Quality Meters for all the consumers and consequently charge meter rent from these consumers. PSPCL to submit the calculations for meter rental so that consumers may file their comments/objection accordingly.
- iii. PSPCL has given the status of compliance of directives up to June 2022. PSPCL to furnish the latest status of compliance of directives
- iv. MS Excel Voltage wise cost of supply including 400kV along with detailed approach and methodology adopted for the computation of the same be submitted.

- v. From perusal of the data submitted by PSPCL for 2022 & 2023, it is gathered that during 2023, peak demand remained high in first fortnight of October 2023 than in October 2022 probably due to late sowing due to floods in 2023. PSPCL to submit the peak demand data for the month of June.
- vi. Distribution capacity not provided please provide details of distribution capacity of FY 2024-25 (for calculating wheeling charges) be submitted.

10. Status of RPO Compliance

- i. **FY 2022-23:** PSPCL to submit the details of working of figures of Energy Input considered for RPO Compliance in Table 2-9 “Status of RPO Compliance during FY 2022-23”. It also needs to furnish the details of Source wise NRSE power generated/procured in the format enclosed (Annexure-A).

Further, PSPCL has pleaded for consideration of all Hydro Power towards compliance of its RPO for FY 2022-23 in line with the MoP notification dated 22th July 2022. Accordingly, it also needs to submit the status of RPO Compliance under both the scenarios.

- ii. FY 2024-25:PSPCL to furnish the details of NRSE power considered for meeting its projected compliance in the format enclosed (Annexure).
11. PSPCL has not submitted the following proposals which are also required to be put in public domain for calling objections/suggestions along with its annual ARR/Tariff proposal:

i. Feed-in-Tariff

PSPCL’s proposal for Feed-in-Tariff for the purpose of accounting of solar power injection for Net-billing and Gross-metering arrangements under the PSERC (Grid Interactive Rooftop Solar Photo Voltaic Systems) Regulations, 2021 read with the Commission’s Order dated 06.04.2022 in Suo-Motu Petition No. 06 of 2022.

ii. Tariffs for green energy under Green Energy Open Access Rules,

2022

PSPCL's proposal for the Green Energy Tariffs (separately for solar & non-solar) for the purpose of supply of green energy to the consumers on requisition under Rule 4(2)(C)(c) of the Green Energy Open Access Rules, 2022.

12. Capital Expenditure and Capitalization

- i. PSPCL has not submitted the actual scheme-wise capital expenditure, capitalization and financing details (loan/equity/consumer contribution/grants) for FY 2022-23(True-up) and FY 2024-25 (Projection) for spill-over as well as new schemes. In case of Generation Business, PSPCL to ensure segregation of these details into Thermal and Hydel generating stations (plant-wise).
- ii. Project wise loan details (separate for Hydro, Thermal and Distribution) for FY2022-23 (on actual basis) and FY 2024-25 (Projection) should be provided. Further, the details should clearly segregate the long-term loans, short term/working capital loans and Govt. loans.
- iii. Government Grants, Subsidies and Consumer Contribution”to the tune of Rs.4955.28 Crore has been booked under note 19-A. Assets created out of the Govt. Grants and consumer contribution need etc. to be intimated. PSPCL to also provide detail of Govt. grants, subsidies and consumers contribution due and received.
- iv. PSPCL while submitting the format-G-13(CWIP) has shown capital expenditure and capitalization thereof to the tune of Rs.8.14 crore, and capitalization of Rs.1.03 crore for FY 2022-23 under the head of 'Others & SYL' without splitting. PSPCL is required to supply the details of capex and addition to assets (capitalization) viz. addition to assets of spill-over schemes, new scheme and direct addition during FY 2022-23, and FY 2024-25 (proposed) under Others and SYL separately. It is further added that addition to assets through capital work in progress (GH-14) and direct addition to GH-10 may also be intimated.
- v. PSPCL has shown capital expenditure and capitalization thereof to the tune of Rs.11.99 crore and Rs.15.95 crore respectively under MHP during FY 2022-23

without bifurcation of the same under MHP-I and MHP-II Project. The same has also been shown for FY 2024-25(Proposed). PSPCL needs to provide the expenditure separately.

