

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

**Petition No. 56 of 2021**  
**(Suo Motu)**  
**Date of Order: 20.01.2022**

Regarding increase in time limit (minimum 30 days) for payment of electricity bills being raised for Rural Water Supply (RWS) schemes by Punjab State Power Corporation Limited.

And

In the matter of: Department of Water Supply & Sanitation Punjab, Water Works Complex, Phase-2, Sahibzada Ajit Singh Nagar, Punjab.

Present: Sh. Viswajeet Khanna, Chairperson  
Ms. Anjuli Chandra, Member  
Sh. Paramjeet Singh, Member

**ORDER**

Department of Water Supply and Sanitation (DWSS), Govt. of Punjab vide memo No. WSS/4149 dated 03.09.2021 submitted that DWSS is the nodal department mandated with the task of supplying drinking water in the rural areas of the State of Punjab and presently has 8335 tube-well & surface based (canal) water supply schemes operational in rural areas and new schemes are added each year as per requirement. As per an agreement with the World Bank which has partnered with the State government for funding these rural water supply schemes, it has been decided that all new schemes being commissioned shall be handed over to the community for operation & maintenance (O&M) which is also in line with the mandate of the 73rd amendment to the Constitution of India. For this purpose, a Gram Panchayat Water Supply and Sanitation Committee (GPWSC) is constituted in the village

which is then responsible for levying and collecting tariff; giving new connections; Operating and Maintenance of the scheme including payment of wages to the maintenance workers, routine repairs and payment of electricity charges to PSPCL out of collected user charges. At present 3906 Rural Water Supply Schemes (RWS) are managed by the DWSS and 4429 have been handed over to the GP/GPWSCs for Operation and Maintenance.

2. That it is extremely important that these RWS schemes remain operational throughout the year, yet many of these become non-operational & unsustainable due to high electricity bills & pending arrears which they fail to pay on account of limited resources resulting in disconnection of these electric connections by PSPCL, thereby depriving the residents of the basic human need of clean drinking water. To ensure payment for electricity bills to PSPCL on regular basis, DWSS has taken many initiatives including:

- DWSS on its part has raised the user charges (present rate Rs. 166/- per household per month with 10% annual increase) and put a revenue collection strategy into operation and is strictly monitoring the same to ensure better collection efficiency, recovery and regular payment to the PSPCL.
- Utilization of a minimum of 75% revenue from water charges for payment of electricity bills.
- Utilization of 15th Finance Commission tied / un-tied grants for clearance of electricity areas / regular payment of electricity charges for which necessary approval has already been taken from the Council of Ministers (CoM).
- For clearance of charges on account of penalty, DWSS got a waiver of Rs. 155 Cr. from PSPCL under OTS (one time settlement) for schemes run by DWSS. To clear the remaining outstanding balance

DWSS got approval of the CoM and made 100% payment amounting to Rs. 307 Cr to PSPCL against outstanding arrears of upto 31/07/2018.

- Waiver against penalties amounting to Rs. 70 Cr. for schemes being managed by GPWSCs has also been taken from PSPCL under the same OTS scheme. However, the pending amount of Rs. 186 Cr. is yet to be paid by the Department of Rural Development and Panchayats out of available 14th and 15th Finance Commission grants for which funds have been allocated to Panchayats.
- To meet the gap between electricity charges and revenue collected, a budgetary provision for payment of electricity liability of RWS schemes has also been created.
- Initiatives have been taken regarding creation of awareness among the field staff for adoption of various energy saving measures on rural water supply schemes such as, energy efficient pumping machinery, shunt capacitors, automatic water level controllers, SCADA/IOT based monitoring system etc.
- All out efforts are being made to stream line the payments of PSPCL bills for RWS schemes by carrying out regular IEC (information, education and communication) and capacity building of GPWSC's members.
- PSERC, has approved the rural water supply schemes as a separate category for electricity charges in the tariff order resulting in reduction and rationalization of power tariff.

