Annexure-I

GENERAL CONDITIONS OF TARIFF

1. General

Supply of electric energy to various categories of consumers shall be chargeable under the relevant Schedule of Tariffs. The particular Schedule applicable to a new consumer shall be determined with reference to nature and/or quantum of load/demand and intimated to the prospective consumer at the time of issue of Demand Notice. This shall be subject to review on the basis of any change in nature and/or the quantum of actual connected load/demand.

2. Tariffs to be exclusive of levies

The tariffs shall be exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority from time to time.

3. Tariffs to be exclusive of general charges

The tariffs shall be exclusive of rentals and other charges as per the Schedule of General Charges as approved by the Commission.

4. Point of Supply

Unless otherwise approved by the Commission, the tariffs shall be applicable to supply at single point and at voltage specified in the Supply Code. Supply at other points and/or other voltages shall be billed separately, if otherwise permissible.

5. Connected Load

Connected load shall mean the sum of manufacturer’s rated capacities of all the energy consuming devices in the consumer’s premises connected with distribution licensee’s service line. This shall not include standby or spare energy consuming apparatus installed through change-over switch with prior permission of the Distribution Licensee. The connected load shall be determined as per PSERC (Electricity Supply Code & Related Matters) Regulations, 2007, as amended from time to time.

6. Applicability of Industrial Tariff Category

The applicable category of tariff under Schedules LS, MS & SP shall be based on the total of industrial and general load/demand (kW/kVA) as applicable i.e. bona-fide factory lighting, residential quarters and colony lighting including street lighting. While computing total load/demand (kW/kVA) for determining applicable Schedule, fraction of half and above shall be taken as whole kW/kVA and fraction below half shall be ignored.

7. Periodicity of Billing

Periodicity of Billing shall be as specified in PSERC (Electricity Supply Code & Related Matters) Regulations, 2007, as amended from time to time. In case of bimonthly billing, consumption slabs shall be doubled while applying the relevant tariff.

8. Fuel Cost Adjustment (FCA)

8.1 To neutralize the changes in fuel cost, Fuel Cost Adjustment as per fuel cost adjustment formulae in accordance with the provisions of PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005 & PSERC (Conduct of Business) Regulations, 2005, as amended from time to time shall be applicable in addition to the tariff rates of various categories of consumers specified in relevant Schedule of Tariff.

8.2 Fuel cost adjustment clause shall be applicable to all metered and un-metered categories of consumers.

8.3 Fuel cost adjustment shall not be charged, if the energy bill including fuel cost adjustment remains within monthly minimum charges.

9. Monthly Minimum Charges

9.1 Electricity duty, octroi, cesses, taxes, surcharges, rebates, rentals and other charges leviable as per Schedule of General Charges shall be payable in addition to monthly minimum charges (MMC) wherever the billing is on monthly minimum charges.

9.2 **Monthly Minimum Charges vis-à-vis General Consumption**

Consumption charges for bona-fide factory lighting, residential quarters and colony lighting including street lighting as billed under relevant Schedules of LS/MS/SP categories shall be adjustable against the monthly minimum charges as the same shall be based on sum total of industrial and general load.

10. Contract Demand

10.1 Contract demand shall mean the maximum demand in kVA sanctioned to the consumer.

10.2 Consumers with load exceeding 100 kW (except Public Lighting & AP High Tech) and all MS/BS consumers shall declare the maximum demand in kVA which shall not exceed 100% of the sanctioned load in kW and converted in kVA by using 0.90 power factor. However, in case of MS consumers, the maximum demand shall not exceed 100kVA.

10.3 The maximum demand for any month shall be considered as highest average load measured in kilovolt Ampere (kVA) during a block of 30 minutes period.

11. Metering

Metering equipment for HT/EHT consumers for the whole supply including general load shall normally be installed on the HV side of the transformer at the point of commencement of supply.

However, a separate single point connection may be allowed for the colony load including street lighting to LS consumers under PSERC (Single point supply to Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

12. Non availability of Metering Equipment

In case of HT/EHT consumers receiving supply at 11 kV and above, if metering equipment is installed on LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kWh/kVAh) and maximum demand shall be enhanced by 3% to account for the transformation losses.

13. Voltage Surcharge/rebate

13.1 **Voltage Surcharge:**

The levy of voltage surcharge shall be as under:-

i) All consumers catered at 400 volts against specified voltage of 11 kV shall be levied surcharge at the rate of 15%.

ii) Arc furnace loads upto 2500 kVA without specified protection system for suppressing voltage surges & other LS consumers with Contract Demand exceeding 2500 kVA and up to 4000 kVA, catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 7%.

iii) DS/NRS/BS/LS consumers with Contract Demand exceeding 4000 kVA catered at 11 kV against specified voltage of 33/66 kV shall be levied surcharge at the rate of 10%.

iv) All consumers catered at 33/66 kV against specified voltage of 132/220 kV shall be levied surcharge at the rate of 5%.

v) All these surcharges shall be leviable on the consumption charges including Demand Charges, if any or monthly minimum charges.

vi) The exemptions from levy of surcharge(s) shall continue as under:-

(a) LS consumers existing as on 31.3.2010 availing supply at 33/66 kV but required to convert their system so as to receive supply at 132/220 kV will not be levied any surcharge related to supply voltage, till such consumers request for change of their Contract Demand.

(b) DS/NRS/BS consumers existing as on 31.3.2010 catered at a voltage lower than specified in Supply Code will be liable to pay surcharge only in case of any change in Contract Demand.

13.2 In case there is any constraint in releasing a new connection or additional load/demand to an existing consumer at specified voltage, the distribution licensee may allow supply at a lower voltage on payment of voltage surcharge as specified above with the permission of whole Time Directors.

13.3 Voltage Rebate

As the cost to serve at higher voltage is lower than the cost to serve at lower voltage so rebate may be allowed by the Commission to various HT/EHT categories of consumers as specified in the Tariff Order for the relevant year.

14. Steel Rolling Mill Surcharge

All steel rolling mill consumers getting supply at 400 volts under schedule LS/MS categories shall be levied surcharge @ 5% on the charges determined as per applicable tariff including LT surcharge @ 15% as per clause 13.1 (i) above, wherever applicable.

15. Levy of Peak Load Exemption Charges/ToD Tariff

15.1 All Large Supply consumers and Medium Supply consumers (except essential services)having sanctioned load of 50 kW or more, may be subjected to Peak Load Hours Restrictions, as declared by the distribution licensee from time to time with the approval of the Commission. During peak load hours restrictions, the consumers shall be allowed to use only part of their sanctioned load without payment of any additional charges. However, a consumer shall be entitled to use additional load during peak load hours restrictions, which will be governed by such conditions and payment of Peak Load Exemption Charges (PLEC) as approved by the Commission. PLEC shall not be adjustable against MMC and will also be exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority.

15.2 The consumers covered under Peak Load Hours instructions as per 15.1 above may opt to be covered under ToD Tariff on such terms and conditions as specified by the Commission instead of Peak Load Hours instructions.

16. Non-availability of MDI reading and/or kVAh Consumption

16.1.1 **Defective MDI:**

In case the MDI of a consumer becomes defective, the maximum demand shall be computed as under:

16.1.2 Higher of the average of maximum demands recorded during the preceding three months before the MDI became defective or the maximum demand of corresponding month of the previous year provided there was no change of load/demand thereafter, shall be adopted for billing purposes for the period the MDI remained defective.

16.1.3 If there was change of load/demand immediately before the MDI became defective, the maximum demand computed as above shall be adjusted on pro-rata basis.

16.1.4 In case of new connections where the previous reading record is not available the maximum demand shall be taken as 75% of sanctioned contract demand for billing purposes during the period MDI became defective.

16.2 **Non-availability of kVAh consumption**

16.2.1 In case kVAh consumption is not available due to defective meter or otherwise, the average of monthly average power factor of the consumer's installation recorded during the last three correct working months preceding the period of overhauling (i.e. period of review of billing account) shall be taken as monthly average power factor for the purpose of power factor surcharge/incentive to the applicable category till such time kVAh consumption is available.

16.2.2 Where the billing is done on kVAh consumption basis, the procedure given in the Supply Code shall be followed for billing purposes as applicable to defective/dead stop meters.

17. Tariff for News Paper Printing Presses

Accredited news paper printing presses shall be treated as industrial premises and therefore the supply to these consumers shall be considered as industrial supply and shall be charged under relevant industrial tariff. However, the lighting load in the premises of accredited news paper presses shall be metered separately and charged as per rates under Schedule Non-Residential Supply.

18. Seasonal Industries

18.1 Seasonal industries mean industries/factories which by virtue of nature of their production, work during part of the year upto a maximum of 9 months during the period of 1st September to 31st May next year. However, seasonal period for rice shellers shall be during the period 1st October to 30th June next year.

18.2 Approved seasonal industries are as under:

(i) All cotton ginning, pressing and bailing plants

(ii) All rice shellers

(iii) All rice bran stabilization units (without T.G. Sets)

(iv) Kinnow grading & Waxing Centers

18.3 Rice bran stabilization units having T.G. Sets, Rice Huller Mills, Ice Factories and Ice Candy Plants shall not be treated as seasonal industries.

18.4 The seasonal Industry consumers shall have the option to be covered under General Industry Category and relevant Industrial Tariff shall be applicable in such cases. This option shall be exercised by the consumer at least one month prior to start of the season and billing as general industry shall be done for whole one year i.e. for a period of 12 months from the date of start of season.

However, for the season starting w.e.f. 1st September, 2014, the consumers may exercise this option within one month of the issue of this Tariff Order for the seasonal period for FY 2014-15.

18.5 Billing of Seasonal Industries

All seasonal industries shall be charged MMC as under:

(i) For exclusive Seasonal industries mentioned above (except Rice Shellers), billing shall be done monthly and Monthly Minimum Charges (MMC) as applicable in respective schedules of tariff shall be levied on full sanctioned load/demand for the period these industries work during seasonal period of 9 months (from 1st September to 31st May next year). However, this working period shall be taken as minimum of 4½ months for the purpose of levy of MMC on month to month basis. Industries which work for more than 9 months and up to 12 months, monthly minimum charges shall be levied on full sanctioned load/demand as mentioned above for the seasonal period of 9 months. For the remaining 3 months (i.e. 1st June to 31st August) billing shall be done as per tariff applicable to general industrial consumers and Tariff rate / rate of MMC shall be as given in Schedule of Tariff for general industrial consumers and as applicable depending upon the sanctioned load/demand.

(ii) However, billing of rice shellers (exclusive seasonal Industry) shall be done as under:-

- Billing for the rice sheller seasonal industry shall be done monthly. The Seasonal Minimum Energy Charges (SMEC) will principally be based on energy consumption formula (4800 + nx)x9 wherein monthly energy consumption of 50 kW rice sheller will be taken as 4800 units in accordance with LDHF formula (L-load: 50 kW. D-days: 24 days. H-hours: 10, F-demand factor: 0.4); where 'n' represents numerical number rounded off to two decimal point and will be positive/negative.

  0,1,2,3,4,5……..upto 'n' for each 10 kW increase/decrease, respectively, with respect to base load of 50 kW. "x" has been taken as 400 units per 10 kW change in load over base load of 50 kW.

- Once the amount equivalent to Minimum Energy Charges for 9 months (seasonal period) is deposited by the consumer in the form of consumption, thereafter the bill shall be raised on actual consumption only.

- During off season period, if the consumption of the consumer in any month exceeds the base energy units/monthly minimum energy consumption worked out with the energy consumption formula (4800 + nx), 1/3rd extra energy charges worked out by multiplying base energy consumption/monthly minimum energy consumption (i.e 4800+nx) with seasonal tariff rate shall be charged, in addition to regular off season energy charges during that month.

NOTE:

1. In case of MS and LS category of consumers the kWh consumption computed as per above procedure shall be converted to kVAh consumption by using Power factor of 0.90.

2. Rice Sheller Consumers shall not be required to serve any advance notice before closing/starting of the unit.

3. The Rice Sheller consumer shall also not be required to give an undertaking not to run his Sheller during off season.

(iii) For mixed load Industries, comprising load of seasonal Industries and general industry, billing shall be done/ MMC levied on full sanctioned load/demand for the period seasonal industry runs. MMC on full sanctioned load/demand as applicable to seasonal industries shall be applicable during the seasonal period as specified in condition 18.1 above, subject to minimum of 4½ months. For the remaining period when seasonal load is disconnected, MMC on the basis of general industrial load/demand actually being utilized by the consumer (above 100 kVA in case of LS consumers) shall be leviable. Industries found running seasonal load after having got disconnected the same and intimation having been given to distribution licensee or during off season period, shall be liable to pay MMC as applicable to seasonal industries units for full period of 12 months. If the load/demand actually being utilized during off seasonal period is found to have exceeded the load/demand fixed for off seasonal period, the load/demand surcharge, as applicable, shall be leviable. For LS/MS consumers, if the actual demand recorded during off seasonal period exceeds the prorata demand fixed for off seasonal period, only demand surcharge shall be leviable.

(iv) Consumption (kWh/kVAh) by exclusive seasonal industry during the off season shall be charged as per off-seasonal rates under the relevant Schedule of Tariff.

(v) The seasonal Industry consumers covered under para 18.5 (i) and (iii) shall be required to serve advance notice before starting/closing of the unit. Also such consumers shall give an under-taking not to run seasonal load during off season. These provisions shall not be applicable in case of seasonal Industry consumers who opt to be covered under general industry category as per clause 18.4 above.

19. Agricultural Pumping Supply

19.1 All AP connections shall be released only after installation of minimum four star labeled motor.

19.2 Chaff cutters, threshers and cane crushers for self use shall be allowed to be operated on agriculture pumping supply connections.

19.3 The water from tube well shall be allowed to be used by the consumers only to irrigate the land in their possession.

20. Rounding-off Energy Bill

Consumption charges i.e. both demand and energy charges including surcharges, rebates, octroi (if applicable), meter/MCB rentals, electricity duty as well as total energy bill (net as well as gross) shall be rounded-off individually to the nearest rupee by ignoring 1 to 49 paise and taking 50 to 99 paise as one rupee. Thus the amount mentioned in the bill shall be in whole rupee. The net amount payable in all electricity bills shall be rounded-off to the nearest Rs.10/- (Rupees ten) and difference due to rounding- off shall be adjusted in subsequent bills.

21. Late Payment Surcharge

In the event of the monthly energy bill or other charges relating to electricity not being paid in full within the time specified in the bill, the consumers shall be levied late payment surcharge as under:-

21.1 For all categories of consumers having load of 100 kW and above, surcharge on late payment of electricity bills shall be 5% upto 7 days after the due date. After 7 days, the surcharge shall be @ 10% on total amount of bill upto one year and period is to be reckoned from the due date on total amount of the bill. For consumers having connected load less than 100 kW, the surcharge shall be leviable @ 10% on total amount of the bill upto one year, in case electricity bills are not paid within the due date.

21.2 In case of AP consumers, late payment surcharge shall not be levied upto 7 days after the due date.

21.3 Interest @ 1.5% per month shall be charged after expiry of one year from the due date of the bill on gross unpaid amount including surcharge. Part of the month shall be treated as full month for this purpose.

However, for bills to be issued w.e.f 1st October, 2014, the Late Payment

Surcharge clauses 21.1, 21.2 and 21.3 above shall be substituted as under:-

21.1 For all categories of consumers having HT/EHT specified supply voltage, if the full amount of the bill is not paid within due date, late payment surcharge shall be levied @ 2% on the unpaid amount of the bill up to 7 days after the due date. After 7 days, the surcharge shall be levied @ 5% on the unpaid amount of bill up to 15 days from the due date.

21.2 In case of consumers having LT specified supply voltage, if the full amount of the bill is not paid within due date, the late payment surcharge shall be levied @ 2% on the unpaid amount of the bill up to 15 days from the due date.

21.3 In case of AP consumers, late payment surcharge shall not be levied up to 7 days after the due date. After 7 days surcharge shall be levied as in the case of LT consumers.

21.4 Interest @ 1.5% per month on gross unpaid amount including surcharge payable as per clause 21.1, 21.2 & 21.3 above shall be levied after expiry of 15 days from the due date of the bill till the deposit of outstanding amount. Part of the month shall be treated as full month for this purpose.

22. Single Point Supply to Co-operative Group Housing Societies/Employers etc.

22.1 Distribution Licensee shall give supply of electricity for residential purposes including common services on an application by a Co-operative Group Housing Society/Employer which owns the premises at a Single Point at 11kV or above voltage for making electricity available to the members of such Society or employees residing in the same premises under PSERC (Single Point Supply to Co-operative Group Housing Societies/ Employers) Regulations, 2008. Provided that the provisions of these Regulation shall not in any way affect the right of a person residing in the Housing Unit sold or leased by such a Housing Society to demand supply of electricity directly from the distribution licensee.

22.2 Total consumption of electricity recorded at single point connection of a housing society/employer’s colony will be billed at a rate equal to the highest slab rate of Schedule of Tariff for Domestic Supply (DS) and a rebate of 12% (Twelve percent) will be admissible in addition to any other rebate on electricity consumption charges as may be approved by the Commission. The MMC on the basis of Contract Demand of the consumer shall be applicable as specified in the Tariff Order for the relevant year.

22.3 The housing society/employer will not charge its residents for electricity supply at a Tariff higher than the rates for Domestic Supply, approved by the Commission.

22.4 The other terms & conditions shall be as per PSERC (Single Point Supply to Cooperative Group Housing Societies/ Employers) Regulations, 2008, as amended from time to time.

23. Interpretation of Tariff

If a question arises as to the applicability of tariff to any class of consumer or as to the interpretation of various clauses of tariff or General Conditions of Tariff, decision of the Commission shall be final.

Annexure-II

SCHEDULES OF TARIFF

SI. SCHEDULE OF TARIFF FOR LARGE INDUSTRIAL POWER SUPPLY (LS)

SI.1 Availability:

SI.1.1 This tariff shall apply to all industrial power supply consumers having contract demand exceeding 100 kVA.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry farms & dairy farms meeting above criteria, shall also be covered in this schedule.

SI.1.1.1 A separate NRS connection in the premises of LS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SI.2 Character of Service:

Alternating Current, 50 cycles/second, Three Phase 11 kV or higher Voltage as specified in the Supply Code depending on quantum/type of load/contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SI.3 Tariff

	Description	Energy Rate (paise/kVAh)	MMC (₹/kVA)
SI.3.1	General Industry	614	188
SI.3.2	Arc Furnaces and Power Intensive Units including Induction furnaces, Chloro-alkaline units, Billet heaters, Surface hardening Machines & Electrolytic process industries	633	491
SI.3.3	Seasonal Industries covered under clause 18 of the General Conditions of Tariff: (i) Seasonal Rate (ii) Off Seasonal Rate	 614 740	 518 NA
SI.3.4	Ice Factories, Ice Candies & Cold Storages	614	704 (April to July)
			140 (August to March next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff as amended from time to time & Tariff Order for the relevant year.

Note:

(i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

(ii) ToD tariff shall be applicable as approved by the Commission in para 7.3.15 of this Tariff Order.

(iii) Extra levy (per kVAh) shall be charged on pro-rata basis for the continuous process load of industrial consumers as per Tariff Order for the relevant year.

(iv) The energy charges under paras SI.3.1, SI.3.2, SI.3.3 & SI.3.4 above shall be without prejudice to levy of monthly minimum charges.

SI.3.5 For Arc/PIU industries, where the load is of mixed nature, i.e. in addition to Arc/Power Intensive loads, General Industrial loads are also running, monthly minimum charges shall be determined by computing the contract demand on prorate basis in proportion to such loads duly sanctioned by the load sanctioning authority. In such cases, Power Intensive loads shall comprise of loads as mentioned in para SI.3.2, including auxiliary loads, loads of pollution control machinery, gas plants & corresponding lighting loads, and general industrial loads in such cases shall comprise loads of rolling mills and its allied loads, related workshop, general engineering machinery and corresponding lighting load, for the purpose of levy of monthly minimum charges.

SI.3.6 For industrial units having co-generation facility, MMC shall be levied on the sanctioned contract demand for the load to be exclusively fed from the distribution licensee’s system or the actual demand in kVA recorded during the month, whichever is higher.

SI.3.7 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SI.3.8 Steel Rolling Mill Surcharge:

Steel Rolling Mill Surcharge shall be applicable as per clause 14 of the General Conditions of Tariff, as amended from time to time.

SI.3.9 In case of HT/EHT consumers receiving supply at 11 kV and above, if metering equipment is installed on LV side of the transformer due to non-availability of metering equipment, both the energy consumption (kVAh) and maximum demand shall be enhanced as per clause 12 of General Conditions of Tariff, to account for the transformation losses.

SI.4 Seasonal Industries:

Seasonal industries shall be billed as per clause 18 of General Conditions of Tariff, as amended from time to time.

SI.5 Factory Lighting and Colony Lighting:

All consumption for bona fide factory lighting shall be included for charging under the above tariff. The consumption for residential purposes i.e staff quarters of factory and street lighting etc. shall also be charged under this Schedule. However, a separate single point connection may be allowed for the colony load including street lighting under PSERC (Single Point Supply to Cooperative Group Housing Societies/Employers) Regulations 2008, if the colony is in separate premises.

SI.6 Load/Demand Surcharge:

SI.6.1 Load Surcharge:

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances, wherever applicable, shall be obtained by the consumer.

SI.6.2 Demand Surcharge for exceeding the Contract Demand:

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA on excess demand, irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purposes shall be computed as per clause 16 of General Conditions of Tariff, as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SI.6.3 Compensation for damage:

Any consumer who exceeds his contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipments or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SI.7 Force Majeure applicable for Arc/Induction furnaces:

In the event, where normal working of the industry is affected in the event of lock out due to labour problem, damage of EHV Power Transformer, failure on the part of distribution licensee to supply power, fires, earth-quakes, floods, tempests and lightning, directly resulting in closure of industry or normal supply hours reduced through specific order of the distribution licensee for power regulation purposes, the consumer shall be entitled to proportionate reduction in monthly minimum charges, provided that such closure or reduced working hours continue for at least seven days consecutively in a billing cycle month directly as a consequent of any of the above conditions, with the approval of load sanctioning authority. In the event of relief being allowed in monthly minimum charges under above conditions, the consumers shall, however, be required to pay monthly minimum charges as applicable to general Industry large supply consumers.

SII <u>SCHEDULE OF TARIFF FOR MEDIUM INDUSTRIAL SUPPLY (MS):</u>

SII.1 Availability:

This tariff shall apply to all industrial power supply consumers having connected load above 20 kW but contract demand not exceeding 100kVA.

Oil/Gas terminals, gas bottling plants, depots of oil/gas companies, poultry farms and dairy farms meeting above criteria, shall also be covered in this schedule.

SII.1.1.1 A separate NRS connection in the premises of MS consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SII.2 Character of Service:

Alternating Current 50 cycles/second, Three Phase 400 volts or 11 kV (at consumer's discretion). All MS consumers shall get their Contract Demand sanctioned irrespective of their connected load before 31.12.2014. The Contract Demand shall not exceed 100 kVA.

In case of consumers who fail to declare their contract demand within the stipulated period, their contract demand shall be fixed on the basis of 100% of the sanctioned load by using 0.90 power factor, subject to maximum of 100 kVA.

SII.3 Tariff:

	Description	**Energy Rate (paise/kVAh)**	**MMC (₹)**
SII.3.1	General Industry	587	209 per kW / 188 per kVA
SII.3.2	Seasonal Industries covered under clause 18 of the General Conditions of Tariff:		
	(i) Seasonal Rate	587	574 per kW / 518 per kVA
	(ii) Off Seasonal Rate	731	NA
SII.3.3	Ice Factories, Ice Candies & Cold Storages	587	782 per kW / 704 per kVA (April to July)
			157 per kW / 140 per kVA (August to March next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff, as amended from time to time & Tariff Order for the relevant year.

Note:

i) The MMC shall be computed on the basis of sanctioned load in kW up to 31.12.2014 and on the basis of sanctioned Contract Demand in kVA w.e.f. 01.01.2015.

ii) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

iii) Extra levy (per kVAh) shall be charged on pro-rata basis for continuous process load of industrial consumers as per Tariff Order for the relevant year.

iv) The energy charges under paras SII.3.1, SII.3.2 and SI.3.3 above shall be without prejudice to levy of monthly minimum charges.

v) Time of Day (ToD) tariff shall be applicable as approved by the Commission in para 7.3.15 of this Tariff Order.

SII.3.4 Voltage Surcharge/Rebate:

The voltage surcharge/rebate shall be applicable as per clause 13 of the General Conditions of Tariff, as amended from time to time.

SII.3.5 Steel Rolling Mill Surcharge:

The steel rolling mill surcharge shall be applicable as per clause 14 of the General Conditions of Tariff, as amended from time to time.

SII.3.6 In case of Rice Shellers, Ice Factories, Cold Storage & Stone Crushers falling under this schedule, where the metering is carried out on 11 kV and the consumer has installed his own transformer, additional rebate of 3 paise per kVAh shall be admissible over and above the voltage rebate admissible as per clause 13 of the General Conditions of Tariff.

SII.4 Seasonal Industries:

Seasonal industries shall be billed as per Clause 18 of General Conditions of Tariff, as amended from time to time.

SII.5 Factory Lighting:

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial and general load and entire consumption shall be charged at the rate for industrial consumption.

SII.6 Load/Demand Surcharge

SII.6.1 Load Surcharge:

SII.6.1.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000/- per kW or part thereof for each default up to 31.12.2014. This load surcharge shall be without prejudice to the distribution licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. The unauthorized load so detected shall be got removed. However, if the unauthorized extension is up to10% of the sanctioned load, the consumers shall be required to pay load surcharge but their connection shall not be disconnected. The unauthorized load up to 10%, of the sanctioned load, detected shall either be removed or got regularized by the consumer. The extra load permissible shall be to the extent that total load does not exceed 100 kW.

SII.6.1.2 No load surcharge shall be levied w.e.f 01.01.2015 for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SII.6.2 Demand Surcharge for exceeding the Contract Demand (Applicable w.e.f 01.01.2015):

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purposes shall be computed as per clause 16 of General Conditions of Tariff, as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SII.6.3 Compensation for damage:

Any consumer who exceeds his Contract Demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SIII <u>SCHEDULE OF TARIFF FOR SMALL INDUSTRIAL SUPPLY (SP):</u>

SIII.1 Availability:

Available to small power industries with connected load not exceeding 20 kW.

Oil Gas terminals, gas bottling plants, depots of oil/gas companies, poultry farms & dairy farms meeting the above criteria, shall also be covered in this schedule.

SIII.1.1 A separate NRS connection in the premises of SP consumers shall be permissible for regular conduct of commercial activities provided such activity is permissible under the bye laws/Rules of the Govt. The electric wiring and portion of the building for such activity should be separate.

SIII.2 Character of Service:

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts, as specified in the Supply Code.

SIII.3 Tariff:

	Description	**Energy Rate (paise/kWh)**	**MMC (₹/kW)**
SIII.3.1	General Industry	585	157
SIII.3.2	Seasonal industries covered under clause 18 of the General Conditions of Tariff: (i) Seasonal Rate (ii) Off Seasonal Rate	 585 690	 574 NA
SIII.3.3	Ice Factories, Ice Candies & Cold Storages	585	782 (April to July) 157 (August to March of next year)

For seasonal industry, the MMC shall be charged as per clause 18 of the General Conditions of Tariff as amended from time to time & Tariff Order for the relevant year.

Note: i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIII.3 in accordance with clause

8 of General Conditions of Tariff, as amended from time to time.

ii) The energy charges under paras SIII.3.1, SIII.3.2 & SIII.3.3 above shall be without prejudice to levy of monthly minimum charges.

SIII.4 Seasonal Industry:

Seasonal industries shall be billed as per Clause 18 of General Conditions of Tariff, as amended from time to time.

SIII.5 Factory Lighting:

The consumption for the bona fide factory lighting and residential quarters, if any, attached to the factory shall not be metered separately. Only one meter shall be installed for industrial and general load and entire consumption shall be charged at the rate for industrial consumption.

SIII.6 Load Surcharge

SIII.6.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. The unauthorized load so detected shall be got removed. However if the unauthorized extension is up to 10% of the sanctioned load, the consumer shall be required to pay load surcharge and the connection shall not be disconnected. The unauthorized load upto 10% of the sanctioned load so detected shall either be removed or got regularized by the consumer. The extra load permissible shall be to the extent that total load does not exceed 20 kW.

SIII.6.2 Compensation for damage:

Any consumer who exceeds his sanctioned load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SIII.7 Power Factor Surcharge/Incentive:

SIII 7.1 The monthly average power factor of the plant and apparatus owned by the consumer shall not be less than 0.90. The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal figures.

SIII 7.2 All consumers under this schedule shall be provided with meter/metering equipment to measure monthly average power factor. Power factor surcharge/incentive shall be applicable as prescribed below.

SIII.7.2.1 Power Factor Surcharge:

If the monthly average power factor falls below 0.90, the consumer shall pay on the bill amount a surcharge of 1% for each 0.01 decrease in the monthly average power factor below 0.90. The surcharge shall be 2% for each 0.01 decrease of monthly average power factor below 0.80.

SIII.7.2.2 Power Factor Incentive:

If the monthly average power factor exceeds 0.90, incentive @ 0.25% for each increase of 0.01 above the limit of 0.90 shall be allowed on the bill amount.

SIII.7.3 For the purpose of power factor surcharge & incentive, the bill amount shall mean the consumption charges in a month, but not the bill amount payable on monthly minimum charges.

SIII.8 Capacitor Surcharge

SP consumers existing as on 08.09.2009 were given option either to opt for installation of meter/metering equipment to measure the monthly average power factor where after the surcharge/incentive would become applicable as specified in para SIII.7 above or continue under the provisions as detailed below:

Consumers who did not opt for new provisions for measurement of monthly average power factor shall be required to install ISI mark shunt capacitors.

In case Shunt Capacitor(s) is/are found to be missing or inoperative or damaged, a 15 days notice shall be issued to the consumer for rectification of the defect and setting right the same. If the defective capacitor(s) is/are not replaced/rectified within 15 days of the issue of notice, a surcharge @ 20% on bill amount shall be levied for the preceding two months and it shall continue to be levied till the defective capacitor(s) is/are replaced/rectified to the satisfaction of the distribution licensee. In case the capacitor(s) is/are found to be of inadequate rating, the capacitor surcharge shall be levied on pro-rata basis.

SIV <u>SCHEDULE OF TARIFF FOR AGRICULTURAL PUMPING SUPPLY(AP):</u>

SIV.1 Availability:

Available for irrigation pumping supply loads including Kandi Area tube wells, tube wells in farms of PAU, Lift irrigation tube wells, PSTC tube wells, IB tube wells, tube wells installed under Technical Co- operative Assistance Scheme, tube wells of Co-operative Societies formed by marginal farmers for installing deep bore tube wells under Central Assistance Schemes, tube wells used to provide irrigation for horticulture/floriculture in open field condition or net houses, green/hot houses, tube wells of Harijan farmer's cooperative societies and Punjab Water Resources Management and Development Corporation's tube wells for reviving ecology of Holy Bein.

Power utilized for any other purpose shall be separately metered and charged under the relevant schedule.

SIV.2 Character of Service:

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts as specified in the Supply Code.

SIV.3 Tariff:

	Description	Energy Rate	MMC
SIV.3.1	Agricultural Pumping Supply (AP) without GoP Subsidy	456 paise/kWh or ₹332/BHP/Month	NA
SIV.3.2	Agricultural Pumping Supply (AP) with GoP Subsidy	NIL	NA

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIV.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SIV.4 Flat rate supply shall only be allowed to consumers getting supply from agriculture feeders. The consumers located within Municipal Limits of cities/towns or getting supply from Urban/City/Urban Pattern Supply/Kandi area feeders shall be covered under metered supply only.

SIV.4.1 20% surcharge on flat rate charges or as determined by the Commission in the Tariff Order for the relevant year shall be leviable in case of agricultural consumers covered under flat rate/metered supply category until a consumer fulfils the following requirements:-

SIV.4.1.1 Delivery pipe should not be more than 2 feet above the ground level water channel except for the consumers who are having underground irrigation system.

SIV.4.1.2 Bend used in the delivery pipe should not be sharp but of suitable curvature.

SIV.4.1.3 Motor-Pump should be installed on a Pucca leveled foundation in case of mono-block or belt driven pump-sets.

SIV.4.2 Extra fixed charges shall be levied wherever an agricultural tube well covered under this schedule is also used for fish farming as below:-

SIV.4.2.1 Fish culture in a pond up to half acre: ₹600/- per annum

SIV.4.2.2 Fish culture in a pond above half acre but up to one acre: ₹1200/- per annum

SIV.4.2.3 Additional area under fish pond to be charged in multiples of half acre rate. The pond area shall include bundhing.

SIV.4.2.4 Relevant industrial tariff shall be applied for such tube wells which are exclusively used for fish farming.

SIV. 4.3 Misuse of AP supply

The misuse of AP supply provided to agricultural tube wells for other purposes shall be dealt with as per provisions of Electricity Act, 2003.

SIV.5 Pump House Lighting

The consumption for bona fide lighting of the pump or machine house of 2 CFLs with total wattage aggregating 40 watts shall be allowed per tube well connection.

SIV.6 Load Surcharge:

SIV.6.1 If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to distribution licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if un-authorized extension is up to 10% of the sanctioned load, the consumer shall pay load surcharge but connection shall not be disconnected. The unauthorized load so detected shall, however, be got removed.

SIV.6.2 Any consumer who exceeds his sanctioned connected load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SIV.7 Installation of Shunt Capacitors:

SIV.7.1 No tube well connection shall be released without installation of ISI mark Shunt Capacitors of requisite capacity. The kVAR capacity of Shunt Capacitors to be installed shall be as prescribed by the distribution licensee with the approval of the Commission.

SIV.7.2 AP consumers having got installed Shunt Capacitors at their tube well premises from the distribution licensee against payment of monthly rentals, shall be charged rentals @ ₹4/- per kVAR per month from the date of installation. The rentals shall, however, be recovered on half yearly basis i.e. ₹24 per kVAR in April and October every year.

SIV.7.3 Before allowing extension in load/regularization of load by distribution licensee, the existing AP consumers shall install capacitors of adequate capacity as prescribed by distribution licensee with the approval of the Commission.

SV <u>SCHEDULE OF TARIFF FOR NON RESIDENTIAL SUPPLY (NRS)</u>

SV.1 Availability:

SV.1.1 Supply to non-residential premises such as business houses, cinemas, clubs, offices, hotels/motels, departmental stores, shops, guest houses, restaurants for lights, fans, appliances like pumping set & air conditioning units/plants, lifts, welding sets, small lathes, electric drills, heaters, battery chargers, embroidery machines, printing presses, ice candy machines, dry cleaning machines, power presses, small motors etc. Private hospitals (other than charitable), Private unaided educational institutions i.e schools, colleges and universities, hostels and residential quarters attached thereto where such institutions/installations are not covered under schedule DS/BS, Telecommunication/Cellular Mobile Phone Towers and all private sports institutions/ facilities including gymnasiums shall come under this category.

SV.1.2 No separate connection under any other category shall be permitted in the premises where supply is under this schedule. However, a separate NRS connection in a portion of residential premises used for regular conduct of business shall be permissible.

SV.1.3 Any of the following activities carried out in a part of residential premises shall also be covered under this schedule.

a) A private outpatient clinic/hospital or laboratory.

b) PCO.

c) Milk processing (other than chilling plant)) for commercial purposes.

d) Offices of any other professional service provider.

e) ATM.

SV.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts. For loads exceeding 100kW, the contract demand shall be above 100 kVA and supply shall be given at 11 kV or higher voltage as specified in the Supply Code depending on quantum of contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SV.3 Tariff:

	Description	Energy Rate	MMC
SV.3.1	For Loads not exceeding 100 kW i. Upto 100 kWh ii. Above 100 kWh	 657 paise/kWh 671 paise/kWh	₹190/kW
SV.3.2	For loads/demand above 100 kW /100 kVA i. Upto 100 kVAh ii. Above 100 kVAh	 604 paise/kVAh 617 paise/kVAh	₹171/kVA

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SV.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The tariff rates shall be increased by 25% for private hospitals & MRI/CT Scan centres getting continuous supply thorough independent feeder under this Schedule.

SV.3.3 Voltage Surcharge/Rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time

SV.3.4 MMC shall be computed on actual sanctioned load/demand without rounding off.

SV.4 Load/ Demand Surcharge

SV.4.1 Load Surcharge:

SV.4.1.1 For loads up to 100 kW

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at the rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SV.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SV.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SV.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without giving any notice to the consumer.

SVI <u>SCHEDULE OF TARIFF FOR DOMESTIC SUPPLY (DS)</u>

SVI.1 Availability:

SVI.1.1 Supply to a residential premises for lights, fans, single/three phase domestic pumping set/toka machine not exceeding 2 BHP and other house hold appliances. Where a room or a part of residential house is being utilized by a person for imparting education/tuition work or for cookery classes/beauty parlour/tailoring work etc., supply for such purposes shall also be covered under this schedule.

Where a portion of the residential premises is used regularly for the conduct of business, the supply in that portion shall be separately metered under separate connection and billed under Schedule NRS.

SVI.1.2 Supply to Govt. sports institutions/facilities, including gymnasiums, Govt./Govt. aided educational institutions viz. schools, colleges, universities, I.T.Is, including hostels and residential quarters attached to these educational institutions.

Supply to hostels and/or residential quarters attached with the private educational institutions where separately metered shall also be covered in this schedule. Hostels will be considered as one unit and billed without compounding.

SVI.1.3 Supply to all places of worship provided that concerned authorized officer of the distribution licensee certifies the genuineness of place being used for worship by general public.

SVI.1.4 Supply to Sainik Rest Houses of Rajya Sainik Board.

SVI.1.5 Supply to Govt. hospitals, primary health centres, civil dispensaries and hospitals run by charitable institutions covered under section 80(G) of the Income Tax Act.

SVI.1.6 Release of more than one connection in the premises of Domestic Supply consumer shall be admissible subject to the following conditions:-

SVI.1.6.1 In case of different family members/occupants living in a house and each having ownership in his/her name by way of separate partition deed duly notarized and having separate kitchen can be given separate connections in the same premises.

SVI.1.6.2 In case a tenant wants a separate connection, he shall furnish copy of registered rent deed and consent of the landlord in the form of affidavit that the landlord shall clear all the liabilities in case the tenant leaves the premises without paying licensee's dues.

SVI.2 **Character of** Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts as specified in Supply Code. For loads exceeding 100 kW, the contract demand shall be above 100 kVA and supply shall be given at 11 kV or higher voltage as specified in the Supply Code depending on quantum of load/contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station.

SVI.3 **Tariff**

	Description	Energy Rate	MMC
SVI.3.1	For Loads not exceeding 100 kW i. Upto 100 kWh ii. 101 to 300 kWh iii. Above 300 kWh	 456 paise/kWh 614 paise/kWh 656 paise/kWh	₹52/kW
SVI.3.2	For loads/demand above 100 kW/100 kVA i. Upto 100 kVAh ii. 101 to 300 kVAh iii. Above 300 kVAh	 420 paise/kVAh 565 paise/kVAh 604 paise/kVAh	₹47/kVA

Golden Temple, Amritsar and Durgiana Temple, Amritsar

	Description	Energy Rate	MMC (₹)
SVI.3.3	First 2000 kWh	Free	NA
SVI.3.4	Beyond 2000 kWh	532 paise/kWh	NA

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SVI.3.5 **Voltage Surcharge/Rebate**

Voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SVI.3.6 MMC shall be computed on actual sanctioned load/demand without rounding off.

SVI.3.7 MMC for Single Point Supply to Group Housing Societies/ employers shall be as approved by the Commission in the Tariff Order for the relevant year.

SVI.4 Load/ Demand Surcharge

SVI.4.1 Load Surcharge:

SVI.4.1.1 For loads up to 100 kW

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at the rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SVI.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SVI.4.2 Demand Surcharge for exceeding the contract demand:

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at a rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVI.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the Consumer.

SVI.5 Single Point Supply to Co-operative Group Housing Societies/ Employers etc.

SVI.5.1 A distribution licensee shall give supply of electricity for residential purposes including common services on an application by a Co-operative Group Housing Society/employer which owns the premises, at a Single Point at 11kV or above voltage for making electricity available to the members of such Society or employees residing in the same premises.

Provided that the above provisions shall not in any way affect the right of a person residing in the Housing Unit sold or leased by such a Housing Society to demand supply of electricity directly from the distribution licensee.

SVI.5.2 Total consumption of electricity recorded at single point connection of a Co-operative Housing Society/employer's colony will be billed at a rate equal to the highest slab rate of Schedule of Tariff for Domestic Supply (DS) and a rebate of 12% (Twelve percent) will be admissible in addition to any other rebate on electricity consumption charges as may be approved by the Commission. The MMC on the basis of Contract Demand of the consumer shall be applicable as specified in the Tariff Order for the relevant year.

SVI.5.3 The housing society/employer will not charge its residents for electricity supply at a tariff higher than the rates for Domestic Supply, approved by the Commission.

