No. PFI/Prog/PSERC /2025/01
Dated: 1st January 2025

To,

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

**Subject: Comments from PFI on PSPCL Petition (Distribution) for True-Up of FY 2023-24 and ARR & Tariff Petition for FY 2025-26**

**Ref:** PSERC and PSPCL Public Notice dated 11th December, 2024

Dear Sir,

With reference to your above-mentioned Public Notice, Power Foundation of India (PFI), a not-for-Profit society under the aegis of Ministry of Power (GoI) supported by leading Power Sector organizations is committed to address challenges in the Power Sector for the benefit of consumers, investors and ensuring sustainable development of the Sector.

In this context, PFI has analyzed the True-Up for FY 2023-24 and ARR & Tariff Petition (Distribution) for FY 2025-26 filed by Punjab State Power Corporation Limited (PSPCL) before Punjab State Electricity Regulatory Commission (PSERC).

Our comments/ suggestions on the said Tariff Petition are enclosed herewith for your consideration as Annexure–I which have also been emailed to secretarypsercchd@gmail.com . We would also like to orally submit our comments / suggestions on the day of Public Hearing through video conference.

*Warm Regards,*

**Encl:** Annexure – I

**Copy to:**

**The Chief Engineer / ARR & TR**
PSPCL, F-4, Shakti Vihar,
Patiala – 147001
Punjab

Yours Sincerely,

Sambit Basu

**Head Research , PFI**

**ANNEXURE-I**

**Comments/Suggestions from Power Foundation of India (PFI) on Punjab DISCOM (PSPCL) Petition on True-Up of FY 2023-24 and ARR & Tariff for FY 2025-26**

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

2) Punjab State Electricity Regulatory Commission (PSERC) has sought comments / suggestions from various stakeholders on the Petitions by PSPCL on True-Up of FY 2023-24 and on the ARR and Tariff for FY 2025-26. PFI has reviewed and analyzed the said Petitions, and our comments / suggestions are as follows:

## A. PSPCL PETITION FOR TRUE-UP OF FY 2023-24

### A.1 ELECTRICTY SALES FOR AGRICULTURE CONSUMERS

1) Hon'ble PSERC ("The Commission") has been reiterating its directions every year in Tariff Order and in recent Multi Year Tariff (MYT) Order dtd. 15/05/2023 again directed PSPCL to provide 100% metering of all consumers within five years starting from April 2018 as mandated under Electricity Act 2003 ("Act"). The Commission in the said Tariff Order noted that PSPCL has not made much progress in implementing 100% metering of all consumers. It is noted by PFI that PSPCL even in True-Up Petition for FY 2023-24 has considered huge unmetered Agricultural Pump (AP) consumption of 12,681 MU *(21% of the total Sales in the State).*

2) Further, it is noted that PSERC 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."*

3) PFI observes that PSPCL in its True-Up Petition of FY 2023-24 has not submitted the monthly AMR data for AP Feeders for FY 2023-24 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)"*.

4) It is noted from Table 2-2 of the True-Up Petition that total AP consumption claimed by PSPCL is 12,797.35 MU for FY 2023-24 which is arrived at by considering 13,300.36 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.

5) **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 2023-24.**

6) **PSERC is requested to take suitable measures against PSPCL for repeated non-compliance of directions, as per the provisions under Section 142 of the Electricity Act, 2003. It is noted from the previous True-Ups of relevant FYs that Hon'ble PSERC 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, over and above penalty under Section 142, the same ratio may be considered for approving AP Sales for FY 2023-24.**

7) **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."*

### A.2 GAINS ON OVER-ACHIEVEMENT OF DISTRIBUTION LOSSES

1) PSPCL has claimed 11.81% as actual Distribution losses in FY 2023-24. Considering Target Distribution loss of 12.30%, they have computed Gains on over-achievement of Distribution losses as Rs. 166 Cr. As per *PSERC MYT Distribution Regulations, 2019,* PSPCL has retained 50% of said incentive, i.e., Rs. 83 Cr. and balance has been passed on to the Punjab consumers.

2) However, PFI observes that PSPCL has not considered the fact that Hon'ble PSERC in MYT Order dtd. 15/05/2023 has clearly stipulated that distribution loss trajectory for FY 2023-24 shall be subject to revision based on actual figures of True up of FY 2022-23. 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%. Relevant extract of the said MYT Order is as follows:

> *"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%."*

3) Hon'ble PSERC in Tariff Order dtd. 14/06/2024 has approved 12.04% Distribution loss for FY 2022-23 (True-Up). So, as per the above direction, the Distribution loss target for FY 2023-24 would be 11.84% (12.04% - 0.2%). Accordingly, Gains on over achievement of Distribution losses, if any, would be computed on 11.84% target Distribution losses and not the target of 12.30% as considered by PSPCL. Thus, there is marginal difference in the Target Distribution losses (11.84%) and the claimed actual Distribution losses for FY 2023-24, i.e., 11.81%.

