

Punjab State Electricity Regulatory Commission (Income of Other Business) Regulations, 2005

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Rule

PUNJAB-STATE-ELECTRICITY-REGULATORY-COMMISSION-INCOME of 2005

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Punjab State Electricity Regulatory Commission (Income of Other Business) Regulations, 2005 Published vide Punjab Government Notification No. PSERC/Secy./Regulation/16 dated 30.5.2005 Punjab State Electricity Regulatory Commission No. PSERC/Secy./Regulation/16. - In exercise of powers conferred under Section 181 and other provisions of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in that behalf, the Punjab State Electricity Regulatory Commission hereby makes the following regulations providing for the treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees and the proportion of revenue from such other businesses to be utilized for Licensed Business and for matters incidental and ancillary thereto :

1. Short title and commencement.

(1) These Regulations may be called the Punjab State Electricity Regulatory Commission (Income of Other Businesses) Regulations, 2005. (2) These Regulations shall be applicable to all intra-State Transmission Licensees and the Distribution Licensees in the State of Punjab. (3) These Regulations shall come into force on the date of their publication in the official gazette.

2. Definitions.

- In these Regulations, unless the context otherwise requires : (a) "Act" means the Electricity Act, 2003; (b) "Commission" means the Punjab State Electricity Regulatory Commission; (c) "Licence" means licence granted under Section 14 of the Act to undertake intra-State Transmission or

Distribution of Electricity;(d)"Licensed Business" means the functions and activities which a Licensee is required to undertake in terms of his Licence;(e)"Licensee" means a person who has been granted a licence under the Act and shall include a Deemed Licensee under the Act;(f)"Other Business" means any business of the Licensee other than the Licensed Business and as defined under Section 41 and Section 51 of the Act.(g)Words and expressions used herein and not specifically defined herein but defined in the Act shall have the meaning assigned to them under the Act.

3. Intimation of Other Business.

(1)If a Licensee proposes to engage in any Other Business for optimum utilization of the assets of the Licensed Business, he shall give prior intimation in writing to the Commission of such Other Business with the following details :(a)the nature of the Other Business;(b)the proposed capital investment in the Other Business;(c)the nature and extent of the use of assets and facilities of the Licensed Business for such Other Business;(d)the impact of the use of assets and facilities for the Other Business on the Licensed Business and on the ability of the Licensee to duly carry out the duties and obligations of the Licensed Business; and(e)the manner in which the assets and facilities of the Licensed Business shall be used and confirmation that these will be used in an optimum manner without adversely affecting the maintenance of the activities of the Licensed Business.

4. Maintenance and rendering of Accounting Statements.

(1)The Licensee shall :(a)maintain for the activities of the Other Business separate accounting records including records of revenues, costs, assets, liabilities, reserves or provisions which have been charged from or to the Other Business together with a discription of the basis of the charge;(b)prepare, on a consistent basis, from such records accounting statements for each financial year comprising of a profit and loss account, a balance sheet and a statement of sources and application of funds; and(c)provide in respect of the accounting statements so prepared, a report by the Auditors in respect of each Financial Year, stating whether in their opinion the statements have been correctly prepared and whether these statements give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions reasonably attributable to the business to which the statements relate.(2)The Licensee shall submit copies of the accounting statements and Auditor's report specified in Clause 1(b) and 1(c) above not later than six months after the close of the financial year to which these relate.(3)The Licensee shall, if required by the Commission, establish to the satisfaction of the Commission that the Other Business duly bears an appropriate share of overhead costs and other common costs.(4)The Licensee shall submit to the Commission such additional information as may be required to review the additional cost incurred by the Licensee for the Other Business.

5. Obligations of the Licensee.

(1)The Licensee shall not in any manner utilize the assets and facilities of the Licensed Business for any Other Business or otherwise directly or indirectly allow the activities of any Other Business to be undertaken in a manner that it results in the Licensed Business subsidizing the Other Business in

any manner.(2)The Licensee shall be responsible to ensure that the utilization of the assets and facilities of the Licensed Business for the Other Business shall not in any manner affect the performance of the obligations or the quality of service required from the Licensee under the Licensed Business and that any such utilization shall be entirely at the cost and risk of the Licensee.(3)The Licensee shall not in any manner, directly or indirectly encumber the assets and facilities of the Licensed Business for any Other Business or for any activities other than the Licensed Business.(4)The Licensee shall duly account for all costs which have been incurred for Other Businesses from the Licensed Business and in the event of such costs being incurred commonly for both the Licensed Business and Other Businesses, the Licensee shall apportion such costs with the approval of the Commission. All such costs pertaining to Other Businesses shall be duly adjusted by the Licensee for the benefit of the Licensed Business.(5)In addition to the sharing of costs under Clause (4) above, the Licensee shall account for and adjust in favour of the Licensed Business such percentage of the gross turnover of the Other Businesses as the Commission may decide, subject to the maximum of 10% of the gross turnover of each of the Other Businesses.(6)The costs to be shared from the Other Businesses under Clause (4) above and the amount to be adjusted in favour of the Licensed Business in terms of Clause (5) above shall be the income of the Licensed Business of the Licensee and shall be utilized for reducing the charges of transmission or wheeling, as the case may be, of electricity by the Licensee.

6. Orders of the Commission.

(1)After receipt of intimation the Commission will determine the common costs and the turnover of the Licensee for each of the Other Businesses, based on the details submitted by the Licensee before the commencement of the Other Business under Regulation 3 and after exercising due diligence checks thereon.(2)After the closure of each financial year and rendering of annual statements as per Regulation 4, the Commission shall pass an adjustment order, if required and considered proper, based upon annual accounting statements of each year.

7. Powers of the Commission.

(1)The Commission may at any time direct an inquiry to determine :(a)whether the costs and expenses are being appropriately adjusted in favour of the Licensed Business as mentioned in Regulation 5 above; and(b)whether the revenues of the Other Businesses are being correctly accounted for to determine the gross turnover and the amounts to be adjusted in favour of the Licensed Business, as mentioned in Regulation 5 above.(2)The Commission may authorize an Officer of the Commission or any other person to carry out the inquiry under Clause (1) above and submit a report to the Commission.(3)The Commission may, after considering the report under Clause (2) above and after giving an opportunity of being heard to the Licensee, pass such orders as the Commission may consider appropriate in regard to the costs and expenses to be shared by each of the Other Businesses and proportion of the turnover of the Other Businesses to be accounted as the income of the Licensed Business.

8. Issue of Orders and Practice Directions.

- Subject to the provisions of the Act and these Regulations, the Commission may, from time to time, issue Orders and Practice Directions in regard to the implementation of these Regulations and procedure to be followed on various matters, which the Commission has been empowered by these Regulations to direct, and matters incidental or ancillary thereto.

9. Power to remove difficulties.

- If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by general or special order, do or undertake or direct the Licensee to do or undertake things which in the opinion of the Commission are necessary or expedient for removing such difficulties.

10. Power to amend.

- The Commission may, at any time add, vary, alter, modify or amend any of the provisions of these Regulations.