

**Table 57: Rate of Interest on Working Capital for SLDC as submitted by PSTCL**

(Rs. Crore)		
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months of fixed cost	3.31
2.	Maintenance spares @ 15% of O&M expenses	1.28
3.	Operation and Maintenance expenses for one month	0.71
4.	Total Working Capital (Normative)	5.30
5.	Rate of Interest applied	10.19%
6.	<b>Interest on Working Capital</b>	<b>0.57</b>

**Commission's Analysis:**

3.11.5 Applying the same principle as stated above for Transmission Business, the interest of working capital loans considered by the Commission works out to 10.25% which is less than the SBI Advance rate on 1<sup>st</sup> April 2019 (13.80%) for SLDC Business as under:

**Table 58: Interest on Working Capital for SLDC Business for FY 2019-20 approved by the Commission**

(Rs. Crore)		
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months i.e. 2 x (ARR/12)	3.37
2.	Maintenance spares @ 15% of O&M expenses	1.28
3.	Operation & Maintenance expenses for one month	0.71
4.	Working capital requirement	5.36
5.	<b>Interest on working capital (@ 10.25% for FY 2019-20)</b>	<b>0.55</b>

**The Commission approves working capital requirement of Rs. 5.36 Crore and interest thereon at the weighted average rate of interest approved for loans as Rs.0.55 Crore for SLDC Business of PSTCL for FY 2019-20.**

3.11.6 The Total Interest on Working Capital approved by The Commission for PSTCL for FY 2019-20 is as under:

**Table 59: Interest on Working Capital approved by the Commission for PSTCL for FY 2019-20**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
I	II	III	IV	V
1.	Interest on Working Capital	34.97	0.55	35.52

**3.11.7 The Commission approves total Interest on Working Capital as Rs.35.54 Crore for PSTCL for FY 2019-20.**

### 3.12 Return on Equity

3.12.1 In the ARR Petition for FY 2019-20 in the MYT Petition, PSTCL had claimed ROE of Rs.123.83 Crore on opening equity of Rs.775.57 Crore and on addition of Rs.46.60 Crore during FY 2019-20. The Commission had approved ROE of Rs.125.58 Crore worked out @15.50% on the average equity for the year.

3.12.2 In the Tariff Petition for FY 2019-20, PSTCL had claimed ROE of Rs.136.95 Crore on opening equity of Rs. 805.33 Crore and on addition of Rs.156.45 Crore during FY 2019-20. The Commission had approved ROE of Rs.126.46 Crore worked out @15.50% on the average equity for the year.

3.12.3 In the APR Petition for FY 2019-20, PSTCL had claimed ROE of Rs.128.94 Crore on opening equity of Rs.776.38 Crore and on addition of Rs. 110.96 Crore during FY 2019-20. The Commission had not considered any addition of equity and had approved ROE of Rs.108.93 Crore on average equity of Rs.702.80 Crore.

#### **PSTCL's Submission:**

3.12.4 In the True up Petition for FY 2019-20, PSTCL has considered the opening balance of Equity of FY 2019-20 equal to the closing balance of Equity of FY 2018-19 as approved in Truing-up of FY 2018-19. In addition to the above, PSTCL has considered the revision in opening balance of equity due to addition of equity of Rs. 2.16 Crore on account of True-up of Capital Expenditure for the First Control Period.

3.12.5 For the purpose of calculating Return on Equity for FY 2019-20 on normative basis, PSTCL has considered the ROE at the rate of 15.50% in accordance with the PSERC MYT Regulations, 2014, as under:

**Table 60: Return on Equity for FY 2019-20 as claimed by PSTCL**

(Rs. Crore)		
Sr. No.	Particulars	Amount
I	II	III
1.	Equity at the opening of FY 2019-20 as closing of FY 2018-19	702.80
2.	Equity addition due to True-up of Capex for First Control Period	2.16
3.	Total Opening Balance	704.97
4.	Addition of equity during the year	-
5.	Equity at the closing of FY 2019-20	704.97
6.	Rate of Return (%) RoE	15.50%
7.	<b>Return on Equity</b>	<b>109.27</b>

PSTCL has claimed ROE of Rs.109.27 Crore for True-up of FY 2019-20

### Commission's Analysis:

3.12.6 In accordance with the Regulation 20 of PSERC MYT Regulations, 2014, Return on equity @15.50% on the average equity for the year is to be allowed.