4) **In view of above, Rs. 83 Cr. considered by PSPCL in its ARR may be disallowed by PSERC. Over and above, if Agricultural Sales disallowance is considered by PSERC as stipulated in Point A.1 herewith, the disallowance on account of Power Purchase Cost due to higher Distribution loss will be (12,797.35 (100%- 98%)) * 5.03 /10 = Rs. 128.75 Cr, wherein Rs 5.03/kWh is the APPC claimed by PSPCL for FY 2023-24.**

5) Thus, Hon'ble PSERC is requested to consider disallowance of Rs. 211.74 Cr. (Rs. 83 Cr. for Gains in overachievement of Sales and Rs 128.75 Cr. for Agricultural Sales Disallowance). **The said inefficiencies of PSPCL may be borne by State Government of Punjab in the form of subsidy.** PFI observes from the Tariff Order dtd. 01/04/2024 of BERC that the Government of Bihar has extended a subsidy to the DISCOMs to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission. **The Government of Bihar (GoB) provides 2 types of subsidy to Bihar DISCOMs i.e., Tariff Subsidy and AT&C Loss Subsidy.** Tariff Subsidy is the subsidy received from GoB related to consumers towards tariff to reduce the burden of cost of electricity and the same is credited to the consumer accounts. AT&C Loss subsidy is a subsidy to the Discoms to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission for meeting the power purchase requirement as per the actual Distribution losses.

6) Relevant extract of the said Tariff Order of BERC is as follows:

    ***Treatment of Subsidy from GoB for Power Purchase***

    *The Government of Bihar has extended a subsidy to the Discoms to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission. This Financial support is primarily to facilitate the Discoms to pay the* *power purchase bills and accordingly the Government has arranged a subsidy of Rs.4276.92 Crore for FY 2022-23 for both Discoms combinedly.*

*On a query SBPDCL, vide letter No.41 dated 08.01.2024, has provided the details of subsidy and stated that both the Discoms have received a Combined Tariff Subsidy of Rs.7800.86 Crore and AT&C Loss Subsidy of Rs.1093.94 Crore for FY 2022-23. Further, the Discoms have also received arrear AT&C Loss Subsidy of Rs.3182.98 Crore pertaining to FY18, FY19, FY20 and FY21. The AT&C Loss subsidy is revenue in nature and therefore recognized as revenue in the books of account. The summary of Discom wise Tariff Subsidy and AT&C Loss Subsidy received and allocated is represented below:*

| Nature of Subsidy | Total Subsidy Received (Rs Crore) | Allocation of Subsidy | |
|---|---|---|---|
| | | NBPDCL (Rs Crore) | SBPDCL (Rs Crore) |
| Tariff Subsidy | 7,800.96 | 3,623.04 | 4,177.92 |
| AT&C Loss Subsidy | 1,093.92 | 1,021.92 | 3,255.00 |
| Arrear AT&C Loss Subsidy (FY18 to FY21) | 3,183.00 | | |
| **Total** | **12,077.88** | **4,644.96** | **7,432.92** |

*The audited accounts of Discoms also depict the subsidy amount of Rs.1021.92 Crore for NBPDCL and Rs. 3255.00 Crore for SBPDCL totaling to Rs.4276.92 Crore for FY 2022-23.*

7) Therefore, it is submitted that inefficiencies of PSPCL to the extent of Rs. 128.75 Cr., mentioned above, should not be allowed to pass through to the end consumers and the Govt. of Punjab has to bear the same in the form of subsidy like Govt. of Bihar.

## A.3 POWER PURCHASE COST

### a) Late Payment Surcharge (LPS) and TDS

1) PSPCL has considered Rs. 40 Cr. of LPS and TDS in the True-Up of FY 2023-24. However, PFI notes that Hon'ble PSERC while conducting the True-Up of FY 2022-23 in Tariff Order dtd. 14/06/2024 disallowed LPS and TDS paid by the Licensee. Relevant extract of the Tariff Order is as follows:

> *"The basic financial principle also says that it is the responsibility of the utility to arrange funds and to make timely payments to the generators based on*

*contracts/regulations especially when all prudent expenses are being allowed by the Commission on a regular basis. Thus, passing of delayed payment surcharge on to the consumers shall be unfair to the consumers. Moreover, by its very nature late payment surcharge is a charge for default in making timely payments and the expenditure incurred on such penal charges cannot be passed on to consumers.* ***Hence, the Commission disallows payment of LPS of Rs. 17.19 Crore made on account of delayed payment of power purchase bills by the utility"***

2) **In view of above, PFI requests the Hon'ble Commission to disallow Rs. 40 Cr. of LPS and TDS paid by the Licensee in FY 2023-24.**

