

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

**Petition No. 16 of 2019
Date of Order: 26.08.2019**

In the matter of: Petition regarding Voluntary Disclosure Scheme (VDS) for Domestic (DS), Non Residential (NRS) and Agriculture Tubewell (AP) Consumers under Regulation 47 of PSERC Regulation 2014 and clause 68 & 69 of PSERC (Conduct of Business) Regulation, 2005.

And

In the matter of: Punjab State Power Corporation Limited, The Mall, Patiala.

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

ORDER

The present petition has been filed by PSPCL for introduction of Voluntary Disclosure Scheme (VDS) for Domestic Supply (DS) consumers for a load upto 50 kW, Non-Residential Supply (NRS) consumers for load upto 20 kW and AP consumers for a period of 45 days under regulation 47 of the Supply Code, 2014 read with regulations 68 & 69 of PSERC (Conduct of Business) Regulations, 2005. The petition was admitted vide order dated 30.07.2019. PSPCL was directed to publish a Notice inviting suggestion/objections from the public. The petition was fixed for hearing as well as public hearing on 19.08.2019.

The Public Notice was published on 27.07.2019 in The Tribune (English) and Ajit (Punjabi). 6 objections were received and the hearing as well as the public hearing was held on 19.08.2019. After hearing the officers of PSPCL and the representatives of farmers, the commission

vide order dated 21.08.2019 directed PSPCL to file reply to the comments/objections of the representative of farmers. Copies of the objections received were sent to PSPCL vide letter no. 1115 dated 19.08.2019 and PSPCL submitted its reply to the objections/suggestions vide memo no. 454 dated 20.08.2019. The Order was reserved vide Order dated 21.08.2019.

2. PSPCL submitted that after introduction of the Two Part Tariff, the Commission in the Tariff Order for FY 2017-18 & 2018-19 directed PSPCL to introduce Voluntary Disclosure Scheme (VDS) & to inspect the load of the consumers during the VDS scheme for the purpose of regularization. Accordingly, VDS was introduced vide CC No. 52/2017 dated 15.11.2017 for DS, NRS and SP category of consumers, allowing them to get their additional connected load regularized without any penalty. The scheme was valid for six months i.e. upto 08.05.2018. The scheme was further extended for another six months on the same terms & conditions i.e. upto 18.12.2018. The scheme was availed by 29019 DS, 2763 NRS and 542 SP consumers and the total load declared by these consumers was 58712 kW, 13405 kW and 3207 kW respectively. PSPCL expressed apprehension that a large number of DS & NRS consumers are yet to get their excess load regularized. This issue was also deliberated during meeting of State Advisory Committee held on 12.02.2019.

2.1 That non declaration of connected load adversely affects the distribution system due to overloading of distribution lines/ transformers as the actual load running on system is more than the sanctioned load. On the one hand, PSPCL suffers continuous & recurring financial loss on account of fixed charges under two-part tariff system and on the other hand consumers also have to face breakdowns or interruptions of

supply due to inadequacy of the distribution system. Accordingly, PSPCL proposes to re-introduce VDS for DS (up to 50 kW) & NRS (up to 20 kW) consumers where fixed charges are levied on the basis of connected load (in kW) to give them an opportunity to get their unauthorized load regularized.

2.2 That the scheme shall be valid for a period 45 days from the date of issue of Commercial Circular in this regard and will be launched on the same terms and conditions as approved by the Commission vide its letter dated 18.05.2018 except for a rebate of 50% on Service Connection Charges to incentivize the consumers to avail this opportunity. The loss to PSPCL due to rebate of 50% on Service Connection Charges to the consumers availing VDS may be allowed as pass through in the ARR.

2.3 PSPCL, submitting the features of the scheme for DS / NRS consumers submitted that:

- (i) The Voluntary Disclosure Scheme (VDS) shall be applicable to DS & NRS consumers having sanctioned load upto 50 kW and 20 kW respectively. However, in case after extension of load, the load of the consumer falls in the category where demand based tariff is applicable, the consumer shall also be required to declare his demand (in kVA).
- (ii) Load declaration shall be accepted without any charges and receipt properly acknowledged. Applicable Charges for load regularization, if any, shall be recoverable through separate bill-cum-notice.
- (iii) The load shall be deemed to have been regularized from the date of submission of the self-declaration Performa subject to the

fulfillment of terms and condition as laid down in Supply Code-2014.