SVI.5.4 The other terms & conditions shall be as per PSERC (Single Point Supply to Co-operative Group Housing Societies/ Employers) Regulations, 2008

SVII SCHEDULE OF TARIFF FOR BULK SUPPLY (BS)

SVII.1 Availability:

SVII.1.1 Available for general or mixed loads exceeding 10 kW to MES, Defence Establishments, Railways, Central PWD institutions, Irrigation Head works, Jails, Police/Para Military Establishments/Colonies and Govt. Hospitals/ Medical Colleges/Govt. Educational Institutions having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, where further distribution will be undertaken by the consumer. Institutions/Installations having DS load less than 25% will be covered under relevant NRS Schedule of Tariff. Where motive/Industrial load of any installation exceeds 50% of the total load, such an installation will be charged applicable industrial tariff.

SVII.1.2 This schedule shall continue to be applicable to the existing Bulk Supply consumers other than covered in SVII.1.1.

SVII.2 Character of Service

Alternating Current, 50 cycles/second Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code, depending on quantum of contract demand and availability of bus voltage and transformer winding capacity at the feeding sub-station. All BS consumers shall get their Contract Demand sanctioned irrespective of their connected load. Contract Demand above 100 kVA shall be released on HT/EHT only.

SVII.3 Tariff

Description	Energy Rate (paise/kVAh)	MMC (₹/kVA)
HT	609	307
LT	635	

Energy charges shall be levied without prejudice to the levy of monthly minimum charges.

Note: (i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

(ii) The tariff rates shall be increased by 25% in case of existing private hospitals & MRI/CT Scan centres getting continuous supply through independent feeders under BS Schedule. All Govt. hospitals and hospitals run by charitable institutions covered under Section 80-G of Income Tax Act, 1961 shall be exempted from levy of 25% extra tariff.

SVII.3.1 Voltage Surcharge/rebate

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SVII.4 Load /Demand Surcharge

SVII.4.1 Load Surcharge:

SVII.4.1.1 No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SVII.4.2 Demand Surcharge for exceeding the contract demand

If a consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SVII.4.3 Compensation for damage

Any Bulk Supply consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may cause the service of the consumer to be disconnected without any notice to the consumer.

SVIII <u>SCHEDULE OF TARIFF FOR PUBLIC LIGHTING SUPPLY</u>

SVIII.1 Availability:

Available for Street Lighting system including signalling system and road & park lighting undertaken by the local bodies like Municipal Corporations, Municipal Committees, Nagar Councils, Panchayats, Institutions etc.

SVIII.2 Character of Service:

Alternating Current, 50 cycles/second Single Phase 230 volts or Three Phase 400 volts as specified in the Supply Code.

SVIII.3 Tariff:

Energy Charges (paise/kWh)	Annual Minimum Charges (AMC)
669	As per 8 hours/day

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SVIII.3 in accordance with clause 8 of General Conditions of Tariff.

SVIII.4 Rates of Line Maintenance and Lamp Renewal Charges:

SVIII.4.1 Category-A:

Where the initial installation of complete street light fittings & lamps and their subsequent replacement shall be carried out at the licensee's cost, the line maintenance and lamp renewal charges shall be as under:-

SVIII.4.1.1 Ordinary/CFL/LED lamps:

(i)	Lamps up to 150 watts	₹16/-per lamp per month
(ii)	Lamps above 150 watts	Special quotation

SVIII.4.1.2 Mercury/ Sodium Vapour lamps:

(i)	Lamps of 80 watts	₹49/- per lamp per month
(ii)	Lamps of 125 watts	₹53/- per lamp per month
(iii)	Lamps of 250 watts	₹90/- per lamp per month
(iv)	Lamps of 400 watts	₹101/-per lamp per month

SVIII.4.1.3 Flourescent tubes:

(i)	Single 2 ft 20 watts	₹26/- per point per month
(ii)	Single 4 ft 40 watts	₹43/- per point per month
(iii)	Double 2 ft 20 watts	₹43/- per point per month
(iv)	Double 4 ft 40 watts	₹68/-per point per month

SVIII.4.2 Category-B

Where the initial installation and subsequent replacement of complete street light fittings shall be done at the cost of the licensee and initial installation & subsequent replacement of lamps shall be done at the cost of Street Lighting consumers i.e. lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:-

SVIII.4.2.1 Ordinary/CFL/LED lamps:

Lamps up to 150 watts	₹14/- per lamp per month
Lamps above 150 watts	Special quotation and special lamps

SVIII.4.2.2 Mercury/Sodium Vapour lamps:

(i)	Lamps of 80 watts	₹29/- per lamp per month
(ii)	Lamps of 125 watts	₹36/- per lamp per month
(iii)	Lamps of 250 watts	₹63/- per lamp per month
(iv)	Lamps of 400 watts	₹68/-per lamp per month

SVIII 4.2.3 Fluorescent tubes:

(i)	Single 2 ft 20 watts	₹23/- per point per month
(ii)	Single 4 ft 40 watts	₹40/- per point per month
(iii)	Double 2 ft 20 watts	₹39/- per point per month
(iv)	Double 4 ft 40 watts	₹61/-per point per month

SVIII.4.3 Category-C

Where the initial installation of complete street light fittings and lamps as well as their subsequent replacement shall be done at the cost of Street Lighting consumer i.e. fittings and lamps to be supplied by the consumer, the line maintenance and lamp renewal charges shall be as under:-

SVIII.4.3.1 Ordinary/ CFL/LED lamps:

Lamps up to 150 watts	₹11/- per lamp per month
Lamps above 150 watts	Special quotation and special lamps

SVIII.4.3.2 Mercury/Sodium Vapour lamps:

Lamps of 80,125, 250 and 400 watts	₹13/- per lamp per month

SVIII.4.3.3 Flourescent tubes:

(i)	Single 2 ft 20 watts	₹ 13/- per point per month
(ii)	Single 4 ft 40 watts	₹ 13/- per point per month
(iii)	Double 2 ft 20 watts	₹ 13/- per point per month
(iv)	Double 4 ft 40 watts	₹ 13/-per point per month

Note: Where the work of lamp renewal/replacement is being carried out by the local bodies, the charges pertaining to line maintenance and lamp renewal/ replacement shall be shared by licensee and the Municipal Corporation/ Committee/Council/Panchayat in the ratio of 50:50.

SVIII.4.4 Category-D:

Where the initial installation of complete street light fittings and lamps as well as subsequent replacement of fittings shall be carried out at the cost of Street Lighting consumer but the replacement of fluorescent tubes shall be done at the cost of the licensee i.e. fluorescent tubes to be supplied by the licensee, the line maintenance and fluorescent tube replacement charges shall be as under:

(i)	Single 2 ft 20 watts	₹16/- per point per month
(ii)	Single 4 ft 40 watts	₹16/- per point per month
(iii)	Double 2 ft 20 watts	₹18/- per point per month
(iv)	Double 4 ft 40 watts	₹21/-per point per month

SVIII.5 Rebate to Village Panchayats

For Street Lighting supply to Village Panchayats, a rebate of twenty five percent over the standard tariff (i.e. energy charges and line maintenance and lamp renewal charges under all categories) shall be admissible.

SVIII.6 Annual Minimum Charges (AMC)

If the total number of units consumed in the whole year (financial year) are less than those which would have been consumed if the lamps had been lit on an average of eight hours per day (or as provided in the Tariff Order for the relevant year) for the whole year, the licensee shall charge for the difference between the stipulated units and units actually consumed at tariff rates. The units which would have been consumed in a financial year shall be calculated on the basis of 70% of the sanctioned load or connected load detected, whichever is higher. The annual minimum charges shall be exclusive of line maintenance and lamp renewal charges.

SIX **SCHEDULE OF TARIFF FOR RAILWAY TRACTION (RT)**

SIX.1 **Availability:**

Available to the Railways for traction load.

SIX.2 **Character of Service**

Alternating Current, 50 cycles/second, Single/Two/Three Phase 132 kV/220 kV as specified in the Supply Code, depending upon the availability of bus voltage and transformer winding capacity at the feeding sub-station wherever possible at the discretion of the distribution licensee.

SIX.3 **Tariff**

Energy Charges (paise/kVAh)	**MMC (₹/kVA)**
651	314

Energy charges shall be without prejudice to levy of monthly minimum charges.

Note Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SIX.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SIX.4 **Contract Demand and Demand Surcharge**

SIX.4.1 The contract demand means the maximum demand in kVA for which distribution licensee undertakes to provide facilities from time to time. The railways shall intimate the contract demand for sanction and the same shall be taken as connected load. Demand surcharge shall be levied @ ₹750/- per kVA on the excess demand irrespective of number of defaults.

This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand for billing purposes shall be computed as per clause 16 of General Conditions of Tariff as amended from time to time. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SIX.4.2 **Compensation for damage**

Any consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipments or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without giving any notice to the consumer.

SIX.5 **Single Point Delivery**

The above tariff is based on the supply being given through a single delivery & metering point and at a single voltage. Supply at any other point or at other voltage shall be separately metered and billed.

SX. **SCHEDULE OF TARIFF FOR TEMPORARY METERED SUPPLY (TM)**

Availability

Temporary supply shall be permitted to an applicant as per Supply Code for a period as per applicant's request, but not exceeding two years in the first instance. However, the distribution licensee may extend such supply on an application by the consumer.

SX.1 Tariff for Domestic and Non-Residential Supply:

SX.1.1 Availability

Temporary supply shall be permitted on an application to domestic and non-residential supply applicants (excluding touring cinemas).

SX.1.2 Character of Service

Alternating Current, 50 cycles/second Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code.

SX.1.3 Tariff:

	Description	Energy Rate	MMC
SX.1.3.1	Domestic (for Loads not exceeding 100 kW)	1139 paise/kWh	₹965 or ₹192/kW whichever is higher
SX.1.3.2	Domestic (for loads/ demand above 100 kW/100 kVA)	1048 paise/kVAh	₹965 or ₹173/kVA whichever is higher
SX.1.3.3	Non Residential Supply (for Loads not exceeding 100 kW)	1139 paise/kWh	₹1932 or ₹484/kW whichever is higher
SX.1.3.4	Non Residential Supply (for loads/ demand above 100 kW/100 kVA)	1048 paise/kVAh	₹1932 or ₹436/kVA whichever is higher

Rate as approved by the Commission shall be charged for entire consumption without prejudice to levy of monthly minimum charges.

Note Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.1.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.1.3.5 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SX.1.4 Load/ Demand Surcharge

SX.1.4.1 Load Surcharge:

SX.1.4.1.1 For loads upto 100 kW

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at the rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SX.1.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SX.1.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.1.4.3 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice.

SX.2 Tariff for Temporary Small, Medium and Large Industrial Power Supply

SX.2.1 Availability

Temporary supply shall be permitted to all industrial consumers for loads including pumps for dewatering in case of floods on an application as per applicant's request.

SX.2.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code.

SX.2.3 Tariff

Description	Energy Rate	MMC
SP	585 paise/kWh + 100%	₹774/kW
MS	587 paise/kVAh + 100%	₹774 per kW / ₹697 per kVA
LS	614 paise/kVAh + 100% (For General Industry)	₹697/kVA
	633 paise/kVAh + 100% (For PIU/Arc Furnace)	

The energy charges shall be without prejudice to levy of monthly minimum charges.

Note

i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.2.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The MMC for MS category shall be computed on the basis of sanctioned load in kW up to 31.12.2014 and on the basis of sanctioned Contract Demand in kVA w.e.f. 01.01.2015.

SX.2.3.1 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SX.2.4 Factory Lighting

SX.2.4.1 In case of temporary supply to Large Industrial Supply, Medium Supply & Small Power consumers, the bonafide factory lighting and motive/ Industrial power consumption shall be measured through one and the same meter and charged at the relevant industrial tariff as per para SX.2.3 of this Schedule.

SX.2.5 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.2.6 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SX.3 Tariff for Wheat Threshers:

SX.3.1 Availability

Available for threshing of wheat for the period between April 1 to June 30.

SX.3.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code.

SX.3.3 Tariff

Description	Energy Rate	MMC
SP	585 paise/kWh + 100%	₹774/kW
MS	587 paise/kVAh + 100%	₹774 per kW / ₹697 per kVA
LS	614 paise/kVAh + 100%	₹697/kVA

The Energy charges shall be without prejudice to monthly minimum charges.

Note: i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX.3.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The MMC for MS category shall be computed on the basis of sanctioned load in kW up to 31.12.2014 and on the basis of sanctioned Contract Demand in kVA w.e.f. 01.01.2015.

SX.3.3.1 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SX.3.4 Load/Demand Surcharge

In case a temporary supply consumer covered under this schedule exceeds his sanctioned load/contract demand at his premises, the consumer shall be levied load/demand surcharge at double the rates as applicable under relevant schedule for permanent supply.

SX.3.5 Compensation for damage

Any consumer who exceeds his sanctioned load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SX.4 Tariff for Fairs, Exhibitions, Melas and Congregations

SX.4.1 Availability

Available for temporary loads of Fairs , Exhibitions, Melas and Congregations.

SX.4.2 Character of Service

Alternating Current, 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code.

SX.4.3 Tariff:

Description	Energy Rate	MMC (₹)
HT	609 paise/kVAh + 50%	₹7730 per service
LT	635 paise/kVAh + 50%	

The Energy charges shall be without prejudice to the levy of monthly minimum charges.

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX 4.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.4.3.1 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SX.4.4 Load/ Demand Surcharge

SX.4.4.1 No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SX.4.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA or the rate approved by the commission from time to time, on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.4.4.3 Compensation for damage

Any consumer who exceeds his sanctioned contract demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may cause the service of the consumer to be disconnected without any notice to the consumer.

SX.5 Tariff for Touring Cinemas

SX.5.1 Availability

SX.5.1.1 Available to all touring cinemas, theatres, circuses etc. However, supply shall be given separately for general loads (Lights/fans and motive loads).

SX.5.1.2 The connection shall be sanctioned in the first instance for the entire period of validity of license or for the period requisitioned for, whichever is less.

SX.5.2 Character of Service

Alternating Current, 50 cycles/second, Single Phase 230 volts or Three Phase 400 volts or 11 kV or higher voltage as specified in the Supply Code.

SX.5.3 Tariff:

The energy charges shall be without prejudice to the levy of monthly minimum charges.

	Description	Energy Rate	MMC
SX.5.3.1	Lights and fans	1139 paise/kWh	₹1932 or ₹484/kW or ₹436/kVA of sanctioned load/ demand whichever is higher.
SX.5.3.2	Motive load: SP MS LS	 585 paise/kWh + 100% 587 paise/kVAh + 100% 614 paise/kVAh + 100%	

Note: Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SX 5.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

SX.5.3.3 Voltage surcharge/rebate

The voltage surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SX.5.4 Load/ Demand Surcharge

SX.5.4.1 Load Surcharge

SX.5.4.1.1 For loads up to 100 kW

If the connected load of a consumer exceeds the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at the rate of ₹1000/- per kW or part thereof for each default. This load surcharge shall be without prejudice to the licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. However, if unauthorized extension is up to 10% of sanctioned load, the consumer shall pay load surcharge and the connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SX.5.4.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SX.5.4.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA or as per rate approved by the commission from time to time, on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee’s right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SX.5.4.3 Compensation for damage

Any consumer who exceeds his sanctioned connected load/demand shall be liable to compensate the licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SXI <u>SCHEDULE OF TARIFF FOR AP (HIGH TECHNOLOGY) SUPPLY</u>

SXI.1 Availability

Available for High Technology green house farming, subject to fulfilling the following conditions:

SXI.1.1 Setting up a green house with a minimum area of 2000 sq. metres.

SXI.1.2 Production of certificate from Director/Agriculture and/or Director/Horticulture or any other officer authorized by the Govt. of Punjab, to the effect that the farming being carried out by the consumer involves use of high technology requiring power supply to produce quality products such as vegetables/ fruits/seeds/flowers etc., to meet the standards of domestic/International markets.

SXI.1.3 A distribution licensee shall take necessary steps to annually verify that all consumers continue to fulfil the obligations as above for coverage under this category. In the event of a consumer ceasing to fulfil these obligations, connection released shall be disconnected after giving at least 15 days notice.

SXI.2 Character of Service

Alternating Current, 50 cycles/second, Three phase 400 volts for loads not exceeding 100 kW and 11 kV or higher voltage supply for loads above 100 kW as specified in the Supply Code.

SXI.3 Tariff

Energy Rate	MMC (₹)
456 paise/kWh	Not Applicable

Note: i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SXI.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) Peak load restrictions and monthly minimum charges shall not be applicable to connections released under this category.

SXI.3.1 Voltage Surcharge/Rebate:

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SXI.4 The provisions of Regulation 9 of the Supply Code **shall** be applicable for the release of a connection under this category. Connections with a load of more than 100 kW shall be released at 11 kV. An independent feeder shall be provided at the consumer's expense if uninterrupted supply is required. Connection with a load not exceeding 100 kW may be released from AP feeder or category-1 or UPS feeder at the option of the consumer, subject to the technical feasibility to release such connection. However, the consumers opting for supply from agriculture feeders shall be entitled to limited hours of supply as per power supply schedule applicable to AP consumers. Only metered supply shall be admissible under this category.

SXI.5 Load Surcharge

SXI1.5.1 If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at an additional rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. If the unauthorized extension is up to 10% of the sanctioned load, the consumers shall be required to pay load surcharge and connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SXI.1.5.2 Compensation for damage

Any consumer who exceeds his sanctioned connected load shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SXI.6 Power Factor Surcharge/Incentive

Consumers shall be required to maintain a monthly average power factor of 0.90. The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal points.

SXI. 6.1 Low Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the bill amount a surcharge of 1% for each 0.01 decrease in the monthly average power factor below 0.90. The surcharge shall be 2% for each 0.01 decrease of monthly average power factor below 0.80.

SXI.6.2 Power Factor Incentive

If the monthly average power factor exceeds 0.90, incentive @ 0.25%, for each increase of 0.01 above 0.90 shall be allowed on the bill amount.

SXI.6.3 For the purpose of power factor surcharge & incentive, the bill amount will mean the consumption charges in a month. The bill amount for power factor surcharge & incentive shall also include the surcharge or rebate as applicable under para SXI.3.1 of this schedule.

SXII. <u>SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY TO COMPOST PLANTS/SOLID WASTE MANAGEMENT PLANTS FOR MUNICIPALITIES/ URBAN LOCAL BODIES</u>

SXII.1 Availability

Available for Industrial/motive loads of compost plants/solid waste management plants including pumps etc., for Municipalities/Urban Local Bodies. The connections shall be released under this category as per terms and conditions applicable to industrial consumers.

SXII.2 Character of Service

Alternating Current 50 cycles/second, Three Phase 400 volts or 11 kV or higher voltage as per Supply Code depending on quantum of demand. All consumers with load not exceeding 100 kW shall get their Contract Demand sanctioned before 31.12.2014. The Contract Demand in such cases shall not exceed 100 kVA. For loads exceeding 100 kW, the Contract demand shall be above 100 kVA.

SXII.3 Tariff

Energy Rate	MMC (₹)
456 paise/kWh	Not Applicable

Note i) Fuel cost adjustment (FCA) charges for the relevant period shall be applicable in addition to the tariff determined as per para SXII.3 in accordance with clause 8 of General Conditions of Tariff, as amended from time to time.

ii) The consumers covered under this schedule shall be exempted from peak load hours restrictions and no PLEC shall be charged.

SXII.3.1 Voltage Surcharge/rebate

Voltage Surcharge/rebate shall be applicable as per clause 13 of General Conditions of Tariff, as amended from time to time.

SXII.4 Power Factor Surcharge/Incentive

The monthly average power factor of the plant owned by the consumer shall not be less than 0.90.The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two decimal figures.

SXII. 4.1 Power Factor Surcharge

If the monthly average power factor falls below 0.90, the consumer shall pay on the bill amount a surcharge of 1% for each 0.01 decrease in the monthly average power factor below 0.90. The surcharge shall be 2% for each 0.01 decrease of monthly average power factor below 0.80.

SXII.4.2 Power Factor Incentive

If the monthly average power factor exceeds 0.90, incentive @ 0.25% for each increase of 0.01 above 0.90 shall be allowed on the bill amount.

SXII.4.3 For the purpose of power factor surcharge & incentive, the bill amount will mean the consumption charges including demand charges, if any, in a month but not the bill amount payable on monthly minimum charges/demand charges. The bill amount for power factor surcharge & incentive shall also include the surcharge or rebate as applicable in accordance under para SXII.3.1of this schedule.

SXII.5 Load/Demand Surcharge

SXII.5.1 Load Surcharge

SXII. 5.1.1 For loads up to 100 kW

If the connected load of a consumer exceeds the permissible limits over and above the sanctioned load, the excess load shall be unauthorized load. Such excess load shall be charged load surcharge at a rate of ₹1000 per kW or part thereof for each default. This load surcharge shall be without prejudice to the distribution licensee right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his sanctioned connected load. The unauthorized load so detected shall be got removed. If the unauthorized extension is up to 10% of the sanctioned load, the consumers shall be required to pay load surcharge and connection shall not be disconnected. The unauthorized load so detected shall either be removed or got regularized by the consumer.

SXII.5.1.2 For loads above 100 kW

No load surcharge shall be levied for the extra load connected by the consumer temporarily or otherwise thereby exceeding sanctioned connected load. However, the installation of extra load shall conform to CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 and statutory clearances wherever applicable shall be obtained by the consumer.

SXII.5.2 Demand Surcharge for exceeding the contract demand

If the consumer in a month exceeds the sanctioned contract demand, demand surcharge shall be charged at an additional rate of ₹750/- per kVA (or as per rate approved by the commission from time to time) on excess demand irrespective of number of defaults. This demand surcharge shall be without prejudice to the distribution licensee's right to take such other appropriate action as may be deemed necessary to restrain the consumer from exceeding his contract demand.

In the event of MDI being defective, maximum demand shall be computed as per clause 16 of General Conditions of Tariff. In case computed maximum demand is more than the sanctioned contract demand, no surcharge for demand consequent to this computation shall be levied.

SXII.5.3 Compensation for damage

Any consumer who exceeds his sanctioned connected load/demand shall be liable to compensate the distribution licensee for all damages occasioned to its equipment or machinery by reason of this default. Without prejudice to this right, the distribution licensee may also cause the service of the consumer to be disconnected without any notice to the consumer.

SXIII. SCHEDULE OF TARIFF FOR START UP POWER

SXIII.1 Availability

Available to Generators/CPPs, who seek supply for start up power for pre-commissioning or planned/forced outages.

This power shall also be available to generators/CPPs connected to CTU grid with proper accounting.

SXIII.2 Character of service:

Alternating Current, 50 cycles/second, Three Phase 11kV or higher voltage.

SXIII.3 Tariff

Energy Rate	MMC (₹)
614 paise/kVAh	Not Applicable

SXIII.4. Demand Surcharge

The Demand Surcharge for exceeding the Contract Demand shall be as applicable to Large Supply Industrial Consumers (General) as approved by the Commission.

SXIII.5. Terms and Conditions

SXIII.5.1 The Contract Demand for supply for start up power shall not exceed 15 % of the rated capacity of the unit with highest rating in the power plant.

SXIII.5.2 CPPs shall be governed by terms and conditions as specified in PSERC (Harnessing of Captive Power Generation) Regulations, 2009.

SXIII.5.3 The Condition for minimum monthly charges shall not be applicable to the generators.

SXIII.5.4 The generators shall be exempted from peak load hours restrictions and no PLEC shall be charged.

SXIII.5.5 The generator shall execute an agreement with the distribution licensee for meeting the requirement for start up power incorporating above terms and conditions.

Annexure-III

List of Objectors

Objection No.	Name & address of Objector
1	Executive Officer, Municipal Council, Bhawanigarh
2	Sh. Joginder Kumar, President, The Ludhiana Electroplates Association, E-312, Focal Point, Ludhiana.
3	Sh. Daljit Singh, Kiratpur Sahib
4	Sh. Joginder Kumar, President, The Ludhiana Electroplates Association, E-312, Focal Point, Ludhiana.
5	Mandi Gobindgarh Induction Furnace Association, Mandi Gobindgarh.
6	All India Steel Re-rollers Association, Mandi Gobindgarh.
7	Sh. Amar Singh, Managing Director, Phulsons Pumps Pvt Ltd., Rajpura.
8	Sh. Dalip Sharma, Director, PHD Chamber of Commerce and Industry, Chandigarh
9	Sh. M.P.S Rana, General Manager (Materials & HR), Punjab Alkalies & Chemicals Ltd. Chandigarh
10	Industrial consumers of Mandi Gobindgarh
11	Sh. Harinder Puri, Secretary, Steel Furnace Association of India (Punjab Chapter) C/o Upper India Steel Mfg. & Engg. Co. Ltd. Ludhiana
12	Cycle Trade Union, Ludhiana
13	Sh. H.S.Sandhu, General Manager (Works), Siel Chemical Complex (A Unit of Mawana Sugars Limited), Rajpura
14	Sh. Inderjit Singh Navyug, Senior Vice President, United Cycle & Parts Mfrs. Association, Ludhiana
15	Sh. V.K.Yadav, Chief Electrical Distribution Engineer, Northern Railway, New Delhi
16	Chief Engineer (O&M), Department of Local Government, Punjab.
17	Sh. Upkar Singh Ahuja, General Secretary, Chamber of Industrial & Commercial Undertakings, Ludhiana
18	HT Connection MS Supply Industry Consumers, Ludhiana
19	Sh. Avtar Singh,President,Chamber of Industrial & Commercial Undertakings, Ludhiana
20	Sh. R.L.Mahajan, President, Technocrats Forum, Ludhiana
21	Ms. Sehaj Preet Kaur, Ludhiana
22	Sh. Gurkirpal Singh, President, Mohali Industries Association, Mohali
23	Sh. Baidwan Nacchatar Singh, Mohali

Objection No.	Name & address of Objector
24	Steel Furnace Association of India, Ludhiana
25	Capt. S.S.Dhillon, IAS (Retd.), I.N.A. Rural Development Society, Mohali
26	Sh. Kuldip Singh Grewal, Advisor, Bharti Kisan Union Sidhupur
27	Sh. Kulwarn Singh Atwal,(Awardee-Innovative Farmer in Diversified Farming by PAU), Jalandhar
28	Sh. Vijay Talwar , Laghu Udyog Bharti, Jalandhar
29	Sh. Angad Singh, Col (Retd) Gen Secretary, Consumer Protection and Awareness, Mohali.
30	Executive Officer, Municipal Council, Bhawanigarh
31	Sh. Nikhil Kapoor, Energy Controller, Indus Towers Limited, Chandigarh
32	PSEB Engineers Association, Patiala
33	Er K.S.Gill, Er. in Chief (Retd.)/PSPCL, Jalandhar
34	Sh. Surinder Nath Karnail, General Manager (Works), Siel Chemical Complex (A Unit of Mawana Sugars Limited), Rajpura
35	Sh. Bhagwan Bansal, President, Punjab Cotton Factories & Ginner's Association, Muktsar
36	President, Punjab Cotton Ginning and Processing Factory Association, Muktsar
37	Sh. Gurmeet Singh Bhatia, Amritsar
38	Everest Power Private Limited, Gurgaon
39	Sh. A.J.Dhamija, Ex-Member (I) Forum, PSPCL, Patiala
40	Sh. Vijay Talwar, State Vice President, Laghu Udyog Bharti, Jalandhar
41	President, Steel Town Furnace Association, Mandi Gobindgarh
42	The Tarn Taran Rice Millers Association, Tarn Taran.
43	Er. Padamjit Singh, (Patron), PSEB Engineers Association, Patiala.
44	Govt. of Punjab (GoP)

Annexure-IV

Objection No. 1: Executive Officer, Municipal Council, Bhawanigarh

Issue: Street Light Tariff
To charge Domestic Tariff instead of Commercial Tariff for street light bills.
Reply of PSPCL
Schedule of Tariff for Domestic Supply provides the availability of electricity to residential premises for lights, fans, domestic pumping set etc. etc. So, as per request of the EO Municipal Council Bhawanigarh, Schedule of Tariff for Domestic Supply cannot be made applicable to Street Lighting supply which comes under a separate availability clause. Further, schedule of NRS tariff is not being levied to EO Municipal Council Bhawanigarh, as mentioned in his objection.
Apart from above, matter regarding the Determination of Tariff applicable/availability Clause to various categories of consumers comes under the purview of Hon'ble PSERC. Section-65 of Electricity Act-2003 provides that concessional tariff to any consumer or class of consumers, in the tariff determined by the State Commission under Section-62, can only be given if State Govt. compensates the licensee/corporation for the same by grant of subsidy in the manner prescribed by the State Commission.
View of the Commission
There is a separate Schedule of Tariff for Public Lighting Supply and the Commission determines the tariff of different categories as per its notified Regulations.

Objection No. 2: Shri Joginder Kumar, President, The Ludhiana Electroplates Association, Ludhiana.

Issue: Audited Accounts of PSPCL for FY 2011-12 & 2012-13
PSPCL has demanded a hike from 10-14% on account of financial loss incurred during FY 2011-12 and FY 2012-13 based on provisional accounts although it has earned profits of over ₹200 crore & ₹600 crore during FY 2011-12 & FY 2012-13, respectively. Hence, PSPCL should submit audited accounts for FY 2011-12 and FY 2012-13 and tariff should be determined after incorporating impact of profits earned during the above mentioned years.
Reply of PSPCL
The audited annual accounts for FY 2011-12 along with the ARR Petition for FY 2014-15 are available on its website. The audited accounts for FY 2011-12 show a book loss of ₹537 crore. After incorporating the impact of Return on Equity, the total revenue gap for FY 2011-12, as claimed in the ARR, works out to ₹1479.6 crore. Further, as the true up for FY 2011-12 has not been carried out, the PSPCL has to raise working capital loans from market at higher interest rates to meet this gap. The Hon'ble APTEL in its Judgment dated 18 October 2012 has also held that utility is justified in claiming carrying cost on its actual costs incurred as per the audited accounts.
Accordingly, PSPCL has estimated the carrying cost for FY 2011-12 in accordance with the provisions of Tariff Regulations 2005 amended in 2009 i.e. at the rate of interest of 13% per annum as per State Bank Advance Rate as on April 1, 2011 on the accumulated gap till the year and for half year for the revenue gap during the year which works out to ₹830.18 crore.
In view of above, PSPCL has not incurred any profits during FY 2011-12 and has made this claim in ARR for FY 2014-15 in accordance with the audited annual accounts for the year and the provisions of PSERC Tariff Regulations, 2005 and as amended from time to time and same be allowed to the petitioner.
With regards to the FY 2012-13, the annual accounts for the year are only provisional and the audit by the statutory auditor is still pending. Thus the actual financial position for FY 2012-13 is still not clear. Further, in absence of the audited accounts for the year, PSPCL has not submitted the petition for true up of ARR for FY 2012-13. However, it is submitted that in case there is any profit during FY 2012-13, the same shall be passed on to the consumers during the true up for FY 2012-13 in accordance with the provisions of Regulation 9 of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005.
For filing Income Tax Return (ITR) for the FY 2012-13 PSPCL has prepared the provisional accounts wherein a book profit of ₹297 crore (a copy of provisional accounts for the year are submitted along with the ARR for FY 2014-15 and are also available on the website of the PSPCL) as against over ₹600 crore as pointed out by the objector. Thus, when the account for the FY 2012-13 are finalized and audited, the same will be submitted to the commission for the True-up exercise and will also be available in public domain. The impact of profit/loss as per

PSERC Tariff Regulations, 2005 will be passed on to the consumers in the subsequent Tariff Orders.

View of the Commission

Commission determines the ARR as per its Regulations and revises tariff after prudent check of expenses/income.

Objection No. 3: Shri Daljit Singh, Kiratpur Sahib

Issue No. 1: No Revision in Tariff

There should be no revision in tariff and relief up to 50% reduction in power tariff should be provided to all consumers as has been extended by the Hon'ble Chief Minister of Delhi.

Reply of PSPCL

It is the requirement under the Indian Electricity Act 2003 that the State Electricity Regulatory Commission shall allow the annual revenue requirement for the year to the Distribution Licensee after exercising the prudence check. Thereafter statutory audit and CAG audit is required to be got carried out by the Distribution Licensee and the true up is to be carried out by State Electricity Regulatory Commission. All these instructions are being adhered to in the State of Punjab for the last 10 years.

It is the prerogative of the PSERC to decide the tariff to meet the appropriate revenue requirement which is being done by PSERC. Further, in case any reduction in tariff is to be done for any category then the equivalent revenue is required to be compensated so as to meet the approved revenue requirement of the State Distribution Licensee.

View of the Commission

Increase/decrease of tariff depends upon determination of ARR as per PSERC Regulations**.**

Issue No. 2: Energy Auditing

The energy audit should be carried to reduce line losses in the State.

Reply of PSPCL

With regards to the energy audit of the distribution system of PSPCL, energy audit for the town areas covered under R-APDRP up to DT level is already planned and the T&D losses of the State have been already projected to be reduced to the level of 16% which is appreciable keeping in view the national scene.

View of the Commission

Refer to Commission's Directive No. 8.3 of this Tariff Order.

Objection No. 4: Shri Joginder Kumar, President, The Ludhiana Electroplaters Association, Ludhiana

Issue No. 1: Unjustified Claim of PSPCL

Government of Punjab is claiming that the State would become a power surplus State by next year with new thermal power projects at Rajpura & Talwandi Sabo becoming operational and also the power would be available at cheaper rates; PSPCL is still demanding a tentative hike of 13% which is not justified at all.

Reply of PSPCL

Even though the State is expected to become power surplus from FY 2014-15, it depends primarily on growth in demand & availability of new stations such as Rajpura, Talwandi Sabo & Goindwal Sahib as per schedule.

In case of growth in demand, PSPCL has projected the expected demand in the State for FY 2014-15 as per the methodology adopted by Hon'ble Commission in its previous Tariff Orders. Further, owing to additional availability of power from upcoming stations, load shedding has been considered and accordingly higher demand has been projected. Availability on the other hand, has been projected on the basis of commissioning schedule of the upcoming stations. Thus, in case the availability and demand projections are in line, the State would have surplus power. However, in case there is delay in scheduling or demand exceeds expectation especially during the peak season, PSPCL has to resort to short term borrowings. At present, no projections have been considered for purchase of power from short term sources.

However, besides above, PSPCL also faces problem of power availability on long term basis from existing PPAs from thermal power plants of NTPC. In order to manage demand and maintain energy balance, the surplus energy during FY 2014-15 has been surrendered. Surrendering has been done as per the merit order of power purchase from existing thermal and gas plants. Merit order is based upon the variable rates assumed for FY 2014-15. After surrender of energy, only variable charges have been reduced and fixed / other charges are assumed same. This has increased the power purchase cost of the PSPCL.

Thus on basis of above, it is submitted that due to long term power planning in the State by PSPCL, there is situation of short-term huge power surplus, which has to be surrendered. Even though it is increasing power purchase costs in short term, the State will benefit in the long term. Accordingly, it is prayed to the Commission to allow the projected power purchase by PSPCL and also appreciate PSPCL in making efforts to make Punjab a power surplus state.

View of the Commission

The tariff of various categories is determined as per notified Regulations.

Issue No. 2:

The industry in Punjab has geographical disadvantage and the competitive edge has been eroded & the industry can't absorb the hike.

Reply of PSPCL

PSPCL is aware of the geographical disadvantage faced by the industries in Punjab. The industrial tariff in Punjab is lower than many states in India.

View of the Commission

Refer to Commission's views on issue no. 1 objection no. 4.

Issue No. 3: High cost of Power purchase

PSPCL purchases power at higher rates and same power is being sold to large houses at cheaper rates.

Reply of PSPCL

It is not correct to say that power purchase is done at higher rates and sold to large houses (industries) at cheaper rates. In fact, the energy is sold to industrial consumers at the rates as determined by the Hon'ble PSERC.

View of the Commission

Refer to Commission's views on issue No. 1 objection no. 4.

Issue No. 4: Load shedding

There should be no scheduled/ unscheduled power cuts during paddy season.

Reply of PSPCL

The ARR projections have been made after considering no load shedding during FY 2014-15 and PSPCL will make all out efforts to ensure that it is implemented.

View of the Commission

Commission agrees with the reply of the PSPCL.

Issue No. 5:

PSERC is manned by the retired & serving officials of PSPCL and a close scrutiny is requested on this matter by PSERC.

Reply of PSPCL

This issue pertains to functioning of PSERC and as such PSPCL has no comments.

View of the Commission

The issue does not relate to ARR for FY 2014-15.

Issue No. 6: New Recruitments

PSPCL should recruit lineman/ JE's so that complaints could be addressed & remove senior level officials.

Reply of PSPCL

The PSPCL has been in the past making efforts to reduce its employee cost and has also been managing the entire system with no additional recruitments, even while retirements were taking place. However, new recruitments are being done wherever absolutely necessary. Thus, it is requested to the Hon'ble Commission to allow actual expenditure incurred on employee costs as it is uncontrollable and only then such innovative ideas from consumers can be affected.

View of the Commission

The Commission has directed PSPCL to implement PwC report. Refer to Commission's Directive No 8.8 of this Tariff Order.

Objection No. 5: Mandi Gobindgarh Induction Furnace Association

Objection No. 6: All India Steel Re-rollers Association

Issue No. 1: Delayed Audited Reports

The delay in submitting audited reports by three years may be accepted against specific direction for future action.

Reply of PSPCL

The PSPCL is making all out efforts to submit the audited report without delays. However, due to delay in finalization of Financial Restructuring Plan for restructuring of erstwhile PSEB into PSPCL and PSTCL, there has been a back log of audit in the system. However every effort is being made to submit audit reports for future years on time.

View of the Commission

Commission has issued directive to PSPCL for timely submission of audited accounts so that true up exercise for the relevant years is carried out at the earliest.

Issue No. 2: Minimum Monthly Charges (MMC)

Minimum Monthly Charges (MMC) is charged to recover cost of maintenance & upkeep of the created infrastructure. Since tariff include all the expenditure made by PSPCL, so MMC should be withdrawn for industrial consumers.

Reply of PSPCL

Minimum Monthly Charges (MMC) is charged to partly recover the fixed charges incurred by the corporation in making electricity available at the door steps of the consumer round the clock. This principle was also upheld by the Hon'ble Supreme Court of India. Further, the rate of MMC is determined keeping in view the capacity of various consumer categories of consumers to pay. In case they are unable to consume power for certain reasons, as electricity consumption up to the level of monthly minimum charges is free to the consumers, it is in no way additional charge being charged from the consumer. However with the introduction of two part tariff, the MMC has been proposed to be discontinued, which shall be helpful to the industry.

The rate being charged through MMC is not high and the consumer is able to consume electricity equal to MMC with running of 3-4 hours of industry every day and is in no way it is a burden on the industry.

View of the Commission

The Commission agrees with the reply of PSPCL. Refer para 7.2 of this Tariff Order.

Issue No. 3: T& D Losses

The tariff may be established by accepting T&D losses as proposed in ARR.

Reply of PSPCL

The PSPCL requests the Hon'ble Commission to consider the T&D losses as proposed by it in ARR to meet satisfaction level.

View of the Commission

Refer para 2.3, 3.3, 5.3 & 6.2 of this Tariff Order.

Issue No. 4: AP consumption Projections

The projections of consumption given by the PSPCL based on previous year may be accepted as the standard approach.

Reply of PSPCL

The PSPCL notes that the objector finds the approach used for estimation of AP consumption as reasonable & satisfactory, and accordingly it is requested that the Hon'ble Commission approves the approach for projection of AP consumption as proposed in the ARR.

View of the Commission

Refer para 2.2.3, 3.2.3, 5.2.2 & 6.1.3 of this Tariff Order.

Issue No. 5: Installation of Energy Meters

Directive for energy meters installations may be enforced in time bound manner and installation of energy meters on 100% connected load may be achieved before 31 March 2015.

Reply of PSPCL

Due to practical difficulties and financial constraints it may not be possible to install energy meters at each AP set immediately and the existing system to record consumption of electricity from representative number of AP Sets shall continue for some more time.

View of the Commission
Refer Directive No. 8.5 of this Tariff Order. Also, 100% metering is the mandate of Act and disallowance of ₹5 crore has been made on account of non compliance of this directive. Also refer para 5.24.3 of this Tariff Order.

Issue No. 6: kVAh Tariff
The proposal for introduction of kVAh tariff may be allowed based on the input PF of the power supply at the meter and accordingly the conversion factor may be considered.
Reply of PSPCL
For introduction of kVAh tariff, proposal has been submitted to the Hon'ble PSERC and the conversion factor for kVAh tariff has been proposed on the average power factor of various categories of consumers. This practice has also been followed by various other electricity corporations and the system carries in built incentive to reduce the energy bill with improvement in power factor. The view expressed by the objector to adopt PF at the input end of the energy meter is not in order as the inductive load of the consumers needs to be governed and averaged out for levy of kVAh tariff judiciously.
View of the Commission
Refer para 7.1 of this Tariff Order.

Issue No. 7: Wheeling Cost
Directions may please be given to the PSPCL to clarify the quantum of wheeling cost and methodology to establish it.
Reply of PSPCL
For consumers getting supply from PSPCL system are not charged any wheeling cost as the tariff includes transmission and distribution expenses incurred by the corporation. Large consumers getting electricity from outside the system of PSPCL and from other outside sources are required to be charged wheeling charges as provided in the Electricity Act 2003. The ARR & Tariff proposal contains the details of working out the cost involved and tariff chargeable from exclusive consumers of PSPCL.
View of the Commission
Refer para 9.9 & 9.10 of this Tariff Order.

