

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



REVIEW PETITION NO. OF 2024  
IN  
PETITION NO. 63 OF 2023

IN THE MATTER OF:

Order dated 14.06.2024 passed by the Hon'ble Commission in the Petition No. 63 of 2023 filed by Punjab State Transmission Corporation Limited

AND

IN THE MATTER OF:

Punjab State Transmission Corporation Limited,  
PSEB Head Office,  
The Mall, Patiala.  
Punjab - 147 001

- Review Petitioner

Versus


Punjab State Electricity Regulatory Commission,  
Plot No. 3, Madhya Marg,  
Sector - 18A, Chandigarh - 160018

- Respondent

AFFIDAVIT

1. I, Vikas Singla, son of Shri Rakesh Kumar Singla aged 42 residing at Patiala do hereby solemnly affirms and state as follows:
2. I am the CAO/Finance & Audit of Punjab State Transmission Corporation Limited, the petitioner in the above matter and am duly authorized by the Corporation to make this affidavit on its behalf.
3. The statements made in Points 1 to 8 of the Review Petition are true to best of my knowledge, and are based on the information collected from the concerned offices of the PSTCL and believe them to be true.
4. There is no case pending in any court of law with regards to the subject matter of the petition.

The Contents of the affidavit documents have been read over to the documents He/She has accepted the true & correct.

  
DEPONENT  
(CA. Vikas Singla)

CAO/Finance & Audit  
PSTCL, Patiala


I, the deponent named above do hereby verify that the content of my above affidavit are true to my knowledge and belief and nothing material has been concealed there from.

Verified at Patiala on the date of 17 July, 2024.

Attested As Identified

  
NOTARY (Govt. of India)  
DISTT. PATIALA (PB.)

17 JUL 2024

  
DEPONENT  
(CA. Vikas Singla)

CAO/Finance & Audit  
PSTCL, Patiala

**BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION,  
SITE NO. 3, SECTOR 18-A, MADHYA MARG, CHANDIGARH**

**REVIEW PETITION NO. OF 2024**

**IN**

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**IN THE MATTER OF:**

Punjab State Transmission Corporation Limited,  
PSEB Head Office,  
The Mall, Patiala.  
Punjab – 147 001

- Review Petitioner

**Versus**

Punjab State Electricity Commission ,  
Plot No. 3, Madhya Marg,  
Sector – 18A, Chandigarh - 160018

- Respondent

**PETITION UNDER SECTION 94 (1) (f) OF THE ELECTRICITY ACT, 2003 READ WITH ORDER 47 RULE 1 OF THE CODE OF CIVIL PROCEDURE, 1908 AND READ WITH REGULATION 64 OF THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION (CONDUCT OF BUSINESS) REGULATIONS,**

**2005 FOR REVIEW OF THE ORDER DATED 14.06.2024 PASSED IN PETITION NO. 63 OF 2023.**

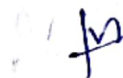
**MOST RESPECTFULLY SHOWETH:**

- A.** The Review Petitioner had filed a petition before this Hon'ble Commission for ARR & determination of tariff for FY 2024-25, truing up of ARR FY 2022-23, including True-up of Capital Expenditure for 2<sup>nd</sup> Control Period i.e., from FY 2020-21 to FY 2022-23.
- B.** By order dated 14.06.2024, the Hon'ble Commission has been pleased to decide the above Petition. In the said Order, the Hon'ble Commission has, however, not fully allowed the quantum of revenue requirement claimed by the Review Petitioner and has reduced/ disallowed the various claims of the Review Petitioner.
- C.** In regard to the above disallowances, it is respectfully submitted that there are errors apparent on the face of record and even otherwise, there are sufficient grounds to review the order dated 14.06.2024.
- D.** The instant Petition is being filed for seeking review by Hon'ble Commission on the following issues decided in the order dated 14.06.2024:
1. Disallowance of Capital expenditure/Loans
  2. Capitalization of Interest for FY 2020-21, FY 2021-22 and FY 2022-23 & impact thereof.
  3. Additionally, A & G Expenses on account of asset addition.
  4. Transmission Losses
  5. Employee Cost (Rounding off difference)
  6. Depreciation (Rounding off difference)

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**1. Disallowance of Loans/Capital Expenditure:-**