**b) FIXED COST OF ANTA, AURAIYA AND DADRI GAS BASED POWER PLANTS**

1) PSPCL has considered Rs. 11.91 Cr. of Fixed Cost and Other Charges from Anta, Auraiya, & Dadri stations of NTPC. However, the Hon'ble Commission disallowed Fixed Cost and Other Charges amounting to Rs. 30.73 Cr. from these Gas based generating stations in the True-up of FY 2022-23 since PPAs with them had already terminated. Relevant extract of the Tariff Order dtd. 14/06/2024 is as follows:

> *"If PSPCL is to bear and pass on the cost of the burden of unallocated power of the surrendered PPAs also, then the Commission's Order dated 05.08.2021 in Petition no. 28 of 2021 as well as the termination notice issued by PSPCL to Anta, Auraiya, & Dadri stations seems inconsequential.* ***Accordingly, the Commission disallows Fixed cost and other charges amounting to Rs. 30.73 Crore from these thermal generating stations in the True-up of FY 2022-23.*** *Since PPA's with them already stand terminated, PSPCL should not be paying these fixed cost."*

2) **In view of above, PFI submits before the Hon'ble PSERC to disallow Rs. 11.91 Cr. on account of Power Purchase from Anta, Auraiya, & Dadri stations of NTPC claimed by PSPCL despite no approval by the Commission.**

**c) PRIOR PERIOD EXPENSES**

PSPCL has claimed Rs. 1037.8 Cr. on account of prior period expenses paid by PSPCL during FY 2023-24. However, as per the Tariff formats the Licensee has paid **Rs. 1029.73 Cr. (lesser by Rs. 8.07 Cr. than claimed)** of Prior Period expenses in

FY 2023-24. **PFI, thus requests the Hon'ble Commission to inquire about this discrepancy in the prudence check sessions. If no satisfactory response is provided by PSPCL then lower of both values to be considered.**

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

1) PSPCL has claimed Rs. 571.5 Cr. as Repair and Maintenance Expenses in Table 2-24 of the True-up Petition. However, they have not computed R&M expenses as per the applicable Regulatory provisions.

2) As per the applicable Regulatory provisions, R&M and A&G expenses are to be determined as per Regulation 26.1 of PSERC MYT Regulations, 2019. 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:

**R&Mn = K×GFA×WPIn /WPIn-1**

3) 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 | 2287 | 324 | 2611 |
| 3 | Closing GFA | 23076 | 34727 | 57802 |
| 4 | Average GFA (including BBMB) | 21932 | 34565 | 56497 |
| 5 | Average GFA of BBMB | 722 | 0 | 722 |
| 6 | Average GFA (Excluding BBMB) | 21211 | 34565 | 55775 |
| 7 | 'K' factor | 0.48% | 0.78% | |
| 8 | Escalation factor | 0.99 | 0.99 | |
| **9** | **R&M Expenses** | **100** | **268** | **368** |

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

4) As above, the normative R&M expenses for PSPCL for FY 2023-24 arrives out to be Rs. 368 Cr. as compared to Rs. 572 Cr. as submitted by them. Thus, **PFI requests the Hon'ble PSERC to consider Rs. 368 Cr. of normative R&M expenses in the True-**

**Up of FY 2023-24. However, the said inefficiency of Rs. 204 Cr. (572-368) should be considered by State Government of Punjab.**

## A.5 INTEREST AND FINANCE CHARGES

1) PSPCL has claimed Rs. 646.53 Cr. as Interest Cost on Long term Loans in Table 2-26 of the True-up Petition. However, the Licensee has not computed Interest Cost on Long term Loans as per the applicable Regulatory provisions.

2) PFI observes that computation of Interest on Long term Loans is not as per the Regulatory provisions stipulated in PSERC MYT Regulations, 2019. PFI has recomputed the interest on Loan for FY 2023-24 considering Closing Loan for FY 2022-23 as approved by the Commission and actual Interest rate as considered by PSPCL for True-Up of FY 2023-24. Accordingly, the interest on long term loan reworks as Rs. 445.13 Cr. against Rs. 646.53 Cr. as claimed by PSPCL. Working for Normative interest on loan as per the Regulatory provisions is as follows:

(in Rs. Cr.)

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

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

3) **In view of above, PFI requests the Hon'ble PSERC to consider Rs. 445.13 Cr. of normative Interest on Long Term loans in the True-Up of FY 2023-24.**

## A.6 INTEREST ON WORKING CAPITAL

1) PSPCL has claimed Rs. 754.51 Cr. of interest on working capital loan in the True-Up of FY 2023-24 as per its Audited Accounts for FY 2023-24. PSPCL has submitted that

the actual working capital loan for PSPCL as on 31/03/2024 is huge Rs. 10,746 Cr. on which interest rate @7.71% has been worked out to arrive at the interest on Working Capital. Relevant extracts of the Audited Accounts of PSPCL for FY 2023-24 depicting Rs. 754.51 Cr. of actual interest on borrowing for working capital is shown below:

Note No 36

Finance Costs

(Rs. in Crores)

| Sr. No | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| 1 | Interest on Loans :- | | |
| 1.1 | Rural Electrification Corporation | 240.33 | 255.06 |
| 1.2 | Commercial Banks | 336.68 | 320.11 |
| 1.3 | Interest on loans from PFC Ltd. | 234.79 | 174.23 |
| 1.4 | Loans from GOI under CSS - APDRP | 0.38 | 0.95 |
| 1.5 | Interest on loan R-APDRP-REG Distri. | 3.24 | 4.28 |
| 1.6 | **Total (1)** | **815.42** | **754.63** |
| 2 | Interest to Consumers | 226.03 | 139.66 |
| 3 | Interest on Lease Liabilities | 0.45 | 0.20 |
| 4 | **Total Interest on Capital Liabilities (1 to 3)** | **1,041.90** | **894.48** |
| 5 | Interest on borrowing for working capital | 754.51 | 643.07 |
| 6 | Discount to consumers | 3.87 | 4.54 |
| 6.1 | Interest on General Provident Fund | 44.91 | 54.43 |
| 6.2 | Other Interests | 4.52 | 0.66 |
| 6.3 | Cost of Raising Finance/Other Charges | 31.04 | 60.09 |
| 6.4 | Guarantee charges paid/ payable to State Govt. | 57.09 | 55.18 |
| 6.5 | **Total (6)** | **141.43** | **174.90** |
| 7 | **Total (4 to 6)** | **1,937.85** | **1,712.45** |
| 8 | Finance cost charged to capital works | (265.86) | (238.81) |
| 9 | **Total (7-8)** | **1,671.98** | **1,473.64** |

2) However, Hon'ble PSERC determines interest on working capital as per Regulation 33 and Regulation 43 of the *PSERC MYT Regulations, 2019*. 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.

3) 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 2023-24 comes out to be Rs. 110.21 Cr. as against Rs. 754.51 Cr. as submitted by the Licensee:

(in Rs. Cr.)

| Sr. No. | Particulars | PSPCL (Gen + Distribution) |
|---|---|---|
| 1 | Cost of Fuel for 2 months | 553.50 |
| 2 | O&M Expenses for 1 month | 656.90 |

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

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

4) It is a matter of concern that that there is a huge outstanding subsidy amount payable by the State Govt. *(Rs. 5884 Cr. as on 31/03/2024, Note 14 of the Audited Accounts)* which makes PSPCL dependent on huge working capital loans resulting in a burden of interest thereof.

5) In this regard, several Stakeholders have also raised their objections and submitted to the Hon'ble Commission that the DISCOMs are dependent on huge Working Capital loans for meeting their finances. Relevant extract of the Tariff Order dtd. 14/06/2024 is as follows:

***Issue B(4). Interest charges and subsidy***

- *As evident from the financial of PSPCL, Borrowed Funds are increasing every year which ultimately effects the overall cost of the PSPCL and increases per unit cost of power. Effective steps should be made to recover the following dues from various sources which would help to reduce the borrowed funds.*
- *Further impact of interest paid on Borrowed Funds on account of non-recovery of Gap Tariff etc. from the Punjab Govt. should be calculated for payment. So that PSPCL may repay all such dues in time, and need not to borrow more funds for survival.*

6) Further, Section 61 (d) of the Act stipulates that appropriate Commission specifies Tariff Regulations considering various parameters including safeguarding of consumers' interest **<u>and at the same time, recovery of the cost of electricity in a reasonable manner.</u>** 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:"*

7) **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 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 as the Working Capital is mainly raised to meet the Revenue Requirement on account of delayed subsidy by the State Government.**

## A.7 EXPENDITURE DUE TO OTHER DEBITS

1) PSPCL has claimed Rs. 99.50 Cr. of expenditure due to Other Debits as per the Audited Accounts of FY 2023-24. Other Debits as per the Audited Accounts of PSPCL for FY 2023-24 is as shown below:

Note No 38

Other Debits

(Rs. In Crores)

| Sr. No | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| 1 | Bad & doubtful debts written off | 16.76 | - |
| 2 | Provision for Bad & doubtful debts | 55.82 | - |
| 3 | Total (1 to 2) | 72.58 | - |
| 4 | Miscellaneous losses and write offs | 21.70 | 34.62 |
| 5 | loss on sale of Assets | 5.22 | 2.90 |
| 6 | Total (3 to 5) | 99.50 | 37.52 |

2) As shown above, PSPCL has claimed Rs. 16.76 Cr. as *Bad and Doubtful Debts written off* in FY 2023-24. PSPCL has also claimed Rs. 55.82 Cr. as *Provision for Bad and Doubtful Debts*. Further, PSPCL has not provided details of Rs. 21.70 Cr. claimed as *Miscellaneous losses and write offs*.