- vi. As per audited accounts Note-2 Page No. 78, Capital Work in progress (BBMB) has been shown as Rs. 7.1 Crore, but capitalization has not been mentioned. PSPCL to specify whether any capitalization has been made or not.

13. **Operation & Maintenance (O&M) Expenses**

- i. PSPCL to submit the details of electricity/ Water charges and miscellaneous expenses under A&G expenses for FY 2022-23.
- ii. PSPCL has claimed O&M expenses consisting of Employee cost, A&G Expenses and R&M expenses on actual basis whereas these have to be claimed on normative basis and shall be trued-up only to the account of variation in Wholesale Price Index and Consumer Price Index as per note-3 PSERC MYT Regulations-2019. PSPCL needs to explain the reasons and also submit O&M expenses on normative basis.
- iii. In Para 2.12.3 (Page 38/39) and para 3.17.4 (Page-80/81), PSPCL has claimed Rs.6981.11 crore inclusive of Terminal benefits of Rs.3880.70 crore and BBMB share during FY 2022-23 and proposed Rs.7281 crore inclusive of Terminal benefits of Rs.4138 crore and BBMB share without indicating the amount paid on account of arrears of pay and allowances and Terminal benefits in view of impact of 6th Pay Revision Commission. PSPCL needs to explain the reasons and submit the expenses separately.
- iv. In para 3.17.3(Page-80) PSPCL has proposed the employee expenses of Rs.7281.00 (inclusive BBMB share and terminal benefits) for FY 2024-25(ARR) on the basis of actual expenses of past years. However, it has also stated that PSPCL has considered the addition of new employees and retirement of employees projected during FY 2024-25. However, PSPCL has not provided the detail of employee strength during FY 2022-23 and proposed to be recruited during FY 2023-24 and FY 2024-25(Generation& Distribution Business.) and number of employees retiring (terminal benefits) and to be recruited during FY2023-24 and FY 2025-26

- v. Details of Misc. expenses of Rs.13.63 crore (Note-35 of Annual Audited Accounts FY 2022-23) may be provided.
- vi. As per Balance sheet Note -33 Operating expenses are Rs. 47.81 Crore (Cost of water Rs. 39.15 Crore), Lubricants & consumable stores Rs. 2.84 crore and Station supplies Rs. 5.83 Crore). PSPCL to submit the bifurcation of expenses chargeable to R&M and generation of power.

14. Non-Tariff Income

- i. PSPCL to provide details of rebate for timely payment of power purchase received for FY 2022-23.
- ii. Regulation 28.1(c) of MYT Regulation 2019 and 27.1(c) provides that net revenue from late payment surcharge (late payment surcharge less financing cost of late payment surcharge) shall be considered. Detail of net revenue from late payment surcharge received may be provided for FY 2022-23 and FY 2023-24 (till September). Late payment surcharge received (Rs.433.91 crore) as per audited annual accounts of FY 2022-23. However, cost of financing the late payment from the consumers is not intimated which may be specified.

15. Interest on Working Capital

- i. PSPCL to submit detailed calculation sheet of working capital loans and interest thereon for Generation Business (separate for each project) and Distribution Business for FY 2022-23(True-up).
- ii. Details of interest on borrowing for working capital (Rs.643.07Crore) and cost of raising finance and other charges (Rs.60.09crore) may be provided.
- iii. PSPCL has claimed interest on working capital on actual basis whereas these have to be claimed on normative basis as per PSERC MYT Regulations-2019. PSPCL needs to explain the reasons and submit the same on normative basis for FY 2022-23.

16. Expenditure due to other debits

- i. PSPCL to submit detailed breakup of Misc losses amounting to Rs.34.62 Crore and write offs of Rs.2.90 crore (loss on sale of Assets) during FY 2022-23.