Issue No. 8: Power Cuts
Power supply priority may be given to the industrial consumers and power cuts may be eliminated.
Reply of PSPCL
The ARR projections have been made after considering no load shedding during FY 2014-15 and PSPCL will make all out efforts to ensure that it is implemented.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 9: Financial Restructuring of PSPCL
Financial health of PSPCL is deteriorating with Interest & Finance Charges increasing three fold since year 2007-08 and equity to loan ratio dropping from 0.99 to .071. The revenue gap is steadily increasing year after year. Directions may be given to the owner/ petitioner for financial restructuring before presenting the next ARR & Tariff revision petition.
Reply of PSPCL
PSPCL is making efforts to reduce its revenue deficit through efficiency improvements such as reduction in losses, long term power purchase planning to reduce dependence on short term power purchase, etc. However, due to accumulated past gaps from FY 2010-11, the revenue deficit of the corporation has been rising and will continue to rise if adequate compensation is not awarded to it through tariff hikes.
Hon'ble APTEL in its Order dated 1st November 2011 had highlighted the necessity of regular and adequate tariff hikes to meet the legitimate expenditure of the State owned utilities, failure to do so or unjustified disallowances would force the petitioner to raise more working capital loans from market at higher rate of interest. This would further increase the gap for the PSPCL in future as the interest burden would continue to increase.
Thus, it is requested that the Hon'ble Commission approves appropriate tariff hike in order to facilitate the financial restructuring of the corporation and help in liquidation of past gaps.

View of the Commission

Interest/finance charges and revenue gap are determined after prudent check of the expenses. Restructuring Plan has been put in place by GoP. Through directives, PSPCL has been advised to improve its performance, reduce costs and recover dues.

Issue No. 10: Carrying Cost of Revenue Gap

As per APTEL order dated 18.10.2012, carrying cost of gap is to be considered at the time of true up stage of ARR. The amount of carrying cost of the revenue gap may kindly be disallowed for establishing the tariff rates.

Reply of PSPCL

The Hon'ble APTEL in its judgment had upheld the contention of the corporation that it is justified in claiming carrying cost on its actual costs incurred as per the audited accounts.

Further, as per the Regulation 9 (4) of the PSERC Tariff Regulations 2005 and as amended from time to time, carrying cost is allowed as part of review/ true up of past revenue & expenses of the corporation. Accordingly, PSPCL has claimed carrying cost on revenue deficit on account of final true up of FY 2010-11 & FY 2011-12 and on account of review of FY 2013-14 and same be allowed while determining the tariff rates.

View of the Commission

Carrying Cost, if any, is allowed on the Revenue Gap determined by the Commission as per PSERC Regulations. Refer para 6.23 of this Tariff Order.

Issue No. 11: Interest on Loans

Any interest paid by the petitioner on loans taken against delay in subsidy payment by Government of Punjab should not be taken into account for tariff rates and suitable direction may be given to the petitioner to recover the due amount.

Reply of PSPCL

Interest on loans against delay in subsidy payment by Govt. of Punjab has been allowed by PSERC on grounds of this being out of control of the corporation and same be allowed in future.

View of the Commission

Interest is allowed as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 12: Judicious Tariff

Expenditure may be allowed after detailed justification and wheeling charges may be treated as the tariff income.

Reply of PSPCL

The projections for expenditure for FY 2013-14 is based on actual data for first half of the year and reasonable assumptions for second half of the financial year as provided in detail in the ARR Petition. Accordingly, it is prayed that the Hon'ble Commission takes cognizance of actual position of the Corporation and strength of basis provided for projections used for each component of ARR and accordingly approve the tariff for the corporation.

The wheeling charges is treated as non-tariff income and while determining the revenue gap is reduced from the projected expenditure, thus as such its impact is taken in full while determining the ARR/ revenue gap. Thus proposing to treat it as tariff income will have no change on the projections of ARR/ revenue gap submitted by the corporation.

View of the Commission

The Commission processes the ARR according to notified Regulations and determines the revenue gap after prudent check of the expenses. Wheeling charges are being treated as non tariff income as per Tariff Regulations notified by the Commission.

Issue No. 13: Tariff for LS category based on the Cost of Supply

Tariff for LS industrial consumers may be fixed according to cost of supply of ₹5.17 per unit.

Reply of PSPCL

The National Tariff Policy provides that the tariff for each category of consumers should be fixed within $\pm$ 20% of the average cost of supply of the corporation and it no where mentions the category-wise cost of supply. Same principle is followed by the Hon'ble Commission while determining the tariff rates for each category of consumers in the State. Accordingly, it is requested that the Commission determines the tariff rates in consideration of principles elaborated in NTP and to meet the revenue deficit of the corporation.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 14: Cross Subsidy

The Act provides reduction of cross subsidy to the level of ± 20% of the cost of supply. Cross-subsidy of all categories of consumers may be revised.

Reply of PSPCL

Hon'ble PSERC is already taking concrete steps to reduce the level of cross subsidization and the tariff rates are within ± 20% of the average cost of supply as also provided in the NTP. This principle may be followed for determining tariff rates for FY 2014-15 as well.

View of the Commission

PSERC Tariff Regulations are kept in view while finalizing the tariff. The tariff of all categories is now within ± 20% of average cost of supply. Refer para 9.3 of this Tariff Order.

Issue No. 15: Fuel Cost Adjustment

There is a need to rationalize the formula for fuel cost adjustment and that the petitioner may take steps to incorporate it in form of a chart for better understanding of the consumers.

Reply of PSPCL

The formula for fuel cost adjustment is as per the PSERC (Conduct of Business) Regulations and any amendment/ modification of the same is to be taken up by the Commission itself. Further, the burden of increase in fuel cost through levy of FCA charge is passed uniformly to all categories of consumers including agriculture sector and procedure is transparent.

View of the Commission

The Commission agrees with the reply of PSPCL.

Objection No. 7: Shri Amar Singh, Managing Director, Phulsons Pumps Pvt Ltd.

Issue: Commercial Connection with Industrial Connection

Provision of use of the small & medium industrial connection for trading activity in additional space may be allowed through a separate connection which is presently declined as per Regulation 167.2.

Reply of PSPCL

The objection raised by the objector does not relate to the determination of ARR & Tariff for FY 2014-15 and same can be taken up separately in accordance with existing provisions of supply.

View of the Commission

The issue has been separately dealt in revised General Conditions of Tariff & Schedules of Tariff. Refer Annexure-I and II, volume 2 of this Tariff Order.

Objection No. 8: Shri Dalip Sharma, Director, PHD Chamber of Commerce and Industry.

Issue No. 1: Carrying Costs of Gaps

The increasing gap indicates that PSPCL is incurring expenditure without consideration of extensive exercise taken up by PSERC for determining ARR. The cumulative revenue gap has increased by 275%. On the basis of cumulative gap for the FY 2010-11 to FY 2013-14 and projected gap for FY 2014-15, carrying cost of gap is not desirable and revenue gap has been rising over the period.

Reply of PSPCL

PSPCL has filed the ARR & Tariff Petition in accordance with The Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005, as amended from time to time. The revenue Gap & carrying cost is arrived at as per above regulations.

The major revenue gap has accumulated due to disallowance of employee costs, interest costs and other legitimate costs of PSPCL by the Hon'ble Commission in the past. In order to get some relief, the PSPCL submitted a Petition to Hon'ble APTEL for review of past Tariff Orders of the PSERC. The Hon'ble APTEL, in its judgment dated 18th Oct 2010, upheld several submissions made by the petitioner and directed the Hon'ble PSERC to provide relief to the Petitioner. The PSERC in its Review Order in January provided some relief to the petitioner and also undertook to pass on the impact of APTEL Judgement in the Tariff Order for FY 2014-15. However, several issues were still not allowed by the Hon'ble PSERC and being aggrieved by the Order, the petitioner has filed a separate appeal with Hon'ble APTEL, wherein the Order is awaited.

Thus, not providing appropriate revision in tariffs to meet the legitimate gaps of the PSPCL, has forced the petitioner to raise more working capital loans from market at higher rate of interest. This further increases the gap for PSPCL as the interest burden continues to increase.

In view of the above submission, it is requested that the Hon'ble Commission may kindly allow the expenditures incurred/projected by PSPCL and accordingly approve the recovery of revenue gap and carrying cost there on.

View of the Commission

The Commission allows carrying cost after prudent check as per PSERC Regulations. Refer 6.23 of this Tariff Order.

Issue No. 2: Cross Subsidy

The National Tariff Policy stipulates to bring the average tariff for all categories should be in the range of ± 20% of combined average cost of supply. Tariff of the subsidized class of consumers including agriculture sector and other subsidized domestic consumers be increased suitably to bring their tariff in the range of 20% of combined average cost of supply in the current tariff order.

Reply of PSPCL

Refer PSPCL reply on issue no. 14 of objection no. 5&6.

View of the Commission

Refer to view of the Commission on issue no. 14 of objection No. 5 & 6.

Issue No. 3: Capping of Subsidized AP Consumption

Power supplied to agriculture sector has been growing consistently at very high rate. Providing the power at the subsidized rate, which is far less than the actual cost of power (as high as ₹6/unit) will lead to serious financial crisis for the PSPCL and will ultimately seriously affect the interest of industrial consumers in the State, which are already reeling under recession. It is imperative to cap the maximum amount of power year wise & may be approved by the Commission that can be supplied to agriculture sector at subsidized rate inclusive of additional connections projected in a year.

Reply of PSPCL

In the current circumstances for un-metered AP consumers, it may not be possible to ascertain the level of consumption by each of consumer over and above the approved quantum. The proposed mechanism would be easier to implement for metered AP consumers. Moreover, the billing and collection infrastructure may require further enhancements as currently the entire collection against the agricultural consumption is recovered in the form of subsidy from the Government.

The projection of sale to various categories of consumers has been based on assumptions and is likely to vary from the actual consumption. Assumptions have been applied for sale projections of all categories of consumers and not particularly to the agricultural consumers only. Hon'ble Commission may consider the suggestions keeping into account the aforementioned issues and other ground realities.

View of the Commission

It does not appear practicable to limit the quantum of subsidized supply to agricultural pump sets to certain level and after which high rates would become applicable. This may be possible only if 100% AP consumers are metered and energy is charged as per metered consumption. This is not the case at present.

Issue No. 4: T&D Losses

Higher achievement in T&D losses as against the target set by the Commission is appreciable and the same shall go a long way in improving the functioning of the utility.

Reply of PSPCL

PSPCL has noted the appreciation of the objector and would strive to continue to improve its performance over time.

View of the Commission

Refer para 2.3, 3.3, 5.3 & 6.2 of this Tariff Order.

Issue No. 5: Expenses

Expenses have not been claimed in accordance with the Tariff Regulations and hence such expenses do not need to be revisited as no additional facts have been submitted by PSPCL. The objector has noted specifically as under:

(i) In case of employee cost, regulations provide for increase in WPI whereas PSPCL has claimed the same on actual basis.
(ii) Due to revision in equity amount and the higher rate of return on equity allowed by the Commission, there has been more than 200% increase in RoE; which will cause cyclic increase in ARR in subsequent years also.
(iii) Increase in short term borrowings has increased interest liability.

(iv) Prior period expenses should not be allowed by the Commission.

Reply of PSPCL

As per Regulation 9(2) of the PSERC (Terms and Conditions for determination of Tariff Regulations), 2005 and as amended from time to time, PSPCL is required to submit the details of the actual costs incurred by it in the last year for truing up purposes.

The expenses for FY 2010-11 & FY 2011-12 have been claimed as per audited annual accounts for the year:

(i) PSPCL has claimed employee cost as per actuals in accordance with the above stated principle.

(ii) The Hon'ble Commission has been referring to the CERC Tariff Regulations while approving many of the normative parameters. For the purpose of allowing returns to utilities, the CERC in its Tariff Regulations for the period 2009-14 has approved a base rate of 15.50% (pre-tax) to be grossed up with the tax rate applicable to the utility.

(iii) PSPCL is forced to take short term borrowings from market to meet its day-to-day expenses. It is prayed that the same is not under the control of the PSPCL and the Commission is requested to allow genuine costs incurred by the PSPCL so as to ensure minimal short term borrowing in the subsequent years.

(iv) Prior Period items are defined as those items which arise on account of correction of error in accounts of prior periods, shortages or excess provision made in previous years and thus PSPCL requests the Commission to allow actual prior period expenses for the year.

View of the Commission

i) As per PSERC Regulations, terminal benefits and BBMB expenses of employee cost have been allowed on actual basis and other employee cost is allowed as per the approved base expenses after allowing WPI increase thereon. Refer para 2.11, 3.11, 5.10 and 6.9 of this tariff order.

ii) RoE has been allowed as per PSERC, Regulations. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

iii) Expenses on short term loans / WCL have been allowed as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

iv) Prior Period expenses have been allowed after ascertaining their genuineness based on documentary proof and on the basis of Regulations. Refer para 2.20 and 3.19 of this Tariff Order.

Issue No. 6: Unjustified RE for 2013-14

PSPCL has upwardly revised its estimates for the year 2013-14 resulting in an overall increase in the ARR by ₹1103.69 crore as against the approved level. Since the reasons cited for increase in such expenses are not satisfactory, the same should not be allowed by the Commission.

Reply of PSPCL

The projections for expenditure for FY 2013-14 is based on actual data for first half of the year and reasonable assumptions for second half of the financial year as provided in detail in the ARR Petition. This is also in accordance with the PSERC Tariff Regulations, 2005 as amended from time to time and the methodology approved by the Hon'ble PSERC in the previous Tariff Orders. Accordingly, it is prayed that the Hon'ble Commission takes cognizance of actual position of the corporation and strength of basis provided for projections used for each component of ARR and accordingly approve the tariff for the corporation.

View of the Commission

Expenses under different heads are allowed after prudent check as per PSERC Regulations.

Issue No. 7: Maintenance Charges of RSD

Charges payable to GoP on power from RSD have increased substantially from ₹10.99 crore in FY 2010-11, ₹11.20 crore in FY 2011-12 to ₹31.44 crore projected for FY 2013-14 and PSPCL needs to provide justification for such increase. Further, as per practice adopted in previous years, these charges need to be clubbed under the head R&M expenses.

Reply of PSPCL

The charges payable to GoP on power from RSD are in accordance with the State Govt. policy and are claimed as per actual. As they are a form of statutory levy which has to be paid by PSPCL, the claims for FY 2010-11 & FY 2011-12 are as per the actual expenditure incurred under this head. The expenditure for FY 2013-14 has increased as charges due under this head for FY 2012-13 were paid out during first half of FY 2013-14 and same have been claimed together with amount due for FY 2013-14 itself. Also it can be seen that the claim under this head has been reduced for FY 2014-15. Further, any expenditure under this head will be clubbed with

R&M expenses at the time of finalization of accounts as has been practice for FY 2010-11 & FY 2011-12.

View of the Commission

The Commission approves these charges as per PSERC Regulations. Refer para 2.17, 3.17, 5.16 and 6.14 of this Tariff Order.

Issue No. 8: Provision for DSM Fund

Even though in the previous Tariff Orders, the Commission had disallowed levy of any DSM charge and it was decided that any actual expenditure incurred under this head would be allowed in the subsequent ARR by the Commission, the PSPCL has again requested to levy of DSM charge on consumers for FY 2013-14 and FY 2014-15 which should not be allowed.

Reply of PSPCL

As there is usually a time lag of 1-2 years in recovery of actual expenditure in the true up exercise, it is not possible for the petitioner to fund DSM activities without any increase in its ARR as it can be seen that at present PSPCL is reeling under huge revenue deficits. Thus to take up any initiative such as DSM, separate funds are required either through approval of high capital expenditure or through levy of separate DSM charge as proposed by PSPCL for FY 2013-14 and FY 2014-15.

Further, the preliminary activities such as preparation of DSM plan, implement demand side measures to manage demand efficiently, etc requires specific consultancy for planning and implementation of such measures from technical experts in this field. Further as this expenditure is to be incurred to provide benefits to end consumers to reduce their bills by managing demand effectively, it is correct to levy direct charge to them for recovery of any expenditure incurred on such account.

View of the Commission

Refer para 5.17 & 6.16 of this Tariff Order.

Issue No. 9: Donations by PSPCL

PSPCL has shown an expenditure of ₹25 crore under A&G expenses as donation to Cancer and Drug Addiction Treatment infrastructure Fund for FY 2013-14 and FY 2014-15. This expenditure is neither related to power sector nor exclusively for employees of PSPCL. Thus burdening consumers with such expenditure, when tariff is already high, is not justified. Accordingly, PSPCL should make such donations from its savings and not to burden the state consumers.

Reply of PSPCL

PSPCL Board in FY 2013-14 decided to donate annually to the Cancer & Drug Addiction Eradication fund of the Government of Punjab to make every person in the State of Punjab free from such ailments. This is in line with the notification of Government of Punjab dated 30/04/2013. The consumers should appreciate that PSPCL is undertaking this noble cause and it would also be for their benefit if the State of Punjab is free from such menace. Also, in comparison to the proposed ARR, the expenditure proposed under this head is only 0.001%. Accordingly, it is proposed that the above expenditure claimed under this head for FY 2013-14 and FY 2014-15 be allowed as it is for a social cause as impact of tariff is negligible.

View of the Commission

Commission is allowing A&G expenses as per PSERC (Terms & Conditions for Determination of Tariff) regulations 2005. A&G expenses claimed by PSPCL as donation made to Cancer & Drug Addiction Treatment Infrastructure Fund should be meted out of profit earned by PSPCL and not passed on to the consumers. According, donation for cancer fund is not being allowed over and above the A&G Expenses allowed on a normative basis in line with the Regulations. Refer para 5.12 and 6.11 of this Tariff Order.

Issue No. 10: High cost of Power Purchase

Power purchase cost (gross power) is very high at ₹4.77/unit against ₹3.67/unit approved by the Commission in its Tariff order for FY 2013-14 and the same may be looked into and only that part of the power purchase cost be allowed which is reasonable and justified.

Reply of PSPCL

The power purchase from central generating stations is done based on the rates determined by the CERC. In the last Tariff Order the Commission had approved the power purchase rate based on certain assumptions. However, the actual rates as approved by the CERC were higher as compared to the rates assumed by the Commission in the last Tariff Order. Hence the increase in average power purchase cost is not on account of PSPCL but on account of increase in the rates of all the sources of power for PSPCL (except own generation) which is not in the control of PSPCL.

Further, PSPCL also had to surrender power during FY 2013-14 (H2) and FY 2014-15 which has been done strictly based on principle of merit order as per details submitted in the ARR. Also, PSPCL has not entered into any new long-term PPA and power is drawn on basis of availability from long term PPA entered during the previous years only. Moreover, as directed by the Hon'ble Commission, the corporation has hired consultant to look at long term power purchase planning of the state of Punjab.

View of the Commission

Refer para 5.9 of this Tariff Order.

Issue No. 11: Interest on Short Term Loans

PSPCL has raised short term loans to meet the revenue shortfall arising out of non receipt/delay in receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. Interest on such loans should not be passed on to the consumers.

Reply of PSPCL

PSPCL had to take short term loans to replace re-called GoP loans and adjustment of subsidy towards RBI bonds issued under tripartite agreement between CPSUs, GoI & Govt. of Punjab. Further, in regard to interest on the bridge loan taken by PSPCL to fund the delay in subsidy payment by GoP, the Hon'ble Commission may direct GoP accordingly. PSPCL has to face cash deficit and has no alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow the interest on the above bridging loans.

View of the Commission

Interest on short term loans is allowed after prudent check and in line with PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 12: Capital Expenditure

As per the past trend, the projected capital expenditure plan submitted by PSPCL is on a higher side and the same needs to be realistically evaluated.

Reply of PSPCL

PSPCL has planned significant capital works on various schemes of Generation, Distribution and Transmission functions and the details of the same is provided in the Tariff Petition. The Capital Expenditure plan has been made on the basis of detailed analysis of requirements of system improvement and infrastructure expansion and it is prayed that the Hon'ble Commission approve the same and allow interest cost on the same so as to ensure power availability to all the consumers in the state and also efficiency improvements such as reduction in losses beyond targets are continued to be achieved.

View of the Commission

Capital Expenditure/ Capital Investment plan is approved after taking into account the actual expenditure during the past years/current year. The expenditure is allowed after prudent check in line with PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 13: Interest on working capital

Based on comparison of the interest on working capital claimed by PSPCL and that allowed by the Commission shows that interest costs claimed by PSPCL are much exaggerated. Accordingly any excess expenditure should be disallowed by the Commission.

Reply of PSPCL

The interest charges in the ARR are claimed on the basis of outstanding loans at the beginning of the year and considering the funds requirement to meet with the working capital requirements during the year and same methodology has been proposed for FY 2014-15 also.

View of the Commission

Interest charges on working capital loan are allowed after prudent check as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 14: High Employee Cost

Employee cost has been continuously increasing and PSPCL has not cited any new reasons for the same which were already detailed out in previous tariff petitions. Since these arguments of PSPCL were not accepted in the last Tariff Order, they should be rejected this year as well and the employee costs should be capped at the approved levels and should be increased to cover the increase in terminal benefits and WPI only. Further, proposal for levy of ₹914 crore towards progressive funding of terminal benefits should be examined in detail.

Reply of PSPCL

The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost in its ARR. PSPCL has been consistent in its efforts in curtailing the employee cost and appropriate yardstick with a time bound targets is essential to reduce such costs.

Further, disallowance of the same on the basis of normative parameter without considering its impact on the viability would result in deterioration of financial position of PSPCL. Further, expenditure on terminal benefits is a statutory requirement of PSPCL and has to be allowed as per actual. Similarly expenditure on funding of terminal benefits as per the Financial Restructuring Plan approved by the State Govt. on 24.12.2012 is also mandatory expenditure to be incurred by PSPCL and hence should be allowed as per actual. There is no increase in projected per unit employee cost for FY 2014-15 over previous year if impact of progressive funding is allowed separately. In view of the above, it is submitted that Hon'ble Commission consider the detailed justification of employee cost as provided in the Tariff Petition while allowing the employee cost as claimed.

View of the Commission

Employee cost pertaining to terminal benefits and BBMB expenses is allowed on actual basis and other employee cost is allowed by allowing WPI increase on the base expenses as per PSERC Regulations. Refer para 2.11, 3.11, 5.10 and 6.9 of this Tariff Order.

Issue No. 15: Return on Equity

The Commission approved RoE @ 15.5% on the revised equity as per the FRP approved by the GoP in Tariff Order for FY 2013-14, thereby increasing the ARR for FY 2014-15 also. RoE may only be allowed on amount of actual equity infused and suitable changes be made in the Tariff Regulations.

Reply of PSPCL

The RoE for FY 2014-15 has been claimed in accordance with the approved methodology by Hon'ble PSERC in the Tariff Order for FY 2013-14 and the FRP approved by GoP. Accordingly, the RoE be approved as claimed for FY 2014-15.

View of the Commission

RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 16: Cross Subsidy

As per National Tariff Policy, tariff should progressively reflect the cost of supply of electricity and tariff should be within $\pm$ 20% of the average cost of supply. Therefore, the tariff of the subsidized class of consumers including agriculture sector and selected domestic subsidized categories (who are receiving subsidy) should be increased in such a way so as to reach below 20% of combined average cost of supply in the current Tariff Order.

Reply of PSPCL

As given in the Tariff Policy, there has to be reduction in cross-subsidy but gradually, keeping the interest of utility in view. However as regards the element of cross subsidy, the same has come down progressively over the years.

Hence in light of the same it is requested that while determining the tariff in conjunction with the cross subsidy factor, the Hon'ble Commission has also to keep in view the interests of PSPCL.

View of the Commission

Refer to view of the Commission on issue no. 14 of objection No. 5 & 6.

Issue No. 17: Power Factor Surcharge/Incentive for Open Access Consumption

Out of the gain achieved from reduction in losses, some part of the gain may be passed on to the consumer by PSPCL by way of giving power factor incentive where monthly average power factor is more than 0.90 for general industry and 0.95 for Arc/ Induction furnaces. The incentive rate is 0.25% for increase of 0.01 power factor over the threshold limit of 0.90/0.95. This incentive in respect of power purchased through open access should also be passed on to the consumers. Further, the incentive rate of 0.25% is very less as compared to the gain of 1.00% increase in revenue of PSPCL for improvement of power factor by every step of 0.01. The minimum power factor thresh hold limit for PIUs should also be kept at 0.90.

Reply of PSPCL

In case a consumer is not able to maintain the requisite limit of power factor and he is also purchasing power from outside state under open access, the surcharge levied on the consumer is limited to the energy purchased from PSPCL and not on his entire consumption, as would be an obvious corollary of the proposition of the objector. Furthermore, claiming benefit of power factor incentive even for energy not purchased from PSPCL is like claiming benefits under power factor incentive mechanism even though a person is not a consumer of PSPCL. In a hypothetical scenario, if we accept the proposition of the objector, in case a consumer does not purchase any power from PSPCL but meets his entire requirement through open access and at the same time he maintains a power factor of 0.99 he will become entitled to incentive from PSPCL although he has not purchased even a single unit from PSPCL. This would not be justified. Accordingly it is prayed that the Hon'ble Commission should not accept the proposal of the objector.

View of the Commission

The Commission agrees with the reply of PSPCL. Also refer to para 7.1 of this Tariff Order.

Issue No. 18: Determination of wheeling charges

The wheeling charges for open access consumers are being determined by the Commission in the Tariff Orders based on total ARR of distribution and transmission function and energy handled by that function. The same is in contravention to the provisions of the Act, PSERC determination of Tariff Regulations & open access regulations which mandate determination of transmission, wheeling and retail supply charges separately. While open access charges fixed by the Commission fully cover the ARR of Distribution function, additionally ₹2000 per day are also being paid by the open access consumers which are for scheduling, meter reading and other operating charges of the Licensee and therefore the open access consumers are being made to pay the Retail Supply costs of the Licensee twice. It has been requested that the anomaly needs to be set right in the Tariff Order for 2014-15 and either the wheeling charges should cover only the wire business costs of the Licensee or daily scheduling charges be waived off.

Reply of PSPCL/PSTCL

1 Wheeling Charges or Distribution charges are paid to distribution licensee for the use of distribution system and associate facilities for the conveyance of electricity from third party by the Open Access customers.
2. Transmission Charges or STU charges are paid to transmission licensee for the use of transmission system and associate facilities for the conveyance of Electricity from third party by the open access customers.
3. SLDC charges include scheduling of power from third party, system operation, energy accounting and collection and disbursement of charges. These charges are being paid by open access customers as per Reg. 24.2 (c) of PSERC (Terms & conditions of Intra-state open access) Regulations, 2011, according to which ₹2000/- are to be charged as SLDC operating charges from open assess customers for day or part of day or as determined by commission from time to time. Thus SLDC charges are not part of wheeling and Transmission charges.

View of the Commission

The various charges payable by Open Access consumers are determined by the Commission as per the Open Access Regulations notified by the Commission.

Objection No. 9: Shri M.P.S. Rana, General Manager (Materials & HR), Punjab Alkalies & Chemicals Ltd.

Issue No. 1: Detailed Comments on True up of FY 2010-11 & FY 2011-12

Expenses have not been claimed in accordance with the Tariff Regulations and hence such expenses do not need to be revisited as no additional facts have been submitted by PSPCL. The objector has noted specifically as under:

(i) In case of employee cost, Regulations provide for increase in employee cost with WPI whereas PSPCL has claimed the same on actual basis.
(ii) Due to revision in equity amount and the higher rate of return on equity allowed by the Commission, there has been more than 200% increase in RoE; which will cause cyclic increase in ARR in subsequent years also.
(iii) Increase in short term borrowing has increased interest liability.
(iv) Prior period expenses should not be allowed by the Commission.
(v) PSPCL has actually made profit by incurring expenditure less than the approved figures, it wants to retain the same in the name of efficient functioning but where it has incurred more expenditure and put the utility into losses, it wants PSERC to accept the actual and pass it on to the consumer. Further, in many cases reference to decision of APTEL has also been made. The industrial tariff is already high and it cannot take further burden of tariff hike.

Reply of PSPCL

(i)-(iv) Refer to PSPCL reply against (i) to (iv) on issue no. 5 of objection no. 8.

(v) The ARR for FY 2010-11 and FY 2011-12 has been submitted on the basis of actual expenses & revenue incurred during the said years as per the audited accounts for the year and the PSERC Tariff Regulations 2005 as amended from time to time. Thus there is no question of following different approach by the Corporation. Further, reference to decision made by Hon'ble APTEL has been made wherein the claims made by the Corporation have been upheld by the Hon'ble APTEL and legitimate expenditure has to be recovered.

View of the Commission

(i)-(iv) Refer to view of the Commission on issue no. 5 of objection no. 8.

(v) Expenses are allowed after prudent check as per PSERC Regulations.

Issue No. 2: Unjustified RE for FY 2013-14

PSPCL has upwardly revised its estimates for the year 2013-14 resulting in an overall increase in the ARR by ₹1103.69 crore as against the approved level. Since the reasons cited for increase in such expenses are not satisfactory, the same should not be allowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 6 of objection no. 8.

View of the Commission

Expenses under different heads are allowed after prudent check as per PSERC Regulations.

Issue No. 3: Increasing Revenue Gap

As per the ARR and cumulative gap for the FY 2010-11 to FY 2013-14 and projected gap for FY 2014-15, carrying cost of gap is not desirable and that the revenue gap has been rising over the period. The expenditure already denied in previous Tariff Orders has been included in the ARR.

Reply of PSPCL

Refer to PSPCL reply on issue no. 1 of objection no. 8.

View of the Commission

Gap is determined by the Commission after allowing expenses and carrying cost thereon is allowed as per PSERC Regulations. Refer para 6.23 of this Tariff Order.

Issue No. 4: Cross Subsidy

National Tariff Policy stipulates to bring the average tariff for all categories in the range of ±20% of combined average cost of supply. The tariff of the subsidized class of consumers including agriculture sector and other subsidized domestic consumers be increased suitably to bring their tariff in the range of ± 20% of combined average cost of supply in the current Tariff Order.

Reply of PSPCL

Refer to PSPCL reply on issue no. 14 of objection no. 5 & 6.

View of the Commission

Refer to view of the Commission on issue no. 14 of objection No. 5 & 6.

Issue No. 5: Inflated Figures by PSPCL

PSPCL tends to inflate the figures of ARR to get higher tariff initially to cover up its continuing losses which need to be looked into by the Commission thoroughly otherwise the industry in Punjab will have to close down their factories due to cross subsidization & tariff hike.

Reply of PSPCL

PSPCL has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.

View of the Commission

The Commission allows expenses after prudent check and in line with PSERC Regulations.

Issue No. 6: Delay in Subsidies by the Govt.

PSPCL to meet paddy and peak cooling load in the months of June-Oct has to incur expenses on power purchase from short term sources, the payment for which is released on weekly/monthly basis. However the amount of agriculture and other subsidy is provided by GoP in 12 equated monthly installments. This puts additional burden on PSPCL who has to raise heavy working capital to liquidate power purchase payments immediately to cover the gap. Thus, the

Commission may direct GoP to release subsidy amount commensurate with the consumption cycle of PSPCL.

Reply of PSPCL

The Hon'ble Commission may consider the suggestion and decide appropriately.

View of the Commission

Subsidy is recovered in advance monthly installments. In case of delay in payment of subsidy, interest is charged. Refer para 2.19 & 5.19 of this Tariff Order.

Issue No. 7: DSM project on AP Tubewells

PSPCL has not reported any physical progress about the pilot project said to have been undertaken to improve efficiency of tube wells by replacing the existing inefficient pump sets with efficient pump sets. AP consumption can be reduced by increasing the efficiency of tube wells and thus making corresponding additional energy available for other consumers which will result in extra revenue to the PSPCL.

Reply of PSPCL

PSPCL has been making repeated efforts for introducing DSM in agriculture consumption. However, despite repeated extensions and modifications no response was received on NIT issued by the corporation for pilot projects. Thus, it has been decided to select new feeders so that the results of pilot project can be extrapolated for the whole state of Punjab. Proposal for DPR preparation for 11 kV Roargarh and Panjola feeders of Chaurwala Sub Division, Sirhind Division has been submitted to CE/ TA&I for consideration and approval. Now EEL has again shown interest in taking up the pilots in ESCO mode. Further course of action will be taken as per directions of the management and intimated to the Commission accordingly.

View of the Commission

Refer to Commission's directive no. 8.4 of this Tariff Order.

Issue No. 8: Tariff based on Cost of Supply

As per National tariff policy, tariff should progressively reflect the cost of supply of electricity and tariff should be within $\pm$ 20% of the average cost of supply. Therefore, the tariff of the subsidized class of consumers including agriculture sector and selected domestic subsidized categories (who are receiving subsidy) should be increased in such a way so as to reach below 20% of combined average cost of supply in the current Tariff Order.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

Refer to Commission's view on issue no. 14 of objection no. 5 & 6.

Issue No. 9: Capping of Subsidized AP Consumption

Power supplied to agriculture sector has been growing consistently at very high rate. It is imperative to cap the maximum amount of power year wise & may approved by the Commission that can be supplied to agriculture sector at subsidized rate and once the consumers in these categories exceed their consumption limit specified in the order, they should be charged at normal tariff rate and not at subsidized rate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 3 of objection no. 8.

View of the Commission

Refer to Commission's view on issue no. 3 of objection no. 8

Issue No. 10: Interest on disallowed Expenditures

PSPCL has raised short term loans to meet the revenue shortfall arising out of non-receipt/delay in receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. It is submitted that interest on such loans should not be passed on to the consumers.

Reply of PSPCL

PSPCL had to take short term loans to replace re-called GoP loans and adjustment of subsidy towards RBI bonds issued under tripartite agreement between CPSUs, GOI & Govt. of Punjab. Further, in regard to interest on the bridge loan taken by PSPCL to fund the delay in subsidy payment by GoP, the Hon'ble Commission may direct GoP accordingly.

PSPCL has to face cash deficit and has no alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow the interest on the above bridging loans.

View of the Commission

Interest on Short Term & Working Capital Loan is allowed on normative basis as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 11: Capital Expenditure

The projected capital expenditure plan submitted by PSPCL is on a higher side and the same needs to be realistically evaluated.

Reply of PSPCL

Refer to PSPCL reply on issue no. 12 of objection no. 8.

View of the Commission

Capital expenditure/investment plan is approved keeping in view actual expenditure in the previous years /current year. The expenditure is allowed after prudent check in line with PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 12: Interest on Working Capital

Based on the comparison of the interest on working capital claimed by PSPCL and that allowed by the Commission the interest costs claimed by PSPCL are much exaggerated. Accordingly any excess expenditure should be disallowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 13 of objection no. 8.

View of the Commission

Interest costs on only approved loans are allowed by the Commission.

Issue No. 13: Employee Cost

Employee cost has been continuously increasing and PSPCL has not cited any new reasons for the same which were already detailed out in previous tariff petitions. Since these arguments of PSPCL were not accepted in the last Tariff Order, they should be rejected this year as well and the employee costs should be capped at the approved levels and should be increased to cover the increase in terminal benefits and WPI only. Further, proposal for levy of ₹914 Cr towards progressive funding of terminal benefits should be examined in detail.

Reply of PSPCL

Refer to PSPCL reply on issue no. 14 of objection no. 8.

View of the Commission

Employee Cost is allowed as per PSERC Regulations. Refer para 2.11, 3.11, 5.10 and 6.9 of this Tariff Order.

Issue No. 14: Power Purchase Cost

Power purchase cost (gross power) is very high at ₹4.77/unit against ₹3.67/unit approved by the Commission in its Tariff Order for FY 2013-14 and the same maybe looked into and only that part of the power purchase cost be allowed which is reasonable and justified. The objector has further submitted that major increase in power purchase costs is due to surrendering of surplus power for which PSPCL has to incur fixed costs. Moreover even after timely direction by PSERC, no action has been taken by PSPCL so far.

Reply of PSPCL

Refer to PSPCL reply on issue no.10 of objection no. 8.

View of the Commission

Refer to Commission's view on issue no. 10 of objection no. 8

Issue No. 15: T&D Losses

PSPCL has failed to reduce its T&D loss to desired level and regulations are required to be made to ensure compliance of the norms fixed by the Commission. Inefficiency of PSPCL in controlling theft, pilferages etc. should not be loaded on to honest consumers.

Reply of PSPCL

PSPCL has been consistently working towards curtailing theft, pilferages etc. and accordingly have been able to achieve substantial reduction in T&D losses from above 25% in previous years to 16.4% in FY 2013-14. Further, as the Hon'ble Commission is aware the loss reduction targets for losses less than 16% require huge capital investment, thus the losses are projected to reach 16% during FY 2014-15. The Commission should view the past record of the corporation; the efficiency improvements actually made and accordingly approve the T&D loss targets.

View of the Commission

Refer to Commission's view on issue no. 4 of objection no. 8

Issue No. 16: kVAh Tariff

Implementation of kVAh tariff shall resolve lot of complications related with the tariff and need to be implemented at the earliest.

Reply of PSPCL

The proposal for implementation of kVAh tariffs has already been submitted to the Hon'ble Commission which may be decided appropriately.

View of the Commission

Refer para 7.1 of this Tariff Order.

Issue No. 17: Peak Load Exemption Charges

Peak load exemption charges are exorbitant. Further there is no justification in levying PLEC during winter months when demand falls and the Commission may review the desirability to impose Peak load exemption charges.

Reply of PSPCL

The restrictions on power supply during peak hours are necessary to operate the system within permissible parameters and to avoid cascade trippings. Providing any exemption/relaxation to normal rules/guidelines/rates to be followed by is the prerogative of the Commission. It is requested that the Hon'ble Commission may kindly consider the ground realities and constraints faced by PSPCL before deciding on the issue.

View of the Commission

Refer para 7.3 of this Tariff Order.

Issue No. 18: Tariff on Cost of Supply

The practice of determining the tariffs based on average cost of supply leads to cross subsidization of other categories of consumers mainly by industrial and commercial consumers. Tariff should be based on category wise and voltage wise cost of supply instead. Cost of supply of power to high voltage supplier is far lower than cost of supply to low voltage consumers. It will be most appropriate to create a separate category of 66 kV industrial consumers and fix tariff as per cost of supply instead of allowing rebate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

PSERC Tariff Regulations are kept in view while finalizing the tariff. The tariff of all categories is now within $\pm$ 20% of average cost of supply. Also refer to para 9.3.5 of this Tariff Order.

Issue No. 19: Power Factor Incentive

Out of the gain achieved from reduction in losses, some part of the gain is passed on to the consumer by PSPCL by way of giving power factor incentive where monthly average power factor is more than 0.90 for general industry and 0.95 for Arc/ Induction furnaces. The incentive rate is 0.25% for increase of 0.01 power factor over the threshold limit of 0.90/0.95. This incentive in respect of power purchased through open access should also be passed on to the consumers. Further, the incentive rate of 0.25% is very less as compared to the gain of 1.00% increase in revenue of PSPCL for improvement of power factor by every step of 0.01. The minimum power factor thresh hold limit for PIUs should also be kept at 0.90.

Reply of PSPCL

Refer to PSPCL reply on issue no. 17 of objection no. 8.

View of the Commission

Refer Commission's view in issue No. 17 of objection no. 8

Issue No. 20: Return on Equity

The Commission approved RoE @ 15.5% on the revised equity as per the FRP approved by the GoP in Tariff Order for FY 2013-14, thereby increasing the ARR for FY 2014-15 also. It is submitted that the RoE be only allowed on amount of actual equity infused and suitable changes be made in the Tariff Regulations.

Reply of PSPCL

Refer to PSPCL reply on issue no. 15 of objection no. 8.

View of the Commission

RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 21: RSD Maintenance Charges

Charges payable to GoP on power from RSD have increased substantially from ₹10.99 crore in FY 2010-11, ₹11.20 crore in FY 2011-12 to ₹31.44 crore projected for FY 2013-14 and the petitioner needs to provide justification for such increase. Further, as per practice adopted in previous years, these charges need to be clubbed under the head R&M expenses.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 8.

View of the Commission

The Commission approves these charges in line with PSERC Regulations. Refer para 2.17, 3.17, 5.16 and 6.14 of this Tariff Order.

Issue No. 22: DSM Charges

Even though in the previous Tariff Order, the Commission had disallowed levy of any DSM charge and it was decided that any actual expenditure incurred under this head would be allowed in the subsequent ARR by the Commission, the PSPCL has again requested to levy of DSM charge on consumers for FY 2013-14 and FY 2014-15, which should not be allowed.

Reply of PSPCL

Refer to PSPCL reply on issue no. 8 of objection no. 8.

View of the Commission

Refer para no. 5.17 & 6.16 of this Tariff Order.

Issue No. 23: Donations by PSPCL

PSPCL has shown an expenditure of ₹25 crore under A&G expenses as donation to Cancer and Drug Addiction Treatment Infrastructure Fund for FY 2013-14 and FY 2014-15. This expenditure is neither related to power sector nor exclusively for employees of PSPCL. Thus burdening consumers with such expenditure, when tariffs are already high, is not justified. Accordingly, PSPCL should make such donations from its savings and not burden the state consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 9 of objection no. 8.

View of the Commission

Refer to view of the Commission on issue no. 9 of objection no. 8.

