SPECIAL ADHESIVE TWENTY RUPEES
SPECIAL ADHESIVE TWENTY RUPEES
SPECIAL ADHESIVE FIVE RUPEES
SPECIAL ADHESIVE FIVE RUPEES

BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION CHANDIGARH

NOTARY GOVT. OF INDIA CHARANJIT SINGH SIDHU Distt. Courts PATIALA (PB.) Regd. No 11511

REVIEW PETITION NO. OF 2021
IN
PETITION NO. 44 OF 2020

IN THE MATTER OF:

Punjab State Transmission Corporation Limited. - Review Petitioner

Versus

Punjab State Power Corporation Limited. - Respondent

AFFIDAVIT

I, Jatinder Tageja, son of Sh. Radhe Sham aged 44 residing at Patiala do hereby solemnly affirms and states as under:

1. I am the CAO/Finance and Audit of Punjab State Transmission Corporation Limited, the petitioner herein and am conversant with the facts of the present case. I say that I am competent and authorized to swear to the present affidavit.

2. I say that the contents of accompanying petition for review of the Order dated 28.05.2021 of the Hon'ble Commission are based on the information available with the Petitioner in the normal course of business and believed by me to be true.

The Contents of the affidavit documents have been read over to the documents He/She has accepted the true & correct

DEPONENT
CA. Jatinder Tageja

VERIFICATION:

I, the deponent above named, do hereby verify that the content of the above affidavit to be true to the best of my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified at Patiala on the day of 5th July, 2021.

DEPONENT
CA. Jatinder Tageja

Attested As Identified
Notary (Govt. of India)
DISTT. PATIALA (PB.)

05 JUL 2021

BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION,
SITE NO. 3, SECTOR 18-A, MADHYA MARG, CHANDIGARH

REVIEW PETITION NO. OF 2021

IN

PETITION NO. 44 OF 2020

IN THE MATTER OF:

Order dated 28.05.2021 passed by the Hon'ble Commission on the Petition No.44 of 2020 filed by Punjab State Transmission Corporation Limited.

AND

IN THE MATTER OF:

Punjab State Transmission Corporation Limited,
PSEB Head Office,
The Mall, Patiala.
Punjab - 147 001 - Review Petitioner

Versus

Punjab State Power Corporation Limited,
Through the Chief Engineer (ARR & TR),
The Mall, Patiala.
Punjab - 147 001 - Respondent

PETITION UNDER SECTION 94 (1) (f) OF THE ELECTRICITY ACT, 2003 READ WITH ORDER 47 RULE 1 OF THE CODE OF CIVIL PROCEDURE, 1908 AND READ WITH REGULATION 64 OF THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION (CONDUCT OF BUSINESS) REGULATIONS, 2005 FOR REVIEW OF THE ORDER DATED 28.05.2021 PASSED IN PETITION NO. 44 OF 2020.

MOST RESPECTFULLY SHOWETH:

1. The Review Petitioner had filed a petition before this Hon'ble Commission for determination of tariff, namely, truing up of FY 2019-20, Annual Performance Review of FY 2020-21 and approval of Annual Revenue Requirement for FY 2021-22.
2. By order dated 28.05.2021, this Hon'ble Commission has been pleased to decide the said petition. In the said Order the Hon'ble Commission has not allowed the quantum of revenue requirement claimed by the Review Petitioner and has substantially reduced/ disallowed the various claims of the Review Petitioner.
3. We are filing this Petition for a review by the Hon'ble Commission on few issues in the aforesaid Order. In the present Petition, the Petitioner is seeking review in the following matters:
    a. Employee Cost of SLDC for FY 2019-20
    b. Depreciation for FY 2019-20
    c. Interest on Loan for FY 2017-18 to FY 2021-22
    d. Other Expenses for FY 2019-20
    e. Non-Tariff Income for FY 2019-20
    f. Base A&G Expenses for FY 2020-21
    g. Computation of Carrying Cost on previous years

A. **Employee Cost of SLDC for FY 2019-20**

4. The Hon'ble Commission in Tariff Order dated 28.05.2021 has approved the Employee cost of SLDC on the basis of normative cost as the normative cost was lower than the actual cost.

5. The Hon'ble Commission approved the normative employee cost of SLDC at Rs. 7.00 Crore and actual employee cost at Rs. 7.48Crore. Since the normative employee cost of SLDC is lower than the actual employee cost, the Hon'ble Commission allowed the normative employee cost of Rs. 7.00 Crore in True-up of FY 2019-20 and disallowed Rs. 0.48 Crore of actual employee cost of SLDC.

