

**BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
CHANDIGARH**

PETITION NO. 37 of 2015

IN THE MATTER OF:

**PETITION FOR APPROVAL OF CHANGE OF NOMENCLATURE AND
REGULATION FOR FUEL COST ADJUSTMENT (FCA) SURCHARGE
FORMULA.**

AND

IN THE MATTER OF:

PUNJAB STATE POWER CORPORATION LIMITED,
(herein after referred to as 'PSPCL')
Regd. Office: PSEB, H.O. The Mall, Patiala-147001

MOST RESPECTFULLY SHOWETH

In compliance to the order dated 15.7.2015 of the Hon'ble Commission, the revised proposal of PSPCL is as under:-

- 1 The Applicant respectfully submits as under :-
 - 1.1 The Punjab State Power Corporation Limited (hereinafter referred to as 'PSPCL') is a statutory body reformed by unbundling of erstwhile Punjab State Elec. Board under Section-131, 132, 133 and other enabling provisions of the Electricity Act, 2003 and the transfer scheme vide GoP Notification No.1/9/08-EB (PR)/196 dated 16.4.2010 and this company/body has been incorporated under the Companies Act-1956 with the principal objective of engaging in the business of Generation, Trading and Distribution of power in the State of Punjab.
 - 1.2 Punjab State Electricity Regulatory Commission, hereinafter referred to as 'PSERC' or 'The Commission', is a body constituted under Section-17 of the erstwhile Electricity Regulatory Commission Act, 1998 & Section-82 of Electricity Act, 2003 and is vested with the authority to regulate Electricity purchase and procurement process of distribution licensee and determine the tariff including the power to approve fuel cost adjustments in the retail tariff rates for the end users of electricity.

- 1.3 Under Regulation-55 of the PSERC (Conduct of Business) Regulations-2005, PSERC has notified a formula for determining FCA Surcharge (Appendix-7), and notified its amendments on dated 8.8.2012, 7.5.2013 & 14.5.2014 vide PSERC/Secy./Reg. 69, 81, 92 PSERC (Conduct of Business) (Second Amendment) Regulations-2012 & (Third Amendment) Regulations-2013 and (Fourth Amendment) Reg. 2014 respectively. PSERC Regulation-55 (1) Revision of Tariff which is re-produced as under:-

No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with the Fuel Cost Adjustment Formula incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission Fuel Cost Adjustment Formula shall be as per Appendix-7 (copy enclosed as Annexure-1).

Above Regulation-55 (1) is proposed to be amended as under:-

No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with the Fuel and Power Purchase Price Adjustment Formula incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission Fuel and Power Purchase Price Adjustment Formula shall be as per Appendix-7

Above Regulation-55 (1) existing viz a viz proposed amendment in annotated form is enclosed as Annexure-2 Sr. No.1.

- 1.3.1 PSERC has notified the formula for Fuel Cost Adjustment Surcharge as per Appendix-7 of Regulation-55 (Conduct of Business Regulations, 2005) which is reproduced (copy enclosed as Annexure-3) as under:-

APPENDIX-7

(See Regulation-55)

FUEL COST ADJUSTMENT (FCA) FORMULA

To reflect change in fuel cost for PSEB Thermal Stations and Central Generating Stations that are due to reasons beyond the control of the Board, the following is Approved:-

1. Adjustment Amount :

$$\begin{array}{lcl} A & = & Cfc. gen + Cfc. PP \\ A & = & \text{Adjustment Amount (during the quarter)} \end{array}$$

$Cfc. gen =$ Change in Fuel Cost of PSEB Thermal Stations.
 $Cfc. PP =$ Change in Power Purchase Cost due to change in Fuel Cost alone for Central Generating Stations.

2. Chargeable FCA from the consumers:

Metered Category:

$$FCAM = A_m/U_m$$

Un-metered Category:

$$FCA_{HP} = A_{HP}/L_{HP} \text{ where}$$

A_m and A_{HP} are to be arrived at by apportioning A on the basis of consumption of metered and un-metered category.

U_m is the number of units billed to metered consumers during the quarter under consideration.

L_{HP} is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

3 The approved formula is subject to the followings:-

- i) Commission can review the formula at any stage.
- ii) FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.
- iii) For levy of FCA surcharge, showing basis of calculations / authenticated data shall be supplied by the Board to the Commission by August, November, February and May end each year for the FCA increases of the 1st, 2nd, 3rd, and 4th quarter respectively of each year.
- iv) The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power, Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.
- v) The FCA for the first quarter of a financial year i.e. from April to June shall be worked out by the Board and approved by the Commission by the end of September of the same year so that the FCA is charged from October onwards. Similarly FCA for the 2nd quarter of a financial year i.e.

from July to September shall be worked out by the Board and approved by the Commission by December of the same year so that Fuel Cost Adjustment is charged from January onwards. Similar schedule shall be followed for charging FCA for the third and fourth quarters.

