

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

Petition No. 50 of 2022
Date of Order: 06.09.2022

Petition for the approval of PSTCL's Business Plan including Capital Investment Plan for MYT Control Period (FY 2023-24 to FY 2025-26) under Regulation 9 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019

In the matter of: Punjab State Transmission Corporation Limited, Regd. Office: PSEB H.O. The Mall, Patiala.

... Petitioner

Commission: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, Member

ORDER

The petition has been placed before the Commission for admission. After considering the averments made in the Petition. The petition is admitted. PSTCL shall publish a Public notice inviting objections/suggestions from the general public/stakeholders, as required under Regulation 67 of the PSERC (Conduct of Business) Regulations, 2005, without any delay. Further, PSTCL shall provide additional information/clarification in the petition as under:

1. PSTCL to submit the scheme wise data **in excel format**:
2. Regulation 9.4 of the MYT Tariff Regulations, 2019 specifies that the business plan of the transmission business should include the following:

- "a) Future plans of the company including efficiency improvement measures proposed to be introduced and technical requirement such as meeting reactive power requirements;*
- (b) Plan for reduction in transmission losses;*
- (c) Plan for improvement in quality of transmission service and reliability, metering arrangements and any other new measure to be initiated by the Licensee, e.g. automation, IT initiatives etc.;*
- (d) Capital Investment Plan based on the above;*
- (e) Man Power Plan."*

It is observed that the Business Plan submitted by PSTCL for its Transmission and SLDC business does not contain Future plans, Loss Reduction Plan, Man Power Plan etc. PSTCL is required to submit the details of various components of the business plan in line with the above Regulation.

3. PSTCL has not submitted the Detailed Project Reports (DPRs) of the various schemes/ works included in the CIP as per Regulation 9.8 of the MYT Tariff Regulations, 2019 which specifies as under:

“9.8 The Applicant shall submit the Detailed Project Reports (DPRs) for all the schemes as per Part (a) and (b) above which shall include:

- (a) Purpose of investment;*
- (b) Broad Technical Specifications of the proposed investment and supporting details;*
- (c) Capital Structure;*
- (d) Capitalization Schedule;*
- (e) Financing Plan, including identified sources of investment;*
- (f) Physical targets;*
- (g) Cost-benefit analysis;*
- (h) Prioritization of proposed Investments:*

Provided that DPRs will not be necessary for schemes under Rs. 10 Crore for Generation and Transmission Businesses, Rs. 5 Crore for Distribution Business and Rs. 1 Crore for SLDC:

Provided further that the total capital expenditure on non-DPR schemes in any year should not exceed 20% of that for DPR schemes during that year.”

4. Regulation 9.18 of the MYT Tariff Regulations, 2019 provides as under:

“The STU shall also provide a copy of its capital investment plan to the Distribution Licensee, at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the Distribution Licensee by the STU, immediately after approval by the Commission”

PSTCL to submit the documentary evidence of compliance of the above Regulation.

5. PSTCL has submitted that its actual transmission loss was 2.31% in FY 2021-22. However, a higher transmission loss i.e. 2.50% has been projected for all the years of the 3rd Control Period despite the substantial capital expenditure being proposed during the same period. This needs to be explained.
6. PSTCL to submit a Transmission Map updated for 2022 along with single line diagram, having distinct colour coded representation for existing, overloaded and proposed transmission network.
7. PSTCL in its Petition has submitted CIP of Rs. 1274.26 Crore (new works Rs. 308.29 Crore+ spillover Rs. 965.97 Crore), Rs. 1140.61 Crore (new works Rs. 580.57 Crore+ spillover Rs. 560.04 Crore) and Rs. 850.47 Crore (new works Rs. 681.41 Crore+ spillover Rs. 169.06 Crore) for FY 2023-24, FY2024-25 and FY 2025-26 respectively for its transmission & SLDC

business which is not commensurate with its CIP for the 2nd Control Period. Substantial capital expenditure proposed under new schemes during the 3rd Control Period while the spillover and deferred schemes from the 1st & 2nd Control Period are still pending; PSTCL to provide justification for the same along with year wise capital expenditure made during last 5 years.

