PUNJAB STATE TRANSMISSION CORPORATION LIMITED
(Regd. Office: PSEB Head Office, The Mall, Patiala-147001, Punjab, India)
Corporate Identity Number: U40109PB2010SGC033814
Office of the Chief Accounts Officer/F&A
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To

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

Memo No. 57 /CAO(F&A)/MYT-III/APR-II
Dated: 15/01/25

Subject: **Objections No.1 raised by M/s Steel City Furnace Association of India (Punjab Chapter) in Petition no 60/2024 of PSTCL.**

Ref: Hon'ble Commission's E mail dated 09.01.2025.

Vide email under reference, Hon'ble Commission has forwarded the objection raised by M/s Steel City Furnace Association of India (Punjab Chapter) on Petition no. 60/2024. In this regard, it is submitted that the objections/suggestions/comments raised by M/s Steel City Furnace Association of India (Punjab Chapter) relates to PSPCL.

Further, it is also submitted here that PSTCL has projected the ARR & Tariff for FY 2025-26 in line with the applicable regulations as specified by the Hon'ble Commission. Projections are made on the basis of estimated Capital Expenditure for the infrastructure development projects to be carried out in near future as approved by Hon'ble Commission. The same is also subject to True-up on the basis of Audited Accounts, which will be available later on.

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15/01/25

o/c Chief Accounts Officer (F&A)
PSTCL, Patiala

CC: Dr. Harish Anand, M/s Steel City Furnace Association of India (Punjab Chapter), C/o Upper India Steel Mfg. & Engg. Co. Ltd., Dhandari Industrial Focal Point, Ludhiana – 141010 (Punjab).

Objection No. 01

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

Dt.: 08/01/2025

Secretary, PSERC

Sector 18-A, Chandigarh.

Subject: Comments on Petition no 61 of 2024 related to PSPCL tariff determination and Petition no 60 pf PSTCL for FY 2025-26 and true up FY 2023-24

Respected Sir,

This has reference to the PSERC Public Notice related to petition no 60(PSTCL) and petition no 61(PSPCL) of 2024 for tariff determination for FY 2025-26 and True up of FY 2023-24. Please find in attachment our comments on the same petition in writing as well.

Thanks and Regards

Yours truly

Dr. Harish Anand

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Annual Revenue Requirement & TARIFF APPLICATION FOR FY2025-26 and other related issues

These comments upon the revenue requirement of the PSPCL for the aforesaid years are being offered 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. It is submitted that true up for FY 20223-24 and projections for FY 2025-26 should be based on MYT regulations only and extra expenses claimed by PSPCL should not be accepted simply because such expenses are actually incurred.

Before commenting on the revenue requirement filed by the 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. The distribution company should be separated from generation business as sufficient time has been given for this exercise. It is high time that challenge related to old thermal plants in the state, frequent back-down requirements and related fixed cost as well as setting up new thermal power plants in state or outside state of Punjab , if required at all, to be dealt in a composite manner and Discom should be made a separate company, which must evaluate the gains and cost of sourcing power from alternative sources.

2. Like Madhya Pradesh, Gujarat, Karnataka and other states in India even Haryana, which is smaller than India, the multi discoms model should be adopted for increasing competition in the state. Even private players may also be allowed in discom business for healthy competition. It will also highlight the inefficiencies related to theft of power, mismanagement or related to law and order situation. The interest of the consumers, who have been paying properly, areas of lower T&D losses should be separated from nonpaying consumers' area and higher T&D losses as has been pointed in ARR as well as tariff order.

As shown in the balance sheet of the Discom, the legal expenses of the Discom is about Rs.7 crore, which indicates the coffer of the discom for fighting legal battles against PSERC as well as other parties. Further, this is funded from funds collected from the consumers of the state in the name of reasonable expenses of power supplied in the State. This prevailing arrangement is giving highly unfair and undue advantages to the Discom. If the matter is not decided in Discom favour at PSERC level, same is taken to APTEL and even when lost the case at APTEL, Discom move to Supreme Court. It is found that PSERC does not follow up to supreme court and discom become net gainer all the times. No private entity is so resourceful to contest the case for 10-15-20 years unlike Discom and remain at disadvantage. At least such legal battles should not be allowed to be fight on public money.

Similarly, it is found that short term political objectives seems to be driving the ever increasing employee cost, which can only be checked with the entry of private player. Therefore, it is highly recommended that private energy players should be allowed in the power distribution field to stop such misuse of legal provisions of the Electricity Act,2003, which seems to be giving unassailing power to Discom.

3. **Return on equity**

PSPCL had equity base of Rs 6081.43 Cr on 16.4.2010 as per FRP approved by GOP when PSEB was bifurcated into PSPCL and PSTCL. This comprised of an amount of Consumer Contributions & Govt Grants of Rs.3132.35 crore, which was converted into equity of GOP by PSPCL at the time of finalization of Transfer Scheme and FRP and the same was admitted by PSERC as well. Though the matter regarding conversion of Consumer Contributions and Govt Grants into equity has not been approved by APTEL as well as CAG, still on a SLP filed by PSPCL in Supreme Court, the matter is under litigation and because of Stay granted by The Supreme Court, PSERC is granting ROE on Rs 6081.43 Cr to PSPCL and 605.88 Cr to PSTCL. 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.

Subsequently, MOP, GOI introduced UDAY scheme for stressed power sector and PSPCL, GOP and MOP entered into a tripartite agreement as per which PSPCL loans of Rs 15628.26 Cr were to be taken over by GOP through issue of SLR bonds by banks in the name of GOP and loans were to be taken off the books of PSPCL. It is not known whether the SLR bonds were actually issued or not. However, the UDAY scheme was up to 31.3.2020 and PSPCL proposed in previous year's ARR 2020-21 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 was also proposed to recover ROE on this loan converted equity amount of Rs 15628.26 @ 15.90% which works out to Rs 2485 Cr in addition to Return on Equity on Rs 6081.42 crore. Thus by simply maneuvering the entry of loan amount to equity, consumers were to be asked to pay 3423 Cr. This is clearly against the interest of the consumers. However, as per the Tariff order dated 28th May 2021 passed by this Hon'ble Commission, claim of such return on equity was rejected by the Commission and ROE was kept the same at Rs.974.74 crore on equity of Rs. 6081.43 crore for FY 2020-21.