- 1.1 This Hon'ble Commission has disallowed the Capital Expenditure amounting to Rs. 1.39 crore incurred by PSTCL during 2nd Control Period, which had not been approved by Hon'ble Commission in CIP Plan.
- 1.2. It is respectfully submitted that, out of Rs. 1.39 crore, amount of Rs. 1.01 crore was spent on contributory Works and Rs. 0.38 crore on other capital works. Correspondingly, amount of Rs. 0.38 core and 0.62 crore has also been capitalized in GFA for Contributory works and other works respectively.
- 1.3. It is respectfully submitted that these expenditures were approved by the management of PSTCL, however, the approval of this Hon'ble Commission was not taken at the relevant time as these expenses were minor but urgent in nature. Therefore, it was decided to take the approval of this Hon'ble Commission in Petition No. 63 of 2023. It is submitted that these expenses were incurred on construction of footpath along with drainage system, staircase etc. to ensure smooth functioning of substations and ought to be allowed by this Hon'ble Commission as the same is a legitimate expenditure. A copy of the approval from the Board of Directors of PSTCL in regard to the above works is attached hereto and marked as Annexure "A".
- 1.4. It is requested to Hon'ble Commission to consider the Contributory works having expenditure of Rs. 1.01 crore and Capitalization of Rs. 0.38 crore in list of Contributory works of PSTCL. So that this capitalization may be considered in GFA addition for calculation of O&M expenses, which have not been considered by Hon'ble Commission in Table no. 3.29 of Tariff Order for FY 2024-25.



## **2. Capitalization of Interest for FY 2020-21 to FY 2022-23:-**

2.1. In the True up Petition of ARR of FY 2020-21 & FY 2021-22, and FY 2022-23, PSTCL has claimed the provisional Interest Capitalization based on information of CAPEX on Spillover works and New Works available at that time. This Hon'ble Commission in the order dated 31.03.2022, order dated 15.05.2023 and the order dated 14.06.2024 had been pleased to allow the CAPEX at Para 2.4.10 (Table 10), 2.4.11 (Table 9) and 3.4.9 (Table 3.9) respectively and based thereon, Interest Capitalization as claimed by PSTCL on provisional basis at Para 2.9.6, 2.9.5 and 3.9.21 respectively.

2.2. Further, In petition no. 63/2023, PSTCL has submitted the actual CAPEX and based thereon, the revised values of Interest Capitalization based on actual CAPEX on spillover works and New works after True up of CAPEX of 2<sup>nd</sup> Control Period i.e., from FY 2020-21 to FY 2022-23. In the order dated 14.06.2024, this Hon'ble Commission has pleased to consider and allow the actual CAPEX at Table 2.6, However, Hon'ble Commission has not allowed the interest capitalization on the basis of actual CAPEX approved.

2.3 This Hon'ble Commission has inadvertently allowed the Interest Capitalization on the basis of information of CAPEX on Spillover works and New Works as approved earlier in True up of ARRs of respective year instead of revised values of Interest Capitalization claimed by PSTCL on the basis of actual CAPEX.

2.4 The details of Interest Capitalization claimed and approved by Hon'ble Commission in the order dated 14.06.2024 is as under:-

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Table 1: Revised Interest Capitalization With actual CAPEX (Rs. Crore)

Sr No.	Particulars	2020-21	2021-22	2022-23
1	Interest Capitalization claimed by PSTCL on the basis of Actual Final CAPEX	9.77	5.24	5.46
2	Interest Capitalization approved by Hon'ble Commission in Tariff Order dated 14.06.2024	12.06	5.55	7.03
3	Excess Capitalization considered by Hon'ble Commission	2.29	0.31	1.57

2.5. The above consideration of Interest Capitalization in the order dated 14.06.2024 is based on the provisional CAPEX as approved in the orders dated 31.03.2022 and 15.05.2023 and has resulted in excess consideration of Interest Capitalization by Hon'ble Commission which has consequently reduced the claim of Interest Charges and other related components of PSTCL i.e. Interest on working Capital and Carrying Cost etc. In regard to the above, it is respectfully submitted that once the capex has been considered in the order dated 14.06.2024, the consequential effect on other elements could be only given in reference to such CAPEX and not provisional CAPEX as approved in the orders dated 31.03.2022 and 15.05.2023 based on the information available with PSTCL at the relevant time. Further, for FY 2022-23, interest capitalisation has not been rightly considered based on the actual CAPEX approved by the Hon'ble Commission in the order dated 14.06.2024.

2.6 It is further submitted that in relation to the other tariff elements, this Hon'ble Commission has rightly considered the CAPEX as approved in the order dated 14.06.2024 and not the previous orders. Therefore, the same treatment ought to have been given for the interest capitalisation as well.

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The Impact of Carrying cost on account of the above is as under:-

Table 2: Cumulative impact of True up of CAPEX on ARR with Carrying Cost (Rs. Crore)

Sr. No.	Particulars	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	Opening Balance of Impact	0.00	2.40	2.91	4.78	5.16	5.58
2	Addition during the year	2.29	0.31	1.57	0.00	0.00	0.00
3	Closing Balance of Impact	2.29	2.71	4.48	4.78	5.16	5.58
4	Average Balance	1.15	2.56	3.70	4.78	5.16	5.58
5	Rate of IWC	9.65%	7.99%	8.01%	8.01%	8.01%	8.01%
6	Carrying Cost	0.11	0.20	0.30	0.38	0.41	0.22
7	Cumulative Impact	2.40	2.91	4.78	5.16	5.58	5.80

NOTE: The carrying cost has been considered for full year of FY 2024-25 and six months for FY 2025-26 presuming the gap will be allowed in FY 2025-26.

2.7 It is humbly submitted that in view of the above that there exists an error apparent on the face of the record and even otherwise, there exists sufficient reasons to review and the modify the order dated 14.06.2024 to consider the Capitalization of Interest as per final CAPEX as approved in the order dated 14.06.2024 and **approve the additional Interest expenses over and above the already approved amounting Rs. 2.29 crore, Rs. 0.31 crore and Rs. 1.57 crore for FY 2020-21, FY 2021-22 and FY 2022-23 respectively. Further, it is also requested to Hon'ble Commission to approve the consequential Carrying cost amounting Rs. 1.63 crore (0.11 + 0.20 + 0.30 + 0.38 + 0.41 + 0.22)) on above interest expense.**

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**3. Additionally A & G Expenses:**

3.1. There is a disallowance of Rs. 0.68 Crore of A & G expenses on asset addition in True up for FY 2022-23. PSTCL has claimed A & G expenses on asset addition during the year along with the Indexed A & G expenses approved by Hon'ble Commission for FY 2021-22. However, Hon'ble Commission has disallowed the A & G expenses on asset addition during the year citing the reason that no formula has been prescribed in MYT Regulations for adding A&G expenses on account of assets additions for the relevant year with respect to GFA. It is humbly requested to consider the additional A&G on newly added assets as per Note 10 under Regulation 26.1 of PSERC MYT Regulations 2019, which is reiterated as under :-

“ ....

**Note 10:** *O&M expenses for gross fixed assets added during the year, if not accounted already, shall be considered from the date of commissioning on pro-rata basis.*

....”

3.2. It is further submitted that, PSTCL had to incur additional operating expenses i.e., electricity charges, conveyance charges etc. to ensure smooth functioning of new sub-stations/offices/Transmission Lines. Disallowing the same is detrimental to the operations of PSTCL.

3.3. Further, to substantiate our claim we submit that on the newly added substations only the amount of electricity charges is Rs. 21.50 Lakhs besides the other assets added during the year. Moreover, Expenditure incurred on Conveyance had also increased due to length of Transmission Lines and newly added/ augmented substations. Hence, Hon'ble Commission is requested to allow A&G Expenses of Rs. 0.68 crore on the newly added assets during the year as per the above cited NOTE-10 under Regulations 26.1 of PSERC MYT Regulations 2019.

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#### 4. Transmission Loss:

4.1. The Hon'ble Commission has revised the Transmission Loss trajectory for FY 2023-24 to FY 2025-26 in the order dated 14.06.2024 as 2.25% for FY 2023-24, 2.23% for FY 2024-25 and 2.21% for 2025-26 as against the Transmission Loss trajectory as approved by this Hon'ble Commission in the order dated 21.12.2022 as 2.42% for FY 2023-24, 2.40% for FY 2024-25 and 2.38% for 2025-26.

