Objection No. 01

The Secretary,
Punjab State Electricity Regulatory Commission,
Plot No 3, Sector 18-A, Madhya Marg, Chandigarh-160 018.
<secretarypsercchd@gmail.com>

Subject: Petition for True Up of 2019-20, Annual Performance Review (APR) for the year 2020-21 and 2021-22 filed by Punjab State Transmission Corporation Limited (PSTCL).

Sir,

Punjab State Electricity Regulatory Commission (PSERC) has invited objections/ comments from the Industry and other categories of consumers on the ARR for 2021-22 submitted by PSTCL.

We, M/s Nahar Spinning Mills, Ludhiana submit comments on the subject cited Petition (Herein after referred to as ARR 2021-22) submitted by PSTCL as under:-

1. At the outset we appreciate the proposal of PSTCL to seek capital expenditure for 2020-21 and 2021-22 in Table 39 as per approval in MYT order last year. The self disciplne of the PSTCL in controlling the expenditure needs to be followed by PSPCL also.

2. PSTCL were constituted in 4/2010 as successor company to the then PSEB and since then Transmission losses for PSTCL system were being assumed as 2.5% on notional basis as boundary metering scheme was under implementation. In the ARR 2017-18 for MYT period of2017-18 to 2019-20,PSTCL stated that the Transmission Losses during the period July 16 to March 16 varied between 2.76 to 7.09.

Keeping in view the large scale variations and data being yet to be firmed up, Hon'ble Commission ordered as under:-

> *<u>2017-18 to 2019-20</u>*
>
> *As such, the Commission approves the Transmission losses at 2.5%, 2.40% and 2.30% for FY 2017-18, FY 2018-19 and FY 2019-20 respectively. The Commission would revisit the Transmission losses during review/true up for FY 2017-18, FY 2018-19 and FY 2019-20, on the basis of stabilized transmission loss data for full year.*

In the ARR for 2018-19, PSTCL submitted the Transmission Loss of 2.80% for 2017-18 and 2.60% for 2018-19 for approval. In the Tariff Order for 2018-19, Commission decided as under:-

> *<u>2017-18 (RE) 2018-19 (Proj)</u>*
>
> *The Commission observes that although PSTCL has completed Intra-State Boundary metering cum Transmission Level Energy Scheme, the data is yet to be stabilized. The Commission observes that it is allowing the Capital Investment Plan as projected /asked for by PSTCL since last many years and in Petition No. 44 of 2016 for approval of Capital Investment Plan of PSTCL for MYT Control Period has allowed ₹338.29 crore and ₹258.01 crore for FY 2017-18 and FY 2018-19 respectively, which is almost as per the projections made by PSTCL. Thus, there is no reason to deviate from its earlier targets for transmission loss. As such, the Commission provisionally retains the transmission loss level at 2.50% for FY 2017-18 and 2.40% for FY 2018-19, as approved in the Tariff Order for FY 2017-18.*

In the ARR for 2019-20, Transmission loss of 3.12% (actual), 2.80% (RE) and 2.70% (Proj) for 2017-18, 2018-19 and 2019-20 respectively were submitted for approval of PSERC. Hon'ble Commission after analysing the data decided as under:-

> *<u>True Up 2017-18</u>*
>
> *Therefore, the Commission is of the view that the actual transmission losscould not be assessed in the absence of truly stabilised data. As such, theCommission retains the transmission loss at 2.50% as approved in Tariff orderfor FY 2017-18.*
>
> *<u>RE 2018-19 and Projections 2019-20</u>*
>
> *As the baseline figure of transmission loss of PSTCL is yet to be ascertained, the Commission is of the view that it would not be fair to fix the trajectory for reduction of transmission loss. As such, the Commission approves the transmission loss level of 2.50% for FY 2018-19 and for FY 2019-20 and it would re-visit the transmission losses on the basis of stabilized transmission loss data for the full year during true up for these years.*

Continuing with its earlier approach and in its ARR for the last year i.e. 2018-19 (True up), 2019-20 (RE(and Projections for MYT Control Period FY2021 to 2023 submitted Transmission Loss as 2.86% as per Actuals for 2018-19 and 3% for 2019-20 to 2022-23 for approval. Hon'ble Commission decided in TO 2020-21 as under:-

> *<u>True up of 2018-19</u>*
>
> *"…PSTCL has changed the methodology of calculating the transmission losses from net input/output of energy to gross input/output of energy after the first*

quarter of FY 2018-19. Therefore the above losses in different months are based on different methodologies. As the true picture of losses for the whole year is not yet available, the Commission decides to consider the transmission loss level of 2.50% for true-up of FY 2018-19, as approved in the Tariff Order for FY 2019-20."

RE for 2019-20

The Commission observes that the actual Transmission loss reported by PSTCL till December of FY 2019-20 is coming to 2.22%. Since losses in the lean months (Jan-March) are observed to be comparatively higher, the Commission decides to provisionally retain the transmission loss level at 2.50% as approved in the Tariff Order of FY 2019-20. The transmission losses for FY 2019-20 shall be revisited based on the data of actual losses for the full year during the True Up of the year.

Projections for MYT period FY 2020-21, 2021-22 and 2022-23

In the Business Plan Order including the Capital Investment Plan dated 03rd December 2019, the Commission has approved the Transmission loss trajectory of reduction of 0.02% every year for 2nd MYT Control Period. The Commission stated that the Transmission losses for the Control Period shall be specified accordingly on the basis the actual losses for FY 2019-20.

The actual losses of FY 2019-20 were not available and accordingly, based on the transmission loss level of 2.50% approved for FY 2019-20 in this Tariff Order, the Commission decided to provisionally set the trajectory in Table 83 for 2nd MYT periosd as 2.48%, 2.46% and 2.44% for FY 2020-21,2021-22 and 2022-23 respectively.

Now, PSTCL in the current ARR has submitted the actual Transmission Loss as 2.217% for 2019-20 and 2.143% for first 6 months of 2020-21. However, in-spite of actuals being available PSTCL has still proposed to retain the trajectory levels of 2.48% and 2.46% for 2020-21 and 2021-22 respectively.

We request the Hon'ble Commission that keeping in view the actual month wise transmission losses for 18 months as submitted by PSTCL, the transmission loss trajectory for the 2nd control period of 2020-21 to 2022-23 may be revisited and after deciding the same in view of capital expenditure sought and approve the ARR with revised targets accordingly.

We also request for revisiting the provisional loss levels approved by the Hon'ble Commission since 2010-11 and grant relief to consumers.Consumers were made liable for coal washing charges of PSPCL alongwith interest for previous period and on the same principles, they are entitled to relief on this count.

3. The equity of GOP in PSTCL was Rs 605.38 Cr as per FRP between 2010-11 and 2016-17. PSTCL proposed funding of Capital Expenditure with normative 30% equity and 70% funding in 1st MYT control period starting from 2017-18 by manipulating MYT regulations though ARR figures clearly showed that PSTCL willraisefunds for this equity contribution through loans or alleged reinvestment of Return on Equity of the previous period. It was pointed out that this ROE belongs to the GOP to which this equity belongs. Further, the issued and subscribed share capital as on 31.3.18, 31.3.19 and 31.3.20 remained same i.e. Rs 605.88 Cr in the Annual Financial Statements of the respective years. Thus neither there was any investment in equity nor equity shares were issued to GOP.The Profit and Loss statement for these 3 years supplied with the ARRs indicated that PSTCL incurred net profit of Rs 4.03 Cr during 2017-18 and net loss of 8.23 Cr and 34.96 Cr during 2018-19 and 2019-20 respectively. There are no free reserves as per Annual Financial Statements.

Inspite of objections of stake holders, tariff order 2019-20 revealed that Hon'ble Commission allowed addition in equity of 96.92 Cr (30% of capex) in True up of 2017-18 raising the equity of GOP from 605.88 Cr to 702.80 Cr without any cash flow. This is clearly wrong as the amount was not invested in cash by GOP and funding was through redeployment of profit of Rs 4.03 Cr earned during the yearand balance thro' loan. It is evident that the system is being mis-utilised by the Licensee to earn about 7% of difference of interest rate of loan (8 to 9%) and ROE rate of 15.5%. ROE could be retained by a company to meet losses, if in loss or to pay dividends, if in profit. Accepting the sentiments of consumers, similar demand in true up of 2018-19 seeking equity addition of 73.58 Cr was rejected by PSERC.

Now in the true up of 2019-20, PSTCL has again raised demand for addition of Rs 2.16 Cr in the equity based on the actual/trued up capex. We request the Hon'ble Commission to reject the argument of PSTCL and allow this amount in the capex loan of PSTCL.We also submit that normative equity of PSTCL be withdrawn while truing up the Capital Incestment Plan for 1st MYT period since this is only paper adjustment and not appearing in the Balance Sheet of 2019-20. This will give relief to consumers as the ARR will be down by about 8 Cr. Hon'ble Commission lowered the Interest on Security (Consumption) of consumers from SBI rate plus 2% to RBI rate to lower the ARR of PSPCL though the interest was ultimately paid upfront by consumers in tariff and received back at the close of year. However, here PSERC has allowed PSTCL to earn Rs 8 Cr per year merely by relocating the figures from Loan to equity and this amount is just being retained by PSTCL for meeting unapproved expenditure without regulatory scrutiny. Moreover, the practice which was illegal beyond and after MYT period can not become legal for one year

4. In this regard we submit that Regulation 19.2 of MYT Regulations 2019 reproduced in Para 4.7 of ARR is very clear that Sub Reg (d) is subject to Sub Reg (b)

and (c) and Paid up capital will include investment from share premium and free reserves for the purpose of equity subject to normative debt equity i.e. only paid up equity will be considered and if it will be 30% or actuals whichever is lower.

PSTCL has to realise that the ROE is being retained by it and not being paid to GOP which has invested the equity. It should result in profit equivalent to ROE amount in the balance sheet of PSTCL whereas it has incurred losses indicating that it is over expanding or working inefficiently and investments are not giving returns as projected. Instead of controlling its expenditure and operating efficiently, it is trying to manipulate the loop holes of the system to earn extra money thro' ROE which is ultimately going to raise the Tariff for consumers and also the subsidy of GOP. The tariff in Punjab including ED+IDF is already among the highest in the country and still higher tariff will force the consumers to consume less and industry will close down resulting in lower revenue and more increase in tariff.