Issue No. 24: Open Access

Open Access power is viable and very important for LS industrial consumers. PSPCL need to review its working and attitude towards LS consumers who have to compete with industries from neighbouring states where rate of power are less than PSPCL rates and other incentives are also available.

Reply of PSPCL

Due to Open Access, the Industry consumption is reduced which affects the revenue and distribution losses of PSPCL adversely. Open access has been allowed by the Hon'ble Commission in view of the requirement of the industry. While PSPCL accepts the same but reiterates that Cross Subsidy Surcharge is required to compensate the utility as required under Section 42 (2) of EA 2003, to meet the current level of cross subsidy in the system.

View of the Commission

Refer to view of the Commission on issue no. 18 of Objection No. 8.

Objection No. 10: Industrial consumers of Mandi Gobindgarh

Issue No. 1: Return on Equity

Return on equity be allowed only on the actual capital infused by the Government of Punjab i.e. ₹2946.11 crore instead of ₹6081.43 crore (As per the GoP notification dated 16.04.2012 comprising of consumer contribution, grant and subsidies). Hence previously allowed higher RoE for FY 2012-13 & FY 2013-14 should be taken back while undertaking true up exercise and return on equity for FY 2010-11, FY 2011-12 & FY 2014-15 be allowed only on the equity exclusive of consumer contribution, Grants & Subsidies.

Reply of PSPCL

The return on equity computed by PSPCL is in line with the methodology as adopted by Hon'ble Commission in the previous Tariff Order. Besides above, we would also like to clarify that for computation of return on equity, the paid up equity will also include investment of internal resources created out of reserves & surpluses as per Regulation 25 of PSERC Tariff Regulations 2005 and as amended from time to time. Accordingly, consideration of reserve, as created because of FRP of the erstwhile PSEB, for computation of amount of equity is in line with the

PSERC Regulations as well as the methodology approved by the Commission in its previous Tariff Order.

View of the Commission

RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 2: Increasing Revenue Gap

As per ARR & cumulative gap from FY 2010-11 to FY 2013-14 along with the projected gap for FY 2014-15, the carrying cost of revenue gap is not desirable and that revenue gap has been rising exponentially over the period owing to higher expenditure being incurred by PSPCL. The higher expenditure of PSPCL is met by the interest bearing working capital loan from various sources which further increases the interest cost of PSPCL and thus the revenue gap.

The expenditures already denied by the Hon'ble Commission should not be included in the ARR. Also PSPCL is not adhering to the regulations as well as the orders of the APTEL.

Reply of PSPCL

Refer to PSPCL reply on issue no. 1 of objection no. 8.

View of the Commission

Revenue Gap is determined by the Commission keeping in view the expenses and income approved by the Commission.

Issue No. 3: Cross Subsidy

National Tariff Policy stipulates to keep the average realization per unit from each category to the 20% (plus or minus) of' combined average cost of supply. Therefore, the tariff of the subsidized class of consumers including agriculture sector and other subsidized domestic consumers may be increased suitably to keep their tariff in the range of 20% of combined average cost of supply in the Tariff Order to be issued for 2014-15.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 14 of objection no. 5 & 6.

Issue No. 4: Capping of Subsidized AP Consumption

Power supplied to agriculture sector has been growing consistently at a very high rate. Providing the power at the subsidized rate, which is far less than the actual cost of power (as high as ₹6/unit) will lead to serious financial crisis for the PSPCL and will adversely impact the interest of industrial consumers in the State, which are already reeling under recession. It is imperative to cap the maximum amount of power year wise & may be approved by the commission that can be supplied to agriculture sector at subsidized rate inclusive of additional connections projected in a year.

Reply of PSPCL

Refer to PSPCL reply on issue no. 3 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 3 of objection no. 8

Issue No. 5: High Tariff Rates

ARR for FY 2014-15 would lead to exorbitant increase in the tariff. PSPCL tends to inflate the figures of ARR to get higher tariff initially to cover up its continuing losses which need to be looked into by the Commission thoroughly otherwise the industry in Punjab will have to close down their factories due to cross subsidization & tariff hike.

Reply of PSPCL

PSPCL has not inflated any component of ARR as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.

View of the Commission

The Commission processes the ARR according to notified Regulations & allows expenses based on prudent check.

Issue No. 6: Delayed Payments of Subsidies by GoP

In order to meet paddy and peak load in months of June-Oct, PSPCL has to incur expenses on power purchase from short term sources, the payment for which is released on weekly/monthly basis. However the amount of agriculture and other subsidy is provided by GoP in 12 equated monthly installments. This puts additional burden on PSPCL who has to raise heavy working capital to liquidate power purchase payments immediately to cover the gap. Thus, the Commission may direct GoP to release subsidy amount commensurate with the consumption cycle of PSPCL.

Reply of PSPCL

PSPCL requests the Hon'ble Commission to consider the suggestion of the objector and decide appropriately.

View of the Commission

Subsidy is to be released by GoP in advance monthly installments. In case of delay in payment of subsidy, interest is charged for the period of delay. Refer para 2.19 and 5.19 of this Tariff Order.

Issue No. 7: Comments on True up of FY 2010-11 & FY 2011-12

Expenses have not been claimed in accordance with the Tariff Regulations and hence such expenses do not need to be revisited as no additional facts have been submitted by PSPCL. The objector has noted specifically as under:

(i) In case of employee cost, regulations provide for increase in WPI whereas PSPCL has claimed the same on actual basis.
(ii) Due to revision in equity amount and the higher rate of return on equity allowed by the Commission, there has been more than 200% increase in RoE; which will cause cyclic increase in ARR in subsequent years also.
(iii) PSPCL has reiterated its inability to fund unapproved expenses forcing short term loans causing higher interest cost.
(iv) Prior period expenses should not be allowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 5 of objection no. 8.

View of the Commission

Expenses are allowed as per PSERC Regulations after prudent check. Refer view of the Commission on issue no. 5 of objection No. 8.

Issue No. 8: Unjustified RE for 2013-14

PSPCL has upwardly revised its estimates for the year 2013-14 resulting in an overall increase in the ARR by ₹1103.69 crore as against the approved level. Since the reasons cited for increase in such expenses are not satisfactory, the same should not be allowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 6 of objection no. 8.

View of the Commission

All expenses are allowed after prudent check and in line with PSERC Regulations.

Issue No. 9: RSD Maintenance Charges

Charges payable to GoP on power from RSD have increased substantially from ₹10.99 crore in FY 2010-11, ₹11.20 crore in FY 2011-12 to ₹31.44 crore projected for FY 2013-14 and the petitioner needs to provide justification for such increase. Further, as per practice adopted in previous years, these charges need to be clubbed under the head R&M expenses.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 8.

View of the Commission

The Commission approves these charges as per PSERC Regulations. Refer para 2.17, 3.17, 5.16 and 6.14 of this Tariff Order.

Issue No. 10: Cross Subsidy & T&D Losses

Electricity Act, 2003 & National Tariff Policy requires the cross subsidy to be reduced and eliminated over a period of time. Further following specific points have been raised:

i. Cross subsidy loaded on HT consumer is increasing.
ii. Cross subsidy to AP consumers and domestic category requires to be reduced.
iii. There should be limit on agricultural consumption which is provided at subsidised rate and additional power should be provided at normal tariff.
iv. T&D losses for high voltage consumer is low but are burdened with average T&D losses.

Reply of PSPCL

(i+ii+iii) As explained earlier in issue No. 3, Hon'ble Commission is taking steps to reduce the level of cross subsidization and in domestic sector the cross subsidy has been reduced from ₹605.20 crore to ₹491.50 crore as given in the table 6.4 page 133 of Tariff Order for the year 2013-14. The subsidy in Agriculture sector has increased due to increase in consumption. This issue shall also be considered to reduce the level of cross subsidy in Agriculture sector while revising tariff for the year 2014-15. PSPCL is unable to cap the consumption of Domestic and Agriculture Sector for limiting subsidy chargeable from other consumers. Lower strata of society in the domestic sector need to be supplied cheaper electricity and this will also help thousands of industrial workers falling in this sector. For Agriculture Sector, supply is given for 8 hours daily due to technical constraints and capping on its consumption shall not be desirable. With power purchasing from IPP projects coming up in the State during the year 2014-15 and 2015-16, the combined cost of power is likely to get reduced which is expected to lower the tariff of various categories including industrial sector. The energy consumed by Agricultural consumers is free and un-metered as per policy of the State Govt. State Govt. is effectively pursuing the project of crop diversification and persuading the farmers to reduce paddy cultivation and switch over to other crops/requiring lesser irrigation supplies (like maize, cotton and vegetables) so as to maintain the underground water table and progress of this program shall reduce the cross subsidy to an appreciable level as well.

(iv) It is not correct to say that high T&D losses are burdening the industrial consumers. Hon'ble Commission has also allowed a rebate of 25 P/U for consumers getting supply at 220/132 kV, 20 P/U for 66/33 kV and 15 P/U for 11kV consumers as per Tariff Order of 2013-14 keeping in view lesser amount of losses attributable to EHV/HV consumers. The level of cross subsidy shall also be getting reduced in the year to come as per objective analysis of tariff revision proposals by Hon'ble Commission keeping in view the directives contained in the Electricity Act 2003. However its elimination may not be possible in the near future due to socio-economic set up of our country. Industry knowingly that its tariff is comparatively lower than the Northern States like Haryana, Rajasthan & UP should not raise serious concerns of cross subsidy being borne at present.

View of the Commission

(i+ii+iii) Refer Commission's view on issue no. 14 of objection no. 5 & 6. Also refer to view of the Commission on issue no. 3 of objection no. 8.

(iv) The Commission agrees with the reply of PSPCL.

Issue No. 11: Capping of Subsidized AP Consumption

Power supplied to agriculture sector has been growing consistently at very high rate. It is imperative to cap the maximum amount of power year wise & may be approved by the Commission that can be supplied to agriculture sector at subsidized rate and once the consumers in these categories exceed their consumption limit specified in the order, they should be charged at normal tariff rate and not at subsidized rate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 3 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 3 of objection no. 8.

Issue No. 12: Interest on Short Term Loans

PSPCL has raised short term loans to meet the revenue shortfall arising out of non-receipt/delay in receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. It is submitted that interest on such loans should not be passed on to the consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 11 of objection no. 8.

View of the Commission

Short Term & Working Capital Loans are approved on normative basis as per Regulations. Refer para 5.14.15 of this Tariff Order.

Issue No. 13: Capital Expenditure Plan

The projected capital expenditure plan submitted by PSPCL is on a higher side and the same needs to be realistically evaluated as it unnecessary inflates the interest charges which are eventually recovered from the consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 12 of objection no. 8.

View of the Commission

Capital expenditure/investment plan is approved after prudent check, based on expenditure incurred in previous years/ current year.

Issue No. 14: Interest on Working Capital

Based on the comparison of the interest on working capital claimed by PSPCL and that allowed by the Commission, interest costs claimed by PSPCL are much exaggerated. Accordingly any excess expenditure should be disallowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 13 of objection no. 8.

View of the Commission

Interest charges are approved after prudent check based on loans approved by the Commission.

Issue No. 15: Employee Cost

Employee cost has been continuously increasing and PSPCL has not cited any new reasons for the same which were already detailed out in previous tariff petitions. Since these arguments of PSPCL were not accepted in the last Tariff Order, they should be rejected this year as well and the employee costs should be capped at the approved levels and should be increased to cover the increase in terminal benefits and WPI only. Further, proposal for levy of ₹914 crore towards progressive funding of terminal benefits should be examined in detail.

Reply of PSPCL

Refer to PSPCL reply on issue no. 14 of objection no. 8.

View of the Commission

Employee Cost is allowed as per PSERC Regulations. Refer para 2.11, 3.11, 5.10 and 6.9 of this Tariff Order.

Issue No. 16: Power Purchase Cost

Power purchase cost (gross power) is very high at ₹4.77/unit against ₹3.67/unit approved by the Commission in its Tariff Order for FY 2013-14 and the same may be looked into and only that part of the power purchase cost be allowed which is reasonable and justified. Major increase in power purchase costs is due to surrendering of surplus power for which PSPCL has to incur fixed costs. Moreover even after timely direction by PSERC, no action has been taken by PSPCL so far.

Reply of PSPCL

Refer to PSPCL reply on issue no. 10 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 10 of objection no. 8

Issue No. 17: T&D Losses

PSPCL has failed to reduce its T&D losses to desired level and regulations are required to be made to ensure compliance of the norms fixed by the Commission. Inefficiency of PSPCL in controlling theft, pilferages etc. should not be loaded on to honest consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 15 of objection no. 9.

View of the Commission

Refer to view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 18: Depreciation

Depreciation on consumer contribution should be credited to consumer contribution reserve account instead of P & L account.

Reply of PSPCL

The depreciation on account of assets created out of consumer contribution should be included in the ARR as there is no other way by which the PSPCL could replace the assets created out of consumer contribution apart from using the funds created by charging the depreciation on such assets. Detailed methodology of computation of depreciation is provided in the petition. It is requested to the Hon'ble Commission to take an appropriate view in this regard.

View of the Commission

Depreciation is allowed as per PSERC Regulations. Refer para 2.14, 3.14, 5.13 and 6.12 of this Tariff Order.

Issue No. 19: kVAh Tariff

Implementation of kVAh tariff shall resolve lot of complications related with the tariff and need to be implemented at the earliest.

Reply of PSPCL

The proposal for implementation of kVAh tariffs has already been submitted to the Hon'ble Commission which may be decided appropriately.

View of the Commission

Refer para 7.1 of this Tariff Order.

Issue No. 20: Peak Load Exemption Charges

Peak load exemption charges are exorbitant. Further there is no justification in levying PLEC during winter months when demand falls. The Hon'ble Commission may review the desirability to impose Peak load exemption charges. Imposition of PLEC on shopping malls and other similar high end consumers using power lavishly during peak hours may be considered by the Hon'ble Commission. Further, it is also proposed to review the increase in PLEC and rebate of ₹1 per unit for winter months.

Reply of PSPCL

Refer to PSPCL reply on issue no. 17 of objection no. 9.

View of the Commission

Refer para 7.3 of this Tariff Order.

Issue No. 21: Tariff based on Cost of Supply

The practice of determining the tariffs based on average cost of supply leads to cross subsidization of other categories of consumers mainly by industrial and commercial consumers. Tariff should be based on category wise and voltage wise cost of supply. Cost of supply of power to high voltage consumer is far lower than cost of supply to low voltage consumers. It will be most appropriate to create a separate category of 66 kV industrial consumers and fix tariff as per cost of supply instead of allowing rebate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 16 of objection No. 8

Issue No. 22: Power Factor Incentive

PSERC has approved varying power factor incentive for general industry consumer and PIU whereas the benefit to PSPCL for Power Factor improvement is same in either case. While general industry is allowed Power factor in the form of rebate @0.25% on every 1% increase beyond 95% Power Factor. The Power Factor incentive should be rationalized and should be equal to all categories of consumers. Also, the sharing of gains on account of power factor improvement should be in 50:50 ratio.

Reply of PSPCL

Refer to PSPCL reply on issue no. 17 of objection no. 8.

View of the Commission

Refer to view of the Commission on issue no. 17 of objection no. 8.

Issue No. 23: DSM Charges

Even though in the previous Tariff Order, the Commission had disallowed levy of any DSM charge and it was decided that any actual expenditure incurred under this head would be allowed in the subsequent ARR by the Commission. However, the PSPCL has again requested to levy of DSM charge on consumers for FY 2013-14 and FY 2014-15 which should not be allowed. DSM fund requirement should be covered in capital investment plan only after PSPCL submits the cost recovery qualification requirements as per the regulation.

Reply of PSPCL

Refer to PSPCL reply on issue no. 8 of objection no. 8.

View of the Commission

Refer para 5.17 and 6.16 of this Tariff Order.

Issue No. 24: Donations by PSPCL

PSPCL has shown an expenditure of ₹25 crore under A&G expenses as donation to Cancer and Drug Addiction Treatment infrastructure Fund for FY 2013-14 and FY 2014-15. This expenditure is neither related to power sector nor exclusively for employees of PSPCL. Thus burdening consumers with such expenditure, when tariffs are already high, is not justified. Accordingly, PSPCL should make such donations from its savings and not burden on the state consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 9 of objection no. 8.

View of the Commission
Refer to view of the Commission on issue no. 9 of objection no. 8.

Issue No. 25: Open Access
Open Access power is viable and very important for LS industrial consumers. PSPCL need to review its working and attitude towards LS consumers who have to compete with industries from neighbouring states where rate of power is less than PSPCL and other incentives are also available.
Reply of PSPCL
Due to Open Access, the Industry consumption is reduced which affects the revenue and distribution losses of PSPCL adversely. Open access has been allowed by the Hon'ble Commission in view of the requirement of the industry. While PSPCL accepts the same but reiterates that Cross Subsidy Surcharge is required to compensate the utility as required under Section 42 (2) of EA 2003, to meet the current level of cross subsidy in the system.
View of the Commission
Refer Commission's view on issue no. 18 of objection No. 8.

Objection No. 11: Shri Harinder Puri, Secretary, Steel Furnace Association of India (Punjab Chapter) C/o Upper India Steel Mfg. & Engg. Co. Ltd.

Issue No. 1: Loss due to surrender of power
Loss to PSPCL due to surrender of surplus power should not be admitted as part of ARR
Reply of PSPCL
PSPCL has projected the energy availability from IPPs in Punjab for FY 2013-14 and FY 2014-15 in line with the methodology approved by the Commission for FY 2013-14. However, the net energy available from these stations has increased thereby resulting in surplus power available with PSPCL and thus some energy would be surrendered.
Also, the energy availability from central generating stations has been taken as per the long term agreements and in case of surrender of power from these sources, PSPCL has to pay fixed charges. Thus, PSPCL requests the Hon'ble Commission to allow the expenses incurred on account of surrender of surplus power as it is a legitimate cost and if disallowed, PSPCL would incur huge losses resulting in widening of gap between CoS and Average Tariff.
PSPCL also submits that a Consultant is being engaged for reviewing the long term Power Purchase Agreements for purchase of power from outside Punjab so that such conditions may be avoided in future. All long term agreements of power purchase are approved by Hon'ble Commission and if power is surrendered, the same is a part of the above contract for payment of fixed charges.
View of the Commission
Refer to para 6.8 of this Tariff Order.

Issue No. 2: Income & Expenditure Account
The objector has stated that the annual revenue requirement has been claimed on actual basis including expenditure disapproved by the Commission. The petitioner should be directed to file separate Income & Expenditure Account along with balance sheet based on costs as approved by the Commission.
Reply of PSPCL
As per the tariff determination exercise, in accordance with the " PSERC Terms and Conditions for Determination of Tariff Regulations, 2005", PSPCL is required to submit the details of the actual costs incurred by it in the last year, revised estimates for the current year and projections for the ensuing year. The projections and revised estimates are to be prepared based on the applicable regulations whereas the actual for the last year are to be claimed as per annual accounts.
Thus, PSPCL has claimed the ARR based on the actual data as per the audited annual accounts and requests the Hon'ble Commission to approve the same.
View of the Commission
Expenditure claimed under different heads is approved after prudent check and in line with PSERC Regulations.

Issue No. 3: Expenditure Plan
The projected capital expenditure plan submitted by PSPCL is on a higher side and the same needs to be realistically evaluated. The expenses have not been claimed in accordance with the Tariff Regulations for True up of FY 2010-11 & FY 2011-12 which should be reworked.

Reply of PSPCL

Refer to PSPCL reply on issue no. 12 of objection no. 8.

View of the Commission

Capital investment plan is allowed keeping in view actual expenditure incurred in the previous years/ current year and after prudent check. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 4: Capping of Subsidized AP Consumption

The power supplied to agriculture sector has been growing consistently at a very high rate. Providing power at subsidized rate, which is far less than the actual cost of power (as high as Rs 6/unit) will lead to serious financial crisis for the PSPCL and will ultimately seriously affect the interest of industrial consumers in the State, which are already reeling under recession. It is imperative to cap the maximum amount of power year wise & may be approved by the commission that can be supplied to agriculture sector at subsidized rate inclusive of additional connections projected in a year.

Reply of PSPCL

Refer to PSPCL reply on issue no. 4 of objection no. 10.

View of the Commission

Refer Commission's view on issue no. 3 of objection no. 8

Issue No. 5: Diversion of Capital Funds

Diversion of funds happened in the past need to be continuously updated based on new facts and information in order to ensure that no more funds raised for capital purpose are diverted towards meeting revenue requirement of the Board.

Reply of PSPCL

The amount disallowed by the Hon'ble Commission on account of diversion of fund every year has affected financial viability of the utility. Its entire RoE allowed by Commission is getting eroded in meeting expenses against disallowances including on account of diversion of funds. PSPCL thus, requests the Hon'ble Commission to allow the interest on outstanding loan in order to keep financial interest and viability of the petitioner in mind.

View of the Commission

Figures of diversion of funds have been updated and diverted amount re-determined on the basis of audited accounts submitted by the utility. Refer para 2.15, 3.15 and 5.14 of this Tariff Order.

Issue No. 6: T&D Losses

The higher achievement in T&D losses as against the target set by the Commission has been appreciated and the same shall go a long way in improving the functioning of the utility.

Reply of PSPCL

PSPCL has noted the appreciation of the objector and would strive to continue to improve its performance over time.

View of the Commission

Refer Commission's view on issue no. 4 of objection no. 8.

Issue No. 7: High claim of Expenses

Expenses have not been claimed in accordance with the Tariff Regulations and hence such expenses do not need to be revisited as no additional facts have been submitted by PSPCL. The objector has noted specifically as under:

(i) In case of employee cost, regulations provide for increase in WPI whereas PSPCL has claimed the same on actual basis.
(ii) PSPCL has claimed higher return on equity (23% grossed up) based on CERC norms instead of 14% as approved by the Commission.
(iii) Increase in short term borrowings has increased interest liability.
(iv) Prior period expenses should not be allowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 5 of objection no. 8.

View of the Commission

Refer view of the Commission on issue no. 5 of objection no. 8.

Issue No. 8: Under Recovery Revenue from Sales

PSPCL has shown under recovery of sales revenue compared to that approved by the Hon'ble Commission in its Tariff Order. In domestic category, despite higher sales there has been shortfall in revenue realized.

Reply of PSPCL
The reason for the deviation between approved and the actual sales is basically on account of the fact that the sales and revenue as approved by the Hon'ble Commission is as per the projections based on the previous years where now the sales and revenue submitted by the petitioner for FY 2010-11 and FY 2011-12 is as per the audited annual accounts.
View of the Commission
Refer to para 2.24 & 3.23 of this Tariff Order.

Issue No. 9: Interest on Loans
PSPCL has raised short term loans to meet the revenue shortfall arising out of non -receipt/delay in receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. The interest on such loans should not be passed on to the consumers. Only working capital calculated according to PSERC Regulations for tariff determination should be allowed.
Reply of PSPCL
PSPCL had to take short term loans to replace re-called GoP loans and adjustment of subsidy towards RBI bonds issued under tripartite agreement between CPSUs, GOI & Govt. of Punjab. Further, in regard to interest on the bridge loan taken by PSPCL to fund the delay in subsidy payment by GoP, the Hon'ble Commission may direct GoP accordingly.
PSPCL has to face cash deficit and has no alternative but to meet the cash deficit through short-term borrowings. PSPCL thus, prays to the Hon'ble Commission to allow the interest on the above bridging loans.
View of the Commission
Interest on Short Term/ Working Capital Loan is allowed on normative basis after prudent check as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 & 6.13 of this Tariff Order.

Issue No. 10: Diversion of Funds & Interest Charges
Diversion of funds happened in the past need to be continuously updated based on new facts and information in order to ensure that no more funds raised for capital purpose are diverted towards meeting revenue requirement of the Board. Also, keeping in view the PSERC tariff determination regulations and decisions given in previous Tariff Orders, interest charges claimed by the Board are highly exaggerated and therefore should not be accepted without segregating them admissible and non-admissible for ARR determination purpose.
Reply of PSPCL
The amount disallowed by the Hon'ble Commission on account of diversion of fund every year has affected financial viability of the utility. Its entire RoE allowed by Commission is getting eroded in meeting expenses against disallowances including on account of diversion of funds. PSPCL thus, requests the Hon'ble Commission to allow the interest on outstanding loan in order keeping financial interest and viability of the petitioner in mind.
View of the Commission
Data has been updated and diversion of funds re-determined on the basis of audited accounts of the utility. Refer para 2.15 and 3.15 of this Tariff Order.

Issue No. 11: Employee Cost
Employee cost has been continuously increasing and PSPCL has not cited any new reasons for the same which were already detailed out in previous tariff petitions. Since these arguments of PSPCL were not accepted in the last Tariff Order, they should be rejected this year as well and the employee costs should be capped at the approved levels and should be increased to cover the increase in terminal benefits and WPI only.
Reply of PSPCL
Refer to PSPCL reply on issue no. 14 of objection no. 8.
View of the Commission
Employee cost has been approved as per PSERC Regulations. Refer para 2.15,3.15 & 5.14 of this tariff Order.

Issue No. 12: R&M Expenses
R&M expense has not been considered as per the PSERC Regulation by PSPCL. R&M expenses should be charged on prudent basis.
Reply of PSPCL
As per Regulation 9(2) of the PSERC (Terms and Conditions for determination of Tariff Regulations), 2005 and as amended from time to time, PSPCL is required to submit the details of

the actual costs incurred by it in the last year for truing up purposes. R&M Expenses for FY 2010-11 & FY 2011-12 have been claimed as per audited annual accounts for the year.

For second half of FY 2013-14 (H2) and FY 2014-15, R&M expenses have been projected based on the actual expenses incurred by the petitioner as per the audited annual accounts.

View of the Commission

R&M expenses are approved after prudent check and in line with PSERC Regulations. Refer para 2.12, 3.12, 5.11 and 6.10 of this Tariff Order.

Issue No. 13: Return on Equity

In case of RoE, due to revision in equity amount and the higher rate of return on equity allowed by the Commission, there has been high increase in RoE; which will cause cyclic increase in ARR in subsequent years also.

The Board has claimed higher rate of return on equity at 15.50% (pre-tax) to be grossed up to 23.48% as provided in the CERC regulations. Therefore return on equity should be approved at the rate 15.5%. PSPCL has claimed higher return on equity based on re-allocation of assets between PSPCL and PSTCL, which shows equity of ₹6081.43 crore for PSPCL against approved equity of ₹2617.61 crore.

Reply of PSPCL

Refer to PSPCL reply on issue no. 15 of objection no. 8.

View of the Commission

RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 14: Cross Subsidy

Cross subsidy per unit charged from industrial consumer should be brought down or at least not increased from the present level in terms of per unit of power sold.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

Refer Commission's view on issue no. 16 of objection no. 8.

Issue No. 15: Wheeling & Cross-subsidy Charges on OA Consumers

Wheeling charges and the cross-subsidy charges by PSPCL on open access consumers are one of the highest in the country. It was also submitted that in all these cases except Punjab, the wheeling charges imposed upon open access are a fragment of total wheeling charges unlike Punjab where the full wheeling charges are levied upon open access consumers and that too based on average cost of supply principle.

Reply of PSPCL

Wheeling charges and cross subsidy surcharge is being charged by the PSPCL as approved by the Hon'ble Commission in accordance with the relevant clauses of PSERC Tariff Regulations 2005 and its subsequent amendments as well as PSERC (Open Access) Regulations, 2011 as amended from time to time.

View of the Commission

Refer Commission's view on issue no. 18 of objection no. 8.

Issue No. 16: Cross Subsidy

Cross-subsidy be allowed at 20% of the cost of supply for all categories of consumers.

Reply of PSPCL

Hon'ble PSERC is already taking concrete steps to reduce the level of cross subsidisation and the tariff rates are within ± 20% of the average cost of supply as also provided in the NTP. This principle may be followed for determining tariff rates for FY 2014-15 as well.

View of the Commission

Refer Commission's view on issue no. 16 of objection no. 8.

Issue No. 17: Maintenance Charges of RSD Project

PSPCL has claimed that 3% of revenue collected from the sale of RSD power has to be deposited into Government treasury for maintenance of RSD. However, it is submitted that all the expenses are reflected in the cost of supply. Further, RSD is already overcapitalized and the consumers of the State are bearing the brunt of the over capitalization of RSD. In such case, putting extra burden on consumer is not justified and must be avoided.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 8.

View of the Commission
The Commission approves these charges as per PSERC Regulations.

Issue No. 18: Power Factor Incentive
Out of the gain achieved from reduction in losses, some part of the gain is passed on to the consumer by PSPCL by way of giving power factor incentive where monthly average power factor is more than 0.90 for general industry and 0.95 for Arc/ Induction furnaces. The incentive rate is 0.25% for increase of 0.01 power factor over the threshold limit of 0.90/0.95. This incentive in respect of power purchased through open access should also be passed on to the consumers. Further, the incentive rate of 0.25% is very less as compared to the gain of 1.00% increase in revenue of PSPCL for improvement of power factor by every step of 0.01. The minimum power factor threshold limit for PIUs should also be kept at 0.90.
Reply of PSPCL
Refer to PSPCL reply on issue no. 17 of objection no. 8.
View of the Commission
Refer Commission's view on issue no. 17 of objection no. 8.

Objection No. 12: Cycle Trade Union, Ludhiana

Issue No. 1: Un-ethical ARR & Tariff Petition
The accounts in Volume III of ARR are without the stamp and signature of the CA and can be manipulated by the petitioner.
Reply of PSPCL:
The annual accounts for FY 2010-11 and FY 2011-12 submitted in Volume III have been audited by the CAG and hence there is no scope for manipulation of data by the corporation. The auditor's report for FY 2010-11 is included in Volume III. The auditor's report for FY 2011-12 is awaited and would be furnished as and when made available. While the statement of accounts for FY 2012-13 are provisional as submitted in Volume III, once the audit is complete, the Auditor's report will also be submitted.
View of the Commission
The auditor's report for FY 2011-12 stands submitted by PSPCL. Also, refer para 3.21 of this Tariff Order.

Issue No. 2: No hike in Tariff
The objector has opposed any increase in tariffs and MMC for all consumer categories.
Reply of PSPCL:
The corporation prays to the Hon'ble Commission to approve necessary tariff hike to meet the projected revenue gap of the petitioner.
View of Commission
The Commission approves the expenses and Revenue Gap after prudent check in line with PSERC Regulations.

Objection No. 13: H.S.Sandhu, General Manager (Works), Siel Chemical Complex (A Unit of Mawana Sugars Limited)

Issue No. 1: Cost of Supply
PSPCL has not incorporated the impact of the findings of the TERI report pertaining to determination of voltage wise cost of supply under the direction of Hon'ble Tribunal for FY 2013-14 and same has been carried forward in FY 2014-15.
Reply of PSPCL
Hon'ble Commission has already examined the report of cost of supply submitted by TERI and for moving in that direction has already decided to give rebate of 25 P/U to consumers getting supply at 220/132 kV, 20 P/U to 66/33 kV and 15 P/U to 11 kV consumers and the same has been implemented w.e.f April, 2013. However to charge the consumers as per cost of supply can only be implemented after complete elimination of cross subsidization. For reducing the level of cross subsidy, Commission is taking concrete steps while examining tariff proposals every year.
It shall not be possible to levy tariff as per actual cost of supply until the element of subsidy is completely eliminated. The ARR submitted for the year FY 2014-15 is correct and is based on projections of expenditure and revenue receipts based on yearly growth.
View of the Commission
Refer para 7.5 of this Tariff Order.

Issue No. 2: Carrying cost of Gaps

As per the cumulative gap for the FY 2010-11 to FY 2013-14 and projected gap for FY 2014, the carrying cost of gap is not desirable and also the revenue gap has been rising over the period.

Reply of PSPCL

Refer to PSPCL reply on issue no. 1 of objection no. 8.

View of the Commission

The Commission determines revenue gap based on approved expenses and income after prudent check. Carrying cost is allowed on revenue gap in line with PSERC Regulations. Refer para 6.23 of this Tariff Order.

Issue No. 3: Cross Subsidy

National Tariff Policy stipulates to bring the average tariff for all categories of consumers within the range of $\pm$ 20% of combined average cost of supply. So, the tariff of the subsidized class of consumers including agriculture sector and other subsidized domestic consumers be increased suitably to bring their tariff in the range of 20% of combined average cost of supply in the current Tariff Order.

Reply of PSPCL

Refer to PSPCL reply on issue no. 14 of objection no. 5 & 6.

View of the Commission

Refer Commission's view on issue no. 14 of objection no. 5 & 6

Issue No. 4: DSM Project on AP Pump sets

PSPCL has not reported any physical progress about the pilot project said to have been undertaken to improve efficiency of tube wells by replacing the existing inefficient pump sets with efficient pump sets. Therefore, by increasing the efficiency of tube wells, AP-consumption can be reduced and thus making corresponding additional energy available for other consumers which will result in extra revenue to the PSPCL.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 9.

View of the Commission

Commission notified DSM Regulations to facilitate implementation of energy conservation initiatives by PSPCL but the licensee has failed to take up DSM programmes. Refer directive no. 8.4 of this Tariff Order.

Issue No. 5: Tariff based on Cost of supply

Determining the tariffs based on average cost of supply leads to cross subsidization of other categories of consumers mainly by industrial and commercial consumers. Instead, Tariff should be based in line with category wise and voltage wise cost of supply. Cost of supply of power to high voltage supplier is far lower than cost of supply to low voltage consumers. It will be most appropriate to create a separate category of 220/132 kV, 66 kV, 33 kV and 11 kV industrial consumers and fix tariff as per cost of supply instead of allowing rebate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 16 of objection no. 8.

View of the Commission

Refer to para 7.5 of this Tariff Order. Also refer to Commission's views on issue no. 14 of objection no. 5&6.

Issue No. 6: Income & Expenditure Account

Annual revenue requirement has been claimed on actual basis including expenditure disapproved by the Commission. The petitioner should be directed to file separate Income & Expenditure Account along with balance sheet based on costs as approved by the Commission.

Reply of PSPCL

As per the tariff determination exercise, in accordance with the "PSERC Terms and Conditions for Determination of Tariff Regulations, 2005", PSPCL is required to submit the details of the actual costs incurred by it in the last year, revised estimates for the current year and projections for the ensuing year. The projections and revised estimates are to be prepared based on the applicable regulations whereas the actual for the last year are to be claimed as per annual accounts.

Thus, PSPCL has claimed the ARR based on the actual data as per the audited annual accounts and requests the Hon'ble Commission to approve the same.

View of the Commission:

The Commission approves expenses under different heads after prudent check and in line with PSERC Regulations.

Issue No. 7: Cross Subsidy and T&D Losses

Electricity Act, 2003 & National Tariff Policy requires the cross subsidy to be reduced and eliminated over a period of time. Further following specific points have been raised:

i. Cross subsidy loaded on HT consumer is increasing.
ii. Cross subsidy to AP consumers and domestic category requires to be reduced.
iii. There should be limit on agricultural consumption which is provided at subsidised rate and additional power should be provided at normal tariff.
iv. T&D losses for high voltage consumer is low but are burdened with average T&D losses.
v. The benefit of subsidised rate up to 100 units in domestic category is being availed by all the consumers irrespective of paying capacity. The slab system for domestic consumers may be abolished and one flat rate be fixed.

Reply of PSPCL

For issues (i) to (iv), refer to PSPCL reply on issue no. 10 of objection no. 10.

(v) Subsidy to domestic consumers upto 100 units is as per policy of GoP.

View of the Commission

Refer to view of the Commission on issue no. 10 of objection no. 10.

Issue No. 8: Capping of Subsidized AP Power

Power supplied to agriculture sector has been growing consistently at very high rate. It is imperative to cap the maximum amount of power year wise & approved by the commission that can be supplied to agriculture sector at subsidized rate and once the consumers in these categories exceed their consumption limit specified in the order, they should be charged at normal tariff rate – and not at subsidized rate.

Reply of PSPCL

Refer to PSPCL reply on issue no. 3 of objection no. 8.

View of the Commission

Refer to view of the Commission on issue no. 3 of objection no. 8.

Issue No. 9: Interest on Short Term Loans

PSPCL has raised short term loans to meet the revenue shortfall arising out of non -receipt/delay in receipt of subsidy from the Government, disapproval of certain expenses like employee cost, R&M cost, A&G expenses by the Commission in the past Tariff Orders. It is submitted that interest on such loans should not be passed on to the consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 11 of objection no. 8.

View of the Commission

Short Term & Working Capital Loan are approved on normative basis after prudent check. Refer para 5.14.15 of this Tariff Order.

Issue No. 10: Capital Expenditure

The projected capital expenditure plan submitted by PSPCL is on a higher side thereby resulting in overestimation of loan requirement and the same needs to be realistically evaluated.

Reply of PSPCL

Refer to PSPCL reply on issue no. 12 of objection no. 8.

View of the Commission

Capital expenditure /investment plan is approved keeping in view actual expenditure in previous years/ current year and after prudent check. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 11: Interest on Working Capital Loan

Based on the comparison of the interest on working capital claimed by PSPCL and that allowed by the Commission, interest costs claimed by PSPCL are much exaggerated. Accordingly, any excess expenditure should be disallowed by the Commission.

Reply of PSPCL

Refer to PSPCL reply on issue no. 13 of objection no. 8.

View of the Commission

Interest is allowed on approved loans after prudent check. Refer para 2.15, 3.15, 5.14 & 6.13 of this Tariff Order.

Issue No. 12: RSD Charges

The issue of costing of Ranjit Sagar Dam should be reopened and new committee be constituted with consumers' representatives on it because the amount is still being apportioned to PSPCL.

The justification of RSD charges needs to be explained in view of the agreement and the ratio of the power vs irrigation sharing of the capital cost and running charges of the RSD. Also these charges need to be clubbed in the head R&M expenses.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 8.

View of the Commission

The Commission approves these charges as per PSERC Regulations. Refer para 2.17, 3.17, 5.16 and 6.14 of this Tariff Order.

Issue No. 13: Maintenance charges of RSD

Maintenance charges payable to GoP on power from RSD have increased substantially from ₹10.99 crore in FY 2010-11, ₹11.20 crore in FY 2011-12 to ₹31.44 crore projected for FY 2013-14 and the petitioner needs to provide justification for such increase. Further, as per practice adopted in previous years, these charges need to be clubbed under the head R&M expenses.

Reply of PSPCL

Refer to PSPCL reply on issue no. 7 of objection no. 8.

View of the Commission

The Commission approves these charges as per PSERC Regulations. Refer para 2.17, 3.17, 5.16 and 6.14 of this Tariff Order.

Issue No. 14: Power Purchase Cost

Power Purchase Cost (gross power) is very high at ₹4.77/unit against ₹3.67/unit approved by the Commission in its Tariff order for FY 2013-14 and the same maybe looked into and only that part of the power purchase cost be allowed which is reasonable and justified. PSPCL may not require gas based power in future and PSPCL needs to look into discontinuation of PPAs.

Reply of PSPCL

Refer to PSPCL reply on issue no. 10 of objection no. 8.

View of the Commission

Refer para 6.8 of this Tariff Order.

Issue No. 15: T&D Losses

PSPCL has failed to reduce its T&D loss to desired level and regulations are required to be made to ensure compliance of the norms fixed by the Commission. It has been further submitted that inefficiency of PSPCL in controlling theft, pilferages etc. should not be loaded on honest consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 15 of objection no. 9.

View of the Commission

Refer view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 16: Employee Cost

Employee cost has been continuously increasing and PSPCL has not cited any new reasons for the same which were already detailed out in previous tariff petitions. Since these arguments of PSPCL were not accepted in the last Tariff Order, they should be rejected this year as well and the employee costs should be capped at the approved levels and should be increased to cover the increase in terminal benefits and WPI only. Further, proposal for levy of ₹914 crore towards progressive funding of terminal benefits should be examined in detail.

Reply of PSPCL

Refer to PSPCL reply on issue no. 14 of objection no. 8.

View of the Commission

Refer to view of the Commission on issue no. 14 of objection no. 8.

Issue No. 17: Peak Load Exemption Charges

Peak load exemption charges are exorbitant. Further there is no justification in levying PLEC during winter months when demand falls. The Hon’ble Commission may review the desirability to impose Peak load exemption charges. The imposition of PLEC on shopping malls and other similar high end consumers using power lavishly during peak hours may be considered by the Hon’ble Commission and it is also proposed to review the increase in PLEC and rebate of ₹1 per unit for winter months.

Reply of PSPCL

Refer to PSPCL reply on issue no. 17 of objection no. 9.

View of the Commission
Refer para 7.3 of this Tariff Order.

Issue No. 18: Transit Losses of Coal
Transit Losses of coal for generating stations are on the higher side and thus should not be accepted by the Commission. CERC norms of 0.8% transit loss of coal should be applicable to PSPCL also.
Reply of PSPCL
The Transit Loss as submitted by the petitioner is on the realistic basis as well as the historical transit losses. However, applying the CERC norms of 0.8% would result in the determination of fuel cost which will not reflect the true picture. Thus, the Hon'ble Commission is requested to approve the transit loss as submitted by PSPCL. The same may be trued-up in the subsequent Tariff Orders.
View of the Commission
Refer para 6.7.3 of this Tariff Order.

Issue No. 19: Power Factor Incentive
PSERC has approved different power factor incentive for general industry consumer and PIU whereas the benefit to PSPCL for Power Factor improvement is same in either case. While general industry is allowed Power factor in the form of rebate @0.25% on every 1% increase beyond 95% Power Factor. The Power Factor incentive should be rationalized and equal to all the category of consumers. Also, the sharing of gains on account of power factor improvement due to open access power should be 50:50 ratio.
Reply of PSPCL
Refer to PSPCL reply on issue no. 17 of objection no. 8.
View of the Commission
Refer view of the Commission on issue no. 17 of objection no. 8.

Issue No. 20: Return on Equity
The Commission approved RoE @ 15.5% on the revised equity as per the FRP approved by the GoP in Tariff Order for FY 2013-14, thereby increasing the ARR for FY 2014-15 also. It is submitted that the RoE be only allowed on amount of actual equity infused and suitable changes be made in the Tariff Regulations.
Reply of PSPCL
Refer to PSPCL reply on issue no. 15 of objection no. 8.
View of the Commission
RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 21: Open Access Power
Open Access power is helping both the utility as well as consumer as power brought in by OA consumers helps the PSPCL to serve other consumers in a better way who have to compete with industries from neighbouring states where rate of power are less than PSPCL rates and other incentives are also available.
Reply of PSPCL
Refer to PSPCL reply on issue no. 24 of objection no. 9.
View of the Commission
Refer view of the Commission on issue no. 18 of objection no. 8.

Issue No. 22: kVAh tariff
Implementation of kVAh tariff shall resolve lot of complications related with the tariff and need to be implemented at the earliest.
Reply of PSPCL
Refer to PSPCL reply on issue no. 16 of objection no. 9.
View of the Commission
Refer to para 7.1 of this Tariff Order.

Issue No. 23: DSM Charges
The Commission had disallowed levy of any DSM charge in the previous Tariff Order, and it was decided that any actual expenditure incurred under this head would be allowed in the subsequent ARR by the Commission, PSPCL has again requested to levy of DSM charge on consumers for FY 2013-14 and FY 2014-15 which should not be allowed.

Reply of PSPCL
Refer to PSPCL reply on issue no. 8 of objection no. 8.
View of the Commission
Refer to view of the Commission on issue no. 8 of objection No. 8.

Issue No. 24: Donations by PSPCL
PSPCL has shown an expenditure of ₹25 crore under A&G expenses as donation to Cancer and Drug Addiction Treatment infrastructure Fund for FY 2013-14 and FY 2014-15. This expenditure is neither related to power sector nor exclusively for employees of PSPCL. Thus burdening consumers with such expenditure, when tariffs are already high, is not justified. Accordingly, PSPCL should make such donations from its savings and not burden the state consumers.
Reply of PSPCL
Refer to PSPCL reply on issue no. 9 of objection no. 8.
View of the Commission
Refer to view of the Commission on issue no. 9 of objection no. 8.

Objection No. 14: Shri Inderjit Singh Navyug, Senior Vice President, United Cycle & Parts Mfrs. Association

Issue No. 1: No Hike in Tariff & Reduction in T&D Losses
PSPCL has been increasing tariff since FY 2011-12 for all categories of consumers. Further revision of tariff will lead to serious consequences with respect to the industrial sector in Punjab which needs to be looked into by the Commission thoroughly otherwise the industry in Punjab will have to close down their factories due to cross subsidization & tariff hike. Also, GoP should grant subsidy/incentive to the industry on electricity and PSPCL should minimize its T&D losses to avoid the tariff hike.
Reply of PSPCL
PSPCL has not overstated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for this period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition. Also refer views of PSPCL on issue no. 15 of objection no. 9 & issue no. 1 of objection no. 8
View of the Commission
Refer to views of the Commission on issue no. 1 of objection No. 3 and issue no. 3 of objection no. 5 & 6.

Objection No. 15: V.K.Yadav, Chief Electrical Distribution Engineer, Northern Railway

Issue No. 1: High Traction Tariff
Currently Railway traction charges has been levied at ₹6.58/unit against the Industrial tariff of ₹6.33/unit (considering all the factors like PF, rebate, service charge, meter rent etc.) and such increase in traction tariff in turn will impact the passenger fares and railway commodities.
Reply of PSPCL
The Railway traction tariff for the year 2013-14 was fixed at ₹6.58/unit against large supply tariff of ₹6.33/unit for the following reasons:-

1. Load is of fluctuating nature and spare capacity is required to be maintained at grid S/St for meeting the load of railways.
2. Unlike large supply industrial consumers no peak load restrictions are applicable to railway traction load. For utilizing power during peak load hours, large supply consumers are paying ₹2.70/Unit extra to meet up to 65% demand and ₹4.05/Unit extra for meeting demand above 65%, whereas no such charges are levied to railways for utilizing power during peak load hours. Thus tariff for railways is less compared to large supply tariff.
3. Independent 132 kV & 220 kV feeders have been provided for better continuity of supply to the railways.
4. The traction load of railways generates harmonics in the system stressing the windings of power transformers & additional losses as well.
5. No power cut is applicable to the railway traction loads when power shortage is experienced during paddy season (July to Sept.)

Railways have always been given preferential treatment by PSPCL considering public utility service. Punjab being at farthest end from coal mines and dependent mainly on Thermal Generation, cost of power remains at a higher level compared to southern states. In view of this position reduction of tariff shall not be possible. Tariff for railways is in fact lower than LS industrial consumers as per above facts.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 2: Cross Subsidy

The Hon'ble Commission is requested to further reduce the cross subsidy for traction tariff and bring it to a level prescribed in the clause 8.3 of National Tariff Policy.

Reply of PSPCL

The cost of power increases every year for reasons beyond the control of PSPCL. For supplying power to the consumers, the dependence is mainly on Thermal Generation in the state as well as purchase of power from Central Generating Stations. The fuel cost which was estimated to cost ₹4511.12 crore in 2013-14 is now estimated to go up to ₹4997.6 crore during 2014-15. Similarly power purchase cost is expected to increase from ₹7705.4 crore to ₹9247.5 crore and employee cost is expected to increase from ₹4306.93 crore to ₹5350.98 crore during 2014-15. The average cost of power estimated for the year 2013-14 was ₹5.74/Unit and the same shall increase to ₹6.16/Unit during 2014-15.

Despite these facts, the tariff fixed for railways is within ± 20% of cost of supply. Hon'ble Commission is already taking steps to reduce the level of cross subsidy in every tariff revision and the same principle shall be followed while deciding tariff for the year 2014-15.

View of the Commission

Refer to para 9.2 and 9.3 of this Tariff Order.

Issue No. 3: T&D Losses

T&D loss level of 16% for FY 2014-15 has been proposed. However, Hon'ble Commission in its Tariff Order for FY 2013-14 had provisionally approved distribution loss of 15.08% for PSPCL for FY 2013-14. Therefore, distribution losses below 15.08% should be approved for FY 2014-15. PSPCL should also make extra efforts to reduce the losses & its benefit should be passed on to the consumers by way of reduction in tariff.

Reply of PSPCL

PSPCL/PSTCL is taking measures to reduce T&D losses by:

a) Augmentation of LT & 11kV lines.
b) Installing new distribution transformers at load centres.
c) Providing 220/132/66 kV substations to meet with increased demand of power as well as reduction of T&D losses.

Also refer PSPCL reply on issue no. 15 of objection no. 9

View of the Commission

Refer to the view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 4: Demand Charges

Exemption of the high rate penalty charges on maximum demand in excess of the contracted demand and a reasonable cushion of 10% of contracted demand may be permitted over and above the contracted demand for short term duration before applying the clause of load violation charges.

Reply of PSPCL

The contract demand was sanctioned by PSPCL for railway traction loads as per requirement and given in the Agreement forms. Railways should keep the actual demand within limits; otherwise they may apply for sanction of extension in load/demand to PSPCL. Penalty to draw excess demand is uniformly applicable to all the LS industrial, Bulk supply consumers & Railways and its withdrawal shall not be possible as over drawl effects other categories of consumers and grid discipline has to be maintained to avoid its collapse. RLDC and SLDC have got instructions to switch off transmission lines supplying power to various stations in case frequency falls below the level of 49.8 C/S as such railways should also take appropriate measure to help PSPCL in maintaining grid discipline.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 5: Power Factor Incentive

The incentive for maintaining higher power factor is 0.25% on consumption for each 0.01 increase in power factor above 0.90 for Large supply & Medium supply and 0.95 for Railway traction. The discrimination is being done to Railways by providing the incentive only above 0.95 in place of 0.90 as applicable to large supply consumers.

Northern Railway's load is inductive in nature and without adequate capacity of capacitor banks; inherent power factor of traction load is around 0.70 lagging. Therefore, Railways have to spend substantial amount on providing capacitor banks to attain the level of high Power Factor of 0.95 and above. This arrangement also compensates the low power factor of other loads connected to the Grid, thereby, increasing grid stability and reducing the requirement of reactive power as well as Line losses. During the off-peak period, when other types of HT loads reduce considerably, the Railway's traction load on the grid remains almost constant. This helps in to improve the system plant load factor.

Therefore, PF incentive for railways traction should be provided above 0.90 instead of 0.95 like other consumers of PSPCL.

Reply of PSPCL

PSPCL desires to operate its transmission network at near unity power factor. In case consumer improves power factor at its own level, inherent benefit comes to it also due to increase of voltage and lesser electricity consumption. For power intensive LS consumers also the rebate is given only for power factor above 0.95. In several states of India, no power factor rebate (incentive) is given for attaining higher power factor than the minimum power factor prescribed by it. Proposal is also under consideration of Hon'ble Commission to charge consumers on kVAh consumption basis and with this system of billing consumers attaining higher power factor shall get compensated automatically due to lesser kVAh consumption.

View of the Commission

Refer to para 7.1 of this Tariff Order.

Issue No. 6: No tariff proposal by PSPCL to recover the Gaps

PSPCL has not proposed any tariff schedule or proposal to bridge the revenue gap and this revenue gap should be supported by Govt. subsidy instead of hiking the tariff to cover the gap.

Reply of PSPCL

PSPCL has already prayed to the Hon'ble Commission to take the appropriate view on the revenue gap projected by PSPCL as per PSERC Tariff Regulations while determining the tariff for the year FY 2014-15.

View of the Commission

Revenue gap is determined on the basis of approved expenses and income after prudent check and in line with PSERC Regulations.

Issue No. 7: Measuring of Simultaneously Maximum Demand for all TSS

Hon'ble Commission is requested for the provision of simultaneous maximum demand at all metering points and making single agreement for all supply points for railway traction in Punjab in its order for levy of maximum demand charges and demand violation charges.

Reply of PSPCL

As per the contracts signed for supply of power to Railways, the consumption as well as demand is metered and billed at every feeding point. As per existing system, there is no provision to record simultaneous maximum demand of 8 no. feeding substations supplying power to the railways. Further single contract is required to be signed and accepted by PSPCL.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 8: Incentive for timely Payments of Energy bills

Incentive may be given to Railways for timely payment of energy bills.

Reply of PSPCL

PSPCL is already allowing grace period to all its consumers to pay the electricity bill within due date. No incentive is thus justified for grant for timely payment of bills. Delayed payments attract payment of surcharge by the consumers. In case railway come forward to make advance payment for 12 months consumption charges, payment of incentive can be considered by PSPCL.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 9: Exemption from Demand charges in cases of Supply Failure

Whenever there is a supply failure from PSPCL, then till such time the supply failure persists, the instances of maximum demand exceeding contract demand due to feed extension of adjacent

TSS being fed by PSPCL and vice versa should be ignored & no load violation charges should be levied for that period.

Reply of PSPCL

The maximum demand data which is downloaded can give precise time of drawing higher load/demand vis-à-vis failure of supply from PSPCL end. Such situations are rare as continuity of supply is maintained for the Railway Traction giving it top priority. However, the demand put forth by the Railways shall be examined by CE/Commercial, for which separate case may be referred to for consideration. After its examination the proposal shall be referred to Hon'ble Commission for consideration/approval.

In its normal procedure, whenever a shut down occurs on a substation, where a connection of railway traction exists, reading is taken and load is shifted to other substation. The reading is also taken in order to avoid MDI charges to Railway authority.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 10: Exemption from ACD

Railway may be exempted from payment of ACD/Security deposit as in Rajasthan else Railway may be allowed for payment of ACD/Consumption Security deposit in the shape of Letter of Assurance from RBI.

Reply of PSPCL

PSPCL is paying interest on the amount of Consumption Security recovered from its consumers as per provision of EA 2003; hence there appears no justification for its exemption. Further, it is not a recurring charge and is based on average consumption charges for the past 12 months.

View of the Commission

All the consumers without exception are required to deposit Security (Consumption) as per PSERC (Electricity Supply Code & Related Matters) Regulation, 2007.

Issue No. 11: Consolidated Single bill for all TSS

A consolidated single bill can be issued incorporating consumptions of all such TSS connections to Northern Railway for rationalization of bills and payments.

Reply of PSPCL

PSPCL has taken a note of the suggestion made by the objector. However it is not related to the ARR/Tariff petition and will be taken up separately by the PSPCL authorities.

View of the Commission

The issue does not relate to ARR.

Issue No. 12: Time line for Connections

A time-bound schedule may be formulated for the release of new connections/enhancement of load and revision of contract demand for Railways.

Reply of PSPCL

PSPCL has taken a note of the suggestion made by the objector. However it is not related to the ARR/Tariff Petition and will be taken up separately by the PSPCL authorities.

View of the Commission

Commission has notified time lines for various activities in its Regulations.

Issue No. 13: Exemption for testing charges

Testing charges of energy meters should not be recovered from the Railways as Railways have their own Electrical Inspector to the Govt. of India and approval of Electrical Inspector is taken before charging the installations.

Reply of PSPCL

PSPCL has imposed the charges pertaining to the testing of energy meters by its own employees and no other extra charges have been levied.

View of the Commission

The Commission agrees with the reply of PSPCL.

Objection No. 16: Chief Engineer (O&M), Department of Local Government, Punjab.

Issue No. 1: Public Lighting Tariff

Reduce the tariff for Public Lighting from ₹6.58/Unit with MMC (as per 8 hours supply) to a level of rates prevailing in other states like MP, Karnataka and Kerala.

Reply of PSPCL

PSPCL has not overstated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.

The cost of power increases every year for reasons beyond control of PSPCL. For supplying power to the consumers, the dependence is mainly on Thermal Generation in the state as well as purchase of power from Central Generating Stations. Punjab being at farthest end from coal mines and dependent mainly on Thermal Generation, cost of power remains at a higher level compared to southern states.

Further, the fuel cost is estimated to increase substantially during FY 2014-15 with other expenses like power purchase cost and employment cost. PSPCL has submitted the ARR for FY 2014-15 keeping in view its financial position and further it is the prerogative of the Hon'ble Commission to decide the tariff of Public Lighting.

View of the Commission

Refer to view of the Commission on issue no. 1 objection no. 1.

Issue No. 2: Two Part Tariff

Methodology of two part tariff should be implemented.

Reply of PSPCL

PSPCL has already submitted a report on the approach for implementation of two part tariff to the Hon'ble Commission in compliance with the directive of the Commission. Further determination of tariff under two part tariff structure is the prerogative of the Hon'ble Commission.

View of the Commission

Refer para 7.2 of this Tariff Order.

Issue No. 3: kVAh Tariff

Implementation of kVAh tariff shall resolve lot of complications related with the tariff and needs to be implemented at the earliest.

Reply of PSPCL

The proposal for implementation of kVAh tariffs has already been submitted to the Hon'ble Commission which may be decided appropriately.

View of the Commission

Refer para 7.1 of this Tariff Order.

Objection No. 17: Sh. Upkar Singh Ahuja, General Secretary, Chamber of Industrial & Commercial Undertakings,

Issue No. 1: Cross Subsidy on account of AP Supply

Power to agriculture sector should be supplied at cost price only so that the burden of subsidy is not wrongfully passed on to non deserving categories.

Reply of PSPCL

PSPCL is not supplying electricity free to consumers. Agricultural or any other categories of consumers are being subsidized by the GoP. Subsidy burden is not passed on to the consumers of other categories and deciding on the subsidy for any category is the prerogative of GoP.

View of the Commission

The Commission agrees with the reply of PSPCL. Regarding cross subsidy to AP sector refer para 9.2 and 9.3 of this Tariff Order.

Issue No. 2: Adoption to Technology

Latest technology in grid management & distribution automation should be adapted speedily to reduce distribution losses, maintenance & man power costs.

Reply of PSPCL

The internal control system and procedure for monitoring sale and billing is already in place and is functioning effectively. PSPCL has been consistently working towards curtailing theft, pilferages etc. and accordingly have been able to achieve substantial reduction in T&D losses from above 25% in previous years to 16.4% in FY 2013-14. Further the loss reduction targets for losses less than 16% require huge capital investment, thus the losses are projected to reach 16% during FY 2014-15. However PSPCL will continue its effort to further improve the efficiency level & reduce theft.

View of the Commission
PSPCL should expedite implementation of IT plan. Please refer to Directive no.8.2 of this Tariff Order.

Issue No. 3: Concession to Industry from Own Generation
PSPCL should pass on the benefits of own power generation at cheaper rates to consumers specially the industrial category as they are contributing to the maximum revenue of the state.
Reply of PSPCL
The power purchased is based on the merit order mechanism i.e. the cheaper power is purchased on priority basis followed by costlier power and the same principle has been adopted in supplying the power to the consumers thereby passing on the benefit to the consumers.
View of the Commission
The tariff is determined as per the notified Regulations.

Issue No. 4: Metered Supply to all Consumers
All the categories of consumers should be provided with metered energy with uniform voltage level & 24 hours scheduled power supply without frequent power cuts and also to take long term and positive steps instead of going through repeated tariff revision to get the temporary relief.
Reply of PSPCL
It is the prerogative of the Commission to approve for the metered energy for all the categories of consumers and to revise the tariff, best suited for the state under the existing scenario. Further PSPCL has taken a note of the suggestion made by the objector and the corporation is working in its full swing towards the achievement of scheduled and quality power supply round the clock for all the categories of consumers in Punjab.
View of the Commission
The Electricity Act, 2003 provides for metering of all electric connections and accordingly, the Commission has directed PSPCL to ensure that provisions of the Act should be complied with. Refer Directive No. 8.5 of this Tariff Order.

Objection No. 18: MS Industry Consumers (HT)

Issue: HT Rebate to MS HT Connections
PSPCL may be ordered to restore the rebate to 7.5% for HT Connection MS Supply Industry Consumers which has been reduced to 2.4% w.e.f. April 2013.
Reply of PSPCL
It is the prerogative of the Commission to decide on the rebate for HT Connection MS Supply Industry Consumers, best suited for the state under the existing scenario.
View of the Commission
Refer schedule SII 3.6 of Schedule of Tariff at Annexure-II of Vol.2 of this Tariff Order.

Objection No. 19: Chamber of Industrial & Commercial Undertakings

Issue No. 1: Cost of Coal
Cost of coal can be reduced by limiting the transit loss to 0.5% and stringent check on quality of coal. Thermal stations should be operated at optimal load and thermal efficiency can be increased by fine tuning the entire auxiliary equipment.
Reply of PSPCL
The internal control system and procedure for monitoring the quantity & quality of coal is already in place and is functioning effectively. This has resulted in reduction of transit losses and improvement in quality of coal. However PSPCL will continue its effort to further improve the efficiency level.
PSPCL makes all effort to operate the thermal stations at optimal load and timely maintenance and overhauling of the plants and equipments are done to maintain operational efficiency.
View of the Commission
Refer para 6.4.1 & 6.7 of this Tariff Order.

Issue No. 2: Cost of Power Purchase
a. The total cost of power purchase during FY 2013-14 is ₹8975.04 crore at an average full cost of ₹4.48 per unit.
b. The power at extra high cost is procured for subsidised agricultural sector for paddy growing and is passed on to industrial consumers. Punjab Govt. shall go for alternative crops and must decrease the area under paddy.
c. The power purchase from external sources is increasing which is escalating the input cost.

PSPCL should make efforts to arrange more power from cheaper sources.

d. Timely completion of thermal station projects should be ensured.

Reply of PSPCL

a. No reply is sought.

b&c. The cost of power from the long term contract is not depending upon the season because it is on annual basis only. There are seasonal variations in the prices of power purchased through power exchange which depends on PSPCL but power purchase from such sources is minimal. The short-term power on advance reservation basis is procured during summer season only. During 2013-14, PSPCL has purchased short term power at an average cost of ₹3.77 Unit. PSPCL has already called tenders for short term purchase during 2014-15 and the prices are less than of the previous year as such it is not correct that PSPCL is purchasing power @ ₹7 or 8 per unit. Further, the issue of alternative crops lies with the Punjab Govt.

The power allocation from the central pool is by the Govt. of India. The PSPCL is already making all out efforts to get maximum power from the unallocated share of the central sector. However this is at the discretion of the Ministry of Power, Govt. of India to allocate the unallocated power.

d. PSPCL is making all out efforts for timely completion of Thermal Projects coming up in the state.

View of the Commission

Refer para 6.8 of this Tariff Order.

Issue No. 3: Interest Charges & Subsidy

a) The financial position of the PSPCL is very precarious and it can be safely concluded that the finances of the PSPCL are totally in mess.

b) The loan is increasing every year i.e. 13002.52 crore in 2010-11, 16898.18 crore in 2011-12, 17857.01 crore in 2012-13, ₹20562.82 crore in 2013-14 & ₹22815.93 crore in 2014-15.

c) Similarly the interest amount on loans has increased drastically from ₹674.03 crore in 2010-11 to ₹2508.50 crore in 2013-14 & ₹2763.30 crore in 2014-15.

d) PSPCL has not given its financial turnaround plan as to how & when it will be out of the red and the customers will not have to pay for the interest on loan.

e) The gap left un-plugged is ₹12082.38 crore even after increasing the tariff.

f) Similarly the subsidy bill is increasing every year i.e. ₹4411.48 crore in 2011-12, ₹5743.53 crore in 2012-13, ₹5662.16 crore in 2013-14 & ₹5961 crore in 2014-15. There is shortfall in re-imbursement of subsidy by the Govt. of ₹602.77 crore 2013-14. It will further lead to increase in debt and expenses due to interest.

g) Interest repayment shall be worked out through loan bailout by the Govt. or through asset selling (spare land/ buildings etc) and shall not be passed on to the customers. There is enough land with PSPCL, which can be spared (and sold to repay the loans) by constructing compact power substations & multi story buildings.

h) Scheduled caste/ weaker section shall also be given subsidy in cash by the Govt. instead of providing the free electricity as it will lead to saving in use of energy.

i) The impact of the interest due to loans and the subsidy shall be worked out clearly and shall be paid by the Punjab Govt. and no part of it be passed on to other category of customers through cross subsidy.

j) Exact cost of the subsidy to all categories shall be worked out with actual rate of units purchased for the purpose instead of the average cost of energy as the rate of power during the period of Paddy is much higher & such differences have impact on the Tariff.

k) Equity to Loan ratio is decreasing day by day as equity is constant and the loan is increasing. Payback to equity is much less as compared, so efforts shall be made to increase the equity.

Reply of PSPCL

a. No reply has been sought.

b. In Format 15, outstanding balance of loans of PSPCL at the end of each financial year in question shown in objection raised has been revised as per notification issued by Govt. of Punjab; detail given below:

₹in crore

Financial year	Outstanding balance of loans submitted as per ARR for FY 2014-15
2010-11	17427.16
2011-12	18735.81
2012-13	19637.99
2013-14	20562.82
2014-15 (projected)	22815.93

To fund the capital expenditure fixed in the Annual Plan of corporation for respective years, additional loans are raised resulting in increase in loans. However, during 2010-11, additional working capital loans has been raised to meet with the gap in cash flows

c. In Format 16, Interest and financial charges have also been revised as under:-

₹in crore

Financial year	Interest cost of loans submitted earlier as per ARR for FY 2014-15
2010-11	1664.69
2011-12	1970.37
2012-13	2379.04
2013-14	2508.50
2014-15 (projected)	2763.30

The interest cost has been increased due to increase in loans. The Hon'ble Commission approves the interest charges on normative basis which does not tally with the actual working capital requirements of PSPCL. Again, PSPCL has to compensate the disallowance of expenses (which is even more than the RoE amount) by the Commission by raising short term loans. Hence PSPCL is forced to take short term borrowings from market to meet its day-to-day expenses.

Moreover Commission allows the rate of interest at SBI advance rate instead of actual interest rate.

Further, PSPCL had to take short term loans to replace re-called GoP loans and adjustment of subsidy towards RBI bonds issued under tripartite agreement between CPSUs, GOI & Govt. of Punjab. Further, in regard to interest on the bridge loan taken by PSPCL to fund the delay in subsidy payment by GoP, the Hon'ble Commission may direct GoP accordingly.

d. It is submitted that PSPCL has filed the ARR & Tariff Petition in accordance with The Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time along with the prescribed formats. All the information required as per the above regulations has been provided.
e. No reply is sought.
f. The figures of subsidy indicated in the Para are as per ARR for the year 2011-12 to 2014-15 which is subject to true-up, review and determination by PSERC. There is no shortfall in reimbursement of subsidy by GoP for the year 2011-12 & 2012-13.
g. Financial assistance by government to improve the cash flow position of PSPCL is to be decided by the GoP.
h. Deciding on the subsidy is the prerogative of GoP.
i. Interest claimed in ARR relates to loans taken for capital works undertaken and working capital and therefore has been proposed to be recovered through tariff. Further, subsidy burden is not passed on to the consumers of other categories through cross subsidy.
j. PSPCL purchases power to meet the requirement of consumers across all categories and not category wise. Further, subsidy is being paid by GoP and other categories are not burdened with the same.
k. Infusion of fresh equity is the prerogative of GoP.

View of the Commission

a) No comments
b) Loan is approved after prudent check as per PSERC Regulations.
c) Interest charges are allowed on loans approved by Commission after prudent check and in line with PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.
d) No comments

e) Gap is determined by the Commission on the basis of approved expenses/income and as per PSERC Regulations.

f) Amount of subsidy is calculated on the basis of consumption (AP/ DS/BPL/SC) approved by Commission. The subsidy is to be paid in advance monthly installments. Interest is charged on any delay in payment of subsidy. Refer para 2.19 of this Tariff Order.

g) It is a policy decision of GoP.

h) It is policy decision of GoP.

i) Amount of subsidy is calculated on the basis of consumption (AP/ DS/BPL/SC) approved by Commission. Refer para 2.18, 3.18, and 5.18 of this Tariff Order.

j) Refer para 6.8 of this Tariff Order.

k) Relates to GoP.

Issue No. 4: Employee Cost

Although number of employees has reduced but the employee cost is still very high.

Reply of PSPCL

The employee cost is a parameter which cannot be controlled to a great extent by PSPCL. However PSPCL is making constant efforts to reduce the burden of employee cost.

View of the Commission

Employee cost is approved as per PSERC Regulations. Refer para 2.11, 3.11, 5.10 and 6.9 of this Tariff Order.

Issue No. 5: Energy Audit and T&D loss

a. T&D loss reduction should be much more.
b. Detail of number of 11 kV feeders up to 31.12.2013 and number of feeders where accounting has been done, and feeder's wise T&D losses should be submitted.
c. Reasons/basis of the projected growth of agricultural consumption of 5% in 2013-14.
d. As per MoP guide lines under APDRP, AT&C losses are required to be brought to below 15% limit with annual sustained improvement.

Reply of PSPCL

a. Refer views of PSPCL on issue no. 15 of objection no. 9.
b. PSPCL has submitted the ARR & Tariff Petition in accordance with The Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005' as amended from time to time and all the information required as per the above regulation has been submitted.
c. The Hon'ble Commission in Tariff Order for the FY 2012-13 has approved growth in Agricultural consumption for the FY 2012-13 by 5% over the sales for the FY 2011-12. Same basis has been applied to project the agricultural consumption for the FY 2013-14.
d. GOI/MOP launched R-APDRP (Part-B) scheme for strengthening of sub-transmission and distribution system of urban India to reduce AT&C losses in towns with population 30.000 or more and having AT & C losses more than 15%. As per provisions in the scheme, 50% loan is convertible into grant if the utilities maintain AT&C losses upto or below 15% on a sustainable basis over a period of years.
   PSPCL has already adopted this scheme and guidelines are being followed in true spirits. As per guidelines, 47 no. cities/towns of Punjab are eligible under this scheme. Open tenders were invited by PSPCL to implement this scheme. Price bids of eligible firms stand opened & Work orders are also likely to be issued shortly. Benefits shall start accruing to PSPCL after implementation of the scheme.

View of the Commission

Refer para 6.1.3 & 6.2 of this Tariff Order.

Issue No. 6: Defaulting Amount

Defaulting amount belonging to Govt. Departments needs to be recovered without further delay.

Reply of PSPCL

PSPCL has fully functional billing and collection department and is operating as per laid down policies for recovery of dues. All efforts are being made to recover the dues.

View of the Commission

Commission has issued a directive to PSPCL for recovery of defaulting amount at the earliest.

Issue No. 7: Free Power to employees

Consumers should not be burdened with the cost of free supply to the employees.

Reply of PSPCL
Free supply to the employees is as per the HR policy of PSPCL and is part of benefits being given to the employees.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 8: Theft of Power
Controlling of theft is most effective way to reduce load on feeders and reduction in T&D loss.
Reply of PSPCL
It is already submitted in Issue No. 5 above and further adding to it that the internal control system and procedure for monitoring sale and billing is already in place and is functioning effectively. This has resulted in reduction of theft and losses. However PSPCL will continue its effort to further improve the efficiency level & reduce theft.
View of the Commission
Refer para 6.2 of this Tariff Order. Theft of energy should be controlled by PSPCL to reduce AT&C losses.

Issue No. 9: Increase in Tariff
There should not be any tariff increase.
Reply of PSPCL
PSPCL has submitted the ARR & Tariff Petition in accordance with The Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time. Hon'ble Commission may kindly take a prudent view and allow appropriate increase in tariff so as to enable recovery of the ARR as proposed.
View of the Commission
Tariff is determined as per PSERC Regulations. Also refer to view of the Commission on issue no. 2 objection no. 12.

Objection No. 20: Sh. R.L.Mahajan, President, Technocrats Forum

Issue No. 1: Commercial viability of Utilities
While splitting the Board, each Unit should be made a commercially viable enterprise free from extraneous influence (Political interference) and the Govt. should take over the liabilities standing on that date.
Reply of PSPCL
No reply is sought as the issue does not relate to the ARR. Moreover, the assets and liabilities to each entity have been vested as per the second transfer scheme notified by the government of Punjab.
View of the Commission
It is a matter that relates to GoP.

Issue No. 2: Cross Subsidy
Cross subsidy should not exceed $\pm$ 20% and it should gradually be reduced to 0% except in case of very poor segment having low consumption of about 30 units per month.
Reply of PSPCL
Concrete steps are already being taken to reduce the level of cross subsidisation and the tariff rates are within $\pm$ 20% of the average cost of supply as also provided in the NTP. This principle may be followed for determining tariff rates for FY 2014-15 as well.
View of the Commission
Refer to view of the Commission on issue no. 16 of objection no. 8.

Issue No. 3: T&D Losses
T&D losses should be reduced so as to bring at par with the best performed system at International level.
Reply of PSPCL
Refer to PSPCL reply on issue no. 15 of objection no. 9.
View of the Commission
Refer to view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 4: Financial Restructuring
Financial restructuring of the Board and new entities remains to be done.

Reply of PSPCL
The financial re-structuring has already been done, however, the petitioner appreciates that the consumer has pointed out the key concerns faced by the corporation at the moment. Also refer reply of PSPCL on issue no. 9 of objection no. 5 & 6.
View of the Commission
Financial Restructuring Plan has already been issued by GoP.

Issue No. 5: Cross Subsidies
Cross subsidies are not being reduced progressively and it is surprising to observe that for the AP consumers, subsidy was rather increased to 22.98 % in 2013-14 from 17.68 % in 2012-13 and increased further to 39%.
Reply of PSPCL
Concrete steps are already being taken to reduce the level of subsidies and the tariff rates are within ± 20% of the average cost of supply as also provided in the NTP. This principle may be followed for determining tariff rates for FY 2014-15 as well.
View of the Commission
Refer to view of the Commission on issue no. 16 of objection no. 8.

Issue No. 6: Gaps of Previous Years
The previous year's gaps (deficits) should not be allowed as Govt. is responsible for these because of not doing financial restructuring to take over the liabilities at the time of splitting the Board.
Reply of PSPCL
Refer reply of PSPCL on issue no. 4 above.
View of the Commission
Refer to view of the Commission on issue no. 4 above.

Issue No. 7: Interest on Securities
Interest on securities (ACD) deposited by the consumers should be regularly paid to the consumers.
Reply of PSPCL
It is the prerogative of the Hon'ble Commission to decide on the interest on securities (ACD) deposited by the consumers. The Hon'ble Commission may take a prudent view in this regard.
View of the Commission
As per Supply Code notified by PSERC, interest on Security (Consumption) is to be paid to consumers.

Issue No. 8: Special Cell to forecast Demand
PSPCL should set up a special cell to undertake demand forecast on daily/half- weekly basis during paddy season to ensure saving in the power purchase and meet the short term demand in most economical manner.
Reply of PSPCL
There is already a cell which looks after this issue.
View of the Commission
PSPCL has replied to the suggestions of the objector.

Objection No. 21: Ms. Sehaj Preet Kaur, Ludhiana

Issue No. 1: No Hike in Tariff
PSPCL should reduce the tariff hike.
Reply of PSPCL
PSPCL has submitted the ARR & Tariff Petition for FY 2014-15 as per PSERC Regulations and has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.
View of the Commission
Commission determines tariff after a prudent check of expenses claimed and in line with PSERC Regulations. Also, refer to view of the Commission on issue no. 2 objection no. 12.

Issue No. 2: Theft of Power

PSPCL should control the power theft by the consumers through hooking or meter installed inside their premises. And this is the violation of act for which the respective SDO/Lineman of that area should be suspended. Strict measures should be taken in this regard. Also, free supply should not be given to any consumer.

Reply of PSPCL

Refer views of PSPCL on issue no. 15 of objection no. 9.

The responsibilities to the concerned officers have been fixed for controlling the power theft by the consumers through hooking or meter installed inside their premises. Also, if any case of power theft arises due to negligence of the officer, responsibility is fixed on him and disciplinary action is taken as per regulations. Free power is supplied to AP Consumers and 200 units are provided to SC DS and non SC DS BPL consumers (load upto 1 KW) as per state Govt. policy for which PSPCL gets subsidy from GoP. Further, no free power is supplied to any consumer except the PSPCL staff (as it a part of the HR policy).

View of the Commission

PSPCL should make consistent efforts to bring T&D losses to internationally acceptable levels. Giving subsidy to any class of consumers is the policy of the Govt. Theft of energy should be controlled by PSPCL.

Issue No. 3: Payments of Electricity Bills

Electricity Bills should be allowed to be paid up to Rs 10000/- in cash in other district as allowed in Mohali.

Reply of PSPCL

The issue has been noted by PSPCL. It will be taken up separately as it is not related to ARR.

View of the Commission

PSPCL may submit the proposal separately for the consideration of the Commission.

Issue No. 4: Extension of Grace Period

The time for depositing the delayed payment surcharges should be extended for 3 more days.

Reply of PSPCL

PSPCL is already allowing grace period to all its consumers to pay the electricity bill within due date. Delayed payments attract payment of surcharge by the consumers.

View of the Commission

Refer clause 21 of Annexure-I of Volume-II of this Tariff Order.

Issue No. 5: Deployment of Staff for Billing Problems

Separate staff should be deployed along with the cashier to check the discrepancy in the bill amount.

Reply of PSPCL

The issue has been noted by PSPCL. It will be taken up separately as it is not related to ARR.

View of the Commission

PSPCL needs to tackle billing related issues more seriously and earnestly.

Issue No. 6: Public Lighting Tariff/Penalty

Charges for street light consumption during the day time due to negligence of the staff deployed should be cut from his/her salary.

Reply of PSPCL

The issue has been noted by PSPCL. It will be taken up separately as it is not related to ARR.

View of the Commission

The issue does not relate to ARR.

Issue No. 7: Facilities for Senior Citizens

There should be a separate counter for the senior citizens to deposit the bill.

Reply of PSPCL

There are already separate counters for the senior citizens to deposit their bills at their respective bill deposit centers.

View of the Commission

PSPCL should ensure that adequate facilities are extended to all consumers particularly the senior citizens and women.

Issue No. 8: Pension to Retired Employees

Pension given to the retired employees of PSPCL should be reduced to half which in turn will prevent the tariff hike.

Reply of PSPCL
PSPCL gives pension to its retired employees as per the Rules & Regulation of State Govt. amended from time to time. PSPCL has no role in deciding the pension for the retired personnel.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 9: Separate Bill for ACD
Advance Consumption Security (ACD) amount forms part of the electricity bill. It should be excluded from the bill, so that bill amount should remain within the reach of consumers.
Reply of PSPCL
The issue has been noted by PSPCL. It will be taken up separately as it is not related to ARR.
View of the Commission
As per Supply Code, PSPCL is required to issue separate Demand Notice for additional Security (Consumption) and the Commission directs PSPCL to strictly implement the Regulations.

Objection No. 22: Sh. Gurkirpal Singh, President, Mohali Industries Association

Issue No. 1: Issue of Two or more Connection in one Premise
More than one connection should be allowed to industries set up in a single plot for industrial and NRS consumers.
Reply of PSPCL
In case if more than one connection is allowed to industries set up in a single plot for industrial and NRS consumers then separate meters have to be installed. However it is the prerogative of Hon'ble Commission to allow separate meters in the same plot for industrial and NRS consumers.
View of the Commission
Refer to view of the Commission on issue no. 1 of objection no. 7.

Issue No. 2: No hike in Tariff
The prevailing rates of Electricity are already very high in Punjab. There should be no hike in electricity rates (Industrial/Commercial/Residential).
Reply of PSPCL
PSPCL has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) are based on the actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition. The electricity rates in Punjab are lower compared to that in the adjoining northern states of Haryana, Rajasthan, UP etc.
Thus, tariff hike is justified on account of increase in cost of inputs viz. cost of coal, freight, establishment cost, depreciation etc.
View of the Commission
Tariff is determined after prudent check of the claim of the utility and as per PSERC Regulations. Also, refer to view of the Commission on issue no. 2 of objection no. 12.

Issue No. 3: Peak Load Restrictions
Peak Load restrictions being imposed on Industry should be discontinued permanently for all categories.
Reply of PSPCL
Refer reply of PSPCL on issue no. 17 of objection no. 9.
View of the Commission
Refer to para 7.3 of this Tariff Order.

Issue No. 4: New Category for IT / ITES Industry
A new category of IT/ITES industries should be specified (either Industrial or Commercial).
Reply of PSPCL
It is the prerogative of the Hon'ble Commission to decide on the category of IT/ITES industries. The petitioner thus requests the Hon'ble Commission to take a prudent view in this regard.
View of the Commission
Categorisation of consumers has been made in Schedules of Tariff as per Annexure II.

Issue No. 5: Shortage of Material
There is shortage of material in PSPCL stores specially cable and CTs/PTs.

Reply of PSPCL
The PSPCL has noted the issue and assures that the concrete steps would be taken by the utility in order to ensure that there is no shortage of material in PSPCL stores specially Cable and CTs/PTs.
View of the Commission
PSPCL should plan procurement of material properly to ensure availability of material in stores.

Objection No. 23: Sh. Baidwan Nacchatar Singh

Issue No. 1: Tariff Based on Cost of Supply
PSPCL is raking in profits as the actual cost of supply of electricity incurred by PSPCL is less for consumers having higher consumption with respect to commercial connections. While traders recover this cost indirectly from their consumers which makes it difficult for the small traders to compete. Therefore the commercial rates should be at par with domestic rates.
Reply of PSPCL
Refer to PSPCL reply on issue no. 2 of objection no. 22.
View of the Commission
Refer to para 7.5 of this Tariff Order.

Issue No. 2: Additional Security
PSPCL seeks additional security deposit from the consumers at the time of load extension, even if there is no infrastructure up-gradation. And if some extra infrastructure is upgraded from existing then the rates charged by PSPCL are exorbitant vis-a-vis market rates. Therefore, consumers should be given the facility to purchase electricity wares on their own for the extension of load.
Reply of PSPCL
PSPCL is paying interest on the amount of Consumption Security recovered from its consumers as per provision of EA 2003. Further, it is not a recurring charge and is based on average consumption charges for the past 12 months.
Further the consumer is not liable to pay towards the electricity wares on behalf of PSPCL for the extension of load as it will lead to the manipulation of the system.
View of the Commission
The payment of additional Security (Consumption) or Service Connection charges are governed by PSERC Regulations.

Issue No. 3: Interest on Security
Interest should be provided on security deposit in the form of adjustment in the bill for the month of April annually.
Reply of PSPCL
It is the prerogative of the Hon'ble Commission to decide on the interest on securities (ACD) deposited by the consumers. The Hon'ble Commission may take a prudent view in this regard.
View of the Commission
Payment of interest on Security (Consumption) is governed by provisions of Supply Code.

Issue No. 4: Metering
Electronic meter should be replaced by the mechanical/ ordinary meters as it is difficult for the consumers to detect the fault in the electronic meter, if any.
Reply of PSPCL
The issue has been noted by PSPCL and an appropriate action would be taken regarding the same.
View of the Commission
PSPCL should take note of complaints & take remedial measures.

