

## Press Release

on

### Tariff Orders FY 2014-15 for PSPCL & PSTCL

The revised tariff rates for supply of electricity in the State of Punjab during the year 2014-15 have been determined and the Tariff Orders have been issued by the Commission on August 22, 2014. This is the thirteenth Tariff Order of the Commission. The detailed Orders of PSPCL & PSTCL are available on the website of the Commission (pserc.nic.in).

#### 1. **Background**

The Punjab State Power Corporation Limited (PSPCL) filed the Annual Revenue Requirement (ARR) for FY 2014-15 on 29.11.2013. In the ARR Petition, PSPCL worked out a **cumulative revenue gap of ₹15550.64 crore**. The Commission took the ARR on record on 18.12.2013 after removal of deficiencies by PSPCL. The ARR determined by the Commission is based on the Petition filed by PSPCL, operating as an integrated utility performing functions of Generation, Distribution and Trading of electricity.

The Punjab State Transmission Corporation Limited (PSTCL) also filed its ARR Petition for FY 2014-15 on 29.11.2013. PSTCL proposed its ARR of **₹1571.03 crore for Transmission business** (including gaps of previous years and their carrying cost as ₹213.46 crore) and **₹40.32 crore for SLDC business**. The Commission took the ARR on record on 18.12.2013 after removal of deficiencies by PSTCL.

The delay in issuance of Tariff Orders for PSPCL and PSTCL is due to imposition of Model Code of Conduct on account of Parliament Elections and by-poll in Assembly Constituencies of Punjab.

The Commission has issued these Orders after following the due procedure including inviting objections/suggestions from the public as well as Govt. of Punjab through public notices in various newspapers and after holding public hearings. In all forty-four written objections in respect of PSPCL and two written objections in respect of PSTCL were received in the office of the Commission and during the course of public hearings. All these objections have been considered by the Commission while passing these Tariff Orders. Views of

the Govt. of Punjab and the State Advisory Committee have also been taken into account.

2. **Proposal of PSPCL and approval of the Commission**

- **Annual Revenue Requirement of PSPCL for the year 2014-15 has been determined by the Commission at ₹22904.58 crore**, including ARR of ₹895.66 crore for PSTCL, against ₹26169.25 crore projected by PSPCL.
- The Commission has **determined the consolidated revenue gap for FY 2014-15 in respect of PSPCL as ₹593.63 crore**, after carrying out *true up for FY 2010-11 and FY 2011-12 and review for FY 2013-14*, against consolidated gap of ₹15550.64 crore projected by PSPCL in the ARR.
- True up for FY 2012-13 has not been taken up since PSPCL and PSTCL have not provided the Audited Accounts for this financial year.
- To meet the consolidated revenue gap of ₹593.63 crore for the year 2014-15, **an increase of 2.74% is required across the board**. However, the category-wise tariffs have been determined to bring the **cross subsidy levels for all the categories within ± 20%** of the combined average cost of supply, as provided in the Tariff Policy.
- There is **no increase in tariff for the first slab of 0-100 kWh/kVAh per month for DS category**. The increase in tariff for **other categories, except AP, is in the range of 11-13 paise/kWh**.
- Tariff Order and the revised rates will be applicable from **April 01, 2014** and the tariff structure determined by the Commission shall remain operative till 31<sup>st</sup> March, 2015.
- Total amount of **Government subsidy for free supply to AP consumers for the year 2014-15 works out to ₹4454.54 crore** vis-à-vis ₹4778.13 crore determined in the Tariff Order for FY 2013-14. The reduction in AP subsidy is due to determination of AP consumption by the Commission based on energy fed into AP feeders as recorded at PSPCL Substations. In addition, Govt. of Punjab has also committed to pay subsidy amounting to **₹654.86 crore** for free supply upto 200

units per month to **SC Domestic consumers and Non-SC BPL Domestic consumers with a connected load upto 1000 watts.** **Total amount of subsidy** for FY 2014-15 has been worked as **₹4951.14 crore**, after adjusting ₹158.26 crore on account of excess subsidy received by PSPCL from GoP upto FY 2013-14.