3) In this regard, Regulation 47 of PSERC MYT Regulations 2019 for Distribution Business stipulates as under:

> ***"47.BAD AND DOUBTFUL DEBTS AND OTHER DEBITS***
>
> *Bad and doubtful debts shall be allowed to the extent the Distribution Licensee has identified/actually written off bad debts, subject to a maximum of 1% of annual sales revenue excluding subsidy, and according to a transparent policy approved by the Commission. In case, there is any recovery of bad debts already written off, there covered bad debts will be treated as Other Income.*
>
> *Other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account to flood, cyclone, fire etc. shall be considered by the Commission."*

4) So, as per the Regulations, Bad and doubtful debts are to be allowed to the extent the Distribution Licensee has actually written off. Since PSPCL has claimed Rs. 16.76 Cr. as Bad and doubtful Debts actually written off in FY 2023-24 it is not prudent to consider Rs. 55.82 Cr. as Provision for Bad and Doubtful Debts. Moreover, there is no provision in PSERC MYT Regulations 2019 for considering Loss / Profit on account of Sale of Assets in ARR. Therefore, the claim by PSPCL in this Regard (Rs. 5.22 Cr.) may also be rejected.

5) In view of above, **PFI requests the Hon'ble PSERC to disallow Rs. 55.82 Cr. and Rs. 5.22 Cr from the True-Up of FY 2023-24 under the heads of Provision for Doubtful Debts and Loss on Sale of Assets.**

### A.8 SUMMARY OF TRUE-UP OF FY 2023-24

1) Based on the rationale mentioned above, PFI proposes to Hon'ble PSERC that following expenditures not to be considered in the True-Up of FY 2023-24 for PSPCL and inefficiencies of PSPCL may not be passed on to the consumers rather it should be borne by Govt. of Punjab:

(Rs. Cr.)

| Sr. No. | Particulars | Disallowances | Remarks |
|---|---|---|---|
| 1 | Distribution losses target correction | (83.00) | To be borne by Govt. of Punjab in line with philosophy considered |
| 2 | Agricultural Sales disallowance and consequent impact in Power Purchase Cost | (128.75) | |

| Sr. No. | Particulars | Disallowances | Remarks |
|---|---|---|---|
| 3 | Power Purchase Cost - LPS & TDS | (40.00) | by other States like Bihar |
| 4 | Power Purchase Cost - Fixed Cost of Gas based PPAs | (11.91) | |
| 5 | R&M expenses | (204.00) | |
| 6 | Interest on long term loans | (201.40) | |
| 7 | Expenditure due to Other Debits | (61.00) | |
| **8** | **Total Disallowances from True-up of FY 2023-24** | **(730.06)** | |
| **9** | **Interest on Working Capital** | **644** | To be borne by Govt. of Punjab as major portion of working capital loan availed by PSPCL is on account of delayed Subsidy by the Govt. **Rs. 5884 Cr. is subsidy payable as on 31/03/2024 (Note 14 of the Audited Accounts)** |
| **10** | **Additional Subsidy to be considered by Govt. of Punjab** | **907.66** | |

## B. PSPCL PETITION FOR ARR OF FY 2025-26

### B.1 POWER PURCHASE COST

#### a) ENERGY CHARGE RATE FOR GENERATING STATIONS

1) PFI notes that PSPCL for projecting the Power Purchase Cost for FY 2025-26 has submitted that the Energy Charge Rate of Central Sector Thermal Plants, Pragati TPS, L&T Nabha Power Ltd. (NPL) for FY 2025-26 has been considered with escalation of 5% from the Actual Energy Charge Rate of September 2024. However, no reasoning has been provided by PSPCL for considering such escalation only in specific Stations. For other Generating Stations PSPCL has considered the actual Variable Charges for September 2024 itself for projecting Power Purchase Cost of FY 2025-26.

2) PFI requests the Hon'ble Commission to consider the actual Variable Charges of Central Sector Thermal Plants, Pragati TPS, NPL prevailing as on September 2024, without any escalation or suitable escalation after for projecting the Variable Charges for FY 2025-26 because MoP vide its advisory dated 27/06/2024 has reduced the blending with imported coal from 6% (by weight) to 4% (by weight). So it is expected that high percentage of blending will not be applicable in FY 2025-26. Even if so, any difference in Actual and Allowed ECR will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2025-26. It will not be prudent to escalate the ARR of FY 2025-26 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Punjab.