8. PSTCL to submit detailed technical justification along with cost benefit analysis for capital expenditure proposed in respect of network addition, system strengthening and system augmentation, with details of existing network capacity (as on March 2022) and network capacity projected to be achieved by the end of 3rd Control Period;
9. For spillover schemes, PSTCL has projected an expenditure higher than the scheme costs. PSTCL to provide details scheme wise with respect to actual project cost, actual cost incurred during 1st & 2nd control period and projected expenditure during 3rd control period. Scheme-wise justifications for delay and spillover be provided along with reasons/ bottlenecks for consistent delay of schemes started from 1st Control Period onwards along with rationale for excess expenditure.
10. PSTCL to provide scheme-wise technical and financial justification for each new scheme proposed along with schemes completion dates and any spillover expenditure for proposed new schemes beyond 3rd Control period.
11. PSTCL has considered EC @15% and IDC @ 4% in the 3rd Control Period. PSTCL to submit the rationale and detailed calculation along with documentary evidence to substantiate its claim.
12. PSTCL to submit bifurcation of spillover works and new works for the capital investment plan proposed for its SLDC business, in line with Regulation 9.7 of the MYT Tariff Regulations, 2019.
13. PSTCL to submit actual scheme-wise capital expenditure from FY 2020-21 to FY 2021-22 and projected capital expenditure for FY 2022-23 for Transmission & SLDC works. Further, PSTCL to also provide the proportion of Govt. grants and consumer contribution received.
14. PSTCL is required to intimate the strategy for utilization of the dismantled transformers etc. where it has proposed augmentation along with details when installed & now proposed to be dismantled and cost of transformers so dismantled.
15. For schemes over Rs. 50 Crore, PSTCL has sought exemption from execution of project through TBCB (Tariff based Competitive Bidding) by quoting reference of MoP letter dated 15.03.2021. However, the letter strongly recommends to adopt TBCB for development of intra state transmission system in larger interest of consumers. PSTCL is required to clarify.

16. PSTCL to submit the following:

- a. Annual Audited accounts from FY 2021-22.
- b. A breakup of scheme-wise financing plan i.e., the breakup between debt, equity, Govt. grants and consumer contribution for each of the ongoing/ spillover/deferred and new schemes;
- c. Actual Government grants received (if any) for the ongoing/ spillover schemes (as on March 2022) and an estimate of Government grants expected to be received from FY 2023-24 to FY 2025-26;
- d. Summary sheet of capital expenditure and capitalization showing the cost, employee cost, IDC.

17. It is observed that the Business Plan submitted by PSTCL for its Transmission and SLDC business does not contain consumer contribution/Govt. grants if any, towards capital expenditure. PSTCL has projected the capital expenditure for Rs.1282.54 crore, Rs.1142.74 crore and 851.40 crore during the year FY 2023-24, FY 2024-25 and FY 2025-26 respectively, for Transmission and SLDC Business (Table-26). However, equity to be infused has been shown as Rs.133.80 crore, Rs.153.36 crore and Rs.175.61 crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively (Table No-27) and loan requirement shown is Rs.947.07 crore, Rs.738.77 crore and Rs.783.7 crore for FY 2023-24, FY 2024-25 and FY 2025-26 respectively (Transmission and SLDC business). The financing amount of equity and Loan does not tally with the projected capital expenditure. Hence, PSTCL to clarify how the equity amount has been derived clearly stating the receivable amount of consumer contribution/Govt grants.

18. It has also been observed that Rs.7.17 crore, Rs.2.96 crore and Rs.2.24 crore have been shown as the interest capitalization for FY 2023-24, FY 2024-25 and FY 2025-26 respectively. PSTCL to clarify the basis on which interest capitalization has been worked out towards capital works.

19. PSTCL in table No.33 has shown the payment of arrear of Pay to employees and Pensioners to the tune of Rs.202.02 crore and Rs.115.34 crore respectively during FY 2022-23. However, PSTCL in petition No.67 of 2021 has claimed Rs.55.72 crores (FY 2021-22) and Rs. 25.43 crore (FY 2022-23) (Table-89 & 90 page-76 of the Tariff Order dated 31.03.2022) towards Pay revision impact for PSTCL and SLDC. PSTCL to intimate the reasons/basis for such rise in pay revision arrears amounting to Rs.317.36 (202.02+115.34) crore payable in FY 2022-23 from Rs.25.43 crore.

The above information be provided by PSTCL within a week. The petition, the additional information provided by PSTCL as well as the

objections received in response to the public notice, be also uploaded on the website of the Commission as well as that of PSTCL.

The petition shall be taken up for hearing as well as public hearing on 28.09.2022 at 11.00 AM.

Sd/-

(Paramjeet Singh)
Member

Chandigarh

Dated: **06.09.2022**

Sd/-

(Viswajeet Khanna)
Chairperson