3.12.7 The Commission considers the Closing balance of equity of FY 2018-19 as the Opening balance of equity for FY 2019-20 which has increased due to impact of true-up of Capital Expenditure for FY 2017-18 and FY 2018-19 as given in the following

**Table 61: Change in Opening balance of equity for PSTCL due to impact of true up of Capital Expenditure**

(Rs. Crore)			
Sr. No.	Particulars	As approved in True-Up of respective years	As approved in True-Up of capital expenditure
1.	Opening Equity for FY 2017-18	605.88	605.88
2.	Addition	96.92	99.83
3.	Closing loan for FY 2017-18	702.80	705.71
4.	Opening Loan (other than GP Fund) for FY 2018-19	702.80	705.71
5.	Addition	-	-
6.	Closing loan for FY 2018-19	702.80	705.71

3.12.8 The Commission is not considering any addition of equity as explained in Para 3.6.4. Accordingly, Return on Equity based on the equity approved in True-up of FY 2018-19 works out as under.

**Table 62: Return on Equity for FY 2019-20 for Transmission allowed by the Commission for FY 2019-20**

(Rs. Crore)		
Sr. No.	Particulars	Amount
I	II	III
1.	Equity at the opening of FY 2019-20	705.71
2.	Addition of equity during the year	-
3.	Equity at the closing of FY 2019-20	705.71
4.	Average Equity	705.71
5.	Rate of Return (%) ROE	15.50%
6.	Return on Equity (15.50% of 702.80)	109.38

3.12.9 Thus, the Commission approves ROE of Rs.109.38 Crore to PSTCL for FY 2019-20 as under:

**Table 63: Return on Equity approved by the Commission for FY 2019-20**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
I	II	III	IV	V
1.	Return on Equity	109.38	-	109.38

### 3.13 Unified Load Dispatch & Communication (ULDC) Charges

3.13.1 In the ARR Petition for 1st MYT Period, PSTCL claimed ULDC Charges of Rs.12.99 Crore for FY 2019-20 for its SLDC Business and the Commission approved Rs.11.76 Crore. In the Tariff Order for FY 2019-20, PSTCL had claimed Rs. 10.73 Crore towards ULDC charges for its SLDC Business and the Commission approved Rs.10.73Crore. In the APR of FY 2019-20, PSTCL claimed Rs.10.73 Crore towards ULDC charges for FY 2019-20. Based on the Audited Annual Accounts of FY 2018-19, ULDC Charges were Rs.7.68 Crore which were allowed by The Commission.

3.13.2 In the True up Petition for FY 2019-20, PSTCL has claimed ULDC of Rs.9.53 Crore for FY 2019-20 as per Audited Annual Accounts for its SLDC Business and the details are as under:

**Table 64: ULDC Charges submitted by PSTCL for FY 2019-20**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
I	II	III	IV	V
1.	ULDC Charges - SLDC own share	-	4.26	4.26
2.	ULDC Charges - BBMB share	-	1.14	1.14
3.	ULDC Charges - Central Sector share	-	0.00	0.00
4.	NRLDC Charges	-	4.13	4.13
5.	<b>Total</b>	-	<b>9.53</b>	<b>9.53</b>

3.13.3 **Accordingly, the Commission approves ULDC charges of Rs. 9.53 Crore to PSTCL for its SLDC Business for FY 2019-20.**

### 3.14 Non-Tariff Income

3.14.1 In the ARR Petition of 1st MYT Period, PSTCL had projected Rs.10.00 Crore of Non-Tariff Income for its Transmission Business and Rs.1.00 Crore for SLDC Business for FY 2019-20 against which the Commission approved the Non-Tariff Income of Rs.49.25 Crore for Transmission Business and Rs.5.41 Crore for its SLDC Business for FY 2019-20.

3.14.2 In the Tariff Order for FY 2019-20, PSTCL claimed Rs.18.94 Crore on account of Non-Tariff Income for Transmission Business and Rs.1.41 Crore for SLDC Business and the Commission approved the same.

3.14.3 In the APR for FY 2019-20, PSTCL claimed Rs.17.75 Crore on account of Non-Tariff Income for Transmission Business and Rs. 0.76 Crore for SLDC Business and the Commission approved the same.

**PSTCL's Submission:**

3.14.4 In the True-up Petition for FY 2019-20, PSTCL has claimed Rs.26.46 Crore (Rs.25.94 Crore for Transmission Business and Rs.0.52 Crore for SLDC Business) on account of Non-Tariff Income based on Audited Annual Accounts for FY 2019-20.

