

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

**Petition No. 05 of 2023**  
**Date of Order: 15.05.2023**

Petition under Regulation 47 of Supply Code-2014 and Regulation 69,70,71 & 72 of Chapter XIII of the Conduct of Business Regulations 2005 for introduction of One Time Settlement Scheme for all categories of defaulting consumers (except AP).

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

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

**Order**

1. Punjab State Power Corporation Limited (PSPCL) has filed this petition for introduction of One Time Settlement (OTS) Scheme for all categories of defaulting consumers (except AP) under Regulation 47 of Supply Code-2014 and Regulation 69, 70, 71 & 72 of chapter XIII of the conduct of Business Regulations 2005.

2. The submissions made in the petition are summarized as under:

i. The Commission had approved One Time Settlement scheme for all categories of defaulting consumers (except AP) against Petition No. 09 of 2021 to provide an opportunity to settle outstanding dues of running connections/revive the disconnected connections. The eligibility criteria and terms of conditions regarding the scheme were issued by PSPCL vide Commercial Circular No. 13/2021 dated 15.04.2021. This scheme was applicable for a period of three months from the date of issuance of circular by the PSPCL. Under this

scheme, total 1539 applications with approximate outstanding amount of Rs. 148 Crore were registered in FY 2021-22. The settled amount against these registered applications is approximately Rs. 29 Crore.

ii. Present Proposal

A Proposal to launch OTS scheme for all categories of defaulting consumers (except AP) was discussed by the Board of Directors of PSPCL in its 98<sup>th</sup> meeting held on 20.11.2022 and it was decided to get the consent of Govt. of Punjab for introduction of this scheme subject to approval by the PSERC. The Govt. of Punjab has approved the proposal vide OSD/Power Reforms Memo no. POWER/PR 011/1/2023-OSD POWER/56 dt. 23.1.2023.

iii. PSPCL has submitted that the total defaulting amount as on 30.9.22 is Rs. 4775 Crore out of which Rs. 2534 Crore pertains to various Punjab Government Departments alone. This amount also includes Rs. 425 Crore and Rs. 20 Crore stuck up in court cases and Dispute Settlement Committees respectively rendering the recoverable defaulting amount as Rs 1796 Crore. Receipt of defaulting amount from consumers under the presently proposed OTS Scheme will facilitate to improve the present financial crunch being faced by PSPCL to some extent in addition to reduction in cases under litigation with PSPCL.

iv. PSPCL proposed to launch the OTS Scheme for a period of three months from the date of issue of the commercial circular. In order to ensure that more and more consumers register their applications under the OTS scheme, PSPCL has submitted the following proposal:-

- a) Applicability:- This scheme shall be applicable to those consumers whose defaulting amount existed as on 30.09.2022. These consumer connections can be either running or disconnected.

Scheme is proposed to be applicable for 3 months from date of issue of Commercial Circular.

- b) Rate of interest:- The defaulting amount (except on account of Additional Security Consumption) shall be payable with simple rate of interest @ 9% per annum from the date it became due. There shall be no penalty for delay in depositing the Additional Security (Consumption). There shall be no LPS/LPI on such defaulting amount.
- c) Additional Security (Consumption):- In case Additional Security (Consumption) is deposited lumpsum, there shall be no penalty for delay in depositing the same. However, in case the same is to be deposited in installments then it will attract same interest as that of principle defaulting amount which is 9% per annum simple rate of interest.
- d) Fixed charges for disconnected connections: -
- i) If PDCO has been effected for less than 6 months before the date of applicability of OTS scheme i.e., 30.09.2022, then no Fixed Charges for such period is to be leviable. In addition to this, the consumer shall pay Security (Consumption) as applicable in accordance with the Schedule of General Charges alongwith reconnection fee.
  - ii) If PDCO has been effected for more than 6 months before the date of applicability of this scheme, then Fixed Charges shall be leviable for a maximum period of 6 months. In addition to this, the consumer shall pay Security (Consumption) as applicable in accordance with the Schedule of General Charges alongwith reconnection fee.
- e) Service connection charges (SCC) for disconnected connections: -



- i) Those cases whose PDCO has been effected for less than 6 months before the date of applicability of OTS scheme, no SCC are payable.
- ii) Those cases where PDCO has been effected for more than 6 months before the date of applicability of OTS scheme, feasibility shall be considered by PSPCL. Regarding SCC, the following provisions shall be followed:-
  - a) SCC would not be recovered in case the reconnection can be done from the existing line/system.
  - b) In case service line has been dismantled or otherwise stands utilized for other consumers, the actual expenditure incurred by PSPCL for reconnection shall be recovered from the consumer.

