

- 13 That in response to Para 13 of the reply filed by PSPCL it is submitted that in view of the submissions in paras above, the Petitioner requests that CUF of 17.14% as proposed may please be retained.
- 14-17 That in response to Paras 14-17 of the reply filed by PSPCL it is submitted that CERC has re-fixed the Debt repayment period as 15 years and the debt as per Petition being 75% of the capital cost, consequently 75% of the depreciation has to be claimed in first 15 years as Advance Against Depreciation to repay the debt as per RE Tariff Regulations 2020-23 and balance 15% (90% - 75%) during the remaining life of the project.
- 15 That in response to Para 15 of the reply filed by PSPCL it is submitted that PSPCL has proposed Depreciation rate of 4.67% for first 15 years and 1.9% for balance 10 years as per which the assets have been proposed to be depreciated for 89% of the cost whereas the Regulations clearly say that assets are to be depreciated for 90% of capital cost assuming 10% as salvage value. Accordingly, the Depreciation as per CERC norms works out to 4.67% for first 15 years and 2% for the balance life of 10 years. However in the captioned petition the debt equity ratio is 75:25 and depreciation for first 15 years comes out to be 5% and 1.5 % for the balance life of 10 years.
- The Petitioner prays for adopting Debt Equity Ratio of 75%-25% (against 70% - 30%) repayment period as 15 years (against 13 years) and consequently Yearly Depreciation rate of 5% for first 15 years and 1.5% for remaining 10 years.
- 18-22 That in response to Paras No. 18-22 of the reply filed by PSPCL it is submitted that the Income Tax component mentioned in the petition filed by petitioner was based upon the CERC order for determination of tariff for the year 2019-20, as the same was prevailing at the time of filing the instant petition. It is further submitted that the projects under reference are to be setup by individual farmers having PSPCL agriculture power connection for irrigation and not by corporate entities. Thus, revenue earned from sale of surplus solar power will be treated as "Income from Other Sources" and not as "Agriculture


Income". Thus, the income tax rates applicable to individuals as per the finance act shall be levied upon respective farmers depending upon the income already accruing, if any, from other sources apart from agriculture income which is exempted. Since the income from the sale of energy produced from the proposed projects shall be "income from other sources" of the farmer apart from agriculture income, thus the rate of income tax would vary from Farmer to Farmer. Since no benchmark rate of Income tax can be fixed simpliciter, thus, the petitioner proposes that an average rate of income tax slabs $(5+20+30/3 = 18.33\%)$ be taken and grossed up $(14\%/(1-18.33\% = 17.14\%))$ to render 17.14 % of yield in terms of ROE so as to have net of 14% ROE.

- 23 That in response to Para 23 of the reply filed by PSPCL it is submitted that comparative chart of parameters proposed in petition and now revised as per CERC regulations / orders are attached as **Annexure P-5** and it is prayed before this Hon'ble Commission to take the above submission into consideration including the general / financial parameters as per RE Tariff Regulations 2020 / suomotu order where ever proposed and others as actual for the scheme/Punjab specific and determine the levelized feed in tariff for the proposed solarisation of grid connected agriculture pumps in Punjab under PM-KUSUM Component-C, as prayed for in the captioned petition.

Further it is submitted that as per MNRE, GOI guidelines, the implementation process of the scheme is to be completed by September 2020, however due to pandemic Covid-19 situation, the implementation process shall now be completed by December 2020, thus, it is prayed before this Hon'ble commission to decide the tariff expeditiously keeping in view the limited time schedule for implementation under the ibid scheme.

Place: Chandigarh
Date: 04.08.2020


Applicant/Petitioner


Through
ADITYA GROVER, ARJUN GROVER & POOJA RISHARMA
Advocates
Counsel for the Petitioner

Annexure P-5			
Parameters/Norms for determination of Generic tariff under Component-C			
Parameter	As provided in the petition	Now proposed by PEDDA as per regulations 2020-23 or as per petition	Remarks
Capacity	7.5 HP / 10KW	7.5 HP / 10KW	As per petition
CUF	17.14%	17.14%	As per petition
Total Cost	410000	410000	As per petition
Farmer Investment / Capital Cost	164000	164000	As per petition
Debt 75%	123000	123000	As per petition
Equity 25%	41000	41000	As per petition
Interest Rate (p.a.)	10.41%	9.67%	As per regulations 2020-23
Loan Moratorium (years)	0	0	As per regulations 2020-23
Loan Term (years)	13	15	As per regulations 2020-23
Depreciation	5.77% for first 13 years	5% for first 15 years	As per regulations 2020-23
Depreciation	1.25% for balance 12 years	1.50% for balance 10 years	As per regulations 2020-23
Income Tax (Personal)	29.12%	18.33%	Since the systems will be installed by individual farmers and as such average of 3 personal income tax slabs is now proposed.
I Tax MAT	20.46%	Not Applicable	
O&M for 1 to 5 years	0%	0%	As per petition
O&M for 6th Year	0.063 Lacs / 10 Kw	0.056 Lacs / 10 Kw	As per petition with Escalation as per Regulations 2020-23
O&M Escalation	5.72%	3.84%	As per regulations 2020-23
Discount Rate	9.36%	8.61%	As per regulations 2020-23 and suo motu order for determination of tariff for 2020-21. The grossed up ROE of 17.14% has now been worked out with average personal income tax rate of 18.33% so as to have net of 14% ROE.
ROE	17.60% 1 to 10 years	17.14% 1 to 20 years	
ROE	16.47% 11th year onwards	17.14% 21st year onwards	
Intt on working capital	11.41%	11.17%	As per regulations 2020-23/Suo Motu Order for determination of tariff for 2020-21
Life and Tariff Period	25 Years	25 Years	As per petition