- 1.3.2 Above para-3 of above Appendix-7 of Regulation-55 has been amended vide notification dated 8.08.2012 (copy enclosed as Annexure-4) as under :-

3. The approved formula is subject to the followings:-

- i) Commission can review the formula at any stage.
- ii) FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.
- iii) The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.
- iv) The FCA for the 1st quarter of a financial year i.e. from April to June & for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st September and 1st December of the same year respectively.
- v) The FCA for the 3rd quarter of a financial year i.e from October to December, showing basis of calculations/ authenticated data shall be supplied by the Distribution Licensee to the Commission by February end, so that the FCA is approved by the Commission by the end of March of the same year and is charged from April onwards.
Similarly FCA for the 4th quarter i.e from January to March, showing basis of calculations/ authenticated data shall be supplied by the Distribution licensee to the Commission by May end . so that the FCA is approved by the Commission by the end of June and is charged from July onwards.

- 1.3.3 Above Para 3(iv) of Appendix-7 has been further amended vide notification dt. 07.05.2013 (copy enclosed as Annexure-5) which is reproduced as follows :

Para.3(iv) - The FCA for the first quarter of a financial year i.e from April to June and for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.

- 1.3.4 PSERC vide notification dated 14.05.2014 (copy enclosed as Annexure-6) has amended para 1 of Appendix-7 which is reproduced as under:

Appendix-7, Para 1:

$$A = Cfc. gen + Cfc. PP$$

$$A = \text{Adjustment Amount (during the quarter)}$$

$$Cfc. gen. = \text{Change in Fuel Cost of Licensee's thermal stations.}$$

$$Cfc. PP = \text{Change in Power Purchase Cost due to change in Fuel Cost for all thermal stations from which the Distribution Licensee purchases power under long term contracts.}$$

- 1.3.5 By incorporating the above amendments in appendix-7 of Regulation 55 (i) the formula to calculate fuel cost adjustment surcharge becomes as under :-

APPENDIX-7

(See Regulation-55)

FUEL COST ADJUSTMENT (FCA) FORMULA

To reflect change in fuel cost for PSEB Thermal Stations and Central Generating Stations that are due to reasons beyond the control of the Board, the following is Approved:-

1. Adjustment Amount :

$$A = Cfc. gen + Cfc. PP$$

$$A = \text{Adjustment Amount (during the quarter)}$$

$$Cfc. gen = \text{Change in Fuel Cost of Licensee's thermal stations.}$$

Cfc. PP = Change in Power Purchase Cost due to change in Fuel Cost for all thermal stations from which the Distribution Licensee purchases power under long term contracts.

2. Chargeable FCA from the consumers:

Metered Category:

$$FCAM = A_m / U_m$$

Un-metered Category:

$$FCA_{HP} = A_{HP} / LHP \text{ where}$$

A_m and A_{HP} are to be arrived at by apportioning A on the basis of consumption of metered and un-metered category.

U_m is the number of units billed to metered consumers during the quarter under consideration.

LHP is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

3. The approved formula is subject to the followings:-

- i) Commission can review the formula at any stage.
- ii) FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.
- iii) The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.
- iv) The FCA for the 1st quarter of a financial year i.e from April to June and for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.
- v) The FCA for the 3rd quarter of a financial year i.e from October to December, showing basis of calculations/ authenticated data shall be supplied by the Distribution Licensee to the Commission by February end.

so that the FCA is approved by the Commission by the end of March of the same year and is charged from April onwards.

Similarly FCA for the 4th quarter i.e from January to March, showing basis of calculations/ authenticated data shall be supplied by the Distribution licensee to the Commission by May end, so that the FCA is approved by the Commission by the end of June and is charged from July onwards.

2.0 The above formula for calculations of FCA surcharge is not covering any change/variation in Annual Fixed Cost (AFC) of Power Purchased from all generating stations including IPPs from which the distribution licensee purchases power under long term contracts.

2.1 The above formula for calculations of FCA surcharge is also not covering the expenses incurred by utility in period prior to quarter on account of change/variation in Annual Fixed Cost (AFC) / Variable cost / Fuel Cost from licensee's generating stations and all thermal generating stations including IPPs from which utility purchases power under long term contracts, which became payable during the quarter due to decisions of various Regulatory bodies/Courts.

3.0 As per **Tariff Policy clause 5.3(h)-4** (copy enclosed as Annexure-7) which is reproduced as under:

"Uncontrollable costs should be recovered speedily to ensure that the future consumers are not burdened with past costs. Uncontrollable costs would include (but not limited to) fuel costs, cost on account of inflation, taxes and cess, variations in power purchase unit costs including on account of hydro-thermal mix in case of adverse natural events."