Issue No. 5: No work No Pay
The salary of the employees during the strike period of the corporation should not be passed on to the consumers.
Reply of PSPCL
Going on strike or making the protest for their demands is a natural and legitimate right of employees as recognized by labour laws. In the first instance, salary is deducted for the strike period and later on, such deducted amount is released only on the regularization of strike period.
View of the Commission
It is an administrative matter and does not relate to ARR.

Issue No. 6: Surcharge on Delayed Payments

The delayed payment surcharge recovered by PSPCL should be restricted to Rs 100 instead of 10% of the total amount.

Reply of PSPCL

PSPCL is already allowing grace period to all its consumers to pay the electricity bill within due date. Delayed payments attract payment of surcharge from the consumers only on the amount of SOP in the bill. This surcharge ensures timely flow of funds to the utility.

View of the Commission

Refer clause 21 of Annexure-I of Volume-II of this Tariff Order.

Issue No. 7: Overhauling of Consumer Account

If the meter gets defective/dead during July- December, bill should be charged by reducing 5% consumption from the last month and during January-June, bill should be charged by increasing 5% consumption from the last month instead of charging for average consumption for the last six months.

Reply of PSPCL

This practice of charging for average consumption for the last six months has been discontinued. Now a days, when meter becoming defective/dead LYSM (last year same month) consumption is charged and where LYSM consumption is not available then bill is issued on the basis of LDHF (load based) average. Both bases are as per PSPCL rules & regulations and in the given circumstances, it has been found to be prudent/suitable in order to safeguard the interest of utility as well as consumers.

View of the Commission:

Account of the consumer is to be overhauled as per Supply Code.

Issue No. 8: Disputed Bills

In case of dispute or levy of penalty, only normal bill may be got deposited till decision for the extra charges/fine.

Reply of PSPCL

The issue is noted by PSPCL. It will be taken up separately as the issue is not related to ARR.

View of the Commission

Action is to be taken by PSPCL as per Regulations framed by the Commission.

Issue No. 9: Dishonored Cheques

In case of non-clearance of cheque, the practice of depositing the bill through demand draft for one year should be discontinued.

Reply of PSPCL

The issue is noted by PSPCL. It will be taken up separately as the issue is not related to ARR.

View of the Commission

Action is to be taken by PSPCL as per Regulations framed by the Commission.

Objection No. 24: Steel Furnace Association of India

Issue No. 1: Amendment in Supply Code Regulation

For any additional load added by an industrial consumer for which there is no additional expenses to be incurred by the PSPCL and additional load is released from the same line/feeder without any augmentation work, no service connection charges is to be claimed from the consumer. However, if the service connection charges are to be claimed it must be linked to the actual incurred cost of such charges in a rational way.

Reply of PSPCL

The demand of the Association not to charge any service connection charges for extension in load when line/feeder does not require augmentation work is not feasible for acceptance. Increase in load/demand has a cascading effect of loading not only in the line feeding the consumer but also on the network of transmission lines / substations and thus, the recovery of service connection charges is correct. However, the service connection charges are now recovered on the basis of increased demand and in case load is extended without increase in contract demand then no service connection charge is recovered.

View of the Commission

The issue would be examined by the Supply Code Review Panel.

Issue No. 2: Interest on Security

When an industrial consumer applies for increase in sanctioned load and contract demand, a security deposit is sought from the consumer. The PSPCL is liable to pay interest on this security.

However, it is learnt that Board follows the practice of paying interest from the date when such contract demand is released rather than when the money is received in PSPCL account.

Reply of PSPCL

The consumer is asked to give initial security only in the first instance on which there are no regulations to pay interest. Interest is paid on consumer security which is based on actual average consumption of the last year (1.5 month consumption charges) and this is paid only after the demand is released and results in to increased consumption.

View of the Commission

The issue would be examined by the Supply Code Review Panel.

Objection No. 25: Capt. S.S.Dhillon, IAS (Retd.), I.N.A. Rural Development Society

Issue No. 1: Supply to AP consumers

PSPCL does not supply the electricity to agricultural pumps even for 2-3 hours during the period from March till 10th June every year when the paddy transplantation starts. Though the electricity is supplied for 6 to 8 hours for the paddy crop but the supply hours are again reduced to less than 6 hours during wheat growing season.

Reply of PSPCL

During the harvesting season of April & May, the supply is reduced to agriculture power feeders as the demand for irrigation is considerably less, rather it becomes negligible. However, power supply during paddy season from 10th June is assured for 8 hours. Further, during winter months of November, December & January, the water inflow in the river gets reduced, resulting low generation in Hydro Power Plants. Further irrigation requirements for wheat are not comparable to paddy crops, and thus in order to conserve power, supply to rural agricultural feeders is given for six hours as reported by the objector.

View of the Commission

PSPCL should ensure the scheduled supply to AP consumers as per their requirement keeping in view system constraints, if any.

Issue No. 2: Irregular Supply to AP consumers

No power is supplied during the period March - June, so the farmers cannot irrigate the land and grow fodder or maize crop or pulses or vegetables etc. during this period. The Government of Punjab has been laying lot of stress on diversification of agriculture by growing maize crop, pulses and vegetables but due to non-availability of power supply growing of such crops is not possible. Thus the farmers of the state are suffering huge losses due to non-supply of power

Reply of PSPCL

The power availability and demand has to be matched to avoid unnecessary power cuts. Crops like fodder, maize, pulses or vegetables do not require irrigation water equal to paddy crop, so reduced supply during harvesting season of April & May is in order.

With the coming of extra power from IPPs, the supply to agricultural feeder shall also get increased during harvesting season, but supply to agriculture feeders for 12-14 hours daily on regular basis, may not be possible in the immediate future. However, with crop diversification, if this project succeeds, supply could be assured for 12-14 hours daily to agricultural feeders as well on regular basis.

Govt. pays subsidy to PSPCL as per actual agricultural consumption worked out by Hon'ble Commission and the tariff fixed for AP supply is also subsidized

View of the Commission

Refer to view of the Commission on issue no. 1 above.

Issue No. 3: Power Supply to AP consumers

All the industrial units of the state are provided continuous power supply throughout the year while on the other hand the power supply to the farmers is restricted to few hours and that too at odd hours of the days and nights. This is highly unjustified and is an act of great discrimination on the part of PSPCL.

Reply of PSPCL

Industrial consumers as well as the consumers in the city areas are given restricted supply for feeding load to AP feeders during paddy season. Further, in order to meet the priority demand of paddy farmers, the industrial off days are increased to two or three and sometimes supply is not given even for a week or two to power intensive units.

Unless PSPCL system has surplus power throughout the year, the possibility of giving continuous supply to rural/urban areas for 24 hours daily shall not be possible.

View of the Commission
Refer to view of the Commission on issue no. 1.

Issue No. 4: Power Supply to AP Consumers
The commission may give necessary directions to PSPCL to supply power for minimum 12-14 hours a day (during day time only) for Agricultural Pumps so that the farmers do not have to face inconvenience, harassment and financial losses due to inadequate power supply for the agriculture.
Reply of PSPCL
Due to technical constraints of overloading of substations and power lines, giving 12-14 hours supply during day time to agriculture feeders shall not be possible. For paddy season, 8 hours supply is assured on rotational basis and every agriculture sector gets supply during day & night as well, as per roaster prepared and exhibited on the notice boards of distribution sub-divisions.
View of the Commission
Refer to view of the Commission on issue no. 1.

Objection No. 26: Shri Kuldip Singh Grewal, Advisor, Bharti Kisan Union Sidhupur

Issue No. 1: Reduction in Power Tariff
Per capita income of Punjab is lower than many States and Union Territories but the rate of power supply are highest. These should be reduced by 33%.
Reply of PSPCL
Tariff is determined by the Hon'ble Commission based on the actual expenses and revenue of past years and the projected expenses and revenue requirement for the year for which the tariff is required to be determined.
Moreover, with the rising costs and increased revenue gaps, it is submitted that the utility will face severe revenue and cash crisis if the tariff is reduced. Thus, the petitioner requests the Hon'ble Commission to take the decision in the best interest of the utility.
View of the Commission
Tariff is determined after prudent check of the claim filed by the utility and as per PSERC Regulations. Also, refer to view of the Commission on issue no. 2 of objection no. 12.

Issue No. 2: Testing & Calibration of Meters
System of testing and calibration of meters should be independent and transparent.
Reply of PSPCL
System of testing of meter is already transparent. Consumers can get their meter tested in meter testing laboratory after deposition of testing fee.
View of the Commission
The Commission has approved the accredited labs for testing of meters other than PSPCL's own labs.
Issue No. 3: Damaging of Transformers
Transformers are damaged due to overload, poor maintenance and failure of safety devices. So effective steps should be taken for proper working of transformers and somebody should be held responsible for the lapse.
Reply of PSPCL
Responsibilities to the concerned officers have been assigned for ensuring the timely & proper maintenance of the transformers.
Also, if transformer gets damaged due to negligence of the officer, responsibility is fixed on him and disciplinary action is taken as per regulations.
View of the Commission
PSPCL must ensure proper upkeep of transformers including its load balancing, proper earthing etc.

Issue No. 4: Scheduling of AP supply
The hours of supply to farmers should be fixed in two semesters. First from June to November and second from December to May. Power to tubewells should be given in day time only.
Reply of PSPCL
Power to agriculture sector is given in rotation (Day/Night) basis. Giving supply only during day time is not possible due to technical constraints.
View of the Commission
Refer to view of the Commission on issue no. 1 objection no. 25.

Issue No. 5: kVAh Tariff
kVAh Tariff system should not be introduced.
Reply of PSPCL
The proposal for implementation of kVAh tariffs has already been submitted to the Hon'ble Commission which may be decided appropriately by the Hon'ble Commission.
View of the Commission
Refer to para 7.1 of this Tariff Order.

Issue No. 6: Metered AP Supply
Power supply to the farmers should be given in fixed units and not for fixed hours. This will save lots of water, power and theft.
Reply of PSPCL
Unless proper meters are installed at all tube well premises, supplying power based on the fixed units are not possible because of energy accounting issues.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 7: Energy Auditing of Grid Stations
System of energy audit at Grid level should be introduced to assess the actual losses due to theft, fraud and line losses.
Reply of PSPCL
Such system is already being followed and power sent out from Grid is taken as a base for working out losses.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 8: Power Theft
Many consumers are stealing power by manipulating the meters. Special squad should be constituted for checking of power supply to Govt. offices, PSPCL staff, religious places and bulk consumers.
Reply of PSPCL
Internal control system and procedure for monitoring sale and billing is already in place and is functioning effectively. This has resulted in reduction of theft and losses. However PSPCL will continue its effort to further improve the efficiency level & reduce theft.
View of the Commission
Refer to view of the Commission on issue no. 2 of objection no. 21.

Issue No. 9: Reward for Honest persons
Reward should be given to the person who helps to detect the power theft.
Reply of PSPCL
PSPCL has taken note of the suggestion and assures that the issue shall be dealt in the appropriate manner by PSPCL.
View of the Commission
It is an administrative matter.

Issue No. 10: Delayed Bill Payment Surcharge
Penalty for delay in payment of bill should be lowered.
Reply of PSPCL
PSPCL is already allowing grace period to all its consumers to pay the electricity bill within due date and thus, it is not possible to lower the penalty for delay in payment of bill.
View of the Commission
Refer clause 21 of Annexure-I of Volume-II of this Tariff Order.

Objection No. 27: Shri Kulwarn Singh Atwal, Awardee-Innovative Farmer in Diversified Farming by PAU

Issue: AP High Technology Category
Due to high depreciation of the Poly/Green House from the day it is erected, crops are to be planted immediately. Connection should be released to the High Tech Poly House farmer within 15 days of the completion of unit. Due to non availability of quality and regular day power and non-functioning of fogger from 10 AM to 5 PM, the indoor temperature of Poly House/Net House increases in summer resulting in stress and subsequent failure of crop. Ultimately, the farmer gets demoralized and fails in adopting such lucrative scheme of National Horticulture Mission. It is

most humbly requested that PSERC should fix some mechanism that connection is released to Poly House/Net House farmer within 15 days of the completion of the unit.

Reply of PSPCL

Hon'ble Commission is requested to take a prudent view in this regard.

View of the Commission

Refer to Schedule SXI of Tariff at Annexure II of Vol. 2 of this Tariff Order

Objection No. 28: Shri Vijay Talwar , Laghu Udyog Bharti

Issue No. 1: Share of Octroi Charges

The share of octroi collection charges to PSPCL by the Municipal Corporations has not been shown as the income of PSPCL in ARR petition.

Reply of PSPCL

The share of octroi charges to PSPCL comes under the miscellaneous charges forming part of non-tariff income which has been included in ARR petition.

View of the Commission

The reply of PSPCL is satisfactory.

Issue No. 2: Income from all Sources

All income received by PSPCL should be reflected in the ARR as per the Tariff Regulations.

Reply of PSPCL

PSPCL has filed the ARR & Tariff Petition in accordance with the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2005, as amended from time to time with all its income reflected.

View of the Commission

Commission determines the ARR as per its Regulations and revises the tariff after prudent check of expenses/income.

Issue No. 3: PF Incentive for MS Consumers

PSPCL has incorporated a clause pertaining to incentive on power factor for medium supply consumers which does not exist in schedule of Tariff approved by the Commission.

Reply of PSPCL

PSPCL charges tariff and other incentives and penalties strictly in accordance with that approved by the Hon'ble Commission in the Tariff Order and other relevant orders issued from time to time.

View of the Commission

Refer to para 7.1 of this Tariff Order.

Issue No. 4: PF Incentive for PIU & Arc Furnaces under MS Category

In case of Power Intensive Units and Arc Furnace under Medium Industrial Supply tariff, PSPCL has not provided incentive for maintaining power factor above 90 upto 95. The consumers maintaining power factor above 90 relieves PSPCL system resulting in reduction in T&D losses. This recovery should be refunded to the consumers.

Reply of PSPCL

PSPCL desires to operate its network at near unity power factor. In case consumer improves power factor at its own level, inherent benefit comes to it also due to increase of voltage and less electricity consumption. For power intensive LS consumers, also the rebate is given only for power factor above 0.95. In several states of India, no power factor rebate (incentive) is given for attaining higher power factor than the minimum power factor prescribed by it. Proposal is also under consideration of Hon'ble Commission to charge consumers on kVAh consumption basis and with this system of billing consumers attaining higher power factor shall get compensated automatically due to lesser kVAh consumption.

View of the Commission

Refer to para 7.1 of this Tariff Order.

Issue No. 5: Charges of A&A Form

As per the clause 3.1 (i) and 3.1 (ii) of ESIM, PSPCL is charging Rs. 50 for each A&A Form, whereas the Hon'ble Commission has not approved any cost for such forms and income earned by PSPCL is not shown as income while submitting ARR.

Reply of PSPCL

PSPCL charges tariff and other charges, incentives and penalties strictly in accordance with that approved by the Hon'ble Commission in the Tariff Order and other relevant orders issued from time to time. Further, it is submitted that the charges against A&A forms has already been included as a part of income from miscellaneous receipts forming part of non-tariff income which has been included in the ARR.

View of the Commission

PSPCL is authorised to charge only those charges/fees which has been approved by the Commission.

Issue No. 6: Income from Theft & UUE

The income from theft & UUE during 2009 to 2013 should be disclosed correctly by PSPCL. PSPCL should also disclose the number of cases detected, number of cases pending in courts, number of cases who deposited money as demanded, and amount finally assessed/ recovered during the 2009 to 2013.

Reply of PSPCL

PSPCL has its own internal audit & control system and procedure for monitoring sale, billing and ensuring accounting as per the accepted accounting principles and applicable Accounting Standards. PSPCL has filed the ARR & Tariff Petition in accordance with the 'Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time. All the information required as per the above regulation is provided to the Hon'ble Commission and any income other than tariff income has been included in non-tariff income in the ARR petition.

View of the Commission

The requisite reply / information asked by the objector should be furnished by PSPCL.

Issue No. 7: Fuel Surcharge, Voltage & LT Surcharges

PSPCL has recovered fuel surcharge, voltage & LT surcharge from different consumers, however the amount has not been shown in the ARR.

Reply of PSPCL

PSPCL has filed the ARR & Tariff Petition in accordance with the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time. All the information required as per the above regulation is provided to the Hon'ble Commission and any income other than tariff income has been included in non-tariff income in the ARR petition.

View of the Commission

The reply of PSPCL is satisfactory.

Issue No. 8: Interest on ACD & Initial Security

PSPCL is paid ACD & meter security at the time of submitting requisition / A&A form and service charges in advance but connections are released after the period of more than one year without giving any interest. All these amounts remain deposited without any interest to consumers. PSPCL should be directed to pay interest on ACD, meter security & service connection charges from the date of its deposit to the date of release of connection.

Reply of PSPCL

Consumer is asked to give initial security only in the first instance on which there are no regulations to pay interest. Interest is paid on consumption security which is based on actual average consumption of the last year (1.5 month consumption charges) and this is paid only after the demand is released and consumption increases thereby.

View of the Commission

Refer Commission's view on issue no. 2 of objection no. 24.

Issue No. 9: Sale to Temporary Connection

Hon'ble Commission should direct PSPCL to disclose the figure of sales in units & rupees to temporary connection for the period 2009-2013.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so directed by the Hon'ble Commission.

View of the Commission

All details should be provided to the objector with copy to the Commission.

Issue No. 10: Service Connection Charges for AP Connections

The service connection charges for tubewell / extension of tubewell connection should be paid by Punjab govt. under Section 65 of the Electricity Act or the amount of connection released / extended to AP category be deducted from Return on Equity admissible to PSPCL.

Reply of PSPCL

The Hon'ble Commission may direct the Punjab Govt. as per the request made by the objector to extend subsidy for service connection charges for AP consumers.

View of the Commission

Service Connection Charges are charged from various categories of consumers as per Supply Code.

Issue No. 11: Surplus Revenue

PSTCL has categorically declared ₹212 crore as surplus from ARR allowed during 2013-14, while PSPCL is still under losses.

Reply of PSPCL

PSPCL and PSTCL are two different entities undertaking businesses with different risk and return profiles. The surplus/deficit of these two entities could not be compared.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 12: Revenue from Release of Industrial Connections

The revenue collected from industrial consumers right from 2002-03 has not been shown in ARR i.e. amount charged on actual cost plus 16% establishment charges as per kW or kVA charges whichever is higher as per ESIM clause 15.2. According to this clause l6% establishment cost collected from consumers is illegal & is liable to be refunded to the consumers. The Hon'ble Commission is requested to conduct a prudent check.

Reply of PSPCL

Since the formation of the Hon'ble PSERC, the PSPCL is charging tariff and other charges, incentives and penalties strictly in accordance with that approved by the Hon'ble Commission in the Tariff Orders and other relevant orders issued from time to time. The petitioner also requests the Hon'ble Commission to conduct prudence check in this regard.

View of the Commission

The matter may be examined by the Supply Code Review Panel.

Issue No. 13: Exemption of Service Connection Charges to PSPCL Employees

PSPCL employees are exempted from payment of service connection charges under the provisions of ESIM clause 15.7. This is illegal contrary to the provisions of Electricity Act, Rules, Regulations and Tariff orders. After the enactment of Electricity Act 2003, no exemption can be given by PSPCL or even by Govt. Thus these exemptions granted are to be deducted from the payment from return on equity to be allowed to PSPCL.

Reply of PSPCL

Service Connection Charges are only exempted to those PSPCL/PSTCL employees who on transfer require domestic connection at the new place of posting **a**s per clause 15.7 of ESIM. This relaxation is not admissible to those PSPCL's /PSTCL's employees who apply for domestic connections for their own house either purchased or built.

View of the Commission

Commission agrees with the reply of PSPCL.

Issue No. 14: Connected Load Registers

As per, ESIM clause 33 connected load registers are not maintained for every feeder resulting in wrong release of connections even on overloaded line/sub-station & grids.

Reply of PSPCL

It is factually incorrect to say that connections are released wrongly on overloaded lines/ sub-stations as all the connections are released in accordance with rules specified in ESIM and after proper approvals and thorough checks made by the officers of PSPCL.

View of the Commission

The issue does not relate to ARR.

Issue No. 15: Income from Shifting of Lines/Poles

The income received by PSPCL for shifting of lines/poles has not been shown in any ARR.

Reply of PSPCL

PSPCL has filed the ARR & Tariff Petition in accordance with the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005, as amended from time to time and all income from sources other than tariff has been included in non tariff income forming part of the ARR petition.

View of the Commission
The reply of PSPCL is satisfactory.

Issue No. 16: Cross verification Of ARR
The ARR submitted to the Commission, may please be got rechecked and cross verification of some DT meters should be carried out to get correct figures of T&D losses and rationalization of power.
Reply of PSPCL
The figures submitted in ARR and the T&D losses are based on actual financial and technical data upto Sept. 2013 and projections are based on the methodology approved by the Commission in previous Tariff Orders and in accordance with the PSERC Tariff Regulations 2005 and as amended from time to time.
View of the Commission
The Commission determines the ARR as per its Regulations and revises tariff after prudent check of expenses/income. The Commission also orders special audit of various expenses from time to time.

Issue No. 17: Replacement of Electromechnical Meters
ARR petition reveals that electromechanical meters have not been replaced with static meters as yet.
Reply of PSPCL
The process of replacing electromechanical meters by static meter was opposed by the consumers due to which the exercise has been stopped. The consumer demands to retain the electromechanical meters instead of static one which is again a tedious process to be executed step by step.
View of the Commission
Refer to Directive No. 8.1 (ii) of this Tariff Order.

Issue No. 18: Overhauling of Consumer Accounts for Defective Meters
The Hon'ble Commission should direct PSPCL to charge consumer for defective meter inclusive CT/PT for maximum period of 6 months as per provisions of the Supply Code.
Reply of PSPCL
PSPCL duly follows the guidelines and norms as approved in the Supply Code and as amended from time to time. Accordingly the consumers are charged for the defective meter as per supply code with amendment, if any.
View of the Commission
PSPCL should ensure strict compliance of the provisions of Supply Code.

Issue No. 19: Cent Percent Metering of Consumers
The Hon'ble Commission should direct PSPCL to implement the provisions of section 55 of Electricity Act, 2003 by providing 100% metering.
Reply of PSPCL
All the consumers are metered except agricultural consumers. It may not be possible to install energy meters at each AP set immediately due to practical difficulties and financial constraints and the existing system to record consumption of electricity from representative numbers of AP Sets shall continue for some more time. However approval has been accorded by PSPCL to cover all AP Consumers and provide metering in a phased manner. With the development of AMR technology covering remote rural areas and becoming affordable economically, this system is expected to be adopted in near future.
View of the Commission
Necessary directions have already been imparted to PSPCL. Also, refer to view of the Commission on issue no. 5 of objection no. 5 & 6.

Issue No. 20: Testing of Meters & Metering Equipments
The Hon'ble Commission should direct PSPCL to comply with the statutory provisions of law for testing meters including CT/PT of HT/EHT connections at site.
Reply of PSPCL
Meters are always tested at site by PSPCL employees and the system of testing of meter is quite transparent. Apart from it, the consumer can also get their meter tested in meter testing laboratories after deposition of testing fee.
View of the Commission
Compliance of Supply Code and CEA Regulations should be ensured.

Issue No. 21: Late Payment Surcharge

Late payment surcharge collected by PSPCL does not seem to be correctly reflected in ARR.

Reply of PSPCL

PSPCL has filed the ARR & Tariff Petition in accordance with the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005, as amended from time to time with all its income has been correctly reflected.

View of the Commission

The reply of PSPCL is satisfactory.

Issue No. 22: Billing of Monthly Minimum Charges

There is no fool proof method to ascertain correct figures of MMC. In the bill columns there should be two columns under SOP, one for actual amount of units as per Tariff & 2nd for difference of MMC charges over and above the actual SOP. This will give true picture of actual income from MMC, Prudent check for MMC income should be done by Hon'ble Commission.

Reply of PSPCL

The internal control system and procedure for monitoring categorisation, sale and billing is already in place and is functioning effectively. However, the Hon'ble Commission may direct the petitioner accordingly in this regard.

View of the Commission

The billing formats of PSPCL are as approved by the Commission under Supply Code.

Issue No. 23: Revenue & Surcharge from Steel Rolling Mills

PSPCL should be directed to show sale in units and surcharge received from steel rolling mills separately in the ARR.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission

View of the Commission

Information should be supplied to the Objector with copy to the Commission.

Issue No. 24: List of PLEC Consumers

PSPCL should be directed to disclose the names of consumers availing PLEC with their details of sanctioned demand and sanctioned kVA of peak load exemption on their website.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission.

View of the Commission

Information should be supplied to the objector with copy to the Commission. Refer to para 7.3 of this Tariff Order. This information should be available on website of PSPCL also.

Issue No. 25: Income from Peak Load Violation Charges

PSPCL should be directed to give detail of income received as peak load violation charges.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission

View of the Commission

Refer to view of the Commission on issue no. 23 above.

Issue No. 26: Income from Weekly off Day's Violation

PSPCL should be directed to disclose on affidavit giving complete details of income collected from consumer on account of weekly off day's violation.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission

View of the Commission

Refer to view of the Commission on issue no. 23 above.

Issue No. 27:

PSPCL should be directed to give separate sale in units and income from off seasonal industry as the rates are more.

Reply of PSPCL

The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission

View of the Commission
Refer to view of the Commission on issue no. 23.

Issue No. 28: Checking of SC/BPL Connections
PSPCL is not performing the duty to check SC/BPL consumers, resulting unnecessary burden on Govt. to pay subsidy. As per Govt. approval, SC/BPL consumers having load upto 1 kW are entitled for 200 units free per month. Where load is found exceeding 1 kW, no free concession is to be allowed.
Reply of PSPCL
Subsidy to the domestic category is provided by the GoP and reducing the subsidy to any particular section of consumer is a policy matter and is to be decided by GoP. The tariff for the domestic consumers is determined by the Hon'ble PSERC keeping in view the socio-economic aspects.
View of the Commission
Misuse of subsidy may be looked in to by PSPCL.

Issue No. 29: Capping on New Employment
The cap on employment should continue till PSPCL is not reducing per unit cost by bringing efficiency in their working.
Reply of PSPCL
The PSPCL has been in the past making efforts to reduce its employee cost and has also been managing the entire system with no additional recruitments, even while retirements were taking place. However, new recruitments are being done wherever absolutely necessary. Thus, it is requested to the Hon'ble Commission to allow actual expenditure incurred on employee costs as it is uncontrollable.
View of the Commission
Employee Cost is allowed as per PSERC Regulations. Refer para 2.11, 3.11, 5.10 and 6.9 of this Tariff Order.

Issue No. 30: Inflated ARR Figures
PSPCL tends to inflate the figures of ARR to get higher tariff initially to cover up its continuing losses which need to be looked into by the Commission thoroughly.
Reply of PSPCL
PSPCL has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.

View of the Commission
Expenses are approved after prudent check of claim of utility and as per PSERC Regulations.

Issue No. 31: Auditing of AP Consumption
AP pumped supply to AP consumer should be checked with figures given for sale of units allegedly recorded through sample meters. Hon'ble commission should order for special audit of accounts, consumption audit return and efficiency of PSPCL to safeguard the interest of consumers.
Reply of PSPCL
The sale to AP consumers is projected on the basis of methodology approved by the Hon'ble Commission in previous Tariff Orders and same may be approved by the Commission.
View of the Commission
The AP consumption is now being assessed on the basis of pumped energy.

Issue No. 32: Revenue & Sale of DS Consumers Slab-wise
Slab wise sales and consumption should be provided for DS consumers instead of consolidated figures for all the slabs.
Reply of PSPCL
The details shall be submitted to the Hon'ble Commission if so desired by the Hon'ble Commission.
View of the Commission
Refer to view of the Commission on issue no. 23.

Issue No. 33: RE Subsidy from GoP

Since an amount of ₹3423.14 crore is due from GoP on RE Subsidy from FY 99 to FY 02, therefore pension, gratuity and other benefits to employees should be paid by GoP beyond FY 2002.

Reply of PSPCL

Pension, gratuity and other benefits paid to retired employees is in accordance with applicable rules of State Govt. and is a statutory liability of the PSPCL. As this expenditure is paid by PSPCL, same should be approved as pass through in ARR.

View of the Commission

Terminal benefits are allowed as per PSERC Regulations.

Issue No. 34: Assets Registers

PSPCL is not maintaining assets registers, sub-division wise and office wise in-spite of repeated directions by Commission.

Reply of PSPCL

PSPCL has been utilizing its assets judiciously. It is further submitted that the internal control system/legal & enforcement system and procedure for monitoring the assets is already in place and is functioning effectively.

View of the Commission

Refer to directive no. 8.10 of this Tariff Order.

Issue No. 35: Transfer of Land to GoP

PSPCL is giving property worth ₹3000 crore to Punjab Govt. without getting market price of that land which is violation of law and this will burden the consumer unnecessary.

Reply of PSPCL

All the assets of PSPCL are at market price and no violation of law is being carried out by PSPCL.

View of the Commission

PSPCL should watch the financial interests of the company as well as of consumers.

Issue No. 36: Information Technology (IT)

PSPCL's Information Technology (IT) is poor.

Reply of PSPCL

The internal control system and procedure for monitoring sale and billing is already in place and is functioning effectively. However, PSPCL will continue its effort to further improve the efficiency level & performance of its Information Technology system.

View of the Commission

PSPCL should ensure timely implementation of Part-A of R-APDRP scheme. Refer Directive no. 8.2 (ii) of this Tariff Order.

Objection No. 29: Shri Angad Singh, Col (Retd) Gen Secretary, Consumer Protection and Awareness, Mohali.

Issue No. 1: Outsourcing of Customer Care Services by PSPCL

PSPCL has hired a BPO service provider company for handling customer related issues instead of deploying their own staff which is an additional financial burden on the consumers.

Reply of PSPCL

PSPCL has been in the past making efforts to reduce its employee cost and has also been managing the entire system with no additional recruitments, even while retirements were taking place. However PSPCL has hired a BPO service provider company for handling customer related issues as it comes at a lower price with quality services at the same time. Thus deploying PSPCL staff (which is well educated, trained, experienced and technically sound professionals) for handling customer related issues at high salary structure will unnecessarily increase the employee cost.

View of the Commission

PSPCL should ensure quality service from the outsourced agencies.

Issue No. 2: Irregular Coal Supply

Coal supply has not been keeping pace with the requirement of PSPCL due to which PSPCL has to purchase costly electricity because coal shortage has resulted in shutting down its units. Therefore extra cost incurred by PSPCL to supply the electricity should be recovered from the defaulting coal supplier.

Reply of PSPCL

The Hon'ble Commission may consider the suggestion and decide appropriately on the recovery of extra cost incurred by PSPCL on purchase of costly electricity because of coal shortage.

View of the Commission

The reply of PSPCL is not appreciated. It is the duty of PSPCL to ensure coal supply & take appropriate action accordingly. However, PSPCL is directed to submit detailed position on the issue.

Issue No. 3: Surplus Power

Punjab will be surplus of electricity which should be sold at competitive price and even should be exported to Pakistan. PSPCL will be able to earn extra money and there will be no need to enhance the tariff.

Reply of PSPCL

State is expected to become power surplus from FY 2014-15, it depends primarily on growth in demand along with timely and scheduled availability of power from new stations such as Rajpura, Talwandi Sabo & Goindwal Sahib.

In case of growth in demand, PSPCL has projected the expected demand in State for FY 2014-15 as per the methodology adopted by Hon'ble Commission in its previous Tariff Orders. Further, owing to additional availability of power from upcoming stations, load shedding has been considered and accordingly higher demand has been projected. Availability on the other hand, has been projected on the basis of commissioning schedule of the upcoming stations. Thus, in case the availability and demand projections are in line, the State would have surplus power. However, in case there is delay in scheduling or demand exceeds expectation specially, during the peak season, PSPCL will have to resort to short term borrowings. At present, no projections have been considered for purchase of power from short term sources.

View of the Commission

Refer to para no. 6.8 & 7.6 of this Tariff order.

Issue No. 4: T&D Losses

Although the T&D losses have been reduced, there is need to reduce them further and bring them to national level.

Reply of PSPCL

Refer reply of PSPCL on issue no. 15 of objection no. 9

View of the Commission

Refer to view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 5: Metered Supply

All the consumers should have meters so that correct consumption can be easily metered.

Reply of PSPCL

Due to practical difficulties and financial constraints it may not be possible to install energy meters at each AP set immediately and the existing system to record consumption of electricity from representative numbers of AP Sets shall continue for some more time. However approval has been accorded by PSPCL to cover all AP Consumers and provide metering in a phased manner. With the development of AMR technology covering remote rural areas and becoming affordable economically, this system is expected to be adopted in near future.

View of the Commission

Refer to view of the Commission on issue no. 5 of objection No. 5 & 6.

Issue No. 6; Theft of Power

Power theft should be checked at slum dwellings where electricity used through hooking.

Reply of PSPCL

The issue has been noted by PSPCL. PSPCL has been consistently working towards curtailing theft, pilferages etc. and accordingly have been able to achieve substantial reduction in T&D losses from above 25% in previous years to 16.4% in FY 2013-14.

View of the Commission

PSPCL needs to do more to tackle menace of theft of energy and bring down T&D losses to international levels.

Issue No. 7: Octroi & Electricity Duty

Octroi and Electricity duty on electricity should be abolished in Punjab.

Reply of PSPCL
Octroi and Electricity Duty are levied by the State Government and the PSPCL has no jurisdiction in deciding / modifying the same.
View of the Commission
Levy of taxes & duties is the prerogative of the State Government.

Issue No. 8: High Power Tariff
Power rates in Punjab are high as compared to the neighbouring states. There is need to reduce the power tariff and provide relief to the consumers.
Reply of PSPCL
All the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data for the above period. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR in the Tariff Petition.
Punjab being at farthest end from coal mines and dependent mainly on Thermal Generation, cost of power remains at a higher level compared to southern states. In view of this position reduction of tariff shall not be possible as it will worsen the already deteriorating financial position of PSPCL.
View of the Commission
Tariff is determined by the Commission after prudent check of claim of utility and as per PSERC Regulations. Also, refer to view of the Commission on issue no. 2 objection no. 12.

Issue No. 9: Reduction in Power Tariff
Reduce the power tariff as recently done in Haryana and Delhi.
Reply of PSPCL
The similar issue has already been dealt with in the issue no 8.
View of the Commission
Tariff is determined by Commission after prudent check of claim of utility and as per PSERC Regulations. Also, refer to view of the Commission on issue no. 8 above.

Issue No. 10: Subsidy
Subsidy should not be granted on electricity to any category of consumer.
Reply of PSPCL
The subsidy is provided by the State Government and the PSPCL has no jurisdiction in deciding / modifying the same.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 11: Issue of Bills
The computerized bill issued by PSPCL does not contain any information useful to the consumers except detail of electricity consumed. Moreover the figures on the bills fade away soon.
Reply of PSPCL
PSPCL has taken note of the suggestion and assures that the issue shall be dealt with in the appropriate manner by PSPCL.
View of the Commission
PSPCL should ensure distribution of electricity bills on the format approved under Supply Code.

Issue No. 12: Rounding of Electricity Bills
PSPCL is rounding the amount of electricity bills to next ten rupees which is against the accounting instructions and should be ceased.
Reply of PSPCL
PSPCL has taken note of the suggestion and assures that the issue shall be dealt in the appropriate manner.
View of the Commission
Rounding of electricity bills should be as per General Conditions of Tariff.

Issue No. 13: Reduction in Tariff
Keeping in view the trend in neighbouring states, the electricity rates be decreased.
Reply of PSPCL
Similar issue has already been dealt with in the issue no 8.

View of the Commission

Tariff is determined by Commission after prudent check of claim of utility and as per PSERC Regulations. Also, refer to view of the Commission on issue no. 8.

Objection No. 30: Executive Officer, Municipal Council, Bhawanigarh

Issue: Public Lighting Tariff

The electricity bills charged from the Municipal Council, Bhawanigarh (Sangrur) should be charged at the Domestic Tariff Rates and even at more subsidised rates.

Reply of PSPCL

Any changes in the category and relaxation in tariff is the prerogative of the Hon'ble Commission. However, it is requested that while deciding on the re-categorisation and relaxation in tariff as requested by the objector, the Hon'ble Commission has also to keep in view the interests and financial viability of PSPCL. However, subsidy is provided by the State Government and PSPCL has no jurisdiction in deciding / modifying the same.

View of the Commission

Refer to view of the Commission on issue no. 1 of objection no. 1.

Objection No. 31: Shri Nikhil Kapoor, Energy Controller, Indus Towers Limited

Issue No. 1: Cost of Supply & Two part Tariff

The Hon'ble Commission may take the voltage wise cost of supply as an input for determination of tariff and the consumers with flat load profile and high power factor requiring electricity on a continuous basis be considered separately. The two part tariff should be implemented in consideration of cost of supply & load profile of consumers.

Reply of PSPCL

PSPCL has already submitted a report on the approach for implementation of two part tariff to the Hon'ble Commission in compliance with the directive of the Commission. Further, determination of tariff under two part tariff structure and creation of separate category is the prerogative of the Hon'ble Commission.

View of the Commission

Refer to para 7.2 & 7.5 of this Tariff Order.

Issue No. 2: LT Level Open Access for telecom towers

Hon'ble Commissioner to consider the implementation of LT level open access for telecom towers within the state on a pilot basis for a period of 1 year and make a final decision based on the result of that pilot project.

Reply of PSPCL

It is the prerogative of the Hon'ble Commission to decide on the implementation of LT level open access for telecom towers on a pilot basis. PSPCL thus requests the Hon'ble Commission to take a prudent view in this regard.

View of the Commission

This is not a Tariff related issue. Open access is allowed as per the PSERC Regulations.

Issue No. 3: Re-categorization of consumer category

Hon'ble Commission is requested to consider classifying telecom towers under a separate sub-category within existing commercial category with suitable relaxation in applicable tariff.

Reply of PSPCL

Any changes in the category and relaxation in tariff is the prerogative of the Hon'ble Commission. However, it is requested that while deciding on the re-categorisation and relaxation in tariff, the Hon'ble Commission has also to keep in view the interests and financial viability of PSPCL.

View of the Commission

Categorisation of consumers has been made in accordance with Electricity Supply Code.

Issue No. 4: Consolidated billing and roll out of AMR systems

A consolidated billing & AMR system for large consumers with multiple connections should be implemented.

Reply of PSPCL

The telecom towers of any particular company are spread over the entire state and fall under different sub-divisions. Accordingly the day-to-day operations relating to the different towers are handled by different officials. Each subdivision undertakes the meter reading, billing and bill dispatch for towers falling under its jurisdiction. Also the meter reading and billing dates of all the towers are different. In light of all the above practical problems, at this point of time it is not

possible to provide consolidated billing for all the telecom towers belonging to Indus Towers in the state of Punjab.
As far as roll out of AMR is considered, PSPCL is undertaking AMR implementation for high end HT consumers on a priority. In due course of time the same shall be extended to others.

View of the Commission

The issue is not related to ARR.

Objection No. 32: **PSEB Engineers Association, Patiala**

Issue No. 1: TRUE UP FOR FY 2010-11

1. PSPCL should assess the performance of thermal stations after taking into account the units lost due to backing down or shutting down the units at high frequency.
2. In case of GNDTP, since unit-3 was out for the whole year on R&M, the performance of station may be judged on the basis of 3x110 MW capacities after taking into account the loss of generation due to backing down.
3. PSPCL should give the life extension in years resulting from R&M of Bathinda units-1 and 2 to evaluate the performance of station / units based on the extended life of units.
4. SHR at actual may be allowed for GNDTP on account of vintage of units and loss of heat rate due to repeated back downs or start/ stop cycles.

Reply of PSPCL

PSPCL has considered the generation from own stations after considering station-wise maintenance schedule and plant availability. Hence the impact of units lost due to backing down or shutting down of the units at high frequency have already been considered in the ARR. Further, in case of GNDTP, generation has been projected after considering actual availability from Unit 3 & Unit 4 after completion of R&M of these units. Further, the Unit 1 & 2 of GNDTP are performing in line with the revised norms after R&M of these stations and approval provided by the Hon'ble PSERC in this regard for GNDTP- Unit 1 & 2 after R&M. With respect to the SHR of GNDTP, it is a fact that the SHR is higher for this station because of it being a vintage plant. Hence the observation made by the objector is appreciated and it is prayed to the Commission that same be approved accordingly.

View of the Commission

Refer para no. 2.4.1 of this Tariff Order.

Issue No. 2: UI Charges

Since heavy over drawls under UI are no longer permitted therefore the Commission may impose a cap of Rs 3.5 (approx.) per unit on power purchase for future as PSPCL is now claiming to be power surplus with no shortages.

Reply of PSPCL

The charges under the UI mechanism are in accordance with CERC Regulations and hence any cap on these charges would financially burden the Utility and should not be approved by the Commission.

View of the Commission

Refer para 6.8 of this Tariff Order.

Issue No. 3: Functional Model of Distribution offices

The Commission may direct PSPCL to give a revised and committed time schedule for implementing the "Functional model of Distribution offices" in urban / rural areas on pilot basis. PSPCL management has agreed before PSERC that besides enhancing productivity of distribution manpower, reduction of manpower is possible under functional reorganisation models. However, PSPCL in its ARR petition has submitted that implementation of the scheme for functional reorganisation models is under the consideration of the management and has given no timeline for implementation.