Note:- Reconnection charges are to be paid in all cases where connection stands disconnected.
- f) Installments:- In case of request for installments of the settled amount under the policy, the same will be allowed along with simple rate of interest @ 9% per annum.
- g) Processing fee:- Processing fee under OTS scheme shall be Rs. 5000/- for Industrial and Rs. 2000/- for Non-Industrial consumers, which shall be adjustable towards the final settled amount under OTS.
- h) However, 100% Principal amount is to be recovered.
- i) In case the consumer fails to pay the due principal amount in lumpsum or specified installments, the full LPS/LPI amount, as per PSERC regulations, shall be revived and consumer will be considered out of the scheme.

v. PSPCL has also submitted the detailed terms & conditions of the scheme along with eligibility criteria in line with the above proposed conditions.

3. PSPCL prayed to the Commission to consider and approve this One Time Settlement Policy for all categories of defaulting consumers (except AP) with eligibility criteria and other detailed terms & conditions mentioned in the Petition.

4. The petition was admitted vide order dated 08.02.2023. The petition was fixed for hearing as well as public hearing on 22.03.2023. PSPCL issued the public notice for inviting comments/objections/suggestions from the general public and other stakeholders, which was published on 23.02.2023 in leading newspapers namely, 'Hindustan Times', 'Jag Bani', 'The Tribune', 'Chardi kala' and 'Punjab Kesri'.

5. In response to the public notice issued by PSPCL, suggestions/comments were received from the following objectors:-

- i) Induction Furnace Association of North India (Regd.), Ludhiana
- ii) Ludhiana Hand Tools Association
- iii) Ludhiana Steel Re Rollers Association
- iv) All India Steel Re-Rollers Association Bhadla Road, Khanna
- v) Apex Chamber of Commerce & Industry (Punjab)

6. The petition was taken up for hearing as well as public hearing on 22.03.2023. PSPCL was directed to file its reply to the objections received in response to the public notice within a week.

7. PSPCL submitted its comments on the objections raised vide letter No. 5734 dated 06.04.2023, which are summarized as under:

Objectors i) to iii)		
i) Induction Furnace Association of North India (Regd.), Ludhiana		
ii) Ludhiana Hand Tools Association		
iii) Ludhiana Steel Re Rollers Association		
Sr. No.	Objection	Comments of PSPCL
Objection i) to iii)	<p>We hereby suggest for addition of the following at Page No. 13 if the draft policy, in the Annexure-D Para A) Sub-clause-IV, "To clarify further and to avoid litigation, and to allow more and more consumers to avail this OTS Scheme being introduced, all court cases including the cases decided by way of decree, or otherwise where recovery proceedings are still pending as on date of commercial circular, should kindly be allowed to avail the OTS Policy"</p> <p><b>Explanatory Note:-</b> It has been noted that despite the decision/decrees from courts, indefinite time periods are consumed coupled with incurring of huge expenses by way of litigations, etc. to effect recovery of defaulted amounts due to sickness in industry. This shall also bring all defaulting industrial consumers at par i.e. where court cases are pending or decided but recovery of amount is pending to opt for the OTS Scheme resulting in clearance of dues of the PSPCL which otherwise may or may not be financially feasible. We hope the suggestion shall be considered favorably and incorporated in the scheme for recovery of defaulting amounts of industrial consumers. It shall result in wider coverage of the said consumers.</p>	<p>This objection/suggestion is related to Annexure-D, Para A (iv) regarding Eligibility Criteria of the Petition no. 5 of 2023. In this Para it has been intimated that, '<i>All consumers who are under any type of dispute and are willing for out of Court settlement of the outstanding dues/defaulting amount. The disputed outstanding amount may include arrears/ sundries charged on account of Wrong Metering, Load Surcharge, Demand Surcharge, Power Factor Surcharge, Supply Voltage Surcharge, PLEC, Overhauling of Account of previous period as per General Conditions of Tariff &amp; Schedules of Tariff but shall not include amount assessed on account of theft of electricity/UUE. However, the cases in which some issues stand decided by any Court, that particular issue/decision of the Dispute Settlement Mechanism/Court shall not be covered under the scheme.</i>'</p> <p>Therefore, as per the above eligibility criteria, if dispute is already decided by any Court/Dispute Settlement Mechanism, such cases are not covered under this proposed OTS scheme. Further, similar provision also existed in previous OTS scheme approved by the PSERC against Petition no. 09 of 2021. Accordingly, no change in this provision is proposed by PSPCL.</p>
iv) All India Steel Re-Rollers Association Bhadla Road, Khanna		
Objection iv)	Regarding the subject cited above we have got some observations from our members as under:	The objector has stated that there is no substantial relief in the present OTS Scheme. This