4.0 Due to fast changing scenario of Power Sector & number of changes also being implemented in the Power Sector, Viz that Water Cess has become payable in the past years. Various issues for GCV, SHR and transportation etc. are under adjudication by various institutions.

All such issues affect the power purchase cost in hundred crores and affect the cash flow of the utility. Burden of such payments which arise out of such decisions also cannot be passed on to the consumers in the present scenario as the same do not qualify for FCA in the present formula. These amounts accumulate and result in tariff shock to the consumers as the accumulated amount needs to be passed on to the consumers in the tariff order of the next year.

The recent examples of such issues are:-

- i) Payment of Rs. 200.07 Crore to Malana-II HEP arise out of Hon'ble Supreme Court decision.
- ii) Payment of Rs. 180.63 Crore to M/s THDC arise out of CERC Order.
- iii) Payment of Rs. 391.46 Crore to the Central Govt. arise out of Hon'ble Supreme Court decision.

This necessitates the FCA formula be changed so as to accommodate the following costs also in addition to the existing costs:-

- i) Any change/variation in Annual Fixed Cost (AFC) of Power Purchased from all generating stations including IPPs from which the distribution licensee purchases power under long term contracts.
- ii) Any expenses incurred by utility for the period prior to the quarter on account of change/variation in Annual Fixed Cost (AFC) / Variable cost / Fuel Cost from licensee's generating stations and all thermal generating stations including IPPs from which utility purchases power under long term contracts, which became payable during the quarter due to decisions of various Regulatory bodies/Courts.

5.0 PSPCL accordingly proposes to amend the FCA Surcharge nomenclature and Formula (Appendix-7) of Regulation 55 (i) for speedy recovery of expenses incurred by the utility on account of fuel cost and power purchase cost as follow :

APPENDIX-7
(See Regulation-55)

**FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA)
FORMULA**

To reflect change in Fuel and Power Purchase Price Adjustment for distribution license's own Thermal Stations and all other Generating Stations including IPPs from which the Distribution Licensee purchases power under long term contracts that are due to reasons beyond the control of the Generating Stations companies/licensee or other generating stations/companies including IPPs, the following is Approved:-

1. Adjustment Amount :

$$AA = C_{fc.gen} + C_{fc.PP} + C_{any\ other}$$

AA = Adjustment Amount (during the quarter)

$C_{fc.gen}$ = Change in Fuel Cost of Licensee's thermal stations.

$C_{fc.PP}$ = Change in Power Purchase Cost due to change in Annual Fixed Cost (AFC) and variable/Fuel Cost during the quarter for all generating stations including IPPs from which the Distribution Licensee purchases power under long term contracts.

$C_{any\ other}$ = Any other costs for the period prior to the quarter which were paid during the quarter, which became payable due to decisions of various regulatory bodies/courts on a/c of change in Annual Fixed Cost (AFC) and variable/Fuel Cost for the generating stations of licensee and all other generating stations including IPPs from which the Distribution Licensee purchases power under long term contracts.

2. Chargeable FPPPA from the consumers:

Metered Category:

$$FPPPA_M = AA_M / U_M$$

Un-metered Category:

$$FPPPA_{HP} = AA_{HP} / L_{HP} \text{ where}$$



AA_m and AA_{HP} are to be arrived at by apportioning AA on the basis of consumption of metered and un-metered category.

U_m is the number of units billed to metered consumers during the quarter under consideration.

L_{HP} is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

3. The approved formula is subject to the followings:-

- i) Commission can review the formula at any stage.
- ii) FPPPA surcharge shall not be charged, if the energy bill including FPPPA surcharge remains within MMC.
- iii) The FPPPA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.
- iv) The FPPPA for the 1st quarter of a financial year i.e from April to June and for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.
- v) The FPPPA for the 3rd quarter of a financial year i.e from October to December, showing basis of calculations/ authenticated data shall be supplied by the Distribution Licensee to the Commission by February end, so that the FPPPA is approved by the Commission by the end of March of the same year and is charged from April onwards.

Similarly FPPPA for the 4th quarter i.e from January to March, showing basis of calculations/ authenticated data shall be supplied by the Distribution licensee to the Commission by May end, so that the FPPPA is approved by the Commission by the end of June and is charged from July onwards.

- vi) If the amount of FPPPA works out to more than Rs. 1.00/kWh (or kVAh) in a quarter, to save the consumers from tariff shock the uncovered FPPPA amount [above Rs. 1.00/kWh (or kVAh)] shall be carried over to subsequent quarters till the whole amount is recovered.