PSERC is therefore requested to implement the provisions in true letter and spirit and do not allow conversion of loan into equity under these Regulations.

5. As per Balance Sheet for 2019-20, PSTCL has Other Equity (Reserves and Surpluses) of Rs 2212.12 Cr and Equity of Rs 605.88 Cr. which works out to 3.65 times the equity amount. Consumers are being made to pay 15.5% ROE on the equity amount whereas Reserves and surplus are not earning any revenue for PSTCL or the consumers. Therefore, PSTCL should explore liquidation of some portion of equity back to GOP so that the burden of ROE is reduced and Tariffs could be lowered,The input energy at Punjab Periphery for 2019-20 (Table 16) has been indicated as 62463.77 MUs. However, PSPCL in its ARR (Table D6) has worked out the energy input at state periphery as 57140.39 MUs. PSPCL has claimed combined actual T&D Loss of 14.69% for 2018-19 though separate Loss Levels have been approved for the utilities individually. This needs to be looked into and Energy availability need to counted as per actual or approved trajectory separately for Transmission and distribution system.

6. Total Transmission Capacity calculated as 132228.30 MW at Page 364 for 2020-21 is wrong and should be 11997.29 MW.

7. The total contracted capacity of PSPCL in the year 2021-22 is given as 12876.33 MW in Table T 22. However, transformation capacity of PSTCL on 31.3.2020 is 37708.67 MVA which is 2.8 times the peak demand of 13600 MW met so far and 2.9 times of the contracted capacity.The capital investment plan of PSTCL need to be reviewed and either it should be commensurate with the reduction trajectory of Transmission loss to give relief to consumers.PSTCL/SLDC may also be directed to carry out TTC and ATC studies for the state system to determine the safe transfer capacity and publish it on web site.

8. As brought out on Page 30-31and 59 of current ARR,PSTCL has some reservation on net or gross employee cost for calculation of Employee cost. PSTCL has raised issues with regard to MYT Regulations to work out higher normative Employee Cost and then has justified its actual employee cost. However, PSPCL has not raised any such issue in its Generation, Distribution and Retail Supply ARR. This issue was also raised by PSTCL last year also but was not agreed to by PSERC and as submitted by PSPCL in these paras of ARR,PSTCL has approached APTEL on the issue. PSERC is requested to implement MYT regulations as these have attained finality and matter need to be perused vigorously in APTEL.

It is also submitted that Hon'ble Commission should also file SLP's in Hon'ble Supreme Court in cases where its orders are reversed by APTEL as is being done by the PSPCL/PSTCL who are approaching Supreme Court against PSERC.

9. Year wise Non-Tariff income figures in Format T-28 are not tallying with figures in tables of Para 3.13 and 4.13 of ARR. Further, Non-Tariff Income for 2021-22 need to be increased on normative basis.

Licensee has to understand that the exercise of ARR and determination of tariff is not an exercise to recover each and every expenditure from the consumers but only legitimate and justified revenue requirement as permissible under MYT regulations. PSTCL has to realise that the ultimate tariff payable by consumers cannot be increased infinitely and it has to be competitive with regard to neighbouring states.

We request the Hon'ble Commission to allow only prudent costs and revenue requirement strictly in accordance with MYT regulations.

We also crave leave of the Commission for submitting any additional observation/comment at a later date and at the time of hearing. We further request for giving a chance to elaborate our points during public hearing.

We would also like to make submissions during the Public hearing.

Yours faithfully,

(Authorised signatory)

CC : Financial Advisor, 3rd floor, Shakti Sadan,

Opposite Kali Mata Mandir, PSTCL, Patiala

<fa@pstcl.org>

Objection No. 02

Siel Chemical Complex

Siel

SCC/Elect./02-21/1082 Date: 01.02.2021

The Secretary
Punjab State Electricity Regulatory commission PSERC,
Plot No 03, Madhya Marg.
Sector-18-A.
Chandigarh.

Subject:- Inviting comments from the public and other stake holders on PSPCL's petition regarding capital investment plan and Business plan and regarding ARR for generation and distribution business both for MYT control period FY 2020-21 and 2021-22 filed by Punjab State Power Corporation Limited (PSPCL) and Punjab State Transmission Corporation Limited (PSTCL) .

Sir,

This is with reference to the subject matter. Please find enclosed our written comments and suggestion. As per Annexture-1 attached.

These are for perusal and consideration of the Hon'ble Commission while deciding the tariff order 2021-22.

We would like to attend the hearing personally.

Yours faithfully

H.S. SANDHU
V.P. (Works)
Mawana Sugars Limited
Authorised Signatory

CC: - Chief Engineer-ARR & TR, F-4, Shakti Vihar, PSPCL, Patiala
(Fax no;-0175-2302416) (E Mail: ce-arr-tr@pspcl.in).

Enclosed: Comment on ARR and Tariff 2021-22.

A Unit of Mawana Sugars Limited
(Formely known as Siel Limited)
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CIN :- L74100DL1961PLC003413
E-mail : corporate@mawanasugars.com WEBSITE : www.mawanasugars.com

BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

To,
The Secretary,
Punjab State Electricity Regulatory Commission,
Plot No 3, Sector 18-A, Madhya Marg,
Chandigarh-160 018.
<secretarypsercchd@gmail.com>

FILE NO.

CASE NO.

IN THE MATTER OF:

Petition for True Up of 2019-20, Annual Performance Review (APR) for the year 2020-21 and 2021-22 filed by Punjab State Transmission Corporation Limited (PSTCL).

Punjab State Electricity Regulatory Commission (PSERC) has invited objections/ comments from the Industry and other categories of consumers on the ARR for 2021-22 submitted by PSTCL.

Mawana Sugars Ltd. ('the Objector') , (Unit: SIEL Chemical Complex or SCC), submits its objections on the Petition cited above filed by Punjab State Transmission Corporation Limited as under:-.

PRELIMINARY SUBMISSIONS

1. The Hon'ble Commission has approved 15.5% Return on Equity since 2010-11 purportedly as per PSERC Regulations as per the FRP approved by GOP increasing the cost of assets by their revaluation and merging the Consumer Contribution, Subsidies and Grants into the equity of GOP resulting in artificial increase in the equity share capital of PSTCL from Rs 328.50 Cr to Rs 605.88 Cr as per FRP and ROE has been increased from Rs 45.99 Cr to Rs 93.91 Cr i.e. an increase of 204% in both the figures, without any fresh investment or infusion of cash by GOP. In fact cost of lines deposited by consumers for release of load was treated as cash investment by GOP against the settled accounting standards. Similar is the case of PSPCL where the equity base was increased from 2617.61 crore to 6081.43 crore which has led to increase of ROE from 405.73 crore to 942.62 crore i.e. an increase of 232%.. This matter was appealed in APTEL and Hon'ble Tribunal has

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already directed PSERC to reconsider the issue vide judgment Dated 17-12-14 in Appeal No 168 and 142 of 2013 as under:-

> *"48. ----- We direct the State Commission to adjust the excess amount of ROE in the impugned order from the FY 2011-12 onwards in the ARR/ True up for the year to provide relief to the consumers."*
>
> ---------------
>
> *"Issue No. (iii) Relating to Return on Equity, Consumers Contributions, Grants, Subsidies etc.*
>
> *50.3 The findings of this Tribunal in Appeal no. 46 of 2014 shall squarely apply to the present case. The State Commission shall re-determine the ROE as per our directions and the excess amount allowed to the distribution licensee with carrying cost shall be adjusted in the next ARR of the respondent no.2.*

As the PSPCL has filed Appeal in Supreme Court and the order of APTEL is under stay, we request the Commission to record our objection on the issue and the tariff orders from 2011-12 will be subject to review as per the orders of the Supreme Court.

2. PSPCL and PSTCL were constituted in 4/2010 as successor companies to PSEB and since then Transmission losses for PSTCL system were being assumed as 2.5% on notional basis. PSTCL stated in MYT ARR for 2017-18 tc 2019-20 that the Transmission Losses during the period July 16 to March 16 varied between 2.76 to 7.09. There were large scale variations and PSTCL was directed to stabilise the data and Hon'ble Commission ordered as under:-

   As such, the Commission approves the Transmission losses at 2.5%, 2.40% and 2.30% for FY 2017-18, FY 2018-19 and FY 2019-20 respectively. The Commission would revisit the Transmission losses during review/true up for FY 2017-18, FY 2018-19 and FY 2019-20, on the basis of stabilized transmission loss data for full year.

   In the ARR for 2018-19, PSTCL submitted the Transmission Loss of 2.80% for 2017-18 and 2.60% for 2018-19 for approval. In the Tariff Order for 2018-19, Commission decided for 2017-18 (RE), 2018-19 (Proj) as under:=

   The Commission observes that although PSTCL has completed Intra-State Boundary metering cum Transmission Level Energy Scheme, the data is yet to be stabilized. The Commission observes that it is allowing the Capital Investment Plan as projected /asked for by PSTCL since last many years and in Petition No. 44 of 2016 for approval of Capital Investment Plan of PSTCL for MYT Control Period has allowed ₹338.29 crore and ₹258.01 crore for FY

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2017-18 and FY 2018-19 respectively, which is almost as per the projections made by PSTCL. Thus, there is no reason to deviate from its earlier targets for transmission loss. As such, the Commission provisionally retains the transmission loss level at 2.50% for FY 2017-18 and 2.40% for FY 2018-19, as approved in the Tariff Order for FY 2017-18.

Thereafter, in the ARR for 2019-20, PSTCL submitted Transmission loss of 3.12% (actual), 2.80% (RE) and 2.70% (Proj) for 2017-18, 2018-19 and 2019-20 respectively. Hon'ble Commission after analysing the data decided as under:-

True Up 2017-18

Therefore, the Commission is of the view that the actual transmission loss could not be assessed in the absence of truly stabilised data. As such, the Commission retains the transmission loss at 2.50% as approved in Tariff order for FY 2017-18.

RE 2018-19 and Projections 2019-20

As the baseline figure of transmission loss of PSTCL is yet to be ascertained, the Commission is of the view that it would not be fair to fix the trajectory for reduction of transmission loss. As such, the Commission approves the transmission loss level of 2.50% for FY 2018-19 and for FY 2019-20 and it would re-visit the transmission losses on the basis of stabilized transmission loss data for the full year during true up for these years.