6. PSTCL would like to submit that with effect from September 2019, communication wing, which was earlier a part of Transmission business, became part of SLDC business. Accordingly, the base employee expenses of SLDC need to be adjusted against the cost of employees of the communication wing.

7. The Hon'ble Commission has adopted a mismatch approach in approving the employee cost of Transmission and SLDC Business. The Employee cost of Transmission business is approved on the basis of actual while the employee cost of SLDC business is approved on the basis of normative. Due to this mismatch, PSTCL is losing out on the actual expenses of the communication wing, which becamepart of SLDC business since September 2019.

8. PSTCL has separately worked out the employee cost of communication wing for the period from September 2019 to March 2020. The employee cost of this wing is coming out to be Rs. 1.58 Crore for FY 2019-20.

9. Since the employee cost of communication wing is not covered in the base normative SLDC expenses, which is used to arrive at the normative employee cost of SLDC for FY 2019-20, the normative employee cost of SLDC is coming out to be lower.

10. Had the Hon'ble Commission allowed the employee expenses of both the Transmission and SLDC business on actual basis or allowed the employee expenses of both the Transmission and SLDC business on normative basis, such an issue would not have arise, as the employee cost of communication wing would be part of the approved cost in either case.

11. There is an error apparent on the face on record wherein the Hon'ble Commission has approved the employee cost of Transmission business on the basis of actual while that of SLDC business on normative basis, this has led to disallowance of actual cost of inter-units transfers such as the communication wing, which were earlier part of Transmission business but has become part of SLDC business during FY 2019-20.

12. Since such expenses were earlier part of base normative employee expenses of Transmission business, the normative expenses of Transmission business have worked out to be higher than the actual employee cost, while since these expenses were never part of base expenses of SLDC, the normative expenses of SLDC are lower than the actual expenses.

13. In view of the above, PSTCL request the Hon'ble Commission to allow the employee cost of communication wing separately over and above the normative employee cost of SLDC approved for FY 2019-20.

14. PSTCL request the Hon'ble Commission to allow **Rs. 0.48Crore** as an additional employee cost of SLDC over and above the normative employee cost approved by the Hon'ble Commission.

B. Depreciation for FY 2019-20

15. In the Order dated 28.05.2021, the Hon'ble Commission has allowed the depreciation on as per Regulation 21 of PSERC MYT Regulations 2014 (as amended from time to time).

16. The Hon'ble Commission has computed the weighted average rate of Depreciation for FY 2019-20 for Transmission and SLDC business and applied the same on the regulatory GFA approved in previous Tariff Order and addition and deletion to GFA approved in this Order. The relevant extracts are as follows

> *"**Commission's Analysis:***
>
> *3.8.5 The Depreciation has been determined as per Regulation 21 of PSERC MYT Regulations-2014 (as amended from time to time).*
>
> *3.8.6 The Commission has considered the Fixed Asset Register submitted by PSTCL for determining weighted average rate of depreciation based on Fixed Asset Register of FY 2019-20 as under:*

Table 41: Computation of weighted average rate of depreciation for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Transmission	SLDC
1.	Opening GFA netof land and land rights and consumer contribution and grant)	6,821.78	12.68
2.	Add: Additions during the year ((net of land and land rights and consumer contribution and grant	279.69	6.33
3.	Less: Net transfer from Asset not in use	(21.80)	-
4.	Closing GFA (net of land and land rights)	7,123.27	19.02
5.	Average Gross Fixed Assets	6,972.57	15.85
6.	Depreciation	290.65	1.24
7.	**Average rate of depreciation**	**4.17%**	**7.83%**

3.8.7 The closing GFA of FY 2018-19as approved by the Commission in Tariff Order dated 01.06.2020 is considered as the opening GFA for FY 2019-20.

3.8.8 The Commission has also deducted Rs.17.55Crore of land acquired by PSTCL (as mentioned in FAR) during the year and not considered the assets of Rs.6.53Crore added through consumer contribution and grant.