Above Appendix-7 of Régulation-55 (i) existing viz a viz proposed amendment in annotated form is enclosed as Annexure-2 Sr. No.2.

6.0 **TERMS AND CONDITION FOR DETERMINATION OF TARIFF REGULATION, 2005-**

6.1 **REGULATION-5 PERIODICITY OF TARIFF DETERMINATION** which is reproduced as under :-

No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of the Fuel Cost Adjustment Formula specified by the Commission.

Above Regulation is proposed to be amended as under :-

REGULATION-5 PERIODICITY OF TARIFF DETERMINATION

No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of the Fuel and Power Purchase Price Adjustment (FPPPA) Formula specified by the Commission.

6.2 **REGULATION 8 (1)-FUEL COST ADJUSTMENT** is reproduced as under :-

The fuel cost revisions for the generating companies/units owned by the licensee and Central Generating Stations that are due to reasons beyond the control of the generating companies/the licensee or the Central Generating Stations shall be in accordance with the Fuel Cost Adjustment (FCA) Formula notified by the Commission in the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations-2005

The above regulation is proposed to be amendment is as under:-

REGULATION 8 (1)- FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA)

The Fuel and Power Purchase Price revisions for the generating companies/units owned by the distribution licensee and all other Generating Stations including IPPs from which the distribution licensee purchases power under long term contracts that are due to reasons beyond the control of the Generating Stations companies/licensee or other generating stations/companies including IPPs shall be in accordance with the Fuel and Power Purchase Price Adjustment (FPPPA) Formula notified by the

Commission in the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations-2005.

Above Regulations-5 and 8 (1) existing viz a viz proposed amendment in annotated form is enclosed as Annexure-8

7.0 Terms and Conditions for Determination of Generation, Transmission, Wheeling & Retail Supply Tariff Regulations, 2014

Regulation-50 FUEL SURCHARGE ADJUSTMENT (FSA) which is reproduced as under:-

Any change in fuel cost from the level approved by the Commission shall be determined by the distribution licensee in accordance with the fuel cost adjustment (FCA) formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations.

The above regulation is proposed to be amended as under:-

Regulation-50-FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA).

Any change in Fuel and Power Purchase Price Adjustment (FPPPA) from the level approved by the Commission shall be determined by the distribution licensee in accordance with the Fuel and Power Purchase Price Adjustment (FPPPA) formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations.

Above Regulation existing viz a viz proposed amendment in annotated form is enclosed as Annexure-9.

8.0 **Prayer:**

In view of facts explained above, it is requested to amend the Regulations as per proposed amendments in Regulations as follow :-

1. Regulation-55 (i) and its Appendix-7 of Conduct of Business Regulations-2005 as per Annex.-2 (Sr. No. 1) and & Annex.-2 (Sr. No.2) respectively.
2. Regulation No.5 and Regulation No. 8 (i) of Terms and Conditions for Determination of Tariff Regulations-2005 as per Annexure-8.
3. Regulation No.50 of Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff Regulations-2014 as per Annexure-9.

Pass such other order as is deemed fit and proper in the facts and circumstances of the case brought out above.

July, 28th, 2015.



Chief Engineer/ARR&TR,
PSPCL, Patiala

Exhibit of PSEAC Regulation 55 from PSE
(Conduct of Business) Regulation 2005

55

Revision of Tariff:-

- (1) No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with Fuel Cost Adjustment Formula incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission Fuel Cost Adjustment Formula shall be as per Appendix-7.
- (2) The orders, which the Commission may issue to give effect to subsidy which the State Government may grant from time to time, shall not be construed as amendment of tariff notified. The Distribution Licensee shall, however, give appropriate adjustments in the bills to be raised on the consumers for the subsidy amount in the manner the Commission may direct.

R

A. Conduct of Business Regulations, 2005

Existing and proposed amendments in Regulation-55 (1) are as under :-

Sr. No.	Regulation No.	Existing Regulation	Proposed Amendment
1.	Regulation-55, (1)	<p><u>REVISION OF TARIFF:</u></p> <p>No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with the <u>Fuel Cost Adjustment Formula</u> incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission <u>Fuel Cost Adjustment Formula</u> shall be as per Appendix-7.</p>	<p><u>REVISION OF TARIFF:</u></p> <p>No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with the <u>Fuel and Power Purchase Price Adjustment Formula</u> incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission <u>Fuel and Power Purchase Price Adjustment Formula</u> shall be as per Appendix-7.</p>

ANNEX-8
S.No. 2

For effecting amendment proposed in Regulation 55 (1) Appendix-7. Existing and proposed amendment in Appendix-7 are as under :-