3. That in spite of these efforts, DWSS is not able to clear 100% of PSPCL's bill demand in time. There is an outstanding arrear of Rs. 145 Cr. on account of schemes being managed by DWSS and one of the main reasons for



accumulation of arrears is levy of penalty on account of delayed payments after due date. Presently, PSPCL gives a maximum of 10 days for payment of electricity bills from the date of issue of bill. PSPCL delivers all bills at water supply schemes only and from these different locations, it is quite difficult to compile the requirement of funds at Sub Divisional / Division level (from where payments are processed and released) in a short span of time. Moreover, field offices/ GPWSCs are never in position to clear 100% of the liability from funds available with them. For meeting the gap in funds, they have to raise their demands with the Head Office of DWSS/Department of Rural Development of Panchayats for 15th Finance Commission grants. Due to non clearance of 100% of the bill amount in time, DWSS never comes out of the vicious cycle of penalties on account of late payment. High amount of electricity arrears and the incapacity of DWSS and the GPWSCs to pay these electricity bills on a regular basis is leading to build up of huge arrears on account of surcharge and penalties on delayed payment, making RWS schemes unsustainable. In order to exit this vicious cycle of non-payment and consequent threat of disconnection, it is important that the time limit for payment of electricity bills on RWS schemes be extended and rationalised so that the Department is able to make payments to PSPCL on regular basis and to ensure availability of drinking water to the rural population unswervingly. It has been requested that extension in time limit (for a minimum 30 days) for payment of electricity bills may be granted for RWS schemes in the State.

4. Taking Suo-Motu Notice of the matter, letter No. WSS/4149 dated 03.09.2021 was taken on record as a petition No. 56 of 2021 (Suo-Motu) and notice was issued to the Head of the Department, Department Water Supply and Sanitation Punjab and the Chief Engineer ARR & TR, Punjab State Power Corporation Limited. The petition was taken up for hearing on 27.10.2021 and

as the relief sought required amendment in the provisions of the Supply Code 2014, the Commission directed to prepare a staff paper in this regard and put the same in public domain. Public Notice inviting suggestions/objections of the Public and the Stakeholders on the proposed amendments was published in the various newspapers and public hearing was held on 09.11.2021. PSPCL was directed to submit the details regarding total outstanding amount against all govt. Departments alongwith calculations regarding impact of enhancement of time period for payment of electricity bills by Govt. Departments from 10 days to 30 days on its revenue. PSPCL submitted its reply vide memo No. 7783 dated 06.12.2021. After hearing the matter on 07.12.2021, Order was reserved.

### **Observations and Decisions of the Commission**

5. The Commission issued the draft notification regarding Punjab State Electricity Regulatory Commission (Electricity Supply Code and Related Matters) (10<sup>th</sup> Amendment) Regulations, 2021 along with Explanatory Memorandum seeking comments/ objections/ suggestions from the stakeholders on the proposed amendments in Regulation 31.1 of the Supply Code, 2014 by 08.11.2021. The comments/objections/suggestions from only one stakeholder i.e. Laghu Udyog Bharti were received. The comments received from the stakeholders on the draft regulations, the analysis and decisions of the Commission on these comments/objections/suggestions along with reasons for the same are as under:-

### **Amendment in Regulation 31.1 of the Supply Code, 2014**

(A) **Laghu Udyog Bharti** has submitted as under;

