

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

Petition No. 59 of 2023
Date of Hearing: 14.08.2024
Date of Order: 22.08.2024Filing Petition under Section 86 (1) (B) of the Electricity Act, 2003 and
PSERC Regulation 9.14.

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

.....Petitioner

Commission: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, MemberPSPCL: Ms. Harmohan Kaur, CE/ARR&TR
Sh. Harjeet Singh, ASE/TR-5
Sh. Gurpreet Singh, ASE/GHTP
Ms. Rajwinder Kaur
Sh. Anshuli Gupta, RA
Ms. Sakshi Bansal
Sh. Sunil Sinha**ORDER**

The petition was taken up for hearing on admission. During the hearing on 03.07.2024, the Commission raised certain queries and PSPCL was directed to file an affidavit to reply to the queries. The Commission has perused the reply submitted by PSPCL vide letter dated 13.08.2024 and observes as under:-

1. PSPCL was directed, vide order dated 05.07.2024 to submit the reason for nearly 2.5 times increase in the cost for the restoration of the ash evacuation system work for which the basic capital cost has increased from Rs. 13.92 Crore to Rs. 34.25 Crore. PSPCL was also directed to attach the approval of its BoD to the revised expenditure. PSPCL in its reply has submitted that it has allotted the work to BHEL on a single tender basis in place of M/s DCIPS as approved by its BoD in the meeting dated 14.03.2023 due to non-functionality of the firm (M/s DCIPS) which could have caused delay to the completion of the work. Further, PSPCL has submitted that the agenda for placing the order to BHEL is approved by its WTD but is pending for approval with the BoD. PSPCL has not submitted any reason for the increase in the cost of this work.

2. PSPCL has sought a capital fund approval of Rs. 269.84 Crore vide its letter dated 07.05.2024. PSPCL was directed, vide order dated 05.07.2024, to submit the basis of charging administrative expenses alongwith the rationale of loading the same on to the basic capital cost. PSPCL has submitted that its head office allocates 75% of capital value to its offices and retains 25% for expenses to be capitalized on heads like establishment, H.O. works and interest during construction etc. PSPCL's thermal plant has placed the present work orders on lumpsum basis. It is noted that PSPCL has not replied to the query with regard to the works under reference in this petition as to why the capital allocation of Rs. 67.46 Crore has been sought as administrative charges for these works since these administrative costs have already been allowed to PSPCL in the annual ARR in the Tariff Order.
3. With regard to the status of the insurance claim for the claim of collapse of ESP of Unit-2, PSPCL has submitted that the accident or structure failure has not been considered as peril insured under the policy and no claim has been entertained by the insurance company. PSPCL is required to submit a detailed reply as to whether it agrees with the Insurance Company or has challenged the decision of the Insurance Company. What is the benefit of an insurance policy if genuine claims are not being entertained.
4. The Commission, vide order dated 05.07.2024, had directed PSPCL that all the observations of the Commission shall be specifically brought to the notice of the Board of Directors and the BoD deliberations on the above issues shall be communicated by way of an affidavit in this petition for the consideration of the Commission for an appropriate decision. PSPCL has not submitted the same. PSPCL shall submit a detailed affidavit within three weeks. The Petition shall be taken up for hearing on admission on 09.10.2024 at 11.30 AM.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh
Dated: 22.08.2024