Sr.No	Regulation No.	Existing Regulation	Proposed Amendment
2.	APPENDIX-7 of Regulation-55 (i).	<p>FUEL COST ADJUSTMENT (FCA) FORMULA</p> <p>To reflect change in <u>fuel cost</u> for PSEB Thermal Stations and Central Generating Stations that are due to reasons beyond the control of the Board, the following is Approved:-</p> <p>1. Adjustment Amount :</p> $A = C_{fc.gen} + C_{fc.PP}$ $A = \text{Adjustment Amount (during the quarter)}$ $C_{fc.gen} = \text{Change in Fuel Cost of Licensee's thermal stations.}$ $C_{fc.PP} = \text{Change in Power Purchase Cost due to change in Fuel Cost for all thermal stations from which the Distribution Licensee purchases power under long term contracts.}$	<p>FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA) FORMULA</p> <p>To reflect change in <u>Fuel and Power Purchase Price Adjustment</u> for distribution licensee's own Thermal Stations and <u>all other Generating Stations including IPPs</u> from which the Distribution Licensee purchases power under long term contracts-that are due to reasons beyond the control of the Distribution Licensee / <u>Generating Stations/ companies including IPPs</u>, the following is Approved:-</p> <p>1. Adjustment Amount :</p> $AA = C_{fc.gen} + C_{fc.PP} + C_{any\ other}$ $AA = \text{Adjustment Amount (during the quarter)}$ $C_{fc.gen} = \text{Change in Fuel Cost of Licensee's thermal stations.}$ $C_{fc.PP} = \text{Change in Power Purchase Cost due to change in Annual Fixed Cost (AFC) and variable/Fuel Cost during the quarter for all generating stations including IPPs from which the Distribution Licensee purchases power under long term contracts.}$ <p><u>C_{any other} = Any other costs for the period prior to the quarter which were paid during the quarter, which became</u></p>

Spk

payable due to decisions of various regulatory bodies/courts on a/c of change in Annual Fixed Cost (AFC) and variable/Fuel Cost for the generating stations of licensee and all other generating stations including IPPs from which the Distribution Licensee purchases power under long term contracts.

2. Chargeable FPPPA from the consumers:

Metered Category:

$$FPPPA_M = A_M/U_M$$

Un-metered Category:

$$FPPPA_{HP} = A_{HP}/L_{HP} \text{ where}$$

A_M and A_{HP} are to be arrived at by apportioning AA on the basis of consumption of metered and un-metered category.

U_M is the number of units billed to metered consumers during the quarter under consideration.

L_{HP} is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

2. Chargeable FCA from the consumers:

Metered Category:

$$FCA_M = A_M/U_M$$

Un-metered Category:

$$FCA_{HP} = A_{HP}/L_{HP} \text{ where}$$

A_M and A_{HP} are to be arrived at by apportioning A on the basis of consumption of metered and un-metered category.

U_M is the number of units billed to metered consumers during the quarter under consideration.

L_{HP} is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

		<p>3.The approved formula is subject to the following:-</p> <p>i) Commission can review the formula at any stage.</p> <p>ii) <u>FPPPA</u> surcharge shall not be charged, if the energy bill including <u>FPPPA</u> surcharge remains within MMC.</p> <p>iii) The <u>FPPPA</u> amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.</p> <p>iv) The <u>FPPPA</u> for the 1st quarter of a financial year i.e from April to June and for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.</p> <p>v) The <u>FPPPA</u> for the 3rd quarter of a financial year i.e from October to December, showing basis of calculations/ authenticated data shall be supplied by the Distribution Licensee to the Commission by February end, so that the <u>FPPPA</u> is approved by the Commission by the end of March of the same year and is charged from April onwards.</p>
		<p>3.The approved formula is subject to the following:-</p> <p>i) Commission can review the formula at any stage.</p> <p>ii) FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.</p> <p>iii) The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T & D losses.</p> <p>iv) The FCA for the 1st quarter of a financial year i.e from April to June and for the 2nd quarter i.e from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.</p> <p>v) The FCA for the 3rd quarter of a financial year i.e from October to December, showing basis of calculations/ authenticated data shall be supplied by the Distribution Licensee to the Commission by February end, so that the FCA is approved by the Commission</p>

	<p>by the end of March of the same year and is charged from April onwards.</p> <p>Similarly FCA for the 4th quarter i.e from January to March, showing basis of calculations/ authenticated data shall be supplied by the Distribution licensee to the Commission by May end, so that the FCA is approved by the Commission by the end of June and is charged from July onwards.</p>	<p>Similarly <u>FPPPA</u> for the 4th quarter i.e from January to March, showing basis of calculations/ authenticated data shall be supplied by the Distribution licensee to the Commission by May end, so that the <u>FPPPA</u> is approved by the Commission by the end of June and is charged from July onwards.</p> <p>vi) <u>If the amount of FPPPA works out to more than Rs. 1.00/kWh (or kVAh) in a quarter, to save the consumers from tariff shock the uncovered FPPPA amount [above Rs. 1.00/kWh (or kVAh)] shall be carried over to subsequent quarters till the whole amount is recovered.</u></p>
--	---	--