- (i) very short time has been granted to file objections

- (ii) As per Electricity (Rights of Consumers) Rules 2020, 'day' means working day and grant of 30 days for making payment of electricity bill will automatically become more than 40 days.
- (iii) If this amendment is allowed in that case there will be shortage of funds with PSPCL, and PSPCL will take heavy loans to meet working capital, which will be burden on consumers.
- (iv) Industry is in the big financial crises due to hefty increase in prices of Raw Materials i.e. all steel scraps, zinc, foundry materials, brass, rubber, carbon, including packing materials and labour problem, causing difficulty to run the industry properly. Industry should be allowed to pay electricity bills within 30 days from the date of delivery of bills.
- (B) PSPCL in its written submissions submitted that the Board in its 89<sup>th</sup> meeting held on 02.09.2021 has accorded the approval to enhance the time period for payment of bills from 10 days to 30 days for all government departments so PSPCL has no objection. On the query of the Commission, PSPCL submitted that the total outstanding amount against pending electricity bills from all Govt. Departments as on 29.11.2021 is Rs. 2412.88 crore The impact of enhancement of time period for payment of electricity bills from 10 days to 30 days for all Govt. Departments on the revenue of PSPCL will be Rs. 42.90 lakh per month tentatively (including for DWSS & GPWSC) presuming that all the bills will be deposited by the department in time. For only DWSS & GPWSC, the impact will be Rs. 11.14 lakh per month tentatively.

It has further been submitted that DWSS provides essential service to general public and being Govt. Department, the process of verification of

electricity bills & arrangement of requisite funds for payments may take some time. Disconnection of water supply electricity connections in case of non-payment of electricity bills, shall affect public at large. Therefore in the larger public interest, PSPCL accorded the approval for enhancement of time period for payment of electricity bills from 10 days to 30 days on the request of DWSS. The financial impact on the revenue of PSPCL has been calculated by assuming that PSPCL have to take loans at interest rate of 7% per annum on account of delayed payments. However, if the time period for payment of electricity bills from 10 days to 30 days is also enhanced for industrial consumers, PSPCL have to take huge loans which will put unviable financial burden on PSPCL revenue. Therefore, PSPCL does not agree that industry should be allowed to pay electricity bills within 30 days.

### **Analysis and Decision**

The time period for filing objections by the stakeholders were granted in accordance with the provisions of Regulation 67 of PSERC (Conduct of Business) Regulations, 2005. Further, the Commission has not yet amended the definition of 'Day' in the Supply Code, 2014.

As per PSPCL's submission, in case time period for payment of bills in case of all Government departments is extended from 10 days to 30 days, the total loss of revenue will be approx. Rs. 43 lakh per month and for only DWSS & GPWSC, the impact will be Rs. 11.14 lakh per month. PSPCL vide memo No. 7620 dated 08.11.2021 submitted that the Board in its 89<sup>th</sup> meeting has accorded the approval for enhancement of time period of payment of electricity bills from 10 days to 30 days from all the Government departments.



The Commission has taken Suo-Motu notice of the representation made by DWSS vide memo No. 4149 dated 03.09.2021 and registered it as petition No. 56 of 2021 (Suo-Motu). The objection/suggestions were invited in respect of this petition and public hearing was held accordingly. No other department of Punjab Govt. has come forward to represent its case for allowing relaxation in the time period for payment of the bills without levy of late payment surcharge. DWSS provides not only essential but vital life sustaining service to the general public and disconnection of water supply electricity connections in case of non-payment of electricity bills shall affect the most vulnerable rural section of the public at large very adversely. Therefore, keeping in view the public interest, the Commission approves the Punjab State Electricity Regulatory Commission (Electricity Supply Code and Related Matters) (10<sup>th</sup> Amendment) Regulations, 2021 with modifications that the period for payment of electricity bills by Department of Water Supply & Sanitation Punjab, Water Works Complex shall be extended to 30 days.

The staff of the Commission is directed to prepare a staff paper with regard to enhancement of time period of payment of electricity bills from 10 days to 30 days for all the Government departments of Punjab except DWSS.

The petition is disposed of accordingly.

**Sd/-**

(Paramjeet Singh)  
Member

**Sd/-**

(Anjuli Chandra)  
Member

**Sd/-**

(Viswajeet Khanna)  
Chairperson

Chandigarh  
Dated: 20.01.2022