- Transmission & Distribution losses (T&D losses) for FY 2014-15 have been fixed as 16.00%, whereas the same were fixed at 17.00% for FY 2013-14 in the Tariff Order for that year.
- There will be substantial savings in Fuel Cost for FY 2014-15 by implementation of the CERC Tariff Regulations in respect of PSPCL's own thermal generating stations and other Thermal Generating Stations in the Central Sector/IPPs etc.
- The Commission has also approved a **Capital Investment Plan** of **₹500 crore** for Transmission business of PSTCL and **₹2000 crore** for PSPCL so that infrastructure is strengthened, which would improve quality of service to the consumers of the State. An investment plan of **₹27 crore** has also been approved for SLDC business of PSTCL.
- Provision of **₹40.76 crore** has been made for implementation of various **DSM programmes**.

### 3. **CONSUMER FRIENDLY MEASURES**

#### (i) **Introduction of kVAh tariff**

**kVAh tariff** has been introduced for **Large Supply, Medium Supply, Bulk Supply, Railway Traction, DS (load more than 100 kW) and NRS (load more than 100 kW)** categories of consumers with effect from 01.04.2014. The introduction of kVAh tariff will motivate the consumers of these categories to have higher power factor, which would in turn help in improving the system parameters and **reduce technical losses**. In the kVAh tariff regime, all categories of consumers will be compensated linearly for improvement in their power factor, whereas in the kWh tariff regime, the consumers were getting incentive @ 0.25% for each 1% rise in the power factor beyond

the threshold limit. The kVAh tariff shall go a long way to redress the harassment of consumers due to power factor disputes.

(ii) **Time of Day (ToD) tariff**

ToD tariff for Large Supply Industrial category consumers was introduced with a rebate of ₹1/unit on normal tariff during off peak hours (22:00 hrs to 06:00 hrs) from October to March of FY 2013-14, in the Tariff Order for FY 2013-14. This period was further extended to April and May, 2014. ToD tariff was introduced with a view that it will flatten the load curve in the State of Punjab and the power cuts during day time will be reduced because of shifting of industrial loads to off peak hours.

In the Tariff Order for FY 2014-15, the Commission has introduced **ToD tariff for Large Supply and Medium Supply industrial categories**. However, **it is optional** for both categories, subject to arrangement of meters by the consumers who opt for it. Those who do not opt for ToD tariff, unrevised PLEC (before issuance of Tariff Order for FY 2013-14) shall be applicable. ToD tariff shall remain operative from October to March of FY 2014-15.

- In the ToD tariff approved by the Commission, the **rebate for Large Supply industrial category** during off peak hours has been increased from **₹1 to ₹1.50** and **PLEC has been replaced with additional charge of ₹3/kVAh**. This shall do away with the approval requirement for Peak Load Exemption, thus ending harassment to the consumers.
- For **Medium Supply industrial category**, the **rebate of ₹1/kVAh** has been approved during off peak hours. There shall be no additional charge during Peak Load Hours.

(iii) **Rebate to consumers catered at higher voltages**

To move further in the direction of **Cost of Supply**, rebate to various categories of **consumers catered at higher voltages** has been increased by **5 paise/kVAh (or kWh)** as compared to rebate approved in the Tariff Order for FY 2013-14.

(iv) **Introduction of Contract Demand System for Medium Supply Industrial category consumers w.e.f. 01.01.2015**

**Contract Demand system** has been introduced for **Medium Supply industrial category consumers**, which will facilitate the consumers of this category to install the load as per their requirement without any upper limit of 100 kW, so long as the consumers remain within the sanctioned contract demand. This will meet the long pending demand of Industry.