Annex-3

APPENDIX-7

(Sec Regulation 55)

FUEL COST ADJUSTMENT (FCA) FORMULA

to reflect change in fuel cost for PSEB Thermal Stations and Central Generating Stations that are due to reasons beyond the control of the Board, the following is approved :-

1. Adjustment Amount :

$$A = C_{fc, gen} + C_{fc, PP}$$

A = Adjustment Amount (during the quarter)

C_{fc} = Change in fuel cost of PSEB thermal stations.

$C_{fc, PP}$ = Change in power purchase cost due to change in fuel cost alone for Central Generating Stations.

2. Chargeable FCA from the consumers :

Metered Category

$$FCA_M = A_M / U_M$$

Un-metered Category

$$FCA_{UP} = A_{UP} / L_{UP} \quad \text{where}$$

A_M and A_{UP} are to be arrived at by apportioning A on the basis of consumption of metered and un-metered category.

U_M is the number of units billed to metered consumers during the quarter under consideration.

L_{UP} is the sum of the connected load of un-metered consumers at the end of each month for the quarter under consideration.

3. The approved formula is subject to the followings:

- i. Commission can review the formula at any stage.
- ii. FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.
- iii. For levy of FCA surcharge, showing basis of calculations / authenticated data shall be supplied by the Board to the Commission by August, November, February and May end each year for the FCA increases of the 1st, 2nd, 3rd and 4th quarter respectively of each year.

iv. The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power, Purchase, SHR, Transit Loss of Coal, Auxilliary consumption at thermal plants and T&D losses.

v. The FCA for the first quarter of a financial year i.e. from April to June shall be worked out by the Board and approved by the Commission by the end of September of the same year so that the FCA is charged from October onwards. Similarly FCA for the 2nd quarter of a financial year i.e. from July to September shall be worked out by the Board and approved by the Commission by December of the same year so that Fuel Cost Adjustment is charged from January onwards. Similar schedule shall be followed for charging FCA for the third and fourth quarters.

Annex - 4

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

The 8th August, 2012

No. PSERC/Secy/Regu.69 – In exercise of powers conferred by Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, the Punjab State Electricity Regulatory Commission hereby makes the following Regulations to further amend the "Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005" namely;

1. Short Title and Commencement:

- (a) These Regulations shall be called the Punjab State Electricity Regulatory Commission (Conduct of Business) (Second Amendment) Regulations, 2012.
- (b) These Regulations shall come into force on the date of their publication in the official gazette of the State.

2. In Regulation 49, a new sub-clause (9) shall be added therein:-

- (9) The objections or comments mentioned in sub-Regulation (6) above need not be supported by an affidavit as is the case of petitions, replies and rejoinders which are required to be supported by an affidavit in the manner and form specified in Regulation 10 of these Regulations.

3. In Regulation 55, sub-clause (1) shall be substituted by the following:-

- (1) No tariff determined by the Commission may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with Fuel Cost Adjustment Formula incorporated in the tariff order or in any other order of the Commission. Till otherwise notified by the Commission, Fuel Cost Adjustment Formula shall be as per Appendix - 7.

The Fuel Cost Adjustment shall be carried out by the licensee every quarter. However FCA for the 3rd & 4th Quarter shall be subject to the approval of the Commission.

4. In Regulation 64:

Sub-clause (5) shall be substituted by the following:-

- (5) When the Commission is of the opinion that application for review should be granted, it shall admit the same and direct to issue notice to the concerned party (ies).

New sub-clauses (6) to (9) shall be added therein:-

- (6) The review application / petition filed before the Commission shall be dealt with as expeditiously as possible and endeavour shall be made to dispose of the Review finally within One Hundred twenty days (120 days) from the date of receipt of the Review in the Registry and 90 days from the date of admission of the review, whichever is later. In case of any delay in disposal of Review Petition, the reasons for the same shall be recorded.

(7) No application for review shall be entertained unless it is supported by an affidavit as per Regulation 10.

(8) The quorum for the meeting of the Commission to review any previous decision taken by the Commission shall be Chairperson and all Members.

(9) When an application for review of any judgment or order has been made and disposed of, no further application for review shall be entertained in the same matter.

