No. PFI/Prog/PSERC /2025/491 Dated: 30/12/2025

To,

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

Subject: PFI Comments: Punjab DISCOM True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27

Reference: PSERC Public Notice True Up Petition FY 2024-25 & ARR Petition FY 2026-27

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27 filed by Punjab State Power Corporation Limited (PSPCL) before PSERC. Our comments/ suggestions on the said Petition of are enclosed herewith for your consideration as *Annexure- I.* We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to registrarpsercchd@gmail.com.

Warm Regards,

Encl: Annexure – I

Copy to:

1. **The Hon'ble Chairperson**
   Punjab State Electricity Regulatory Commission

2. **The Hon'ble Member**
   Punjab State Electricity Regulatory Commission

Yours Sincerely,

Executive Director (PFI)

ANNEXURE-I

PFI Comments/Suggestions: PSPCL ARR Petition for FY 2026-27

PSPCL is one of the utilities in Country which are still working as a bundled utility wherein two or more function of the sector is carried out by a single entity, like PSPCL is carrying out the activity of Generation and Distribution is Punjab.

Section 62 of the Electricity Act, 2003 categorically mentioned that the appropriate Commission will determine tariff for supply of electricity by a generating company to a distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The key motive of unbundling the bundled utility (State Electricity Boards) into multiple utilities based on the function is to enhance transparency and accountability, improving performance by addressing the function specific issues, and bringing competition.

It is observed that most of the States have unbundled their utility into Generation, Transmission and Distribution, and each utility submit separate Petition before the Commission for Tariff determination. Further, in some States like Andhra Pradesh & Telangana, Distribution utility submit different Petition for their Wheeling and Retail Business and the Commission accordingly issues separate Tariff Orders.

PFI observed that PSPCL has submitted the Petition for the bundled utility without bifurcating or mentioning the details of Generation, Wheeling and Retail business in each head, and PSPCL has abruptly bifurcated the ARR into Generation, Wheeling and Retail business without providing details of assets or ratio considered for the same. For example, PSPCL has projected employee expense of Rs. 7881 Cr. (in Table 3-46) for FY 2026-27, further in Table 3-47 & 3-50 PSPCL bifurcated employee expenses into Generation, Wheeling and Retail business as Rs. 1110 Cr., Rs 2708 Cr. and Rs. 4063 Cr. respectively without any justification of ratio or number of employees in each business.

It is also observed that even the Audited Accounts of PSPCL does not provide any breakup of business-wise expenses and income.

In view of above, PFI requests the Hon'ble Commission to direct PSPCL to unbundle the utility and to submit separate Petitions for each business like

Generation, Wheeling and Retail, and to submit business wise Audited Accounts from the next year to bring transparency.

A. Sales and Revenue Projection

A-1. Sales Projection- Agricultural

1) PSPCL has projected unmetered Agricultural sales by considering CAGR growth of 6% on the actual sales of FY 2024-25 mainly attributed to introduction of third crop by farmers, climate change and decreasing water table.

2) PFI observes that Hon'ble Commission has been reiterating multiple directions every year in Tariff Order for 100% metering of unmetered AP consumers which is around 22% of the total sales as submitted by PSPCL in FY 2024-25 True-up Petition. PSPCL projection of growth in unmetered AP sales is clear violation of the Hon'ble Commission direction and the same may not be considered.

3) PFI has analyzed the trend of AP sales (unmetered and metered) as projected by PSPCL and as approved by the Hon'ble Commission for the last 6 years, it is observed that no efforts were made by the PSPCL in order to meter the unmetered AP consumers. The summary of AP sales in last 6 years is as follows:

Particulars		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Claimed by PSPCL	Unmetered AP Sale	11,398	12,904	12,382	13,598	12,681	14,818
	Metered AP Sale	141	148	150	165	116	125
	Total	**11,540**	**13,052**	**12,533**	**13,763**	**12,797**	**14,943**
Approved by PSERC	Unmetered AP Sale	11,396	12,699	12,367	13,499	12,522	14,818
	Metered AP Sale	72	118	120	112	88	125
	Total	**11,468**	**12,817**	**12,488**	**13,611**	**12,610**	**14,943**

4) PFI has analyzed DISCOMs of Rajasthan and found that the DISCOMs have metered all the unmetered Agricultural sales within a short span of 2-3 years, relevant extract

from AVVNL Petition wherein AVVNL has submitted the energy sales trend is as follows:

Petition for Approval of True up for FY 2024-25, ARR, Tariff and Investment Plan for FY 2026-27 | AVVNL

Category	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25
Domestic	3,389	3,483	3,653	4,027	4,280	4,406	4,964	5,113	6,191
Non-Domestic	1,088	1,172	1,254	1,325	1,046	1,237	1,524	1,603	1,813
Public St. Lights	75	74	84	86	84	88	101	106	104
Agriculture (Metered)	4,151	4,509	4,866	5,288	5,977	6,135	7,350	7,301	8,578
Agriculture (Flat rate)	969	855	590	551	541	322	10	2	-
Small Industry	278	281	273	274	268	271	289	287	301
Medium Industry	781	847	854	858	756	871	850	853	830
Large Industry	2,390	3,348	4,373	4,031	3,935	5,758	8,279	7,869	7,937
PWW (Small)	283	331	359	375	379	367	394	410	410
PWW (Medium)	70	49	36	34	36	33	35	37	38

5) "Standard operating Procedure for subsidy accounting and payment" by Ministry of Power mention that no electricity connection should be released without metering as per extant law and accordingly assessment of energy supplied to subsidized category of consumers to be computed on measured energy through proper metering only. Further, in line with the Hon'ble Commission of 100% metering of unmetered AP consumers, PFI requests the Hon'ble Commission to consider the action plan as proposed for 100% metering of unmetered AP sales.

6) PFI has prepared an action plan under which all the unmetered AP consumers will be metered within next 5 years by considering the 5yr CAGR growth as actually approved by the Hon'ble Commission in metered and unmetered AP Sales.

Particulars		FY 2024-25 *	FY 2025-26 **	CAGR Growth- 5 yr (FY 2024-25 vs FY 2019-20)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Claimed by PSPCL	Unmetered AP Sale	14,818	15,411		16649	17648	18707		
	Metered AP Sale	125	131		141	149	158		
	Total	**14,943**	**15,542**		**16790**	**17797**	**18865**		
Approved by PSERC	Unmetered AP Sale	14,818	15,411	**2.38%**	12,623	9,693	6,616	3,387	-
	Metered AP Sale	125	131	**4.97%**	3,293	6,687	10,328	14,228	18,402
	Total	**14,943**	**15,542**	**2.40%**	**15,916**	**16,381**	**16,944**	**17,615**	**18,402**

Note: * - As claimed by PSPCL in True-up Petition, ** - As approved by Hon'ble Commission in Tariff Order dated 28/03/2025

7) In view of above, PFI requests the Hon'ble Commission to consider unmetered AP sales as proposed by the PFI in above para i.e., 15,916 MU against the proposal of 16,790 MU and direct PSPCL to follow the above action plan and meter all the unmetered AP consumers in five years. Accordingly, PFI has

Particulars	Projected by PSPCL	Proposed by PFI	Difference
CAGR Growth	6%	3.20%	(2.8%)
Unmetered AP Sales (MU)	16,790	15,916	(874)
Total Sales (MU)	**74,308**	**73,434**	**(874)**

A-2. Distribution Loss Trajectory

8) PSPCL has submitted the distribution loss for FY 2026-27 as 12.75% based on the actual loss achieved during FY 2024-25 of 13.12% and after considering the increase in number of consumers and sales at LT network.

9) It is observed that Hon'ble Commission in its *Tariff Regulations 2025* has not provided any distribution loss trajectory for PSPCL for FY 2026-27 and mentioned that PSPCL need to submit distribution loss trajectory with Business Plan, based on the submission, Commission will approve the distribution loss trajectory. Accordingly, PSPCL has submitted the Distribution Loss for FY 2026-27 in the Petition. In view of submission of PSPCL, PFI analyzed the distribution loss of PSPCL in last few years

and distribution loss of similar DISCOMs with similar consumer mix and accordingly proposed distribution loss for FY 2026-27.

10) Hon'ble Commission has approved Distribution Loss trajectory for control period of FY 2023-24 to FY 2025-26 vide its Order dated 11/01/2023[1], wherein the Commission has mentioned that considering actual distribution loss of 14.35% for FY 2019-20 as a baseline figure for setting the loss trajectory for the 2nd MYT period would reward PSPCL for its inefficiency of not being able to bring its losses down to the target levels and it would be unjust to pass on the impact of increased losses in FY 2019-20 to the consumers of PSPCL. Relevant extract from the Order is as follows:

"2.3 Distribution Loss Trajectory

PSPCL's Submissions:

...

Accordingly, PSPCL has proposed the T&D loss trajectory for the 3 rd Control Period as follows:

Table 7: T&D loss trajectory submitted by PSPCL

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
I	II	III	IV	V
1.	T&D Loss Trajectory %	12.30%	12.20%	12.10%

Commission's Analysis:

The Commission observes that, in the Tariff order for FY 2020-21, (ARR projections for 2nd MYT Control period of FY 2020-21 to FY 2022-23), the Commission had approved the expected distribution loss targets during the 2nd Control Period as 11.24%%, 10.94% and 10.64% for FY 2020-21, FY 2021- 22 and FY 2022-23 respectively on the basis of distribution loss target of 11.54% approved in APR for FY 2019-20. However, in the Tariff Order for FY 2021-22 the Commission observed that despite significant capex allowed by the Commission towards various schemes of network strengthening, augmentation and loss reduction etc., PSPCL has not been able to bring down its losses to the desired target levels. The

[1] https://pserc.punjab.gov.in/pages/Final%20Order%20in%20Pt.%20No.%2049%20of%202022.pdf

Commission further observed that ***considering actual distribution loss of 14.35% for FY 2019-20 as a baseline figure for setting the loss trajectory for the 2nd MYT period would reward PSPCL for its inefficiency of not being able to bring its losses down to the target levels and it would be unjust to pass on the impact of increased losses in FY 2019-20 to the consumers of PSPCL.***

....

The Commission is of the view that actual losses for the year FY 2022-23 should form the basis for setting of target loss figures for the 3rd Control Period. However, actual losses for FY 2022-23 shall be available only upon completion of True-up of FY 2022-23 (to be carried out in FY 2024-25). Therefore, the Commission agrees to the projected loss trajectory of 12.30% for FY 2023-24 i.e. for the first year of the 3rd Control period as submitted by PSPCL. However, ***in view of approval of the substantially higher amount of capital investment for the 3rd Control period for various schemes of network strengthening, augmentation and loss reduction etc. the Commission feels and decides to approve the trajectory of loss reduction of 0.20% in distribution losses for each of the subsequent years i.e. FY 2024-25 and FY 2025-26.***

Therefore, the distribution loss trajectory provisionally approved by the Commission is shown in the following table:

Table 8: Distribution loss trajectory provisionally approved by the Commission

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
1.	Distribution loss trajectory* (%)	12.30%	12.10%	11.90%

**The distribution loss trajectory shall be subject to revision based on actual figures for FY 2022-23 true up but will not be considered if higher than the approved trajectory. Also, the reduction trajectory of 0.20% shall remain the minimum benchmark subject to actual during true up if achievement is better than 0.20%.*

"

11) Further, PSPCL in its ARR Petition for FY 2023-24 has submitted details of the steps taken to reduce Technical Loss and Commercial Loss along with other initiatives like DSM, online payment facilities, strengthening of sub-transmission and distribution network under DDUGJY and IPDS, etc. which resulted in lower Distribution Loss of

12.59% during FY 2021-22, and accordingly requested to consider Distribution Loss trajectory as filed under Business Plan including Capital Investment Plan for MYT Control Period from FY 2023-24 to FY 2025-26. Hon'ble Commission vide its Tariff Order for FY 2023-24 dated 15/05/2023 has reiterated the Order dated 11/01/2023 and considered the Distribution Loss as per Order.

12) It is observed that PSPCL has mentioned that significant increase of domestic consumers in FY 2024-25 has resulted in higher losses. PFI analyzed the trend of increase in number of consumers and sales of last 6 years (FY 2019-20 to FY 2024-25), and similar trend was observed in past also. However, distribution loss as claimed by PSPCL was below 13%. The summary is as follows:

Particulars	UoM	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Domestic Consumers	Nos.	7061124	7229184	7442330	7738348	7928679	8132576
Y-o-Y increase	Nos.		168060	**213146**	**296018**	190331	**203897**
	%		2.38%	2.95%	3.98%	2.46%	2.57%
Domestic Consumers Sales	MU	13551	15065	14538	17510	17819	19900
Y-o-Y increase	MU		1514	-527	2972	309	2081
	%		**11.17%**	-3.50%	**20.44%**	1.76%	**11.68%**
Actual Distribution Loss claimed by PSPCL	%	13.55%	12.99%	12.59%	12.76%	11.81%	13.12%

13) Further, as per RDSS portal, only work under **Loss Reduction** was started on ground and as of now physical progress is only 17%, while work under **Smart Metering** is still to be taken up under which around 90 lakh smart meter will be installed at Consumer, Feeder and Distribution Transformer level. PFI is of the view that projects under RDSS will help the DISCOM in reducing the Distribution Loss at a faster pace.

14) PFI has also observed that other DISCOMs with similar consumer mix have lower distribution loss, like APSPDCL & APCPDCL of Andhra Pradesh and UGVCL of Gujarat.

15) DISCOMs of Andhra Pradesh (APSPDCL & APCPDCL) have actual distribution loss of 8.06% & 7.99% respectively in FY 2023-24 with significant Agricultural sales. The relevant extract from Hon'ble APERC Tariff Order[2] dated 20/02/2025 is as follows:

[2] https://aperc.gov.in/admin/upload/TariffOrderforFY202526.pdf

Table 16: Metered sales and Distribution loss Percentages - APSPDCL

Particulars	2023-24			
	APERC Order		Actuals	
	MU	%	MU	%
Metered Sales (incl. EHT)	19928.07	71.95%	19397.61	62.07%
LT Agricultural Sales	5909.63	21.34%	9334.17	29.87%
Total Sales	**25837.7**	**93.29%**	**28731.78**	**91.94%**
EHT Sales	5973.49		5955.69	
DISCOM Input (Exc. EHT sales)	21724		25296.55	
DISCOM Losses (Exc. EHT sales)		**8.56%**		**9.96%**
DISCOM Input	27697.49	100.00%	31252.24	100.00%
Loss Including EHT Sales %		**6.71%**		**8.06%**

Table 17: Metered sales and Distribution loss Percentages - APCPDCL

Particulars	FY 2023-24			
	APERC Order		Actuals	
	MU	%	MU	%
Metered Sales (incl.EHT)	13097.28	80.15%	13131.91	77.23%
LT Agricultural Sales	1962.76	12.01%	2512.08	14.77%
Total Sales	**15060.04**	**92.16%**	**15643.99**	**92.01%**
EHT Sales	1058.51		1173.06	
DISCOM Input (Exc. EHT Sales)	15283.26		**15830.27**	
DISCOM Losses (Exc. EHT Sales)		**8.39%**		**8.59%**
DISCOM Input	16341.77		**17003.33**	
Loss Incl EHT Sales %		**7.84%**		**7.99%**

16) UGVCL have actual distribution loss of 8.08% in FY 2023-24 with significant Agricultural sales (38%). The relevant extract from Hon'ble GERC Tariff Order[3] dated 31/03/2025 is as follows:

Table 4.3: Distribution Loss as claimed by the Petitioner (%)

Sr. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)
1	Distribution Losses	7.00%	8.08%

17) It is evident from the above that even after significant number of agricultural consumers DISCOMs can have Distribution loss in single digit.

18) PFI has analyzed the AT&C loss trajectory for PSPCL under RDSS, Actual Distribution loss claimed by PSPCL and Distribution loss trajectory by the Commission of last few years, and accordingly proposed a distribution loss trajectory for PSPCL for the period FY 2026-27 to FY 2029-30 after considering the factors as mentioned in above paras, as follows:

[3] https://gercin.org/wp-content/uploads/2025/04/UGVCL-2421-2024-MYT-Order-dtd.-31.03.2025.pdf

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
AT&C Loss under RDSS	18.03%	16.50%	15.00%	14.00%	13.50%					
Actual Distribution Loss claimed by PSPCL	12.99%	12.59%	12.76%	11.81%	13.12%	12.95%	**12.75%**	12.50%	12.20%	
Distribution Loss approved by Commission		12.34%	12.04%	12.30%	12.10%	11.90%				
Distribution Loss proposed by PFI					**12.10%**	**11.90%**	**11.43%**	**10.97%**	**10.50%**	**10.03%**

19) PFI has observed that **PSPCL has collection efficiency of only 92% in FY 2024-25** as per Audited Accounts, which is much lower than the **national collection efficiency of 96.51%** as per PFC report on "*Performance of Power Utilities 2023-24*", this gap shows the inefficiency of PSPCL which result in additional financial burden. The Commission has not projected any collection efficiency target for PSPCL in the Tariff Regulations or Tariff Orders, but it is important for any DISCOM to have maximum collection efficiency at least 99.50% to have minimum commercial losses.

20) In view of above, **PFI proposed the Hon'ble Commission to consider Distribution Loss as 11.43% for FY 2026-27** against the proposed distribution loss of 12.75%.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Distribution Loss	12.75%	11.43%	(1.32%)
Collection Efficiency	0	99.50%	

A-3. Transmission Loss

21) PSPCL has projected Transmission Loss of 2.19% for FY 2026-27.

22) PFI observed that PSPCL has projected Transmission loss as actual Transmission Loss of FY 2024-25, which found to be in Order and may be considered by the Hon'ble Commission.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Transmission Loss	2.19%	2.19%	0

A-4. Energy Balance

23) PSPCL has projected the Energy requirement as 87,385 MU for FY 2026-27 based on the projected sales of 74,308 MU and distribution loss of 12.75%.

24) Based on the inputs provided by PFI in above paras w.r.t. revision in unmetered AP sales and Distribution Loss, PFI has recomputed the Energy Balance for FY 2026-27, which is as follows:

Particulars	UoM	Claimed by PSPCL	Proposed by PFI	Difference
Total Sales with states	MU	74,308	73,434	(874)
Distribution Loss	%	12.75%	11.43%	(1.32%)
	MU	10,863	9,477	(1,386)
Input energy at DISCOM periphery	MU	85,171	82,911	(2,260)
Transmission loss	%	2.19%	2.19%	0
	MU	1,907	1,856	(51)
Energy requirement	MU	87,078	84,767	(2,312)
Sale to common pool consumers	MU	306	306	0
Total Energy Requirement	**MU**	**87,385**	**85,073**	**(2,312)**

25) In view of above, PFI requests the Hon'ble Commission to consider Energy Balance of 85,073 MU for FY 2026-27 against the PSPCL claim of 87,385 MU and to reduce the Power Purchase Quantum & Cost, detailed in section below, based on the above Energy balance. The impact of excess energy procured over and above the projected sales and distribution loss should be borne by Govt. of Punjab in the form of subsidy.

A-5. Revenue Projection

26) PSPCL has projected the Revenue of Rs. 53,850 Cr. based on the Tariff approved by the Hon'ble Commission in Tariff Order dated 28/03/2025.

27) PFI has recomputed the Revenue at existing Tariff after reducing the un-metered Agricultural sales as proposed above. The revised revenue is as follows:

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Agricultural Sales (MU)	16,790	15,916	(874)
Average Billing Rate of Agricultural consumers (Rs./kWh)	6.70	6.70	0
Revenue Projected (Rs. Cr.)	11,249	10,663	(586)
Total Revenue (Rs. Cr.)	**53,850**	**52,264**	**(586)**

28) Accordingly, PFI requests the Hon'ble Commission to consider the Revenue at existing Tariff as Rs. 52,264 Cr. against the projected Revenue of Rs. 53,850 Cr. The excess revenue as projected by PSPCL may be borne by Govt. of Punjab in the form of subsidy.

B. Power Purchase Quantum & Cost

B-1. Power Purchase Cost against Higher sales projection & Distribution Loss

29) PSPCL has projected net Power Purchase Quantum of 69,676 MU at Power Purchase Cost of Rs. 32,122 Cr.

30) PFI in above section has recomputed the Energy balance based on revised Sales and Distribution Loss. Accordingly, PSPCL has reduced the Power Purchase Quantum by 2,312 MU and corresponding Power purchase cost based on the Merit Order Despatch principle wherein lower energy is procured from higher Energy Charge Rate plants, which is as follows:

Sr. No.	Source of Power	Power Scheduled as per PSPCL (MU)	Surplus Energy (MU)	Energy Charge Rate (Rs./kWh)	Excess Power Purchase Cost (Rs. Cr)
1	Pragati-III Gas Plant Bawana	767	767	6.13	470
2	NCTPS Unit–2C	18	18	4.71	9
3	Unchahar–II	395	395	4.19	166
4	Unchahar–II	101	101	4.17	42

Sr. No.	Source of Power	Power Scheduled as per PSPCL (MU)	Surplus Energy (MU)	Energy Charge Rate (Rs./kWh)	Excess Power Purchase Cost (Rs. Cr)
5	Talwandi Sabo TPS	15,320	1,031	4.16	429
	Total		**2,312**		**645**

31) In view of above, PFI requests the Hon'ble Commission to consider Power Purchase Cost as Rs. 31,477 Cr. against the projected Power Purchase Cost of Rs. 32,122 Cr., the additional Power purchase cost as claimed by DISCOM, should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Power Purchase Cost (Rs. Cr.)	32,122	31,477	(645)

B-2. Power Purchase cost without considering escalation

32) PSPCL submitted that they have considered same Fixed Cost and Energy Charge Rate for most of the Power Plants as in FY 2025-26 without any escalation.

33) PFI welcome the PSPCL move of not considering escalation in Fixed Cost and Energy Charge Rate of Power Plants as it reduces the upfront loading of the same on Tariff and ultimately on the consumers as large.

34) It is submitted that due to unavailability of actual Fixed Cost and Energy Charge Rate of each plant for H1 FY 2025-26, PFI is unable to analyze the variation in Fixed Cost and Energy Charge Rate. However, PFI analyzed the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS) for FY 2025-26, it is observed that PSPCL has submitted negative FPPAS in last 9 months of FY 2025-26[4],[5] even during the summer season when the State touches its Peak demand. The summary of FPPAS is as follows:

Month	FPPAS computed by PSPCL
Apr'25	(3.01%)

[4] https://docs.pspcl.in/docs/cecommercial252025100614174354 6.pdf
[5] https://docs.pspcl.in/docs/cecommercial252025120916213524 7.pdf

Month	FPPAS computed by PSPCL
May'25	(8.12%)
Jun'25	(5.71%)
Jul'25	(1.52%)
Aug'25	(1.15%)
Sept'25	(2.05%)
Oct'25	(6.24%)

35) It is evident from the above table that the Power Purchase Cost and Transmission Charges approved by the Hon'ble Commission in Tariff Order for FY 2025-26 dated 28/03/2025 is on higher side than the actual monthly bill of FY 2025-26.

36) Further, it is also submitted that the Central Government, vide Ministry of Finance Notification No.9/2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025[6], has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a "Change in Law" event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

37) As per PFI analysis, it is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. Further, for the power sector, the average reduction is around Rs. 260 per tonne, translating into a cut of 17–18 paise per kWh in the cost of generation.

38) In view of recent GOI notifications dated 17/09/2025 and expected reduction in coal price and subsequent Energy Charge rate of Thermal Plants, **PFI request to the Hon'ble Commission to consider FC & ECR for FY 2026-27 equal to FY 2025-26**

[6] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2165754&reg=3&lang=2

without any escalation. In case of any variation, the same may be recovered through monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS) which was already approved by the Hon'ble Commission.

B-3. Short-term Power Purchase

39) PSPCL has projected to procure 5689 MU Short-term power from Exchange at an average rate of Rs. 5.11/kWh totaling to Rs. 2907 Cr. PSPCL further submitted that they have considered average rate based on the trend observed in last three years (FY 2022-23 to FY 2024-25).

40) It is observed that PSPCL has not provided any details or breakup with the Petition related to short-term power purchase quantum during peak period slots and off-peak period slots on monthly basis and corresponding average Power purchase cost in last three years i.e., FY 2022-23 to FY 2024-25.

41) In view of significant expenditure on short-term power purchase, PFI requests the Hon'ble Commission to direct PSPCL to submit the details of short-term power procured and corresponding cost during the month-wise peak/off-peak slots for the last 3 years to provide the trend of short-term power purchase cost before allowing Power Purchase cost against short-term power purchase projection.

B-4. Power Purchase Cost from Plants whose PPAs are expiring

42) PSPCL has submitted that they have considered power from multiple Power Plants whose PPAs are expected to expire in the FY 2025-26 or in FY 2026-27 like M/s CDBL 3.9 MW, Killa MHP, Sahoke MHP, ect,; or already expired but considered due to Hon'ble APTEL or Hon'ble High Court Order like M/s Indian Sucrose Ltd., M/s Northstar Solar Power Pvt. Ltd., etc.

43) In view of above, PFI requests the Hon'ble Commission to allow Power Purchase Quantum and Cost after Prudence check of the Power Purchase Agreements, availability of Power, Hon'ble APTEL or Hon'ble High Court Order on expired and expected to expire PPAs during FY 2026-27.

B-5. Renewable Purchase Obligation

44) PSPCL projected RPO shortfall of 5,249 MU in FY 2026-27 against the target of 30,662 MU. PSPCL further submitted that the shortfall will be met by purchase of short-term RE power or by purchasing REC. PSPCL also projected to procure REC of Rs. 236.78 Cr. for FY 2026-27.

45) PFI observed that there is variation in RPO Trajectory specified by the Hon'ble Commission and MoP Trajectory for FY 2026-27. As per *PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2022* dated 27/06/2023, the RPO target is as follows:

RPO Targets: Every obligated entity shall meet at least a part of its consumption of electricity from renewable energy (RE) sources as specified below:

Table-1

Financial Year	RPO
2023-24	27%
2024-25	30%
2025-26	33%
2026-27	36%
2027-28	39%
2028-29	41%
2029-30	43%

46) Further, RPO Trajectory as per Ministry of Power notification dated 23/10/2023 is as follow:

TABLE

Sl.No	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2024-25	0.67%	0.38%	1.50%	27.35%	**29.91%**
2.	2025-26	1.45%	1.22%	2.10%	28.24%	**33.01%**
3.	2026-27	1.97%	1.34%	2.70%	29.94%	**35.95%**
4.	2027-28	2.45%	1.42%	3.30%	31.64%	**38.81%**
5.	2028-29	2.95%	1.42%	3.90%	33.10%	**41.36%**
6.	2029-30	3.48%	1.33%	4.50%	34.02%	**43.33%**

47) PSPCL submits that it has considered the Renewable Purchase Obligation (RPO) targets in line of *PSERC RPO Regulations 2022.* However, Ministry of Law & Justice through Gazette Notification dated 20/12/2022 amended the *Energy Conservation (Amendment) Act, 2022* and gives power to Central Govt. to specify minimum share of consumption of non-fossil sources by designated consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers. Subsequently, Ministry of Power notified minimum share of consumption of non-fossil sources (renewable energy) by designated consumers including DISCOMs vide its notification dated 23/10/2023. Accordingly, Ministry of Power notification dated 23/10/2023 will supersede the Hon'ble Commission Regulation.

48) Further, with respect to Hon'ble Commission consolidated RPO targets, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO targets. In last few years the share of Renewable Energy has increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing Round the Clock power or peak power through Renewable plus storage combination. The intent of

National RPO target is to provide firm and dispatchable renewable energy by providing power through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.

49) It is evident from the above para that every source is important to provide round the clock power and have minimum impact on grid.

50) PFI observed that PSPCL in Table 3-29 of the Petition has not considered energy against projected RECs and projected shortfall. Further, PSPCL has projected to procure approx.. 5,700 MU short-term power through Exchange/Trader at an average rate of Rs. 5.11/kWh which is on higher side.

51) Accordingly, PFI requests the Hon'ble Commission to align States RPO Target as per MoP Notification dated 23/10/2023 and to direct PSPCL to submit the technology wise power procurement and shortfall. Further, **PFI requests the Hon'ble Commission to direct PSPCL to explore the option to procure Renewable energy instead of short-term power as per requirement like base load or peak load by using multiple options offered by REIAs like vanilla Renewable Energy or hybrid Renewable Energy or RTC or FDRE.** It will reduce the financial burden on DISCOM by purchasing short-term power at higher rates and procuring RECs for complying RPO Targets.

C. Transmission Charges

C-1. Transmission charges without considering escalation over FY 2025-26

52) PSPCL submitted that they have projected Transmission Charges for FY 2026-27 after considering escalation of 5% over FY 2025-26 Transmission Charges.

53) PFI analyzed the past trend of Inter & Intra-state Transmission Charges and observed that the five-year CAGR growth is around 8.60% and 4.72% respectively.

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	CAGR Growth- 5 year
Inter-state Transmission Charges (Rs. Cr.)	1268	1422	1705	1898	2051	1915	8.60%
Intra-state Transmission Charges (Rs. Cr.)	1337	1317	1407	1493	1568	1684	4.72%

54) In view of above, **PFI request to the Hon'ble Commission to consider Transmission Charges for FY 2026-27 as proposed by PSPCL.**

Rs. Cr.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Interstate Transmission Charges	1,958	1,958	0
Intrastate Transmission Charges	1,859	1,859	0
Total	**3,817**	**3,817**	**0**

D. Interest Charges

D-1. Interest on Long term loans & Finance Charges

55) PSPCL has claimed Rs. 1250 Cr. as Interest Cost on Long term Loans in Table 3-35 of the ARR Petition.

56) PFI observes that computation of Interest on Long term Loans is not as per the Regulatory provisions stipulated in *PSERC MYT Regulations, 2025.* PFI has recomputed the interest on Loan for FY 2026-27 as per the applicable Regulatory Provisions considering Closing Loan approved for FY 2025-26 as the Opening loan for FY 2026-27. Addition of loan for FY 2026-27 has been considered as proposed by PSPCL in the Petition. As per regulation 23.2 of *PSERC MYT Regulation 2025,* the repayment of loan is considered equal to the Depreciation. The weighted average interest on loan is considered as per the overall weighted average loan for Generation Business and Distribution Business as considered in True up for FY 2024-25. Accordingly, the interest on long term loan is reworked as per the Regulatory provisions as shown below:

Sr. No.	Particulars	Proposed by PFI (Rs. Cr.)
1	Opening Loan	5,758
2	Addition during the Year	8,593
3	Less: Repayment	1,716
4	Closing Loan	12,635
5	Average Loan	9,196
6	Rate of Interest on Loan	8.86%
7	**Interest on Long Term loans**	**815**

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Interest on Long Term loans	1,250	815	(436)

57) **In view of above, PFI requests the Hon'ble Commission to consider Rs. 815 Cr. of normative Interest on Long Term loans in the ARR of FY 2026-27 as against Rs. 1250 Cr. as submitted by the PSPCL for FY 2026-27. The additional Interest on Term Loan as claimed by DISCOM, should be borne by Govt. of Punjab in the form of subsidy.**

D-2. General Provident Fund (GPF) Liability

58) PSPCL has projected GPF liability of Rs. 31.40 Cr. in FY 2026-27.

59) It is observed that Hon'ble Commission in its Tariff Order dated 28/03/2025 has disallowed interest on GPF and mentioned that initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31/03/2023 and no interest on outstanding initial corpus balance was allowable after 31/03/2023. Relevant extract is as follows:

The reply of PSPCL clearly shows that it had been utilizing Trust funds for repayments of their long-term Loans. The Commission has been allowing interest on long term loans and working capital loans on normative basis, therefore, claim of PSPCL that they have been saving on interest by repaying long term loans is in their own interest and not beneficial to the consumers. Further, had PSPCL made timely payments, the GPF Trust could have earned more interest, which would have benefited the subscribers. The claim for excess interest on the GPF liability has already impacted the previous tariff structure, thereby increasing the financial burden on consumers.

The Commission observed that since PSPCL did not meet the required deposit timelines and diverted funds, the interest claim on default payment is not allowable.

Thus, the Commission disallows interest on GPF of Rs. 44.91 Crore for FY 2023-24 as initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31.03.2023 and no interest on outstanding initial corpus balance was allowable after 31.03.2023.

60) In view of above, **PFI requests the Hon'ble Commission to not allow GPF Liability as this interest amounts to the interest charge towards default payment of initial corpus as well as subscription to the GP Fund Trust**. PSPCL has claimed interest on GP fund Liability which is interest on default payments of initial corpus as well as subscription to the GP Fund Trust, as recorded by the Commission in Tariff Order dated 28/03/2025. The same may be borne by the Govt. of Punjab in the form of subsidy.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
GPF Liability	31.40	0	(31.40)

D-3. Guarantee Fee & Other Interest

61) PSPCL has projected Guarantee Fee of Rs. 130.27 Cr. & Other Interest of Rs. 32.20 Cr. in FY 2026-27.

62) It is observed that PSPCL has not submitted the break-up and reason of claiming Guarantee Fee and Other Interest. However, Hon'ble Commission in its Tariff Order dated 28/03/2025 has allowed the Guarantee Fee & Other Interest for FY 2025-26 equal to Guarantee Fee & Other Interest approved in True-up of FY 2023-24, which will be reviewed at the time of True-up of FY 2025-26.

63) PFI requests the Hon'ble Commission to allow Guarantee Fee & Other Interest equal to Guarantee Fee & Other Interest allowed for FY 2024-25 after prudence check of

the claim in line with the Hon'ble Commission past practice as per Audited Accounts. The additional interest as claimed by DISCOM, should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Guarantee Fee	130.27	48.53	(81.74)
Other Interest	32.20	32.20	0

D-4. Interest Capitalized

64) PSPCL has projected Interest Capitalized of Rs. 423.85 Cr. for FY 2026-27.

65) It is observed that PSPCL has not submitted the break-up of Interest Capitalized. However, Hon'ble Commission in its Tariff Order dated 28/03/2025 has allowed the Interest Capitalized equal to Interest Capitalized approved in True-up of FY 2023-24, which will be reviewed at the time of True-up of FY 2025-26.

66) In view of above, PFI requests the Hon'ble Commission to allow Interest Capitalized equal to Interest Capitalized allowed for FY 2024-25 after prudence check of the claim, as PSPCL has claimed interest capitalized majorly under the head of Shahpur Kandi Plant which has not commissioned.

67) Accordingly, PFI requests the Hon'ble Commission to allow Interest Capitalized as Rs. 55.22 Cr. in line with the Hon'ble Commission past practice as per Audited Accounts. The additional interest as claimed by DISCOM, should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Interest Capitalized	423.85	55.22	(368.63)

D-5. Interest on Working Capital

68) PSPCL projected Rs. 391.19 Cr. as Interest on Working Capital for FY 2026-27 as per regulatory provisions. However, PSPCL has requested Hon'ble Commission to allow Interest on Working Capital as per actually incurred by the DISCOM as working

capital is required to fund their deficits in the financials which have disallowed and for funding the delay payment from the consumers.

69) PFI has analyzed the pending dues from consumers and pending subsidy for FY 2024-25 in the earlier section and found that around Rs. 9800 Cr. subsidy is still pending with Govt. of Punjab along with Rs. 2328 Cr. from State Govt. Departments. Due to such huge outstanding, PSPCL is dependent on working capital loans to run its operations resulting in the burden of interest thereof.

70) PSPCL has claimed Interest on working capital based on Regulatory provisions, which is as follows:

32.1. **Components of Working Capital**

(a) Coal-based Thermal Generating Plants: The Working Capital shall cover the following:

i. Fuel Cost including cost of limestone / other reagent for 2 months corresponding to the normative annual plant availability factor;

ii. Operation and maintenance (O&M) Expenses for 1 month;

iii. Maintenance spares @ 15% of the O&M expenses;

iv. Receivables equivalent to 45 days of fixed and variable charges for sale of electricity calculated on the normative annual plant availability factor.

42.2. Components of Working Capital for Retail Supply business shall cover the following:

(a) O&M Expenses for retail supply business for 1 month;

(b) Maintenance spares @ 15% of the O&M expenses for retail supply business; and

(c) Receivables equivalent to 45 days of average of revenue from sale of energy, approved by the Commission in the ARR;

Less

Consumer Security Deposit

71) As above, the Hon'ble Commission determines the IoWC as per the applicable Regulatory Provisions, however, Sections 61 (d) of the Act stipulates that appropriate Commission to specify Tariff Regulations considering various parameters including safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner. Also, Electricity (Second Amendment) Rules, 2023

dtd. 26/07/2023 stipulates that the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system should be allowed. The relevant extract of the said Rules is as follows:

"(4) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass through:"

72) **In view of the above, PFI requests Hon'ble Commission to consider amending the applicable Regulatory provisions to allow actual interest on Working Capital for the DISCOMs considering the fact that there is huge outstanding subsidy to be paid by the Govt. Such interest on Working Capital is a prudent cost incurred by the DISCOM which if not allowed will become financial losses to the stressed DISCOM. However, for the purpose of ARR of FY 2026-27, PFI request the Hon'ble Commission to allow Interest on Working Capital equal to Interest on Working Capital actually paid by DISCOM in FY 2024-25 i.e, Rs. 816.55 Cr.**

Rs. Cr.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Interest on Working Capital	391.19	816.55	425.55

E. Operation & Maintenance Expenses

E-1. Employee Expenses

73) PSPCL has projected employee expenses as Rs. 7,881 Cr. for FY 2026-27 based on the actual/provisional expenses of past years.

74) PFI observed that PSPCPL has also claimed Terminal Benefits of Rs. 773 Cr. while computing the Employee Expenses which is not in line with the Regulatory provision. As per Note-4 of the Regulation 25 of MYT Regulation 2025, Terminal Benefits will be approved as per actuals paid by the Petitioner.

75) Accordingly, PFI requests the Hon'ble Commission to not consider Terminal Benefits of Rs. 773 Cr. while allowing Employee expenses. PFI has recomputed Employee Expenses as Rs. 7,107 Cr. against the projected Employee Expenses of Rs. 7,881 Cr.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Employee Expenses	7,881	7,107	(773)

E-2. Higher Employee Expenses

76) PFI observed that Employee expenses of PSPCL are very high when compared with other DISCOMs. Accordingly, PFI has done benchmarking of O&M Expenses on per consumer and per sales for PSPCL (Punjab), UHBVNL & DHBVNL (Haryana) & DVVNL (Uttar Pradesh), the summary of benchmarking is as follows:

O&M Benchmarking	True-up FY 2022-23				True-up FY 2023-24				True-up FY 2024-25			
	Punjab	Haryana		UP	Punjab	Haryana		UP	Punjab	Haryana		UP
Particulars	PSPCL (Dist.)	UHBVNL	DHBVNL	DVVNL	PSPCL (Dist.)	UHBVNL	DHBVNL	DVVNL	PSPCL (Dist.)	UHBVNL	DHBVNL	DVVNL
Employee Expenses	5929	1401	1683	567	6102	1,307	1723	379	6075	1586	1862	
R&M Expenses	287	94	131	542	356	173	196	583	445	172	222	
A&G Expenses	202	113	146	131	173	203	204	130	223	229	196	
O&M Expenses	**6419**	**1607**	**1959**	**1239**	**6631**	**1683**	**2123**	**1092**	**6743**	**1986**	**2280**	
Sales	59301	21655	31008	22194	61122	22,301	31957	24,166	65449	25200	35779	
No. of Consumers ('000)	10514	3552	4113	6430	10748	3724	4258	6,205	11270	3771	4394	
Employee Expenses (paise per unit)	10.0	6.5	5.4	2.6	10.0	5.9	5.4	1.6	9.3	6.3	5.2	Petition
R&M Expenses (paise per unit)	0.5	0.4	0.4	2.4	0.6	0.8	0.6	2.4	0.7	0.7	0.6	not filed
A&G Expenses (paise per unit)	0.3	0.5	0.5	0.6	0.3	0.9	0.6	0.5	0.3	0.9	0.5	
O&M Expenses (paise per unit)	10.8	7.4	6.3	5.6	10.8	7.5	6.6	4.5	10.3	7.9	6.4	
Employee Expenses (paise per thousand consumers)	56.4	39.4	40.9	8.8	56.8	35.1	40.5	6.1	53.9	42.0	42.4	
R&M Expenses (paise per thousand consumers)	2.7	2.6	3.2	8.4	3.3	4.7	4.6	9.4	3.9	4.6	5.0	
A&G Expenses (paise per thousand consumers)	1.9	3.2	3.5	2.0	1.6	5.4	4.8	2.1	2.0	6.1	4.5	
O&M Expenses (paise per thousand consumers)	61.1	45.3	47.6	19.3	61.7	45.2	49.9	17.6	59.8	52.7	51.9	

77) It is evident from above table that O&M expenses especially Employee Expenses of PSPCL are on higher side as compared to other DISCOMs, this clearly indicates the operational inefficiency of PSPCL.

78) It is also observed that Hon'ble Commission has neither projected nor provided any normative employee expenses on per unit sold or per consumer or per asset basis as in their Tariff Regulations as provided by other State Electricity Regulatory Commissions like Delhi, Rajasthan, Andhra Pradesh, Telangana, Maharashtra etc. Further, CEA issued Guidelines for benchmarking of O&M Norms for Distribution Utilities in Jan' 2025[7], wherein CEA has recommended computation of O&M Expenses based on number of consumers and GFA.

79) Normative norms bring a check and balance as during the process for preparing norms for next MYT period, the Commission analyze the past trend of O&M expenses and analyze the reason of any abrupt variation and compare the same with other States and disallow or not consider non-periodic expenses from the norms.

80) In view of above, PFI requests the Hon'ble Commission to bring out O&M norms for the Control Period (FY 2026-27 to FY 2028-29) on the basis of sales, consumers, assets or GFA after prudence check of the PSPCL actual O&M expenses of last 5 years and analyze the reason of high O&M expenses especially Employee expenses of PSPCL as it put additional financial burden on consumers through Tariff and defeats the basic principle of Electricity Act, 2003 of protecting interest of consumers, efficiency and economical use of the resources.

81) Based on the above table, PFI proposed the Hon'ble Commission to limit the employee expenses of PSPCL to the extent of average of employee expenses per unit sold for PSPCL, UHBVNL, DHBVNL & DVVNL. Accordingly, PFI has computed the employee expenses for FY 2026-27 as follows:

Particulars	UoM	Values
Avg. employee expense per unit sold for FY 2024-25	Paisa/kWh	4.36

[7] https://cea.nic.in/wp-content/uploads/dp_t/2025/01/OM_Benchmarking_for_Discoms_CEA_Guidelines.pdf

Particulars	UoM	Values
Inflation factor	%	2.10%
Avg. employee expense per unit sold for FY 2026-26	Paisa/kWh	4.54
Sales Proposed by PFI	MU	73434
Employee expenses as per PFI	**Rs. Cr.**	**3334**

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Employee Expenses	6,771	3,334	(3,437)

82) In view of above, PFI proposes to reduce the employee expenses by Rs. 3,437 Cr. and the balance employee expense as claimed by PSPCL should be borne by Govt. of Punjab in the form of subsidy.

F. Demand Side Management (DSM) Fund

83) PSPCL has projected Rs. 5.06 Cr. for DSM activities in FY 2026-27.

84) PFI observed that PSPCL has also not submitted any proposal related to **DSM initiatives with the Petition**. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use consumers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.

85) In view of above, PFI requests the Hon'ble Commission to direct PSPCL to focus on the DSM activities and submit detailed proposal w.r.t. activities proposed under DSM.

G. Norms of Operation for Thermal Generating Stations

86) PSPCL has submitted to relax the Norms of operation for Thermal Generating Stations which was mainly affected due to ageing of units and partial load & frequent

start/stop of the units. PSPCL accordingly submitted the performance parameters for FY 2026-27 based on actual parameters in past as follows:

Table 3-22 SHR, Auxiliary & Oil Consumption for 4th Control Period

S. No.	Plant	FY 2026-27	FY 2027-28	FY 2028-29
	GGSSTP			
1	Station Heat Rate (kcal/kwh)	2,669	2,669	2,669
2	Auxiliary Consumption (%)	9.50%	9.50%	9.50%
3	Secondary Fuel Oil Consumption (ml/kWh)	1.00	1.00	1.00

S. No.	Plant	FY 2026-27	FY 2027-28	FY 2028-29
	GHTP			
4	Station Heat Rate (kcal/kwh)	2,648	2,648	2,643
5	Auxiliary Consumption (%)	8.50%	8.50%	8.50%
6	Secondary Fuel Oil Consumption (ml/kWh)	1.00	1.00	1.00

87) It is observed that Hon'ble Commission in its *PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2025* has laid down the principle of setting the norms for operation of Generating Stations. Relevant extract is as follows:

34. NORMS FOR PERFORMANCE PARAMETERS

The norms for performance parameters for a Generating Company i.e. availability, load factor, station heat rate, specific oil consumption, auxiliary consumption etc. shall be as per the CERC norms or as determined by the Commission:

Provided that in the case of a generating unit which undergoes Renovation and Modernization, the Commission may specify a separate set of norms to be adopted during the renovation and modernization period and for the subsequent period. These norms shall be specified by the Commission on case to case basis as part of the Renovation and Modernization Capital Investment approval. Consequently, the generation tariff shall be determined accordingly by the Commission.

88) In view of above, PFI requests Hon'ble Commission to consider the norms for operation of Generating Stations in line with the norms determined by Hon'ble CERC.

89) Further, PSPCL has considered escalation cost of coal, oil and biomass for GHTP & GGSSTP plant by 5% & 2% respectively for FY 2026-27.

90) It is submitted that recent GoI notification w.r.t rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, it is expected that this will reduce the cost coal. In view of this, PFI requests the Hon'ble Commission to consider one time increase of 5% on price of coal, oil and biomass over the actual price in FY 2024-25 as claimed by FY 2024-25.

91) In view of above, PFI requests the Hon'ble Commission to consider the normative Operational Performance Parameters for GGSSTP & GHTP for FY 2026-27. Accordingly, PFI recomputed the Fuel cost and per unit cost (Rs./kWh) for FY 2026-27 based on the normative parameters, which is as follows:

GHTP			
Particulars	**Claimed by PSPCL**	**PFI Working**	**Difference**
Net Generation (MU)	4614	4614	
Total Fuel cost (Rs. Cr.)	2063	1767	(295)
Per unit Cost (Rs./kWh)	4.47	3.83	(0.64)
GGSSTP			
Particulars	**Claimed by PSPCL**	**PFI Working**	
Net Generation (MU)	4501	4501	
Total Fuel cost (Rs. Cr.)	2003	1633	(370)
Per unit Cost (Rs./kWh)	4.45	3.63	(0.82)

92) In view of above, PFI requests the Hon'ble Commission to allow the Fuel cost as Rs. 3401 Cr. (based on normative performance parameters) against the claimed Fuel cost of Rs. 4066 Cr. The additional fuel cost, as claimed by DISCOM, should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Fuel Cost	4,066	3,401	(665)

H. SUMMARY OF PSPCL ARR & TARIFF PETITION FOR FY 2026-27

93) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for PSPCL is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	**Sales (MU)**	**74,308**	**73,434**	**(874)**
1a	***Less:** Increase in un-metered sales over the last year*	16,790	15,916	
2	**Distribution Loss**			
2a	***Less:** Distribution Loss not in line with the Commission trajectory*	12.75%	11.43%	(1.32%)
3	Transmission Loss			
3a	***Less:** Transmission Loss not in line with the Commission trajectory*	2.19%	2.19%	0.00%
4	**Power Purchase Cost**	**32,122**	**31,477**	**(645)**
4a	***Less/Add:** Power Purchase Cost against sales projection*		645	
5	**Transmission Charges**	**3,817**	**3,817**	**0**
6	**Operation & Maintenance (O&M) Expenses (6a+6b+6c)**	**9,011**	**4,801**	**(4,210)**
6a	Employee Expenses	7,881	3,671	(4,210)
6a-i	***Less:** Over and above normative*		*3,437*	
6a-ii	***Less:** Terminal Benefits*		*773*	
6b	Administrative & General (A&G) Expenses	283	283	0
6c	Repair & Maintenance (R&M) Expenses	847	847	0
7	**Return on Equity/ Return on Capital Employed (RoE/RoCE)**	975	975	0
8	**Interest on Loan**	1,021	840	(180)
8a	***Less/Add:** As per regulatory provision*		180	
9	Interest on Working Capital	391	817	426
9a	***Add:** Actual as per Audited Accounts (Due to pending subsidy and Govt. departments dues)*		426	
10	Other Interest charges	275	275	0
11	Depreciation	1,716	1,716	0
12	Others (Interest on Consumer Security Deposit, Bad Debts, Compensation for Electrical accident, etc.)	22	22	0
13	**Fuel Cost**	**4,066**	**3,401**	**(665)**
13a	***Less:** Over and above normative*		665	
14	**Gross Aggregate Revenue Requirement (ARR)**	**53,416**	**48,141**	**(5,274)**
15	Non-tariff Income	1,051	1,051	0
17	**NET Aggregate Revenue Requirement (ARR)**	**52,365**	**47,090**	**(5,274)**
18	Revenue from Sale of Power	53,850	53,264	(586)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
18a	***Less/Add:*** *Due to variation in sales (Unmetered Ag. Sales)*	11,249	10,663	
19	**Revenue (Gap)/Surplus**	**1,485**	**6,174**	**4,689**

94) In view of above, it is observed that PSPCL is Revenue Surplus by Rs. 6,174 Cr. instead of surplus of Rs. 1,485 Cr. as proposed by PSPCL. PFI requests the Hon'ble Commission to kindly consider the same. Accordingly, there will be no requirement of Tariff hike as proposed by DISCOM. Further, the Govt. of Punjab should provide additional subsidy of Rs. 4,689 Cr., on account of higher claims of PSPCL as tabulated above, over and above the subsidy decided by Govt. of Punjab for FY 2026-27.

I. PM SURYA GHAR – MUFT BIJLI YOJNA

95) PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakhs, with the numbers doubling to 20 lakh by October 2025, reaching 40 lakh by March 2026, and ultimately achieving the target of one crore by March 2027[8]. The scheme is projected to add 30 GW of solar capacity through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

96) Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales. However, in the Tariff Petition for ARR of FY 2026-27, it is noted that PSPCL have submitted any proposal related to PM Surya Ghar – Muft Bijli Yojna.

97) In view of above, PFI submits that Sales forecast for PSPCL in ARR of FY 2026-27 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

J. ENERGY STORAGE

[8] https://pib.gov.in/PressReleasePage.aspx?PRID=2081250

98) India's evolving energy storage policy framework underscores its commitment to enhancing grid flexibility and supporting renewable energy integration. Since 2019, a robust regulatory ecosystem has been crafted to support energy storage deployment through national initiatives around technical standards, legal frameworks, transmission charges, Resource Adequacy (RA) planning, market mechanisms, and financial incentives, as well as state-level initiatives.

99) In a significant regulatory development, the MoP clarified Legal Status to ESS on January 29, 2022. The order identifies Energy Storage Systems (ESS) as an essential component of the power system under the Electricity Act of 2003, permitting ESS to function as a standalone or integrated element within generation, transmission, or distribution networks. The ESS can be operated by various entities, and standalone ESS projects can be licensed independently and granted connectivity under specific rules, encouraging broader ESS applications and ownership models.

100) The Waiver of Inter-State Transmission System (ISTS) Charges for solar, wind (onshore and offshore), and green hydrogen projects was mandated by the Ministry of Power (MoP) on November 23, 2021, with subsequent amendments in November 2021, December 2022, May 2023, June 2023 & June 2025. The relevant extract is as follows:

"

a) ISTS charges waiver for Hydro PSP Projects for which the construction work has been awarded on or before 30th June 2028 shall be 100%.

b) ISTS charges waiver for co-located Battery Energy Storage System (BESS) Projects commissioned on or before 30th June, 2028 shall be 100%, if the power from such BESS projects is consumed outside of the state, where such BESS project is commissioned.

Provided that a BESS project shall be considered as co-located, if the BESS and RE projects are connected at the same ISTS sub-station.

c) There will not be any ISTS charges waiver for Hydro PSP Projects, for which the construction work awarded after 30th June, 2028 and for co-located BESs commissioned after 30th June, 2028.

d) For BESS projects which are not co-located, the ISTS charges waiver shall be as per the extant orders issued by the Ministry of Power and CERC Regulations."

101) The Central Electricity Authority (CEA) on 28/06/2023, has established RA planning guidelines at both national and state levels, an important step forward, and has recently come up with state-wise RA reports with up to 5-year or 10-year RA projections. The CEA Resource Adequacy guidelines also outline a framework for incorporating ESS in RA planning.

102) Recent national and state government policies have begun to lay a foundation that will support ESS deployment and its integration into RA planning and procurement, electricity markets, and system operations.

103) The CEA in its Report for Resource Adequacy Plan9 for the State of Punaj for the period from FY 2025-26 to FY 2035-36 has identified that:

- Punjab is likely to witness an energy deficit ranging from 9.7 BU to 26.7 BU in different years from 2024-25 to 2035-36 with the existing and planned capacity addition only.
- In addition to the existing and already planned contracts, Punjab needs to tie up approximately 9,248 MW of solar-based capacity, 4,500 MW of wind-based capacity, 1,902 MW of DRE, 1000 MW of FDRE and 2812 MW of Storage BESS by 2035–36. The year-wise Storage capacity requirement is as follows:

Year	Additional Requirement (MW)
FY 2025-26	0
FY 2026-27	0
FY 2027-28	262
FY 2028-29	0
FY 2029-30	500
FY 2030-31	917
FY 2031-32	95
FY 2032-33	37
FY 2033-34	1000
FY 2034-35	0
FY 2035-36	0
Total	2812

[9] https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2025/09/Report_on_Resource_Adequacy_Plan_for_Punjab_Up_to_2035_36.pdf

104) Further, it is observed that PSPCL has not projected any capacity during FY 2026-27 under Power Purchase Quantum and Cost. However, CEA has projected additional requirement of 262 MW Storage capacity in FY 2027-28.

105) In view of the above, PFI submits that Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost. For instance, in BESS, Batteries can be charged in the off-peak hours and can be discharged in Peak hours, thus, avoiding reliance of DISCOMs on high-cost short term Power from markets or not scheduling the high-cost Power Plants. With steep reduction in Battery prices and active participation by various companies, PSPCL necessitates to also consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Punjab.

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

106) *Electricity (Rights of Consumers) Amendment Rules, 2023* dtd. 14/06/2023 stipulates that 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. **It is to be noted that the PSPCL has not proposed ToD for Domestic consumers, where Smart Meters have been installed, for FY 2025-26.**

107) Further, the Rules also stipulate that ToD Tariff for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff. Further ToD during Off-peak hours should be at least 20% less than the normal tariff (not more than 80% of the normal tariff). **However, PSPCL has not proposed any Off-peak Tariff for the period 1st June to 15th October which is non- compliance of the Consumer Rules formulated by MoP. Similarly, the Licensee has not proposed any Peak Tariff for the period 16th Oct to 30th Nov and 1st March to 31st March.**

108) Further, PSPCL has also not submitted the status of ToD in their area (tariff category wise). The said status report should provide benefit derived from ToD through flattening of Load Curve and avoiding procurement of costly power in Peak Period.

109) PFI observes that the cost of power purchase during peak hours is quite high. Time of Day (ToD) Tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high-cost peaking power purchases. Accordingly, in ToD Tariff regime peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivise consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flattening the load curve. The ToD Tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the Tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency.

110) Introduction of higher peak hour Tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower Tariff during off peak hours. In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

111) The ToD Tariff would thus have immediate as well as long-term benefits for both consumers as well as the utility and contribute towards controlling the rise in power purchase costs.

112) Thus, PFI requests the Hon'ble Commission 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.**

PFI Comments/Suggestions: PSPCL True-up Petition for FY 2024-25

L. SALES

L-1. Un-metered Agriculture Consumers

113) Hon'ble Commission has been reiterating multiple directions every year in Tariff Orders for 100% metering of AP consumers. It is noted by PFI that PSPCL in True-Up Petition for FY 2024-25 has considered huge unmetered AP consumption of 14,817.73 MU *(22% Approx. of the total Sales in the State).*

114) Further, it is noted that Hon'ble Commission in previous Tariff Orders has been reiterating its directions to PSPCL for ensuring supply of monthly Automated Meter Reading (AMR) data of Agricultural Pump (AP) feeders. The relevant extract of the said direction issued in recent Tariff Order dtd. 14/06/2024 is as follows:

> *"The Commission also estimates the AP consumption based on the methodology of pumped energy. However, in order to minimize the error on account of human intervention, the Commission had issued a directive to PSPCL in the earlier Tariff Orders to ensure supply of monthly AMR data of AP feeders regularly to the Commission. However, PSPCL has not submitted the monthly AMR data for FY 2022-23. The Commission reiterates its directive to PSPCL to ensure that AMR system for providing AMR data to the Commission be made functional within 3 months from the issue of this Tariff Order failing which the Commission would be constrained to revisit the issue and adopt a more realistic and possibly more stringent methodology for computing AP consumption. This year, the Commission decides to continue with the estimation of AP consumption on the basis of pumped energy data supplied by PSPCL, with a prudence check."*

115) PFI observes that PSPCL in Compliance to Directive section has claimed that they have submitted the monthly AMR data for AP Feeders for FY 2024-25 and has mentioned that it has taken cognizance of Electricity (Amendment) Rules 2022 dtd. 29/12/2022 with regards to *"Measurement of Energy Supplied to Subsidized categories (AP consumers)".*

116) It is noted from Table 2-2 of the True-Up Petition that total AP consumption claimed by PSPCL is 14,817.73 MU for FY 2024-25 which is arrived at by considering 15,252.46 MU as Energy Pumped in case of 3-phase 3-wire AP Feeders. However, the detailed calculations for computing AP consumption in line with the MoP Rules has not been provided.

117) **In view of above, it is submitted that PSPCL has neither provided the detailed calculations for arriving at AP consumption as mandated by above mentioned MoP Rules (also in no case assessment of energy to be done on HP/lumpsum basis) nor has provided monthly AMR Data for AP Feeders as mandated by PSERC. Due to lack in transparency of information submitted by PSPCL, the AP consumption and Distribution losses cannot be accurately ascertained or estimated with minimal error for True-up of FY 2024-25.**

118) **Hon'ble Commission is requested to take suitable action against PSPCL for repeated non-compliance of directions, as provided under Section 142 of the Electricity Act, 2003. It is noted from the previous True-ups of relevant FYs that Hon'ble Commission recognizing lack of supporting evidence in PSPCL claims and non-compliance of directives has approved 98%-99% of the Agricultural Sales as claimed by PSPCL. Thus, as a deterrent measure, over and above penalty under Section 142, the same ratio may be considered for approving AP Sales for FY 2024-25.**

119) **Further, PSERC may obtain complete information along-with all feeder details (dedicated & mixed AP feeder) for ensuring compliance of Electricity (Amendment) Rules, 2022 dtd. 29/12/2022 which stipulates that Accounting of due subsidy for the purpose shall be done in accordance with the Standard Operating Procedure issued by the Central Government. Standard Operating Procedure has also been issued by GoI on 3/07/2023. The relevant extract of the MoP rule is as follows:**

"15. Subsidy Accounting—Accounting of due subsidy for the purpose of section 65 of the Act, shall be done by the distribution licensee, in accordance with the Standard Operating Procedure issued by the Central Government, in this regard."

L-2. Adjusted units (Theft/Short assessment/ unbilled)

120) PFI observed that PSPCL has claimed *"Adjusted units (Theft / Short assessment / unbilled)"* of 255.56 MU under sales for FY 2024-25. Such a significant quantum of adjusted energy indicates commercial losses arising from theft, unbilled, or short assessments, which are primarily attributable to deficiencies in metering, billing, and enforcement mechanisms. In this regard, it is necessary that the adjusted units are to be mapped consumer-category-wise to clearly identify the consumer categories contributing to such losses and factor in appropriate revenue. Thus, PSERC is requested to seek category-wise details of theft from PSPCL and allocate appropriate revenue as per Section 126 (6) of the Electricity Act, 2003 by considering all such assessment at rate equal to twice the tariff rates applicable to relevant category.

M. DISTRIBUTION LOSS

121) PSPCL has claimed actual Distribution Loss as 13.12% for FY 2024-25 against the approved 12.10%. Accordingly, PSPCL has computed the energy balance as per actual Distribution Loss of 13.12%.

122) It is observed that Hon'ble Commission approved Distribution Loss trajectory for control period of FY 2023-24 to FY 2025-26 vide its Order dated 11/01/2023[10]. The relevant extract is as follows:

> "...
>
> *The Commission is of the view that actual losses for the year FY 2022-23 should form the basis for setting of target loss figures for the 3rd Control Period. However, actual losses for FY 2022-23 shall be available only upon completion of True-up of FY 2022-23 (to be carried out in FY 2024-25). Therefore, the Commission agrees to the projected loss trajectory of 12.30% for FY 2023-24 i.e. for the first year of the 3rd Control period as submitted by PSPCL. However,* ***in view of approval of the substantially higher amount of capital investment for the 3rd Control period for various schemes of network strengthening, augmentation and loss reduction etc. the Commission feels and decides to approve the***

[10] https://pserc.punjab.gov.in/pages/Final%20Order%20in%20Pt.%20No.%2049%20of%202022.pdf

trajectory of loss reduction of 0.20% in distribution losses for each of the subsequent years i.e. FY 2024-25 and FY 2025-26.

Therefore, the distribution loss trajectory provisionally approved by the Commission is shown in the following table:

Table 8: Distribution loss trajectory provisionally approved by the Commission

Sr. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
1.	Distribution loss trajectory* (%)	12.30%	12.10%	11.90%

**The distribution loss trajectory shall be subject to revision based on actual figures for FY 2022-23 true up but will not be considered if higher than the approved trajectory. Also, the reduction trajectory of 0.20% shall remain the minimum benchmark subject to actual during true up if achievement is better than 0.20%.*

"

123) Further, PSPCL in its ARR Petition for FY 2023-24 has submitted details of the steps taken to reduce Technical Loss and Commercial Loss along with other initiatives like DSM, online payment facilities, strengthening of sub-transmission and distribution network under DDUGJY and IPDS, etc. which resulted in lower Distribution Loss of 12.59% during FY 2021-22, and accordingly requested to consider Distribution Loss trajectory as filed under Business Plan including Capital Investment Plan for MYT Control Period from FY 2023-24 to FY 2025-26.

124) Hon'ble Commission vide its Tariff Order for FY 2023-24 dated 15/05/2023 has reiterated the Order dated 11/01/2023 and considered the Distribution Loss as per Order.

125) In view of above, PFI requests the Hon'ble Commission to consider the Distribution Loss as 12.10% as approved for the Control Period. Accordingly, PFI has recomputed the energy balance as per Hon'ble Commission approved Distribution Loss and observed that PSPCL has procured surplus power to the extent of about 892.91 MU, which is as follows:

Sr.No	Particulars	UoM	Actual	PFI working
1	Energy Sales – Metered	MU	50,506	50,506
2	Energy Sales – AP	MU	14,943	14,943

Sr.No	Particulars	UoM	Actual	PFI working
3	Total Sales within State (1+2)	MU	65,449	65,449
4	Distribution Loss	%	**13.12%**	**12.10%**
		MU	9,884	9,010
5	Input Energy at distribution periphery	MU	75,333	74,459
6	Gen. available at 66/11 kV	MU	1,845	1,845
7	Input Energy (excluding Gen. at 66/11 kV)	MU	73,488	72,614
8	Transmission loss	%	2.19%	2.19%
		MU	1,645	1,626
9	Energy required (excluding Gen. at 66/11 kV)	MU	75,133	74,240
10	Energy requirement	MU	76,978	76,085
11	Sales to Common Pool consumers	MU	308	308
12	Outside State sales	MU	717	717
13	Total Energy Requirement	MU	**78,003**	**77,110**

126) Thus, PFI requests the Hon'ble Commission to reduce the Power Purchase Quantum & Cost, detailed in section below, based on the above Energy balance. The impact of excess energy procured over and above the normative distribution loss should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
Distribution Loss	13.12%	12.10%	(1.02%)

N. COLLECTION EFFICIENCY

N-1. Govt. department dues & Outstanding subsidy

127) PSPCL has submitted collection efficiency of 92% for FY 2024-25. PFI observed that although Hon'ble Commission has not projected any collection efficiency target for PSPCL in the Regulation, however, it is observed that as per PFC report on "*Performance of Power Utilities 2023-24*", national collection efficiency was 96.51% in FY 2023-24. Collection efficiency claimed by PSPCL is even lower than the National average. Although the Distribution Loss of DISCOM is below National Average but it is also important to have higher collection efficiency.

128) Further, it is observed that State Govt. departments has pending dues of Rs. 2328 Cr. and Govt. of Punjab has not disbursed **subsidy of Rs. 3907 Cr. for the FY 2024-**

25 (Subsidy released Rs. 16892 Cr. against the claim of Rs. 20799 Cr.). Further it is also observed that cumulative pending subsidy till FY 2024-25 to be disbursed by Govt. of Punjab is Rs. 9804 Cr., this resulted in lower collection efficiency of DISCOM. Further, such dues put additional financial burden on the DISCOM in the form of short-term loan leading to higher Interest on Working Capital. Since, these two components are attributable to Govt. of Punjab, therefore the State Govt. should bear the burden so that this burden will not be socialized at large among the consumers through Tariff. PSPCL has considered full subsidy while computing its Revenue and not Govt. department dues. However, it is submitted before Commission that both Govt. dept. dues and pending subsidy to be considered while computing collection efficiency and revenue.

129) Accordingly, PFI has recomputed Revenue as follows:

Particulars	UoM	Value
Revenue from Sale of Power	Rs. Cr.	26,539
Revenue from outside state sale	Rs. Cr.	540
Pending dues of Govt. departments	Rs. Cr.	2,328
Subsidy amount	Rs. Cr.	20,799
Less: Impact of True-up of FY 2023-24	Rs. Cr.	93
Less: GST on meter rent for FY 2024-25	Rs. Cr.	13
Subsidy amount considered against revenue	Rs. Cr.	20,693
Total Revenue	Rs. Cr.	50,099

130) In view of above, PFI requests the Hon'ble Commission to consider Revenue as Rs. 50,099 Cr. and the gap of Rs. 3,907 Cr. against the pending dues of Govt. departments should be borne by Govt. of Punjab in the form of subsidy of FY 2024-25. Non-payment by Govt. department results in lower collection efficiency of PSPCL which is reflected as Revenue gap in the financial year. Therefore, the inefficiency on account of non-payment of Govt. departments should not be socialized to consumers of Punjab but it should be considered by Govt. of Punjab in the form of subsidy.

O. Power Purchase Quantum & Cost

O-1. Merit Order Despatch adherence

131) PSPCL has claimed that they have adhered Merit Order Despatch (MoD) while procuring power subject to must run profile, technical minimum and market availability to meet the increasing demand.

132) PFI observes that PSPCL has not submitted monthly reports certified by SLDC that Merit Order Despatch principle has been followed in true spirit while scheduling the Power from various Generating Stations. Therefore, it is requested to Hon'ble Commission to direct PSPCL to submit the details along with certification from Punjab SLDC that MoD has been followed in true letter and spirit.

O-2. Power Purchase Cost over normative Distribution Loss

133) As mentioned above, PFI has computed the excessive Power Purchase w.r.t. higher distribution loss by removing/reducing power procurement from costly power plants (based on Energy Charge Rate). The additional Power Purchase cost is as follows:

Sr. No.	Source of Power	Surplus Energy (MU)	Actual Power Scheduled (MU)	Variable Charges (Rs. /kWh)	Energy Cost (Rs. Cr.)
1	Singrauli Hydro Plant	0.28	0.28	5.04	0.14
2	Kudgi TPS	27.20	27.20	4.80	13.06
3	NCTPS Unit–2C	18.15	18.15	4.34	7.87
4	Ramagundam STPS–1	24.88	24.88	4.09	10.18
5	IGSTPS Jhajjar (NTPC-V)	58.80	58.80	4.06	23.89
6	Ramagundam STPS–3	7.74	7.74	4.03	3.12
7	Unchahar–1	2.71	2.71	4.03	1.09
8	Mundra UMPP (CCPL)	753.05	2512.73	3.77	283.67
Total		**892.91**			**343.02**

134) Accordingly, PFI requests the Hon'ble Commission to reduce the Power Purchase Cost by Rs. 343.02 Cr. from the claimed Power Purchase Cost of Rs. 27692 Cr. and the same should be borne by Govt. of Punjab in the form of subsidy.

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
Power Purchase Cost over normative Distribution Loss	29607	29264	(343)

O-3. RENEWABLE POWER PURCHASE OBLIGATION

135) PSPCL, in its True-up Petition for FY 2024-25, has submitted that it has considered the Renewable Purchase Obligation (RPO) targets on a technology-neutral basis in line the Hon'ble Commission Regulation. PSPCL has further claimed RPO shortfall of 1,398.60 MU for FY 2024-25. However, after considering carry forwarded of the surplus Renewable Energy of 3352 MU of FY 2023-24 to FY 2024-25 as per Hon'ble Commission Order, PSPCL projected surplus Renewable Energy in FY 2024-25.

136) PFI observes that there exists a material variation between the RPO trajectory specified by the Hon'ble Commission under the PSERC RPO Regulations, 2022 and the RPO trajectory notified by the Ministry of Power (MoP) for FY 2024-25. However, Ministry of Law & Justice through Gazette Notification dated 20/12/2022 amended the *Energy Conservation (Amendment) Act, 2022* and gives power to Central Govt. to specify minimum share of consumption of non-fossil sources by designated consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers. Subsequently, Ministry of Power notified minimum share of consumption of non-fossil sources (renewable energy) by designated consumers including DISCOMs vide its notification dated 23/10/2023. Accordingly, Ministry of Power notification dated 23/10/2023 will supersede the Hon'ble Commission Regulation.

137) PFI submits that the MoP Notification RPO framework does not permit carry forward of compliance. However, Hon'ble Commission through Order dated 21/08/2025, has further allowed PSPCL to carry forward its cumulative surplus RPO of FY 2024-25 to FY 2025-26.

138) As per the PSERC (Renewable Purchase Obligation, its compliance and REC Framework Implementation) Regulations, 2022 dated 12/12/2022, the RPO target is as follows:

3. **Renewable Purchase Obligation (RPO)**

(1) **RPO Targets:** Every obligated entity shall meet at least a part of its consumption of electricity from renewable energy (RE) sources as specified below:

Table-1

Financial Year	RPO
2023-24	27%
2024-25	30%

139) Further, RPO Trajectory as per Ministry of Power notification dated 23/10/2023 is as follows:

TABLE

Sl.No	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2024-25	0.67%	0.38%	1.50%	27.35%	**29.91%**
2.	2025-26	1.45%	1.22%	2.10%	28.24%	**33.01%**
3.	2026-27	1.97%	1.34%	2.70%	29.94%	**35.95%**
4.	2027-28	2.45%	1.42%	3.30%	31.64%	**38.81%**
5.	2028-29	2.95%	1.42%	3.90%	33.10%	**41.36%**
6.	2029-30	3.48%	1.33%	4.50%	34.02%	**43.33%**

140) Further, with respect to Hon'ble Commission consolidated RPO targets, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO Targets. In last few years the share of Renewable Energy has increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing round the clock power or peak power through Renewable plus storage combination. The intent of National RPO target is to provide firm and dispatchable renewable energy by providing power

through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.

141) It is evident from the above para that every source is important to provide round the clock power and have minimum impact on grid.

142) In view of above, PFI requests the Hon'ble Commission to align RPO trajectory in line with the Ministry of Power RPO Trajectory and direct DISCOM to procure REC or Green Power from respective source for meeting the compliance.

O-4. PRIOR PERIOD ADJUSTMENT CHARGES

143) PSPCL booked prior period adjustment charges of Rs. 739 Cr. in FY 2024-25 under Power Purchase Cost, summary is as follows:

Sources	Prior Period Adjustments Charges (in Cr.)
Talwandi Sabo TPS (Sterlite)	266
CTUIL	266
NPL Raipur TPS (L&T)	68
Others	139
Total	**739**

144) It is observed that PSPCL has not submitted the details of reason of such prior period adjustment like True-up or Tariff Order of Generating Plant, Hon'ble APTEL or Hon'ble CERC order resulting arrears etc. with the Petition.

145) **PFI requests the Hon'ble Commission to direct the DISCOM to furnish nature of the prior period expenses along with supporting documents, and consider allowance of such prior period expenses, if any, only after due prudence check and verification. The same should be borne by Govt. of Punjab in the form of Subsidy.**

P. O&M EXPENSES

P-1. Employee Expenses

146) PFI in ARR section has highlighted the higher employee expenses of PSPCL in comparison to other DISCOMs. Based on the above para, PFI has computed the employee expenses for FY 2024-25 as follows:

Particulars	UoM	Values
Avg. employee expense per unit sold for FY 2024-25	Paisa/kWh	4.36
Sales Proposed by PSPCL	MU	65,449
Employee expenses as per PFI	**Rs. Cr.**	**2,851**

Particulars	Projected by PSPCL	Proposed by PFI	Difference
Employee Expenses	6,075	2,851	(3,224)

147) In view of above, PFI proposes to reduce the employee expenses by Rs. 3,224 Cr. and the balance employee expense as claimed by PSPCL should be borne by Govt. of Punjab in the form of subsidy.

P-2. REPAIR & MAINTENANCE Expenses

148) PSPCL has claimed Rs. 884 Cr. as Repair and Maintenance Expenses in Table 2-25 of the True-up Petition. However, they have not computed R&M expenses as per the applicable Regulatory provisions.

149) As per the applicable Regulatory provisions, R&M and A&G expenses are to be determined as per Regulation 25.1 of PSERC MYT Regulations, 2022. For determining the normative value of R&M expenses, the Commission considers the closing GFA for Generation and Distribution business for previous FY as the opening GFA. The Commission considers the 'K' factor as approved in the true-up Orders and actual CPI and WPI are considered. R&M expenses for n^{th} year to be computed as:

$$\mathbf{R\&Mn = K \times GFA \times WPIn\ /WPIn\text{-}1}$$

150) Working for Normative R&M expenses as per the Regulatory provisions is as follows:

Sr. No.	Particulars	Gen	Distribution	PSPCL
1	Opening GFA (including Bhakra Beas Management Board (BBMB)	20789	34403	55191
2	Net Addition during the Year	53	1528	1581
3	Closing GFA	20842	35931	56772
4	Average GFA (including BBMB)	20815	35167	55982
5	Average GFA of BBMB	722	0	722
6	Average GFA (Excluding BBMB)	20093	35167	55260
7	'K' factor	0.70%	1.01%	
8	Escalation factor	99.27%	99.27%	
9	**R&M Expenses**	**139**	**353**	**492**

(Data is sourced from the Tariff Orders and as claimed by PSPCL in this Petition)

151) As above, the normative R&M expenses for PSPCL for FY 2024-25 arrives out to be Rs. 492 Cr. as compared to Rs. 884 Cr. as submitted by them. Thus, **PFI requests the Hon'ble Commission to consider Rs. 492 Cr. of normative R&M expenses in the True-Up of FY 2024-25 and the remaining Rs. 392 Cr. should be borne by State Government of Punjab in the form of Subsidy.**

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
R&M Expenses	884	492	(392)

Q. Interest on Loan

152) PSPCL has claimed Interest on Loan as Rs. 1,758 Cr. which include Interest on Long term Loans, Interest on Working Capital, Interest on Security Deposit, GPF, Interest Capitalized, Guarantee Fee and Other Interest/charges.

153) PFI observed that PSPCL has requested to consider interest cost related to Shahpur Kandi Project, which is even under construction. PSPCL further requested that significant funds have been spent on the project and the same should be allowed.

154) It is observed that CERC and other SERCs regulations allow Capitalization of Plants once the CEA confirms the Commercial Operation Date (COD) of a plant and after achieving COD all the expenses related to capital expenditure, interest cost including

Interest During Construction (IDC) etc., were considered by the Commission to compute Tariff of the Plant. However, PSPCL without achieving COD of the Shahpur Kandi Project are requesting capitalization of Interest. In view of this, PFI requests the Commission to not consider the interest cost related to Shahpur Kandi project.

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
Interest on Loan	941	633	309

R. INTEREST ON WORKING CAPITAL

155) PSPCL has claimed Rs. 816.55 Cr. of Interest on Working Capital Loan in the True-Up of FY 2024-25 as per its Audited Accounts for FY 2024-25. PSPCL has submitted that the actual working capital loan for PSPCL as on 31/03/2025 is huge Rs. 7692 Cr. on which interest rate @8.86% has been worked out to arrive at the interest on Working Capital. Relevant extracts of the Audited Accounts of PSPCL for FY 2024-25 depicting Rs. 816.55 Cr. of actual interest on borrowing for working capital is shown below:

Note No 37
Finance Costs

(Rs. In Crores)

Sr. No	Particulars	For the year ended 31st March, 2025	For the year ended 31st March, 2024
1	Interest on Loans :-		
1.1	Rural Electrification Corporation	224.11	240.33
1.2	Commercial Banks	298.41	336.68
1.3	Interest on loans from PFC Ltd.	342.49	234.79
1.4	Loans from GOI under CSS - APDRP	-	0.38
1.5	Interest on loan R-APDRP-REG Distri.	3.08	3.24
1.6	Total (1)	868.09	815.42
2	Interest to Consumers	274.96	226.03
3	Interest on Lease Liabilities	0.49	0.45
4	Total Interest on Capital Liabilities (1 to 3)	1,143.54	1,041.90
5	Interest on borrowing for working capital	816.55	754.51
6	Discount to consumers	21.87	3.87
6.1	Interest on General Provident Fund	40.36	44.91
6.2	Other Interests	1.95	4.52
6.3	Cost of Raising Finance/Other Charges	7.88	31.04
6.4	Guarantee charges paid/ payable to State Govt.	48.53	57.09
6.5	Total (6)	120.59	141.43
7	Total (4 to 6)	2,080.68	1,937.85
8	Finance cost charged to capital works	(323.14)	(265.86)
9	Total (7-8)	1,757.54	1,671.98

156) However, Hon'ble PSERC determines interest on working capital as per Regulation 32 and Regulation 42 of the *PSERC MYT Regulations, 2022*. These Regulations allow deduction of Consumer Security Deposit from the total working capital requirement. The interest on working capital is allowed on normative basis as per the Regulations

and not on working capital loans taken by the utility as per the annual audited accounts.

157) Working for Normative interest on working Capital as per the Regulatory provisions is as follows wherein the normative Interest on Working Capital for PSPCL for FY 2024-25 comes out to be Rs. 110.21 Cr. as against Rs. 754.51 Cr. as submitted by the Licensee:

Sr. No.	Particulars	PSPCL (Gen + Distribution) (Rs. Cr.)
1	Cost of Fuel for 2 months	581
2	O&M Expenses for 1 month	751
3	Maintenance spares @ 15%of the O&M expenses	1352
4	Receivables equivalent to 2 months	7872
5	Less: Consumer Security Deposit	5130
6	Less: Power procurement cost including associated cost for 1 month	2608
7	Total Working Capital	2818
8	Interest on Working Capital (%)	8.86%
9	**Interest on Working Capital (Rs. Cr.)**	**250**

(Data is sourced from the Tariff Orders and as claimed by PSPCL in this Petition)

158) It is observed that there is a huge outstanding subsidy amount payable by the State Govt. (Rs. 9804 Cr. as on 31/03/2025 including Rs. 3907 Cr. for FY 2024-25, ADS-1(6) of the Audited Accounts) and pending dues of Rs. 2328 Cr. from State Govt. departments which makes PSPCL dependent on huge working capital loans resulting in a burden of interest thereof.

159) Further, Section 61 (d) of the Act stipulates that appropriate Commission specifies Tariff Regulations considering various parameters including safeguarding of consumers' interest **and at the same time, recovery of the cost of electricity in a reasonable manner.** Also, *Electricity (Second Amendment) Rules, 2023* dtd. 26/07/2023 stipulate that the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system should be allowed. The relevant extract of the said Rules is as follows:

"(4) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be passthrough:"

160) **In view of above, PFI requests the Hon'ble PSERC to consider amending the applicable Regulatory provisions and allow actual interest on Working Capital for the DISCOM considering the fact that there is huge outstanding subsidy / Govt. department dues payable to PSPCL for which the DISCOM is compelled to take short-term Working Capital that may be attributable to payment to GENCOs/ TRANSCO/creation of assets etc. If actual Working Capital is not considered by PSERC then same may be borne by State Government in the form of subsidy as the Working Capital is mainly raised to meet the Revenue Requirement on account of delayed subsidy by the State Government.**

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
Interest on Working Capital	817	817	0

S. GENERAL PROVIDENT FUND (GPF) LIABILITY

161) PSPCL has projected GPF liability of Rs. 40.35 Cr. in FY 2024-25.

162) It is observed that Hon'ble Commission in its Tariff Order dated 28/03/2025 has disallowed interest on GPF and mentioned that initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31.03.2023 and no interest on outstanding initial corpus balance was allowable after 31.03.2023. Relevant extract is as follows:

The reply of PSPCL clearly shows that it had been utilizing Trust funds for repayments of their long-term Loans. The Commission has been allowing interest on long term loans and working capital loans on normative basis, therefore, claim of PSPCL that they have been saving on interest by repaying long term loans is in their own interest and not beneficial to the consumers. Further, had PSPCL made timely payments, the GPF Trust could have earned more interest, which would have benefited the subscribers. The claim for excess interest on the GPF liability has already impacted the previous tariff structure, thereby increasing the financial burden on consumers.

The Commission observed that since PSPCL did not meet the required deposit timelines and diverted funds, the interest claim on default payment is not allowable.

Thus, the Commission disallows interest on GPF of Rs. 44.91 Crore for FY 2023-24 as initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31.03.2023 and no interest on outstanding initial corpus balance was allowable after 31.03.2023.

163) In view of above, PFI requests the Hon'ble Commission to not allow GPF Liability as this interest amounts to the interest charge towards default payment of initial corpus as well as subscription to the GP Fund Trust. PSPCL has claimed interest on GP fund Liability which actually is interest on default payments of initial corpus as well as subscription to the GP Fund Trust, as recorded by the Commission in previous True-up Order dated 28/03/2025. The same may be borne by the State Government in the form of subsidy.

Particulars	Claimed by PSPCL	Proposed by PFI	Difference
GPF Liability	40	0	(40)

T. NORMS OF OPERATION OF GENERATING STATIONS

164) PSPCL has reported the actual Operational Performance Parameters for GGSSTP and GHTP for FY 2024-25 against the normative parameters approved by the Hon'ble Commission in line with the CERC Tariff Regulations.

165) PSPCL has requested to the Hon'ble Commission to consider actual operational performance parameters for GGSSTP and GHTP, summary of norms is as follows:

Particulars	Unit	GGSSTP (Approved)	GGSSTP (Actual)	GHTP (Approved)	GHTP (Actual)
Auxiliary Consumption	%	8.50	9.51	8.50	8.49

Particulars	Unit	GGSSTP (Approved)	GGSSTP (Actual)	GHTP (Approved)	GHTP (Actual)
Station Heat Rate	kCal/kWh	2,415	2,740	U1-3: 2,415 / U4: 2,387	2,586
Secondary Fuel Oil	ml/kWh	0.5	1.05	0.5	0.31
Transit Loss	%	0.8	0.73	0.8	-0.93

166) PFI observes that the Hon'ble Commission has clearly specified normative benchmarks for key performance parameters such as Auxiliary Consumption, Station Heat Rate, Secondary Fuel Oil Consumption and Transit Loss for the control period, based on the applicable CERC norms. The relevant extract is as follows:

> 2.4.2 As per the above mentioned regulation, performance parameters for PSPCL's Generating stations shall be as per norms specified by CERC in its Tariff Regulations. Accordingly, the plant-wise various performance parameters i.e., Plant Load Factor, Station Heat Rate, Auxiliary Consumption, Secondary Fuel Oil Consumption and Transit loss are discussed in successive paragraphs.

167) Accordingly, PFI requests the Hon'ble Commission to consider the normative Operational Performance Parameters for GGSSTP & GHTP. Accordingly, PFI recomputed the Fuel cost and per unit cost (Rs./kWh) based on the normative parameters, which is as follows:

GHTP			
Particulars	**Claimed by PSPCL**	**PFI Working**	**Difference**
Net Generation (MU)	4452.42	4452.42	
Total Fuel cost (Rs. Cr.)	1730.39	1596.13	(134)
Per unit Cost (Rs./kWh)	3.89	3.58	
GGSSTP			
Particulars	**Claimed by PSPCL**	**PFI Working**	
Net Generation (MU)	4121	4121	
Total Fuel cost (Rs. Cr.)	1758.87	1496.82	(262)
Per unit Cost (Rs./kWh)	4.27	3.63	

168) In view of above, PFI requests the Hon'ble Commission to allow the Fuel cost as Rs. 3093 Cr. (based on normative performance parameters) against the claimed Fuel cost of Rs. 3489 Cr. and the remaining of Rs. 396 Cr. should be borne by Govt. of Punjab in the form of subsidy.

U. SUMMARY OF PSPCL TRUE-UP PETITION FOR FY 2024-25

169) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for PSPCL is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	65,449	65,449	0
2	Distribution Loss			
2a	***Less:*** *Distribution Loss not in line with the Commission trajectory*	13.12%	12.10%	(1.02%)
3	Transmission Loss			
3a	***Less:*** *Transmission Loss not in line with the Commission trajectory*	2.19%	2.19%	0.00%
4	Collection Efficiency	92%		
5	Power Purchase Cost	29,607	29,264	(343)
5a	***Less:*** *Power Purchase Cost over normative Distribution Loss*		343	
6	Transmission Charges	1,684	1,684	0
7	Operation & Maintenance (O&M) Expenses (7a+7b+7c)	8,208	4,591	(3,616)
7a	Employee Expenses	7,071	3,847	(3,224)
7a-i	***Less:*** *Over and above normative*		3,224	
7b	Administrative & General (A&G) Expenses	252	252	
7c	Repair & Maintenance (R&M) Expenses	884	492	(392)
7c-i	***Less:*** *Over and above normative*		392	
8	Returnn on Equity/ Return on Capital Employed (ROE/ROCE)	975	975	0
9	Interest on Loan	941	633	(309)
10	Interest on Working Capital	817	817	0
11	Depreciation	1,384	1,384	0
12	Others (Interest on Consumer Security Deposit, Bad Debts, Compensation for Electrical accident, etc.)	4,543	4,147	(396)
12a	*Less: Fuel Cost based on normative parameters*		396	
13	**Gross Aggregate Revenue Requirement (ARR)**	48,159	43,495	(4,664)
14	Non-Tariff Income	1,051	1,051	0
15	**ARR**	47,108	42,444	(4,664)
16	Revenue from Sale of Power	26,972	26,972	0
17	***Add:*** *Subsidy and Govt. Dept. dues*	20,799	23,127	2,328
18	**Revenue (Gap)/Surplus**	663	7,655	6,992

In view of above, elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Punjab in the form of subsidy. **Accordingly, the revised subsidy is of Rs. 27,791 Cr. instead of booked subsidy of Rs. 20,799 Cr. for FY 2024-25 which should be paid by Govt. of Punjab to PSPCL.**

PRAYERS BEFORE HON'BLE PSERC:-

1) To consider the comments / suggestions of Power Foundation of India (PFI) on ARR & Tariff Petition of PSPCL.
2) To initiate proceedings under Section 142 of the Electricity Act 2003 related to non-adherence of Hon'ble Commission repeated directions for metering unmetered Sales and violation of Ministry of Power (GoI) Rules.
3) To reduce Power Purchase Cost against the unmetered sales. Inefficiencies of PSPCL should not be allowed to pass through to the end consumers and the Govt. of Punjab should bear the same in the form of subsidy.
4) The inefficiencies of PSPCL should not be allowed to socialize to consumers at large rather it should be borne by Government of Punjab through revised subsidy of Rs. 27,791 Cr. instead of booked subsidy of Rs. 20,799 Cr. for FY 2024-25 which should be paid by Govt. of Punjab to PSPCL. Further, Govt. of Punjab should provide additional subsidy of Rs. 4,689 Cr., on account of higher claims of PSPCL as tabulated above, over and above the subsidy decided by Govt. of Punjab for FY 2026-27.
5) To consider the Distribution Loss of 11.43% as proposed by PFI for FY 2026-27.
6) To not allow any Tariff Hike as proposed by DISCOM.
7) To direct DISCOM to consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Punjab.
8) To consider the additional submissions, if any, made by PFI for PSPCL Tariff Petition for ARR & Tariff of FY 2026-27.