Table 42: Depreciation approved by the Commission for FY 2019-20

Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Opening GFA (net of land and land rights and consumer contribution)	6786.40	12.77	6799.17
2.	Add: Additions during the year	303.77	6.33	310.10
3.	Add: Net transfer from Asset not in use	21.80	-	21.80
4.	Less land and land rights during the year	17.55	-	17.55
5.	Less: GFA due to Contributory Works and PSDF grants	6.53	-	6.53
6.	Closing GFA (net of land and land rights)	7087.89	19.10	7107.00
7.	Average GFA	6937.15	15.94	6953.08
8.	Average rate of depreciation	4.17%	7.83%	
9.	**Depreciation allowed by the Commission**	**289.17**	**1.25**	**290.42**

3.8.9 The Commission approves depreciation of Rs.289.17Crore for Transmission Business and Rs.1.25 Crore for SLDC Business for FY 2019-20.

17. PSTCL would like to submit that the Hon'ble Commission has erred in computation of weighted average rate of depreciation for FY 2019-20 for Transmission and SLDC business. The opening balance of GFA considered by the Hon'ble Commission in Table 41 for computation of weighted average rate of depreciation for Transmission and SLDC business is different from the opening balance of GFA considered in Table 42 for computation of depreciation.
18. The Commission in Tariff Order dated 01.06.2020 for Truing-up of FY 2018-19 had considered the same opening and closing GFA for computation of average rate of deprecation (i.e., Table 21 of that Order) and for computation of depreciation allowed (i.e., Table 22 of that Order). However, in Tariff Order for Truing-up of FY 2019-20, the Commission has inadvertently considered different opening GFA in Table 41 for computation of depreciation rate and in Table 42 for computation of depreciation.
19. As per the previous Tariff Order for Truing-up of FY 2018-19, the Commission had considered the closing balance of GFA (net of land and land rights) as Rs. 6,786.40 Crore for Transmission and Rs. 12.77 Crore for SLDC.
20. As per the settled methodology, the closing balance of GFA approved for FY 2018-19 in previous Tariff Order is considered by the Hon'ble Commission as opening balance of GFA for FY 2019-20 in this Tariff Order for computation of average rate of depreciation and depreciation to be allowed for FY 2019-20. The Commission therefore has erred in considering the opening GFA of Rs. 6,821.78 Crore for Transmission and Rs. 12.68 Crore for SLDC in Table 41 of the Tariff Order dated 28.05.2021 instead of considering Rs. 6,786.40 Crore for Transmission and Rs. 12.77 Crore for SLDC.
21. The Commission has also erred in considering the addition to GFA of Rs.279.69 Crore instead of Rs.279.73 Crore (inclusive of software assets), which is the actual addition during the year as submitted by PSTCL in its Petition.

22. Accordingly, PSTCL has now computed the revised weighted average rate of deprecation for FY 2019-20 considering the approved closing balance of GFA in Truing-up of FY 2018-19 and is shown in the Table below:

Table 1: Computation of weighted average rate of depreciation for FY 2019-20 for Transmission business

(Rs. Crore)

Sr. No.	Particulars	Approved in Order dated 28.05.2021	Submitted in Present Review petition
1	Opening GFA net of land and land rights and consumer contribution and grant)	6,821.78	6,786.40
2	Add: Additions during the year (net of land and land rights and consumer contribution and grant)(including software)	279.69	279.73
3	Less: Net transfer from Asset not in use	(21.80)	(21.80)
4	Closing GFA (net of land and land rights)	7,123.27	7,087.93
5	Average Gross Fixed Assets	6,972.57	6,937.17
6	Depreciation	290.65	290.42
7	**Average rate of depreciation**	4.17%	4.19%

Table 2: Computation of weighted average rate of depreciation for FY 2019-20 for SLDC business

(Rs. Crore)

Sr. No.	Particulars	Approved in Order dated 28.05.2021	Submitted in Present Review petition
1	Opening GFA net of land and land rights and consumer contribution and grant)	12.68	12.77
2	Add: Additions during the year ((net of land and land rights and consumer contribution and grant))	6.33	6.33
3	Less: Net transfer from Asset not in use	-	-
4	Closing GFA (net of land and land rights)	19.02	19.10
5	Average Gross Fixed Assets	15.85	15.94
6	Depreciation	1.24	1.24
7	**Average rate of depreciation**	7.83%	7.78%

23. Based on the average rate of depreciation for Transmission and SLDC business, PSTCL has computed the Depreciation to be allowed for FY 2019-20.

