

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 31 of 2018
Date of Order:22.11.2018**

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

In the matter of: Petition under Section 62 and 94 of the Electricity Act, 2003 read with Regulation 71 of Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 for seeking approval of the Commission for Deferment of kVAh Tariff and Contract Demand system for SP Category.

AND

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

ORDER

The present petition has been filed by Punjab State Power Corporation Limited (PSPCL) for seeking approval of the Commission for Deferment of kVAh Tariff and Contract Demand system for Small Power Industrial Supply (SP) consumers.

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

- a) The Directive No. 7.37, issued by the Commission in its Tariff Order dated 23.10.2017 for FY 2017-18, regarding introduction of kVAh Tariff and Contract Demand system for SP Category and other (remaining) consumers

having load in excess of 20 kW, was as under:

“Directive No. 7.37: The Commission intends to introduce kVAh Tariff and Contract Demand system for SP Category and other (remaining) consumers having load in excess of 20 kW. It requires readiness on the part of PSPCL such as, installation of compatible meters on such consumers etc. PSPCL is directed to submit the roadmap for introduction of contract demand system for the SP Industrial category and other (remaining) consumers having load in excess of 20 kW, within 3 months from the issue of Tariff Order.”

In compliance to the above directive, a Commercial Circular No. 06/2018 dated 25.01.2018 was issued which stated as under:

“As per directive of Hon'ble PSERC, it is hereby instructed to start recording the KVAH reading, Contract Demand along with KWH reading of Energy meters in respect of SP category and other (remaining) consumers having load in excess of 20 kW w.e.f. 24.01.2018. The instructions issued vide CC No. 4/2014 dated 14.01.2014 for recording of MDI, resetting of its knob and resealing of MDI knob for all above such category shall also be complied with. Further energy meters not compatible with kVAh reading for these categories of consumers may also be replaced at the earliest.”

- b) Taking cognizance of PSPCL's reply with respect to Directive No. 7.37, the Commission vide its Order dated 19.04.2018 i.e. Tariff Order for FY 2018-19 decided to extend the kVAh Tariff and Contract Demand system for the Non-Residential Supply (NRS) consumers with load exceeding 20 kW and upto 50 kW, all Small Power Industrial Supply (SP) consumers and other consumers with load exceeding 20 kW (except Domestic Supply

consumers with load upto 50 kW, Public Lighting, AP & AP High Technology/High Density Farming) as under:

- i) Issue notice to all such consumers within one month of issue of Commission's Order dated 19.04.2018 and consumers shall declare their contract demand within two months of the issue of notice. It may also be mentioned in the notice that if a consumer fails to declare his contract demand within the specified period, his sanctioned load shall be converted into sanctioned contract demand in kVA by using 0.90 power factor, subject to a maximum of 20 kVA in case of SP consumers.*
- ii) The kVAh tariff and Contract Demand system for the Non-Residential Supply (NRS) consumers with load exceeding 20 kW and upto 50 kW, all Small Power Industrial Supply (SP) consumers shall be applicable with effect from 01.08.2018. However, it is advised to continue to record energy consumption in kWh for the purpose of Energy Balance and Energy Audit purpose and for any other purpose for which energy consumption data in kWh is required.*
- iii) In case, if any of the subject cited consumers are not provided with kVAh meters, it is directed to provide the kVAh meters within two months of issue of Tariff Order for FY 2018-19 dated 19.04.2018. However, consumers shall be at liberty to arrange their own compatible meters and get these installed from PSPCL before this date, as per the laid down procedure.*
- iv) Henceforth, no Power Factor Surcharge and/or load Surcharge shall be leviable from consumers covered under kVA/kVAh Tariff. These consumers shall have flexibility in installation of additional equipments/load, provided they keep their demand within the sanctioned limits. The Fixed charges shall be levied as per Condition 9 of General Conditions of Tariff.*