4.2. The revision of transmission loss trajectory is based on the information shared by PSTCL on transmission losses of FY 2023-24 which were within the range of 2.24%. It is respectfully submitted that the revision of transmission trajectory during the control period is detrimental to the interests of PSTCL. PSTCL has been functioning on prudent utility practices and has always been attempting to restrict the transmission losses within the range as provided by this Hon'ble Commission. The change of loss trajectory within the control period leads to regulatory uncertainty specifically when FY 2023-24 is already over and first quarter of FY 2024-25 is also over. In view of the above, it is respectfully submitted that PSTCL, instead of being rewarded and incentivized for efficient operations, has been restricted to stricter norms of transmissions trajectory which will not be feasible to achieve for the following reasons:

(a) It is humbly requested that PSTCL's Transmission losses varies from 2.03% to 2.896% in FY 2022-23 and varies from 2.03% to 2.50% in FY 2023-24 on monthly basis. Further transmission losses depend upon conditions of transmission element w.r.t weather pattern and thereby losses vary each year depending upon the demand and supply of Punjab state.

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- (b) Apart from above, additional transmission elements i.e., transmission lines/transformers/synchronous condenser or other elements will be added in coming years thereby increasing the installed MVA capacity of PSTCL system which may add in transmission losses during lean period. The direction of power flow in PSTCL system along with outage element/loaded element/lightly loaded transmission elements of future years cannot be ascertained presently so there can be some deviations in PSTCL Transmission losses.
- (c) The Transmission loss depends on numerous factors such as pocket wise generation-demand mismatch, loop power flow through elements at various voltage levels, type of load, seasonal demand variation, prolonged agriculture power supply, reactive power requirement due to inductive load (Agriculture pump sets), ambient temperature, renewables, loss of generation/ Non-availability of generation in load centers due to merit order etc. Additional inter-state/Inter-regional power flow through PSTCL network increases current flow and higher I<sup>2</sup>R losses in the state network.

4.3. PSTCL submits that, the loss trajectory of other states fixed by respective SERCs is as follows:-

Sr. No	States	Calculated		Trajectory	
		2022-23	2023-24	2022-23	2023-24
1	Karnataka	2.977	-	2.928 – 3.028	-
2	Assam	3.32	3.3	3.27	3.25
3	Gujarat	3.84	-	-	-

4	Bihar	2.57	-	3	3
5	Orissa	3.15	-	3	3
6	Maharashtra	3.18	-	3.18	3.18
7	Rajasthan	-	4.5	-	4.5
8	Telangana	-	-	2.5	2.5
9	Andhra Pradesh	-	3.75	-	3
10	Tripura	3	3	-	3
11	Uttar Pradesh	3.3	-	3.27	-
12	PGCIL	3.0 – 4.26	2.98 – 4.24	-	-

PSTCL humbly requests the Hon'ble Commission to review its trajectory for FY 2023-24 to FY 2025-26 on the submissions made in the above paragraphs. Without prejudice to the above, this Hon'ble Commission ought not to have at least retrospectively revised the trajectory for FY 2023-24 once the Financial Year 2023-24 was over.

#### 5. Employee Cost:

5.1 PSTCL had claimed normative employee cost including Terminal Benefits which were fully allowed by the Hon'ble Commission. However, PSTCL has noticed rounding off difference of Rs. 0.02 crores between the figures claimed and approved. In view of the above, it is submitted that there is an arithmetical error in order and the order may be modified to the above extent.

5.2 In Table no 3.22 of Tariff Order for FY 2024-25 (Sr. no. 3)S the amounts work out as follows:

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Sr. No	Particular	Calculation in Tariff Order	Correct Calculation
1	Other Employee Cost of previous Year	222.68	222.68
2	Inflation Factor	7.731%	7.731%
3	<b>Other Employee Cost</b>	<b>239.88</b>	<b>239.90</b>

#### 6. Depreciation:

6.1. PSTCL has noticed rounding off difference of Rs. 0.02 crores between the figures claimed and approved. In view of the above, it is submitted that there is an arithmetical error in order and the order may be modified to the above extent.

6.2. In Table no 3.38 of Tariff Order for FY 2024-25 (Sr. no. 7) the amounts work out as follows:

Sr. No	Particular	Calculation in Tariff Order	Correct Calculation
1	Average GFA	7576.19	7576.19
2	Depreciation on average GFA	4.12%	4.12%
3	<b>Depreciation</b>	<b>312.09</b>	<b>312.11</b>

7. As on the date of filing the Review Petition, PSTCL has not filed any appeal against the order dated 14.06.2024 passed by this Hon'ble Commission.

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**8. PRAYER:-**

In the facts and circumstances mentioned above, it is respectfully prayed that the Hon'ble Commission may be pleased to:

- a) Admit and take on record the Petition submitted by PSTCL for reviewing the order passed by Hon'ble Commission dated 14.06.2024 in the petition no. 63/2023.
- b) To review/modify the above order dated 14.06.2024 and approve the revised ARR in view of above-mentioned facts.
- c) To Pass such other further order(s) as the Hon'ble Commission may deem fit in the facts of the present petition.