17. Depreciation

- i. In Table No. 2.14 (Depreciation for FY 2022-23(Page-41) PSPCL has shown an addition to GFA of Rs.27 crore (Generation Business), Rs.1230 crore (Distribution Business) with net addition of Rs. 1257 crore. Details of actual addition (Generation Business) and assets withdrawn be intimated along-with the reasons of withdrawal.
- ii. The depreciation claimed as Rs.1294.64 crore for FY 2022-23 charged under P&L accounts under (Note-37 i.e., Rs.1294.64Crore) does not tally with depreciation shown in Note-3 (Property, Plant and Equipment (Non-current) of the Audited Annual Accounts of FY 2022-23. Reasons for such difference needs to be explained.
- iii. PSPCL to submit the assets wise Fixed Asset Register (FAR) prepared for FY 2022-23(True-up) of 2nd MYT Control Period.

18. Interest and Finance Charges

- i. PSPCL has claimed interest on Long-term loans on actual basis whereas these have to be claimed on normative basis as per PSERC MYT Regulations-2019. PSPCL needs to explain the reasons and submit the same on normative basis.
- ii. Other income shows an amount of Rs.270.27 crore transferred from consumer contribution. PSPCL to intimate the rate at which it is transferred.
- iii. Details of Misc. income of Rs. 61.79 crore and interest received on refund of income tax Rs.23.80 crore may be provided.
- iv. Cost of raising finance/other charges Rs.60.09 crore needs to be supplied for FY 2022-23.
- v. Details of other interest of Rs. 0.66 crore (finance cost) may also be intimated. As per Note 2 Page 78 of audited Accounts Interest and

finance Charges (BBMB) of Rs. 1.46 Crore has been shown. Details may be submitted.

19. Revenue from Sales

- i. PSPCL has not supplied the category-wise/slab-wise and voltage wise Sales for FY 2022-23. Further, Format 25-A shows the sales category-wise (Units only).PSPCL to supply Sales for FY 2022-23(True-up).
- ii. PSPCL has submitted 163 MUs being unadjusted units (Table-2.1) category wise energy sales FY 2022-23) in the instant Petition. As per audited annual accounts of FY 2022-23(note No.29 Revenue from operations) Rs.68.22 crore has been booked to recoveries for theft of power/Malpractices. However, categories wise unadjusted units and amount recovered has not been shown. PSPCL needs to supply the same for FY 2022-23(True-up).

20. Estimated Subsidy

PSPCL to supply the details of subsidy as under:

- i. Format-D-11 has been supplied with the Petition depicting category wise amount of subsidy. Whereas Category-wise/sub-category/slab-wise consumption of electricity (units and amount) of subsidy claimed for FY 2022-23, tallying with Audited Annual Accounts of FY 2022-23 are to be supplied.
- ii. Category wise/sub category/slab-wise consumption of electricity (units and amount) of subsidy claimed (proposed) for FY 2024-25 to be supplied.

Further,

- i) A public noticecontaining highlights of the ARR shall be issued by PSPCL, inviting objections from the public/stakeholders on the petition as required under Regulation 67 of the PSERC (Conduct of Business) Regulations, 2005,. The public notice be got published in five widely

- circulated daily newspapers (English, Hindi and Punjabi), immediately.
- ii) PSPCL shall ensure availability of legible copies of the notice/ARR petition for public scrutiny in adequate numbers in all the offices mentioned in the public notice. Due co-operation and courtesy may be extended to the public for their inspection and perusal of the documents/material so as to avoid any complaint from public regarding non-availability or non-accessibility. Arrangements may also be made to ensure sale of documents to interested parties on payment basis subject to maximum of Rs.1000/- per set.
- iii) Replies to the objections in response to the public notice may be prepared and sent to the Commission (twelve copies) within seven days of receipt of each objection, with copies to the objectors.

PSPCL shall submit reply to the deficiencies/additional information within a week without any delay (through hard copy & soft copy). PSPCL shall be intimated separately for submission of any other information necessary for adjudication of the petition.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh
Dated:07.12.2023

[Click here for Annexure -A](#)

