

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK-B, MADHYA MARG, SECTOR 18-A, CHANDIGARH-160018.**

Draft Notification

The _____, 2024

No. PSERC/Secy/Regu.- In exercise of power conferred on it by Section 181 (2) read with section 61 and 62 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, the Punjab State Electricity Regulatory Commission hereby makes the following Regulations to amend the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2022 including the first, second & third amendments thereof (Hereinafter referred as “the Principal Regulations”) namely:

1. Short Title and Commencement:

(1) These regulations shall be called the “Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) (4th Amendment) Regulations, 2024.

(2) These Regulations shall come into force from the date of their publication in the official gazette of the State.

2. Amendment in Regulation 3 of the Principal Regulations- Definitions & Interpretations:

(a) In the Definition of “**Auxiliary Energy Consumption**” or “**AUX**” in Regulation 3.6 the word “generating plant” shall be replaced with “generating plant (including for Emission Control System)”.

(b) Regulation 3.27 (a) shall be added **as follows:**

“3.27(a) **Emission Control System**” or “**ECS**” means a set of equipment or devices required to be installed in coal or lignite based thermal generating station or unit thereof to meet the revised emission standards;”

3. Amendment in Regulation 18 of the Principal Regulation- Additional Capitalization

Clause 18.2 (c) is amended as under:-

“(c) On account of change of law **(including for the Emission Control System);”**

4. Amendment in Regulation 20 of the Principal Regulation- Return on equity

Following New Proviso shall be added as under:-

“Provided further that the return on equity in respect of additional capitalization on account of any change in law shall be as per Regulation 23.1, subject to ceiling of 14%.”

5. Amendment in Regulation 21 of the Principal Regulation- Depreciation:

Following New Proviso 21.7 and 21.8 shall be added as under:

“21.7 Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time.

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower;

Provided also that in case the date of operation of the emission control system is after the 20th year of commercial operation of the generating station or unit thereof, but before the completion of the useful life of the generating station, the depreciation on emission control system (ECS) shall be computed annually from the date of operation of such ECS based on the straight line method, with a salvage value of 10% and the depreciable value shall be recovered till the operational life of the generating station.

21.8 In case the date of operation of the emission control system is subsequent to

the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher.”

**6. Amendment in Regulation 23 of the Principal Regulation- Interest on loan capital:
(a) Clause 23.1 shall be amended as under:-**

“23.1 Interest and finance charges on the loan capital (existing and future for new investments) shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI as may be applicable as on 1stApril of the relevant year, plus 150 basis points or the weighted average rate of interest paid/payable by the Generating Company, Licensee or SLDC, whichever is less.”

(b) Clause 23.2 shall be deleted.

(c) Clause 23.3 shall be read as 23.2.

(d) Clause 23.4 shall be read as 23.3

(e) Clause 23.5 shall be read as 23.4

7. Amendment in Regulation 25 of the Principal Regulation- Operations & Maintenance (O&M) Expenses:

(a) The definition under clause 25.1 of “GFA” shall be amended as under:

“‘GFA’ is the average value of the gross fixed assets of the nth year.

Provided that the land shall not be taken as an asset for computing R&M expenses:

Provided further that the R&M expenditure on land if any will be allowed on actuals or normative whichever is less subject to prudence check.”

(b) Following new Note 11 shall be added under Clause 25.1:-

“Note 11: The expenses on account of emission control in coal or lignite based thermal

generating station shall be maximum of 2% or actual whichever is lower of the admitted capital expenditure (excluding IDC and IEDC) as on its date of operation, which shall be escalated annually @3.5% during the tariff period ending on 31st March 2024:

Provided that income generated from sale of gypsum or other by products shall be reduced from the operation and maintenance expenses.”

8. Amendment in Regulation 30 of the Principal Regulation- Billing and payment of charges and late payment surcharge:

In Clause 30.2, the words “60 days” shall be replaced with “30 days”.

9. Amendment in Regulation 32 of the Principal Regulation- Components of Working Capital:

a) In Clause 32.1 (a) (iv) the words “two (2) months” shall be replaced with “45 days”.

b) In Clause 32.1 (b) (v) the words “2 months” shall be replaced with “45 days” .

c) In Clause 32.1 (c) (iii) the words “2 months” shall be replaced with “45 days” .

10. Amendment in Regulation 34 of the Principal Regulation- Norms for performance parameters:

The words “specific oil consumption” shall be replaced with “specific oil/ water/reagent consumption” .

11. Amendment in Regulation 42 of the Principal Regulation- Interest on working capital:

(a) In Clause 42.1 (c) the words “two (2) month” shall be replaced with “45 days”.

(b) In Clause 42.2 (c) the words “2 months” shall be replaced with “45 days”.

(c) In Clause 42.2 (c) the words “one month of power procurement cost including associated cost” shall be deleted.

12. Amendment in Regulation 50 of the Principal Regulation- Interest on working capital:

In Clause 50.1 (c) the words “two (2) months” shall be replaced with “45 days”.