- (iv) The load shall be computed as per Reg- 4.5 of Supply Code-2014.
- (v) Service Connection Charges recoverable shall be in accordance with the provisions of regulation 9 of the Supply Code-2014 and the cost data as approved by the Commission. However, a rebate of 50% will be given on Service Connection Charges and no variable charges shall be applicable.
- (vi) Separate estimates shall be prepared for regularization of load under VDS.
- (vii) The rates of Security (consumption) per kW/ kVA or part thereof shall be recoverable as per Schedule of General Charges approved by the Commission.
- (viii) Service Connection Charges and rates of Security (consumption) shall be recoverable for only the additional connected load. However, the total load (existing + VDS load) shall be considered for the purpose of determining slab rate of service connection charges and rates of Security (consumption).
- (ix) While regularizing the load under VDS, field officers shall ensure that the connection is not being misused by the consumer for any other purpose.
- (x) Augmentation of service line / transformer and the power system (including conversion from single phase to three phase) and change of meter etc. for this VDS shall be carried out by the PSPCL at its own cost. However, the same shall be regulated as per the provisions laid under Regulation 9.1.3 (a) of Supply Code-2014.

- (xi) DS consumers existing as on 1/8/2012 having load upto 10kW shall have the option to have single phase supply or three phase supply in case their connected load after computing as per regulation 4.5 worked out to be more than 7 kW. Further DS/NRS consumers with connected load above 7 kW shall be allowed to extend their load under VDS upto 100% subject to the condition that total load after extension does not exceed 100 kW.
- (xii) Compliance of all other Terms & Conditions for extension in load contained in PSERC (Supply Code & Related Matters) Regulations, 2014, as amended from time to time shall be ensured for regularization of load under VDS.

3. PSPCL submitted that various Kissan Unions of Punjab, in meetings with PSPCL demanded introduction of Voluntary Disclosure Scheme (VDS), for regularizing the un-authorized load of agriculture tubewell consumers, at the concessional rate of Service Connection Charges instead of Rs.4750/- per BHP approved by the Commission. The farmers have already increased the capacity of their submersible motors unauthorizedly without informing PSPCL because of depleting water table in the State. Farmers also stressed that agriculture is a source of livelihood of the farmers and it is not a business of profit making venture for them.

3.1 That imposition of penalty after undertaking checking as per prevailing instructions results in litigation and unrest in the farming community. Consequently, the distribution transformers get overloaded and are prone to damage. PSPCL will be able to design the system on actual load connected with the system because load registered in the records is comparatively less than the actual connected load. PSPCL suffers financial loss due to consumers not depositing the Service

Connection Charges for extension in load and also on account of increase in damage rate of Distribution Transformer. Other consumers also have to face breakdowns or interruptions of supply due to inadequacy of the distribution system.

3.2 That it will be beneficial for the PSPCL to introduce VDS for AP consumers so that PSPCL could install adequate capacity of the transformers and improve its distribution system. In this way, PSPCL will save its revenue for replacement of costly transformers damaged due to overloading and avoid outages/ breakdowns due to system overloading.

3.3 That voluntary Disclosure Scheme for AP consumers was introduced during the year 2017-18 vide CC no. 51/2017 dated 15.11.2017 which remained operative for 4 months i.e. from 16.11.2017 to 15.3.2018. Service Connection Charges (SCC) @ 4500/- per BHP, as approved by the Commission, were recovered from the AP consumers. A total of 13387 AP consumers availed this scheme and total load of 43796 BHP was regularized.

3.4 That the expected / tentative financial liability on account of introduction of VDS for AP consumers with concessional Service Connection Charges of Rs. 2500/BHP instead of Rs. 4750/BHP shall be as under;

No. of Consumers availing VDS	Load to be extended per person (in BHP)	SCC at full rate of Rs 4750/- per BHP	SCC at conc. rate of Rs 2500/- per BHP	Expected/ Tentative Financial Liability (in Cr. Rs.) e = a * b (c-d)
(a)	(b)	(c)	(d)	(e)
50,000	3.27	4750	2500	36.79
75,000	3.27	4750	2500	55.18

80,000	3.27	4750	2500	58.86
--------	------	------	------	-------

4. PSPCL submitting the Salient Features of the Scheme for AP Consumers submitted that:

- i) The VDS for AP tubewell connections shall remain operative for a period of 45 days.
- ii) During the period VDS remains operative, the field officers/enforcement agencies may visit the premises of AP consumers to verify the connected load and to assist the consumers in correct assessment of unauthorized load, if any, which needs to be regularized. However, no penalty/load surcharge on the unauthorized load so detected by checking agencies or self-declared by the consumer shall be levied during the period the VDS scheme remains operative. However, the consumer shall be required to either remove the un-authorized load under intimation to PSPCL or get it regularized under VDS.
- iii) The AP consumer shall be required to pay Service Connection charges @ Rs. 2500/- per BHP and Initial Security @ Rs. 200/- per BHP for the additional load only being regularized under VDS Scheme.
- iv) While regularizing the load under VDS, field officers shall ensure that the connection is not being misused by the consumer for any other purpose.
- v) The un-authorized load of AP consumers shall be deemed to have been regularized on self-declaration by the consumer along with deposit of requisite charges.
- vi) Augmentation of service line/service cable/ transformer for AP connections released under HVDS, wherever required, shall be carried out by the PSPCL at its own cost after due consideration,

verification by Addl.SE/Sr.Xen/DS. For the purpose of deciding the rating of transformer for submersible motors the compliance of the ESIM instructions 41.2.3 and 41.2.4 be ensured.

- vii) For the purpose of regularization of the load of AP consumers running on LT, the loading of the transformer shall be taken as 100%, the action to augment the transformer capacity shall be taken with the approval of ASE/Sr. Xen (DS) at the cost of PSPCL.
- viii) In case of AP unmetered consumers, the total load including unauthorized load should not increase 20 BHP. Any regularization of load above 20 BHP shall be subject to consumer's consent to get metered supply.
- ix) The documents/self-declaration received from the AP consumers during this VDS shall be kept in the respective consumer files with suitable entries in other relevant record of PSPCL as a part of the original A & A form consumer case. PSPCL prayed as under:-
 - (i) To relax the provisions of Reg. 9.1.3 (b) Supply Code 2014 applicable to consumers seeking extension in load to allow the recovery of Service Connection charges @50% of the rates approved by the Commission in Standard Cost Data for DS/NRS consumers and @ Rs. 2500/- per BHP instead of Rs. 4750/- per BHP as approved by the Commission in Standard Cost Data in case of AP consumers.
 - (ii) The loss to PSPCL due to rebate on Service Connection Charges to the consumers availing VDS may be allowed as pass through in the ARR.
 - (iii) To grant relaxation in the provisions of Reg.-12 of the Supply Code-2014 to the extent that the penalty/load

surcharge is not recovered from the consumers for the unauthorized load detected during the period for which the VDS Scheme is in force.

- (iv) To grant relaxation in the provisions of Reg.-6 of the Supply Code-2014 only for AP consumers such that the AP consumers may be allowed to submit a self-declaration for extension in load instead of A & A form.
- (v) To allow PSPCL to check the connected load of DS consumers after the closure of VDS Scheme, if unauthorized load is detected by PSPCL agencies, load surcharge will be levied as per General Conditions of Tariff.
- (vi) To allow PSPCL to extend the scheme up to 6 months including the initial period of 45 days, if required.

5. PSPCL vide CE/Commercial Memo No.1426 dated 13.08.2019 submitted the following amendments in para 2.3(iii),(v) and (x) referred above:

- (i) The load shall be deemed to have been regularized from the date of submission of the self-declaration Perfoma (Annexure-A) subject to the fulfillment of the terms and conditions as laid down in Supply Code, 2014.
- (ii) Service Connection Charges recoverable shall be in accordance with the provisions of Regulation 9 of the Supply Code-2014 and as approved by the Commission. However, a rebate of 50% will be given on Service Connection Charges. Variable charges shall not be charged from applicant requesting for extension in load/demand with total load/demand, including extension, not exceeding 50 kW/kVA.

- (iii) Augmentation of transformer and the power system (including conversion from single phase to three phase) and change of meter etc. for this VDS shall be carried out by the PSPCL at its own cost. Recovery of variable charges for total load exceeding 50 kW/kVA but not exceeding 100 kVA, where the length of the existing service line exceeds the limits (one hundred meters for Domestic & Non-Residential Supply categories and two hundred fifty meters for Industrial, Bulk Supply categories, AP High Tech/High Density Farming and compost plants/solid waste management plants for municipalities/urban local bodies) for the applied category and the additional load/demand necessitates augmentation of the existing service line, the applicant shall also pay the variable charges for the additional length of the service line alongwith kW/kVA charges at the rates approved by the Commission in the standard cost data as per the provisions under Regulation 9.1.3(a)(ii) of Supply Code-2014.
- (iv) The VDS shall be applicable only to consumers existing on 18.07.2019 i.e. date of filing of Petition to PSERC.

6. In response to the Public Notice, the AP consumers of Pakhowal and Laltokalan areas submitted their representations wherein while appreciating the proposal for introduction of VDS for AP consumers at concessional Service Connection Charges, requested that these concessional rates may also be made applicable to the consumers who got their load extended in the month of July at approved rates of Rs. 4750/- per BHP. They also requested that the additional Service Connection Charges recovered from AP consumers may be refunded.