5. In Clause 10 of Appendix-3A (General Conditions of Distribution Licence), sub-clauses 10.1 & 10.2 shall be substituted by the following:-

10.1 The Distribution Licensee shall pay to the Commission the Licence Fee(s), initial and annual, mentioned in the Schedule of Fee appended to PSERC (Fee) Regulations, 2005 or as amended by the Commission.

10.2 Where the Distribution Licensee fails to pay the Commission any of the fee due under Clause 10.1 by 30th September of the year for which it is due:

(a) without prejudice to other obligations, the Distribution Licensee shall be liable to pay outstanding fee alongwith a lump sum amount as determined by the Commission and interest on the outstanding fee at a simple interest of 2 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and

(b) in the event of continued default by the Distribution Licensee, the Commission may revoke the Distribution Licence.

6. In Clause 9 of Appendix-3B (General Conditions of Transmission Licence) sub-clauses 9.1 & 9.2 shall be substituted by the following:-

9.1 The Transmission Licensee shall pay to the Commission the Licence Fee(s), initial and annual, mentioned in the Schedule of Fee appended to PSERC (Fee) Regulations, 2005 or as amended by the Commission.

9.2 Where the Transmission Licensee fails to pay the Commission any of the fee due under Clause 9.1 by 30th September of the year for which it is due:

(a) without prejudice to other obligations, the Transmission Licensee shall be liable to pay outstanding fee alongwith a lumpsum amount as determined by the Commission and interest on the outstanding fee at a simple interest of 2 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and

(b) in the event of continued default by the Transmission Licensee, the Commission may revoke the Transmission Licence.

Handwritten signature

Handwritten signature

7. In Clause 8 of Appendix-3C (General Conditions of Trading Licence) sub-clauses 8.1 & 8.2 shall be substituted by the following:-

8.1 The Trading Licensee shall pay to the Commission the Licence Fee(s), initial and annual, mentioned in the Schedule of Fee appended to PSERC (Fee) Regulations, 2005 or as amended by the Commission.

8.2 Where the Trading Licensee fails to pay to the Commission any of the fees due under clause 8.1 by 30th September of the year for which it is due:

(a) without prejudice to other obligations, the Trading Licensee shall be liable to pay outstanding fee alongwith a lump sum amount as determined by the Commission and interest on the outstanding fee at a simple interest of 2 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and

(b) - in the event of continued default by the Trading Licensee, the Commission may revoke the Trading Licence.

8.4) In APPENDIX-7, Para 3 shall be substituted by the following:-

The approved formula is subject to the followings:

i) Commission can review the formula at any stage.

ii) FCA surcharge shall not be charged, if the energy bill including FCA surcharge remains within MMC.

iii) The FCA amount shall be calculated on the basis of norms fixed by the Commission for various parameters including total Generation, Power Purchase, SHR, Transit Loss of Coal, Auxiliary consumption at thermal plants and T&D losses.

(iv) The FCA, for the first quarter of a financial year i.e. from April to June & for the 2nd quarter i.e. from July to September shall be worked out by the Licensee and levied w.e.f. 1st September and 1st December of the same year respectively.

v) The FCA for the 3rd quarter of a financial year i.e. from October to December, showing basis of calculations / authenticated data shall be supplied by the Distribution Licensee to the Commission by February end, so that the FCA is approved by the Commission by the end of March of the same year and is charged from April onwards.

Similarly FCA for the 4th quarter i.e. from January to March, showing basis of calculations / authenticated data shall be supplied by the Distribution Licensee to the Commission by May end, so that the FCA is approved by the Commission by the end of June and is charged from July onwards.

By Order of the Commission

Secretary
PSERC, Chandigarh.

Annex 5

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

The 7th May, 2013

No.PSERC/Secy/Regu.81 - In exercise of powers conferred by Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, the Punjab State Electricity Regulatory Commission hereby makes the following Regulation to further amend the "Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005", namely: -

1. Short Title and Commencement:

- (a) These Regulations shall be called the Punjab State Electricity Regulatory Commission (Conduct of Business) (Third Amendment) Regulations, 2013.
- (b) These Regulations shall come into force on the date of their publication in the official gazette of the State.

2. In APPENDIX-7, Para 3(iv) shall be substituted by the following:

The FCA for the first quarter of a financial year i.e. from April to June and for the 2nd quarter i.e. from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same financial year respectively.

By Order of the Commission

(P.P.GARG)
Secretary,
PSERC, Chandigarh.

24

Am 7-6

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

The 14th May, 2014

No. PSERC/Secy./Regu. 92 - In exercise of powers conferred by Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, the Punjab State Electricity Regulatory Commission hereby makes the following Regulation to further amend the "Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005", namely:

1. **Short Title and Commencement:**

(a) These Regulations shall be called the Punjab State Electricity Regulatory Commission (Conduct of Business) (Fourth Amendment) Regulations, 2014.