Table 3: Depreciation to be allowed for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Opening GFA (net of land and land rights and consumer contribution)	6,786.40	12.77	6,799.17
2.	Add: Additions during the year (including software)	303.82	6.33	310.15
3.	Add: Net transfer from Asset not in use	21.80	-	21.80
4.	Less land and land rights during the year	17.55	-	17.55
5.	Less: GFA due to Contributory Works and PSDF grants	6.53	-	6.53
6.	Closing GFA (net of land and land rights)	7,087.94	19.10	7,107.04
7.	Average GFA	6,937.17	15.94	6,953.08
8.	Average rate of depreciation	4.19%	7.78%	-
9.	**Depreciation allowed by the Commission**	**290.42**	**1.24**	**291.66**

24. The Petitioner requests the Hon'ble Commission to allow the Depreciation of **Rs. 290.42Crore** for Transmission business and **Rs.1.24 Crore** for SLDC business along with associated carrying cost.

C. Interest on Loanfor FY 2017-18 to FY 2021-22

25. As regards to funding of Capital Expenditure for the First Control Period, the Hon'ble Commission in Tariff Order dated 28.05.2021 had approved the following capital expenditure and funding for FY 2017-18 to FY 2019-20.

Table 10: Funding of Capital Expenditure for FY 2017-18 to FY 2019-20 for Transmission Business as approved by the Commission

(Rs. Crore)

Particulars	FY 2017-18			FY 2018-19			FY 2019-20	
	Approved in tariff order dated 27.5.2019	Approved in this order	Difference	Approved in tariff order dated 1.06.2020	Approved in this order	Difference	Approved in tariff order dated 1.6.2020	Approved in this order
Total Capital Expenditure (A)	321.48	375.28	53.80	257.29	258.47	1.18	224.02	239.55
Less: Expenditure on Contributory Works (B)	0.00	44.13	44.13	24.62	24.62	0.00	0.00	53.26
Less: Expenditure made from grant on PSDF Works (C)	-		-		10.68	10.68	0.00	2.48
Net Capital Expenditure for Transmission (D=A-B-C)	321.48	331.15	9.67	232.67	223.17	(9.50)	224.02	183.81
Funding through Loan	225.04	231.80	6.76	232.67	223.17	(9.50)	224.02	183.81
Funding through Equity	96.44	99.35	2.91	-	-	-	-	-

26. As seen from the above Table, the Hon'ble Commission has already reduced Rs. 44.13 Crore as Expenditure on Contributory Works from the total actual Capital Expenditure of FY 2017-18 for Transmission business and accordingly arrived at the impact of difference in loan and equity additions to be allowed in final Truing-up of FY 2017-18.

27. In Tariff Order dated 27.05.2019, PSTCL had inadvertently claimed interest on loans for purchase of assets funded through contributory works of Rs.22.78 Crore in previous years of transmission business. Since this amount was pertaining to FY 2017-18, the Hon'ble Commission rectified the submission of PSTCL and accordingly allowed the opening balance of loan for FY 2017-18 as Rs.3717.19 Crore after reducing the approved opening balance of Rs.3,739.97 Crore as on 31.3.2017 for Transmission business. The relevant extracts are as below

"2.9.8 The Commission had determined closing balance of loans of Rs.3739.97 Crore as on 31.3.2017 in para 2.8.3 of Tariff Order dated 19.4.2019 for FY 2018-19. After deducting loans for assets funded

through consumer contribution of Rs.22.78 Crore,which has been wrongly claimed as loan by PSTCL during FY 2016-17, the opening balance of loan as on 01.04.2017 works out to Rs.3717.19 Crore."

28. As seen from the above extracts, the Hon'ble Commission had already reduced Rs. 22.78 Crore in the opening balance of loan for FY 2017-18 for Transmission business in Tariff Order dated 27.05.2019 as Contributory works and arrived at the revised opening balance of Rs.3,717.19Crore.

29. However, the same amount is reduced again in Table 10 of Tariff Order dated 28.05.2021, while computing the net capital expenditure after adjusting for assets created out of Contributory works in FY 2017-18 for Transmission business.

30. The Hon'ble Commission has erred in computation of Interest on Loan for FY 2017-18 for Transmission business by reducing the same amount of Contributory works twice from both the opening balance of Loan as well as from the capital expenditure amount as Contributory works. The amount of Rs. 22.78 Crore deducted from opening balance of loan is part of the amount of Rs. 44.13 Crore deducted from addition of capital expenditure during the year.

31. In view of the above, PSTCL had added back the value of Rs. 22.78 Crore in opening balance of loan of transmission business for correct computation of Interest on Loan for FY 2017-18. The relevant extracts of the Tariff Petition are as below.