(v) **For Short Term Open Access customers**

The transmission charges have reduced from **27 paise/kWh to 19 paise/kWh** (17 paise/kVAh) and wheeling charges have increased from **119 paise/kWh to 121 paise/kWh** (109 paise/kVAh). **The cross subsidy surcharge for various categories of consumers has also reduced.**

For example, cross subsidy surcharge has been reduced from **107 paise/kWh to 95 paise/kWh** for Large Supply Industrial category, and thus, the total benefit to Short Term Open Access Large Supply consumers will be 18 paise/kWh.

(vi) **Rebate to consumers for encouraging to consume more power**

PSPCL is likely to be power surplus during the winter months. In order to encourage the consumers of the State to consume more power, the Commission has introduced **rebate of ₹1/kWh (or kVAh)** on the category-wise tariff **for all categories**, except Street Lighting and AP categories, on the consumption exceeding threshold limit.

(vii) **Abolition of Service Charges**

The consumers of various categories were being charged some nominal service charges on monthly basis. The Commission has decided to **discontinue charging these charges.**

4. **General Conditions of Tariff and Schedules of Tariff**

For the convenience of the public and other stakeholders, the General Conditions of Tariff and Schedules of Tariff have been made part of the Tariff Order. Following important amendments have been made in the General Conditions of Tariff and Schedules of Tariff:

- **Option to Seasonal Industry to run as General Industry**

Seasonal Industry has been given option to run as General Industry during a year by giving one month advance notice to PSPCL before start of the season. As per the earlier provision, the seasonal industry consumers were paying increased tariff during off season period.

- **Rationalization of Late Payment Surcharge**

The late payment surcharge has been rationalized with effect from 01.10.2014.

Presently, consumers with load less than 100 kW are levied late payment surcharge @ **10% of total amount** of the bill, upto 1 year, even if the delay is for one day. **Interest @ 1.5% per month** is charged **after expiry of one year** from the due date of the bill on the gross unpaid amount including surcharge. With the amendment, all consumers getting supply at LT shall be levied a late payment surcharge @ **2% on the unpaid amount** of the bill if the **delay is upto 15 days**, and shall have to pay a surcharge @ **1.5% per month on gross unpaid amount including surcharge** if the bill remains unpaid for **more than 15 days**.

Similarly, consumers having load of 100 kW and above are being levied surcharge @ **5% upto 7 days** and @ **10% thereafter upto one year**. **Interest @ 1.5% per month** is charged **after expiry of one year** from the due date of the bill on the gross unpaid amount including surcharge. With the amendment, consumers getting supply at HT/EHT, this surcharge shall be @ **2% on unpaid amount upto 7 days** and **5% upto 15 days**, and shall have to pay a surcharge @ **1.5% per month on gross unpaid amount including surcharge** if the bill remains unpaid for **more than 15 days**.

- **Separate connection in Industrial premises**

A separate connection under NRS category has been allowed to Large and Medium Supply industrial category consumers for regular conduct of commercial activities provided such activities are permissible under bye-laws/rules of the Govt.

- **Simplification of Conditions for getting connection under AP High-Tech category**

The conditions imposed for getting connection under AP High Tech category have been simplified.

5. A copy of the tariff structure indicating existing tariff and tariff approved by the Commission for FY 2014-15 is enclosed (Annexure-A).