3.14.5 PSTCL has submitted that it has considered the Non-Tariff income as indicated in Note 30 of the audited accounts. PSTCL has not considered the income towards certain heads wherein expenses were not allowed by the Commission in previous Tariff Orders as under:

- (a) Income of Rs. 4.34 Crore towards interest received on refund of Income Tax has not been considered because the Commission neither allowed expenses under the head of Income Tax nor interest on amount deducted as TDS.
- (b) Income of Rs. 3.29 Crore towards reversal of excess provision of impairment loss has not been considered, as impairment loss was not allowed in previous year.
- (c) Income of Rs. 0.05 Crore towards provision withdrawn on unserviceable / obsolete items and losses under investigation.
- (d) PSTCL has considered the 50% of income of Rs. 0.13 Crore towards rebate on early payment to NRLDC, as per the provisions of Regulation 28 of PSERC MYT Regulations, 2014.

3.14.6 PSTCL has also adjusted an amount of Rs. 0.03 Crore for Transmission Business and Rs. 0.02 Crore for SLDC Business earned against Interest on Fixed Deposits reflecting in Audited Accounts under Non-Tariff Income. PSTCL has submitted that the income from Fixed Deposits are not actually earnings made on surplus amounts available with PSTCL, whereas these are Fixed Deposits made so as to issue Letter of Credit for availing Cash Credit facility and the cost of funds is more than the interest earned.

3.14.7 Further, PSTCL has also considered the adjustment in financing cost on Late Payment Surcharge of Rs. 9.00 Crore for Transmission Business and Rs. 0.03 Crore for SLDC. The financing cost is computed after considering the monthly gross payment amount and the delay in number of days from the due date and then applied Working Capital Interest rate on this amount in line with the second amendment notified by the Commission to Regulation 28.1 of PSERC MYT Regulations 2014. In view of the above, the Petitioner submits Non-Tariff Income for FY 2019-20 as shown in the following table:

**Table 65: Non-Tariff Income claimed by PSTCL for FY 2019-20****(Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		
		Transmission	SLDC	Total
1	Gain on Sale of Land - Additional Compensation	0.13	-	0.13
2	Gain on Sale of Fixed Assets	3.67	-	3.67
3	Income/Fee/Collection against Staff Welfare Activities	0.01	-	0.01
4	Rental for staff quarters	0.32	0.04	0.36
5	NOC charges from open access customers	-	0.17	0.17
6	Credit balance written back:			
a	-Sundry creditors	0.07	-	0.07
b	- Other sundry credit balance	1.53		1.53
c	-Security Deposits/EMD	1.35	-	1.35
7	Rebate on early payment to NRLDC	-	0.07	0.07
8	Income from O&M of bays of PGCIL	2.67	-	2.67
9	Miscellaneous income	6.93	0.23	7.17
10	Delayed Payment Charges from Consumers	4.25	0.02	4.27
11	Penalty imposed on suppliers/contractors	2.23	-	2.23
12	Income from Other Business - Sale of Scrap	2.76	-	2.76
	<b>Total</b>	<b>25.94</b>	<b>0.52</b>	<b>26.46</b>

**Commission's Analysis:**

3.14.8 The Non-Tariff Income has been determined as per Regulation-28 of PSERC MYT Regulations-2014 (amended from time to time).

- a) PSTCL has submitted Rebate on early payment of NRLDC of Rs. 0.07 as Non-Tariff Income. As per the Amendment to Reg. 28 sub clause (q) as stated under  
*“Following components of income shall be treated as non tariff income for the generation, transmission and distribution business, as applicable:*

*(q) Any other income not included above. Provided that only 50% of the „rebate for timely payment of power purchase“ received by the licensee shall be considered as non –tariff income.”*

The Payment to NRLDC is not a payment of power purchase. PSTCL has added Non-Tariff Income on account of rebate Rs. 0.07 Crore out of Rs 0.13 Crore. The Commission has considered the entire Rs.0.13 (0.07+0.06) Crore as Non-Tariff Income as per the audited accounts. Accordingly, the Commission determines the Non-Tariff Income as under:

**Table 66: Non-Tariff Income for FY 2019-20 approved by The Commission****(Rs. Crore)**

Sr. No.	Particulars	Transmission Business	SLDC Business	PSTCL
1.	Non-Tariff Income as claimed by PSTCL except Rebate on early payment of NRLDC	25.94	0.45	26.39
3.	Rebate on early payment of NRLDC	-	0.13	0.13
4	<b>Total</b>	25.94	0.58	26.52

3.14.9 Accordingly, the Commission approves Rs. 25.94 Crore for Transmission Business and Rs. 0.58 Crore for SLDC Business as Non-Tariff Income for FY 2019-20.

