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PUNJAB STATE TRANSMISSION CORPORATION LIMITED

PUNJAB STATE TRANSMISSION CORPORATION LIMITED
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To

The Secretary,
Punjab State Electricity Regulatory Commission,
Site no.3, sector 18A, Chandigarh-160018

Memo No. ....157......../CAO(F&A)/MYT-II/APR-II
Date. ....25/02/22.........

Sub:- **Petition no 67 of 2021 of PSTCL- Objection no 2.**

Ref: Your Office E mail dated 18.02.2022

Vide email under reference your office has forwarded the objection raised by M/s Mandi Gobindgarh Induction Furnace Association on Petition no. 67/2021. Point Wise reply to the objections raised is enclosed herewith for further necessary action please.

Sudhir
Chief Accounts Officer (F&A)
PSTCL, Patiala

CC: Sh. Mohinder Gupta, President, M/s Mandi Gobindgarh Induction Furnace Association, Grain Market, Mandi Gobindgarh – 147301.

OBJECTION No 2 (Mandi Gobindgarh Induction Furnace Association)

Comments on Petition no. 44 of 2020 filed by PSTCL for True up for FY 2019-20, Annual Performance Review of FY 2020-21 and Revised ARR and Tariff Determination for FY 2021-22 filed before the Commission appeared in Tribune and Punjab Kesari dated 01-01-2021 respectively

Objection 1:

1. PSTCL was constituted in 4/2010 as successor company to the then PSEB to look after transmission assets 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:-

2017-18 to 2019-20

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:-

2017-18 (RE) 2018-19 (Proj)

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:-

True Up 2017-18

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.

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.

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:-

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 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.

In the ARR for 2021-22, PSTCL 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 still proposed to retain the trajectory levels of 2.48% and 2.46% for 2020-21 and 2021-22 respectively. Hon'ble Commission decided in the Tariff order as under:-

True up for 2019-20

3.3.5 The Commission has observed that PSTCL has revised the methodology of calculating the percentage of transmission losses from gross input/output of energy to *net input/output of energy. The absolute value of transmission loss is 1385 MkWH though the percentage has gone to 2.69%.*

3.3.6 For true up of FY 2019-20, the Commission approves transmission loss of 1385 MkWH and 2.69% of transmission loss.

RE for 2020-21 and Projections for 2020-21 and 2021-22

4.3.7 The Commission observes that the actual Transmission loss reported by PSTCL till December of FY 2020-21 amounts to 2.47%. 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 2.48% and 2.46% for FY 2020-21 and FY 2021-22 respectively as approved in the Tariff Order of FY 2020-21. The transmission losses for FY 2020-21 shall be revisited based on the data of actual losses for the full year during the True Up of the year.

Now in the current ARR, PSTCL has worked out actual transmoossion loss of 2.50% for 2020-21 against approved Loss of 2.48%, actual loss of 2.16% for H1 of 2021-22 and projected loss levels of 2.46% and 2.44% for 2021-22 and 2022-23 respectively as per trajectory.

As is evident from the above discussions, there is wide variation in the projections and actuals since the commissioining of Boundary Metering. In fact the trajectory set in the year 2017-18 had to be revised and since then, there is no visibility of any pattern/firmness in the Transmission loss levels and its reduction despite the requiiste capital investments. It is evident that there are some areas where the PSTCL needs to focus.

PSTCL has not offered any reasons for such wide variations in the ARR text but in the reply to Directive No 5.1 has stated that the L-1 bidder has been finalised under SAMASAT scheme and petition is pending for approval of PSERC. Thus the uncertainity will go on now till SAMASAT scheme is implemnted in PSTCL. This needs to be critically reveiwed as PSTCL has failed to show credible results since its formation in April 2010. Consumers can not be loaded with revenue requirments repeatedly for such laxity of the Transco.

We request the Hon'ble Commission that keeping in view the poor performance of PSTCL, Transmission Loss level as per trajectory or actuals whichever is lower be approved for PSTCL for these years under consideration since this is a Controlable element of tariff as per PSERC MYT Regulations and boundaty metering has already been commissioned in 2017-18 though after 8 long years since PSTCL's formation and 4 years have passed since meters are in place and further, capital expenditure is being approved as required by PSTCL.

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.