"PSTCL would like to submit that the opening balance of loan outstanding as on 01.04.2017 approved by the Hon'ble Commission is derived after deducting Rs. 22.78 Crores of Contributory Works. The relevant extracts are provided in Section 2.9.8 of Tariff Order dated May 27, 2019. Since the Contributory works of Rs. 22.78 Crore is already deducted from funding of Capital Expenditure during FY 2017-18 as shown in the above Tables, further reducing the same amount from the opening balance of loans will result in dual reduction of the same amount. Accordingly, PSTCL has increased the approved amount of opening balance of loans as on 01.04.2017 by Rs.22.78 Crore"

32. Hence, PSTCL had considered the opening loan of Rs.3,739.97 Crore for computation of Interest expenses for FY 2017-18 and onwards for Transmission business. However, the Hon'ble Commission has completely ignored this fact

and has considered the lower opening balance of loan of Rs. 3,717.19 Crore as approved in Tariff Order dated 27.05.2019.

33. There is an error apparent on the face of record, wherein the amount of Rs. 22.78 Crore is deducted twice. This has resulted into lower approval of Interest on Loan for FY 2017-18 and onwards for Transmission business as compared to the legitimate amount to be allowed to PSTCL.

34. The effect of considering lower opening balance of loan for FY 2017-18 has a resultant effect on the interest expenses allowed for FY 2017-18 to FY 2021-22 in Tariff Order dated 28.05.2021

35. PSTCL has hence re-computed the Interest on Loan for FY 2017-18 and onwards after considering the opening balance of loan of Rs. 3,739.97 Crore as on 01.04.2017 for Transmission business and accordingly computed the Interest on Loan to be allowed. PSTCL has kept all the other amount such as loan additions, repayments, interest rate etc. as approved by the Hon'ble Commission in Tariff Order dated 28.05.2021 for respective years. The following Table shows the Interest on Loan for FY 2017-18 to FY 2021-22

Table 4: Interest on Loan for Transmission Business

(Rs. Crore)

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
1.	Opening Loan	3,739.97	3,690.00	3,615.68	3,511.43	3,337.66
2.	Addition during the year	231.80	223.17	183.81	123.00	132.51
3.	Repayment during the year	281.78	297.49	288.06	296.77	300.33
4.	Closing Loan	3,690.00	3,615.68	3,511.43	3,337.66	3,169.84
5.	Average Loan	3,714.98	3,652.84	3,563.55	3,424.54	3,253.75
6.	Interest Rate	10.59%	10.00%	10.15%	10.15%	10.15%
7.	**Interest amount**	**393.39**	**365.34**	**361.70**	**347.59**	**330.26**

36. The Petitioner requests the Hon'ble Commission to allow Interest on Loan for FY 2017-18 to FY 2021-22 for Transmission business as shown in the Table above along with the associated carrying cost.

D. Other Expenses for FY 2019-20

37. As regards to Other Expenses, the Hon'ble Commission had ruled the following in Tariff Order dated 28.05.2021.

"3.15.5 In the True-up of FY 2017-18 (Tariff Order of FY 2019-20), The Commission had considered the amount of sundry creditors written back reflecting in the Audited Accounts i.e. Rs. 99.84 Crore under non-tariff income as it was observed that the aforesaid amount was lying unclaimed for more than 3 years in identified heads i.e. contributory works and deposit works in the books of accounts before it was transferred to the revenue heads. It is observed that Rs. 56.40 Crore pertains to net outstanding amount in FY 2019-20 on account of non-reconciliation of various inter-unit transfers among the divisions of erstwhile PSEB. Accordingly, the Commission is of the view that this issue is to be settled between PSPCL and PSTCL and the same cannot be allowed as 'Other Expenses' in the ARR."

38. As stated in the above paragraph, the Hon'ble Commission has considered the amount claimed by PSTCL under 'Other Expenses' as an amount arising due to non-reconciliation of various inter-unit transfers among the divisions of erstwhile PSEB. The Hon'ble Commission hence directed PSTCL to settle the issue with PSPCL.

39. PSTCL would like to submit that the Hon'ble Commission has completely misread the claim of 'Other Expenses' made by PSTCL in its Petition.