### 3.15 Other Expenses

#### **PSTCL's Submission:**

3.15.1 PSTCL has submitted that the balance sheet of erstwhile Punjab State Electricity Board (PSEB) as on 16.04.2010, contained assets and liabilities that were not clearly identified. These unidentified assets and liabilities have continued to stand in the books of the erstwhile PSEB before the Transfer Scheme notification and at the time of re-structuring, some of these assets and liabilities got parked with the newly formed entities (i.e. PSPCL and PSTCL). PSTCL started reconciliation of these assets and liabilities and started writing off such assets and liabilities in the respective accounting years, as and when these were identified.

3.15.2 PSTCL has in the past years written back sundry creditors reflecting in its balance sheet. The Commission has considered the amount of sundry creditors written back reflecting in the Audited Accounts under Non-Tariff Income and accordingly has reduced the ARR of PSTCL to that extent.

3.15.3 During FY 2019-20 PSTCL has written off Rs. 56.40 Crore outstanding balance of sundry debtors as on 16.04.2010. In view of the above methodology adopted by The Commission, PSTCL therefore has requested to allow the above said amount while Truing-up of FY 2019-20.

#### **Commission's Analysis:**

3.15.4 Regulation 49 of PSERC MYT Regulations 2014 for Distribution Business is reproduced as under:

#### ***"49. BAD AND DOUBTFUL DEBTS AND OTHER DEBITS***

*49.1 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, and according to a transparent policy approved by The Commission. In case, there is any recovery of bad debts already written off, the recovered bad debts will be treated as Other Income.

49.2 Other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account of flood, cyclone, fire etc. shall be considered by The Commission.”

3.15.5 In the True-up of FY 2017-18 (Tariff Order of FY 2019-20), The Commission had considered the amount of sundry creditors written back reflecting in the Audited Accounts i.e. Rs. 99.84 Crore under non-tariff income as it was observed that the aforesaid amount was lying unclaimed for more than 3 years in identified heads i.e. contributory works and deposit works in the books of accounts before it was transferred to the revenue heads. It is observed that Rs. 56.40 Crore pertains to net outstanding amount in FY 2019-20 on account of non-reconciliation of various inter-unit transfers among the divisions of erstwhile PSEB. Accordingly, the Commission is of the view that this issue is to be settled between PSPCL and PSTCL and the same cannot be allowed as ‘Other Expenses’ in the ARR.

### 3.16 Revenue from Open Access Consumers

3.16.1 PSTCL has claimed a receipt of Transmission charges of Rs. 1.39 Crore and SLDC charges of Rs. 0.27 Crore from Open Access Consumers based on the Audited Accounts of FY 2019-20. The amount of revenue from open access consumers is over and above the transmission charges approved by The Commission. Accordingly, PSTCL has claimed adjustment of Revenue from Open Access Consumers in Truing-up of FY 2019-20.

3.16.2 As per regulation 56 of PSERC MYT Regulations, 2014, The Commission approves Income from Open Access Customers as under:

**Table No 62: Income from open Access Customers for FY 2019-20**

(Rs Crores)		
Sr. No.	Particulars	Amount
1.	Northern Railways	1.35
2.	M/s Nahar Sugar (NIEL)	0.023
3.	M/s Winsome Yarns	0.0148
	<b>Total Transmission Charges from Open Access Customers (A)</b>	<b>1.388</b>
4.	SLDC Charges from Railways (long term)	0.0175
5.	SLDC Charges from Short term consumers	0.2500
	<b>Total SLDC Charges from Open Access Customers (B)</b>	<b>0.2675</b>
	<b>Total Open Access Charges (Transmission + SLDC)</b>	<b>1.656</b>



### 3.17 Annual Revenue Requirement

3.17.1 The summary of the Annual Revenue Requirement for Transmission Business, SLDC Business and overall business of PSTCL for FY 2019-20 is shown in the following tables:

**Table 67: Annual Revenue Requirement for Transmission Business for FY 2019-20**

(Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1.	Employee costs	498.86	505.98	500.10	500.10
2.	R&M and A&G expenses	53.34	50.86	55.68	50.69
3.	Depreciation	291.67	289.63	290.42	289.17
4.	Interest charges	324.48	356.1	353.45	350.35
5.	Interest on Working Capital	35.26	34.89	36.78	34.97
6.	Return on Equity	126.46	108.93	109.27	109.38
7.	Other Expenses	-	-	56.40	0.00
8.	<b>Annual Revenue Requirement</b>	<b>1,330.07</b>	<b>1,346.39</b>	<b>1,402.10</b>	<b>1,334.66</b>
9.	Less: Non-Tariff Income	18.94	23.59	25.94	25.94
10.	<b>Total Revenue Requirement</b>	<b>1,311.13</b>	<b>1,322.80</b>	<b>1,376.16</b>	<b>1,308.72</b>
11.	(-) Revenue from Open Access	-	-	1.39	1.39
12.	<b>Net ARR</b>	<b>1311.13</b>	<b>1322.8</b>	<b>1374.77</b>	<b>1,307.33</b>