3) Accordingly, PFI has reworked Power Purchase Cost for such Generating Stations with no escalation and with 2% escalation as follows:

| Particulars | Variable Cost (Rs. Cr.) | Energy Scheduled (MU) | Energy Charge Rate (Rs/kWh) | VC without 5% esc. (Rs. Cr.) | VC with 2% esc. (Rs. Cr.) |
|---|---|---|---|---|---|
| NTPC Singrauli | 310.96 | 1581.18 | 1.97 | 295.41 | 304.74 |
| NTPC Rihand I | 155.64 | 886.51 | 1.76 | 147.86 | 152.53 |
| NTPC Rihand II | 138.86 | 797.15 | 1.74 | 131.92 | 136.08 |
| NTPC Rihand III | 111.9 | 649.82 | 1.72 | 106.31 | 109.66 |
| Mundra UMPP | 1628.78 | 4161 | 3.914 | 1547.34 | 1596.20 |
| NTPC Kahalgaon-II (ER) | 262.01 | 952.42 | 2.75 | 248.91 | 256.77 |
| NPL Rajpura TPS (L&T) | 3880.98 | 10509.83 | 3.69 | 3686.93 | 3803.36 |

| Particulars | Variable Cost (Rs. Cr.) | Energy Scheduled (MU) | Energy Charge Rate (Rs/kWh) | VC without 5% esc. (Rs. Cr.) | VC with 2% esc. (Rs. Cr.) |
|---|---|---|---|---|---|
| Talwandi Sabo TPS (TSPL) | 5362.93 | 13054.86 | 4.11 | 5094.78 | 5255.67 |
| Pragati III Gas Plant | 120.82 | 198.55 | 6.08 | 114.78 | 118.40 |
| **Total** | **11972.88** | | | **11374.24** | **11733.42** |

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

**b) TRANSMISSION CHARGES**

1) PFI notes that PSPCL has also considered escalation of 5% on the Transmission Charges (Inter- State and Intra-State) and even on SLDC Charges on FY 2024-25 for projecting the Transmission Charges for FY 2025-26. However, no reason has been provided by PSPCL for considering such an escalation.

2) Keeping with the principles stated above, PFI requests the Hon'ble Commission to consider the same Transmission and SLDC Charges for FY 2025-26 as considered for FY 2024-25, without any escalation. Thus, recomputed Transmission and SLDC Charges are as follows:

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

3) As above, the savings from considering same Transmission Charges for FY 2025-26 as considered for FY 2024-25 without any escalation over the same is **Rs 219 Cr**.

## B.2 INTEREST ON LONG TERM LOANS

1) PSPCL has claimed Rs. 1,225.69 Cr. as Interest Cost on Long term Loans in Table 3-17 of the ARR Petition. However, PSPCL has not computed Interest Cost on Long term Loans as per the applicable Regulatory provisions.

2) PFI observes that computation of Interest on Long term Loans is not as per the Regulatory provisions stipulated in *PSERC MYT Regulations, 2019*. PFI has recomputed the interest on Loan for FY 2025-26 as per the applicable Regulatory Provisions considering Closing Loan approved for FY 2024-25 as the Opening loan for FY 2025-26. Addition of loan for FY 2025-26 has been considered as approved in the MYT Order dated 15/5/2023 As per regulation 23.3 of *PSERC MYT Regulation 2019*, 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 2023-24. Accordingly, the interest on long term loan is reworked as per the Regulatory provisions as shown below:

*(Rs. Cr.)*

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

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

3) As above, the normative Interest on Term Loan for FY 2025-26 as per the applicable Regulatory provisions is Rs 481 Cr. However, PSPCL has considered Rs 1225.69 Cr of Interest on Term loan including Rs 40.94 Cr as GPF Liability. As interest on GPF is a statutory payment, the Commission has allowed the same as considered by the Licensee subject to its True-Up.

4) **In view of above, PFI requests the Hon'ble PSERC to consider Rs. 481 Cr. of normative Interest on Long Term loans in the ARR of FY 2025-26 as against Rs 1185 Cr (Rs. Cr. 1125.69-40.94) as submitted by the PSPCL for FY 2025-26.**

## B.3 ENERGY STORAGE

1) 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.

2) 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.

3) 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, and May and June 2023. This waiver also applies to Hydro Pumped Storage Projects (PSP) and Battery Energy Storage Systems (BESS) commissioned up to June 30, 2025.

4) 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.

5) 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.

6) The CEA in its Report for Resource Adequacy Plan[1] for the State of Punjab for the period from FY 2024-25 to FY 2031-32 has identified that:

- Punjab is likely to witness an energy deficit of about 561 MU in FY 2029-30 with the existing and planned capacity addition.
- Punjab is deficit in fulfilment of its Renewable Purchase Obligations (RPO) and needs to contract renewable capacities for fulfilling them. It requires contracting Solar and wind capacities from 2023/24 and hydro from 2026/27 till 2029/30.
- Punjab is likely to have unserved energy in coming years and needs to contract fossil and non- fossil capacities for meeting energy requirements other than the planned capacities.
- **The dependence on STOA/ MTOA is primarily during the high demand season to the quantum of about 5300 MW in 2029-30.**