40. PSTCL submits that the amount of Rs. 56.40 Crore is reflecting in the books of accounts of PSTCL in FY 2019-20 since the outstanding balance of sundry debtors as on 16.04.2010, which was present in the books of erstwhile PSEB and which was directly transferred to the books of PSTCL at the time of restructuring, was written off after due reconciliation. Through reconciliation of outstanding sundry debtors, PSTCL recognized the fact that sundry debtors to the extent of Rs. 56.40 Crore does not exist and therefore needs to be written off in the accounts for appropriate reporting. Accordingly, this amount was recorded as an expense in the Accounts of FY 2019-20.

41. Similar exercise was carried out in Accounts of FY 2017-18, wherein PSTCL has written back sundry creditors after due reconciliation of accounts and had shown the amount under Non-Tariff Income. The Hon'ble Commission at that time had considered the amount as Non-Tariff Income and adjusted the amount in Tariff.

42. Regulation 49.2 of PSERC MYT Regulations, 2014 provides for the following.

> *"49.2 Other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account of flood, cyclone, fire etc. shall be considered by the Commission. "*

43. The above Regulation clearly states that the Hon'ble Commission shall consider other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account of flood, cyclone, fire etc for consideration in Tariff.

44. The Hon'ble Commission has erred in disallowing the 'Other Expenses' stating that the amount is due to non-reconciliation of inter-unit transfer among divisions of erstwhile PSEB.

45. The Hon'ble Commission has not only ignored Regulation 49.2 which states that write off as part of other debits is to be allowed, but also changed its approach from the methodology adopted in Truing-up of FY 2017-18 with respect to amount being written off in the books of Accounts.

46. The Hon'ble Commission has adopted different approach for written back of sundry creditors and written off of sundry debtors. In the past the written back of sundry creditors have been treated as non tariff income without such reconciliation with PSPCL whereas now The Hon'ble Commission has disallowed written off of sundry debtors on the plea that amount be settled between PSPCL and PSTCL. The decision of written off of sundry debtors was taken by the BoDs of PSTCL after deliberating all the facts including reconciliation between PSPCL and PSTCL whereas The Hon'ble Commission has considered written back only on the basis entries carried out in the books of accounts of PSTCL. The Hon'ble Commission is requested to apply the same principle for written back and written off of sundry creditors and sundry debtors.

47. In view of the above submission, PSTCL request the Hon'ble Commission to allow the amount of **Rs. 56.40 Crore** written off in the books of Accounts of FY 2019-20 as specified in Regulation 49.2 of PSERC MYT Regulations, 2014, as a part of True-up of FY 2019-20 along with the associated carrying cost.

E. Non-Tariff Income of FY 2019-20

48. As regards, Non-Tariff Income, the Hon'ble Commission has ruled the following with respect to rebate on early payment of NRLDC.

> *"The Payment to NRLDC is not a payment of power purchase. PSTCL has added Non-Tariff Income on account of rebate Rs. 0.07 Crore out of Rs.0.13Crore. The Commission has considered the entire Rs.0.13 (0.07+0.06) Crore as Non-Tariff Income as per the audited accounts. Accordingly, the Commission determines the Non-Tariff Income as under:"*

49. Hon'ble Commission has considered the entire Non-Tariff Income of Rs. 0.13 Crore as against the claim of Rs. 0.07 Crore made by PSTCL, stating that the amount of rebate on early payment to NRLDC does not pertain to power purchase.

50. PSTCL would like to submit that the payment made to NRLDC by PSTCL is with respect to System Operation Charges (SOC) of Power System Operation Corporation Limited (POSOCO). The SOC is levied in accordance with the provisions of CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2009.

51. PSTCL would like to submit that these charges which are paid to NRLDC is as per the terms and conditions specified in the Power Purchase Agreements (PPAs) entered by the Generating Companies with PSPCL.

52. In view of the above, it is submitted that the rebate on early payment made to NRLDC is with respect to System Operation Charges, which in turn is part of power purchase cost of PSPCL. Therefore, such amount pertains to the power purchase cost of PSPCL.

53. The Hon'ble Commission has erred in stating that the rebate on early payment made to NRLDC is not with respect to power purchase cost of the Licensee. This is an error apparent on the face of record.

54. Theamendment to Reg. 28 sub clause (q) of PSERC MYT Regulations, 2014 states as below.

> *"Following components of income shall be treated as non tariff income for the generation, transmission and distribution business, as applicable: (q) Any other income not included above. Provided that only 50% of the "rebate for timely payment of power purchase" received by the licensee shall be considered as non -tariff income."*

55. In line with the above clause, PSTCL request the Hon'ble Commission to consider only 50% of the amount (i.e. Rs. 0.07 Crore) reflecting in Non-Tariff Income as rebate to NRLDC payment instead of considering the entire amount of Rs. 0.13 Crore.

56. PSTCL therefore request the Hon'ble Commission to consider only **Rs. 0.07 Crore** as Non-Tariff Income with respect to rebate on payment to NRLDC in line with the amendment to Reg. 28 sub clause (q) of PSERC MYT Regulations, 2014.

F. Base A&G Expenses for FY 2020-21

57. For computation of A&G expenses for FY 2020-21 and FY 2021-22, the Commission has considered the following base values of A&G as shown in the Tables below:

"Table 94: A&G expenses as approved by the Commission for transmission business FY 2020-21 and FY 2021-22

(Rs. Crore)

Sr. No.	*Particulars*	*FY 2020-21*	*FY 2021-22*
	Transmission Business		
1.	*Opening A&G*	*24.97*	*25.61*
2.	*Inflation Factor*	*3.1094%*	*3.1094%*
3.	*A&G expenses*	*25.74*	*26.54*
4.	*Audit fee*	*0.06*	*0.06*
5.	*Add: Licence/ARR Fee*	***0.51***	***0.51***
6	***Total A&G Expenses***	***26.32***	***27.12***
	SLDC Business		
1.	*Opening A&G*	*0.78*	*0.80*
2.	*Inflation Factor*	*3.1094%*	*3.1094%*
3.	***A&G expenses***	***0.80***	***0.83***

"

58. However, in the extract above the Table 94 of the Tariff Order, the Hon'ble Commission stated the following.

> *"The Commission has determined the A&G expenses considering the actual A&G expenses as per the audited account of FY 2019-20 and index as per Table 92. Audit fee and Licence/ARR fee has been considered as per true up of FY 2019-20 provisionally."*

59. PSTCL had submitted the actual A&G expenses as Rs. 25.54 Crore for Transmission Business and Rs. 0.78 Crore for SLDC Business i.e., a total A&G expense of Rs. 26.32 Crore for Transmission and SLDC Business for FY 2019-20 as reflecting in the Audited Accounts. The same is reflecting in Table 36 and Table 37 of the Tariff Order.

60. The Hon'ble Commission while computing the A&G expenses for FY 2020-21 has stated that it has considered the actual A&G expenses of FY 2019-20 as base expenses as per the above extract.

61. However, while computing the A&G expenses for FY 2020-21, the Hon'ble Commission has not considered the lease Charges of Rs. 0.81 Crore in the base expenses, which were denied by Hon'ble Commission during the Financial Year 2019-20 under Interest & Finance Charges being A&G expenses. So the base of A&G expenses should be taken as Rs. 25.78 (24.97 + 0.81) Crore instead of Rs. 24.97 crore for FY 2020-21 for Transmission Business.

62. The Hon'ble Commission has erred in considering the incorrect base expenses for Transmission Business for projecting A&G expenses of FY 2020-21 and thereafter FY 2021-22, while stating in the para 4.6.20 of the Tariff Order that it has considered the actual expenses of FY 2019-20 as base for projecting the expenses in APR and ARR.

63. The Hon'ble Commission has also erred in considering the base expenses for FY 2021-22 for Transmission Business. The Hon'ble Commission has worked out the A&G expenses of Rs. 25.74 Crore for FY 2020-21 in the Table 94 but while computing the A&G expenses for FY 2021-22, the Hon'ble Commission has considered the base expenses of Rs. 25.61 Crore, which is different from the normative expenses arrived in FY 2020-21.

64. PSTCL has worked out the A&G expenses to be allowed for FY 2020-21 and FY 2021-22 considering the correct base expenses i.e., the actual expenses of FY 2019-20 for Transmission Business, while keeping the escalation factor and other expenses as approved by the Hon'ble Commission in Tariff Order.

65. The following Table shows the A&G expenses computed by PSTCL as stated above

Table 5: A&G Expenses for Transmission Business for FY 2020-21 and FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21	FY 2021-22
1	Opening A&G expenses	25.78	26.58
2	Inflation factor	3.1094%	3.1094%
3	A&G Expenses	26.58	27.41
4	Audit fee	0.06	0.06
5	License/ARR Fee	0.51	0.51
6	**Total A&G Expenses**	**27.15**	**27.98**

66. PSTCL therefore request the Hon'ble Commission to allow **Rs. 27.15Crore** for FY 2020-21 and **Rs. 27.98Crore** for FY 2021-22 for Transmission Business as computed in the Table above.

67. As the Tariff for FY 2020-21 and FY 2021-22 is on provisional basis and will be trued up on the basis of actual audited figures, so disallowance on account of A&G may be reviewed during truing up for FY 2020-21 and Review of FY 2021-22.

G. **Computation of Carrying Cost on previous years**

68. The Hon'ble Commission has computed the carrying cost on the impact of True-up of capex for FY 2017-18 considering six months of FY 2017-18, entire year of FY 2018-19 and FY 2019-20 and six months of FY 2020-21.

69. Similarly for computation of carrying cost on the impact of True-up of capex for FY 2018-19, the Hon'ble Commission has considered six months of FY 2018-19, entire year of FY 2019-20 and six months of FY 2020-21.

70. For Truing up of FY 2019-20, the carrying cost is computed on the revenue gap after considering six months of FY 2019-20 and six months of FY 2020-21.

71. In view of the above, the Hon'ble Commission in Tariff Order dated 28.05.2021 has hence computed the carrying cost on the revenue gap/surplus till FY 2020-21, while the amount is being passed on in Tariff in FY 2021-22.

72. The Hon'ble Commission has worked out the carrying cost considering six months of the True-up year and for six months of the APR year i.e. FY 2019-20 and FY 2020-21 respectively, Instead of computing the carrying cost on revenue gap/surplus of True-up year (FY 2019-20) for six months, twelve months of APR year and six months of ARR year.

73. The Hon'ble Commission has Also worked out the carrying cost impact on True-up of capex for FY 2017-18 and FY 2018-19, till the APR year only (i.e. FY 2020-21) instead of the ARR year in which the gap/surplus is passed on to the consumers (i.e. FY 2021-22).

74. With regard to this, it is submitted that Hon'ble APTEL has clearly ruled for the computation of carrying cost in its judgement to Appeal No. 160 of 2012 issued on 08.04.2015. The relevant extracts of this judgement are as follows.

> *"42. We find that for carrying cost the State Commission has considered the revenue gap to be applicable from the end of the year of the occurrence of revenue gap upto the middle of the year in which the same is proposed to be recovered. This is not correct.* ***The interest should be calculated for the period from the middle of the financial year in which the revenue gap had occurred upto the middle of the financial year in which the recovery has been proposed. Thus, for the revenue gap of FY 2010-11, the Commission has to consider interest from middle of FY 2010-11 to middle of FY 2013-14 in which the recovery is proposed.*** *This is because the expenditure is incurred throughout the year and its recovery is also spread out throughout the year.* ***(Emphasis added)"***

75. In view of the above APTEL judgement, PSTCL has claimed the carrying cost in line with the above approach in its Tariff Petition filed for FY 2021-22. PSTCL has continued to claim the amount in line with the same approach in this Review Petition as well.

76. The impact due to incorrect consideration of carrying cost for Transmission and SLDC Business is worked out in the Tables below

Table 6: Additional amount of carrying cost to be allowed for Transmission business

(Rs. Crore)

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1.	Carrying cost allowed	0.18	0.13	(0.26)	(1.70)
2.	Carrying cost as per proposed computation	0.24	0.20	(0.26)	(1.70)
3.	Additional Impact	0.06	0.07	-	-
	Total Impact				**0.13**

Table 7: Additional amount of carrying cost to be allowed for SLDC business

(Rs. Crore)

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1.	Carrying cost allowed	-	0.01	0.19	(0.48)
2.	Carrying cost as per proposed computation	-	0.03	0.19	(0.48)
3.	Additional Impact	-	0.02	-	-
	Total Impact				0.02

77. **In view of the above, PSTCL request the Hon'ble Commission to allow the amount as claimed under different sections of this review petition.**

78. The Petitioner submits that it has not filed any appeal or any other proceedings in support of the issues raised in the present review petition.

79. The Petitioner has paid the requisite court fees.

80. It is, therefore, respectfully prayed that this Hon'ble Commission may be pleased to:

(a) admit the review petition;

(b) review the Order dated 28.05.2021 passed by the Hon'ble Commission and modify the Order in respect of the aspects mentioned herein above; and

(c) pass such further order or orders as this Hon'ble Commission may deem just and proper in the circumstances of the case.

REVIEW PETITIONER,

PUNJAB STATE TRANSMISSION

CORPORATION LIMITED

DATED: 05.07.2021

PLACE: PATIALA