

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

**Petition No. 19 of 2021**  
**Date of Order: 03.05.2021**

Petition for the Determination of Additional Surcharge U/S 42 (4) of the Indian Electricity Act-2003 read with Regulation 27 of Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2011 to be made applicable on to the open access consumers availing power from the sources other than PSPCL for the period 01.04.2021 to 30.09.2021.

AND

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

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

**ORDER:**

1. Punjab State Power Corporation Limited (PSPCL) has filed the present petition for determination of applicable additional surcharge for the period 01.04.2021 to 30.09.2021, to be levied on the open access consumers receiving supply of electricity from sources other than PSPCL. The submissions made by PSPCL are summarized as under:

- a) The detailed data including hourly-based (Month-wise) data for Total Availability/ Total Scheduled Power/ Total Surrendered Power of the corresponding period of the

previous year i.e. 01.04.2020 to 30.09.2020, for the computation of the applicable additional surcharge has been submitted in the petition.

- b) From the detail of the data submitted, it is evident that, PSPCL has adequate generating capacities available to meet the entire power demand of the consumers of PSPCL including the open access consumers during the relevant period. Therefore, in the event of sourcing of power by open access consumers from sources other than PSPCL, part of the available generating capacity is likely to remain stranded during the period from April 2021 to September, 2021.
- c) Provisions regarding additional surcharge are made in Para 8.5 of the Tariff Policy and Regulation 27 of the PSERC Open Access Regulations, 2011. The Commission has notified the above Regulations in accordance with the provisions of the Electricity Act and the Tariff Policy, so as to compensate the distribution licensee for its stranded generation capacity arising out of its universal supply obligations. The additional surcharge is payable under the Regulations notwithstanding that only the inter-state transmission system is being used for availing open access and even when the lines of transmission/distribution licensee are not used.
- d) The burden of fixed cost is adversely affecting the financial interests of PSPCL, which in turn is affecting the consumers in the State buying power from PSPCL. As such, it is necessary that Additional Surcharge as

provided under Section 42(4) of the Electricity Act, 2003 and the PSERC Open Access Regulations be determined and made applicable to open access consumers in the State.

2. The petition was admitted vide Order dated 31.03.2021 and PSPCL was directed to issue the public notice inviting objections from general public/stakeholders. The existing additional surcharge as determined vide Order dated 09.12.2020 in petition No. 35 of 2020 for the period 01.10.2020 to 31.03.2021 was allowed to continue provisionally till the final Order in the present petition is passed and the petition was fixed for hearing as well public hearing on 15.04.2021.

3. . The public notice was published by PSPCL in 'The Tribune (English)', 'Ajit' (Punjabi), 'Punjab Kesari' (Hindi) and 'Rozana Spokesman' (Punjabi) with the last date for submission of objections as 15 days from the date of publication of the notice. In response to the public notice, no objections were received.

4. The petition was taken up for hearing as well as public hearing on 15.04.2021. However, nobody appeared from the public during the public hearing except representatives of PSPCL. After hearing the representative appearing on behalf of PSPCL, Order was reserved vide Order dated 16.04.2021.

## **5. Findings and Decision of the Commission**

The Commission has examined the averments made in the petition and after hearing the representative of PSPCL decides as follows.

5.1 The Electricity Act-2003, Tariff Policy- 2016 and PSERC Open Access Regulations provide for payment of Additional Surcharge by open access consumers receiving supply of electricity from a person other than the distribution licensee of his area of supply, to meet the fixed cost of such distribution licensee arising out of his obligation to supply. The various regulatory provisions related to additional surcharge are as under:

**Section 42(4) of the Electricity Act, 2003**

*“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”*

**Clause 8.5.4 of Tariff Policy**

*“The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges.”*

**Regulation 27 of the PSERC (Terms & Conditions for Intra-state Open Access) Regulations, 2011**

*“27. Additional Surcharge*

*1) An open access consumer, receiving supply of*

*electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act.*

*2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The distribution licensee shall indicate the quantum of such stranded costs and the period over which they would be stranded. The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge:*

*Provided that such additional surcharges shall not be levied in case distribution access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.*

*3) The additional surcharge shall be determined by the Commission.*

*4) The consumers availing Open Access exclusively on interstate transmission system shall also pay the additional surcharge as determined under this Regulation.*

*5) The consumers availing Open Access through dedicated lines even without involving licensee's transmission and / or distribution system shall be liable to pay same additional surcharge as determined under this Regulation.”*

**5.2** The Commission has carefully gone through the data submitted by PSPCL. The Commission observes that, in order to meet its obligation to supply PSPCL has installed/contracted adequate generation capacities from various sources and there is an unavoidable obligation and incidence to bear fixed costs consequent to such contracts. Also, from the data submitted by PSPCL it has been conclusively demonstrated that the obligation of the licensee, in terms of existing power purchase commitments, has been and continues to be stranded.

**5.3** The fixed costs obligations for the distribution licensee consist of the following:

- The fixed costs payable to the generating companies (including own) for the capacity booked by the distribution licensee to meet its obligation to supply.
- The fixed costs for availing long term access i.e cost payable to the Transmission licensees (Inter-State and Intra-State) for conveyance of energy from the generating stations to the input point of the distribution licensee, and
- The fixed costs of distribution business (wheeling and retail infrastructure) from the input point or receipt of electricity from transmission licensee to place of consumption of electricity at consumer place.

**5.4** Since the additional surcharge is payable on the energy consumption measured at consumer end, the Commission decides to consider the per unit fixed cost liability of power at

the consumers end.

- 5.5** The Commission notes that in the calculation sheet for determination of additional surcharge submitted alongwith the petition, PSPCL has worked out the additional surcharge @Rs. 0.93/kWh for open access within the contract demand maintained with PSPCL and Rs. 1.22/kWh for full open access without any contract demand and partial open access in excess of the contract demand maintained with PSPCL. The Commission observes that partial open access consumers availing open access upto their sanctioned contract demand are also paying fixed charges for the said demand as per the tariff schedule to the licensee. However, full open access consumers and partial open access consumers availing open access over and above their contract demand do not pay any fixed charges. Hence, it is prudent to work different rates of additional surcharge for different consumers depending upon whether or not they are paying the fixed charges to the distribution licensee.
- 5.6** The Commission observes that the Cost of Generation considered by PSPCL is based on the actual data of H1 of FY 2020-21 as submitted in ARR Petition of FY 2021-22. It is further noted that during H1 of FY 2020-21 various rebates in fixed costs were given to PSPCL by the Central Generating stations. Hence the Commission is inclined to accept the fixed cost from central generating stations as submitted by PSPCL in the current petition, while working out the fixed cost of generation. However, with regards to fixed cost of own generation including BBMB and distribution, the

Commission finds it prudent to consider the fixed cost as approved in the Tariff Order of FY 2020-21.

**5.7 Accordingly, the Commission determines Additional Surcharge applicable for the period 01.04.2021 to 30.09.2021 as under:**

Sr. No.	Particulars	Unit	Submitted by PSPCL in the Petition	Worked out by the Commission	
A	Total Installed/Contracted Capacity	MW	13205		
B	Average Available Capacity	MW	8084*		
C	Average Scheduled Capacity	MW	6096*		
D	Average Stranded Capacity	MW	1988*		
E	Average Open Access Aailed	MW	20		
F	Capacity stranded due to Open Access	MW	20		
G	Fixed Cost for the available power capacity	Rs. Cr.	4289.17	4080.64	
H	Fixed Cost per MW available at consumer end considering availability (B) at consumer end (G/B)	Rs./MW	0.53	0.50	
I	Fixed Cost of Stranded Capacity on account of Open Access (FxH)	Rs. Cr.	10.61	10.10	
J	Open Access Energy Scheduled	MU	87		
K	<b>Additional Surcharge payable by Full open access consumers and partial open access consumers for availing open access beyond the contract demand maintained with the distribution licensee (I/J)</b>	<b>Rs/kWh</b>	<b>1.22</b>	<b>1.16</b>	
L	Adjustment of Fixed Charges paid to the distribution licensee by partial open access consumers as consumers of the licensee				
	i)	Energy consumed	MUs	1649.21	
	ii)	Fixed Charges recovered	Rs. Cr.	107.45	
	iii)	Fixed Charges per unit (ii/i)	Rs/kWh	0.65	
	iv)	Total Fixed Costs =1/2 of Yearly Distribution fixed cost(Table 79, Chapter-4 of TO FY 2020-21) + G	Rs. Cr.	9602.67	8043.08
	v)	Proportion of 'Fixed Cost for power purchase' to the 'Total Fixed Costs of the Distribution Licensee' (G/iv)	%	44.67%	50.73%
	vi)	Part of the Fixed Charges paid by consumers with load contributing towards fixed cost of power (iii*v)	Rs/kWh	0.29	0.33
M	<b>Additional Surcharge payable by partial open access consumers for availing open access upto the contract demand maintained with the distribution licensee (K-L(vi))</b>	<b>Rs/kWh</b>	<b>0.93</b>	<b>0.83</b>	

\*The availability at the consumer end is calculated by deducting inter-state losses @ 2.6% & intra-state losses @ 2.43 % from average available capacity



**5.8 This Additional Surcharge shall be leviable on the consumers situated within the area of supply of PSPCL on the actual open access power brought by them from sources other than PSPCL, subject to the condition that the contracted capacity of PSPCL continues to remain stranded during the period. Further, this Order shall have an overriding effect on the Commission's Order dated 31.03.2021.**

**The petition is disposed of accordingly.**

**Sd/-**

**(Paramjeet Singh)  
Member**

Chandigarh

Dated: 03.05.2021

**Sd/-**

**(Anjuli Chandra)  
Member**

**Sd/-**

**(Viswajeet Khanna)  
Chairperson**