Reply 1:

It is submitted that this office evaluates the PSTCL network (400kV/22OkV/132kV) Transmission losses as per the energy data, of various ABT/CEM meters installed at different locations of Grid/Substations of PSTCL. The data of meters is being downloaded through CMRI. The IT section of PSTCL has developed online portal for uploading of CMRI data and the monthly PSTCL Transmission losses are being calculated by software to minimize any error in data. The PSTCL transmission losses have improved from 4.239% in FY 201 6-17 to 2.50% in FY 2020-21 as below:-

Year	PSTCL Transmission Loses (in %)
2016-17	4.239
2017-18	3.118
2018-19	2.86
2019-20	2.694
2020-21	2.50
2021-22	2.30 (up to Dec 21)

Further, SLDC calculates transmission loss figure based upon actual meter data. During filing True up Petition by ARR, the actual calculated transmission loss figure of the relative Financial Year is taken.

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Objection 2:

<u>Equity and Return on Equity</u>

A) The equity of GOP in the then PSEB was Rs 2806.11 Cr as per first tariff order issued by PSERC as under:-

> *6.10. EQUITY AND RETURN ON EQUITY*
>
> *The Government of Punjab has declared the PSEB as a body corporate with a Capital of Rs. 5 crores with effect from 10th Mach 1987 under Section 12A of Electricity (Supply) Act 1948 and converted Rs. 1612 crores representing Government loans granted upto 3/90 into equity during 1991-92 and Rs.1189.11 crores representing 50% of loans granted during 1990-91 to 1994-95 in 1996-97. The total State Government Equity in PSEB is Rs.2806.11 Crores.*

It is eveident that this equity was only and only by conversion of GOP Loans. However no ROE was provided on the same in Tariff Order 2002-03 and after till 2005-06 by this Hon'ble Commission under Electricity Regulatory Commissions Act, 1998 and Electricity (Supply) Act 1948 and only 3% Return on Net Fixed Assets were allowed. The GOP loans given to the then PSEB were got converted into equity on different occasions by the then PSEB management(s) to reduce loan liability in its Books and to escape liability of payment of Interest on such loans and loan installments to insulate consumers from increase in tariff prior to setting up of Regulatory regime.Return on Equity of Rs 412.46 Cr per year was allowed only from 2006-07 onwards as per Para 4.15 of TO.

On formation of PSPCL and PSTCL on 16.4.2010,provisional FRP and transfer scheme was issued by GOP as per which the then existing equity of 2946.11 Cr was divided into two successor entities as Rs as Rs 2617.61 Cr for PSPCL and 328.50 Cr for PSTCL and ROE was allowed separately as Rs 366.47 Cr and Rs 45.99 Cr for PSPCL and PSTCL respectively.

GOP finalised FRP and Transfer scheme and notified the same on 24.12.2012 as per which an amount of of Rs.3132.35 crore standing in the books of PSEB on 15.4.2010 under the head "Consumer Contributions & Govt Grants" and some other amounts was also converted into equity of GOP and the same was admitted by PSERC as well. Thus the equity of PSPCL was enhanced from Rs 2617.61 Cr to 6081.43 Cr (Para 3.16 of TO 2013-14) and of PSTCL from 328.50 Cr to Rs 605.83 Cr. (Para 3.10 of TO 2013-14). Thus the total equity of PSTCL was increased from 328.50 Cr to 605.83 cr.

PSTCL has been proposing funding of Capital Expenditure with normative 30% equity and 70% funding in the ARRs starting from 2017-18 by manipulating MYT regulations though ARR figures clearly show that PSTCL is fundingthis equity contribution through loans or alleged reinvestment/redeployment of “Return on Equity” (read “Profit”)of the previous period. It is being 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, 31.3.20 and 31.3.2021 remained same i.e. Rs 605.88 Cr in the Audited Annual Financial Statements of the respective years attached with ARRs. Thus neither there was any investment in equity nor equity shares were issued to GOP.The Profit and Loss statement for these years supplied with the ARRs indicated that PSTCL incurred net profit of Rs 4.03 Cr during 2017-18, net loss of 8.23 Cr during 2018-19,net loss of 34.96 Cr during 2019-20 and Profit of Rs 20.66 Cr during 2020-21 respectively. There are no free reserves as per Annual Financial Statements. No liability of Income tax is shown since cumuklatively PSTCL is still under loss.

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. The amount was further revised to Rs 705.71 Cr subsequently. 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 based on the trued up capex. In fact the entity was in loss cumulatively and it can not redeploy even this Rs 4.03 Cr and loans can not be redeployed as equity. 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 and ROE of Rs 109.38 Cr was allowed in TO 2021-22 for all the three years of 2019-20 (TU) and 2020-21 (RE) and 2021-22.