	<p>1. There is no any substantial relief in the present One Time Scheme as per petition No. 05/2023. In all the previous schemes relief for interest and penalty was provided from 50% to 100% but in the present scheme whereas in the present scheme no relief is provided for recovery of interest. So this scheme is likely to be failed on this ground alone.</p> <p>2. When any defaulting consumer can get re-connection on payment of full amount along with interest, then there is no purpose of introducing OTS.</p> <p>So, it is suggested that PSERC should look into the matter and direct PSPCL to give relief to defaulting consumer to provide 100% exemption from payment of interest.</p>	<p>statement is not correct as the proposed OTS scheme has been made very liberal &amp; attractive so as to encourage maximum participation from the defaulting consumers. In the present scheme the unpaid outstanding amount/ defaulting amount is proposed to be payable with simple rate of interest @ 9% per annum, against the prescribed Late Payment Interest (LPI) @ 1.5 % per month. Further, Late Payment Surcharge (LPS) is also proposed to be waived off. In the proposed OTS scheme, there is provision of settlement of amount in installments also which are also proposed @ 9% per annum. Beside this major incentive is proposed against fixed charges for the period of disconnection which are proposed for a maximum of 6 months. Since the proposed OTS scheme is very liberal and attractive, no further change in the OTS proposed is envisaged by PSPCL.</p>
<p>v) Apex Chamber of Commerce &amp; Industry (Punjab)</p>		
<p>Objection v)</p>	<p>Refer OTS Policy of 2017 and OTS Policy of 2021. If you study both the policies you will find that 2017 policy is in reality an OTS Scheme giving benefit to defaulting consumers as well as enabling PSPCL to recover the blocked funds. Whereas OTS Policy of 2021 has nothing which can said to be attractive to the defaulting consumers</p> <p>Just to elaborate only on one aspect of the two policies; 2017 policy give relief in interest and penalty to the tune of 100% and 50% relief in defaulting amount. Whereas OTS Policy 2021 and the present Petition No. 05 of 2023 for the new OTS Policy speaks of recovering full defaulting amount alongwith full interest. Where is the "Settlement" in this? If one has to pay full defaulting amount alongwith interest then there is no need</p>	<p>Similar comment as given against Objection No. 4.</p>

	<p>for any OTS Scheme as the same can be done by defaulting consumer anytime. We are very sure that no consumer would have opted for OTS Policy of 2021 and the same will be the fate of proposed OTS Policy of 2023. Therefore, we request to reject the current proposal. Either pass order taking into account OTS Policy of 2017 or ask PSPCL to come up with new proposal on the basis of 2017 OTS Policy</p>	
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**8.** PSPCL vide letter No. 5734 dated 06.04.2023 submitted additional submissions as under:

a) Regarding defaulting amount of Govt. Connections:

The allocation of funds to various Govt. Departments is made for a financial year and these allocations for the current financial year are going to lapse on 31<sup>st</sup> March. As the present petition is under consideration of the Commission, it was considered in the interest of PSPCL to encourage the Govt. Departments to clear their electricity dues in the current financial year itself. Accordingly, it was decided by the competent authority of PSPCL that the Govt. Departments should be allowed to deposit their principal defaulting amount in whole or in part upto 31<sup>st</sup> March 2023 and the same will be considered under OTS scheme. In this regard memo no. 127/131 dated 24.03.2023 was issued to field offices with the guidelines that wide publicity should be given so that all Govt. Departments are encouraged to avail this scheme which is going to reduce their interest liability to a large extent. PSPCL requested the Commission to include all those Govt. Connections who deposited their defaulting amount before 31<sup>st</sup> March, 2023 in the present OTS scheme.

b) Regarding proposed simple rate of interest @ 9% per annum:

In the current petition, PSPCL has proposed to charge simple rate of interest @ 9% per annum from the defaulting consumers. This rate has been calculated based upon the weighted average rate of



interest on working Capital, which is 8.01% for FY 2021-22. Accordingly, simple rate of interest @ 9% per annum has been proposed in the petition by including 1% administrative charges ( i.e. 8% + 1% = 9%). The Commission is requested to consider simple rate of interest @ 9% per annum for the proposed OTS scheme.