**Table 68: Annual Revenue Requirement for SLDC for FY 2019-20**

(Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1.	Employee costs	6.77	7.00	7.70	7.22
2.	R&M and A&G expenses	2.53	1.36	1.28	1.28
3.	Depreciation	1.66	0.43	1.24	1.25
4.	Interest charges	1.36	1.28	1.25	1.26
5.	Interest on Working Capital	0.60	0.49	0.57	0.55
6.	ULDC Charges	10.73	7.68	9.53	9.53
7.	<b>Annual Revenue Requirement</b>	<b>23.65</b>	<b>18.24</b>	<b>21.57</b>	<b>21.09</b>
8.	Less: Non-tariff Income	5.41	1.41	0.52	0.58
9.	<b>Total Revenue Requirement</b>	<b>22.24</b>	<b>16.57</b>	<b>21.05</b>	<b>20.51</b>
10.	(-) Revenue from Open Access			0.27	<b>0.27</b>
11.	<b>Net ARR</b>	<b>22.24</b>	<b>16.57</b>	<b>20.79</b>	<b>20.24</b>

3.17.2 The summary of the Annual Revenue Requirement of PSTCL for FY 2019-20 is as under:

**Table 69: Annual Revenue Requirement for PSTCL for FY 2019-20**

(Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1.	Employee costs	505.63	512.98	507.80	507.32
2.	R&M and A&G expenses	55.87	52.22	56.96	51.97
3.	Depreciation	293.33	290.06	291.66	290.42
4.	Interest charges	325.84	357.38	354.70	351.61
5.	Interest on Working Capital	35.86	35.38	37.35	35.52
6.	Return on Equity	126.46	108.93	109.27	109.38
7.	Other Expenses	-	-	56.40	0.00
8.	ULDC Charges	10.73	7.68	9.53	9.53
<b>9.</b>	<b>Annual Revenue Requirement</b>	<b>1,353.72</b>	<b>1,364.63</b>	<b>1,423.67</b>	<b>1,355.75</b>
10.	Less: Non-Tariff Income	20.35	25.26	26.46	26.52
<b>11.</b>	<b>Annual Revenue Requirement</b>	<b>1,333.37</b>	<b>1,339.37</b>	<b>1,397.21</b>	<b>1,329.23</b>
12.	(-) Revenue from Open Access	-	-	1.66	<b>1.66</b>
<b>13.</b>	<b>Total ARR</b>	<b>1,333.37</b>	<b>1,339.37</b>	<b>1,395.55</b>	<b>1,327.57</b>

### 3.18 Availability and Incentive on Transmission System Availability

#### PSTCL's Submission:

3.18.1 PSTCL has submitted that in accordance with PSERC MYT Regulations, 2014, PSTCL is eligible for incentive for overachieving the availability targets for transmission system availability which has been verified and certified by SLDC. As per PSERC MYT Regulations, 2014, the Normative Annual Transmission System Availability Factor (NATAF) for incentive computation has been considered as 99%. The net transmission charges inclusive of incentive based on fixed charges for Transmission and computation of incentive are given as per the table below.

**Table 70: Incentive on Transmission System (TS) Availability for FY 2019-20  
submitted by PSTCL**

(Rs. Crore)

Sr. No.	Month	TS Availability (%)	Monthly Transmission Charges	Transmission Charges including Incentive	Incentive
I	II	III	IV	V	VI
1.	Apr-19	99.9749%	113.00	114.11	1.11
2.	May-19	99.9711%	116.76	117.91	1.15
3.	Jun-19	99.9584%	113.00	114.09	1.09
4.	Jul-19	99.9817%	116.76	117.92	1.16
5.	Aug-19	99.9788%	116.76	117.92	1.15
6.	Sep-19	99.9823%	113.00	114.12	1.12
7.	Oct-19	99.9885%	116.76	117.93	1.17
8.	Nov-19	99.9520%	113.00	114.08	1.09
9.	Dec-19	99.9820%	116.76	117.92	1.16
10.	Jan-20	99.9809%	116.76	117.92	1.16
11.	Feb-20	99.9741%	105.46	106.50	1.04
12.	Mar-20	99.9637%	116.76	117.90	1.14
	<b>Total</b>		<b>1374.77</b>	<b>1388.30</b>	<b>13.53</b>