During the public hearing held on 19.08.2019, delegations of Bharatiya Kisan Union (Kadian) and Consortium of Indian Farmers

Association participated in the proceedings. The representatives of the farmers submitted that due to depleting water table in the State, the farmers have installed higher size motors but due to poor financial position of the farmers, they are not in a position to pay full service connection charges of Rs. 4750/- per BHP. Accordingly, BKU demanded that load of AP consumers should be extended/regularized under VDS after recovery of Rs. 1200/- per BHP. Consortium of Indian Farmers Association proposed service connection charges of Rs. 1800/- per BHP. Sh. Kuldeep Singh, a farmer from village Toora, proposed service connection charges of Rs. 2000/- per BHP. It was highlighted by the farmers that regularization of unauthorized load will reduce damage to distribution transformers and the supply system will also improve. Farmers also proposed that VDS should remain operative up to 31st October, 2019.

7. PSPCL in its reply to the objections/suggestions of farmers vide CE/Commercial Memo. No. 454 dated 20.08.2019 submitted that:

- (i) The PSPCL proposal for recovery of Service Connection Charges @ Rs. 2500/- per BHP instead of Rs. 4750/- per BHP is quite reasonable for encouraging farmers to declare their load and get the same regularized to avoid any litigation and load surcharge penalty in case un-authorized load is found during checking by any PSPCL authority. This amount is also reasonable since in most of the cases either the transformer has to be augmented or the additional transformer with HT line has to be installed. Even in the VDS scheme, which was launched in the year 2014, SCC were Rs. 3000/- per BHP instead of Rs. 4500/- per BHP.

- (ii) In view of the issues raised by the farmers, the Commission may consider and allow VDS scheme for AP Consumers upto 15th November, 2019 without any further extension.
- (iii) Regarding retrospective applicability of the scheme, PSPCL submitted that the instructions/regulations are generally effective prospectively and any retrospective applicability will lead to bad precedent.

8. Commission's Findings and Order

The Commission has gone through the submissions of PSPCL and also the comments/objections of the farmers. The Commission appreciates the concern of the distribution licensee regarding non-declaration of load by DS/NRS consumers despite introduction of VDS after issuance of the tariff order for FY 2017-18. With increasing use of electric gadgets, including air-conditioners, by both DS/NRS consumers, the connected load has increased manifold but many consumers have not declared the load resulting in overloading of the distribution system. The licensee is also suffering financial loss on account of fixed charges. So before the distribution licensee is allowed to carry out checking of domestic consumers and levy load surcharge as per Regulations, it is prudent to offer one last opportunity to the DS/NRS consumers to regularize their unauthorized load.

Similarly, due to depleting water table in the State, the farmers have no option but to increase the capacity of their motors. The unauthorized load on the distribution system has resulted in damage to distribution transformers and increase in the number of interruptions on the lines. PSPCL has submitted that imposing penalty on farmers due to unauthorized load results in unrest amongst the farmers and sometimes becomes a law and order problem. The representatives of

the farmers also expressed their willingness to get their loads regularized at concessional rates. Therefore, the AP consumers need to be given an opportunity to get their load regularized.

PSPCL has proposed to recover Service Connection Charges (SCC) at concessional rates both from DS/NRS and AP consumers under VDS to motivate and incentivize the consumers. The regularization of load by the DS/NRS consumers will increase utility's revenue by way of fixed charges and also result in less damage to DS transformers.

After considering all the aspects of the issue, the Commission in accordance with regulation 69 of PSERC (Conduct of Business) Regulation, 2005, as amended from time to time read with regulations 46 and 47 of the Supply Code, 2014 allows PSPCL to introduce the VDS for Domestic Supply (DS) consumers having a load upto 50 kW, Non-residential Supply (NRS) consumers having load upto 20 kW and AP consumers on the following terms and conditions by relaxing the provisions of regulations 6, 9.1.3 and 12 of the Supply Code, 2014:

8.1 VDS for DS/NRS consumers shall be as under:

- (i) The VDS shall be applicable to the consumers existing on the date of issue of this order and shall be allowed initially up to 31st October, 2019, which may be extended with the permission of the Commission.
- (ii) VDS shall be applicable to DS consumers with sanctioned load upto 50 kW and NRS consumers with load upto 20 kW. In case after extension in load, the load falls in the category where contract demand system is in force then the consumer shall also have to declare his contract demand in kVA in accordance with clause 10 of the General Conditions of Tariff.