However, PSTCL continued with its earlier approach and in its ARR for 2018-19 (True up), 2019-20 (RE(and Projections for MYT Control Period FY2021 to 2023 submitted Transmission Loss as 2.86% as per Actuals for 2018-19 and 3% for 2019-20 to 2022-23 for approval. PSTCL also brought on record losses of many other states to justify its transmission loss levels. Hon'ble Commission decided in TO 2020-21 as under:-

True up of 2018-19

"...PSTCL has changed the methodology of calculating the transmission losses from net input/output of energy to gross input/output of energy after the first quarter of FY 2018-19. Therefore the above losses in different months are based on different methodologies. As the true picture of losses for the whole year is not yet available, ***the Commission decides to consider the transmission loss level of 2.50% for true-up of FY 2018-19, as approved in the Tariff Order for FY 2019-20."***

RE for 2019-20

The Commission observes that the actual Transmission loss reported by PSTCL till December of FY 2019-20 is coming to 2.22%. Since losses in the lean months (Jan-March) are observed to be comparatively higher, the Commission decides to

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provisionally retain the transmission loss level at 2.50% as approved in the Tariff Order of FY 2019-20. The transmission losses for FY 2019-20 shall be revisited based on the data of actual losses for the full year during the True Up of the year.

Projections for MYT period FY 2020-21, 2021-22 and 2022-23

In the Business Plan Order including the Capital Investment Plan dated 03rd December 2019, the Commission has approved the Transmission loss trajectory of reduction of 0.02% every year for 2nd MYT Control Period. The Commission stated that the Transmission losses for the Control Period shall be specified accordingly on the basis the actual losses for FY 2019-20.

Since the actual losses of FY 2019-20 shall be available after the True-Up of FY 2019-20, therefore, keeping in view the transmission loss level of 2.50% approved for FY 2019-20 in this Tariff Order, the Commission decides to provisionally set the trajectory as given below:

Table 83: Transmission loss Trajectory provisionally approved by the Commission for the 2ndMYT Control Period Particulars	*FY 2020-21*	*FY 2021-22*	*FY 2022-23*
I	*II*	*III*	*IV*
Transmission Loss (%)	*2.48%*	*2.46%*	*2.44%*

Now, PSTCL in the current ARR has submitted that Transmission Loss actually achieved is 2.217% for 2019-20 and 2.143% for first 6 months of 2020-21. However, in-spite of actuals being available and much lower than the trajectory fixed by Commission on wrong representations in the previous years, PSTCL has proposed to retain the trajectory levels of 2.48% and 2.46% for 2020-21 and 2021-22 respectively.

It is pointed out with regard to ARR for the current year as under:-

a) In view of the actual month wise transmission losses available for 18 months now, Hon'ble Commission may determine the transmission loss trajectory for the 2nd control period of 2020-21 to 2022-23 and approve the ARR accordingly.

b) The actual loss level achieved indicates that PSTCL had been projecting wrong figures since 2010-11 and consumers have been made to pay higher tariff in view of higher than actual Transmission loss levels claimed and allowed to PSTCL (2.5% loss throughout). We request to revisit the earlier tariff orders, re-determine the transmission loss in view of actuals of 18 months period and grant relief to

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consumers. If consumers are liable for coal washing charges of PSPCL along with interest for previous period, then they are entitled to relief for previous periods also.

c) PSTCL has taken input energy at Punjab Periphery for 2019-20 (Table 16) as 62463.77 MUs. However, PSPCL in its ARR (Table D6) has worked out the energy input at state periphery as 57140.39 MUs. PSPCL has claimed combined actual T&D Loss of 14.69% for 2018-19 though separate Loss Levels have been approved for the utilities individually. This needs to be looked into and Transmission losses need to revisited whereas distribution loss of PSPCL needs to be taken as per Trajectory.

3. The actual transmission loss level is much below the previous years. Further, the total contracted capacity of PSPCL in the year 2021-22 is projected as 12876.33 MW (Table T 22) whereas total transformation capacity as on 31.3.2020 is 37708.67 MVA. The max demand observed during July 2019 was 13606 MW and in July 2020 was 13148 MW. In view of the Transmission system capacity being 2.87 times the peak demand met and 2.93 times the contracted capacity, the capital investment plan for new additions of transmission components need to be reviewed to give relief to consumers by reducing capital expenditure and consequent interest costs.

4. It is seen that PSTCL has some reservation on net or gross employee cost for calculation of Employee cost which have been brought out on Page 30-31and 59 of current ARR. PSTCL has raised issues with regard to MYT Regulations to work out higher normative Employee Cost and then has justified its actual employee cost. However, PSPCL has not raised any such issue in its Generation, Distribution and Retail Supply ARR. This issue was also raised by PSTCL last year also but was not agreed to by PSERC and PSTCL has approached APTEL on the issue as submitted by PSPCL in these paras of ARR. This needs to be dealt strictly as per MYT regulations and followed up vigorously in APTEL. It is also to be seen whether the appeal was to be filed in High Court or in APTEL as any challenge to Regulations lies in HC. It is also submitted that Hon'ble Commission should invariably approach Supreme Court where its orders are reversed by APTEL or HC as is being done by the PSPCL/PSTCL who are approaching Supreme Court against PSERC.

4. PSTCL had equity of Rs 605.38 Cr as per FRP which continued up to 2016-17. PSTCL considered funding of Capital Expenditure with normative 30% equity and 70% funding in 1st MYT control period starting from 2017-18 using a loop hole in MYT regulations and Hon'ble Commission also allowed normative funding of Capex through equity (Paper Adjustment) and loan. However ARR figures revealed that PSTCL is funding this equity through loans or purported redeployment of Return on Equity earned during the period whereas this Return on Equity actually belonged to the GOP which has invested equity in PSTCL. Further, the paid up, issued and subscribed share capital as on 31.3.18, 31.3.19 as well as on 31.3.20 remained same i.e. Rs 605.88 Cr as per relevant note 17

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of the Annual Financial Statements of the respective years. Thus neither there is any approval of GOP to invest in equity nor have equity shares been issued to GOP on account of investment.

The Profit and loss statement of Annual Financial Statements of PSTCL for 2017-18, 2018-19 and 2019-20 supplied with the ARRs state that the company has incurred net profit of Rs 4.03 Cr in the year 2017-18 and net loss of 8.23 Cr and 34.96 Cr in the years 2018-19 and 2019-20 respectively. Balance sheets state that the paid up equity capital of PSTCL for the year 2017-18 to 2019-20 remain the same i.e. 605.88 Cr. There are no free reserves as per Note 18 of the Annual Financial Statement but only General and Capital Reserves.

However, as per tariff order 2020-21, while allowing True up for 2017-18, Hon'ble Commission allowed addition in equity of 96.92 Cr (30% of capex) raising the equity of GOP from 605.88 Cr to 702.80 Cr without any cash flow. This was objected to by stake holders as the amount was not invested in cash by GOP and funding was through redeployment of ROE or raising loan. ROE could be retained by a company to meet losses, if in loss or to pay dividends, if in profit. It was evident that the system is being mis-utilised by the Licensee to earn about 7% of difference of interest rate of loan (8 to 9%) and ROE rate of 15.5%. Accepting the sentiments of consumers, similar demand in true up of 2018-19 seeking equity addition of 73.58 Cr was rejected by PSERC. Now in the true up of 2019-20, PSTCL has again raised demand for addition of Rs 2.16 Cr in the equity based on the actual/trued up capex. We request the Hon'ble Commission to increase the capex loan of PSTCL by Rs 96.92 Cr (If justified) + 2.16 Cr = Rs 99.08 Cr and withdraw the equity permitted in 2017-18 and grant relief to consumers. This will bring down the ARR by about 8 Cr.

Regulation 19.2 of MYT Regulations 2019 reproduced in Para 4.7 of ARR is very clear that Sub Reg (d) is subject to Sub Reg (b) and (c) and Paid up capital will include investment from share premium and free reserves for the purpose of equity subject to normative debt equity i.e. only paid up equity will be considered and if it will be 30% or actuals whichever is lower. PSERC is requested to implement the provisions in true letter and spirit and do not allow conversion of loan into equity under these Regulations.

PSTCL has to realise that the ROE is being retained by it and not being paid to GOP which has invested the equity. It should result in profit equivalent to ROE amount in the balance sheet of PSTCL whereas it has incurred losses indicating that it is over expanding or working inefficiently and investments are not giving returns as projected. Instead of controlling its expenditure and operating efficiently, it is trying to manipulate the loop holes of the system to earn extra money thro' ROE which is ultimately going to

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raise the Tariff for consumers and also the subsidy of GOP. The tariff in Punjab including ED+IDF is already among the highest in the country and still higher tariff will force the consumers to consume less and industry will close down resulting in lower revenue and more increase in tariff.

OTHER ISSUES

A) As per Balance Sheet for 2019-20, PSTCL has Other Equity (Reserves and Surpluses) of Rs 2212.12 Cr and Equity of Rs 605.88 Cr. which works out to 3.65 times the equity amount. Consumers are being made to pay 15.5% ROE on the equity amount whereas Reserves and surplus are not earning any revenue for PSTCL or the consumers. Therefore, PSTCL should explore liquidation of some portion of equity back to GOP so that the burden of ROE is reduced and Tariffs could be lowered,

B) The capital expenditure proposed for 2020-21 and 2021-22 in Table 39 is as per approved in MYT order. The self disciplne of the PSTCL in controlling the expenditure is appreciable.

C) Total Transmission Capacity calculated as 132228.30 MW at Page 364 for 2020-21 is wrong and should be 11997.29 MW. Further, this is not the transmission capacity but long term contracted power of PSPCL and transmission capacity is bound to be more than this to permit long / Medium / short term transfer of power (Like Railway, short term purchase by PSPCL during Paddy and open access customers purchasing power from Power Exchange etc). PSTCL/SLDC need to carry out TTC and ATC studies for the state system to determine the safe transfer capacity of Punjab Transmission system and declare the same on SLDC web site on RLDC pattern.