## Annexure-A

### Existing and Revised Tariff for FY 2014-15

Sr. No.	Category of Consumers	Existing Tariff		Revised Tariff approved by the Commission	
		Energy Rate (paise/kWh)	MMC (₹)	Energy Rate	MMC (₹)
<b>A) PERMANENT SUPPLY</b>					
<b>1A. Domestic (for loads upto 100kW)</b>					
a)	Upto 100 kWh	456	51/kW	456 paise/kWh	52/kW
b)	101 to 300 kWh	602		614 paise/kWh	
c)	Above 300 kWh	644		656 paise/kWh	
<b>1B. Domestic (for loads exceeding 100kW)</b>					
a)	Upto 100 kVAh	456	46/kVA	420 paise/kVAh	47/kVA
b)	101 to 300 kVAh	602		565 paise/kVAh	
c)	Above 300 kVAh	644		604 paise/kVAh	
<b>2A. Non-Residential Supply (for loads upto 100kW)</b>					
a)	Upto 100 kWh	645	185/kW	657 paise/kWh	190/kW
b)	Above 100 kWh	658		671 paise/kWh	
<b>2B. Non-Residential Supply (for loads exceeding 100kW)</b>					
a)	Upto 100 kVAh	645	166/kVA	604 paise/kVAh	171/kVA
b)	Above 100 kVAh	658		617 paise/kVAh	
<b>3.</b>	<b>Public Lighting</b>	658	As per 8 hrs/Day	669 paise/kWh	As per 8 hrs/Day
<b>4.</b>	<b>Agricultural Pumpsets</b>	i) Without GoP subsidy:425 paise/kWh or ₹331/BHP/ month	Not Applicable	i) Without GoP subsidy:456 paise/kWh or ₹332/BHP/ month	Not Applicable
		ii) With GoP subsidy: NIL		ii) With GoP subsidy: NIL	
<b>5.</b>	<b>AP High – Technology</b>	425	Not Applicable	456 paise/kWh	Not Applicable
<b>6.</b>	<b>Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies</b>	425	Not Applicable	456 paise/kWh	Not Applicable
<b>7. Industrial Consumers</b>					
a)	Small Power	574	153/kW	585 paise/kWh	157/kW
b)	Medium Supply	626	203/kW	587 paise/kVAh	209/kW or 188/kVA
c)	Large Supply				
i)	General Industry	633	182/kVA	614 paise/kVAh	188/kVA
ii)	PIU	633	478/kVA	633 paise/kVAh	491/kVA
iii)	Arc Furnace	633	478/kVA	633 paise/kVAh	491/kVA
<b>8. Bulk Supply (including MES)</b>					
a)	HT	629	299/kVA	609 paise/kVAh	307/kVA
b)	LT	657		635 paise/kVAh	
<b>9.</b>	<b>Railway Traction</b>	658	306/kVA	651 paise/kVAh	314/kVA



Sr. No.	Category of Consumers	Existing Tariff		Revised Tariff approved by the Commission	
		Energy Rate (paise/kWh)	MMC (₹)	Energy Rate	MMC (₹)
<b>B) SEASONAL INDUSTRY: COTTON GINNING, PRESSING AND BAILING PLANTS, RICE SHELLERS, KINNOW GRADING AND WAXING CENTRES, RICE BRAN STABILISATION UNITS (WITHOUT T.G.SETS) (SP, MS, LS)</b>					
a)	During Season				
	SP	574	559/kW	585 paise/kWh	574/kW
	MS	626	559/kW	587 paise/kVAh	574/kW or 518/kVA
	LS	633	504/kVA	614 paise/kVAh	518/kVA
b)	Off Season				
	SP	679	NA	690 paise/kWh	NA
	MS	719	NA	731 paise/kVAh	NA
	LS	727	NA	740 paise/kVAh	NA
<b>C) ICE FACTORY &amp; ICE CANDIES AND COLD STORAGE</b>					
a)	April to July				
	SP	574	761/kW	585 paise/kWh	782/kW
	MS	626	761/kW	587 paise/kVAh	782/ kW or 704/kVA
	LS	633	685/kVA	614 paise/kVAh	704/kVA
b)	August to March Next Year				
	SP	574	153/kW	585 paise/kWh	157/kW
	MS	626	153/kW	587 paise/kVAh	157/kW or 140/kVA
	LS	633	136/kVA	614 paise/kVAh	140/kVA
<b>D) GOLDEN TEMPLE, AMRITSAR AND DURGIANA TEMPLE, AMRITSAR</b>					
a)	First 2000 kWh	Free	NA	Free	NA
b)	Beyond 2000 kWh	520	NA	532 paise/kWh	NA
<b>E) TEMPORARY SUPPLY</b>					
i)	Domestic	1109	₹939 or ₹187/kW whichever is higher	1139 paise/kWh (for loads upto 100kW)	₹965 or ₹192/kW whichever is higher
				1048 paise/kVAh (for loads exceeding 100kW)	₹965 or ₹173/kVA whichever is higher
ii)	NRS	1109	₹1880 or ₹471/kW, whichever is higher	1139 paise/kWh (for loads upto 100kW)	₹1932 or ₹484/kW whichever is higher
				1048 paise/kVAh (for loads exceeding 100kW)	₹1932 or ₹436/kVA whichever is higher
iii)	Industrial (SP,MS & LS)	As per Tariff approved at A(7) above for permanent supply + 100%	₹753/kW of sanctioned load for SP and MS and ₹676/kVA for LS	As per Tariff approved at A(7) above for permanent supply + 100%	₹774/kW for SP, 774 per kW / 697 per kVA for MS & ₹697/kVA for LS
iv)	Wheat Threshers	As per Tariff approved at A(7) above for permanent supply + 100%	₹753/kW of sanctioned load for SP and MS and ₹676/kVA for LS	As per Tariff approved at A(7) above for permanent supply + 100%	₹774/kW for SP, 774 per kW / 697 per kVA for MS & ₹697/kVA for LS
v)	Fairs, Exhibition & Mela congregations	Bulk Supply tariff as at A(8) + 50%	₹7524 per service	Bulk Supply tariff as at A(8) + 50%	₹7730 per service