(b) These Regulations shall come into force on the date of their publication in the official gazette of the State.

2. In APPENDIX-7, Para 1 shall be substituted by the following:

$A = C_{k,gen} + C_{k,PP}$

$A =$ Adjustment Amount (during the quarter)

$C_{k,gen} =$ Change in fuel cost of licensee's thermal stations.

$C_{k,PP} =$ Change in power purchase cost due to change in fuel cost for all thermal stations from which distribution licensee purchases power under long term contracts.

By Order of the Commission

Sd/.

(P.P.GARG)
Secretary,
PSERC, Chandigarh.

-25-

TARIFF POLICY. Annex-7

The Gazette of India

EXTRAORDINARY

PART I - Section 1

PUBLISHED BY AUTHORITY

Ministry of Power

New Delhi,

Dated the 6th January, 2006

RESOLUTION

No.23/2/2005-R&R(Vol.III)

8

determining the terms and conditions for the determination of tariff, shall be guided inter-alia, by multi-year tariff principles. The MYT framework is to be adopted for any tariffs to be determined from April 1, 2006. The framework should feature a five-year control period. The initial control period may however be of 3 year duration for transmission and distribution if deemed necessary by the Regulatory Commission on account of data uncertainties and other practical considerations. In cases of lack of reliable data, the Appropriate Commission may state assumptions in MYT for first control period and a fresh control period may be started as and when more reliable data becomes available.

2) In cases where operations have been much below the norms for many previous years the initial starting point in determining the revenue requirement and the improvement trajectories should be recognized at "relaxed" levels and not the "desired" levels. Suitable benchmarking studies may be conducted to establish the "desired" performance standards. Separate studies may be required for each utility to assess the capital expenditure necessary to meet the minimum service standards.

3) Once the revenue requirements are established at the beginning of the control period, the Regulatory Commission should focus on regulation of outputs and not the input cost elements. At the end of the control period, a comprehensive review of performance may be undertaken.

4) Uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation, taxes and cess, variations in power purchase unit costs including on account of hydrothermal mix in case of adverse natural events.

5) Clear guidelines and regulations on information disclosure may be developed by the Regulatory Commissions. Section 62 (2) of the Act empowers the

Annexure-8

B. Terms and Conditions for Determination of Tariff Regulations, 2005			
Sr. No.	Regulation No.	Existing Regulation	Proposed Amendment
1.	5	<p>PERIODICITY OF TARIFF DETERMINATION</p> <p>No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of the <u>Fuel and Power Purchase Price Adjustment (FPPPA) Formula</u> specified by the Commission.</p>	<p>PERIODICITY OF TARIFF DETERMINATION</p> <p>No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of the <u>Fuel and Power Purchase Price Adjustment (FPPPA) Formula</u> specified by the Commission.</p>
2.	8 (1)	<p>FUEL COST ADJUSTMENT</p> <p>The fuel cost revisions for the generating companies/units owned by the licensee and Central Generating Stations that are due to reasons beyond the control of the generating companies/the licensee or the Central Generating Stations shall be in accordance with the Fuel Cost Adjustment (FCA) Formula notified by the Commission in the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations-2005</p>	<p>FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA)</p> <p>The <u>Fuel and Power Purchase Price</u> revisions for the generating companies/units owned by the <u>distribution licensee and all other Generating Stations including IPPs from which the distribution licensee purchases power under long term contracts</u> that are due to reasons beyond the control of the Generating Stations companies/licensee or other generating stations/companies including IPPs shall be in accordance with the <u>Fuel and Power Purchase Price Adjustment (FPPPA) Formula</u> notified by the Commission in the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations-2005</p>

C. Terms and Conditions for Determination of Generation, Transmission, Wheeling & Retail Supply Tariff Regulations, 2014			
Sr.No	Regulation No.	Existing Regulation	Proposed Amendment
1.	50	<p>FUEL SURCHARGE ADJUSTMENT (FSA)</p> <p>Any change in fuel cost from the level approved by the Commission shall be determined by the distribution licensee in accordance with the fuel cost adjustment (FCA) formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations.</p>	<p>FUEL AND POWER PURCHASE PRICE ADJUSTMENT (FPPPA).</p> <p>Any change in Fuel and Power Purchase Price Adjustment (FPPPA) from the level approved by the Commission shall be determined by the distribution licensee in accordance with the <u>Fuel and Power Purchase Price Adjustment (FPPPA)</u> formula specified by the Commission in the Conduct of Business Regulations and recovered from the consumers after following the procedure detailed in the Conduct of Business Regulations.</p>

[Signature]

-29-