In the true up of 2020-21, PSTCL again raised demand for addition in the equity based on the redeployment of profit of Rs 20.68 Cr and increased equity from 705.70 Cr to 726.38 Cr.For subsequent years, 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 total equity of PSTCL be withdrawn since there is no cash flow from GOP and all the amounts shown are infact loans taken at 7% to 12% while consumers are being made to pay 15.5% to 16.5% ROE on the same. The case of consumer contribution and GOP grants converted into equity through FRP/Transfer scheme is even more worse for consumers since these amounts were not bearing any interest but after conversion into equity, PSRCL and PSPCL have started earning ROE of around 16% on the same since 16.4.2010 which is nothing but fleecing of the consumers by wrongly interpreting the Regulations. Electricty Act 2003 casts a duty on the SERC to protect the interest of consumers as well.

B) It is also submitted that PSPCL has itself admitted that gross fixed assets (Capital funding) of GNDTP were createdthrough loans and no infusion of equity was made at any stage. (Reference para 2.20, page 56-57, Tariff Order dated 28th May 2021). The relevant part is reproduced below

> *"The Commission has considered project-wise RoE based on the RoE approved in True-up of FY 2017-18. As PSPCL did not submit project-wise/ plant-wise equity during the True-up of FY 2017-18, the allocation was done based on GFA. Further, PSPCL had submitted project report of GNDTP in which it is mentioned that there had been no infusion of equity in GFA of GNDTP and the same was financed completely through loans."*

Thus, the equity shown in TO 2002-03 is conversion of loans only throgh paper transanctions and it can not count for ROE.

C) 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 ROE 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.

D) It is also submitted that the ROEon Consumer Contribution and GOP Grants etc was challenged before APTEL by some consumers which has decided interalia that GOP can hold any amount of equity in the Licensee' capital funding but ROE can be given only on the amount duly subscribed (in Cash) and for which shares are duly issued. The order has been challenged by PSPCL and GOP in Supreme Court and Stay has been granted but the final decision on the same is yet to come. The conversion is also objected by CAG in their audit reports holding that the conversion is against the financial principles.

3. It is also added here that Forum of Regulators constituted a sub group for study of ways to reduce retail tariff and a report was prepared on "ANALYSIS OF FACTORS IMPACTING RETAIL TARIFF AND MEASURES TO ADDRESS THEM" (2020). Incidentally, ex Chairperson, PSERC happened to be chairperson of the Sub Group which prepared the above said report and Staff of this Hon'ble Commission may be aware of the same. The report analyzes the mechanism of the tariff fixation in detail and need for bringing modifications to make it more relevant and reduce the power tariff in different states. In para 2.1.3 of the report, which deals with fixed cost related factors, it is mentioned that

> *"A comparison of the RoE allowed by different States for generation, transmission and istribution revealed that the post-tax RoE has been in the range of 14% - 16%. An analysis was also made regarding the prevailing cost of debt and it was found that the lending rate has been on the lower side for quite some time. While the RoE has an element of risk premium, the data analysis revealed the need for reconsidering the RoE keeping in view the prevailing prime lending rate and 10 - year G-Sec rate.*

Further, on Return on Equity, The sub group has stated on page 22 of the report in para 4.1.1, which is reproduced below:

4.1.1. *Return on equity allowed to Generation/ Transmission and distribution companies needs to be made more realistic and at par with interest rates.*

- *RoE for generation and transmission should be linked to the 10 year G Sec rate (average rate for the previous 5 years) plus risk premium subject to a cap as may be decided by appropriate Commission.*

- *For a discom, the RoE could be fixed based on the risk premium assessed by the State Commission. Income tax reimbursement should be limited to the RoE component only.*
- *Performance of Distribution licensees has a significant impact on retail tariff for the consumers. Therefore, there is a need to link recovery of RoE with the performance of the utilities, based on the indicators such as supply availability, network availability, AT&C loss reduction".*

Hon'ble Commission is requested to implement the above recommendation at the earliest and reduce the rate of ROE to prevailing interest rate only as there is no risk factor involved and Hon'ble Commission is allowing the justified revenue as per MYT regulations. Further, all the equity shown in the books is either loan or consumer contribution etc.

4. On this issue of Equity and ROE, we also 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 2020-21, PSTCL has Other Equity (Reserves and Surpluses) of Rs 2232.89 Cr and Equity of Rs 605.88 Cr. which works out to 3.69 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,

Reply - 2, 3, 4 & 5

PSTCL has claimed the ROE as per MYT Regulations, 2019. During the FY 2020-21 additional ROE has been claimed on the profit invested during the year.

Objection 6:

The input energy at Punjab Periphery for 2019-20 (Table T23) has been indicated as 51422 MUs. However, PSPCL in its ARR (Table 11) has worked out the energy input at state periphery as 56391 MUs. PSPCL has claimed actual Transmission &Distribution Loss of 12.99 and 2.30% for 2020-21 though PSTCL has sought loss level of 2.50%. Distribution loss level has been projected as 12.99% against approved level of 12.94%. This needs to be looked into and

Energy availability need to reconciled and counted as per actual or approved trajectory separately for Transmission and distribution system.