Instead of agreeing to the decision of the Commission and knowing fully well that the equity amount being not a cash flow does not qualify to be equity for ROE purpose, and being aware of the fact that APTEL has already rejected PSPCL's previous similar attempt and an audit para in this regard is already raised by CAG, Now in current ARR for FY 2024-25 dated 30th November 2023, PSPCL has come out with an entirely new argument for claiming increased equity and higher amount as Return on Equity. It is claimed that out of Rs.15628.26 crore, Rs.2246.77 crore were spent on capital expenditure and 13381.49 crore were working capital loan, out of which Rs.2346.19 crore were also diverted towards capital expenditure. As per PSPCL, taking together, Rs.4592 crore should be treated as equity and return on equity should be now allowed on Rs. 10674 crore (Rs.6081.43 crore + Rs.4592 crore). PSERC and APTEL have amply made clear that only cash flow is to be treated as equity for the purpose of ROE, MYT regulations provide that equity should be actually infused for creation of useful assets. Therefore, there is no case for allowing Return on

Equity beyond Rs.6081.43 crore, which in principle is also under litigation, on which APTEL has decided adversely and matter is in Supreme Court. It is also pertinent to mention that all the assets considered for supply of electricity to the consumers of the States as admitted by PSERC are already accounted for and linked with corresponding source of funding through debts. Hence, there is apparently no case for allowing return on equity beyond the admitted amount of equity.

<u>It is pertinent to state here that PSPCL submitted the effect of UDAY scheme on the ARR of 2016-17 vide its letter no 481/CC/DTR/Dy CAO/245/Vol 1 dated 12.4.2016 which clearly states that whole of the amount taken over by GOP under UDAY scheme comprises of debt</u>. Further, the tripartite agreement executed under UDAY scheme provided that 75% of the amount taken over by GOP will be converted into grant of GOP to PSPCL at the close of the scheme. Further, GOP was to compensate the loss of PSPCL in a graded manner. However, so far neither any grant has been given by GOP in terms of UDAY tripartite agreement nor any loss compensation has been given/shown in ARR. Thus, PSPCL has failed to get any relief in the form of Grant of 75% of debt or compensation for the losses which would have given relief to the consumers in the shape of lower tariffs but has acted proactively to convert whole of the loan of GOP into equity and claim ROE for the same to load the consumers through higher tariff. The demand needs to be rejected out rightly.

It is evident that in violation of the UDAY Scheme resolution, the amount of debt of Rs.15628 crore was converted into equity by PSPCL. As such, return on such debts has been artificially increased by showing it as equity and return sought is almost double as Regulations provide for return on equity @15-16% assuming 70:30 ratio of debt and equity. Even in such case, the amount of equity is to be kept at actual or 30% whichever is lower. **<u>Hence, it is the basic tenet that higher return should not be given on equity, when it is not infused in cash and debt should not be proposed by PSPCL / allowed by PSERC to be camouflaged as equity with the sole aim of claiming higher return.</u>**

It is also highlighted here that as per PSPCL's own admission, the assets created by PSPCL as well as erstwhile Electricity Board/Electricity branch of PWD through debt, consumer contributions and Govt grants and not through any infusion of equity, there is need to investigate the source of funding of assets created by Discom/Board. It is pertinent to note that PSPCL has itself admitted that gross fixed assets of GNDTP were created through 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. <u>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."</u>

In this regard we wish to draw the attention of the Hon'ble Commission to Tariff order 2002-03 which clearly states 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.*

Further no ROE was allowed in the tariff Order 2002-03 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 till 2005-06. ROE was allowed only from 2006-07 on Equity of Rs 2946.11 Cr as per Para 4.15 of TO. Evidently, as stated above, the equity shown then was also loans camouflaged as Equity to get higher returns.

In this regard, it is worth mentioning that

i. Initial equity of Rs. 2946.11 crore of Punjab State Electricity Board, which became equity of PSPCL is also nothing but government loans, which was 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 to insulate consumers from increase in tariff prior to setting up of Regulatory regime. While there is no objection on such conversion for accounting purpose but for fixing tariff, apparently, there is no differentiation between loans given by Government of Punjab to Board/PSPCL and equity. In fact, all the assets of PSEB/PSPCL/PSTCL were/are created by borrowing and a part of it shown as equity of Board. This evidently has been done to help Discom to reduce its interest burden as no ROE/dividend is payable to Government of Punjab till PSEB/PSPCL incurs losses. Thus a methodology devised to keep the tariffs on lower side is now being used to increase income of PSPCL by unduly loading the consumers and meeting the losses due to inefficient working of PSPCL. Consequently, the consumers of the State are burdened with the higher tariff and financial loss in the form of 15%-16% Return on Equity on such amount, which is in fact a government loan on which not more than 7-8% interest needs to be allowed.

ii. The consumer contribution and Govt grants, which have been shown as part of equity (Rs.3135.32 crore) is also not equity in any sense and the same should be reduced from the equity and taken back to consumer contribution or to be written off for ARR purpose and no return on equity to be allowed on the same. In this regard, MYT regulations of PSERC and APTEL decision should be relied upon-when no tangible benefits are given to consumers through equity infusion, the same cannot be burdened with higher interest cost in the garb of return on equity.

iii. PSPCL has claimed Rs.15628 crore as equity for previous years and this year, out of it Rs.4592 crore is claimed as additional equity over and above of Rs.6081.43 crore and return on equity is claimed on the same for FY 2021-22 and FY 2022-23. Tomorrow, if

PSPCL raised loans from some sources, invest and create some assets and show the same as equity instead of loan for ARR purpose, how commission would approach the same?

In the light of above facts, it becomes obvious that PSPCL has been trying to show higher and higher amount of funds raised through loans as equity to claim higher return on the same in the form of return on equity @15%-16%, which is about 7-8% higher than normal interest loan i.e almost double benefit for PSPCL. While the matter of fact is that all funds invested for capacity creation for supply of power are borrowed funds on which only normal interest is to be paid. The methodology being adopted by PSPCL has been resulting into higher cost of supply year after year, which need to be looked into. Such a view become quintessential in the light of observations made in the **REPORT OF THE FORUM OF REGULATORS ON "ANALYSIS OF FACTORS IMPACTING RETAIL TARIFF AND MEASURES TO ADDRESS THEM" (2020).** Incidentally, ex Chairperson, PSERC happened to be chairperson of the Committee 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 distribution 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.*

On return on equity, following observations have been made 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".*

Prayer

A. In the light of above observations, it is necessary that return on equity need to be reduced drastically from the present level of 15%-16% to average long term rate of interest on government borrowings (to about 7-8%), linking it with return on government security for 10 years or more. This would result into

i. Lower cost of supply leading to lower tariff for consumers and lower subsidy burden on Government of Punjab while fully reimbursing all genuine borrowing cost. (Let there be no mistake in accepting the fact that full financial requirements of PSPCL based on actual basis cannot be met as has not been met in last about 20 years and is also not obligatory on the Commission and the principle of inefficiencies not to be rewarded has to be followed.)

ii. As all projects are financed by borrowing funds from banks and other financial institutions, as also admitted by PSPCL itself (the fixing of return on equity, which is essentially interest cost on borrowed funds), at par with interest rate given on long term borrowing would water down the intentions of PSPCL to charge higher return on equity to meet unapproved expenditure and discourage such practices in future also.

iii. In no case, GOP/PSPCL be permitted to convert Consumer Contributions and Govt grants as equity.

B. **Reduction in equity base by difference of accumulated depreciation exceeding debt repayment**.

It is not under stood as to how the amount of Equity is constant for the last more than 10 years though Hon'ble Commission is allowing depreciation of 90% of the cost of assets continuously for paying off the debt raised for creation of assets. In this regard, it is imperative that asset wise financing of debt and equity and depreciation earned for that asset be ascertained and placed in Public Domain. Further, excess of depreciation reserve over the loan amount paid back should be worked out and reduced from the equity base, if any. In case, there is no equity for the creation of asset, then such excess of depreciation should be used to reduce the costly loan amount raised for capital creation purpose. This would result into lower fixed cost of supplying power to consumers and also reduce the subsidy burden of the Government of Punjab.

C Therefore, there is no case for allowing Return on Equity beyond Rs.6081.43 crore, which in principle is also under litigation, on which APTEL has decided adversely and matter is in Supreme Court

2. Norms of operation for generating stations

PSPCL has asked for relying on actual figures for generating stations which are quite old and as such could not meet the parameters given in MYT regulations. In this regard, PSPCL has also relied upon CERC regulations. PSPCL has also asked for relaxation in PSERC MYT regulations for this purpose. This matter has been fully dealt with in the earlier tariff orders. No new information has been put forward by PSPCL. Hence there is no reason to revisit the approved norms set by PSERC and accordingly power generation and norms thereon need to be trued up as per Regulations.

Segregation of Accounts for Distribution, retail supply and generation business of PSPCL.

Erstwhile, PSEB was bifurcated into PSPCL and PSTCL on 16.4.2010 whereby PSPCL was assigned the Generation, Distribution and retail sale components of the business and PSTCL was assigned the Transmission and SLDC business. Since then the accounts of the PSPCL and PSTCL are being prepared on aggregate basis and ARR is allocated based on normative basis in the ratio of Fixed Assets of each sub business.

The statutory requirement of maintaining separate accounts is being defied with for the last 12 years and Hon'ble Commission is also accepting the arguments of PSPCL year after year. It is high time that PSPCL should comply with the requirement otherwise, Hon'ble Commission needs to start penalty recovery from PSPCL.

3. **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 connection projected in a year.

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.

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

T&D losses for 66 KV consumers as per open access regulations worked out in TO 2018-19 are 4.28% for 2018-19 against total T&D losses of 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. In one of the previous Annual Revenue Requirement(ARR), the voltage wise cost of supply worked out by PSPCL in the Reply to Deficiencies (Page 183) for 2019-20 for 66 KV industry is Rs 5.77 and for 11 KV industry as Rs 6.59 indicating a difference of 82 paisa per unit. 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%.

6. **Fix industrial Tariff as per category wise cost of supply**

   It is prayed to the commission to reduce the cross subsidy burden on LS consumers and fix the tariff as near to the COS as possible. 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 category wise cost of supply basis have been fixed many years back. It is submitted that the same should be revisited to revise the assumptions for working out the category wise cost of supply.

7. **T&D losses**

   It is prayed to the Commission to approve only reasonable T&D losses by keeping agriculture consumption well within approved range.

   Also pertinent to note that in the current ARR, it is clearly conceded by PSPCL that wide spread theft has been the major bane for higher distribution losses. Major culprit areas were Border, South and West of Punjab. Therefore, it submitted that burden of higher distribution losses were not of technical nature but are of commercial in nature and consumers should not be burdened with them and T&D losses level should continue to be fixed on trajectory adopted by Commission by capping agriculture consumption for true up as well as projections for FY2025-26.

8. Power purchase cost

The power purchase cost should be subject to approved T&D loss by PSERC. It is submitted that previous years expenses should be dealt separately and no expenses can be allowed in ARR simply due to reason that it is actually incurred. For part of ARR, it should be approved also by PSERC. Therefore, only after taking out of such exaggeration, the power cost should be approved.

Taken together, it is our submission that only such cost of capital expenditure in terms of depreciation, interest and finance charge etc. should be passed on to the consumers of electricity in the State, for which benefits start flowing and remaining should be not be allowed as a part of the ARR.

9. 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.

The comparison of the different states shows that PSPCL(91 paisa/unit) is the highest cost among other states like Maharashtra(62 paisa/unit) , Madhya Pradesh(58 paisa/unit) , Gujarat(52 paisa/unit) , Rajasthan(63 paisa/unit) , Uttrakhand(29 paisa/unit) and Haryana(42 paisa/unit).