D) Para 3.13, 4.13 and Format T-28: Year wise Non-Tariff income figures in Format T-28 are not tallying with figures in tables appearing in Para 3.13 and 4.13 of ARR. Further, Non-Tariff Income for 2021-22 need to be increased on normative basis.

Licensee has to understand that the exercise of ARR and determination of tariff is not an exercise to recover each and every expenditure from the consumers but only legitimate and justified revenue requirement as permissible under MYT regulations. PSTCL has to realise that the ultimate tariff payable by consumers cannot be increased infinitely and it has to be competitive with regard to neighbouring states.

We request the Hon'ble Commission to allow only prudent costs and revenue requirement strictly in accordance with MYT regulations.

H S SANDHU
V.P (Works)
Mawana Sugars Limited
(Unit Siel Chemical Complex)
5th Floor,Kirti Mahal
19, Rajindra Palace
NEW DELHI-110125

We also crave leave of the Commission for submitting any additional observation/comment at a later date and at the time of hearing. We further request for giving a chance to elaborate our points during public hearing.

PLACE : Rajpura

DATE

H S SANDHU
V.P. (Works)
Mawana Sugars Limited
For Mawana Sugars Ltd.
(Unit: Siel Chemical Complex)
5th Floor, Kirti Mahal
19, Rajindra Palace
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CC: Financial Advisor, 3rd floor, Shakti Sadan,
Opposite Kali Mata Mandir, PSTCL, Patiala
<fa@pstcl.org>

Objection No. 03

STEEL FURNACE ASSOCIATION OF INDIA
(Punjab Chapter)
C/O. Upper India Steel Mfg. & Engg. Co. Ltd.
Dhandari Industrial Focal Point
LUDHIANA-141010
Phone: 0161-2670530-35 Fax: 0161-2671898

2/2/2021

The Secretary,
Punjab State Electricity Regulatory Commission,
Chandigarh.

Subject: Petition for True Up of 2019-20, Annual Performance Review (APR) for the year 2020-21 and MYT ARR for 2022-23 filed by Punjab State Power Corporation Limited (PSPCL) and PSCTL

Respected madam,

Please find enclosed herewith our comments on above mentioned subject.

Thanks and Regards

Dr Harish Anand

Ph 8146625327

Corp.stgplng@vardhman.com

MEMORANDUM OF OBJECTIONS / SUGGESTIONS ON PSEB'S

ARR & TARIFF APPLICATION FOR APR 2020-21, MYT 2021-22 and True up Fy2019-20

We have commented upon the revenue requirement of the PSPCL for the aforesaid years in the light of principles enunciated in the Electricity Act, 2003, State Electricity Regulatory Commission's regulations, tariff orders passed by the PSERC in the past and decision of Appellate Tribunal for Electricity.

Before commenting on the revenue requirement filed by PSPCL for the aforesaid years, we would like to address upon certain issues on principles which have bearing on finalization of ARR by the Commission from year to year.

1. **Balance sheets and ARR are designed for two different purposes and should not be mixed**

   The Board is regularly filing its revised revenue requirement based on actual Balance Sheet figures without excluding the portion of expenditure disallowed by the Commission based on certain provisions of the Act and Regulations while passing Tariff Order. Therefore, the Board should be directed to file a separate Income & Expenditure Account along with Balance Sheet based on costs as approved by the Commission from year to year so that a clear picture may emerge and a comparison may be drawn between the actual/audited expenditure and approved expenditure of the Board.

2. **Subsidized agriculture consumption to be capped**

   The 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 purchase) will lead to serious financial crisis for the Board and ultimately seriously affects the interest of industrial consumers in the State, which are already reeling under recession. Therefore, 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 inclusive of additional consumption for new connections projected in a year.

3. **Closing down old GGSSTP plant to create demand supply balance to reduce overall average cost of supply**

As demand for electricity is not likely to see significant increase overall in the State though some segments like LS segment may grow by 6%-7%, it is desirable to reduce the power generation cost to the extent possible. In this regard, it is submitted that GGSSTP, which is very old plant and two units out of 4 units are already closed, may be shut down permanently. As admitted by PSPCL also that 4 units (Commissioned during 1988 to 1993) shall remains operational only partially mainly to cater paddy season demand and cost about Rs.1380 crore and average power cost is Rs.12/unit. It would help saving Rs.1000 crore even after fully adjusting the employee cost for the transition period of one or two year. The discom may be asked to submit detailed program for the same.

MOD operation of PSPCL Plants

It is also found that GGSSTP plant's variable cost as approved by PSERC is lower but when power is to be scheduled on monthly MOD basis, the variable cost of GVK plant is found to be lower. As a result, power is drawn from GVK power plant. The comparison seems to be drawn between GGSSTP plant variable cost as worked out by PSPCL and not as approved by PSERC at the time of MOD. For some months, the same situation is observed for GHTP also. Comparison of variable cost as approved by PSERC for IPPs & State Discom in Tariff Orders, as presented by PSPCL in ARR and as declared by PSPCL in monthly MOD for different thermal plants is given hereunder:

MOD Comparison

As per monthly MOD data being issued by CE/PPR

Month	Nabha Power Rajpura –IPP	Talwandi Sabo Power – IPP	GVK –Goindwal Sahib IPP	GHTP Lehra Mohabbat – PSPCL	GGSTP Ropar – PSPCL
2019-20					
Nov-19	**3.10**	**3.43**	**4.04**	**4.42**	4.98
Dec-19	**2.96**	**3.62**	**3.67**	4.44	**3.87**
Jan-20	**2.76**	**3.57**	**4.13**	**4.22**	4.23
Feb-20	**2.87**	**3.41**	**4.13**	**4.18**	4.23
Mar-20	**3.00**	**3.33**	**4.13**	**4.17**	4.23
2020-21					
Apr-20	**3.00**	**3.33**	**4.13**	**4.17**	4.23
May-20	**2.93**	**3.42**	**4.14**	**4.17**	4.21
Jun-20	**2.96**	**3.14**	**3.88**	**4.21**	4.25
Jul-20	**3.02**	**3.36**	**3.94**	**4.05**	4.18
Aug-20	**2.91**	**3.32**	**3.76**	**4.10**	4.19
Sep-20	**2.90**	**3.41**	**3.68**	**3.96**	4.20
Oct-20	**2.97**	**3.47**	**3.95**	**4.21**	4.22
Nov-20	**2.98**	**3.61**	**3.69**	**4.08**	4.21

As per MOD for IPPs and as per TO issued by PSERC for 2020-21 for PSPCL plants

Month	Nabha Power Rajpura –IPP	Talwandi Sabo Power – IPP	GVK –Goindwal Sahib IPP	GHTP Lehra Mohabbat – PSPCL	GGSTP Ropar – PSPCL
2019-20					
Nov-19	**3.10**	**3.43**	4.04	**3.72**	**3.24**
Dec-19	**2.96**	**3.62**	**3.67**	3.72	**3.24**
Jan-20	**2.76**	**3.57**	4.13	**3.72**	**3.24**
Feb-20	**2.87**	**3.41**	4.13	**3.72**	**3.24**
Mar-20	**3.00**	**3.33**	4.13	**3.72**	**3.24**
2020-21					
Apr-20	**3.00**	**3.33**	4.13	**3.84**	**3.79**
May-20	**2.93**	**3.42**	4.14	**3.84**	**3.79**
Jun-20	**2.96**	**3.14**	3.88	**3.84**	**3.79**
Jul-20	**3.02**	**3.36**	3.94	**3.84**	**3.79**
Aug-20	**2.91**	**3.32**	**3.76**	3.84	**3.79**
Sep-20	**2.90**	**3.41**	**3.68**	3.84	**3.79**
Oct-20	**2.97**	**3.47**	3.95	**3.84**	**3.79**
Nov-20	**2.98**	**3.61**	**3.69**	3.84	**3.79**

As per MOD for TPPs and Tables 7.8, 14 and 15 of Tariff Order 2020-21

As per ARR for 2021-22 submitted by PSPCL					
Month	Nabha Power Rajpura –IPP	Talwandi Sabo Power – IPP	GVK –Goindwal Sahib IPP	GHTP Lehra Mohabbat – PSPCL	GGSTP Ropar – PSPCL
2019-20 (TU)	3.03	3.52	3.69	3.72	3.24
2020-21 (H1)	2.92	3.37	3.80	3.58	3.69
2020-21 (H2	2.90	3.41	3.63	3.52	3.59
20-21 (H1+H2)	2.92	3.37	3.80	3.54	3.62
2021-22 (Proj)	3.20	3.73	3.81	3.43	3.76
Format D3 page 310, 312, 315, 317,319 and tables 7 & 35					

Therefore, to end this confusion, it is submitted that PSPCL may not be given fixed charges for the same. After a stabilization period of one or half year of relocating power sourced from GGSSTP to elsewhere (GVK or power purchase from outside or other stations), even GVK power cost be compared with other options and sourced only if it is competitive. It is learnt that GVK plant is a negotiated tariff plant and need to be continued based on competitive power bidding only. Cheaper power from other sources may be explored to reduce the power cost of Discom.

In the same spirit, Rs. 43.5 crore expenses claimed as capital expenditure(table 11, page 45 of the ARR) for GGSSTP in FY 19-20 may also be disallowed.

4. <u>Diversion fund figure to be updated</u>

The diversion of funds happened in the past need to be continuously updated based on new facts and information. Such exercise is required to ensure that no more funds raised for capital purpose are diverted toward meeting revenue requirement of the Board. It is submitted to the Commission to ensure that such expenses are not claimed in the ARR of the

Board. A detail investigation in this regard is required to work out the exact amount of diversion to be disallowed for ARR purpose to safeguard the interest of the consumers.