Reply 6:

The PSTCL Transmission losses have been calculated taking into account the energy received at interstate-PSTCL Boundary (I-T) and Generating-PSTCL (G-T. Boundary points. However, the energy at state periphery includes energy received at all boundary points of Punjab i.e. Interstate-PSTCL Boundary (I-T), Interstate-PSPCL Boundary (I-D) and Boundary (I-G) points and Generating plants Boundary (Generating-PSTCL (G-T), generating-PSPCL (G-D) points. The difference of Input energy figures in ARR is due to energy considered at additional boundary points by PSPCL.

Objection 7:

7. Total Transmission Capacity calculated is 13152 MW, 13955 MW and 13540 MW in Table T22 of ARR for the years 2020-21, 2021-22 and 2022-23 respectively. As against this the peak demand recorded in 2020-21 and 2022-23 was 13148 and 13556 respectively. However, the capacity in Punjab SLDC web site under Availability Tab is 13845 MW as on 30.4.2021. Thus with projected demand of around 14000 MW and transmission capacity of 13540 MW, the state is headed for power cut in 2022-23. Moreover the new capacity addition of around 1500 MW in 2021-22 and 2022-23 is of solar and wind power which is infirm power.

Reply 7:

The state's installed capacity of 13845 MW under availability tab on Punjab SLDC comprises of state's own generation along with state's share in central sector plants. However, apart from these sources, the state is entitled to procure power from other sources as well including Short Term Open Access (STOA), Indian Energy Exchange (IEX), real Time Market (RTM), Banking, etc. Accordingly, it is submitted that the state is well prepared to meet the upcoming summer demand.

Objection 8:

8. The total contracted capacity of PSPCL in the year 2022-23 is given as13540 MW in Table T 22. However, transformation capacity of PSTCL on 31.3.2022 is 38922.67 MVA which is 2.874 times the peak demand of 13556 MW met so far / 13540 MW of the contracted capacity.The capital investment plan of PSTCL need to be reviewed and 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.

Reply 8:

The transformation capacity of PSTCL, which ¡s 38922.67 MVA is basically the sum total of all transformers installed in PSTCL network. The same includes transformers at 400/220KV, 220/132KV, 220/66KV, 132/66KV, 132/11 KV voltage levels etc. The same is not to be compared with the load catering capacity of the state. Most of the 132KV & below level transformers form a part of the underlying transmission system for the existing 220KV transmission system. Similarly, some of the 220KV & below level transformers form a part of the underlying transmission system for the existing 400KV transmission system. Subsequently, the same are already included in the 400KV & 220KV transformation capacities. Further, the load catering capacity of the state is the sum of state's own generation and the ATC (outside drawl) values of the state power system. Furthermore, it is submitted that the ATC limits are evaluated judiciously by Punjab SLDC and the same are being verified/ validated by NRLDC after carrying out thorough load flow studies for the sake of safe & secure operation of the grid..

Objection 9:

9. As brought out on Page 19-21and 51-55 of current ARR, PSTCL has some reservation on net or gross employee cost for calculation of Employee cost. PSTCL has worked out the Employee Cost as per practice adopted by PSERC. 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. Now PSTCL is reserving its right to claim difference on the outcome of Appeal filed in APTEL. PSERC is requested to implement MYT regulations as these have attained finality since no Appeal has been filed on MYT regulations by PSTCL in High Court.Matter needs 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.

Reply 9:

It is submitted that PSTCL has worked out the normative O&M expenses (including employee expenses) for FY 2020-21, FY 2021-22 and FY 2022-23 on the basis of MYT Regulations, 2019.

PSTCL has claimed the normative O&M expenses (including employee expenses) in Truing-up of FY 2020-21. The approach is in accordance with the methodology adopted by the Hon'ble Commission in previous Truing-up Orders.

Objection 10:

Year wise Non-Tariff income figures in Format T28 for all years, T-1 for 2021-22 and 2022-23and figures in tables of Para 2.13 and 3.13 of ARR are not tallying. Further, Non-Tariff Income for 2022-23 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.

Reply 10:

PSTCL would like to submit that it had claimed Non-tariff income as per PSERC MYT Regulations, 2019 and as per approach adopted by the Commission in previous years. The details of Non-Tariff Income are as per Table no. 24 of Petition.

Sudhir

Chief Accounts Officer (F&A)
PSTCL, Patiala