**Commission's Analysis:**

3.18.2 The Commission observes that MYT Regulations, 2014, specifies that Normative Annual Transmission System Availability Factor (NATAF) for the Control Period shall be 99% for incentive consideration. And, the transmission system availability of PSTCL has been verified by SLDC. Accordingly, The Commission determines the incentive for over achievement of transmission system availability by PSTCL, on the basis of the ARR of Transmission Business approved in Table 67 of this Tariff Order, as under:

**Table 71: Incentive on Transmission System (TS) Availability for FY 2019-20  
determined by the Commission**

(Rs. Crore)

Sr. No.	Month	TS Availability (%)	Transmission Charges inclusive of Incentive	Monthly Transmission Charges	Incentive
I	II	III	IV	V	VI
1.	Apr-19	99.9749%	108.21	107.16	1.05
2.	May-19	99.9711%	111.82	110.73	1.09
3.	Jun-19	99.9584%	108.20	107.16	1.04
4.	Jul-19	99.9817%	111.83	110.73	1.10
5.	Aug-19	99.9788%	111.82	110.73	1.09
6.	Sep-19	99.9823%	108.22	107.16	1.06
7.	Oct-19	99.9885%	111.84	110.73	1.11
8.	Nov-19	99.9520%	108.19	107.16	1.03
9.	Dec-19	99.9820%	111.83	110.73	1.10
10.	Jan-20	99.9809%	111.83	110.73	1.10
11.	Feb-20	99.9741%	104.61	103.60	1.01
12.	Mar-20	99.9637%	111.81	110.73	1.09
	<b>Total</b>		<b>1,320.19</b>	<b>1,307.33</b>	<b>12.87</b>

3.18.3 Thus, the Commission allows an incentive of Rs. 12.87 Crore for FY 2019-20 to

PSTCL for achieving higher transmission system availability than the Normative Annual Transmission System Availability Factor (NATAF) specified in the MYT Regulations, 2014.

### 3.19 Carrying Cost of Previous Years

3.19.1 The Commission allowed carrying cost of (-) Rs 3.77 Crore in para 3.13 of Tariff Order for FY 2019-20. The same amount is being considered in the true-up of FY 2019-20.

### 3.20 Net Revenue Requirement

3.20.1 Considering the Incentive on Transmission System Availability and Carrying cost on previous years, the summary of the Net Revenue Requirement for Transmission Business, SLDC Business and overall business of PSTCL for FY 2019-20 is shown in the following tables:

**Table 72: Annual Revenue Requirement for transmission Business for FY 2019-20**

(Rs. Crore)					
Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1.	Total ARR	1311.13	1322.80	1374.77	1,307.33
2.	Add: Incentive			13.53	12.87
3.	Less: Carrying Cost of Previous Years	3.77	3.77	3.77	3.77
4.	Net ARR	1307.36	1319.04	1384.30	1316.43

**Table 73: Annual Revenue Requirement for SLDC Business for FY 2019-20**

(Rs. Crore)					
Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1.	Net ARR	22.24	16.57	20.79	20.24

3.20.2 The summary of the Annual Revenue Requirement of PSTCL for FY 2019-20 is as under:

**Table 74: Annual Revenue Requirement for PSTCL for FY 2019-20****(Rs. Crore)**

Sr. No.	Particulars	Approved in Tariff Order for FY 2019-20	Approved by The Commission in the Review of FY 2019-20	Claimed by PSTCL in the true up of FY 2019-20	Approved by The Commission
I	II	III	IV	V	VI
1	Total ARR	1,333.37	1,339.37	1,395.55	1,327.57
2	Add: Incentive			13.53	12.87
3	Carrying Cost of Previous Years	-3.77	-3.77	-3.77	-3.77
4	Net ARR	1329.60	1335.60	1405.31	1336.67

**3.21 Impact of Non-Tariff Income of FY 2018-19 along with Carrying cost**

3.21.1 The Commission while determining the Non-tariff income for FY 2018-19 had inadvertently considered the income of Rs. 6.68 Crore instead of Rs.6.53 Crore towards credit balance written back. The Commission, in its Order dated 15.10.2020 in Review Petition No.3 of 2020 in Petition No.29 of 2019, has stated that the impact of Rs.0.15 Crore along with carrying cost shall be considered in the subsequent Tariff Order of PSTCL. Accordingly, the Commission calculates carrying cost on the surplus of Rs.0.15Crore as under:

**Table 75: Impact of Review Petition no. 3 of 2020 along with Carrying Cost****(Rs. Crore)**

Sr. No.	Particulars	Transmission	SLDC	PSTCL
1	Non-Tariff income inadvertently considered during FY 2018-19 (A)	23.59	1.67	25.26
2	Actual Non-Tariff income during FY 2018-19 (B)	24.00	1.11	25.11
3	<b>Non-Tariff income inadvertently considered excess during FY 2018-19 (C= A-B)</b>	<b>0.41</b>	<b>(0.56)</b>	<b>(0.15)</b>
4	Carrying Cost (@9.96% for Transmission and @10.33% for SLDC for 6 months) for FY 2018-19 (D)	0.02	(0.03)	(0.01)
5	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 1 year) for FY 2019-20 (E)	0.04	(0.06)	(0.02)
6	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 6 months) for FY 2020-21 (F)	0.02	(0.03)	(0.01)
7	Total Carrying Cost (G = D+E+F)	0.08	(0.12)	(0.04)
8	<b>Impact of Review Order along with Carrying Cost considered in Tariff Order of FY 2021-22 (H=C+G)</b>	<b>0.49</b>	<b>(0.68)</b>	<b>(0.19)</b>

The above impact has been considered in ARR of FY 2021-22.

# Chapter 4

## Annual Performance Review of FY 2020-21 and Revised Estimates for FY 2021-22

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### 4.1 Background

In accordance with the provisions of PSERC MYT Regulations, 2019, The Commission had approved the Annual Revenue Requirement (ARR) of PSTCL for FY 2020-21 and FY 2021-22 in its Order dated 1.6.2020, which was based on expenditure and revenue estimates of PSTCL for its Transmission and SLDC Businesses. PSTCL has projected the Annual Performance Review (APR) for FY 2020-21 and Revised Estimates for FY 2021-22, separately for its Transmission business and SLDC business. The Commission has analyzed the same in this chapter.

### 4.2 Transmission System Availability

#### **PSTCL's Submission:**

4.2.1 PSTCL has submitted its average transmission system availability from April to September 2020 (H1), calculated based on month-wise system availability up to September 2020, as under:

**Table 76: Transmission System (TS) Availability of PSTCL for FY 2020-21**

Sr. No.	Month	TS Availability (%)
1.	April-20	99.8843%
2.	May-20	99.4672%
3.	June-20	99.8743%
4.	July-20	99.8284%
5.	August-20	99.9342%
6.	September-20	99.9568%

4.2.2 PSTCL has further submitted that it has maintained the Transmission System Availability well above the normative Annual Transmission Availability Factor of 98.5% up to September 2020, as mandated by PSERC Tariff Regulations, 2019.

#### **Commission's Analysis:**

4.2.3 The Commission has taken note of the submission of PSTCL and shall consider its actual Transmission System Availability for FY 2020-21 and FY 2021-22 for incentive, if permissible as per PSERC MYT Regulations, 2019 at the time of true up for the respective years.

### 4.3 Transmission Loss

4.3.1 The Commission, in the MYT Order for 2<sup>nd</sup> Control Period had provisionally projected the transmission loss of 2.48% for FY 2020-21 and 2.46% for FY 2021-22.

#### **PSTCL's Submission:**

4.3.2 PSTCL had submitted the transmission loss for the period from April 2020 to September 2020 in the ARR Petition as under:

**Table 77: Transmission Loss submitted by PSTCL**

Sr. No.	Month	Transmission Loss (%)
1.	Apr-20	1.83%
2.	May-20	2.03%
3.	Jun-20	2.10%
4.	Jul-20	2.19%
5.	Aug-20	2.16%
6.	Sep-20	2.30%
7.	<b>Cumulative Loss of H1</b>	<b>2.14%</b>

4.3.3 PSTCL has submitted that the actual transmission loss of H1 of FY 2020-21 is lower than the transmission loss approved by The Commission for FY 2020-21. PSTCL therefore, requested the Commission to retain the loss level of 2.48% for FY 2020-21 as approved in the MYT Order. Similarly, PSTCL requested the Commission to approve transmission loss of 2.46% for FY 2021-22 as approved in the MYT Order dated 1.6.2020.