Besides that, PSPCL has claimed additional Rs. 15628 crore as new equity converting UDAY loan of GOP into equity raising the total equity of GOP to Rs 21709 crore and Return on the same is sought @15.5% for generation business and 16% for Distribution business. In our view, it is highly preposterous and also against the MYT regulations related to Return on Equity. In order dated 26th May 2006 and related appeal no 4 of 2005, APTEL has dealt with diversion of funds by PSERC based on net fixed assets, which are financed through equity and loans. ***Accordingly, APTEL has calculated net fixed assets at Rs. 7646.58 crore after excluding consumer contribution and grant and subsidy towards cost of capital. Against this, loan and equity amount claimed by PSPCL was Rs 11828.48 crore for FY 2003-04 and thus a diversion of funds to the tune of Rs. 4181.90 crore was found by APTEL***. Assuming that in the last 15 years, Hon'ble Commission has disallowed about Rs.700-800 crore per annum, there would be total diversion of funds to the tune of Rs. 11250 crore out of Rs.15628 crore addition in equity shown in its Balance sheet by PSPCL. Remaining Rs.4378 crore (15628-11250) would be maximum amount eligible for loan consideration under UDAY scheme for ARR and tariff determination purpose. As per UDAY scheme, 25 % (Rs.1095 crore) of loan taken over by Government of Punjab from Discom should come as equity and remaining as a grant to Discom. Assuming Rs.4378 as total loan taken by government, which may be eligible for return of equity of Rs.1095 crore for ARR may fetch Rs.170 crore as return on equity at the most and there would be no interest on remaining amount which would be adjusted as grant as per MOU under UDAY scheme. Diversion of funds may be trued up based on APTEL formula to correct the above estimate and only thereafter the interest on existing loan should be allowed. Interest on working capital be given as per MYT regulations

5. <u>True up of FY 2019-20</u>

I. T& D losses as approved for FY 2019-20 in Tariff order June 2020 stands out as 11.54% plus 2.5% against 14.69% claimed by PSPCL. Against approved sale of 12116 MU, PSPCL has shown agriculture consumption at 11538 MU for FY 2019-20. It is prayed to the commission to independently validate the above sales and T&D loses as lower sales to AP consumers results into lower subsidy due from government and higher T&D losses could be loaded on other consumer categories.

II. In para 2.10.3 of the ARR2021-22, page no 44, PSPCL has claimed expenses made on RSD dam of Rs.333.39 crore against payment made to Water resources department. It is submitted that only capitalized cost, which is approved by Commission should be considered for ARR purpose and Discom may take the matter with Government for payment made and interest thereon. The burden of the same should not be passed on to the consumers. Moreover, expenditure and interest on loan taken during construction are to become capital Cost of the project to be trued up on commissioning of the project and such expenditure cannot count towards capital Investment till commissioning. It is also submitted here that as per knowledge of the undersigned, sharing of capital cost of Irrigation Projects having power component between PSPCL and Irrigation wing had been disputed at the time of commissioning of RSD also and the matter went to APTEL also. As such this aspect be kept in view since such projects have very high capital cost and per unit generation cost in initial years will work out to be very high if costs are not appropriately apportioned.

In this context, it is also brought out that MOP has allowed issuance of Hydro Energy Certificates for Large Hydro Projects commissioned after 8.3.2019 for excess generation beyond meeting the now introduced Hydro Purchase Obligation. The fixed price for HEC for 2020-21 will be Rs 5.50 per HEC with 5% escalation every year. Shahpur Kandi Project will also be eligible post commissioning for HPO and PSPCL needs to follow up the project for early commissioning of the project otherwise PSPCL shall also have to purchase HEC.

III. PSPCL incurred Rs.849 crore on system improvement and system augmentation (refer para 2.10.4, page 44 of the ARR) as capital expenditure. We request the same must be vetted and approved only after due diligence as commission has approved only Rs.188.67 crore after adjusting consumer contributions/central government scheme (loan to be converted into grants) as per table 19 of T.O. June 2020.

IV. Interest on long term borrowing claimed by PSPCL is Rs.684.29 crore against approved 798.93 crore. PSPCL sought recovery based on actual. However, it is submitted that expenses incurred should be approved in the framework of MYT regulations, task completed and not based on actual incurred, which may be referred also.

V. Interest paid on GPF as Rs. 87.47 crore is claimed by PSPCL in para 2.16.1, page 50 on actual basis. It is submitted that GPF amount was available with PSPCL and should have been adjusted in Working Capital and WC requirement need to be reduced.

VI. Interest on security consumption claimed as Rs. 155.65 crore in para 2.18.1. It is prayed that it must be verified that whether the same has been credited to consumers or not.

VII. Return on equity should be approved as per MYT regulations on an equity of Rs.6081 crore. Detailed comments on UDAY loan converted into equity is dealt above separately. It is also pertinent to note that even Rs.6081 equity is also under challenge in Supreme Court, so allowing return on equity on Rs.6081 is also contentious.

VIII. In para 2.22.1, Rs.167 crore claimed as other debits in ARR on actual basis. It is submitted that ARR is meant for specific purpose and not necessarily reflect actual expenses incurred. Therefore, such expenses must be approved as per MYT regulations and no specific regulations is quoted under which such expenses are claimed, these need to be disallowed.

IX. Non-tariff income is claimed by Discom after excluding delayed payment surcharge and rebates as Rs. 459 crore against 1029 crore approved by Hon'ble Commission, which is not correct. Therefore, all incomes which are collected from consumers and related to billing must be accounted for while approving annual revenue requirement.

Even if the same cannot be shown as a part of non-tariff income but the same must be considered as part of revenue for working out annual revenue requirement.

X. Expenses on GNDTP ancillary services as claimed by PSPCL as Rs.6.73 crore (4.5+2.23, table 20, ARR FY 2021-22) should not be allowed as no power is drawn from GNDTP as such the same expenses to be borne by PSPCL from its internal accrual or return on equity. Moreover ARR is silent on recovery of proceeds of sale of scrap and land and expenditure on watch and ward staff of GNDTP.

6. <u>Sale of surplus power</u>

A detailed note on sale of surplus power should be prepared and submitted for stake holders reference purpose and need to be vetted by Hon'ble Commission before allowing them as part of ARR.

7. Comments on APR for FY 2020-21 and revised estimate for ARR 2021-22

Comments made in earlier paragraphs, which are general in nature and also relevant must be considered for APR 2021-21 and ARR2021-22 revised estimates also. To avoid duplicity, same are not reproduced hereunder but are essentially integral part of our observations for APR of 2020-21 and FY 2021-22 also. Other specific submissions are made hereunder:

i. In para 3.9.9, page 85 of the ARR FY 2021-22, PSPCL has mentioned that power is being transmitted to PSPCL for which it is not under obligation to buy. Therefore, PSPCL must take up matter with NPCIL/concerned authority appropriately and not to pay any such charge. Therefore, amount claimed by PSPCL should be excluded from power purchase cost on this account.

ii. Detail comments are made on interest and finance charges claimed by PSPCL in earlier paragraphs. It is submitted that only normative working capital loan to be allowed after deducting Security consumption amount and GPF amount & interest thereon be given.

iii. It is pertinent to note that interest rate @11.5% projected by PSPCL is very high. It is submitted that PSPCL may try to substitute the same with advance against future electricity bills from consumers by giving a reasonable interest rate of 8.5% to the extent possible. This would result into saving of interest rate by 2.5%-3% to the extent PSPCL can succeed in motivating consumers to pay advance against future electricity bills.

iv. Employee cost may be allowed as per MYT regulation but keeping in view very high employee cost which is about Rs.1.31/unit of power sold , some capping is highly desirable to keep cost of supply of power under check.

v. In para 3.21.1 delayed payment surcharge is not considered as part of non-tariff income. We have commented on the same in earlier paragraph. The same may be considered here and delay payment surcharge should be included as part of revenue collected from consumers, which may be in non-tariff income or any other head.

vi. Subsidy receivable from government is shown as Rs.10282 crore, which is in addition to the pending subsidy of Rs.5000 crore for previous years. It is a worry some fact and PSERC must include the carrying cost of such pending subsidy as subsidy receivable from government and accordingly revenue be increased with the same amount.

Other issues

8. **Voltage Rebate for 66 KV consumers:**

T&D losses for 66 KV consumers as per open access regulations worked out in Tariff order June 2020 are 4.17% (1.69+2.48) against total T&D losses of about 14%.

In addition to T&D loss, the 66 KV consumer has to be compensated for the investment and operating cost of the 66/11 KV transformer and switchyard. The voltage wise cost of supply worked out by PSERC for 66 KV industry is Rs 5.81 and for 11 KV industry as Rs 6.36 indicating a difference of 55 paisa per unit(Annexure iv, T.O. 2020). However the rebate being given to consumers connected at 66 KV is only 25 paisa per unit. Voltage rebate need to be enhanced appropriately and fixed in percentage terms as per pattern of Voltage Surcharge being charged on percentage.

Since Voltage Surcharge for consumers eligible for 66 KV but getting supply at 11 KV have to pay 10% Voltage Surcharge, Similarly, Voltage rebate for 66 KV consumers should also be 10%.

9. Fix industrial Tariff as per category wise cost of supply

The Board has submitted the category wise cost of supply. We appreciate the Board on this account to come up with category wise cost of supply as well as related cross subsidy earned/given to each segment of consumers. Therefore, it is also prayed to the commission to reduce the cross subsidy burden on LS consumers and fix the tariff based on category wise cost of supply, tariff of the LS consumers may be rationalized and tariff for subsidized class may be increased. It is also submitted that assumptions for category wise cost of supply basis have been fixed many years back. It is submitted that the same should be revisited to revise the category wise cost of supply.

10. T&D losses

We would like to appreciate reduction in T&D losses achieved by PSPCL, however, we request the honorable commission to verify the same independently. PSPCL has calculated the Kandy Area agriculture supply as per PSERC pattern which is appreciated.

It is our submission that PSPCL may be asked to finish the work of separating the supply of power to agriculture from mixed feeders to independent feeders in fixed time period and not in "Future" as claimed by Discom. Here, we would like to mention that T&D losses are very high in selected regions as also pointed out by PSERC time and again. It is submitted that same also need to be reduced drastically.

11. Power purchase cost

PSPCL is bearing the fixed charges of Anta and Auriya power stations but the generation at these plants is very costly. PPAs for these stations were executed on 31.10.1994. The useful life of the gas based projects is 25 years and thus PPA term is already over by 30.10.2019. PSPCL and GOP should clearly intimate the MOP and NTPC that it will not extend the PPA for these two stations. PSPCL may associate Haryana, Himachal and other beneficiaries of these plants which are also surplus in power. The matter needs to be flagged in CEA also that these plants may be retired after their useful life is over.