Sr. No.	Category of Consumers	Existing Tariff		Revised Tariff approved by the Commission	
		Energy Rate (paise/kWh)	MMC (₹)	Energy Rate	MMC (₹)
vi)	<b>Touring Cinemas</b>				
a)	Lights and Fans	1109	For (a) and (b), ₹1880 or ₹471/kW of sanctioned load, whichever is higher	1139 paise/kWh	For (a) and (b), ₹1932 or ₹484/kW or ₹436/kVA of sanctioned load/demand, whichever is higher
b)	Motive Load	Rate for Industrial permanent supply as at A(7) + 100%		Rate for Industrial permanent supply as at A(7) + 100%	

**Notes:**

- (i) *The Schedules of Tariff of various categories approved by the Commission are as per Annexure II of Vol.II of this Tariff Order. These Schedules shall be read with the provisions of General Conditions of Tariff approved by the Commission as per Annexure I of Vol. II of this Tariff Order.*
- (ii) *SC and Non SC BPL Domestic consumers with connected load upto 1000 watts will be given 200 units of free power per month in view of GoP subsidy;*
- (iii) *AP consumers and consumers mentioned in (ii) above will not be charged meter rentals in view of Government Subsidy;*
- (iv) *Cooperative Group Housing Societies/ Employers availing single point supply under PSERC (Single Point Supply to Cooperative Group Housing Societies/Employers) Regulations will be levied monthly minimum charges as applicable to Domestic Supply consumers with load exceeding 100 kW i.e. ₹47 per kVA.*
- (v) *Consumers getting single point supply for providing electricity to ultimate users shall be eligible for rebate @ 12% of electricity consumption charges in case of the Residential Colonies/Co-operative Group Housing Societies/Employers Colonies and @ 10% of electricity consumption charges in case of Commercial Complexes/Shopping Malls/Industrial Estates etc., in addition to other voltage rebates as may be applicable;*
- (vi) *10 paise/kVAh on prorata basis, on continuous process industries, shall continue to be levied as here-to-fore.*
- (vii) *Rebate of 30 paise/kVAh to all consumers getting supply at 400/220/132 kV, 25 paise/kVAh to all consumers getting supply at 66/33 kV, 20 paise/kVAh to DS, NRS & MS consumers getting supply at 11 kV and 20 paise/kWh to AP/AP High-Technology, Compost Plants/Solid Waste Management Plants for Municipalities/ Urban Local Bodies consumers getting supply at 11 kV shall be allowed.*