Reply of PSPCL

The PSPCL notes the concerns raised by the objector and submits that it is working earnestly towards implementing the functional reorganisation model in place, however it is faced with several inherent issues which are being addressed appropriately. The status would be submitted to the Commission after finalisation of the plan.

View of the Commission

Refer Directive No. 8.8 (ii) of this Tariff Order.

Issue No. 4: Billing Project under SAP

New billing project under SAP is also facing uncertainty and need close look in the interest of the consumers of the state.

Reply of PSPCL

The concerns of the objector have been noted and appropriate action would be undertaken keeping in mind the interest of the consumers.

View of the Commission

Refer directive no. 8.2 of this Tariff Order. PSPCL needs to look into the billing related issues more seriously.

Issue No. 5: Subsidy from State Govt.

Out of the total subsidy from State Govt. for FY 2010-11 of ₹3375.55 crore shown in the ARR as paid by Govt. of Punjab, ₹520.07 crore was by book adjustment of loan which is not permissible under section 65 of Electricity Act 2003. Thus, as against ₹34.21 crore shown as excess, actually there was a deficit of ₹485.86 crore in subsidy received during FY 2010-11.

Further, during the year 2010-11, instead of making monthly advance payment of subsidy, there was a delay on the part of Govt. of Punjab in making the subsidy payment. For this delay in making the payments, the interest should have been calculated and claimed by Powercom. If the interest on account of delayed payment of subsidy is taken into consideration, this amount may well be more than the ₹34.21 crore shown as excess paid by Govt. Accordingly PSPCL may work out the interest on account of delayed payment of subsidy and adjust the same as above.

Reply of PSPCL

The objector has correctly pointed out the challenges faced by the utility related to delay in receipt of subsidy from GoP. Accordingly, the PSPCL has considered interest on working capital loans as per actual which includes loans undertaken due to delay in subsidy received and it is prayed that Commission approves the same. Further, it is prayed that the Commission also allows the utility, interest on deficit in subsidy received from Govt. of Punjab.

View of the Commission

Subsidy is to be paid in advance monthly installments. Interest is charged on delayed payment of subsidy. Refer para 2.19 & 5.19 of this Tariff Order.

Issue No. 6: Gaps in True up for FY 2010-11

True up for ARR FY 2010-11 shows a gap of ₹3050 crores mainly on account of excess expenses on Fuel Cost, Employee Cost, R & M, Interest and prior period expense and on the other hand the revenue from sale of power is lower than the approved figure.

Reply of PSPCL

Actual costs are higher than the approved costs due to rise in price of coal cost, implementation of clean energy cess on coal of ₹50/MT, actual increase in employee costs based on increase in basic pay, DA, arrears as per Pay Commission as approved by the State Govt. Rules, increase in interest costs due to past disallowances and delay in subsidy from GoP and actual R&M expenses linked to inflationary increase. The actual revenue, on the other hand, is lower on account of following reasons:

- The Revised energy sale approved by the Hon'ble Commission for the FY 2010-11 were inclusive of free units to be supplied to S/C & Non-S/C consumers, for which the GoP was to pay subsidy. In actual 828.67 MUs were supplied free to S/C and Non S/C BPL consumers, whose revenue is not reflected in revenue from energy sales.
- For the supply to S/C DS and Non-S/C BPL DS consumers, the subsidy to the tune of ₹254.55 crore became due to the State Govt. for the FY 2010-11.
- Rebate was also given to LS consumer category & MS consumer category against Power Factor incentive to the tune of ₹22.90 Cr. respectively for FY 2010-11.
- Moreover, refund was given on the basis of judgment by various courts/ consumer forum/dispute settlement committees at various levels pertaining to previous period disputes i.e. before 1.04.2010.

Thus it is prayed that the Hon'ble Commission approves the actual expenditure and revenue as provided in audited accounts for FY 2010-11.

View of the Commission

The Commission determines the ARR as per the regulations. All expenses and incomes are approved in line with the PSERC Regulations after prudent check.

Issue No. 7: TRUE UP FOR 2011-12

To ensure more accuracy in assessment of AP consumption, the following directions may be considered:

a) PSPCL to increase the size of sample meter by about 20% every year.

b) To ensure that the sample meters are in working order and of electronic type.

Reply of PSPCL

Refer reply of PSPCL on issue no. 5 of objection no. 29

View of the Commission

Refer directive no. 8.5 of this Tariff Order.

Issue No. 8: T&D Losses

It would be highly justified to assess the present losses at a level of around 19% from 23% during the last three to four years instead of the stated 20-17% considering the corrections for adjustment of AP consumption.

Reply of PSPCL

The AP consumption is projected on the basis of methodology approved by PSERC in its previous Tariff Orders. Based on which the T&D losses have been projected in the ARR. Thus it is prayed that the Hon'ble Commission approves the losses submitted in the ARR.

View of the Commission

Refer to view of the Commission on issue no. 3 of objection no. 5 & 6.

Issue No. 9: Shifting of Meters

Out of 67 lac DS/NRS consumers, 60% meters are still pending for shifting outside consumer premises to avail its complete benefit of bringing down losses.

Reply of PSPCL

The issue has been noted by the utility and an appropriate action would be taken after approval from the management.

View of the Commission

Refer directive No. 8.1 of this Tariff Order.

Issue No. 10: Incentive for Saving in Auxiliary Consumption

The Commission may consider an incentive for savings in auxiliary consumption (MUs) which could be based on average purchase rate of electricity for the year.

Reply of PSPCL

PSPCL appreciates the suggestion made by the objector and requests the Hon'ble Commission to take a prudent view in this regard.

View of the Commission

Incentives are given as per Regulations only.

Issue No. 11: GCV of Coal

In regard to GCV of coal, PSPCL may clarify the following:

a) Whether the values are based on coal as fired (bunkered coal) or GCV of coal as received on railway rakes.

b) In case GCV is that of coal as bunkered / fired, the corresponding GCV of coal as received on railway rakes may be intimated and the corresponding drop in GCV value.

Reply of PSPCL

The GCV of coal for FY 2011-12 mentioned as 3949 Kcal/Kg is that of Bunkered /Fired Coal. Further, the corresponding GCV of coal as received on Railway rakes is not available. The measurement of GCV of receipted coal was started w.e.f. Nov-2012.

View of the Commission

The Commission agrees with the reply of PSPCL. Also, refer para 5.8 and 6.7 of this Tariff Order.

Issue No. 12: Power Cuts

PSPCL should provide data on quantum of power cuts applied during the year in MUs, month-wise for 2010-11 as well as 2011-12.

Reply of PSPCL

The objector has also raised this issue during the public hearing and suggested to include the units of load shedding during the year in MUs for estimating the demand for the future years as PSPCL has stated to be power surplus for next year. Petitioner agrees to the view of the objector and has considered the same for the demand projections for FY 2014-15 as shown in the ARR.

View of the Commission
PSPCL should supply data to the objector.

Issue No. 13: Allocation of Domestic Coal for NTPC Stations
PSPCL should stress the Govt. of India through GoP on increasing the allocation of domestic coal to NTPC stations instead of imported coal in order to reduce the energy rates from NTPC stations.
Reply of PSPCL
This issue is of national importance and discussions are being held at top government level. As the Coal India Limited (CIL) has submitted that there is shortfall in availability of domestic coal, a probable solution is being worked out to keep the coal cost at reasonable levels.
View of the Commission
PSPCL should take up the matter more vigorously at the appropriate level.

Issue No. 14: Surrender of Surplus Power
It is seen that there was a surrender of 582 MUs in UI for ₹52.09 crores i.e. at an overall rate of 89.5 paisa per unit. This indicates a situation of load crash during high frequency conditions which results in surrender of power at very low rates prevailing in high frequency. This surrender of power is despite the backing down of thermal stations. PSPCL may give the quantum of backing down done in MU during the year at Ropar, Lehra Mohabbat and Bathinda year wise for 2010-11, 2011-12 and 2012-13.
Reply of PSPCL
The backing down details for PSPCL thermal stations during the year have been summarised as under:

FY 2010-11	657.32 MUs (5.96%).
FY 2011-12	649.99 MUs (5.87%).
FY 2012-13	1155.47 MUs (10.47%)

View of the Commission
Refer Para no. 6.8 & 7.6 of this Tariff Order. Plant wise information should also be sent by PSPCL to the objector.

Issue No. 15: Expenses on Outsourcing of Billing
An expense of ₹10.77 crore has been indicated against meter reading/ bill distribution by private parties. PSPCL may supply details showing the Divisions/ Sub Divisions where the expenditure was incurred.
Reply of PSPCL
The division-wise details of expenditure booked under meter reading/bill distribution by private parties has been summarized.
View of the Commission
The reply should have been supplied to the objector.

Issue No. 16: Outstanding Loans
Huge outstanding loans of PSPCL may lead to a situation where further loans have to be taken to service the interest and repayment obligation which is a sign of the debt trap situation. PSPCL has not submitted any action plan/ proposal for controlling the situation of debt trap resulting from accumulated borrowings in previous years.
Reply of PSPCL
It is a fact that many state Discoms in the country are facing the problem of debt trap. PSPCL is also facing the similar situation, wherein its revenue gap is increasing due to disallowances to the tune of approx. ₹15,000 crore and to fund this gap, the PSPCL is forced to take loans from market at higher interest rates – outstanding short term loans as on 31.3.13 were approx. ₹11,000 crore. This increases interest burden further adding to the revenue gap which again is met through further borrowing thus leading to debt trap. Appropriate tariff hike, liquidation of cumulative gap and receipt of subsidy from State Govt. in time can help PSPCL in mitigating the risk of falling into debt trap. Thus, it is prayed to Hon'ble Commission to approve tariff hike to meet current year revenue gap & liquidate past cumulative revenue gap to ensure PSPCL and state of Punjab are not burdened with consequences of debt trap as is the case in states like Rajasthan & Haryana.
View of the Commission
Expenses are allowed in line with PSERC Regulations.

Issue No. 17: Past period Expenses

PSPCL should clarify or certify whether the past period expenses for power purchase were based on amendments or new CERC orders. And in case, the bill and amounts pertaining to the past period power purchases are based on CERC orders/ Nuclear Power Corporation rates, these expenses may be allowed.

Reply of PSPCL

Past period expenses for power purchase are based on CERC orders/ Nuclear power corporation rates and also increase in coal cost in accordance with change in methodology by CIL which has been adjusted through supplementary bills by CPSUs. Accordingly it is requested that the Hon'ble Commission may approve the actual expenditure claimed under past period expenses for FY 2010-11 and FY 2011-12.

View of the Commission

Refer to para no. 2.20 & 3.19 of this Tariff Order.

Issue No. 18: Subsidy from State Govt.

PSPCL should confirm whether the subsidy amount for FY 2011-12 i.e. ₹4182 crore shown as received from Govt. of Punjab has actually been received in cash or if part amount was paid through book adjustment. Further, the interest charges are payable by the Govt. of Punjab in case there was a delay in the advance monthly payment of subsidy. PSPCL should work out the interest due to delayed payment and adjust the same against the amount of ₹78.01 crore shown as excess payment.

Reply of PSPCL

The objector has correctly pointed out the challenges faced by the utility related to delay in receipt of subsidy from GoP. Accordingly, the PSPCL has considered interest on working capital loans as per actual which includes loans undertaken due to delay in subsidy received and it is prayed that Commission approves the same. Further, it is prayed that the Commission also allow the utility, interest on deficit in subsidy received from Govt. of Punjab.

View of the Commission

Subsidy is to be paid in advance monthly installments by GoP. Interest is charged on delayed payment of subsidy. Refer para 2.19 & 5.19 of this Tariff Order.

Issue No. 19: Gaps in True up for FY 2011-12

True up for ARR FY 2011-12 shows a gap of ₹1479.64 crore mainly due to excess expenses other than RoE & prior period expense which should be allowed/ partly allowed by the Commission in light of the comments mentioned earlier.

Reply of PSPCL

The suggestion made by objector to approve the actual expenditure (except for RoE and prior period expenses) incurred during FY 2011-12 is appreciated and prayed that the Commission approves the same as per the audited annual accounts.

With respect to RoE, the PSPCL submits that it has claimed RoE in accordance with the PSERC (Terms and Conditions for Determination of Tariff) Regulations 2005, as amended from time to time and the methodology approved by the Commission in previous Tariff Order for FY 2013-14. Thus, it is submitted that the RoE should be approved as claimed by PSPCL. Further, w.r.t. prior period expenses it is reiterated that these expenses primarily relate to power purchase costs related to prior period but paid out during the year on account of revision in CERC orders, NPCIL rates, supplementary bills raised, etc. Thus the same are prayed to be approved by the Commission.

View of the Commission

The Commission processes the ARR according to notified Regulations and determines the revenue gap after prudent check of the expenses.

RE- 2013-14 AND PROJECTION 2014-15

Issue No. 20: Surplus Power for FY 2014-15

PSPCL will have surplus power from FY 2014-15, and there will be no load shedding. However, in its reply to deficiencies, PSPCL has stated shortage in peaking and energy for 2014-15 based on CEA/ NRPC documents.

Reply of PSPCL

The actual energy surplus/ deficit is estimated on the basis of hourly/ daily loads and availability on real-time basis. However, in the ARR, projections are provided on the basis of monthly/ yearly load projections and availability which will vary in short term i.e. daily on real-time basis. The whole process is real-time and dynamic in nature.

View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 21: Backing Down of Thermal Stations
There will be a backing down of 1465 MUs for 2014-15 based on the gap of 5 to 12% between plant availability and PLF for thermal plant. However, since recently, CERC has tightened the frequency band and made it more difficult to overdraw, while UI regime will penalize under drawl at steeper rates, there is every possibility that extent of backing down of State thermal stations would be more than the estimated 1465 MU.
Reply of PSPCL
PSPCL submits that UI mechanism is carried out on the basis of day-ahead schedules in 90 time slots and there will be daily injection/ drawl from UI pool. This mechanism is done on real time basis and managed by SLDC/ RLDC. Further, the injection/ drawl from UI mechanism are also affected by the actual energy demand/ availability in the state for each hour on daily basis. Thus the projections cannot be supplied for drawl/ injection from UI mechanism. Furthermore, the charges under UI mechanism have to be paid out on basis of CERC orders on which PSPCL has no control.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 22: Backing Down Data of IPPs
PSPCL may give the information regarding the backing down of IPPs in the State (Rajpura, TPS etc).
Reply of PSPCL
The PSPCL does not have the backing down details of the IPPs in the State at present and shall be made available after technical evaluation of these plants is carried out.
View of the Commission
PSPCL should provide data to the objector after collecting the same..

Issue No. 23: Merit Order Table for Backing Down of IPPs
Since the IPPs are likely to use blended/ imported coal with higher variable charge, the matter relating to backing down assume greater financial importance. PSPCL may inform the merit order table for backing down where the IPPs VC is based on actual blending, costs and GCV.
Reply of PSPCL
As it is not clear at present the blended ratio which these IPPs would operate with and also the PPA is also not revised by the PSERC, the PSPCL has based its projections on basis of linked sources only. However, the Commission may take appropriate view while approving the cost from these Stations and pass through the impact in ARR/ tariff.
View of the Commission
Refer to view of the Commission on issue no. 22 above.

Issue No. 24: Power Purchase Agreements

a) PPA with Pragati was finalized on the assumption/ basis that low cost gas would be arranged by the generator. However, the low cost gas has not materialized and the energy rate of this station would be in the range of ₹9 - 10 per unit. In case, the generator is unable to arrange low cost APM gas, the capacity should be surrendered.
b) Nagarjuna/ Udupi power was initially envisaged to be at ₹2.5 per unit at the then prevailing rates of imported coal. Now with huge increase in cost of imported coal, the rate of energy from Udupi project is about Rs 5 per unit. Punjab which has a 10% share may not like to avail this costly energy.
c) Slippage in Kol Dam, Parbati, Rampur, Raghunathpur projects is certain. The extent of slippage may be got confirmed by PSPCL and incorporated in the ARR.

Reply of PSPCL
The projected energy surrendered in the ARR is based on the principles of merit-order based on applicable variable rates of each station. In case the variable rates would undergo change, the surrender of energy will be updated accordingly. The availability from each station has been considered based on expected availability schedule, however as demand and availability are matched on real-time basis, this shall be updated accordingly.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 25: Surrendering of Power for FY 2014-15

PSPCL would be surrendering power even from the lower cost generating station for FY 2014-15.

Reply of PSPCL

The PSPCL has projected to surrender power strictly on principles of merit-order and same has been summarised in ARR petition.

View of the Commission

PSPCL should ensure compliance of merit order principle.

Issue No. 26: Energy Requirement for FY 2014-15

The energy requirement of 2014-15 appears to be much on the higher side and needs to be clarified / reviewed by PSPCL.

Reply of PSPCL

PSPCL is expected to be surplus in power during FY 2014-15 and the demand projections have been re-worked after considering load shedding units during last three years to estimate un-restricted demand for FY 2014-15. The same has been explained in detail in the ARR Petition.

View of the Commission

Refer para 6.1, 6.2 and 6.3 of this Tariff Order.

Issue No. 27: Energy Rates for IPPs

The energy rates of IPPs in Punjab need to be accompanied by the following cost parameters for each of the IPPs as under:

a) Expected requirement of Indian coal
b) Availability of coal from Indian linked mines
c) Requirement of imported coal
d) Cost and GCV data of imported coal
e) Variable rates with blended/ imported coal
f) In case of Rajpura, the additional cost of coal incurred due to transportation of coal by road from Mandi Gobindgarh railway station to Rajpura thermal project.

Reply of PSPCL

The above details would be finalised after due approval of revised PPA by Hon'ble PSERC. Thus at present the cost has been considered based on approved PPA and sourced from domestic linked sources for each IPP in Punjab.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 28: Checking of GCV of Coal of IPPs

In order to avoid risk / possibility of showing lower value of GCV, checking of GCV of coal is necessary to be done jointly by PSPCL and the IPP under following possible alternatives:

a) Deployment of joint sampling / testing team at IPP so that PSPCL can participate in joint witness/ supervision of sampling and testing.
b) Joint sampling of coal may be done at the plant and the samples be tested at outside Lab with witnessing by both parties.
c) System of frequent / random daily checks by PSPCL on the testing and quality determination of GCV of coal at the IPP premises.

Commission may direct PSPCL to implement an action plan to ensure that the GCV of coal as consumed at the IPP station (starting with Rajpura) is correctly determined with joint checking and participation of PSPCL.

Reply of PSPCL

The Hon'ble Commission has already issued an Order in this regard and appropriate action would be taken by PSPCL after approval from management.

View of the Commission

Checking of GCV of coal supplied to IPPs is governed as per terms and conditions of the respective Power Purchase Agreement(s), Fuel supply agreement(s) and in terms of the Orders of the Commission dated 11.02.2014 in Petition 60 of 2013 filed by Talwandi Sabo Power Limited and dated 19.02.2014 in Petition 57 of 2013 filed by Nabha power Limited.

Issue No. 29:

The following data may be provided by PSPCL for FY 2013-14 & FY 2014-15:

a) The actual expenditure for 2013-14 and time frame for execution of project (year-wise phasing of funds) for Shahpur Kandi Project.
b) Time frame for execution of Mukerian Thermal and year wise phasing of funds.

c) List of 66 kV works executed in 2013-14 (against Rs 200 crore) and list of proposed works for 2014-15 (₹300 crore).
d) Progress of shifting of meters outside premises (2013-14) and targets for 2014-15 for which ₹400 crore has been indicated.
e) ₹475 crore for release of TW connections is not justified. PSPCL may give details/ justification.
f) Details of how ₹980 crore is to be utilized (APDRP) may be supplied by PSPCL.

Reply of PSPCL

The scheme-wise and function-wise amount of capital expenditure incurred during FY 2012-13 (actual) and projected during FY 2013-14 and FY 2014-15 has been provided in the ARR.

View of the Commission

The information should be supplied to the objector with a copy to the Commission.

Issue No. 30: Loans, Interest & Financial Charges

After analyzing total outstanding loans, as well as component of interest and financial charges from previous years, the financial position of PSPCL is seen to be continuously deteriorating.

Reply of PSPCL

Refer reply of PSPCL on issue no. 16 above.

View of the Commission

Commission approves loan and interest thereon as per PSERC Regulations. Refer para 2.15, 3.15, 5.14 and 6.13 of this Tariff Order.

Issue No. 31: Uploading of APTEL Appeals of PSPCL

PSPCL may be directed to put its APTEL appeal related to the drop in GVC of coal on the website so that the matter could be represented before the APTEL by the Association in public interest.

Reply of PSPCL

The suggestion made by the objector is noted and an appropriate action would be taken regarding the same after approval from the management.

View of the Commission

PSPCL should provide information to the objector.

Issue No. 32: CEA Recommendation on GCV

The recommendation of CEA regarding the drop in GCV of coal is drastic as compared to Commission decision to restrict drop to 150 k Cal/kg.

Reply of PSPCL

The GCV and price of coal are both uncontrollable in nature and any variation should be allowed as pass through in ARR without any restrictions on GCV/ price.

View of the Commission

Refer para 6.7 of this Tariff Order.

Issue No. 33: Auditing of PC Coal Mines

PSPCL to depute some engineers to associate with the audit of Pachhwara Captive Coal mine since its work order has been placed by CE/Lehra Mohabbat.

Reply of PSPCL

The suggestion has been noted by PSPCL and an appropriate action would be taken regarding the same after approval from management.

View of the Commission

PSPCL should take necessary action under intimation to the Commission.

Issue No. 34: High Cost of Power by CPSUs

PSPCL needs to raise the issue of higher profits earned by CPSUs which in turn is inflating the power purchase costs in Forum of Regulators.

Reply of PSPCL

The suggestion has been noted by PSPCL and an appropriate action would be taken regarding the same after approval from management.

View of the Commission

PSPCL should take up the issue more vigorously at appropriate level.

Objection No. 33: Er K.S.Gill, Er. in Chief (Retd.)/PSPCL

Issue: T&D Losses

PSPCL is deliberately concealing the actual figures of T&D losses by getting the manipulated data prepared at the base/field level, thereby misguiding/ befooling the public, Govt. & Hon'ble

PSERC by showing/indicating percentage of losses merely as 18% or so, against the actual figure of nearly 30 to 35%. This wrong practice is being continued since years and till date no concrete steps have been taken to rectify this menace by the department. The deteriorated health of the distribution network is heavily contributing towards T&D losses. PSPCL is not taking any action since decades.
The Hon'ble Commission is requested to get the entire record thoroughly examined & bring out actual figures before putting any extra burden on the consumers by levying/ allowing increase in the tariff.

Reply of PSPCL

Refer to PSPCL reply on issue no. 15 of objection no. 9.

View of the Commission

Refer para 2.3, 3.3, 5.3 and 6.2 of this Tariff Order.

Objection No. 34: Sh. Surinder Nath Karnail, General Manager (Works), Siel Chemical Complex (A Unit of Mawana Sugars Limited)

Issue No. 1: Return on Equity

Return on equity be allowed only on the actual capital infused by the Government of Punjab i.e. ₹2946.11 crore instead of ₹6686.26 crore. (As per the GoP notification dated 16.04.2012 issued comprising of consumer contribution, grant and subsidies). Hence previous allowed higher RoE for FY 2012-13 & FY 2013-14 should be taken back while undertaking true up exercise and return on equity for FY 2010-11, FY 2011-12 & FY 2014-15 be allowed only on the equity exclusive of consumer contribution, Grants & Subsidies.

Reply of PSPCL

Refer to PSPCL reply on issue no. 1 of objection no. 10.

View of the Commission

RoE is allowed as per PSERC Regulations on the equity amount approved by GoP. Refer para 2.16, 3.16, 5.15 and 6.15 of this Tariff Order.

Issue No. 2: Cross Subsidy

The objector has requested the Hon'ble Commission to;

a) Determine the Cross Subsidization levels based on "Actual/Voltage wise Cost of Supply" and ensure its reduction gradually as per EA 2003
b) Draw a road map for reduction of cross subsidy levels and follow the same in future years.
c) Ensure that while deciding the tariff, cross subsidy levels are reduced every year and not included as has been done in T.O. for 2013-14. In fact the levels of 2013-14 vis.-a-vis. T.O. 2012-13 are not conforming to NTP and EA 2003 and may be reviewed.

Reply of PSPCL

Hon'ble PSERC is already taking concrete steps to reduce the level of cross subsidisation and the tariff rates are within ± 20% of the average cost of supply as also provided in the NTP. Cross subsidy has come down progressively over the years. However, in light of the same it is requested that while determining the tariff in conjunction with the cross subsidy factor, the Hon'ble Commission has also to keep in view the interests of PSPCL.
Hon'ble Commission has already examined the report of cost of supply submitted by TERI. However, charging of consumers as per cost of supply can only be implemented after complete elimination of cross subsidization. For reducing the level of cross subsidy, the commission is taking concrete steps while examining tariff proposals every year.

View of the Commission

Refer to view of the Commission on issue no. 14 of objection 5 & 6.

Issue No. 3: Donations by PSPCL

PSPCL has shown an expenditure of ₹25 crore under A&G expenses as donation to Cancer and Drug Addiction Treatment infrastructure Fund for FY 2013-14 and FY 2014-15. This expenditure is neither related to power sector nor exclusively for employees of PSPCL. Thus burdening consumers with such expenditure, when tariffs are already high, is not justified. Accordingly, PSPCL should make such donations from its savings and not burden the state consumers.

Reply of PSPCL

Refer to PSPCL reply on issue no. 9 of objection no. 8.

View of the Commission

Refer to view of the Commission on issue no. 9 of objection no. 8.

Issue No. 4: Excess Generation & Surrender of Power

PSPCL has over estimated the excess generation and estimated surrender of power so as to inflate the fixed charges liability which PSPCL wishes to pass on to the consumers and the quantum of surplus power needs to be re-assessed based on ground realities and liability of fixed charges needs to be reworked out realistically.

Reply of PSPCL

Power purchase from central generating stations is done based on the rates determined by the CERC. In the last Tariff Order, the Commission had approved the power purchase rate based on certain assumptions. However the actual rates as approved by the CERC were higher as compared to the rates assumed by the Commission in the last Tariff Order. Hence the increase in average power purchase cost is not on account of PSPCL but on account of increase in the rates of all the sources of power for PSPCL (except own generation) which is not in the control of PSPCL.

Further, PSPCL also had to surrender power during FY 2013-14 (H2) and FY 2014-15 which has been done strictly based on principle of merit order as per details submitted in the ARR. Also, PSPCL has not entered into any new long-term PPA and power is drawn on basis of availability from long term PPA entered during the previous years only. Moreover, as directed by the PSERC, the corporation has hired consultant to look at long term power purchase planning for the State of Punjab.

View of the Commission

Refer to para 6.8 of this Tariff Order.

Issue No. 5: Forecasting of load

PSPCL is not placing any data related to availability and consumption of energy, peak demand and availability and relief obtained from power cuts/weekly offs etc, on daily/monthly basis in public domain. PSPCL needs to be directed to share the information and be transparent with the consumers.

Reply of PSPCL

The aforementioned information shall be shared if so desired by the Hon'ble Commission.

View of the Commission

PSPCL should ensure availability of data on its website.

Issue No. 6: Surplus Power

PSPCL is selling surplus power at Power Exchange platform where the actual realization is much less than the market clearing price as open access charges and losses are chargeable to seller. Therefore it will be appropriate to supply this power to consumers

1. At a tariff slightly higher than fuel cost.
2. Alternatively, the tariff for consumption above the threshold limit i.e. generally maintained utilization factor (average consumption per day divided by CD*Power factor*24) may be fixed as 125% of average energy charges of the surrendered power.
3. Introduce new slabs with lower tariff above the existing slabs for Domestic and Commercial consumers.

Reply of PSPCL

The creation of any new category along with the determination of tariff schedule is the prerogative of the Hon'ble Commission. However, it is requested that while deciding on the new slabs under any category in tariff as requested by the objector, the Hon'ble Commission has also to keep in view the interests and financial viability of PSPCL.

View of the Commission

Refer to para 6.8 & 7.6 of this Tariff Order.

Issue No. 7: Releasing of Pending Connections

To increase the demand, the electrical connections of all the pending applications and tube-well connections may be released through crash programme. Further, VDS for agriculture consumers may be introduced.

Reply of PSPCL

The suggestion provided by the objector has been noted by PSPCL and assures that the issue shall be dealt with in the appropriate manner by PSPCL in accordance with the applicable policies and regulations.

View of the Commission

In view of the availability of sufficient power, PSPCL needs to adopt measures to increase power consumption in the State.

Objection No. 35: Shri Bhagwan Bansal, President, Punjab Cotton Factories & Ginner's Association

Issue: Wave off MMC on Cotton Ginning Industry

Hon'ble Commission is requested to waive off MMC charges on cotton Ginning Industry and to charge tariff on actual consumption for coming two years.

Reply of PSPCL

Minimum Monthly Charges (MMC) are charged to partly recover the fixed charges incurred by the corporation in making electricity available at the door steps of the consumer round the clock. This principle was also upheld by the Hon'ble Supreme Court of India. Further, the rate of MMC is determined keeping in view the capacity of various consumer categories of consumers to pay, in case they are unable to consume power for certain reasons. As electricity consumption upto the level of monthly minimum charges is free to the consumers, it is in no way additional charge being charged from the consumer. However with the introduction of two part tariff, the MMC has been proposed to be discontinued, which shall be helpful to the industry.

View of the Commission

The objector has filed Petition No 18 of 2014 in this regard. The Commission will consider & decide the issue separately.

Objection No. 36: President, Punjab Cotton Ginning and Processing Factory Association

Issue: Change of Category

The Commission is requested to change the category of Cotton Ginning Industry to Rice Sheller Industry.

Reply of PSPCL

A change in the category is the prerogative of the Hon'ble Commission. However, it is requested that while deciding on the re-categorisation in tariff, the Hon'ble Commission has also to keep in view the interests of PSPCL.

View of the Commission

Categorisation of consumers is as per the Supply Code and matter may be reviewed by the Supply Code Review Panel.

Objection No. 37: Shri Gurmeet Singh Bhatia

Issue No. 1: Updating of Information

The revised addresses & E-mail ID of the PSPCL offices must be printed for information of public by PSPCL.

Reply of PSPCL

The issue has been noted by PSPCL and appropriate action will be taken by the management.

View of the Commission

PSPCL should report the compliance to the Commission.

Issue No. 2: Misappropriation of funds by PSPCL

Misappropriation of fund by PSPCL has led to increase in the expenditure of PSPCL, ultimately effecting in unit rate increase & shifting of burden of these misappropriations on the electricity consumers.

Reply of PSPCL

PSPCL has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR provided in the Tariff Petition.

View of the Commission

The Commission approves expenses after prudent check and as per PSERC Regulations.

Issue No. 3:

Due to the failure of the project of replacement of old meters with the static one, will the amount charged from the people booked for theft of energy whose energy meters were outside and in pillar boxes be refunded to them? The objector has also submitted that who will be held responsible for the humility/disgrace/defamation they face due to this?

Reply of PSPCL

The issue has been noted by PSPCL. It will be taken up separately as the issue is not related to ARR.

View of the Commission
PSPCL is directed to strictly follow the provisions of Supply Code & CEA Regulations in letter and spirit.

Objection No. 38: Everest Power Private Limited

Issue: Power Purchase Cost
PSPCL has considered rate of power purchase from Malana II HEP for FY 2013-14 and FY 2014-15 as per the provisional Order issued by the Hon'ble PSERC dated 17.01.2013. However, the Hon'ble Commission issued final Order in Petition No. 54 of 2012 filed by EPPL on 27.11.2013 approving the revised tariff. Accordingly, the PSPCL should revise its ARR and consider the tariffs approved by the Hon'ble Commission in its Order dated 27.11.2013.
Reply of PSPCL
Even though the Hon'ble Commission issued the final Order for tariff from Malana II HEP on 27.11.2013, the EPPL has filed an appeal against the said Order in the APTEL, which is still pending. In view of above, as the Order is still not final, the PSPCL has considered the rates as approved by the Hon'ble PSERC in the provisional Tariff Order dated 17.01.2013. The Hon'ble Commission may take an appropriate view on the issue once the APTEL decision is finalised.
View of the Commission
Refer to para 6.8 of this Tariff Order.

Objection No. 39: A.J.Dhamija, Ex-Member (I) Forum, PSPCL

Issue: Mismanagement in PSPCL
PSPCL should not be allowed any tariff hike for FY 2014-15 as well as the kVAh hike should be disallowed on the grounds of mismanagement in PSPCL and its negligence should not be burdened on the consumers.
Reply of PSPCL
The objector has wrongly implied that the management of PSPCL has acted negligently in case nos. G-93 of 2009 and 01 of 2010 as well as issued some irregular orders. These matters have already taken up by the Hon'ble PSERC and the management of the PSPCL and the matters have been disposed off without any report of negligence or irregularities and no violation of Regulations was made in deciding the cases. Further ARR & Tariff Petition for FY 2014-15 has been filed as per PSERC Regulations "PSERC (Terms and conditions for Determination of Tariff) Regulations, 2005" as amended from time to time. PSPCL prays the Hon'ble Commission to consider the same under prevailing rules and regulations.
View of Commission
Increase/decrease in Tariff depends upon determination of ARR as per PSERC Regulations. Also refer to para 7.1 of this Tariff Order.

Objection No. 40: Shri Vijay Talwar, State Vice President, Laghu Udyog Bharti

Issue No. 1: Invalid Affidavit
The affidavit filed by Sh. Rakesh Kumar Sahi is based on the knowledge & belief. This is not a valid affidavit and thus on this score petition is liable to be rejected.
Reply of PSPCL
The affidavit has been signed by Sh. Rakesh Kumar Sahi being the Chief Engineer/ ARR & TR, PSPCL and authorised by the management of the corporation in this behalf. Thus there is no issue of rejection of the petition.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 2: Invalid ARR Petition
The petition can be filed only by one person authorized by the board of directors on behalf of the whole corporation by means of resolution in case of a limited company. Thus the petition is liable to be dismissed.
Reply of PSPCL
As mentioned above, the affidavit has been signed by Sh. Rakesh Kumar Sahi being the Chief Engineer/ ARR & Tariff, PSPCL and authorised by the management of the Corporation in this behalf. Thus there is no issue of rejection of the petition.
View of the Commission
Refer to Commission's view on issue no. 1 above.

Issue No. 3: Improper ARR Petition
PSPCL has not given any proposal in their Tariff petition. Thus consumers are not in a position to give proper objections.
Reply of PSPCL
Hon'ble Commission is to take the appropriate view on the revenue gap projected by PSPCL as per the PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time and fix the tariff according to the details furnished by PSPCL in the ARR & Tariff Petition, already filed by PSPCL.
View of the Commission
Tariff is determined by Commission after prudent check of claim of utility and as per PSERC Regulations

Issue No. 4: Unjustified cost of Petition
PSPCL has fixed the price of ARR Tariff petition 2014-2015 as ₹1000/- against ₹200/- as approved by PSERC in its previous Tariff Order.
Reply of PSPCL
The price of copy of ARR Tariff Petition has been fixed after consultation with the management, cost incurred and approval from PSERC.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 5: Separate Petitions for Generation, Distribution & Wheeling charges
PSPCL has not filed a separate petition for generation, distribution trading & wheeling charges depositing separate fee for separate petition.
Reply of PSPCL
PSPCL undertakes the functions of generation and distribution/wheeling of power in the State of Punjab, and as such there is no provision to file separate petition for each function along with separate tariff filing fee. However in order to fix separate tariffs for generation, distribution & wheeling business, the ARR has been segregated into each function in line with methodology followed by the Hon'ble Commission in previous Tariff Orders and has been submitted along with the ARR petition for FY 2014-15.
View of the Commission
The Commission agrees with the reply of PSPCL.

Issue No. 6: Staff Paper on ARR Petition
A staff paper should be issued by the Hon'ble Commission bringing the proposed Tariff petition so that consumer could understand the things for filing objections as it is very difficult to read the voluminous Tariff petition in a short period for filing objections.
Reply of PSPCL
The issue pertains to the Hon'ble Commission and may be dealt with accordingly.
View of the Commission
The Commission processes the Tariff Petition according to the Regulations notified by the Commission.

Issue No. 7: Timely Pronouncement of Tariff Order
Pronouncement of Tariff Orders must not be delayed by the Hon'ble Commission beyond 31st March, 2014.
Reply of PSPCL
The issue pertains to the Hon'ble Commission and may be dealt with accordingly.
View of the Commission
The Commission is aware of its obligations under the Act.

Issue No. 8: Loss on account of Surrendered Power
Due to loss of ₹1706 crore on account of surrender of power during FY 2014-15:
a) The additional burden of ₹1706 crore is wrongful and is only due to mismanagement by PSPCL. Hon'ble PSERC in previous Tariff Order had directed PSPCL to review its PPA, cancel costly PPAs and submit proper plans for reduction in costs. Thus this proposed loss should not be burdened on tariffs.
b) PSPCL has been wrongly imposing Peak load hour restrictions on zig-zag hours from month to month. While peak load exemption is allowed for some consumers and for transparency purposes list of such consumers and those availing peak load exemption at free of cost should be made available on their websites.

c) ToD tariffs should be introduced without any further loss of time for the periods 8 AM to 6 PM normal period, 6 PM to 10 PM peak hours & 10 PM to 8 AM as off Peak hours. Almost all the consumers under large supply, medium supply, Railway traction, bulk supply, NRS / BS consumers having load more than 50 kW are having tri-vector meters which are capable of recording reading during TOD Tariff timings. Thus ToD tariff should be introduced by giving rebate during 10 PM to 6 AM.
d) Industries are getting closed due to labour being idle during peak hours due to heavy power cuts even of 4 days in a week, imposed by PSPCL inadequate distribution system, Peak Load hour restriction which break the continuity of shifts & which also compels industrialist to work only for one shift. This is causing shift of labour to other states and closure of industries in Punjab.
e) Excess power which PSPCL is proposing to surrender causing loss of ₹1706 crore should not be allowed. Objector proposes that consumers of all category industries should be encouraged to use more units than consumed in last year. Continuous supply should be given to industry on TOD Tariff basis & rebate of ₹1/- per unit for using electricity during night hours shift 10 PM to 6 AM should be given to all medium supply & Large supply consumers.
f) All the consumers using electricity more than average consumption of last year should be encouraged to use more energy over & above and the consumers using over and above the average consumption of last year should be given a rebate of ₹1/- per unit being turn over discount.

Reply of PSPCL

The point-wise replies to queries has been summarised below:

a) As per the direction of the Hon'ble PSERC, the study of all PPAs is under progress and final report will be submitted to the Commission. However, it is submitted that the power demand and supply are balanced on real-time basis and the situation of surplus/deficit may occur on hourly/daily basis also. Thus to say that surplus power is resultant due to mismanagement of PSPCL is baseless. Every effort has been made to have power available in the state from long-term perspective and such short term effects should not be considered as road blocks for long term planning.
b) Peak load restrictions are necessary to manage system demand and ensure there are no sharp peaks and declines. All consumers may avail peak load exemption on payment of charges only to keep system under check.
c) The TOD tariffs have already been implemented during winter months and rebate of Re 1 per unit has been allowed by Hon'ble PSERC for off-peak hours for LS consumers. The suggestion for extending the same for MS consumers has been noted and detailed analysis shall be undertaken by PSPCL.
d) PSPCL is making all out efforts to ensure power is available to meet the entire demand of the State. However due to system constraints undue power cuts are experienced in the state. Steps are taken to reduce power cuts so that industries as well as other consumers are able to access reliable power supply in the State.
e) Surrender of excess power is only a short term phenomenon and efforts are being made to utilise this surplus power in the best possible manner.
f) The suggestion made by the objector has been noted and detailed analysis shall be undertaken by PSPCL.

View of the Commission

Refer para 6.8, 7.3 and 7.6 of this Tariff Order.

Issue No. 9: Special Audit of Capital Expenditure

A special audit is essential of the capital expenditure carried out for network expansion by Powercom.

Reply of PSPCL

All capital expenditure incurred by PSPCL has been approved by the Hon'ble PSERC.

View of the Commission

The Commission examines the capital expenditure plan of utility in the light of actual expenditure incurred in previous years/current year and allows capital expenditure accordingly.

Issue No. 10: Deployment of Staff

PSPCL should implement the directions of PSERC for proper utilization, rationalization, redeployment of surplus staff to the places where staff is short or to redeploy the excess staff to replace out source staff recruited. The objector has pointed out that PSPCL should be ordered to implement the PwC report and also be placed at the website.

Reply of PSPCL

PSPCL is making best efforts to rationalise the manpower. The PwC report on manpower management is already under consideration of the PSPCL Management. However, the manpower strength of PSPCL has already declined below the manpower strength as proposed by PwC (48767).

View of the Commission

Refer Directive No. 8.8 of this Tariff Order.

Issue No. 11: Information Technology

PSPCL has failed to integrate Information Technology resulting in increase in costs and lack of transparency.

Reply of PSPCL

The PSPCL is making all out efforts to integrate IT in its systems and management processes and progress shall be reported to the Hon'ble Commission if so desired.

View of the Commission

Delay in implementation of IT Plan is a matter of serious concern. Refer to directive no. 8.2(ii) of this Tariff Order.

Issue No. 12: Weekly off Days/Power Cuts

In view of surplus power there should be no weekly off day power cut restriction and all the pending applications for new connection / extension including tube well connections should be released immediately to avail surplus power.