12. Depreciation charges

Though, we do not wish to comment specific on depreciation charges claimed by PSPCL for FY2021-22 and FY2020-23. However, we would like to submit that Hon'ble Commission may kindly look into the matter of those fixed assets which have completed their life. Such assets need to be identified and shown separately and no depreciation on such assets to be allowed for ARR determination purpose.

In the light of above, interest cost should be approved accordingly, which would be substantial lower than interest claimed by them.

13. Return on equity

PSPCL has equity base of Rs 6081.43 Cr as per FRP approved by GOP while PSEB was bifurcated into PSPCL and PSTCL on 16.4.2010. Though the matter regarding conversion of Consumer Contribution and Govt Subsidies into equity has not been approved by APTEL, still the matter is under litigation in Supreme Court and PSERC is granting ROE on Rs 6081.43 Cr. APTEL had observed that the Govt can hold any amount as equity in PSPCL (and PSTCL) but ROE needs to be granted only on actually subscribed and paid up equity only i.e. cash money which has been infused need to be counted as equity for the purpose of ROE. Regarding return on equity of about Rs.3900 crore. (ref. Balance-sheet page 65) should be treated as equity and return on the same should be given only if the equity is injected in cash in the PSPCL otherwise there is no logic of giving return on equity on this amount also.

Since the UDAY scheme was up to 31.3.2020, PSPCL has proposed in Para 4.17 of ARR to convert the loan amount of Rs 15628.26 Cr as GOP equity in PSPCL thereby increasing GOP equity from 6081.43 cr to 21709.69 cr. It is also proposed to recover ROE on this loan converted equity amount of Rs 15628.26 @ 15.77% which works out to Rs 2448 Cr. Thus by simply maneuvering the entry of loan amount to equity, consumers will be asked to pay 2448 Cr requiring increase of tariff of about 52 paisa per unit across the board on this account alone in 2021-22. Consumers will have to pay 59 paisa per unit including taxes to GOP. This is clearly against the interest of the consumers and PSERC should not allow it.

14. Employee cost

We have reiterated many times that employee cost is growing consistently and also acknowledge that the same cannot be capped due to manifold reasons. This is our submission that only reasonable cost be passed through ARR and remaining must be taken over by Government as PSPCL employees are government employees and must get their dues as per Government rules and regulation, but the same should not be used as an excuse to increase the ARR and cost of power for consumers.

15. Subsidy and interest thereon due from government not fully accounted for

PSPCL has not separately worked out the liability of GOP for nonpayment of subsidy and is also manipulating the interest on delayed payment of subsidy of GOP by accounting it in Non-Tariff Income thereby loading it on the consumers rather than seeking recovery of the same from GOP. The GOP subsidy and interest on the delayed payments need to be charged from GOP.

16. Overdue receivables

As per ARR page 181, table of outstanding dues from government offices shows outstanding of Rs.2381 crore as on 30th Sept 2020. We fully support PSERC suggestion that prepaid meters to be installed in government offices. If possible then the outstanding due from government should be deducted from the Government loans given to PSPCL or the Government equity be reduced by Rs.2381 crore plus due interest for delay payments and return on equity be reduced by the same amount. This should be left to the government as how to deal with these outstanding amount of various government offices.

Similarly, it is also humbly suggested that a detailed MIS system to be developed to track such accounts where power is regularly supplied but payment is not received. Such account holders may be pursued suitably to pay due bill amount to PSPCL.

17. **O**n page 116 of the ARR , under the heading of directives for FY2020-21 ending sept 2020, in directive no 6.1 related to reduction in T&D losses, areas/zone wise T&D losses are given showing very high losses in West Punjab, South Punjab and Boarder areas. It is submitted that the losses from these areas need to be separated and be loaded on tariff announced for these areas in form of special cess for theft. Also, cross subsidy burden on rest of states domestic/industrial consumers be separated.

18. **Security (Consumption)**

Presently interest on Security is at RBI rate which is only around 4.5% whereas we have to take working capital loan at 9-10%. There is provision of pre-paid meter in Supply Code. PSPCL should spell out the road map for introducing Pre Paid meters for industry. If PSPCL is not ready, then consumers be allowed the facility to submit Bank Guarantee for Security (Consumption) and the cash deposited for Security be refunded.

Comments on PSTCL ARR

19. **Return on equity claimed by PSTCL should not be allowed on increased equity as no fresh equity is infused in the PSTCL**

PSTCL had equity of Rs 605.38 Cr as per FRP which continued up to 2016-17. PSTCL considered funding of Capital Expenditure with normative 30% equity and 70% funding in 1st MYT control period starting from 2017-18 using a loop hole in MYT regulations and Hon'ble Commission also allowed normative funding of Capex through equity (Paper Adjustment) and loan. However ARR figures revealed that PSTCL is funding this equity through loans or purported redeployment of Return on Equity earned during the period whereas this Return on Equity actually belonged to the GOP which has invested equity in PSTCL. Further, the paid up, issued and subscribed share capital as on 31.3.18, 31.3.19 as well as on 31.3.20 remained same i.e. Rs 605.88 Cr as per relevant note 17 of the Annual Financial Statements of the respective years.

Thus neither there is any approval of GOP to invest in equity nor have equity shares been issued to GOP on account of investment.

The Profit and loss statement of Annual Financial Statements of PSTCL for 2017-18, 2018-19 and 2019-20 supplied with the ARRs state that the company has incurred net profit of Rs 4.03 Cr in the year 2017-18 and net loss of 8.23 Cr and 34.96 Cr in the years 2018-19 and 2019-20 respectively. Balance sheets state that the paid up equity capital of PSTCL for the year 2017-18 to 2019-20 remain the same i.e. 605.88 Cr. There are no free reserves as per Note 18 of the Annual Financial Statement but only General and Capital Reserves.

However, as per tariff order 2020-21, while allowing True up for 2017-18, Hon'ble Commission allowed addition in equity of 96.92 Cr (30% of capex) raising the equity of GOP from 605.88 Cr to 702.80 Cr without any cash flow. This was objected to by stake holders as the amount was not invested in cash by GOP and funding was through redeployment of ROE or raising loan. ROE could be retained by a company to meet losses, if in loss or to pay dividends, if in profit. It was evident that the system is being mis-utilised by the Licensee to earn about 7% of difference of interest rate of loan (8 to 9%) and ROE rate of 15.5%. Accepting the sentiments of consumers, similar demand in true up of 2018-19 seeking equity addition of 73.58 Cr was rejected by PSERC. Now in the true up of 2019-20, PSTCL has again raised demand for addition of Rs 2.16 Cr in the equity based on the actual/trued up capex. We request the Hon'ble Commission to increase the capex loan of PSTCL by Rs 96.92 Cr (If justified) + 2.16 Cr = Rs 99.08 Cr and withdraw the equity permitted in 2017-18 and grant relief to consumers. This will bring down the ARR by about 8 Cr.

Regulation 19.2 of MYT Regulations 2019 reproduced in Para 4.7 of ARR is very clear that Sub Reg (d) is subject to Sub Reg (b) and (c) and Paid up capital will include investment from share premium and free reserves for the purpose of equity subject to normative debt equity i.e. only paid up equity will be considered and if it will be 30% or actuals whichever is lower. PSERC is requested to implement the provisions in true letter and spirit and do not allow conversion of loan into equity under these Regulations.

PSTCL has to realise that the ROE is being retained by it and not being paid to GOP which has invested the equity. It should result in profit equivalent to ROE amount in the balance sheet of PSTCL whereas it has incurred losses indicating that it is over expanding or working inefficiently and investments are not giving returns as projected. Instead of controlling its expenditure and operating efficiently, it is trying to manipulate the loop holes of the system to earn extra money thro' ROE which is ultimately going to raise the Tariff for consumers and also the subsidy of GOP. The tariff in Punjab including ED+IDF is already among the highest in the country and still higher tariff will force the consumers to consume less and industry will close down resulting in lower revenue and more increase in tariff.

Prayer to the Commission

We request the Honorable Commission to

1. **There is no case for allowing full increase in ARR as sought by the Board for the control period**
2. **Carry forward the rationalization of Electricity Tariff in the State based on the principle of category wise 'Cost To Serve' principle**
3. **Reduce the electricity tariff of the subsidizing class of consumers particularly EHT category of consumers.**
4. **Ensure tariff rationalization of subsidized class of consumers or ask State Government to compensate the Board through explicit subsidy.**
5. **Minimize the power cut on large industrial EHT and HT consumers.**
6. **No one category of consumers may be given preferential treatment and no one should be discriminated against.**
7. **Voltage rebate for 66 KV consumers be increased from 25 paise/unit to 50 paise/unit**

President (M) 98729-53815
(O) 0161-5047859

Objection No. 04

CYCLE TRADE UNION (REGD)

AIRI CYCLES, 110-111, NEW CYCLE MARKET,
GILL ROAD, MILLER GANJ, LUDHIANA-141003.

D Registrar

Diary No. ....161........
Dated ....01/02/21.
Electricity Regulatory
Commission Chandigarh

SPEED POST

CTU/333/2021
28.01.2021

The Secretary
Punjab State Electricity Regulatory Commission,
Site No.3, Block-A, Sector-18, Madya Marg,CHANDIGARH-160017.

Subject: Petition no. 44 of 2020 filed by the PSTCL for true up for F/Y 2019-20, Annual Performance Review {APR} for F/Y 2020- 21 & Revised ARR and Tariff determination for F/Y 2021-22 filed before the commission appeared in the Tribune & Punjab Keseri dated 01-01-2021 respectively.

Dear Sir,

Reference your advertisement appeared on the above noted subject:

In reply, Our Association strongly oppose and resent any increase in tariff as well as fixed charges for all types of consumers of PSTCL of Punjab because We do not trust your inflated, enhanced, created as well as fabricated shown figures in your above said petition without the production of Audited-Certified balance sheets of PSTCL for the year 2019-20 and 2020-21 to check the in depth truth and irregularities of PSTCL.

Moreover, the tariff of Punjab & fixed Charges are already unbearable. The PSTCL is white elephant of Punjab. This should be handed over to the private players as is done by the Central Government.

Our Association is going to Participate in the Chandigarh Public hearing.

Thanking You
Yours Faithfully
For CYCLE TRADE UNION [Regd.]
Jaswant Singh Birdi.
[Jaswant Singh Birdi]
President.