4.3.4 PSTCL has further submitted the transmission losses for FY 2020-21 vide memo no. 344/FA/Comml.-23/Vol.-10 dated 10.2.2021 which are as under:

**Table 78: Transmission Loss for FY 2020-21 submitted by PSTCL on 10.02.2021**

Sr. No.	Month	Transmission Losses (%)
1.	April, 2020	2.29
2.	May, 2020	2.43
3.	June, 2020	2.38
4.	July, 2020	2.48
5.	August, 2020	2.45
6.	September, 2020	2.57
7.	October, 2020	2.44
8.	November, 2020	2.58
9.	December, 2020	2.51
10.	<b>Total Losses for FY 2020-21 (April-December)</b>	<b>2.47</b>

4.3.5 PSTCL submitted that this is as per the revised methodology of considering the input energy by adding the netting of energy at Interstate-PSTCL & Generating-PSTCL boundaries and import energy between PSTCL-PSPCL boundary points for calculation of PSTCL Transmission Losses in place of taking gross input energy to PSTCL.

**Commission’s Analysis:**

4.3.6 The Commission has observed that PSTCL has changed the methodology of calculating the percentage transmission losses. Also, PSTCL vide memo no. 344/FA/Comml.-23/Vol.-10 dated 10.2.2021 submitted the updated transmission losses for FY 2020-21 (up to December 2020 as under:

**Table 79: Transmission losses for FY 2020-21 (up to December)**

Sr. No.	Month	Transmission Losses (%)
1	<b>Total Losses for FY 2020-21 (April-December)</b>	<b>2.47</b>

4.3.7 The Commission observes that the actual Transmission loss reported by PSTCL till December of FY 2020-21 amounts to 2.47%. Since losses in the lean months (Jan-March) are observed to be comparatively higher, the Commission **decides to provisionally retain the transmission loss level at 2.48% and 2.46% for FY 2020-21 and FY 2021-22** respectively as approved in the Tariff Order of FY 2020-21. The transmission losses for FY 2020-21 shall be revisited based on the data of actual losses for the full year during the True Up of the year.

**4.4 Capital Expenditure and Capital Works in Progress**

**PSTCL’s Submission:**

4.3.8 PSTCL has claimed the Capital Expenditure and Capitalization for FY 2020-21 and FY 2021-22 in line with the amounts approved by the Commission in the MYT Order dated 1.6.2020. Accordingly, the Capital Expenditure and Capitalization proposed for FY 2020-21 and FY 2021-22 are as under:



**Table 80: Details of Capital Expenditure submitted by PSTCL for  
FY 2020-21 and FY 2021-22**

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21		FY 2021-22	
		MYT Order	APR	MYT Order	ARR
	<b>Transmission</b>				
<b>1</b>	<b>Opening WIP</b>	<b>168.56</b>	<b>277.37</b>	<b>403.16</b>	<b>511.97</b>
<b>2</b>	<b>Capital Expenditure</b>	<b>374.78</b>	<b>374.78</b>	<b>382.20</b>	<b>382.20</b>
a	Spill over Schemes	246.00	246.00	132.51	132.51
b	New Schemes	128.78	128.78	249.69	249.69
<b>3</b>	<b>Capitalisation</b>	<b>140.18</b>	<b>140.18</b>	<b>166.14</b>	<b>166.14</b>
a	Spill over Schemes	126.04	126.04	107.96	107.96
b	New Schemes	14.14	14.14	58.18	58.18
<b>4</b>	<b>Closing WIP</b>	<b>403.16</b>	<b>511.97</b>	<b>619.23</b>	<b>728.03</b>
	<b>SLDC</b>				
<b>5</b>	<b>Opening WIP</b>	<b>13.36</b>	<b>5.33</b>	<b>30.71</b>	<b>22.68</b>
<b>6</b>	<b>Capital Expenditure</b>	<b>25.22</b>	<b>25.22</b>	<b>17.80</b>	<b>17.80</b>
a	Spill over Schemes	2.19	2.19	0.21	0.21
b	New Schemes	23.03	23.03	17.59	17.59
<b>7</b>	<b>Capitalisation</b>	<b>7.87</b>	<b>7.87</b>	<b>1.93</b>	<b>1.93</b>
a	Spill over Schemes	7.87	7.87	-	-
b	New Schemes	-	-	1.93	1.93
<b>8</b>	<b>Closing WIP</b>	<b>30.71</b>	<b>22.68</b>	<b>46.58</b>	<b>38.55</b>

4.3.9 In replies to queries asked by the Commission during the meeting with PSERC conducted on 11.2.2021, PSTCL, vide email dated 15.02.2021, has submitted that PSTCL has incurred a Capital Expenditure Rs. 89.46 Crore (hard cost only) upto December 2020 and the revised projection for Capital Expenditure for FY 2020-21 is Rs. 200 Crore (inclusive of IEDC and IDC).

4.3.10 Accordingly, the Revised Capital Expenditure and Capitalization proposed by PSTCL for FY 2020-21 and FY 2021-22 are as under: