

PFI Comments / Suggestions
PSPCL: True-Up Petition FY 2023-24
and
ARR & Tariff Petition FY 2025-26

Before: Hon'ble Punjab State Electricity Regulatory Commission
Public Hearing

Summary : PSPCL True-Up Petition FY 2023-24 (Rs. Cr.)

PFI has not received any response on its Comments from PSPCL

We request PSERC to direct PSPCL to submit response

Particulars	Approved	Claimed	PFI Proposal	Remarks
Power Purchase Cost (exc. Transmission)	27,512	27,665	27,484	
Disallowance: PPC corresponding to Unmetered Agricultural Sales	N.A.		(128.75)	Rs 263.66 Cr (83 Cr of DL target) to be given by Govt. of Punjab in line with other States like Bihar
Disallowance: LPS & TDS			(40)	
Disallowance: Fixed Cost of Gas based PPAs			(11.91)	
Transmission Charges	3,273	3,622	3,622	
O&M Expenses	7,284	7,883	7,679	
Disallowance: R&M Expenses	N.A.		(204)	
Interest on Loan	378	691	490	
Disallowance: Interest on Loan	N.A.		(201.4)	
Interest on Working Capital	189	755	755	
Other expenses	2,670	4,206	4,062	Rs. 644 Cr. (755-110 normative) to be given by Govt. of Punjab
Disallowance: Expenditure due to Other Debits	N.A.		(61)	
Disallowance: Gains on over achievement of DL			(83)	
ARR	41,306	44,822	44,092	
Revenue	-	42,293	42,293	
Revenue (Gap)/Surplus		(2,529)	(1,799)	DISALLOWANCES OF RS. 729 CR.
Cumulative Surplus/(Deficit) for previous years		(5,090)	No Comments	

PSPCL: True-Up Petition FY 2023-24 (1/5)

A.1 SALES OF AGRICULTURE CONSUMERS

PFI Observations

- Huge unmetered AP consumption of 12,681 MU (21% of total Sales)
- Non-compliance of TO dtd. 14/06/2024- PSPCL not provided monthly AMR Data for AP Feeders as mandated by PSERC
- No Detailed calculations for AP consumption as mandated by MoP Electricity (Amendment) Rules 2022 dtd. 29/12/2022
- **Due to lack in transparency of information, the AP consumption and Distribution losses cannot be accurately ascertained for True-up FY 24.**
- **Agricultural Sales disallowance-** In previous True-Ups, only 98% of the claimed Sales allowed by PSERC. So $(12,797 (100\% - 98\%)) * 5.03/10 = \text{Rs } 129 \text{ Cr.}$

Request to PSERC

- **Suitable measures against PSPCL for repeated non-compliance of Hon'ble PSERC directions, as per Sect. 142 of the EA, 2003.**
- PSERC may obtain complete information along-with all feeder details (dedicated & mixed AP feeder) – SOP issued by MoP on 03/07/2023 for Subsidy Accounting.
- Disallowance of Rs 129 Cr for Agricultural Sales

A.2 GAINS ON OVER-ACHIEVEMENT OF DISTRIBUTION LOSSES

PFI Observations

- PSPCL claimed DL of 11.81% & considering **DL target of 12.30%** computed **Rs. 166 Cr.** as gains on over-achievement of DL
- **MYT Order dtd. 15/05/2023:** DL trajectory for FY 24 based on True up of FY 23.
- PSERC approved 12.04% DL in True-up of FY 23 in TO dtd. 14/06/2024. So, DL target for FY 24 is 11.84% (12.04% -0.2%) and not 12.30%. Marginal difference in the Target DL (11.84%) and the actual DL for FY 24. **So, no gains as claimed.**

Request to PSERC

- Disallowance of Rs. 83 Cr. for Gains in overachievement of DL.
- Inefficiencies of PSPCL may be borne by State Govt. of Punjab in the form of subsidy.

PSPCL: True-Up Petition FY 2023-24 (2/5)

A.3 POWER PURCHASE COST

PFI Observations

- I. PSPCL considered **Rs. 40 Cr.** of Late Payment Surcharge (LPS) and TDS in the True-Up of FY 24. Hon'ble PSERC in True-Up of FY 23 in Tariff Order dtd. 14/06/2024 disallowed LPS and TDS paid by the Licensee.
- II. PSPCL considered **Rs. 11.91 Cr.** of Fixed Cost and Other Charges from NTPC stations of Anta, Auraiya, & Dadri but Hon'ble PSERC disallowed Fixed Cost and Other Charges from these Stations on account of termination of PPAs with them.
- III. Discrepancy in Prior Period Expenses- Tariff Petition mentions 1038 Cr, while the Tariff Formats mention 1030 Cr.

Request to PSERC

- I. Disallow **Rs. 40 Cr. of LPS and TDS** paid by the Licensee in FY 2023-24.
- II. Disallow **Rs. 11.91 Cr. of Fixed Cost and Other Charges** considered from Anta, Auraiya, & Dadri stations of NTPC since with them have been terminated.
- III. Discrepancy in Prior Period Expenses- **Rs. 8 Cr. To** Inquire in Prudence Check Sessions. If no satisfactory response is provided by PSPCL then lower of both values to be considered.

PSPCL: True-Up Petition FY 2023-24 (3/5)

A.4 O&M EXPENSES (REPAIR & MAINTENANCE)

PFI Observations

- Claimed Rs. 571 Cr., but not as per PSERC MYT Regulations, 2019. **Rs. 204 Cr. excess.**
- Working for Normative R&M expenses as per the Regulatory provisions:

Sr. No.	Particulars	Gen	Distribution	PSPCL
1	Opening GFA (including Bhakra Beas Management Board (BBMB))	20789	34403	55191
2	Net Addition during the Year	2287	324	2611
3	Closing GFA	23076	34727	57802
4	Average GFA (including BBMB)	21932	34565	56497
5	Average GFA of BBMB	722	0	722
6	Average GFA (Excluding BBMB)	21211	34565	55775
7	'K' factor	0.48%	0.78%	
8	Escalation factor	0.99	0.99	
9	R&M Expenses	100	268	368

- Normative R&M expenses for PSPCL for FY 2023-24 arrives out to be **Rs. 368 Cr.**

Request to PSERC

- Hon'ble PSERC may disallow Rs. 204 Cr. and consider Rs. 368 Cr., based on normative R&M expenses, in the True-Up of FY 2023-24
- Inefficiency of Rs. 204 Cr. should be considered by State Government of Punjab.

PSPCL: True-Up Petition FY 2023-24 (4/5)

A.5 INTEREST ON WORKING CAPITAL (IoWC)

PFI Observations

- PSPCL claimed **Rs. 754.51 Cr.** of IoWC as per Audited Accounts based on actual working capital loan of Rs 10,746 Cr. @ 7.71% interest rate)
- Working on normative basis as per PSERC MYT Regulations, 2019 only **Rs 110 Cr**

Sr. No.	Particulars	PSPCL (Gen + Distribution)
1	Cost of Fuel for 2 months	553.50
2	O&M Expenses for 1 month	656.90
3	Maintenance spares @ 15% of the O&M expenses	98.53
4	Receivables equivalent to 2 months	7048.90
5	Less: Consumer Security Deposit	4728.64
6	Less: Power procurement cost including associated cost for 1 month	2199.75
7	Total Working Capital	1429.45
8	Interest on Working Capital (%)	7.71%
9	Interest on Working Capital (Rs. Cr.)	110.21

- Huge outstanding subsidy amount payable by the State Govt. (Rs. 5884 Cr. as on 31/03/2024, Note 14 of the Audited Accounts)
- Several Stakeholders also raised their objections that DISCOMs are dependent on huge Working Capital loans for meeting their finances
- **Electricity (Second Amendment) Rules dtd. 26/07/2023- Prudent cost incurred by the DISCOMs to be allowed**

Request to PSERC

- To consider amending the applicable Regulatory provisions and allow **actual IoWC** for the DISCOM considering the fact that there is huge outstanding subsidy payable to PSPCL
- If actual Working Capital is not considered by PSERC then same may be borne by State Government as the Working Capital is mainly raised to meet the Revenue Requirement on account of delayed subsidy by the State Government.
- **Rs. 644 Cr. difference in actual Vs normative- To be met through Subsidy.**

True-Up Petition FY 2023-24 (5/5)

A.6 INTEREST AND FINANCE CHARGES

PFI Observations

- Claimed Rs. 646.53 Cr., but not as per PSERC MYT Regulations, 2019
- Working as per normative Principles:

Sr. No.	Particulars	PSPCL (Gen. + Distribution)
1	Opening Loan	4776.71
2	Addition during the Year	2287.27
3	Less: Repayment	1367.14
4	Closing Loan	5696.84
5	Average Loan	5236.78
6	Rate of Interest on Loan	8.50%
7	Interest on Long Term loans	445.13

- **Rs. 201 Cr.** excess than normative

A.7 EXPENDITURE DUE TO OTHER DEBITS

PFI Observations

- PSPCL has claimed -
 - Rs. 55.82 Cr. as Provision for Bad and Doubtful**
 - Rs. 5.22 Cr. as Loss on Sale of Assets**
- No provision for these in PSERC MYT Reg., 2019
- **Rs. 61 Cr.** excess claimed.

Request to PSERC

- **Disallow Rs. 201 Cr. and consider Rs. 445.13 Cr.** of normative Interest on Long Term loans in the True-Up of FY 2023-24.

Request to PSERC

- **Disallow Rs. 55.82 Cr. and Rs. 5.22 Cr** from the True-Up of FY 2023-24 under the heads of Provision for Doubtful Debts and Loss on Sale of Assets.

Summary: PSPCL ARR FY 2025-26 (Rs. Cr.)

Particulars	Claimed	PFI Proposal	
		With 0% escalation in VC	With 2% escalation in VC
Power Purchase Cost (exc. Transmission)	32,328	31,510	31,870
Disallowance: Power Purchase Cost	N.A.	(818)	(458)
Transmission Charges	4,005	3,786	3,786
Disallowance: Transmission Charges	N.A.	(219)	(219)
O&M Expenses	8,318	8,318	8,318
Interest on Loan	1,226	522	522
Disallowance: Interest on Loan	N.A.	(704)	(704)
Int. on Work. Capital	317	317	317
Other expenses	1,722	1,722	1,722
ARR	47,916	46,175	46,535
Revenue from Tariff	50,444	50,444	50,444
Revenue (Gap) / Surplus	2,529	4,269	3,909
Cumulative Surplus/(Deficit) upto FY 2023-24	(7,619)	(6,889)	(6,889)
Cumulative Surplus/(Deficit) upto FY 2025-26	(5,090)	(2,620)	(2,980)

Disallowances of Rs. 1,741 Cr. at 0% escalation and Rs. 1,381 Cr. at 2% escalation

PSPCL: ARR Petition FY 2025-26 (1/4)

B.1 POWER PURCHASE COST

PFI Observations

- ECR of Central Sector Thermal Plants, Pragati TPS, L&T Nabha Power Ltd. (NPL) for FY 2025-26 considered with escalation of 5% from the Actual ECR in Sept 2024.
- MoP vide its advisory dated 27/06/2024 has reduced the blending with imported coal from 6% to 4% (by weight). So, expected that high percentage of blending will not be applicable in FY 2025-26.

Particulars	Variable Cost (Rs. Cr.)	Energy Scheduled (MU)	Energy Charge Rate (Rs/kWh)	VC without 5% esc. (Rs. Cr.)	VC with 2% esc. (Rs. Cr.)
NTPC Singrauli	310.96	1581.18	1.97	295.41	304.74
NTPC Rihand I	155.64	886.51	1.76	147.86	152.53
NTPC Rihand II	138.86	797.15	1.74	131.92	136.08
NTPC Rihand III	111.9	649.82	1.72	106.31	109.66
Mundra UMPP	1628.78	4161	3.914	1547.34	1596.20
NTPC Kahalgaon-II (ER)	262.01	952.42	2.75	248.91	256.77
NPL Rajpura TPS (L&T)	3880.98	10509.83	3.69	3686.93	3803.36
Talwandi Sabo TPS (TSPL)	5362.93	13054.86	4.11	5094.78	5255.67
Pragati III Gas Plant	120.82	198.55	6.08	114.78	118.40
Total	11972.88			11374.24	11733.42

- No escalation in ECR: **Rs. 599 Cr.** excess
- 2% escalation in ECR: **Rs. 239 Cr.** excess

- **MP DISCOMs** source power from nearly 90 Power Plants. In their Petition for ARR of FY 2025-26 have not considered any Escalation in the ECR. Considered Actual Wt. Avg. ECR from Aug'23 to July'24
- **Even, AP DISCOMs** have also not considered any Escalation

Request to PSERC

- **PFI requests PSERC either not to consider any escalation over the actual Energy Charge Rate (same as Sept.'24) or suitable escalation of 2%, if any, for projecting Power Purchase Cost of FY 2025-26 for PSPCL.**

PSPCL: ARR Petition FY 2025-26 (2/4)

B.2 TRANSMISSION CHARGES

PFI Observations

- PSPCL considered 5% escalation on FY 2024-25 values for projecting the Transmission Charges for FY 2025-26.
- Claimed and as worked out PFI without any escalation is as follows:

Particulars	Total Cost (Rs. Cr.)	Total Cost without 5% escalation (Rs. Cr.)
NVVN Bundled Power Transmission & SLDC Charges	6.95	6.60
SECI Solar Transmission & SLDC Charges	3.01	2.86
CTUIL	2351.18	2233.62
UPPTCL	1.95	1.85
PSTCL Trans. Charges	1934.05	1837.35
PSTCL SLDC Charges	39.29	37.33
PSTCL Winsome Trans. Charges	0.04	0.04
PSTCL Nahar Industries (Trans.)	0.03	0.03
Total	4336.50	4119.68

- **Rs. 219 Cr. excess.**

Request to PSERC

- PFI requests the Hon'ble Commission to consider the same Transmission and SLDC Charges for FY 2025-26 as considered for FY 2024-25, without any escalation.