Copy to: Chief Account Officer[Finance and Audit], PSTCL, 3rd Floor, Shakti Sadan, Opp. Kali Mata Mandir, The Mall, Patiala as a proof of Service.

Objection No. 05

Petition 44/2020

Comments of PSEB Engineers' Association on PSTCL petition date of hearing 09/02/2021-.

1. Petition Page 15

It is stated by PSTCL that the approved vis-a-vis actual capital expenditure for first control period is given in Annexure-1.

1.1 Annexure-1 is at Page 542 to 582

The list of capital works relating to power transformers of 100 MVA, 160 MVA (220/66 kV) and 500 MVA (400/220 kV) is extracted for Annexure-1, as under.

As per this list, power transformer have been constructed at following grid sub stations.

The following details may be supplied by PSTCL for each power transformer.

(i) Present status: Whether completed and commissioned or whether work is yet to be completed.
(ii) Actual or expected date of commissioning
(iii) Actual or estimated completion cost.

The list of power transformer in Annexure-1 is as under.

TF MVA	Sub Station
100	Dharamkot
500	Dhuri
160	Ladowal
100	Maur
160	Hoshiarpur
100	Bagha Purana
100	Kanjali
100	Verpal
100	Mahilpur
100	Ablowal
100	Badhni Kalan
100	Alwalpur
100	Talwandi Bhai
160	Amloh
160	Mansa
160	Kartarpur
500	Muktsar
100	Dera Bassi
500	Makhu

100	Bangan
100	Rajla
100	Jamsher
100	Gubhaya
160	Chogawan
100	Badal
100	Dasuya
100	Banga
160	Sherpur
160	Lalru
100	Tibber
160	Udhoke
160	Hoshiarpur
100	Bhawanigarh
160	Jadla
160	Botianwala
100	Majitha

Summary		**MVA**
100 MVA Transformers	21 No.	2100
160 MVA Transformers	13 No.	1920
500 MVA Transformers	3 No.	1500

The augmentation of Transformers capacity is seen as 1500 MVA for 400 kV and 4020 MVA for 220 kV.

This augmentation is compared with existing Transformers capacity as on 31.3.2020 as under.

Transformers MVA as on 31.3.2020 MVA

	Existing	**Augmentation**	**Augmentation %**
400 KV	4890	1500	30.7
220 kV	28440	4020	14.1

1.1 For prudence check on capital cost, the capital cost of various 100 MVA Transformers may be tabulated and compared and similarly for 160 MVA Transformers. For new 500 MVA Transformers 400 kV the capital cost may be compared with existing Transformers.

2. True up for 2019-20

2.1 At para 3.2 the description of transmission system of PTCL is given as on 1-4-2019 and as on 31.3.2020

The details of transmission bays do not mention 66 kV bays. The figures of 220 and 66 kV bays are given at page 355 and 516 of petition.

The particulars of substation bays at page 516 are as under

	1-4-2019	31-3-2020
400 kV	62	72
220 kV	681	703
132 kV	505	505
66 kV	1168	1196
33 kV	12	12

2.2 At page 25 of petition 220 kV bays are stated as 669 whereas the substation bays at page 516 are 681.

2.3 66 kV bays have been excluded from summary in table 14 at page 25.

The particulars at Table 14 page 25 should include total number of 66 kV and 33 kV bays as shown at page 516.

2.4 It is stated that PSTCL grid substations mostly include 220/66kV Transformers, 66 kV is bus bars and 66 kV outgoing circuit breakers (bays). The entire 66 kV equipment located with the premises of substation are of PTCL and the O&M is done by PSTCL, and these bays should be included in table 14.

3. O&M Expenses

3.1 ARR Table, Table 34 (Page 49) gives the true-up figures for 2019-20 (Transmission business as under).

	Rs. Crore
Employee cost	500.10
R&M, A&G	55.68
Total O&M	555.78 Crore

4. O&M expenses as per CERC norms

The O&M charges as per CERC norms are worked out as per transmission system date of PSTCL and applying CERC norms. The detailed calculations are shown as at Annexure and summary is as under.

	Rs. Lacs
Sub Station MVA	9791.19
Sub Station Bays	45687.3
Transmission Lines	3143.4
Total O&M as per CERC	58621.89

(say) Rs. 586.2 Crore

4.1 Comparison of PSTCL actual for O&M with CERC norms for 2019-20.

	Rs. Cr.
PSTCL Actual	555.78
As per CERC norms	586.2

The actual of O&M expenses are thus Rs. 30.4 Crore less than CERC norms

ARR for 2020-21 and revised ARR for 2021-22

5. Para 4.3 description of transmission system

The details / particulars of 66 kV bays should be given in respect of 66 kV bays located in PSTCL substations at the details given in page 517 give the details as on 30.9.2020

400 kV bays	72
220 kV bays	704
132 kV bays	508
66 kV bays	1205
33 kV bays	12

6. Loan – Equity ratio Table 40

In case of CERC regulations, with 70:30 loans-equity ratio in case actual equity is more than30% then the excess above 30% is treated as normative loan on which intent is allowed. To treat 100% capital cost as loan and 0% as equity is not justified.

7. Para 4.7 O&M Expenses

As per calculations for 2019-20 (actual) with CERC norms and O&M admissible for PSTCL is Rs. 586.2 Crore as against actual (audited) of Rs. 555.78 Crore which is about Rs. 30 Crore lower.

The same pattern is expected for 2020-21, 2021-22 also the comparative figure as (transmission business)

	19-20	**20-21**	**21-22**
Employee	500.10	525.4	536.37 Rs. Cr.
R&M A&G	55.68	61.65	62.9 Rs. Cr.
Total O&M	555.78	587.05	599.27 Rs. Cr.

8. Chapter 6 Page 82 compliance to directives

Sr. 5.3 Page 83 loading status of PSTCL transmission lines and substations

The loading status is gives on Annexure A at page 184 -189

PTCL may give details

a) Conductor of 220kV PGCIL – Kartarpur circuit 1,2 is to be augmented (Page 186). The status / estimate of augmentation may be given

(b) Vide page 188-189 it is stated that conductor of Gobindgarh Rajpura 220 kV ckts 1,2 is to be augmented as these liens get overloaded when only 1 unit is running at Ropar thermal, Status time frame of conductor augmentation may be given by PSTCL.

c) At page 189 PSTCL has stated that there is overloading problem of 66 kV system at 220 kV substation Ferozepur since there is space constraint at 220 kV substation Ferozepur and addl 220/66 k V power transformer cannot be installed.

PSTCL has stated the possibility of new 220kV substation at Jhoke Harihar which can then supply 66 kV load of Ferozepur. PSTCL may give status of 220 kV proposed substation at Jhoke Harihar which will be the long term solution for overloading of 66 kV system at Ferozepur.

9. Additional points for consideration of Commission

a) The directions given by Commission relate to overloading of PSTC lines and substations. However, there is no system to check or monitor the overloading of PGCIL system, particularly.

(i) PGCIL 400 kV lines supplying sub stations in Punjab.

(ii) PGCIL power transformers of 315 MVA 400/220 kV and 500 MVA 400/220 kV.

It is suggested that Commission may issue direction to SLDC to monitor and give status report on loading of PGCIL 400 kV line and 400/220 kV transformers. Since SLDC has to oversee the operation of 400 kV system this includes monitoring of loading condition of 400 kV lines and transformers and so SLDC could be assigned task of monitoring the overloading of 400 kV system of PGCIL that is supplying power to Punjab.

Alternately, since PSTCL is also the STU, State Transmission Utility, it has the duty under Electricity Act 2003 to coordinate with PGCIL which is the CTU.

O&M Charges as per CERC norms
Part -1 Sub Station Transformer MVA Capacity

		1-4-2019	31-3-2020
	Sub Station MVA	36489.67	37708.67
A	400 kV Transformer	4390	4890
	Rate, Rs. /MVA/Year		0.358
	Amount Rs. Lac		1750.62
B	220 kV Transformer	27705.5	28440.5
	Rate, Rs. /MVA/Year		0.245
	Amount Rs. Lac		6967.92
C	132 kV Transformer	4394.17	4378.17
	Rate, Rs. /MVA/Year		0.245
	Amount Rs. Lac		1072.65

400 kV Brakers Nos.	62	72
Rs. Lac/year		32.15
Annual Amount Rs. Lac		2314.8
220 kV breakers Nos.	681	703
Rate Rs. Lac/Year		22.51
Annual Amount Rs. Lac		15824.5
132 kV breakers (bays)	505	505
Rate Rs. Lac/Year		16.8
Amount Rs. Lac		8120.4
33, 66 kV Bays	1180	1208
Rate Rs. Lac/Year		16.8
Amount Rs. Lac		19424.6

D Description of Transmission Line Elements

400 kV S/C Line	1-4-2019	31-3-2020
Single Circuit	329	329
Rate, Rs. Lac/km/year		0.503
Amount		(a) 165.49
400 kV Double Ckt Line	1270.75/2	1270.75/2
Rate, Lac/km/year		0.881
Amount		(b) 559.77
Total 400 kV Lines	(a+b)	725.26
220 kV Single Ckt	4189.79	4280.86
Rate, Lac/km/year		0.252
Amount		(c) 1078.78
220 kV Double Ckt	2952.09/2	3361.27/2
Rate, Lac/km/year		0.377
Amount		(d) 633.6
Total 220 kV Lines	(c+d)	1712.38

132 kV Single Ckt.	2536.32	2536.32
Rate, Lac/km/year		0.252
Amount		(e) 592.79
132 kV Double Ckt	599.32/2	5993.32/2
Rate, Lac/km/year		0.377
Amount (Rs. Lac)		(f) 112.97
Total 132 kV Lines (Rs. Lac)	(e+f)	705.76

Abstracts of O&M Charges as per CERC norms 2019-20

Rs. Lac

Transformers MVA	400 kV	1750.62
	220 kV	6967.92
	132 kV	1072.65
Sub Station MVA Total (A)		9791.17
Sub Station Bays (Ckt. Breakers)		
	400 kV	2314.8
	220 kV	15824.5
	132 kV	8120.4
	66 kV	19424.6
Total Bays (B)		45687.3
Transmission Line	400 kV	725.26
	220 kV	1712.38
	132 kV	705.76
Transmission Lines Total (C)		3143.4
Summary Abstracts of O&M Charges		
A	Sub Station MVA	9791.19
B	Bays / Ckt. Breakers	45687.3
C	Transmission Lines	3143.4
	Total	58621.89 **(Rs. Lac**)

Abstracts of CERC O&M Norms, Transmission

	2019-20	**2020-21**	**2021-22**
400 kV Single Circuit Line Rs. Lac/Km	0.503	0.521	0.539
400 kV Double Circuit Line	0.881	0.912	0.944
Sub Station Bays	32.15	33.28	34.45
	22.51	23.3	24.12
	16.08	16.64	17.23
TF MVA	0.358	0.371	0.384
	0.245	0.251	0.263
	0.245	0.251	0.263

CHAPTER - 5

CAPITAL STRUCTURE

18. **Debt-Equity Ratio:** (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:

ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

Explanation-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the

8

CHAPTER - 6

COMPUTATION OF CAPITAL COST

19. Capital Cost: (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.

(2) The Capital Cost of a new project shall include the following:

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;

(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;

(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;

9.

objection No - 6

Siel Chemical Complex

PSTCL

BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

To:

The Secretary, Punjab State Electricity Regulatory Commission,
Plot No 3, Sector 18-A, Madhya Marg, Chandigarh-160 018.
<secretarypsercchd@gmail.com>

FILE NO.