**REVIEW PETITIONER,  
PUNJAB STATE TRANSMISSION  
CORPORATION LIMITED**

**DATED: 18.07.2024**

**PLACE: PATIALA**



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

(Regd. Office: PSEB Head Office, The Mall, Patiala-147001)

Corporate Identity Number: U40109PB2010SGC033814

www.pstcl.org (O/o Company Secretary) E-mail: [CompanySecretary@pstcl.org](mailto:CompanySecretary@pstcl.org)

Tel./Fax No. 0175-2970047

Subject:- CE/P&M Agenda No. 180/CE/P&M dated 27.01.2021- Administrative approval for providing MS stair case for access to roof top of Switch House Buildings of existing Sub Stations.

The decision taken by the Committee of Whole Time Directors in its 82<sup>nd</sup> meeting held on 25.02.2021 at VIP Guest House, Mohali, on the above subject is as under:-

"The Committee perused the agenda put up by CE/P&M and after detailed deliberations, accorded administrative approval for providing MS stair case for access to roof top of 99 Switch House Buildings of existing Sub Stations as per Annexure-I of the agenda and also approved a budget of Rs. 32 Lakhs for this purpose".

This is for information and necessary action under due intimation to this office please.

Company Secretary  
Practising  
PSTCL, Patiala.

To

Chief Engineer/P&M,  
PSTCL, Ludhiana.

U.O. No. 312 /WTD-82.4/PSTCL

Dated: 05.03.2021

*Sr. Pen/Asst. Supt.*  
*[Signature]*  
5/3

ਮਿਤੀ 05/3/2021

ਉਪਰੋਕਤ ਉਪਰ ਮੁੱਖ ਦਿੱਤਾ:

ਪਿਛੇ ਮਿਲੇ ਕੰਮ 2106  
ਉਪਰੋਕਤ  
ਮੈਂ ਨਿਰਦੇਸ਼ ਦਿੱਤਾ  
ਕਾਰਜੀ

ਜਾਂ ਉਤਰਾ  
ਜਾਂ ਉਪਰ  
ਜਾਂ ਉੱਚ  
ਜਾਂ ਉੱਚ

*[Signature]*

ADD. S.E.W & A  
O/O. E.I.C./P & M  
PSTCL. 11

pstcl

PUNJAB STATE TRANSMISSION CORPORATION LIMITED  
(Regd. Office: PSEB Head Office, The Mall, Patiala - 147001)  
Corporate Identity Number: U10109PH2010SC1013811  
www.pstcl.org (P) Company Secretary, PSEB, Patiala  
Tel No. 0182-2270017

Subject: C/P&M Agenda No. 190/C/P&M/2021-22 dated 08.06.2021. To develop the premises of 220 KV Grid Sub-Station, Mohali-I as model colony of PSTCL.

The decision taken by the Committee of Whole Time Employees meeting held on 11.06.2021 at Room No. 16, 8<sup>th</sup> Floor, Punjab Civil Secretariat, Chandigarh, on the above subject is as under:-

"The Committee perused the agenda put up by C/P&M and after deliberation, it was decided as under:

- i. Administrative approval be and is hereby accorded to develop the residential and non residential premises of 220KV Grid Sub Station, Mohali-I as "Model Colony of PSTCL" as per Annexure-IV of the agenda.
- ii. Budget Grant as per Annexure-IV including expenditure on outsourced activities of upkeep and maintenance of the proposed model colony only for the current year is hereby allocated.
- iii. The outsourcing activity shall be further extended on yearly basis with the approval of Director/Technical subjected to change in minimum wages of workers fixed by DC and statutory benefits as per labour laws.
- iv. PSPCL authorities shall be requested for shifting of damaged transformers and PCC poles lines in the complex at appropriate place and facelift of their office buildings in the premises will also be got done.
- v. Some NGO or health department shall be requested to provide services of physician and pharmacist including furniture and medicines etc to run dispensary as proposed in para 2 of the agenda".

This is for information and necessary action under due intimation to the office

*Jain*  
Company Secretary  
PSTCL, Patiala

Chief Engineer/P&M,  
PSTCL, Ludhiana.

U.O. No. 869/WTD-84.23/PSTCL

Dated: 15.07.2021

*SK*