7) Many DISCOMs in the country have initiated the bidding process for ESS and for many of them the tariff discovered has also been adopted by respective SERCs. Few such DISCOMs along with their ESS proposal pertaining to the objective of Energy Arbitrage are as follows:

| Category | Energy Storage Tender_ DISCOMs | Capacity |
|---|---|---|
| **BESS** | GUVNL Phase II (March 2024) | 500 MWh |
| | GUVNL Phase III (June 2024) | 1000 MWh |
| | MSEDCL (August 2024) | 600 MWh |
| | UPPCL (August 2024) | 1200 MWh |
| | GUVNL Phase IV (August 2024) | 800 MWh |
| **PSP** | MSEDCL (Sept 2024) | 24000 MWh |

8) Various SERCs, have approved Energy Storage based on the proposal received from their DISOCMs. Like, in Delhi, DERC has approved a 20 MW/40 MWh standalone BESS project for their DISCOM on 1/05/2024. On 26/09/2024, MERC approved the procurement of 1000 MW of energy storage from pumped hydro storage (PHS) projects in Maharashtra, with an additional greenshoe option of 2000 MW, allowing for potential expansion. The bid results, as outlined in MERC's order, provide a benchmark for

[1] https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2024/08/Punjab_Resource_Adequacy_Report_upto_2030-3.pdf

competitive energy storage costs in the region. For projects designed to discharge up to 8 hours daily, with a maximum continuous discharge of 5 hours—enabling two cycles per day—the levelized cost of storage is estimated at ₹3.2 per kWh. This price is highly competitive.

9) Standalone and co-located ESS can play an important role in meeting RA requirements under India's emerging RA framework. Going forward, state-level RA frameworks need to be closely aligned with long-term planning and resource procurement processes to support cohesive implementation.

10) **However, in the Tariff Petition for ARR of FY 2025-26, it is noted that PSPCL has not submitted any proposal related to ESS. PSPCL has procured huge quantum of around 6050 MU from Short Term markets including Power Exchanges in FY 2023-24 at a high rate.**

11) **In view of 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 in CY 2024 and active participation by various DISCOMs, as stipulated above, 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.**

## B.4 PM SURYA GHAR – MUFT BIJLI YOJNA AND DEMAND SIDE MANAGEMENT

1) 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[2]. The scheme is projected to add 30 GW of solar capacity

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

through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

2) 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 2025-26, it is noted that PSPCL have submitted any proposal related to **PM Surya Ghar – Muft Bijli Yojna**.

3) Further, PSPCL has also not submitted any proposal related to **Demand Side Management (DSM) initiatives**. 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 customers 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.

4) In view of above, PFI submits that Sales forecast for PSPCL in ARR of FY 2025-26 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

### B.5 SUMMARY OF PSPCL ARR & TARIFF PETITION FOR FY 2025-26

1) To summarize, PFI proposes following expenditures not to be considered by Hon'ble PSERC in the ARR of FY 2025-26 for PSPCL:

*(Rs. Cr.)*

| Sr. No. | Particulars | Disallowances |
|---|---|---|
| 1 | Power Purchase Cost | (818) with no escalation or (458) with 2% escalation |
| *1a* | *Variable Charges of Generating Stations* | *(599)* with no escalation *or* *(239)* with 2% escalation |
| *1b* | *Transmission Charges* | *(219)* |
| 2 | Interest on Long Term Loans | (704) |
| | **Total** | **(1,522)** with no escalation **or** **(1162)** with 2% escalation |

## C. OTHER ISSUES PERTAINING TO NON-ALIGNMENT WITH MoP (GoI) RULES

### C.1 RENEWABLE PURCHASE OBLIGATION (RPO) FOR FY 2025-26

1) PSPCL has projected the RPO requirements for FY 2025-26 as per PSERC Renewable Purchase Obligations 2022 wherein the Commission has set a cumulative RPO Target of 33% for FY 2025-26 without any bifurcation of various RE sources like- Wind, Hydro, Distributed RE, etc. The cumulative RPO target matches with MoP notification dated 20/10/2023 however, source-wise the minimum share of consumption of Renewable Energy should be specified by PSERC as per the said notification.

2) PSPCL has projected shortfall of 3,548 MU while projecting the RPO requirements at the target of 33.01% for FY 2025-26.

3) MoP vide its notification dtd. 20/10/2023[3] has specified source-wise the minimum share of consumption of Renewable Energy by designated consumers which includes Distribution Licensees, Open Access Consumers and Captive Consumers as follows:

| Sr. No. | Year | Wind RE | Hydro RE | Distributed RE | Other RE | Total RE |
|---|---|---|---|---|---|---|
| 1 | FY 2024-25 | 0.67% | 0.38% | 1.5% | 27.35% | 29.91% |
| **2** | **FY 2025-26** | **1.45%** | **1.22%** | **2.1%** | **28.24%** | **33.01%** |
| 3 | FY 2026-27 | 1.97% | 1.34% | 2.7% | 29.94% | 35.95% |
| 4 | FY 2027-28 | 2.45% | 1.42% | 3.3% | 31.64% | 38.81% |
| 5 | FY 2028-29 | 2.95% | 1.42% | 3.9% | 33.10% | 41.36% |
| 6 | FY 2029-30 | 3.48% | 1.33% | 4.5% | 34.02% | 43.33% |

4) Further, in case the specified RPO is not complied by the obligated entities, MoP has proposed penalty as specified in Sub Section (3) of section 26 of the Energy Conservation Act, 2001.

