

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO 220-221, SECTOR 34-A, CHANDIGARH

To

The Chief Engineer/ARR & TR,
Punjab State Power Corp. Ltd,
Shed No.F-4, Shakti Vihar,
Patiala.

Fax 0175-2302416

No. PSERC/Tariff/T-215/1619
Dated: **13.12.2017**

Subject: - Petition for Annual performance Review for FY 2017-18 and Revised Estimates for FY 2018-19: Deficiencies/Observations thereof.

Refer your letter no. 1084/CC/DTR/Dy.CAO/ 251(Vol-I) dated 30.11.2017 vide which Petition for Annual performance Review for FY 2017-18 and Revised Estimates for FY 2018-19 has been filed. On preliminary scrutiny of the petition, the Commission has observed some deficiencies/observations in the petition. The deficiencies/observations are enclosed as Annexure-A.

You are, therefore, requested to ensure compliance/ submission of the information/documents on these deficiencies to the Commission within 7 days. The petition shall be considered for admission after receipt of satisfactory reply to these deficiencies.

DA/Annexure-A (Pages 1-18)

Sd/-
SECRETARY

FINANCIAL**1. True up for FY 2016-17**

- i) As per Regulation 12 of PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014 (hereinafter referred to as MYT Regulations), the True up for FY 2016-17 has to be submitted with the APR for FY 2017-18. The same be submitted now along with the following:
 - a) The Audit Report of Statutory Auditor and the comments of Comptroller and Auditor General of India on Annual Accounts of FY 2016-17 as per the Companies Act.
 - b) Cost Audit Report and Compliance Report(s) for FY 2016-17 may also be furnished.
- ii) Further, delay in filing of True Up for FY 2016-17 may attract the decision of the Hon'ble APTEL dated 01.12.2015 in Appeal No. 146 of 2014, which holds that carrying cost on gap should not be allowed for non submission of audited accounts.

2. Revised Estimates for FY 2018-19

PSPCL has filed the instant Petition for 'Annual Performance Review' (APR) of FY 2017-18 (with proposed Net Revenue Requirement (NRR) of ₹31105.66 crore) and 'Revised Estimates' for FY 2018-19 (with proposed NRR of ₹33562.12 crore).

The Commission, in Tariff Order of PSPCL dated 23.10.2017, approved the Projections of FY 2017-18, FY 2018-19 and FY 2019-20 wherein NRR of ₹28910.35 crore, ₹30241.30 crore and ₹31739.58 crore was approved for FY 2017-18, FY 2018-19 and FY 2019-20 respectively.

Annual Performance Review (APR) to be carried out, is governed by Regulation 11 of MYT Regulations. The scope of the Annual Performance Review is comparison of the performance of the Applicant with the approved

forecast of ARR along with the performance targets specified by the Commission [Regulation 11(7) of MYT Regulations]. The Petition for Annual Performance Review is to include the details of actual capital expenditure, details of income tax paid and actual operational and cost data to enable the Commission to monitor the implementation of its order including comparison of actual performance with the approved forecasts (and reasons for deviations). Additionally, the Applicant has to submit Annual Statement of its performance of generation business (indicating the cost data – plant wise, and performance parameters - unit-wise) and distribution business, including a copy of its latest audited accounts. [Regulation 11(4) of MYT Regulations]. Projections of FY 2018-19 have already been finalized in PSPCL's Tariff Order dated 23.10.2017 and there is no provision for revised projections. The petition may be re-examined/ amended accordingly.

3. **Capital Expenditure**

PSPCL, in the instant Petition has proposed capital expenditure of ₹1468.91 crore against the Commission's approval of ₹1310.67 crore for FY 2017-18 in PSPCL's Tariff Order. In this regard, relevant extract of Regulation 9 of MYT Regulations is reproduced below for reference:

“9.8. In the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the Annual Performance Review, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the Applicant vis-à-vis the approved capital expenditure.

9.9. In case the capital expenditure is required for emergency work which has not been approved in the capital investment plan, the respective Applicant shall submit an application (containing all relevant information along with reasons justifying emergency nature of the proposed work) seeking approval by the Commission...”

As required by Regulation 9, PSPCL has not filed any application for approval of additional capital expenditure and has directly sought a capital expenditure of ₹1468.91 crore against approved capital expenditure of ₹1310.67 crore. As per the provisions of Regulation 9, PSPCL was required to file an application

for approval of additional capital expenditure with detailed submissions, citing specific reasons. The petition may be re-examined/ amended accordingly.

4. **Employee Cost**

- a) Details of 'Other Allowances' of ₹162.00 crore claimed in FY 2017-18 (Format 8) may be furnished.
- b) Details of 'Any other expenses' claimed as ₹164.14 crore for FY 2017-18 under pension payment (Format 8) may be furnished.
- c) Dearness Allowance of ₹1603.27 crore claimed for FY 2017-18 is relatively higher as compared to Dearness Allowance of ₹1081.75 crore per Audited Annual Accounts for FY 2015-16 and ₹1159.06 crore as per Provisional Accounts of FY 2016-17. Justification for the steep hike be given.
- d) As per Format-9 of the Petition, PSPCL has proposed to add 3846 employees during FY 2017-18 to its existing employee strength. The Commission in PSPCL's Tariff Order dated 23.10.2017 gave the following Directives to PSPCL with respect to Employee Cost:

"The Commission directs PSPCL to plan the redeployment of existing manpower for achieving more efficiency and better performance indices with proper implementation of IT. The roadmap for redeployment of manpower be shared with the Commission.

In view of the closure of thermal units, PSPCL is directed to initiate fresh study for optimum utilisation of existing manpower and to reduce employee cost.

PSPCL is also directed to outsource its meter reading, bill collection, complaint handling & other consumer related services to save employee cost."

In view of the above, kindly submit a detailed note on measures being taken by PSPCL to implement above Directives along with justification for adding 3846 new employees during FY 2017-18.

5. **Depreciation**

As per MYT Regulations, Depreciation for generation and transmission assets

shall be calculated annually as per straight line method over the useful life of the asset. Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost. Also, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation / put in use of the asset shall be spread over the balance useful life of the asset. Kindly provide the details of depreciation on assets in light of the aforesaid regulation incorporating the following:

- a) Details may be prepared head wise for all assets with further break up of each asset to account codes.
- b) The details may be furnished separately for each project, namely:
 - (i) Separate for Hydro and Thermal (in case of Generation); and
 - (ii) Separate for Wheeling and Retail Supply (in case of Distribution)

For ease of understanding, the details may be provided as per format attached (Format-1).

6. **Long Term Loan**

- a) In the tariff Petition of MYT Control Period, PSPCL had submitted that entire capital expenditure shall be funded from debt. Furnish the details of actual loan taken by the utility during FY 2017-18 along with loan agreements with lenders. Additionally, project wise loan details (separate for Hydro, Thermal and Distribution) for FY 2017-18 may be provided. The details should clearly depict the project wise opening loan balance, loan requirement and loan repayment for each year separately.
- b) Also provide the detail of R-APDRP loans with bifurcation of these loans under Scheme A and Scheme B Loans. The bifurcated detail be provided for opening balance, loan addition, loan repayment, closing balance and interest thereon.

- c) Furnish the status/details of R-APDRP loans converted into grant till date.

7. **Revenue from Existing Tariff**

- a) Category wise Revenue from sale of Energy (MU) from existing tariff has been provided in Format 27 of the Petition. In addition to the details provided, kindly provide the detail of units consumed under different slabs of all categories mentioned in the table given below:

Sr. No.	Category of Consumers	Energy Sale (MU)	Tariff Rate (paise/Unit)	Revenue (₹crore)
1	Domestic			
(a)	Upto 100 Units			
(b)	Above 100 and Upto 300 Units			
(c)	Above 300 and Upto 500 Units			
(d)	Above 500 Units			
Total				
2	Commercial / Non-Residential Supply			
(a)	Upto 100 Units			
(b)	Above 100 and Upto 500 Units			
(c)	Above 500 units			
Total				
3	Bulk Supply			
(a)	HT			
(b)	LT			
Total				
4	AP			
(a)	Metered			
(b)	Unmetered			
Total AP				

- b) Provide the basis for rates (per unit) taken into account in all categories of consumers for computing the revenue from existing tariff in Format 27 of the Petition. For instance, (in FY 2017-18) the rate (per unit) in 'Large Supply' category in Format 27-D of 674.23 paise has been taken, whereas, rate of 'Large Supply' category was fixed at 689 paise as per Commission's MYT Tariff Order.

8. **Subsidy**

Detail of subsidy due and received from Govt. of Punjab (GoP) has been provided in Format 35 of the Petition. Copy of letter, as per directions of the Commission in the Tariff Order regarding monthly installments of subsidy, intimated by PSPCL to GoP be provided.

- a) In addition to the details provided, kindly provide detail of units consumed under different slabs in “Domestic” Category. The GoP letter nos. 3382 dated 17.10.2017 and 6161 dated 17.10.2017 regarding subsidy to Domestic Category after 01.11.2017 may kept in view. The details be provided in following format from 01.04.2017 to 31.10.2017 and 01.11.2017 to 31.03.2018 separately:

Detail of Actual Consumption (Slab wise)

Category	No. of Consumers (Nos.)	Slab of Consumption (Domestic)			
		Upto 100 Units		Above 100 and Upto 200 Units*	
		Units (MU)	Amount (₹ Crore)	Units (MU)	Amount (₹ Crore)
SC DS Consumers					
Non-SC BPL DS Consumers					
Backward DS					
Freedom Fighter					

* upto 300 units in case of freedom fighters.

- b) Supply the details of subsidy, along with units consumed, for new/prospective industries under Invest Punjab, as per GoP letter no. 3382 dated 17.10.2017.

9. **Table of ARR**

In reference to Table 40, 41 and 42 of the Petition, It is observed that there is huge variation in the expenses allowed in various projects by the Commission and expense now claimed by PSPCL in the instant Petition. Kindly provide detailed explanation for deviation of expenses in each project.

10. **Miscellaneous**

- a) Actual consumer contribution amount received during FY 2017-18 (upto November, 2017) may be provided.
- b) With respect to the BBMB expenses claimed by PSPCL, kindly submit the status of BBMB Petition for FY 2009-14 (True-Up) and for FY 2014-19 filed with CERC.
- c) Allocation statement (separately for generation business (plant-wise) and distribution business (retail supply and wheeling)) based on Audited Financials of FY 2016-17 may be furnished. In case audited financials are not available, allocation statement based on Provisional Accounts of FY 2016-17 may be furnished.

TECHNICAL

11. Regulation 60.3 of MYT Regulations stated as under:

“60.3 The application shall also contain the revenue gap for various years of the control period and a tariff proposal for meeting the revenue gap for each year. In the absence of the tariff proposal, the petition shall be considered as incomplete and shall be liable for rejection.”

- (a) In its Annual Performance Review Petition, PSPCL has not submitted the Tariff proposal (including Two Part tariff) to meet the projected revenue gap as required under Regulations discussed above, the same be submitted.
- (b) The updated General Conditions of Tariff and Schedules of Tariff for FY 2018-19 be also submitted.
- (c) In reference to the Commission’s letter no. 1068 dated 29.09.2017, the proposal regarding special category tariff for battery swapping infrastructure to service E-Vehicles required to be submitted.
- (d) As directed in para 6.5.3 of Tariff Order for MYT Control Period from FY 2017-18 to FY 2019-20, the roadmap for introduction of contract demand system for the SP Industrial category and other (remaining) consumers

having load in excess of 20 kW has not been submitted.

12. Category-wise/sub-category wise (slab wise) Half Yearly actual Sales (including AP consumption) for previous 5 years be supplied.
13. Power Purchase Cost (Formats 7):
 - a) Details along with documentary proof of the claim for previous year payments made during the year, depicting the period to which these actually relates and reasons for not making payment in the corresponding year, needs to be supplied.
 - b) Detailed calculations of payment to Power Grid Corporation (PGCIL) for respective years be submitted.
 - c) Details and calculations for Inter-State transmission losses (External losses) be submitted.
 - d) Year wise detail along with documentary proof regarding rebate for timely payments of Power Purchase, LPS and TDS be supplied.
 - e) It has been observed that there is surrender of power from different stations. The month wise detail regarding availability of power and surrender of power from each generating station including PSPCL's own stations be supplied. Further, the variable rates considered for surrender of power under merit order dispatch principle should also be supplied.
 - f) Year wise details of additional UI charges actually paid for over draw/under drawl of power as per relevant CERC Regulations be submitted. Further, details of interest paid due to delayed payments to UI account/Regional Deviation Pool Account Fund be also submitted.
14. Under the head Revenue from sale of power the following be supplied:
 - a) Detailed calculations (including voltage wise sale) for the working of HV rebate.
 - b) Detailed calculations (along with sales during normal hours, peak hours and off peak hours) for the working of ToD rebate and surcharge separately as per format attached (Format -2).

- c) Refer Table 30, the income from MMC be supplied category wise. Further, income from PLEC has also been shown in the Table, whereas it has been discontinued after introduction of ToD tariff by the Commission w.e.f. 1st August, 2016, please explain.
15. The soft copy of calculations/determination of voltage-wise and category-wise cost of supply be supplied.
16. Format -1A, 1B, 1C & 1D (Energy Sales) be supplied as per format attached (Format -3).
17. PSPCL's own Thermal Generation:
- a) In order to justify the relaxed performance parameters in respect of PSPCL own generating stations as requested in the APR, supply the list of NTPC Plants of similar capacity and vintage as of PSPCL's own thermal generating stations and CERC orders in respect of these NTPC Thermal Generating Stations.
- b) Actual year wise/ unit-wise generation figures, availability and PLF of different thermal stations for FY 2016-17 and FY 2017-18 (H1) be supplied. Further, the same be got validated from SLDC Organization.
- c) No. of days run unit-wise, and comparison of month wise actual generation vis-à-vis deemed generation corresponding to 85% PLF (for each plant) be supplied on following performa:

Month	No. of days run	Actual Generation (MU)	Deemed Generation (MU)

- d) Justification for (-)ve value of coal transit loss needs to be supplied.
- e) The month wise and weighted average price & GCV (received), of coal and oil, for 1st half of FY 2017-18 be supplied.
- f) In the ARR for MYT Control Period from FY 2017-18 to FY 2019-20, it was submitted by PSPCL that "No Power has been scheduled in merit order dispatched projection at GNDTP", however, in the APR, power

has been scheduled from GNDTP during FY 2017-18 (H1). The reasons for the deviation be explained.

18. Agriculture Consumption

a) Details of Pumped Energy to AP Feeders (3 Ph 3 wire, 3 Ph 4 wire, Kandi Area Pure AP feeders and Kandi Area mixed feeders) be supplied as per format attached (Format-4).

b) For metered and un-metered AP consumers, the details regarding month-wise detail of no. of consumers, total connected load and consumption be supplied separately.

19. The breakup of revenue from Outside State Sales be submitted. PSPCL have sold some of the surplus power during FY 2016-17 and FY 2017-18 (H1), the details of revenue along with MU, from such sale to be submitted separately.

20. PSTCL in its APR for FY 2017-18 has submitted the Transmission Loss for FY 2017-18 (H1) as 2.93%. The figures submitted by PSTCL in its APR for FY 2017-18 in respect of transmission loss are as under:

Sr. No.	Month	Energy Input (MWh)	Energy sent to Distribution network (MWh)	Transmission Loss (%)
1	Apr-17	3178328	3072798	3.32%
2	May-17	4582304	4448238	2.93%
3	Jun-17	4981671	4851319	2.62%
4	Jul-17	6584655	6471100	1.72%
5	Aug-17	6178639	5966839	3.43%
6	Sep-17	5336484	5127861	3.91%
	Total	30842080	29938155	2.93%

The figures (month wise) for energy received from PSTCL at PSPCL periphery be validated please.

21. The following information (Consumer wise) for FY 2016-17 and FY 2017-18 (H1) be submitted:

Sr. No.	Description	CPPs/ Co-Generation Plants	For Marriage Palaces
1.	No. of consumers		
2.	Sanctioned Load/ Sanctioned Demand		
3.	Consumption		
4.	Utilization factor		

22. Renewable Purchase Obligation (RPO)

- a) As per Hon'ble APTEL's Judgment dated 20.04.2015 in Original Petitions OP No. 1, 2 & 4 of 2013, PSPCL is required to submit proposal with supporting documents for renewable energy procurement as part of the Tariff Petition for the ensuing years/Annual Performance Review for the current year. Accordingly, separate proposals with supporting documents for FY 2017-18 and FY 2018-19 are required to be submitted. These should include project-wise details of long-term/short-term power purchase (MU, Cost & tariff of each project as per PPA) from various New and Renewable Sources of Energy (NRSE) Solar & Non-Solar and purchase of RECs (MUs, Nos. and amount) for RPO compliance. The information with respect to Renewable Purchase Obligation for the aforesaid periods may be given as per format attached (Format- 5) apart from giving project-wise details separately.
- b) Year-wise details of RPO shortfall, short-term NRSE power to be procured from within/outside the State and RECs to be purchased (MUs, Nos. and amount) by PSPCL for RPO compliance of previous years be provided.
- c) Average Weighted Rate for Solar/Non-solar Power has not been provided, which shall be submitted now.
- d) The project-wise details of own generation by PSPCL from renewable sources of energy in MU's be given, which is accounted for in RPO compliance. This information may be submitted in the same Format as is submitted in the monthly statement of NRSE power purchase.

Format -1: DEPRECIATION

Calculation sheet of Depreciation for FY 2017-18

Name of the asset	Account Code	Gross Value of assets as on 31.03.2005	Accumulated Depreciation as on 31.03.2005	Additions made from 01.04.2005 to 31.03.2017	Accumulated Depreciation on additions from 01.04.2005 to 31.03.2017	Rate of depreciation (applicable for computing depreciation in Column 8)	Depreciation on assets in Column 3 for FY 2017-18
1	2	3	4	5	6	7	8

Rate of depreciation (applicable for computing depreciation in Column 10)	Depreciation on assets in Column 5 for FY 2017-18	Proposed Additions from 01.04.2017 to 31.03.2018	Rate of depreciation (applicable for computing depreciation in Column 13)	Depreciation on additions (in Column 11) during FY 2017-18	Total Depreciation for FY 2017-18 (8+10+13)	Closing Value of Gross Assets as on 31.03.2018 (3+5+11)	Closing Value of Accumulated Depreciation as on 31.03.2018 (4+6+14)
9	10	11	12	13	14	15	16

Month	Sales during normal hours i.e. from 06.00 AM to 06.00 PM (MU)	Sales during peak hours i.e. from 06.00 PM to 10.00 PM (MU)	Sales during off-peak hours i.e. from 10.00 PM to 06.00 AM next day (MU)
<u>FY 2016-17</u>			
April, 2016			
May, 2016			
.....			
.....			
.....			
.....			
March, 2017			
Total for FY 2016-17			
<u>FY 2017-18 (H1)</u>			
April, 2017			
.....			
.....			
.....			
September, 2017			
Total for FY 2017-18 (H1)			

Format - 3: Energy Sales

Sr. No.	Category	No. of Consumers (Nos.)	Sanctioned Load (kW)/ Contract Demand (kVA), as the case may be	Energy Sales (MU) (kWh or kVAh, as the case may be)			
				FY 2016-17 (Actual)	FY 2017-18 (H1, Actual)	FY 2017-18 (H2, Proj.)	FY 2018-19 (Proj.)
1	Domestic Supply	upto 2 kW	Up to 100 kWh				
			Above 100 kWh & upto 300 kWh				
			Above 300 kWh & upto 500 kWh				
			Above 500 kWh				
		above 2 kW & upto 7 kW	Up to 100 kWh				
			Above 100 kWh & upto 300 kWh				
			Above 300 kWh & upto 500 kWh				
			Above 500 kWh				
		above 7 kW & upto 20 kW	Up to 100 kWh				
			Above 100 kWh & upto 300 kWh				
			Above 300 kWh & upto 500 kWh				
			Above 500 kWh				
		above 20 kW & upto 50 kW	Up to 100 kWh				
			Above 100 kWh & upto 300 kWh				
Above 300 kWh & upto 500 kWh							
Above 500 kWh							
above 50 kVA & upto 100 kVA							
Above 100 kVA							

Sr. No.	Category	No. of Consumers (Nos.)	Sanctioned Load (kW)/ Contract Demand (kVA), as the case may be	Energy Sales (MU) (kWh or kVAh, as the case may be)			
				FY 2016-17 (Actual)	FY 2017-18 (H1, Actual)	FY 2017-18 (H2, Proj.)	FY 2018-19 (Proj.)
2	Non-Residential Supply (NRS)	upto 7 kW	Up to 100 kWh				
			Above 100 kWh & upto 500 kWh				
			Above 500 kWh				
	above 7 kW & upto 20 kW	Up to 100 kWh					
		Above 100 kWh & upto 500 kWh					
		Above 500 kWh					
	above 20 kW & upto 50 kW	Up to 100 kWh					
Above 100 kWh & upto 500 kWh							
Above 500 kWh							
	above 50 kVA & upto 100 kVA						
	Above 100 kVA						
3	Small Power	upto 20 kW					
4	Medium Supply	above 20 kVA & upto 100 kVA					
5	Large Supply (General Industry)	above 100 kVA & upto 500 kVA					
		above 500 & upto 1000 kVA					
		above 1000 & upto 2500 kVA					
		more than 2500 kVA					
6	Large Supply (Power Intensive Units)	above 100 kVA & upto 500 kVA					
		above 500 & upto 1000 kVA					
		above 1000 & upto 2500 kVA					
		more than 2500 kVA					
7	Large Supply (Arc Furnace)	above 100 & upto 500 kVA					
		above 500 & upto 1000 kVA					
		above 1000 & upto 2500 kVA					
		more than 2500 kVA					

Sr. No.	Category	No. of Consumers (Nos.)	Sanctioned Load (kW)/ Contract Demand (kVA), as the case may be	Energy Sales (MU) (kWh or kVAh, as the case may be)			
				FY 2016-17 (Actual)	FY 2017-18 (H1, Actual)	FY 2017-18 (H2, Proj.)	FY 2018-19 (Proj.)
8	Bulk Supply	LT					
		HT					
9	Railway Traction						
10	Public Lighting						
11	Agriculture Pumpsets (AP)	Un-Metered					
		Metered					
12	AP-High Technology/ High Density Farming						
13	Compost Plants/ Solid waste management Plants for Municipalities/ Urban Local bodies						

Format -4: AP Consumption

Pumped Energy Data for FY 2016-17 & FY 2017-18 (H1)

Month	AP 3Phase 3Wire		AP 3Phase 4Wire		Kandi Area Mixed Feeders		Pure Kandi Feeders	
	Total No. of 3Phase 3Wire Feeders	Pumped Energy 3Phase 3Wire Feeders (MU)	Total No. of 3Phase 4Wire Feeders	Estimated Pumped Energy 3Phase 4Wire Feeders (MU)	Total No. of Kandi Area Mixed Feeders	Pumped Energy Kandi Area Mixed Feeders (MU)	Total No. of pure AP Kandi Area Feeders	Pumped Energy pure AP Kandi Area Feeders (MU)

Format -5: RPO Compliance

Financial Year	Input Energy available to PSPCL at its boundary for distribution	RPO specified by the Commission				Long-term NRSE Power Purchase*		RPO shortfall		Short-term NRSE Power Purchase*		REC purchase		Funds required for RPO compliance				
	(MU)	(%)		(MU)		(MU)		(MU)		(MU)		(MU)		(in ₹ crore)				
		Non- Solar	Solar	Non- Solar	Solar	Non- Solar	Solar	Non- Solar	Solar	Non- Solar	Solar	Non- Solar	Solar	Non- Solar	Solar	Short- term NRSE power purchase	REC purchase	Total

* Project-wise details for each year to give on separate sheets (MU, Cost & tariff of each project as per PPA)