If the PSPCL per unit employee cost restricted to 60paisa/unit against 56 paisa/unit , average of above 7 states mentioned above, it would result into saving of Rs.0.31/unit. On an energy sale of 59211 MU, it works out to be about Rs.1850 crore. The any other sale figure may marginally change the absolute amount of saving but there will remain around Rs.1800-1900 crore.

Therefore, it is also prayed that the employee cost taken together the pension liability as well as salary and other perks etc. total employee cost should be capped at 60 paisa/unit for FY 2024-25 and FY2025-26, which may be proportionately linked with the average of states Discom of above states for subsequent 5 years. The prayer made in the ARR by Discom on page 3, related to progressive funding of the terminal benefits trust be not considered at all to protect the consumer interests as provided the electricity act, 2003.

10. **T&D losses**

The T&D loss path as provided in MYT regulations and followed in the earlier Tariff orders be followed for true of T&D losses, projecting T&D losses and fixation of agriculture consumption of electricity.

11. True up of the ARR for FY 2023-24 based on audited figures.

It is submitted that the ARR should be trued up on the basis of the MYT regulations, which clearly mention that CERC norms be followed to the extent possible. Therefore, either it is of T&D losses, norms related to generations of power of new or old plants, Shahpur kandi projects, employee cost etc. should be trued up on the basis of approved norms only. Now, Disocm is in profit as claimed by Discom publically, the excess cost than approved related to any aspect of supply of power should only be borne by Discom only.

The Electricity Act 2003 also provides for the safeguarding consumer interest by subjecting all expenses to the prudent check. Therefore, the PSERC should protect the industry from becoming unviable due to such high electricity cost due to high employee cost by capping per units employee cost at 60 paisa/unit and remaining cost must be absorbed by State Government/Discom.

PSPCL has claimed royalty to Punjab Government to the tune of Rs.19.70 crore for ensuing The same should be approved only after the receipt of the power on actual basis.

13 Overdue receivables

In the ARR chapter 6: Status of directive compliances, page 129 of the current ARR, it is stated that there are outstanding dues of 5252 crore and out of which Rs. 2836 crore is due towards Government department. We opined that prepaid meters be installed in government offices. However, as far as outstanding from Government office is concerned (Rs.2836 crore), the same should be deducted from the Government loans given to PSPCL or the Government equity be reduced by Rs.2836 crore plus due interest for delayed 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 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. Honest consumers should not be made to suffer through higher tariff for such lapse of GOP/PSPCL.

12. The capex and other interest related expenses incurred on RSD should be allowed till the completion of the project and even thereafter only that capex to be accepted which is related to power generation.

Comments on ARR for FY 2025-26

1. Our first and foremost comments on the ARR FY2025-26 is that there seems to be very high chances of wrong projections as the preceding year FY 2024-25 information related to ARR, which should be immediate reference for projections is not given. In this way, it is very difficult to judge the latest demand, latest power cost and other generations of power variables and other important information. In our view, the discom should be asked to provide the same and only then any meaningful projections can be made.

2. Further, PSPCL has projected the energy consumption for FY 2025-26 on higher side. It is submitted that only the actual sale data of previous 5 years may be referred on audited balance sheet and actual sale reported thereon for projection of different categories sales. It is prayed to the Commission that the sales projection may be downwardly revised to make true estimates of the demand of power for FY 2025-26.

2. If the above argument finds merit then there would be lower demand of power in the State and accordingly the surplus power, which is shown as negligible would also surface in revised calculations. The same can be used to continue threshold consumption based incentive for the industry. It is pertinent to note that while outflow in threshold incentive is only for one year for a unit, which increased consumption over threshold level but PSPCL gain year after year due to higher consumption as it is not possible to keep on increasing the power consumption above threshold level every year, which happens due to investment made by the industry in any year for many years to come. The threshold incentive has worked in the past and has given gain to the Discom. Therefore, the same should be continue to incentives higher consumption in the state industry and generate employment for people and revenue for the State.

   This fact can be verified from the PSPCL ARR information related to surplus power for FY 2023-24 audited figures. As per For D2, page 195 of the main ARR for FY2025-26, it is stated that the surplus power is 7810.47 MU and cost of the same is Rs.953.53 crore. However, in the tariff order dated 14th June 2024, chapter 5, table 5.2 and para 5.1.5, it is reported that the surplus power would be negligible and accordingly the threshold rebate would not be required, which is given to use the surplus power.

   " The Commission had introduced threshold rebate to incentivize the consumers to consume more power so as to reduce the burden of additional fixed cost of surrendered power to some extent by utilizing the large volume of surplus energy available with PSPCL. The Commission further notes that there has been a significant increase in demand and the total Sale of PSPCL has increased from 47855.53 MkWh in FY 2019-20 to 59300.57 MkWh in FY 2022-23. Further, PSPCL has also relinquished its allocated share of power from Anta, Auraiya and Dadri power stations of NTPC which were having high energy charges. From the submissions made by PSPCL in the petition, it is observed

that for FY 2024-25, PSPCL has projected a surplus of only 204 MkWh which is likely to be surrendered. As such, the Commission feels that the rebate offered for utilization of surplus power as threshold rebate is no longer viable in today's scenario since there is hardly any surplus power available to be utilized judiciously to maximise revenue and spread the fixed costs. Accordingly, the Commission decides to discontinue the threshold rebate being allowed to the consumers of the State for FY 2024-25."