Reply of PSPCL

The suggestion has been noted and detailed analysis shall be undertaken by PSPCL.

View of the Commission

The Commission agrees with the reply of PSPCL.

Issue No. 13:

PSPCL should be directed to disclose the revenue category wise & sub-category wise of seasonal industries, temporary connection of all categories.

Reply of PSPCL

The PSPCL has reported the revenue category-wise and slab-wise as required by the Hon'ble Commission in accordance with the formats provided in the PSERC (Tariff Regulations), 2005 and as amended from time to time.

View of the Commission

PSPCL should supply the information to the objector.

Issue No. 14: Rebate on SCC for AP Consumers

PSPCL should be directed to confirm that difference of service connection charges @ ₹2500/- per BHP recovered short from AP consumers has been met from the equity of PSPCL.

Reply of PSPCL

Revenue shortfall (if any) in recovery of service connection charges from AP consumers has not been met from equity and can only be written off against subsidy received from Government of Punjab (in case it so desires to allow). Otherwise any such shortfall will remain as revenue unmet in books of PSPCL.

View of the Commission

Refer to the view of the Commission on issue no. 10 of objection no. 28.

Issue No. 15: Issue of Power Regulation Circulars

PSPCL should be directed for not issuing any power regulatory circular without the approval of the Commission & the Commission should clarify that there is no penalty for un-scheduled power cuts.

Reply of PSPCL

All the circulars issued by PSPCL are in line with the rules and regulations governing issuance of any such circular and approval from PSERC in case it is required.

View of the Commission

The Commission approves the Power Regulatory measures which may be required for system stability after following the procedure as per Regulations framed by the Commission.

Issue No. 16: Tendering of APDRP Works

APDRP tenders are allotted on very high rates and the burden of same is loaded on consumers.

Reply of PSPCL
The capital cost for APDRP tenders and any other capital expenditure is duly approved by the Hon'ble PSERC and only then passed on to the Consumers.
View of the Commission
The Commission examines the Capital Expenditure plan of utility in the light of actual expenditure incurred in previous years and allows capital expenditure accordingly.

Issue No. 17: Power Supply to Industrial Consumers
Hon'ble Commission is requested to direct PSPCL to connect all the industrial consumers on category-II feeder in the same area where category-II feeder is passing, to avoid the discrimination.
Reply of PSPCL
The categorisation of feeders is done for purposes of proper metering, billing & collection. Further, no discrimination is done against any consumer by PSPCL.
View of the Commission
The issue does not relate to ARR.

Issue No. 18 (a): Special Audit of PSPCL for 2009-2014
A Prudent check & special Audit of PSPCL may be carried out for the period of true-up, Review & ARR for the period of 2009 to 2014. PSPCL had given wrong & manipulated figures while submitting petition before the Commission for claiming additional surcharge on open access charge, which was dismissed by commission for giving wrong & manipulated figures.
Reply of PSPCL
PSPCL has not inflated any expenditure as all the expenses & revenue for FY 2010-11, FY 2011-12 and FY 2013-14 (H1) have been based on actual data. Further, projections for FY 2013-14 (H2) and FY 2014-15 have been made on the basis of past trends, PSERC Tariff Regulations and State Govt. mandates/ policies/ other statutory levies along with detailed justification and basis for projections for each component of ARR provided in the Tariff Petition.
View of the Commission
Tariff is determined by Commission after prudent check of claim of utility and as per PSERC Regulations

Issue No. 18 (b) – (f): Under Recovery of Sales Revenue
PSPCL has shown under recovery of sales revenue compared to that approved by the Hon'ble Commission in its Tariff Order for true-up of 2010-11.
Reply of PSPCL
The necessary reply already stands submitted to Hon'ble PSERC vide this office memo No. 358/DTR/Dy.CAO/241/Vol.-II dated 25.2.2014
View of the Commission
The Commission has determined the revenue from sale of power as discussed in para 2.24 & 3.23 of this Tariff order.

Issue No. 19 (a): Disclosing of All Incomes
PSPCL should be directed to disclose the following figures, item wise, on sworn Affidavit & if need arises special Audit reports on income earned by PSEB / PSPCL from any source as their income for the purpose of submitting ARR petition.
Reply of PSPCL
PSPCL has filed the ARR & Tariff Petition in accordance with the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time. All the information required as per the above regulation is provided to the Hon'ble Commission and any income other than tariff income has been included in non-tariff income in the ARR petition.
View of the Commission
The Commission has determined the non tariff income as per its regulation and as per the information supplied by PSPCL during the course of processing of ARR.

Issue No. 19 (b): Non Disclosure of Income
PSEB had collected ₹20000 crore in excess from consumers which have not been accounted for while submitting ARR after the Regulatory Commission came in existence.
Reply of PSPCL
All income and revenue accruing to erstwhile PSEB have been accounted for in the ARR and no income has been concealed.

View of the Commission

The objection is vague and without any detail of the head under which the amount has been alleged to have been collected by PSEB (now PSPCL).

Issue No. 20: Monthly Minimum Charges

MMC income shown seems to be much less than actually charged from consumers. To arrive at correct calculation of MMC charged, full amount charged under MMC is to be disclosed by PSPCL. Further the MMC should be abolished.

Reply of PSPCL

Minimum Monthly Charges (MMC) are charged to partly recover the fixed charges incurred by the corporation in making electricity available at the door steps of the consumer round the clock. This principle was also upheld by the Hon'ble Supreme Court of India. Further, the rate of MMC is determined keeping in view the capacity of various consumer categories of consumers to pay. In case they are unable to consume power for certain reasons, as electricity consumption upto the level of monthly minimum charges is free to the consumers, it is in no way additional charge being charged from the consumer. However with the introduction of two part tariff, the MMC has been proposed to be discontinued, which shall be helpful to the industry.

View of the Commission

The Commission agrees with the reply of PSPCL. However, proposal for introduction of Two Part Tariff is discussed in para 7.2 of this Tariff Order.

Issue No. 21: Defaulting Amount

PSPCL should be directed to supply list of consumers from whom amount exceeding 50000 are due & list of consumers with amount in dispute & cases are pending in Dispute Committee, Forum, Ombudsman, Civil Courts, Special Courts, High Courts, Supreme Courts as the defaulting amount of these consumers is stated to be ₹200 crores by PSPCL.

Reply of PSPCL

As the matter does not directly relate to determination of ARR and approval of tariff for FY 2014-15 hence shall be taken up separately with the objector.

View of the Commission

Information should be supplied to the objector.

Objection No. 41: President, Steel Town Furnace Association, Mandi Gobindgarh

Issue No. 1: Monthly Minimum Charges

MMC to Induction Furnace consumers may be charged as applicable to general industry under LS industrial category for FY 2014-15.

Reply of PSPCL

To change the rate of MMC will affect the revenue of PSPCL. However, to fix the MMC for various categories of consumers is the prerogative of the Hon'ble Commission.

View of the Commission

Refer to the view of the Commission on issue no. 20 objection no. 40.

Issue No. 2: MMC for Cotton Ginning Industry

MMC charges on cotton ginning industry may be waived off and Tariff should be charged on actual consumption.

Reply of PSPCL

Minimum Monthly Charges (MMC) are charged to partly recover the fixed charges incurred by the corporation in making electricity available at the door steps of the consumer round the clock. This principle was also upheld by the Hon'ble Supreme Court of India. Further, the rate of MMC is determined keeping in view the capacity of various consumer categories of consumers to pay. In case they are unable to consume power for certain reasons, as electricity consumption upto the level of monthly minimum charges is free to the consumers, it is in no way additional charge being charged from the consumer. However with the introduction of two part tariff, the MMC has been proposed to be discontinued, which shall be helpful to the industry.

View of the Commission

Refer to the view of the Commission on issue no. 1 above.

Objection No. 42: The Tarn Taran Rice Millers Association

Issue No. 1: Conversion of Seasonal Industry to General Industry

At present most of the rice mill units running under seasonal industry are now operational for 12 months and thus they should be given an option to be considered in 'General Industry' category and charged accordingly.

Reply of PSPCL

The industries which are operational for 12 months and so desire to be charged under 'general industry' should apply to the PSPCL for change in category and on necessary approvals can be charged accordingly.

View of the Commission

Refer clause 18.4 of General Conditions of Tariff at Annexure-I of Vol. 2 of this Tariff Order.

Issue No. 2: PLEC Charges

PLEC charges should not be charged for LS consumers also.

Reply of PSPCL

Restrictions on power supply during peak hours are necessary to operate the system within permissible parameters and to avoid cascade trippings. Providing any exemption/relaxation from normal rules/guidelines/rates to be followed by is the prerogative of the Commission. It is requested that the Hon'ble Commission may kindly consider the ground realities and constraints faced by PSPCL before deciding on the issue.

View of the Commission

Refer to para 7.3 of this Tariff Order.

Objection No. 43: Er. Padamjit Singh, (patron), PSEB Engineers Association, Patiala

Issue: Commissioning of TSPL Power Plant

Commissioning of the units at Talwandi Sabo has been delayed and on account of this delay, the claim of liquidated damages amounting to ₹634 crore will be legally due to be recovered by PSPCL. However, this amount has not been shown in the ARR of the PSPCL. Commission is requested to issue following directions to PSPCL:

(a) PSPCL to give position regarding realization / non realization of LD claims against TSPL.
(b) PSPCL to explain the delay in realizing these amounts from TSPL.
(c) PSPCL to clarify the reasons for the delay and further any interest is being claimed / has been claimed on account of delay I realization of LD amount.
(d) Commission may decide / order how the amount of LD is to be accounted for in the ARR for FY 2014-15.

Reply of PSPCL

It is intimated that 3x660 MW (1980 MW) Talwandi Sabo TPP was awarded to M/s Sterlite Energy Limited through tariff based international competitive bidding on "BOO" basis under case-II. Power Purchase Agreement was signed on 01.09.2008 with TSPL after its transfer to M/s SEL on 01.09.2008 with Scheduled Commercial Operation Dates as under;

Units	As per PPA scheduled CODs	CODs intimated by TSPL in May, 2010	CODs intimated by TSPL in Feb., 2012
1st unit	31.08.2012	08.11.2012	08.08.2013
2nd unit	31.12.2012	08.02.2013	08.11.2013
3rd unit	30.04.2013	10.06.2013	08.03.2014

However, TSPL could not able to Commission the project as per schedule and has intimated the new CODs. First intimation was given in May, 2010 and second in Feb., 2012 and subsequently has extended / delayed the commissioning date of 1st unit to 08.08.2013 from the earlier given date of 08.11.2012 and first unit is yet to achieve COD.

The team of PSPCL officers has continuously monitored the development of the project and found inordinate delay by TSPL in completing various critical construction activities like chimney, cooling tower etc. at site. The team has always found that the reasons for such delays are purely attributable to TSPL. The delay in commissioning of the project entails the consequences as provided for in the PPA and relevant provisions under sub article 4.6.1 to 4.6.3 of the article 4.6 of the PPA have become applicable. In view of the above provisions under sub articles 4.6.1 of PPA, the liquidated damages have been worked out to be as under:

Unit No. 1	₹317.64 crore
Unit No. 2	₹317.64 crore
Total	₹635.28 crore

Accordingly, TSPL were called upon to pay, Liquidated Damages for the 1st unit and 2nd unit amounting to ₹635.28 crore which is still pending. TSPL were also informed that in case, TSPL fails to pay the amount of Liquidated Damages, PSPCL shall be constrained to invoke the Performance Bank Guarantee of ₹150 crore (with PSPCL) in its favour towards recovery of liquidated damages and to recover balance amount from the TSPL as per provisions specified in Article 4.6.3.

However, TSPL vide their letter dated 7.9.2013 & letter dated 9.9.2013 had informed that they are moving in the right earnest to move forward with the project and any action at this stage like claim of Liquidated Damages/Bank Guarantee encashment will further aggravate the situation and would have significant adverse impact on the project. TSPL had also requested for an amicable resolution of the matter and proposed a joint meeting to elaborate on all grounds for seeking time extension based on various uncontrollable factors.

TSPL had requested that they may be given time of 2 months to discuss with their consultants and to put forward their case on its merits and to give detailed reply to PSPCL's notice on Liquidated Damages. Till such time, TSPL requested to put on hold any action by PSPCL on invoking the Bank Guarantee.

It is intimated that as the project is a prestigious power project for the State of Punjab and will help to bridge the gap between demand and supply, the encashment of Bank Guarantee at the stage may generate negative sentiments and may hamper commissioning of the project. Therefore, the matter was put up to BoD for grant extension of two months to put on hold the action for invoking the Performance Bank Guarantee as requested by TSPL. The BoD had granted extension of two months.

After two months, the matter was again put up to BoDs for taking decision regarding invoking of the Performance Bank Guarantee and recovering the balance amount of Liquidated Damages or to decide any other possible/suitable proceedings deemed fit in the matter. The decision of BoDs is still pending.

In view of the above, the point wise reply to the objection no. 43 raised by PSEB Engineer Association, on the petition filed by PSPCL before the Hon'ble PSERC for Aggregate Revenue Requirement and Determination of Tariff for FY 2014-15 is as under:-

a) TSPL have not paid the LD amount pertaining to both the 1st and 2nd units till date. Action to invoke Performance Bank Guarantee of TSPL shall be initiated on approval by BoD's of PSPCL. There is no other alternative/source at this stage for recovery of the balance amount of LD and TSPL is not ready to pay the LD amount.
b) Explanation for delay in realization has been enumerated as above.
c) Reasons or justification for delay has been explained as above. Regarding claiming of interest, there is no such provision in the PPA.

View of the Commission

The Commission observes that the issue is under consideration of PSPCL & TSPL. Payment / recovery of liquidated damages is governable as per provisions in the Power Purchase Agreement (PPA) dated 01.09.2008 between the parties.

Objection No. 44: Government of Punjab

Department of Power, GoP has conveyed its observations on the ARR of PSPCL in its letter dated 23.05.2014 which are summarized hereunder, along with the view of the Commission.

Issue No. 1: Disallowances

PSERC while determining electricity tariff on the basis of tariff petitions filed by PSPCL has been making some disallowances. These have been mainly on disallowances related to employee costs, interest charges and also on account of non-achieving of various norms, performance parameters and targets fixed by the Commission. These disallowances have impaired the financial health of the PSPCL and have eroded its capacity to make investments that would help it provide quality and affordable power to the consumers in the State. This has in some ways also had an impact on the economic growth of the State. These disallowances seem to be a major reason for the accumulated commercial losses and Short-Term Loans of the PSPCL. While, there have been improvements in the performance/working of PSPCL, we do believe that there is still a lot that needs to be achieved, if PSPCL is provided the requisite support in the performance of its commercial operations.

View of the Commission

The Commission processes the ARR and fixes the various norms, performance parameters and targets as per its notified Regulations and accordingly determines the gap on prudent check of the expenses projected in the ARR. The Commission has been stressing in its various Tariff Orders for improvement in the working of PSPCL by reducing its expenses within the approved amounts, improving the performance parameters and exercising economy. The justified costs are being allowed to the utility after processing the ARR as per the notified Regulations and thus safeguarding the interests of the consumers. The accumulated losses of the utility are due to non achievement of various norms, performance parameters, non implementation of various directives and targets fixed by the Commission in its Tariff Orders. The utility has also been rewarded for its efficiency. The utility has to improve its performance on all fronts through various efficiency measures and achieve the targets in respect of various parameters fixed by the Commission. The Commission cannot pass on the cost of inefficiencies of the utility to the consumers.

Issue No. 2: Road Map for Improving Financial Health of Utility

The financial health of PSPCL at present is critical and while PSPCL has been showing improvement in its fiscal health, this trend needs to be supported and encouraged. PSPCL vide this instant ARR Petition has depicted total revenue gap of approximately ₹15550.64 crore, which has increased by approximately ₹3468.26 crore i.e. from ₹12082.38 crore to ₹15550.64 crore. The major components of increase in this gap are as below: -

			(₹in crore)
i)	Fuel Cost	=	486.47
ii)	Power Purchase	=	1542.55
iii)	Employee Cost	=	1043.96
iv)	Depreciation	=	50
v)	Interest & Finance Charges	=	255
vi)	Transmission Charges payable to PSTCL	=	63

From the above, it is very clear that increase in this gap is mainly because of increase in Fuel Cost, Power Purchase Cost, Employee Cost and Interest & Finance Charges. It is the statutory duty of the State Government to promote the Financial, Operational and Technical viability of PSPCL. Hence, in terms of Section 86 of the Electricity Act, 2003, the Commission in pursuance to its duties is requested to suggest a road map to meet this goal.

View of the Commission

The Commission processes the ARR as per its notified regulations and accordingly revises the tariff for various categories of consumers to recover the gap determined on prudent check of the expenses. The Commission has been laying down a road map for improving the financial health of the utility through various directives in each Tariff Order, aiming at improving the financial health of the utility. The utility has partly turn-around from the loss making utility into profit earning entity through partial implementation of Commission's directives and other measures. The fuel cost, power purchase cost, employee cost and interest & finance charges are being determined and approved by the Commission as per the notified regulations and as per various norms & performance parameters fixed by the Commission. The Commission is eagerly awaiting the results of the consultancy assignment awarded by PSPCL to M/s Mercados EMI as a consultant for implementing energy/load management & cost optimization system in PSPCL. It has been intimated by PSPCL to the Commission vide its letter no. 378 dated 26.02.2014 that there is considerable capacity overhang in the country and also that the market prices of power are expected to remain low during the year which may render the sale of PSPCL's surplus power unviable.

Issue No. 3: Power Purchase Cost

PSPCL has projected Power Purchase Cost for 2014-15 at ₹9274.95 crore against 2013-14 (RE) of ₹7705.40 crore showing increase of 20% in 2014-15. The actual increase in 2013-14 (RE) is only 6.62%. PSPCL should ensure that Power Purchase and its sale to the consumers should be commercially viable and do not result in any net loss to PSPCL. Reduction in Power Purchase Cost is very important to promote the financial viability of PSPCL. To reduce this Power Purchase cost, a suitable mechanism is being put in place by PSPCL through which the total Energy Requirement could be determined keeping in view the future demand, weather forecasting etc. This will help in accurate assessment of demand requirements and will ultimately help in reducing the Short Term or day to day power purchases, which generally are costly.

Efforts should be made to improve the effectiveness of Demand Side Management (DSM) programmes. The Commission is requested to approve DSM fund to promote various DSM programmes as these programmes will help in reducing the Power Purchase Cost.

View of the Commission

The Commission is approving the power purchase cost of the utility as per its Tariff Regulations and Power Purchase & Procurement Process of Licensee Regulations. The entire power purchase cost against the long term contracts is being passed on to the utility, whereas the cost of short term power purchase is passed on to the utility on prudent check, subject to the provisions of the ibid Regulations.

The Commission in its Tariff Orders has been issuing directives to the utility to implement Demand Side Management (DSM) Regulations and had fixed annual energy saving targets of 250 MU for 2013-14 and 500 MU for 2014-15 However, the utility has failed to implement the DSM Regulations. Thus energy saving targets fixed by the Commission have not been achieved. The Commission has approved an amount of ₹40.76 crore to the utility for FY 2014-15, to enable the utility to implement various DSM programmes and to achieve energy saving targets for FY 2014-15. Also refer para 6.8 and 6.16 of this Tariff Order.

Issue No. 4: Employee Cost

The Commission has been consistently disallowing the Employee Cost to the Utility, which can in no way be reduced, since the terms and conditions of an employee once recruited cannot be changed to his disadvantage during the course of his service. Further, PSPCL is making only those recruitments which are very much necessary for its survival. Even employees who are retiring are also contributing to increase in employee cost of PSPCL by way of payment of Gratuity, Pension etc. Though, Government is impressing upon PSPCL to reduce employee cost and bring in efficiency, but it will take time for PSPCL to reduce the employee cost and bring it at par with other advanced State Utilities. Till then, the Employee Cost, which is a genuine cost of Utility, must be passed on to the end consumers on an actual basis.

View of the Com mission

The matter of allowing employee cost has been continuously discussed extensively by the Commission in its Tariff Orders year after year. The Commission has been consistently stressing the need to take effective steps to contain employee cost which is one of the highest in the country. The Commission notes that the utility has initiated some half hearted efforts to enhance employee productivity through various management techniques and rationalization of manpower for which a study has been instituted but still the utility needs to go a long way to contain employee cost.

The utility has not implemented IT Plan, AMR, unmanned substation etc. which could help contain its manpower cost. The reorganisation of distribution system manpower on functional lines has not been implemented across PSPCL despite repeated commitment by its management from time to time. The Commission has been allowing employee cost of the utility in accordance with the PSERC Tariff Regulations which have been notified after consultation with all the stakeholders.

Issue No. 5: T& D Losses

Accurate estimation of T&D Losses has gained importance as the level of losses directly affects the sales and power purchase requirements and hence has a bearing on the determination of electricity tariff of a utility by the Commission. The issue of T&D Losses is of deep concern to the Government, as there is a direct correlation between AP consumption and T&D loss pattern. Any disallowance/reduction in AP consumption estimated by the PSPCL is reflected as a corresponding increase in T&D loss level in Commission’s estimate. Hence, it should be made obligatory for the utility to carry out energy audit of its system to identify high loss areas and take remedial measures to reduce the same. PSPCL should also ensure that the various schemes being implemented for improving the Distribution System and hence T&D losses, are completed within the targets specified by Ministry of Power, Government of India so that the grants are utilized fully. The efforts should be made to achieve the ultimate T&D loss target of 15% by the FY 2015.

View of the Commission

The Commission agrees with the view of the Government that accurate estimation of T&D losses is of utmost importance as the same has a bearing on the determination of tariff for various categories of consumers, by the Commission. The utility has been consistently failing to achieve the level of T&D losses as prescribed by the Commission in its various Tariff Orders. The entire issue was reconsidered by the Commission during processing of ARR for FY 2009-10 and accordingly the Commission prescribed the loss level for 2009-10 at 22%. Going further, the

Commission determined the loss trajectory at 20%, 19% and 18% for FYs 2010-11, 2011-12 and 2012-13 respectively in the Tariff Order for FY 2009-10. The Commission fixed the T&D losses at 17% for FY 2013-14 in the Tariff Order for that year. The Commission has now fixed the T&D losses at 16% for FY 2014-15 in the present Tariff Order. PSPCL has been able to achieve the loss level of 19.13% against the target of 20% fixed by the Commission for FY 2010-11. Similarly, in FY 2011-12, PSPCL has been able to achieve T&D losses of 19.10% against the target of 19.00% fixed by the Commission. The non-APDRP and RAPDRP (Part-B) schemes implementation are over delayed. Had these schemes been implemented as per original targets, PSPCL could reduce T&D losses more effectively. PSPCL can achieve the T&D loss targets if it seriously implements the various directives issued by the Commission. The Commission has given a road map to PSPCL to reduce its T&D losses by implementing the South Korean Model. Please refer para 2.3, 3.3, 5.3 and 6.2 of this Tariff Order.

Issue No. 6: Fuel Cost

The Commission is requested to approve the fuel cost based on actual increase in the cost of fuel and also keeping in view the target specified for different parameters. PSPCL should be incentivized for over achieving the targets specified by PSERC, otherwise the cost should be passed through in the ARR based on the norms specified.

View of the Commission

The Commission is allowing the fuel cost on the basis of norms specified in its Tariff Regulations. The gross calorific value of coal being used by PSPCL at its three thermal generating stations has considerably improved and fuel cost has come down as a result of fixing the norm of drop in GCV by 150 kCal/kg between the coal ‘as received’ and ‘as fired’ by the Commission. There will be further improvement in the fuel cost as a result of implementation of CERC Tariff Regulations for the time period 2014-19, wherein various operating norms for thermal generating stations have been tightened. Also refer para 5.8 and 6.7 of this Tariff Order.

Issue No. 7: Time of Day Tariff (ToD)

The Commission has approved the introduction of Time of Day (TOD) tariff (optional) for six months (October to March) of the year, during off-peak hours from 22:00 to 06:00 hrs. for Large Supply (LS) and Medium Supply (MS) Industrial Category and provided a rebate of ₹1.50 per unit on the normal tariff for LS and a rebate of ₹1.00 per unit for MS Industrial Category. PLEC has been proposed to be abolished from 18.00 to 22.00 hrs. Instead, there will be an additional charge of ₹3.30 per unit for Large Supply Industrial Category. It is requested that the Commission while incentivizing the consumers of Large Supply & Medium Supply Industrial Category ensures that PSPCL does not incur any loss in revenue.

View of the Commission

The Commission in para 7.3 of the Tariff Order has approved the introduction of Time of Day Tariff for large supply and medium supply industrial categories in order to streamline the consumption of power by these categories. The introduction of ToD tariff will be beneficial to the utility as well as to the consumers of these categories. The utility will be benefited to the extent that the load curve will become flat with the shifting of load by these categories to off peak hours and also that the utility will be able to earn more revenue by feeding more connections/load during day/normal hours. The LS consumers will be benefited as the tariff during off peak hours will be reduced by ₹1.50 per kVAh for LS consumers & ₹1 per kVAh for MS consumers. It will be a win-win situation for the utility as well as consumers. The Commission hopes that this will also lead to increase in consumption of power and the licensee will not be required to surrender all its surplus power and thus there may not be any loss to the utility.

Issue No. 8: AP Consumption

It is vital to accurately measure the AP consumption of the State. Data from AMR scheme, which has now been introduced, should be compared with the data of sample meters. Anomalies if any found should be removed so that the desired accuracy can be reached. PSPCL has proposed AP consumption for 2014-15 at 11586 MUs against 2013-14 (RE) level of 11034 MUs at a growth rate of 5%. But 2013-14 (RE) at 11034 MUs show growth of only 2.22% over 2012-13 actuals of 10794 (MUs). Therefore PSERC may consider AP Consumption for 2014-15 at 11255 MUs at 2% growth over 2013-14 (RE) of 11034 (MUs).

View of the Commission

The AMR data in respect of AP feeders has still not stabilized. As such, the Commission has determined the AP consumption on the basis of pumped energy data supplied by PSPCL, since it was observed by the Commission that over the years, PSPCL has been claiming higher AP consumption than actual. The Commission has worked out that PSPCL has claimed excess AP consumption thereby excess AP subsidy from GoP to the tune of ₹1787 crore during FYs 2010-11, 2011-12, 2013-14 and 2014-15. The Commission has approved the AP consumption for FY 2013-14 (RE) as 9726 MU against 11034 MU projected by PSPCL and 9749 MU for FY 2014-15 against 11586 MU projected by PSPCL, thereby an increase of 0.24% only has been allowed by the Commission for FY 2014-15 over the AP figures of FY 2013-14 (RE). Also refer to para 2.2.3, 3.2.3, 5.2.2 and 6.1.3 of this Tariff Order.

Issue No. 9: Surplus Power

After the commissioning of new IPPs, Punjab will be surplus in power and PSPCL will have to incur an expenditure on account of the fixed charges to be paid to private generating companies for surrendering of surplus power. Therefore, it becomes all the more important to optimize the generation and sale of surplus power to other States/consumers so that PSPCL is not compelled to surrender the costly power. Suitable tie-ups nationally/ internationally and other avenues for sale of power are required to be explored urgently by PSPCL. The Commission is requested to provide a roadmap in this regard.

View of the Commission

In order to promote the consumption of more power, the Commission has evolved various measures as brought out in para 6.8.1 of the Tariff Order. Further, the Commission has approved a rebate of ₹1 per kWh/kVAh for any consumption during the FY 2014-15 exceeding the threshold limit. Further, PSPCL has been advised to accelerate the release of additional load/demand of new connections in order to create more demand/consumption. Also refer to para 7.3, 7.4 and 7.6 of this Tariff Order.

Issue No. 10: Commercial Viability

While, it is not disputed that the utilities need to bring efficiency in their operations, it is also imperative to ensure that financial health of the utility doesn't suffer due to disallowance of expenditure, which the utility is unable to avoid due to historical reasons or due to other constraints.

It would be appreciated that a financially strong and commercially viable power utility is ultimately in the long term Interest of the consumers and the State. The National Tariff Policy also provides that "the Regulatory Commission needs to strike the right balance between the requirements of commercial viability of the Distribution Licensees and Consumers' interests". Thus the Commission is requested to balance the interest of all the stakeholders and in the long run to provide for a vibrant power sector.

View of the Commission

Refer to views of the Commission on issue nos. 1 & 2.

Annexure – V

Apportionment of Cost among various functons as per PSPCL's Audited Accounts for FY 2011-12 (submitted by PSPCL vide letter no. 523 dated 02.04.2014)

(₹ crore)

Sr. No	Particulars	Hydel	Thermal	Total Generation	Distribution	Total
A - ASSETS						
	Direct	10781.37	12224.95	23006.32	14885.41	37891.73
	Apportioned	376.76	427.21	803.97	520.18	1324.15
	Total (Amount)	**11158.13**	**12652.16**	**23810.29**	**15405.59**	**39215.88**
	Total (%)	**28.45%**	**32.26%**	**60.72%**	**39.28%**	**100.00%**
B - EXPENSES						
1	**Power Purchase Cost**	**0**	**0**	**0**	**5890.10**	**5890.10**
	Power Purchase Cost - %	**0.00%**	**0.00%**	**0.00%**	**100.00%**	**100.00%**
2	Fuel Cost	0	3562.56	3562.56	0	3562.56
	Other Fuel Related Costs	0	0	0	0	0
	Sub Total	**0.00**	**3562.56**	**3562.56**	**0.00**	**3562.56**
	Addl Fuel Related Losses	0	28.12	28.12	0	28.12
	Total	**0.00**	**3590.68**	**3590.68**	**0.00**	**3590.68**
	Total Fuel Cost (%)	**0.00%**	**100.00%**	**100.00%**	**0.00%**	**100.00%**
3	**Repair & Maintenance**					
	Direct	20.91	138.81	159.72	151.69	311.41
	Apportioned	0.62	4.12	4.74	4.51	9.25
	Less: Capitalisation	0	0	0	0	0
	Total (Amount)	**21.53**	**142.93**	**164.46**	**156.20**	**320.66**
	Total (%)	**6.71%**	**44.57%**	**51.29%**	**48.71%**	**100.00%**
4	**Employee Cost**					
	Direct	186.99	344.16	531.15	1902.94	2434.09
	Apportioned	97.30	179.09	276.39	990.20	1266.59
	Less: Capitalisation	0	0	0	0	0
	Total (Amount)	**284.29**	**523.25**	**807.54**	**2893.14**	**3700.68**
	Total (%)	**7.68%**	**14.14%**	**21.82%**	**78.18%**	**100.00%**
5	**Administration & General**					
	Direct	2.13	4.94	7.07	60.59	67.66
	Apportioned	0.93	2.15	3.08	26.39	29.47
	Less: Capitalisation	0	0	0	0	0
	Total (Amount)	**3.06**	**7.09**	**10.15**	**86.98**	**97.13**
	Total (%)	**3.15%**	**7.30%**	**10.45%**	**89.55%**	**100.00%**

Sr. No	Particulars	Hydel	Thermal	Total Generation	Distribution	Total
6	**Depreciation & Related Debits (Net)**					
	Direct	245.92	173.23	419.15	294.93	714.08
	Apportioned	0.73	0.51	1.24	0.87	2.11
	Less: Capitalisation	0	0	0	0	0
	Total (Amount)	**246.65**	**173.74**	**420.39**	**295.80**	**716.19**
	Total (%)	**34.44%**	**24.26%**	**58.70%**	**41.30%**	**100.00%**
7	**Interest & Finance Charges**					
	Direct	583.33	637.02	1220.35	750.01	1970.36
	Apportioned	0	0	0	0	0
	Less: Capitalisation	0	0	0	0	0
	Total (Amount)	**583.33**	**637.02**	**1220.35**	**750.01**	**1970.36**
	Total (%)	**29.61%**	**32.33%**	**61.94%**	**38.06%**	**100.00%**
8	**Return on equity (in ratio of assets)**	**268.20**	**304.12**	**572.32**	**370.30**	942.62
	Return on equity (%)	**28.45%**	**32.26%**	**60.72%**	**39.28%**	**100.00%**

ANNEXURE – VI

Proportion of Plant-wise cost of Generation for FY 2011-12 (As per information submitted by PSPCL vide letter no. 504 dated 27.03.2014)

Units in MkWh

(₹ in Lacs)

S.No	Particulars	HYDEL									THERMAL				Total
		RSD	Mukerian Hydel	UBDC	UHL	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal	
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV= (XII+XIII+XIV)	XVI= (XI+XV)
1	MkWh generated during the year	1927.74	1357.75	295.45	517.30	807.13	4.49	3007.90	1888.54	9806.30	9563.96	1883.01	7621.26	19068.23	28874.53
2	MkWh used in auxiliaries	7.70	22.01	1.95	7.50	8.22	0.00	0.00	0.00	47.38	807.45	210.47	599.54	1617.46	1664.84
3	MkWh sent out	1920.04	1335.74	293.50	509.80	798.91	4.49	3007.90	1888.54	9758.92	8756.51	1672.54	7021.72	17450.77	27209.69
4	Total depreciated capital cost of generating assets in use at the beginning of the year including share of G.E	664642.22	69803.33	75585.20	8319.22	52279.92	1333.54	8368.51	113.52	880445.46	293566.55	344770.24	332326.70	970663.49	1851108.95
5	Total capital expenditure on generation assets brought in use during the year with date of commissioning including share of G.E.	-1.19	27.00	462.93	83.02	5.50	0.00	9064.30	497.94	10139.50	3127.39	448.66	1116.77	4692.82	14832.32

S.No	Particulars	HYDEL									THERMAL				Total
		RSD	Mukerian Hydel	UBDC	UHL	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal	
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV= (XII+XIII+XIV)	XVI= (XI+XV)
6	**COST OF GENERATION**														
I	Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	185848.49	41379.36	131840.00	359067.85	359067.85
ii	Oil, water & stores	0.00	0.00	0.00	0.00	0.00	0.00	71.43	6.09	77.52	1258.95	281.51	278.06	1818.52	1896.04
iii	Salaries & wages including contribution made for Pension, Provident, Superannuation of Officer/Staff	1465.23	2673.84	2244.58	1422.46	2023.46	0.00	4901.31	6877.55	21608.43	25430.65	15261.97	8638.24	49330.86	70939.29
iv	R&M expenses	58.39	105.44	71.62	130.31	117.36	0.00	357.53	1250.41	2091.06	7308.13	1373.07	3310.93	11992.13	14083.19
v	Adm. Charges attributable to generation	56.53	39.22	33.60	35.06	31.19	0.00	49.66	9.81	255.07	270.08	119.18	202.55	591.81	846.88
vi	Specified Depreciation including share of G.E.	21007.21	1787.39	531.23	244.55	294.26	40.67	301.96	384.41	24591.68	1807.08	1457.77	14030.90	17295.75	41887.43
vii	Interest	43433.22	4561.53	4939.36	543.65	3416.40	87.14	546.87	7.42	57535.59	19184.06	22530.14	21716.97	63431.17	120966.76
	Total cost of Generation	66020.58	9167.42	7820.39	2376.03	5882.67	127.81	6228.76	8535.69	106159.35	241107.44	82403.00	180017.65	503528.09	609687.44
	Cost of Generation per kWh in paise	343.85	68.63	266.45	46.61	73.63	284.65	20.71	45.20	108.78	275.35	492.68	256.37	288.54	224.07

ANNEXURE – VII

Proportion of Plant-wise cost of Generation for FY 2011-12 (As per Annexure VI)

(In %)

S.No	Particulars	HYDEL									THERMAL			
		RSD	Mukerian Hydel	UBDC	UHL	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV= (XII+XIII+XIV)
1	MkWh generated during the year	19.66%	13.85%	3.01%	5.28%	8.23%	0.05%	30.67%	19.26%	100.00%	50.16%	9.87%	39.97%	100.00%
2	MkWh use in auxiliaries	16.25%	46.45%	4.12%	15.83%	17.35%	0.00%	0.00%	0.00%	100.00%	49.92%	13.01%	37.07%	100.00%
3	MkWh sent out	19.67%	13.69%	3.01%	5.22%	8.19%	0.05%	30.82%	19.35%	100.00%	50.18%	9.58%	40.24%	100.00%
4	Net fixed asset	75.50%	7.93%	8.58%	0.94%	5.94%	0.15%	0.95%	0.01%	100.00%	30.24%	35.52%	34.24%	100.00%
5	Total capital expenditure on assets addition during the year	-0.01%	0.27%	4.57%	0.82%	0.05%	0.00%	89.39%	4.91%	100.00%	66.64%	9.56%	23.80%	100.00%
6	**COST OF GENERATION**													
I	Fuel	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	51.76%	11.52%	36.72%	100.00%
ii	Oil, water & stores	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	92.14%	7.86%	100.00%	69.23%	15.48%	15.29%	100.00%
iii	Employee cost + FBT	6.78%	12.37%	10.39%	6.58%	9.36%	0.00%	22.69%	31.83%	100.00%	51.55%	30.94%	17.51%	100.00%
iv	R&M expenses	2.79%	5.04%	3.43%	6.23%	5.61%	0.00%	17.10%	59.80%	100.00%	60.94%	11.45%	27.61%	100.00%

S.No	Particulars	HYDEL									THERMAL			
		RSD	Mukerian Hydel	UBDC	UHL	Anadpur Sahib	Micro Hydel	L.Bank R.Bank	Beas & extn.	Total Hydro	GGSSTP Ropar	GNDTP Bathinda	GHTP Mohabbat	Total Thermal
I	II	III	IV	V	VI	VII	VIII	IX	X	XI = (III to X)	XII	XIII	XIV	XV= (XII+XIII+XIV)
v	Admin & General Expenses	22.15%	15.38%	13.17%	13.75%	12.23%	0.00%	19.47%	3.85%	100.00%	45.63%	20.14%	34.23%	100.00%
vi	Other expenses including depreciation	85.42%	7.27%	2.16%	0.99%	1.20%	0.17%	1.23%	1.56%	100.00%	10.45%	8.43%	81.12%	100.00%
vii	Interest	75.50%	7.93%	8.58%	0.94%	5.94%	0.15%	0.95%	0.01%	100.00%	30.24%	35.52%	34.24%	100.00%
	Total cost of Generation	62.18%	8.64%	7.37%	2.24%	5.54%	0.12%	5.87%	8.04%	100.00%	47.88%	16.37%	35.75%	100.00%

ANNEXURE – VIII

Plant-wise Revenue Requirements for FY 2014-15 (on the basis of Annexure VII)

(₹ crore)

S. No	Item of expense	Hydel	RSD	MHP	UBDC	Shanan	ASHP	Micro Hydel	L.Bank R.Bank	Beas & extn.	Thermal *	GGSSTP	GNDTP	GHTP	Basis of Apportionment (from Annexure VI)
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	XVI
1	Cost of fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4795.12	2433.09	753.49	1608.54	Fuel Cost as per Table 6.17
2	Employee cost	329.17	22.32	40.72	34.20	21.66	30.81	0.00	74.69	104.77	606.06	312.42	187.51	106.12	Employee cost
3	R&M expenses	27.66	0.77	1.39	0.95	1.72	1.55	0.00	4.73	16.54	183.75	111.97	21.04	50.73	R & M expenses
4	A&G expenses	4.28	0.95	0.66	0.56	0.59	0.52	0.00	0.83	0.16	9.91	4.52	2.00	3.39	A & G expenses
5	Depreciation	263.27	224.88	19.14	5.69	2.61	3.16	0.45	3.24	4.11	185.45	19.38	15.63	150.44	Net Fixed Assets
6	Interest Charges	662.31	500.04	52.52	56.83	6.23	39.34	0.99	6.29	0.07	723.15	218.68	256.86	247.61	Interest on Depreciated Cost of Generation
7	Return on Equity	268.18	202.48	21.27	23.01	2.52	15.93	0.40	2.55	0.03	304.18	91.98	108.04	104.15	Net Fixed Assets
8	DSM Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	Charges payable to GoP on Power from RSD	14.13	14.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	**Total Revenue Requirement**	**1568.99**	**965.57**	**135.70**	**121.23**	**35.32**	**91.31**	**1.84**	**92.33**	**125.67**	**6807.61**	**3192.05**	**1344.58**	**2270.98**	

S. No	Item of expense	Hydel	RSD	MHP	UBDC	Shanan	ASHP	Micro Hydel	L.Bank R.Bank	Beas & extn.	Thermal *	GGSSTP	GNDTP	GHTP	Basis of Apportionment (from Annexure VI)
I	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**	**XI**	**XII**	**XIII**	**XIV**	**XV**	**XVI**
11	Add: Consolidated Gap and carrying cost of gap ending FY 2013-14	7.83	4.82	0.68	0.61	0.18	0.46	0.01	0.46	0.63	33.98	15.93	6.71	11.34	In proportion to Total Revenue Requirement
12	**Gross revenue requirement (9+10)**	**1576.82**	**970.39**	**136.38**	**121.84**	**35.50**	**91.77**	**1.85**	**92.79**	**126.30**	**6841.59**	**3207.99**	**1351.29**	**2282.31**	

Date: 22.08.2014

Place: CHANDIGARH

Sd/-	Sd/-	Sd/-
(GURINDER JIT SINGH) MEMBER	(VIRINDER SINGH) MEMBER	(ROMILA DUBEY) CHAIRPERSON

Certified

Sd/-
Secretary

Punjab State Electricity Regulatory Commission, Chandigarh.