- c) In compliance to the above orders, Commercial Circular No. 27/2018 dated 24.04.2018 was issued by PSPCL for making applicable kVAh tariff and Contract Demand system for the Non-Residential Supply (NRS) consumers with load exceeding 20 kW and upto 50 kW, all Small Power Industrial Supply (SP) consumers and other consumers with load exceeding 20 kW (except Domestic Supply consumers with load upto 50 kW, Public Lighting, AP & AP High Technology/ High Density Farming) w.e.f. 01.08.2018.
- d) While implementing the kVAh/Contract Demand system for Small Power Industrial Supply (SP) consumers, PSPCL is facing some practical problems in the field which are as under:
- i) Meter readers have not initially reset the MDI of all meters and it is not sure that the recorded value of MDI pertains to present billing cycle or some other period. As a result of which large number of SP consumers will be charged with the Demand Surcharge in the first bill without their any fault.
 - ii) Although notices to all the consumers were served by PSPCL, but due to lack of knowledge, these small industrial consumers could not declare their contract demand within the specified period resulting in levy of demand surcharge to all the consumers having actual load around 20 kW.
 - iii) The old non-kVAh energy meter which were to be replaced with kVAh compliant meters, are still

pending due to non-availability of sufficient quantity of meters. Further this replacement of meters is pending at some places due to in-house manpower shortage & quantum of work due to paddy season.

- iv) The in-house staff is still being trained to record kVAh / kVA (MDI) readings of meters, which may take some more time, otherwise it is possible that exaggerated /wrong bills will be issued to the consumers, un-necessarily harassing the consumers and resulting in a bad name to PSPCL.
- v) The required registers in SAP system are still being created for recording & processing of these readings for generation of bills on kVAh tariff, which may take at least one cycle time for completion.
- vi) Some consumers have opted for their own meters, but have still not been able to get meters installed.

That in view of the above, for smooth transition to introduction of this tariff, some more time should be given during which the field offices of PSPCL may resolve the above issues, issue and check mock billing in their offices to ensure better services to the consumers. However, PSPCL will ensure compliance of above directive of the Commission by 31.03.2019.

- e) PSPCL prayed that the kVAh Tariff and Contract Demand system for all Small Power Industrial Supply (SP) consumers, may be deferred for the time being up to 31.03.2019 and may be re-introduced w.e.f.

01.04.2019 with next Tariff Order for the FY 2019-20 and that till the decision on this petition by the Commission, PSPCL may be allowed to issue bills to the consumers on the earlier pattern i.e. on kWh/kW basis so as to avoid the harassment of the consumers on account of accumulation of the energy bills and revenue loss to PSPCL.

3. The petition was fixed for hearing on admission on 14.09.2018. After hearing PSPCL, the Commission vide Order dated 17.09.2018 admitted the petition and directed PSPCL to file the relevant data/information before 20.09.2018, the next date of hearing.

4. During the hearing on 20.09.2018, PSPCL submitted the requisite information vide memo no. 171 dated 20.09.2018 in compliance to the Commission's Order dated 17.09.2018. After hearing PSPCL, the Commission noted that the subject matter in the present petition involves public interest at large and vide Order dated 26.09.2018 directed PSPCL to issue public notice, inviting objections from public, as required under Regulation 67 of the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.

5. The public notice was published by PSPCL on 25.09.2018 in the leading newspapers namely, 'The Tribune', 'Punjab Kesari', and 'Ajit', for inviting objections from general public/ stakeholders. The last date for submission of objections/comments was fixed as 08.10.2018. The petition was fixed for hearing and public hearing on 12.10.2018.

In response to the said public notice 3 numbers objections/comments were received from the following:

- a) Sh. Piara Lal Seth, State President, Punjab Pradesh Beopar Mandal, (Regd.).
- b) Dr. SB Pandhi, Member Consumer Protection Council, GoP, National Consumer Welfare Organization, Ludhiana.
- c) Mr. Dalip Sharma, President Textile Manufacturer Welfare Association, Amritsar.

The objections/comments submitted by above objectors are summarized as under:

- i) In compliance to the Order dated 19.04.2018, PSPCL was supposed to issue notices to all related consumers within one month from 19.04.2018, but have failed to do so.
- ii) Small Power Category consumers are mostly illiterate or are having very little education so as to understand the technicalities and consequences of power factor involved in kVAh based tariff. They were neither educated, nor given time to take corrective measures to improve power factor. The introduction of kVAh system and Contract Demand System by PSPCL shall put more financial burden on said persons.
- iii) Even till date, the officials of the PSPCL have failed to make aware the consumers about the new system and explain the method with which the bills shall be

generated with new system.