5) **It is suggested that PSERC should amend the Regulations as per MoP notification dated 20/10/2023 to have source wise RPO targets and should impose penalties on PSPCL in case the RPO requirements are not met.**

[3] https://powermin.gov.in/sites/default/files/Notification_Regarding_Renewable_Purchase_Obligation_RPO.pdf

## C.2 REVENUE GAP (ELECTRICITY (AMENDMENT) RULES, 2024 DTD. 10/01/2024)

1) MoP vide *Electricity (Amendment) Rules, 2024* dtd. 10/01/2024 has specified the following with regards to Revenue Gap between approved Annual Revenue Requirement and estimated Annual Revenue from approved tariff:

> ***"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff–*** *The tariff shall be* ***cost reflective*** *and there* ***shall not be any gap*** *between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:*
>
> *Provided that such gap, Created if any,* ***shall not be more than three percent of the approved Annual Revenue Requirement****.*
>
> *...."*

2) The Rules have clearly specified that the tariff shall be cost reflective and there shall not be any gap between approved Aggregate Revenue Requirement and Estimated Annual Revenue from approved tariff except under natural calamity conditions. And if at all, the Gap is Created it shall not be more than 3% percent of the approved Annual Revenue Requirement.

3) **It is noted from the Tariff Petition of PSPCL that for ARR of FY 2025-26 there is a Revenue Gap of Rs. 5091 Cr. at existing Tariff which is 11% of the ARR projected for FY 2025-26.**

4) Hon'ble APTEL in its judgement dated 11/11/2011 in OP 1 of 2011 has laid the significance of cost reflective tariff as follows:

> *"56. It is to be pointed out in this context, that the legislative intent in enacting the Act, 2003 is to secure effective Regulations characterised by tariff rationalisation with timely cost reflective tariff determination based on the principles set out in Section 61 read with the National Tariff Policy. ..."*

5) Section 62 of the Act empowers SERCs to determine the Tariff on cost plus basis for the utilities regulated by them engaged in generation, transmission and distribution of electricity. Section 63 empowers SERCs to adopt the Tariff discovered through transparent process of bidding. Determination of cost-reflective tariff of Distribution

Licensees by SERCs plays a significant role as it lays the foundation of routing revenue up the supply chain.

6) Hon'ble Supreme Court's in its judgement in PTC India Vs. CERC dated 15/03/2010 has ruled that the term "tariff" includes within its ambit not only the fixation of rates but also the rules and regulations relating to it. Through Sections 61 and 62 of the Act, the Appropriate Commission shall determine the actual tariff in accordance with the provisions of the Act, including the terms and conditions which may be specified by the Appropriate Commission under Section 61 of the said Act. Under the 2003 Act, it becomes clear from Section 62 with Section 64, that although tariff fixation is legislative in character, the same under the Act is made appealable vide Section 111. These provisions, namely, Sections 61, 62 and 64 indicate the dual nature of functions performed by the Regulatory Commissions, viz, decision-making and specifying terms and conditions for tariff determination.

7) Similarly, Hon'ble APTEL vide its judgment dated 04/09/2012 in Appeal No. 94 of 2012 has stated that the term 'Regulate' has got a wider scope and implication not merely confined to determination of tariff. Section 61 and 79 not only deal with the tariff but also deal with the terms and conditions of tariff. The terms and conditions necessarily include all terms related to tariff.

8) Further, Tariff Policy, 2016, also states that in terms of Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

9) **In view of above, PFI submits before PSERC to determine cost-reflective Tariff for FY 2025-26 as per the principles stipulated in MoP rules dated 10/01/2024.**

### C.3 TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)

1) *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.**

2) 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.**

3) **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.**

4) 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.

5) 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.

6) 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

7) **Thus, PFI requests PSERC to formulate ToD Tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.**

**PRAYERS : -**

1) **To consider the proposal of Power Foundation of India (PFI) for allocating the difference between Actual & Normative Interest Working Capital towards Government of Punjab Subsidy which is Rs. 644 Cr. for FY 2023-24 and same principle for subsequent years.**
2) **To consider the proposal of PFI for allocating the excess Power Purchase Cost over and above the Distribution Loss Targets and variation on account of non-metering of Agricultural Pump feeders towards Government of Punjab Subsidy which is Rs. 263 Cr. for FY 2023-24 and same principle for subsequent years.**
3) **To consider increase in Actual Subsidy for FY 2023-24 from Rs. 17,743.78 Cr. to Rs. 18,650.78 Cr.**
4) **To consider the other submissions proposed by PFI in PSPSCL Tariff Petition for True-up of FY 2023-24 and ARR of FY 2025-26.**

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