CASE NO.

IN THE MATTER OF :

Petition for True Up of 2019-20, Annual Performance Review (APR) for the 2nd Control period for the years 2020-21 and 2021-22 filed by Punjab State Power Corporation Limited (PSPCL).

Mawana Sugars Ltd. ('the Objector') , (Unit: SIEL Chemical Complex or SCC), has already submitted detailed comments on the ARR Petition of PSPCL and PSTCL. Further to the same, we submit below given additional comments in view of data submitted by PSPCL and PSTCL in the Reply to Deficiencies during Public Hearing as under:

I. **PSPCL Issues**

A) **Proposal of PSPCL for Increase in Tariff**

1. PSPCL has submitted "Tariff Proposal and Tariff Related Issues" to the Hon'ble Commission vide their letter dated 21-1-2021. In this proposal, the tariff of Large Supply Power Intensive industries having Contract Demand above 2500 KVA Is proposed to be increased from the present Rs 295/kva/month to Rs 345/kva/month and the energy charge from the present Rs 6.41/kvah to Rs 6.75/kvah. This amounts to increase of Rs 50/kva/month in Fixed Charges (an increase of 17%) and increase of 34 paise / kvah in Energy Charge (an increase of 5.3%).

2. SIEL Chemical Complex (SCC) submits that since the start of Covid-19 in April 2020, we are running under losses as the demand of caustic soda has reduced considerably. People prefered to work digitally during the lockdown period and even thereafter during Unlock which is till continuing. Resultantly, the demand of news print from publishing houses as well as of writing/other paper products from the Paper mills has decreased drastically. The demand from schools/colleges etc has just vanished. As caustic soda is mainly used in

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(Unit Siel Chemical Complex)
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Siel Chemical Complex

3. news print and printing paper manufacturing industry, Siel Chemical ltd has also faced the lowest demand in its history. However, the consumption in the 10 months (April 2020 to January 2021 – the covid lockdown and unlock period till date)in current FY is only 10.2 crore units. Just to cut down on the electricity bill, we have reduced the contract demand also in the month of July'2020 from 35000 KVA to 24000 KVA but that also resulted in only a nominal saving.

4. Any increase in the tariff at this juncture will make the operations of SCC unviable and the management may have to shut down the factory and surrender the connection. We therefore strongly oppose the proposal of the PSPCL for increase in tariff and request the Hon'ble Commission to critically examine the ARR and instead of increasing the tariff, reduce the tariff appropriately

B) Increase in Voltage Rebate

1. The voltage rebate for 66 kv consumers of PSPCL was fixed at 25 paise / unit in the year 2014-15 and there is no increase in the same though six years have passed.

2. In the meanwhile, the Consumer Price Index (CPI) for Industrial Workers has increased from 242 in April 2014 to 338 in August 2020 (an increase of 39.67%) Similarly, Whole Sale Price Index (WPI) for All Commodities which was 114.1 in April 2014 has increased to 124.5 in December 2020 (an increase of 9.12%).

3. Similarly, PSPCL tariff which was Rs 6.33 per unit (Single Part tariff) in 2014-15 has increased to Rs 7.47 per unit in 2020-21 (Rs 6.41as Energy Charge + Rs 0.77 as proportionate Fixed Charge for SCC + Rs 0.29 as Additional Surcharge). Thus there is an increase of Rs1.14/unit during the period which works out to 18%.

4. The difference of cost of supply for 66 kv and 11kv consumers being worked out by the Hon'ble Commission during the period and given in the tariff orders is also around 50 paisa per unit consistently.

it is therefore requested to give relief to 66kv consumers and the voltage rebate be increased to 30 paise/ unit.

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Siel Chemical Complex

II. PSTCL Issue

A) Transmission Losses for PSTCL

1. PSTCL has now submitted the actual transmission losses for the first 8 months of the FY 2020-21 vide their reply dated 29-1-21 uploaded on the website. These are as under:-

Month	PSTCL Transmission losses (%age)
April,2020	1.83
May,2020	2.03
June, 2020	2.10
July,2020	2.19
August,2020	2.16
September,2020	2.30
Average for 6 months	2.10
October,2020	2.10
November,2020	2.08
Average for 8 months	2.10

2. However, the actual average transmission loss for the year 2019-20 were indicated as 2.217% (Table 16 of ARR of PSTCL) and actuals for the first 6 months of 2020-21 have been shown as 2.14% (Table 37 of ARR) (Actually, it works out as 2.10%).

3. PSTCL has requested for approving 2.48% transmission loss for FY21-22 and 2.44% for 2022-23 in-spite of the actuals being much lower.

We request that the trajectory of transmission losses be revisited as per actuals of FY 2019-20 and first eight months of FY 2020-21 and pass on the benefit to the consumers who have suffered losses in the covid era.

Submitted during Public hearing at Chandigarh on 9.2.2021

For Mawana Sugars Limited (Unit: Siel Chemical Complex)

H S SANDHU
V.P (Works)
Mawana Sugars Limited
(Unit Siel Chemical Complex)
5th Floor, Kirti Mahal
19, Rajindra Palace
NEW DELHI-110125

(Authorised Signatory)

DA/Consumption Chart

CC : - Chief Engineer-ARR & TR, F-4, Shakti Vihar, PSPCL, Patiala
(E Mail: ce-arr-tr@pspcl.in)

CC - Financial Advisor, 3rd floor, Shakti Sadan,
Opposite Kali Mata Mandir, PSTCL, Patiala
<fa@pstcl.org>

Objection No. 7

BEFORE THE HON'BLE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION CHANDIGARH-160018

In Re:- Public Hearing under the Petition No 44 of 2020 titled Punjab State Transmission Commission Limited (PSTCL) and Petition No 45 of 2020 filed by the Punjab State Power Corporation Limited (PSPCL).

RESPECTFULLY SHOWETH:-

It is most respectfully submitted as under:-

1) That the present company is a Real Estate Company involved into the business of Real Estate Development having national and inter-national repute. The project undertaken by the company is in accordance with the Mega Township Policy of the State Government of Punjab.

2) That the Company had signed a Franchise Agreement with Punjab State Power Corporation Limited for supplying electricity, for the consumption of Residential and Commercial purposes, in the integrated Residential Township been developed by the company in the region of New Chandigarh SAS Nagar Mohali, Ludhiana, Village Jamari – Derabassi and Commercial projects as per the approvals given by the concerned government authorities.

Challenges being faced by the company for implementation of the Franchise Agreement are as follows:

1. Non submission of the A&A forms by the clients even after the disconnection of the electricity as per the orders of this Hon'ble Commission. Some of the allottees are still not submitting the A & A forms and they are requested to submit the A & A form they argue that it should not be done as the supply of electricity falls under essential services even if they do-not submit the A&A form.
2. As per the clause no. 15 of franchisee agreement the company is entitled to get a rebate of 12% on domestic and 10% on commercial connections respectively as a part of the Franchisee Agreement but the company has been restricted to take this benefit.
3. The bill format has been approved by the PSPCL authority and the company is raising bills for electricity consumption as per the formats approved by the PSPCL authority but the clients are still challenging that they have been billed on wrong bill formats.
4. The tariff rates are charged in accordance to the latest tariff order issued by the PSPCL authority but clients are challenging that the tariff orders shared with them are not correct.

5. We are raising separate bills for electricity and for other services as per the directions of this Hon'ble commission but the clients on one pretext or another are challenging that too.
6. Under single point connection the company has to provide services to its residents such as street lights, common area lights, STP, WTP, garden and parks lights etc. and tariff plan for the above services are not mentioned separately. The company is being charged at highest tariff rate and the same are also been realized from the company, even then PSPCL is making out UUE cases against the company.
7. Some of the allottees are installing and/or intend to Install Solar Power Panels over their roof tops. The allottees are enquiring from the company w.r.t. the Credit to be issued for the no of units up-loaded in the Grid System, produced through their Solar Power Panel but the Franchise Agreement is silent over the said issue. Hence specific guidelines/instructions are required.
8. We have installed Dual supply smart meters which are capable for doing Pre-Paid Billing but we are not able to initiate this system as the Franchise Agreement is silent over the said issue. Hence specific guidelines/instructions are required.
9. We are being charged at the highest tariff rate over the complete consumption but the factual position is that the supply is being used for various purposes like DS, NRS and towards common area services such as Street lights, WTP, STP etc. The tariffs for the difference modes of consumption are different but we are

being charged at the highest tariff. You are humbly requested to kindly direct that necessary Credit on account of the above said different consumptions may kindly be given to the company.

Hence in the light of the aforesaid points it is humbly prayed that rules may kindly be formed so as to bring clarity over the above issues and pass any such orders as the Hon'ble Commission may deem appropriate.

Submitted by

M/s Omaxe New Chandigarh Developers Pvt. Ltd.

Authorized Signatory
Date:- 11th February 2021