- iv) As per the new system, in all the matters, MDI shall have to be reset, which again is a job of great responsibility and with increase in the number of such consumers, the officials of the department shall also get over burdened.
- v) With the introduction of new system, the hardship and harassment of the consumers is going to increase at the hands of officials of the department beside the financial hardship.
- vi) Electric meters were not reset to take initial reading of kVAh as on 01.08.2018. To fill column, PSPCL “created a fake reading” by dividing kWh reading of dated 31.07.2018 with factor 0.9. This way they showed the PF of consumer as bad as 0.34, where as the correct PF of consumer comes out as more than 0.79.
- vii) PSPCL has not done its home work in the past 3 months and now they made this kVAh based tariff applicable on 01.08.2018 in a hurry.
- viii) Further, the department has not been able to install proper meters in the premises of the consumers.
- ix) It is therefore prayed that PSPCL be permanently restrained from implementing the new billing system. Or, it be deferred upto 31.03.2019 so that PSPCL gets sufficient time to do their home work of educating consumers through advertisements in

media for generating a good Power Factor and about MDI. Instructions may also be given to PSPCL to charge the current and future bills upto 31.03.2019 on kWA tariff basis.

6. The Petition was taken up for hearing as well as for public hearing on 12.10.2018. Following objectors participated in the public hearing:

- a) Sh. Piara Lal Seth, State President, Punjab Pradesh Beopar Mandal, (Regd.).
- b) Dr. SB Pandhi, Member Consumer Protection Council, GoP, National Consumer Welfare Organization, Ludhiana.
- c) Sh. Rajiv Jaitly, Sh. Narinder Suri and Sh. Joginder Monga, Textile Manufacturer Welfare Association, Amritsar.

After hearing the public and PSPCL, the Commission vide its interim Order dated 17.10.2018, ordered as under:

“The petition was taken up for hearing as well as for public hearing. During hearing the objectors stated that PSPCL has failed to create awareness amongst the consumers about the kVAh based tariff and the contract demand system. They also stated that notices indicating that this system was to be implemented from 01.08.2018 had not been served on them. PSPCL should either defer or permanently be restrained from implementing the new system as it is against the interest of the public at large.

One of the objectors submitted copies of the bills showing the irregularities therein. It was also submitted that neither MDI was reset nor initial reading of kVAh was taken by PSPCL on 01.08.2018. In the bills issued to the consumer for

the period w.e.f. 01.08.2018, consumption in kVAh was taken on presumption basis, derived from KWh reading by taking 0.9 as power factor. This had resulted in excessive billing for the consumer.

Another objector stated that PSPCL had raised a demand on account of power factor surcharge from February, 2017 to December, 2017 whereas the system was to be implemented from 01.08.2018.

The Commission directed Dy.CE/Sales-2 appearing on behalf of PSPCL to examine these cases thoroughly in consultation with the other concerned officials of PSPCL from billing organization and field officers and submit the report within 15 days.

Keeping in view the averments made in the petition, objections/comments received in response to public notice and the submissions made during the hearing, the implementation of kVAh based tariff and contract demand system for all small power industrial supply (SP) consumers is deferred from 01.08.2018 to 01.01.2019.

The final Order is reserved. The same shall be issued after receipt of the said report from PSPCL.”

7. ★ PSPCL submitted its report vide memo No. 5034/TR-5/908 dated 13.11.2018. In its report, PSPCL submitted that,

- a) Field staff is being trained for taking three readings and resetting of MDI of SP and other consumers having contract demand of 20 kVA and above.
- b) Instructions have been issued to all EIC/CEs/Zones to make the consumers aware regarding use of capacitors for power factor improvement and general awareness of kVAh tariff including regularization of their load.
- c) In case of SP consumers, there are 1175 non-kVAh meters which are to be replaced with kVAh meters,

1722 consumers whose reading in three registers are to be created in SAP system and 19214 Nos. of cases are pending for reset of MDI.