**9.** PSPCL vide letter No. 5772 dated 12.04.2023 submitted another additional submission as under:

As per the requirement of the Revamped Distribution System Scheme, (RDSS) there is a three years liquidation period to settle/clear the outstanding/defaulting amount pertaining to Government connections. So, for Govt. connections, the period of installments for recovery of pending amount after settlement in above scheme may be considered as three Years.

**10. Decision of the Commission:**

- i) The Commission notes that it had approved a One Time Settlement Scheme (OTS) for defaulting consumers of all categories (except AP) vide Order dated 09.04.2021 in Petition No. 09 of 2021. PSPCL settled an outstanding amount of Rs. 29 Crore.
- ii) The Commission observes that PSPCL has proposed to charge simple rate of interest @ 9% per annum from the defaulting consumers. The Commission notes PSPCL's submission that the 9% rate has been calculated based upon the weighted average rate of interest on working Capital, which is 8.01% for FY 2021-22 and by including 1% administrative charges
- iii) The Commission observes that in its proposal, PSPCL has now sought mainly the following waivers for the consumers who have defaulted in payments of energy bills:

- a) Waiver of LPS/LPI accumulated in the outstanding defaulting amount.
  - b) Fixed charges if Permanent Disconnection Order (PDCO) is effected for less than six months. Fixed charges of six months if PDCO is effected for more than six months.
  - c) Service connection charges for disconnected connections if PDCO is effected for less than six months and if reconnection can be done from existing line/system in case PDCO is effected more than six months.
  - d) The penalty on delay in the deposit/payment of Additional Security (Consumption).
- iv) The Commission is of the view that the One Time Settlement scheme may be introduced by PSPCL to recover the defaulting amount from consumers. This will also help in revival of the disconnected power connections. However, providing full waiver of LPS/LPI to any consumer entails shifting of liability from the defaulter to other paying consumers of the Licensee, which would not be fair.
- v) Some of the objectors have requested the Commission to allow OTS policy to the consumers having court cases including the cases decided by way of decree or otherwise where recovery proceedings are still pending as on date of commercial circular. The Commission is of the view that the issues in which the matter already stands settled by different legal forums and has attained finality shall not be covered under the OTS scheme. Further, the Commission is also of the considered view that cases pending before the courts which have not yet been finalized would have to be withdrawn before the defaulters are

considered under OTS and then arrears can be settled under the proposed OTS scheme.

The Commission observes that PSPCL has proposed constitution of different committees for allowing benefits of the OTS scheme to any consumer based upon the outstanding defaulting amount. Further PSPCL has not specified the timelines for payment of the settled amounts by the consumers.

**In light of above observations, the Commission approves the One Time Settlement (OTS) scheme for a period of three months from the date of Issuance of circular by the PSPCL on the terms and conditions submitted by PSPCL in the Petition but with following amendments / directions:**

- a) Recovery of settled dues shall be through a maximum of four installments over a period of one year. However, for Govt. Connections, as requested by PSPCL, the period of installments for recovery of pending amount after settlement in above scheme may be three Years to take the benefit of the RDSS scheme of Govt. of India.**
- b) All those Govt. Connections who deposited their defaulting amount before 31<sup>st</sup> March, 2023 as per PSPCL letter dated 24.03.2023 shall be included in the present OTS scheme.**
- c) As the terms and conditions of the scheme are final, the approval process shall be made as simple as possible without harassment to the Consumers for finalization of the settlement amount.**



- d) Revenue which would have accrued to PSPCL from late payment surcharge as per clause 27(c) of PSERC MYT Regulations 2022 will be treated as notional interest under non tariff income to avoid burden of loss/expense on this account to other consumers. This shall be settled on the account of PSPCL and will not be a pass through in the ARR.
- e) The scheme shall be applicable on those consumers whose defaults in payment / defaulting amount existed as on 30.09.2022.
- f) PSPCL shall furnish the case-wise information i.e. payments recoverable as per PSPCL record, amount realized, benefit of LPS / LPI provided to the consumers under the OTS scheme etc. to the Commission within one months from the date of end of the scheme.

The Commission directs PSPCL to give wide publicity to the scheme. After issuing the circular, various consumer associations/ individual consumers should be informed about the scheme directly also so that maximum number of eligible consumers can avail the benefit of the scheme.

The petition is disposed of accordingly.

Sd/-

(Paramjeet Singh)  
Member

Sd/-

(Viswajeet Khanna)  
Chairperson

Chandigarh

Dated: 15.05.2023