- (iii) DS/NRS consumers shall be allowed to extend their load under VDS upto 100% of the existing load subject to the condition that the total load after extension does not exceed 100 kW/kVA.
- (iv) During the period VDS remains operative, the field officers may visit the premises of DS/NRS consumers to assist in correct assessment of unauthorized load, if any, which needs to be regularized. No penalty/load surcharge on the unauthorized load so detected by checking agencies or self declared by the consumer shall be levied during the period the VDS scheme remains operative. However, the consumer shall be required to either remove the unauthorised load under intimation to PSPCL or get it regularised under VDS
- (v) Total connected load shall be computed as specified in Regulation 4.5 read with regulation 4.2 of the PSERC (Electricity Supply Code and Related Matters) Regulations, 2014, as amended from time to time.
- (vi) While regularizing the load under VDS, field officers shall ensure that the connection is not being misused by the consumer for any other purpose.
- (vii) Service Connection Charges recoverable shall be in accordance with the provision of Regulation 9.1.3 of the Supply Code, 2014 read with the cost data approved by the Commission. However, PSPCL may allow rebate of 50% in Service Connection Charges to the above mentioned category of consumers but any additional expenditure or loss to the licensee due to expenses incurred for regularization of unauthorized load over and above the amount recovered through Service Connection Charges shall not be allowed as pass through in the ARR. Such excess expenditure shall be funded through PSPCL's own resources/profits. Separate

estimates shall be prepared for regularization of load under VDS and expenditure booked shall be intimated to the Commission after closure of the scheme.

- (viii) Load declaration shall be accepted and regularized from the date of submission of self-declaration by the consumer on the prescribed performa without any charges, subject to fulfillment of the conditions as laid down in Supply Code, 2014. The applicable charges shall be recoverable through separate bill-cum-notice.
- (ix) The rates of Security (consumption) or Security (meter), as may be applicable, shall be recoverable as per Schedule of General Charges approved by the Commission.
- (x) Commercial Service Connection Charges and Security at full rates shall be recoverable for the extended load only. However, the total load including extension shall be considered for the purpose of determining slab rate of service connection charges and rates of Security.
- (xi) Augmentation of service line/transformer and the power system (including conversion from single phase to three phase) and change of meter etc. if required, for this VDS shall be carried out by the PSPCL at its own cost.
- (xii) The documents received from the consumers during this VDS shall be kept in respective consumer files with suitable entries in other relevant record of PSPCL.

8.2 VDS for AP consumers shall be as under:

- (i) The VDS shall be applicable to the AP consumers existing on the date of issue of this Order and shall remain operative up to 31st October, 2019 which may be extended with the permission of the Commission.

- (ii) During the period VDS remains operative, the field officers/enforcement agencies may visit the premises of AP consumers to verify the connected load and to assist the consumers in correct assessment of unauthorized load, if any, which needs to be regularized. However, no penalty/load surcharge on the unauthorized load so detected by checking agencies or self declared by the consumer shall be levied during the period the VDS scheme remains operative. However, the consumer shall be required to either remove the unauthorised load under intimation to PSPCL or get it regularised under VDS.
- (iii) While regularizing the load under VDS, field officers shall ensure that the connection is not being misused by the consumer for any other purpose.
- (iv) Service Connection Charges @ Rs. 2500/- per BHP along with Security (Consumption) @ Rs. 200/- per BHP shall be recoverable for additional load only. However, any additional expenditure or loss to the licensee due to expenses incurred for regularization of unauthorized load over and above the amount recovered through Service Connection Charges shall not be allowed as pass through in the ARR. Such excess expenditure shall be funded through PSPCL's own resources/profits. Separate estimates shall be prepared for regularization of load under VDS and expenditure booked shall be intimated to the Commission after closure of the scheme.
- (v) The unauthorised load shall be deemed to have been regularised on self declaration by the consumer along with deposit of necessary charges. The documents received from the consumer during this VDS shall be kept in respective consumer files with suitable entries in other relevant record of PSPCL.

- (vi) Augmentation of service line/cable/transformer and the power system for this VDS, if required, shall be carried out by the PSPCL at its own cost.
- (vii) In case of AP unmetered consumers, the total load including unauthorized load shall be limited to 20 BHP. Any regularization of load above 20 BHP shall be subject to consumer's consent to get metered supply.
- 8.3 After closure of the scheme, PSPCL is allowed to check the load of DS consumers for which guidelines as per regulation 12 of the Supply Code, 2014 shall be issued separately.

The petition is disposed of accordingly.

Sd/-
(Anjuli Chandra)
Member

Sd/-
(S.S. Sarna)
Member

Sd/-
(Kusumjit Sidhu)
Chairperson

Chandigarh
Dated: 26.08.2019