Now the data for FY2024-25 related to surplus power is not shared while in the ARR, in the same table mentioned above, it is admitted that there would be 2744.22 MU surplus power in FY 2025-26.

i. **Therefore, it is submitted that to utilized the surplus power, the threshold consumption rebate be started again.**
ii. **Further for FY 2024-25, as no projection for surplus power was made , it is prayed that no fixed charges on surplus power be allowed at the time of true up of FY2024-25.**
iii. **It is also prayed that incentives and disincentives related policy decisions should be based on audited figure only as estimates seems to be far away from the actual figures and may be biased for specific policy outcome.**

3. PSPCL has asked for revising the T&D losses, Power generation parameters for thermal plants based on actuals. However, these issues are raised again and again and it is also important to note that capex approved by the Commission is also based on such lower T&D losses and higher thermal power plant efficiency norms. The approach of the Commission should be adhered and continued for true up as well as for projections.
4. The detailed comments on retune on equity is given in the preamble of the comments on ARR. However, it is stated here that the return on equity should be given on equity actually infused in PSPCL, for which consumer have gained some benefits. Further, as the matter is pending in Supreme Court, the Hon'ble Commission may approve the return on equity on actually infused equity. For keeping in view the Forum of Regulators views, the return on equity shall be allowed at the return on equity rate of about 8%.
5. **High cost of solar power need to be examined**

i. The analysis of the power purchase cost given on page 199(FY 2023-24 actual) of the current ARR of PSPCL revealed that there is abnormal high power cost of solar power at above Rs.6.74/unit. This is strange as power cost from solar source is about Rs.2.50-Rs.2.80/unit against about Rs.7 projected in the ARR. It is submitted that these power purchase from solar source need serious examination and the same should not allowed.

ii. Even if the long term agreement is binding then why the power sourcing is growing, If it is an old agreement, power availability should come down due to the working of degradation factor, which generally bring down power generation by about 0.5% minimum. There must be some agreement stating year wise availability of power from such source. Accordingly, the power sourcing should come down instead of growing as projected in the ARR.

iii. Further, if new agreements are made, which led to higher number of units then it should not be allowed at a rate above than Rs.2.50-Rs.2.70/unit. Why, PSPCL is signing agreement at such onerous price of solar power?. This need serious examination by Hon'ble Commission and we pray to the Hon'ble Commission to kindly look into the matter.

Based on above facts and arguments, it can be safely deduced that the higher ARR claimed for FY2023-24 true-up as well as for FY 2025-26(projections) are not based on sound facts and based on actuals at most of the places than approved norms by PSERC and as such there would be no requirement of increase in revenue requirement in the current ARR.

Comments on Tariff related issues

First of all, it is to be noted that the tariff petition of PSPCL and power tariff revision in the State is based on cost plus basis subject to the prudent check. PSPCL is sourcing power from own thermal stations, IPP in Punjab and central government power generating stations among others. The power sourced from power exchange is miniscule part of the power purchased by PSPCL. Besides this fact, the power available at exchange is not a perennial supply based power and highly erratic in nature and based on short term contract, which is mostly based on urgency of the buyer and seller than any long term commitment. As such referring to power rates at power exchange to draw policy for PSPCL power tariff fixation purpose is highly irrational and devoid of any merit. Therefore referring to the same for power tariff in the state in early morning hours and peak hours etc. is highly objectionable. **We strongly condemned the practice of PSPCL of referring such adhoc power rates for making tariff for permanent supply of power. Therefore, we submit to the Hon'ble Commission not to give any heed to such prayers, which are based on casual approach. There would be many times , when power exchange is traded at very low rates but discom never pass the benefits of such low rates reflected at exchange. Fully understanding the adhoc nature of power exchange power rates, we never refer to the same for lowering the power purchase cost of the Discom. Similar maturity is also expected from Discom also. Further, if the national level power rates to be referred then power exchange traded power is not even 10% of the total power traded at national level. Therefore, increasing the peak hour rates from Rs.2/unit to Rs.2.50 per unit, higher rates for morning etc. should be out rightly rejected. PSERC follows the average cost of supply principle for tariff fixation so referring to power exchange rates is totally absurd and show discom in very poor light.**

More ever, as per MoP, the TOD tariff in solar hours should be lower than normal tariff as being done in some other states. Therefore, the discom should done away with peak load exemption charges and reduce the daytime tariff also.

1. **Shift TOD period to ISt June from 16 June presently is not correct.**

   In ARR , para 6.1.10, page 99, PSPCL has proposed that TOD tariff be started from 1st June instead of 16th June. It is prayed that the peak load restriction on industry should be completely done away as industry is not putting burden on the system, which need to be moderated by way of penalizing the drawl of electricity during peak hours. Such assertion is also verified from the fact that PSPCL has been giving power supply to agriculture sector during the same period. If supply during the peak load hours need to be moderated, the discom should not have augmented stress on the system by giving supply to agriculture sector. Hence, the peak load restrictions must be done away till specific detailed information is shared with consumers, which shows that peak load hours supply to industry need to be moderated.

2. **Increase TOD tariff to Rs.2.50/unit from Rs.2/unit during peak load restrictions period devoid of merit**

As submitted above when there is no need of imposing peak load exemption charges, there is no reason to increase the same from Rs.2.00/unit to Rs.2.50/unit.

Further, MOP also circulated amendment in Electricity Act, 2003 suggesting reducing the electricity tariff during day keeping to ensure that the consumer should benefit from the lower tariff during daytime due to higher solar energy availability and at lower cost than thermal power. Some other commissions like MPERC has also introduced day time tariff rebate of 20% in Tariff order 2024-25.

To take the advantage of the lower tariff due to availability of cheaper solar power during day time, even PSPCL has started giving power to agriculture sector during day time by procuring cheaper power in day thus making saving in power purchase cost. It is apprehended that due to giving power to agriculture sector during day time, the power purchase cost of PSPL in day time may have gone up due to higher purchase than normal case when power is given to agriculture sector in night while overall the purchase cost by replacing high cost thermal power in night by solar power in day time may come down. Thus, in this case, the extra cost if there is any due to higher purchase of solar power for agriculture sector, should be charged from agriculture sector rather than giving benefit of saving in power cost to all consumers except industrial consumers. Other way of handing the strategic shifting of agriculture sector supply to day time is to keep the average cost of supply model intact and keep tariff of all class of consumers based on same. Thus, agriculture sector also benefits due to day time power supply, discom save in power purchase cost and all consumers benefit/suffer without any discrimination.

3. **A new peak load hours slab from 6 am to 9 am during Ist December to 28th feburary is also proposed, which we object strongly.**

   It should not accepted and PSPCL should strengthen its system to meet the growing demand of the power in the State rather than taking temporary measures of proposing peak load restrictions. These are the tools of power shortage regime and in power surplus regime(where power supply can be augmented through putting new capacity), there is no place for such archaic measures in contemporary times. Infact, PSPCL should move to a regime where any kind of power consumption restrictions should not be allowed.

   Increased demand during morning hours of winter season is a normal feature experienced by all Discom in the Northern and Eastern India and as usual has to be met through full loading of backed down units of thermal plants, full scheduling of power from CGS, coordination with dam/pondage based hydro plants like Bhakhra, Pong, RSD, Shanan etc, for additional generation and drawl of banked power.

   With commissioning of Shahpur Kandi Project shortly, RSD will be used as a peaking station in the next witer season which will also help PSPCL to meet morning peak demand.

   It is also submitted that that Industry should not be penalized for the action of the morning demand is solely due to domestic and NRS sector due to Geyser and heating load and others.

4. PSPCL has proposed increase in Peak load charges from Rs.2/KVah to Rs.2.5/per KVah. PSPCL also propose to discontinue the TOD rebate of Rs.0.75/KVah during 1st April to 31st May of each year. At most of the places, PSPCL has given reference to the high rate of power in power exchange during contemporary times. However, we strongly object

to such proposal as **there are times when the power cost at exchange is very low while PSPCL is charging full tariff from consumers/government(in form of subsidy). Whether the Discom agree to reduce tariff when the power in exchange goes below the PSPCL power Tariff?**

It is submitted that power tariff in Punjab as fixed by PSERC are based on average cost of supply method and not on opportunity cost basis as also provided in the PSERC MYT Regulations 2022. In such situation, it is not prudent to refer to the power rates in power exchange which are based on market forces and not on cost of supply basis as being done by PSERC.

5. **PSPCL proposed in Para 6.1.1 to 6.1.5 of ARR that due to high Market clearing rates for night hours prevailing on power exchange and almost same demand during night hours of 1st April to 15th June, TOD night rebate of 75 paisa/unit for these 2.5 months need to be discontinued.**

   The basis on which night rebate is granted is the need to make the load curve flat to bring down the extent of backing down of the thermal plants during night hours to achieve their efficient operations. It is evident from ARR that PSPCL has claimed extra costs to cover the loss in operating parameters of frequent start stop of its thermal plants and has claimed that its thermal plants are not operating efficiently sue to excessive back downs. PSPCL has also not enclosed the load curve for these months for unrestricted demand and unrestricted availability to justify its claim. Therefore the incentive of rebate for night hours in fact supports PSPCL as it reduces the start stops/back down to some extent and should be continued from 1st April to 15th June.

   Due to artificial suppression of demand during April to June so as to minimize firing incidents of matured wheat crop and minimizing usage of power for running tubewells before 16th June for sowing paddy, power purchase during this period particularly during night hours is very meager and negligible. Further PSPCL has more than required installed and contracted capacities for which industrial consumers have borne the depreciation through tariff and have first right on the generation. Therefore, the proposal lacks justification and the night rebate for April to 15th June may be continued for 2024-25.

6. **Green tariff rate be reduced to 10 paisa/unit**

   The green tariff, the extra tariff paid by the consumers for taking credit of green energy is fixed at 24 paisa/unit in Tariff Order given in June 2024. It is submitted that revenue generated from green energy tariff may be shared with the consumers. It is opined that the green tariff be reduced to 10 paisa//unit as there are not many takers for green energy.

Prayer

1. **There is no case for allowing any increase in ARR as sought by PSPCL for FY 2025-26 <u>in fact tariff should be reduced especially for subsidizing class of consumers.</u>**

2. **The tariff proposals given by PSPCL related to increasing peak hours time, including morning time in peak hour times, preponing the peak hour times to ist june and withdrawl of 75 paisa/rebate for night be rejected as based on unfair, causal and short sightedness approach of PSPCL.**

3. **Carry forward the rationalization of Electricity Tariff in the State based on the principle of category wise 'Cost To Serve' principle**

4. **Reduce the electricity tariff of the subsidizing class of consumers particularly EHT category of consumers.**

5. **Ensure tariff rationalization of subsidized class of consumers or ask State Government to compensate the Board through explicit subsidy.**

6. **Voltage wise rebate should be given in commensurate with Category wise cost of supply and be increased to minimum 70 paisa/unit.**

7. **Continue with threshold consumption based incentive and night tariff rebate as it happens to flatten the demand curve and also helps in demand side management.**

8. **The green energy tariff be reduced to 10 paisa/unit considering the miniscule demand for the same and promote the market development for green energy.**

pstcl
PUNJAB STATE TRANSMISSION CORPORATION LIMITED

PUNJAB STATE TRANSMISSION CORPORATION LIMITED
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To

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

Memo No. 66 /CAO(F&A)/MYT-III/APR-II
Dated: 22/01/25

Subject: **Objections No.2 raised by Chamber of Industrial & Commercial Undertakings in Petition no 60/2024 of PSTCL.**

Ref: Hon'ble Commission's E mail dated 17.01.2025. (C.P-18.)

Vide email under reference, Hon'ble Commission has forwarded the Objection no. 2 raised by Chamber of Industrial & Commercial Undertakings on Petition no. 60/2024. In this regard, it is submitted that the objections/suggestions/comments raised by Chamber of Industrial & Commercial Undertakings relates to PSPCL.

Further, it is also submitted here that PSTCL has projected the ARR & Tariff for FY 2025-26 in line with the applicable regulations as specified by the Hon'ble Commission. Projections are made on the basis of estimated Capital Expenditure for the infrastructure development projects to be carried out in near future as approved by Hon'ble Commission. The same is also subject to True-up on the basis of Audited Accounts, which will be available later on.

67
22/01/25

%c Chief Accounts Officer (F&A)
PSTCL, Patiala
22/1/25

CC: Sh. Upkar Singh Ahuja (President), Chamber of Industrial & Commercial Undertakings, C/o E-648/A, Phase -V, Focal Point, Ludhiana – 141010 (Punjab).

CHAMBER OF INDUSTRIAL & COMMERCIAL UNDERTAKINGS
(An ISO Certified 9001:2015)
(Govt. of India Recognized)

OFFICE COMPLEX: E-648/A, Phase-V, Focal Point, Ludhiana -141010
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Objection No. 2

Ref. No.: CICU/HO/ARR/4980
Dated: 15/01/2025

The Secretary,
Punjab State Electricity Regulatory Commission
Site No.3, Block – B, Sector – 18-A
Madhya Marg, Chandigarh - 160018

Subject: - Detailed views/ suggestions/ objections, to the True-Up for FY 2023-24 and forecast of ARR & determination of tariff for year 2025-26 w.r.t. Petition No. 60 of 2024 (PSTCL) and Petition No. 61 of 2024 (PSPCL).

Dear Sir,

Kindly refer to the notice for public hearings issued by the commission and published in the newspapers, regarding above said petitions & subject matter.

A. Chamber of Industrial & Commercial Undertakings Ludhiana being the premier Chamber of Punjab State would like to draw kind attention of the Hon'ble Commission as under : -

1. The PSPCL is hardly doing any kind of rigorous and consistent efforts to adopt the latest technology in power transmission & distribution systems. The same old equipment & technology are being used since last many years and no effort has been made to use the latest technologies such as Smart Grids and distribution system automation to reduce outage time /maintenance /man-power cost. It needs to adopt latest cost effective technology and compact man-less power plants/sub stations to reduce its operation cost and help to reduce revenue requirements.
2. **It is really a need of the hour to take the rigorous steps to recover all these kinds of pending dues along with interest from the Punjab Govt. and others so that burden of interest cost paid by PSPCL on borrowed funds to financial institutions could be reduced to a certain extent which further leads to reduce the fixed cost of the PSPCL and there would be hardly a need to increase the tariff of electricity as demanded by the PSPCL and reduce revenue requirement. Adoption of a strong will power and dedicated behaviour towards change in policies of PSPCL and Punjab Govt. are required to achieve the desired results. The fixed and the variable costs of PSPCL are higher than the adjoining states like HP, J&K and Haryana etc. the cost analysis should be done to reduce it in comparison to these states.**
3. **PSPCL should need to increase efficiency in the generation of power** through adoption of latest technology and optimum utilisation of scarce resources rather than resorting to power cuts and hike in tariff rates which will never help in the long term to survive and also not good in the public interest. The Punjab Govt. and PSPCL need to do collective efforts to tackle the problems. Repeated tariff revisions to get temporary relief will not serve the purpose.

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4. **Revenue loss due to non-recovery of default amount as well as current billing charges towards the Govt. Depts. & Boards/Trust/Corporations/Religious Bodies etc.** are increasing at significant rate/amount. Cases applied by industry under one time settlement scheme (OTS) are largely pending for settlement without any progress and final decision, contributing to higher cost of electricity tariff, which could otherwise be avoided. **PSERC should ensure 100% recovery of such amounts in the current year 2024-25 to reduce the revenue requirements.**
5. Misuse of free & subsidized power and unauthorized load extension particularly by AP consumers must be controlled effectively to avoid heavy revenue losses. Restructuring of demand during paddy season should be planned and executed more efficiently for regular and quality power supply to consumers.
6. **The supply of electricity can become profit making business. Quality power supply should be provided for 24 hours. Frequent scheduled/unscheduled power cuts with poor power supply must be controlled at all cost.**

B. PSPCL should make an effective policy to improve its internal operational system by optimum utilisation of resources and adoption of latest technologies which would definitely contribute to increase the revenue of the PSPCL. Further there is a still a big scope in saving of fixed and variable expenditures by managing them in a strategic manner **rather than always resorting to increase in tariff, cess and surcharges etc. many times in a year. Details of certain expenditures (on test check) are given below which could be controlled:**

1. **Employee Cost :**

   Restructuring of manpower in true sense is required to reduce manpower cost regularly. There is a need to employ efficient people and to ensure effective utilization of manpower at the right place and right time.

2. **Cost of Power Purchase:**

   a) The purchase cost of power from the external sources has been increasing every year which results in escalation in input cost of energy prices resulting in additional revenue requirements. PSPCL should make effective steps to arrange required power from the central pool on pool banking system or from certain other cheaper sources rather than purchasing from the open market at higher rates.

   b) The cost of power in lean periods is less but it is high when purchased in peak summer for rice growing. This extra high cost energy is purchased solely for subsidised agricultural sector. The amount of subsidy is calculated by taking the average cost of power. In this way the additional burden of subsidy is passed on to the industrial consumers. The Govt. should go for alternative crops patterns and must decrease the paddy fields. It will result in saving of costly energy and avoid the depletion of ground water level in the State. **The extra cost of energy should not be passed on to industrial consumers.** The industrial sector is already becoming sick day by day due to increase in cost of electrical energy, especially after COVID – 19 pandemic. So, PSPCL should take necessary effective steps to provide cheaper power to the industry specially MSME units in the post COVID period to revive the industry.

c) Large number of solar power generation plants should be installed on PPP mode to produce electricity which will overall help to reduce the tariff & make it profit making.

3. **Energy Audit and T&D Losses:**

As per PSPCL Directives for F.Y. 2024-25 (CHAPTER 7 of petition), there are over all 2620 no. feeders having loses more than 15% to 90%. Feeders with losses 25-50% has increased from 987 to 1426, feeders with losses 50-60% have increased from 256 to 326, feeders with losses 60-70% have increased from 116 to 194, feeders with losses 70-80% have increased to 31 to 131 feeders with losses 80-90% have increased from 11 to 23. The power theft causes Punjab approx. Rs. 2600 crore loss.

PSPCL needs to focus on these in order to reduce overall T&D losses. **It indicates that the ramped theft is being allowed in the areas of these locations, which is not possible without connivance of the PSPCL's officials/officers.** These losses should not be passed on to the consumers. PSERC & PSPCL should take a serious note of this unacceptable situation and plan to achieve substantial reduction of losses to bring it in the acceptable limits immediately. Necessary legal action should be taken against the all concerned parties. **PSERC should ensure 100% recovery of such theft amounts in the current year 2024-25 so as to reduce the revenue requirements of PSPCL.**

As per MOP guidelines under APDRP, AT&C losses (Not T&D) are required to be brought to below 8% limit with annual sustained improvement. The Global average is 6-8% and Punjab average is about 18% .

If these guide lines are followed in true spirit there may be no need to increase tariff in coming years.

4. **Interest charges and subsidy**

- As evident from the financial of PSPCL, **Borrowed Funds are increasing every year** of PSPCL which ultimately effects the overall cost of the PSPCL and increase per unit cost of power. **Effective steps should be made to recover the following dues from various sources which would help to reduce the borrowed funds.**
- Further impact of interest paid on Borrowed Funds on account of non-recovery of **Gap Tariff** etc. from the Punjab Govt. should be calculated for payment. So that PSPCL may repay all such dues in time, and need not to borrow more funds for survival.
- Interest payment should be worked out through loan bailout by the Govt. or through asset selling (spare land/ building etc.) and should not be passed on to the customers. There is enough land with PSPCL, which can be spared (and sold to repay the loans) by constructing multi-storey buildings & compact power substations.
- Subsidy to scheduled casts/weaker sections of Society and AP consumers should be given in cash / direct transfer in their bank accounts by the Govt. instead of providing free electricity through PSPCL. It will lead to stop misuse of energy. **The estimated subsidy at exiting tariff for FY 2025-26 for domestic consumers will be Rs. 6860 crores and agricultural consumers Rs. 10413 crores.**

C. **The major ingredients which are forcing PSPCL to increase the tariff rate / demanding more revenue requirement for the proposed year are interest paid on borrowed funds and its payback instalments, which can be reduced by recovery of remarkable dues from the Punjab**

Govt. & defaulted customers, subsidy gap tariff and costly power purchase, besides improving working efficiency and low-cost generation of solar power. All these factors are required to be controlled immediately without any further delay, otherwise, it would majorly effect the financial health of the industry directly and subsequently that of the PSPCL and the Punjab Govt.

Suggestions are given bellow:

1. **The Quantum of subsidy amount approx. Rs. 10413 crores to the AP Consumers should be reduced drastically by conscious planning with long term vision by Punjab Govt.** such as reducing the area under paddy fields with alternate suitable cropping pattern implementations and levying some suitable tariff instead of total free electricity.
2. PSPCL should increase its base of equity rather than resorting to borrowed funds and further the loan bailout plan through waive off/repayment by selling the non-performing assets etc. should be worked out without further delay so that heavy interest expenses on borrowed funds could be avoided in future otherwise Situation would be so pathetic of industrial consumers but also with majority of public. On one hand, free electricity is being given to certain class of customers and on the other hand, the energy bill will become unaffordable by all other categories of consumers especially MSME and other industrial consumers.
3. PSPCL is a service sector utility and it should operate at optimum efficiency by utilizing the optimum use of resources, may it be material or man power. Efficient utilization of all these would help in reducing its overhead charges. It should increase its productivity and reduce its losses by introducing the latest technologies rather than charging extra cost from the consumers, especially MSME and Industry.
4. With the increase in the per unit price of electricity consumed in the way proposed by the PSPCL will lead to exorbitant rise in input cost of the industry and It will have no option but to close their units or shift to other states. The competitions have become global, it may not be able to compete the open market. The closure of industrial units will not only affect the prosperity of the state but will result in un-employment and unrest in the state also.
5. Upgrading more and more existing power transformers are being added at the existing grid sub stations in the cities instead of erecting new sub stations near the load centre. New sub stations are being proposed/erected at technically-non-suitable locations under compulsions, which are resulting in more T & D losses and poor quality of power. State Govt. should be impressed upon to provide land to the PSPCL for construction of more substations in the cities to ease the bottlenecks of grid constraints so that the atmosphere is more conducive for growth of the industry. This will reduce the cost of lines, substation structure/line loses.
6. During the heavy rain/storms, all feeders get tripped. On those days, the demand decreases due to tripping of all the feeders and drastic fall in temperature and the thermal plants of PSPCL run without load. It is felt that it may not be possible to re-energize all feeders in short span of time to ensure continuity of supply under all-weather condition by adaption of digital technology and mobile service/maintenance vehicles. Feeders having prominent/bulk industrial & commercial loads (which are independent of weather) should be robust enough to with stand it, so that surplus power is used and billed in that period.

D. In the end it is submitted that:-

1. On the one hand PSPCL is claiming power surplus scenario, on the other hand it is demanding additional revenue/tariff revision/ surcharges from PSERC for revenue gap up-to FY 2025-26 Rs. 5090.89 crores. To meet this gap the PSPCL has requested to Hon'ble Commission PSERC to increase the exiting retail supply tariff.
2. The entire world and the leading states of India are going for green energy, whereas Punjab is still going for the old technology of thermal plants by the Private Suppliers. Therefore, more Green Energy / Solar Power generation capacity should be installed in the state on PPP mode. For existing solar energy producers and giving (exporting) power to PSPCL Grid **should be paid the excess exported units** (other than imported units/self-consumption) at the commercial rates of their category in the respective financial year (ending 31st Sept.). So that consumers of all categories come forward to install solar system. At present surplus generated solar units are elapsed and PSPCL is charging 10% off generated units. Whereas excess generation is made by solar system are used by PSPCL without incurring extra expenses. It should be rectified immediately.
3. On the one hand, benefits are being given by the State Govt. for investment in Punjab and on the other hand, no relief is being given to the existing units which are getting sick day by day and moving out of State. Therefore, power tariff incentives should be given to the existing and new industry.
4. PSPCL is going for system up-gradation and network augmenting work in all major cities of Punjab through R-APDRP .On the one hand PSPCL is charging higher tariff from industrial consumers and on the other hand nothing is being done to ensure the quality and reliability of supply of power to the industry.

In view of the facts explained as above, the Chamber of Industrial and Commercial Undertakings – CICU again requests the Hon'ble Commission not to allow any additional revenue requirement, rather it should issue guidelines to PSPCL to reduce the revenue requirements, power tariff, cess and surcharges to consumers especially MSME, which is contributing significantly to the revenue of the PSPCL and GDP of the Nation.

Thanking you.
Yours faithfully,

(UPKAR SINGH AHUJA)
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