- d) A field visit was made to the concerned Tech Unit-I office, under Special West Division Ludhiana and it was found that old kVAh reading has been wrongly calculated by concerned field office by applying factor 0.9 to old kWh reading of some NRS consumers (210 out of total 575 belonging to 20 kVA to 50 kVA group) for 01.08.2018 on 04.09.2018. The bill under reference has been rectified and other similar bills are also being rectified.
- e) Regarding the power factor surcharge, in Tariff Order for FY 2016-17, existing SP consumers were given option to opt for installation of meter/metering equipment to measure the monthly average power factor. Consumers who did not opt for new provisions for measurement of monthly average power factor under this clause were also to be covered under power factor surcharge/incentive (as per Schedule SIII. 7 of Tariff Order for FY 2016-17) after six months from the date of issue of this Tariff Order (date of issue of Tariff Order was 01.08.2016) and provision of Capacitor Surcharge stand deleted from the effective date. In view of above, the 'Power Factor Flag' of all SP consumers in SAP system should have been enabled with effect from 01.02.2017 (i.e. after six months from the dated of applicability of Tariff Order for FY 2016-17), but the

'Power Factor Flag' of these consumers were not set by the field office, which resulted in accumulation of power factor surcharge.

8. **Commission's Observations and Findings**

The Commission has examined the submissions made in the petition, other documents placed on record during the course of hearing/public hearing of the matter and objections/suggestions made by the objectors. The Commission notes that in compliance to the Commission's directives to PSPCL in the Tariff Order for FY 2017-18 to submit the roadmap for introduction of contract demand system for SP Industrial category and other (remaining) consumers having load in excess of 20 kW, PSPCL vide its Commercial Circular No. 06/2018 dated 25.01.2018 issued instructions to start recording the kVAh reading, Contract Demand along with kWh reading and resetting of MDI knob in respect of said consumers w.e.f. 24.01.2018, along with directions for replacement of energy meters which are not compatible with kVAh reading at the earliest.

PSPCL also issued CC No. 27 of 2018 dated 24.04.2018 containing instructions for meticulous compliance of the Commission's Order dated 19.04.2018 to extend the kVAh Tariff and Contract Demand system for the Non-Residential Supply (NRS) consumers with load exceeding 20 kW and upto 50 kW, all Small Power Industrial Supply (SP) consumers and other consumers with load exceeding 20 kW (except Domestic Supply consumers with load upto 50 kW, Public Lighting, AP & AP High Technology/High Density Farming) w.e.f. 01.08.2018.

Accordingly, PSPCL was to issue notice to all such

consumers within one month of issue of Commission's Order, for declaring their contract demand and to provide the kVAh meters within two months of issue of Tariff Order, in case, any of the subject cited consumer is not provided with kVAh meters. But, PSPCL failed to implement the same in the field even upto date, indicating disconnect between the commercial wing and operation wing of the licensee. During the hearing on 12.10.2018, PSPCL apprised the Commission that 14118 out of 98285 SP meters were non kVAh compliant as on 01.08.2018, which have been reduced to 2552 as on 30.09.2018. And, as per PSPCL's latest report dated 13.11.2018, the figure of non-kVAh meters as on 18.10.2018 is only 1175.

The Commission expresses its displeasure of the way PSPCL has handled the matter. PSPCL is hereby directed to ensure strict compliance of Commission's instructions. PSPCL is further directed to ensure 100% installation of kVAh compliant meters on the remaining consumers immediately and to ensure recording of kVAh reading, contract demand, kWh reading along with resetting of MDI knob of such consumers and creation of proper registers in SAP system. PSPCL shall also create awareness amongst these consumers about the kVAh based tariff and the contract demand system, so as to enable them to install the requisite shunt capacitors and optimize their contract demand. The compliance report regarding the same be submitted to the Commission within 15 days of the issuance of this Order.

Considering the non preparedness of PSPCL inspite of the Commission's directions and harassment caused to the

consumers as brought out in the comments and objections as well as during the public hearing, the Commission decides to defer the applicability of kVAh tariff and contract demand system for Small Power Industrial Supply (SP) consumers from 01.08.2018 to 01.01.2019. The kVAh based tariff and contract demand system for Small Power Industrial Supply (SP) consumers shall be now applicable w.e.f. 01.01.2019.

Sd/-

(Anjuli Chandra)
Member

Sd/-

(S.S. Sarna)
Member

Sd/-

(Kusumjit Sidhu)
Chairperson

Chandigarh

Dated 22.11.2018