PSPCL: ARR Petition FY 2025-26 (3/4)

B.3 INTEREST ON LONG TERM LOANS

PFI Observations

- PSPCL claimed Rs 1185 Cr (*excluding GPF Liability*) as Interest on Loan
- Computation of Interest on Long term Loans not as per the PSERC MYT Regulations, 2019.
- PFI computations as per normative:

Sr. No.	Particulars	PSPCL (Gen. + Distribution)
1	Opening Loan	5446.56
2	Addition during the Year	1977.83
3	Less: Repayment	1560.00
4	Closing Loan	5864.39
5	Average Loan	5655.48
6	Rate of Interest on Loan	8.50%
7	Interest on Long Term loans	480.72

- **Rs. 704 Cr. excess.**

Request to PSERC

- PFI requests the Hon'ble PSERC to consider **Rs. 481 Cr.** of normative Interest on Long Term loans in the ARR of FY 2025-26 as against **Rs 1185 Cr** as submitted by the PSPCL for FY 2025-26.

PSPCL: ARR Petition FY 2025-26 (4/4)

B.4 ENERGY STORAGE

PFI Observations

- No ESS proposal by PSPCL
- Energy arbitrage opportunity- Batteries charged in the off-peak hours and discharged in Peak hours, avoiding reliance on high-cost short term Power from markets
- As per the Resource Adequacy Plan (CEA Report), dependence on STOA/ MTOA of **about 5300 MW** in 2029-30.
- PSPCL procured huge quantum of **around 6050 MU** from Short Term markets including Power Exchanges in FY 2023-24 at a high rate.

Request to PSERC

- Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost.
- DISCOMs to consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Punjab.
- Energy Storage Goals to be specified in line with MoP Order dtd. 19/09/2022.

B.5 PM SURYA GHAR – MUFT BIJLI YOJNA and DEMAND SIDE MANAGEMENT

PFI Observations

- No proposal for PM Surya Ghar – Muft Bijli Yojna submitted by PSPCL
- Further, PSPCL not submitted any proposal related to Demand Side Management (DSM) initiatives.

Request to PSERC

- PFI submits before Hon'ble PSERC to consider impact of such schemes in forecasting Sales in future ARR's.

Other Comments pertaining to non-alignment with the MoP Rules (1/2)

- **RENEWABLE PURCHASE OBLIGATION (RPO) FOR FY 2025-26**

PFI Observations

- Hon'ble PSERC has set a cumulative RPO Target of 33% for FY 2025-26 **without any bifurcation** of various RE sources like- Wind, Hydro, Distributed RE, etc.
- MoP has source wise RPO Targets
- Cumulative RPO Target set by PSERC is matching with that of MoP

Request to PSERC

- Amend the Regulations as per MoP notification dated 20/10/2023 to have source wise RPO targets and impose penalties on PSPCL in case the RPO requirements are not met.

- **REVENUE GAP (ELECTRICITY (AMENDMENT) RULES, 2024 DTD. 10/01/2024)**

PFI Observations

- PSPCL has claimed Revenue Gap of Rs. 5091 Cr. at existing Tariff which is **11%** of the ARR projected for FY 2025-26.

Request to PSERC

- PFI submits before PSERC to determine cost-reflective Tariff for FY 2025-26 as per the principles stipulated in MoP rules dated 10/01/2024.

Other Comments pertaining to non-alignment with the MoP Rules (2/2)

- **TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)**

PFI Observations

- Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023- every consumer category except Agriculture should have Time of Day (TOD) Tariff with effect from 01/04/2025 and shall be made effective immediately after installation of Smart Meters, for the consumers with Smart Meters.
- PSPCL has not proposed ToD for Domestic consumers, where Smart Meters have been installed, for FY 2025-26.
- PSPCL has not proposed any Off-peak Tariff for the period 1st June to 15th October Similarly, the Licensee has not proposed any Peak Tariff for the period 16th Oct to 30th Nov and 1st March to 31st March.
- PSPCL has also not submitted the status of ToD in their area (tariff category wise).

Request to PSERC

- PFI requests Hon'ble PSERC to formulate ToD tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.

Power Foundation of India requests Hon'ble PSERC to consider our prayers which we have submitted as comments/suggestions related to True-Up Petition for FY 2023-24 and ARR Petition for FY 2025-26 vide our letter dtd. 1/01/2025

Thank You!