



ORDER

OF

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2017 – 2018

IN

CASE NO: TP – 69 / 16 – 17

IN RE THE MULTI YEAR TARIFF APPLICATION

UNDER FIFTH CONTROL PERIOD

OF THE WEST BENGAL

POWER DEVELOPMENT CORPORATION LIMITED

FOR THE YEAR 2017 – 2018

UNDER SECTION 64(3)(a) READ WITH SECTION

62(1) AND SECTION 62(3) OF THE ELECTRICITY ACT, 2003

DATE: 13.09.2018



CHAPTER - 1 INTRODUCTION

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the “Act”), has been authorized in terms of the section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 The West Bengal Power Development Corporation Limited (hereinafter referred to as WBPDCCL), constituted in 1985 under the Companies Act, 1956, is a generating company in terms of section 2(28) of the Act wholly owned by the State Government and is engaged in the business of generation of electricity within the State of West Bengal and the generation tariff of WBPDCCL shall be determined by the Commission.
- 1.3 West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into effect on and from 29th April, 2011. The said Tariff Regulations, 2011 was further amended by notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2012 in the extra ordinary edition of The Kolkata Gazette dated 27th August, 2012 and West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2013 in the extra ordinary edition of The Kolkata Gazette dated 30th July, 2013.
- 1.4 In terms of definition contained in regulation 1.2.1 (xxx) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the ‘Tariff



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Regulations'), each control period after third control period shall be normally for a period of five ensuing years or such other period of number of ensuing years as may be decided by the Commission from time to time. The Commission vide order dated 19.07.2013 in Case No. SM-7/13-14 decided the fourth control period consisting of three ensuing years and the tenure of the fourth control period was for the years 2014 – 2015 to 2016 – 2017. It was also decided by the Commission vide order dated 04.05.2016 in Case No. SM-13/16-17 that the fifth control period shall also be consisting of three ensuing years for the period from 2017 – 2018 to 2019 – 2020. But, after careful consideration of all relevant factors, decided vide its order dated 14.12.2016 in Case No. SM-15/16-17 that the fifth control period shall be for one year and consist of 2017 – 2018 only.

- 1.5 WBDCL submitted the petition for determination of tariff for the fifth control period consisting of the year 2017 - 2018 on 30th December, 2016.
- 1.6 The tariff application submitted on 30.12.2016 along with the information / data, documents submitted as per Tariff Regulations (collectively called as "tariff application"), were admitted by the Commission in case No.TP-69/16-17, with the direction to publish the gist of their tariff application, as approved by the Commission, in the news papers and also in their website as per provisions of the Tariff Regulations. The gist was, accordingly, published simultaneously on 07.02.2017 in the news papers - (i) 'The Times of India' (English), (ii) 'Ei Samay' (Bengali), (iii) 'Bartaman' (Bengali) and (iv) 'Sanmarg (Hindi). The gist along with the tariff application was also posted in the website of WBDCL. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of WBDCL for the fifth control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission by 08.03.2017 at



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the latest. Opportunities were also afforded to all to inspect the tariff application and to take copies thereof.

- 1.7 The suggestions and objections on the aforementioned application of WBPDCCL for determination of tariff for the fifth control period were received only from All Bengal Electricity Consumers' Association (ABECA) within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order.
- 1.8 The petitioner, WBPDCCL, while submitting its application for determination of tariff, also sought for relax of the norms specified by the Commission in the Tariff Regulations and enable the petitioner to recover the actual cost of generation as also envisaged in the National Tariff Policy under section 5.3 (f). It is also submitted by the petitioner that in order to improve operational efficiency by reducing outage of plants due to low system demand as well as operational excellence in keeping with the principle of 'merit order dispatch', attempt is being made to take up the issue with WBSEDCL so that power generated out of all the plants of WBPDCCL can be considered as 'Pool Power'. It may be put on record that the above submissions of WBPDCCL are in relation to Tariff Regulations which were finalized through previous publication.

In this context, the view of the Commission is that the Regulations were framed after consideration of the suggestions, objections and comments received from the stakeholders, in exercise of its delegated legislative power, and due notification in the Kolkata Gazette. WBPDCCL should not have sought for review in tariff determination proceedings, which is practically seeking amendment to the Tariff Regulations. Once the Regulations are framed by the Commission, there is no scope to review or to challenge such statutory norms in tariff determination proceedings. Accordingly, the prayer for review seeking



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modification to the statutory norms in the Tariff Regulations is not considered. Thus, such issue will not be dealt in subsequent chapter further.

- 1.9 The Commission determines the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder and for this purpose, the Commission has estimated the expenditure for 2016 – 2017 to arrive at the estimated expenditure / cost under different heads for the year 2017 – 2018.
- 1.10 The estimation made for 2016 – 2017 by the Commission shall not be construed by WBPDCCL as admission of at least such estimated amount in APR for 2016 – 2017. On the other hand, if in APR any deduction is made then as a conclusion from such decision one shall not expect that the impact of such deduction is to be continued in fifth control period as this will tantamount to imposing a penalty of infinite nature or double penalty for the same inefficiency.



CHAPTER - 2 THE CASE OF WBPDCCL

- 2.1. It has been stated that the instant application for revision of Tariff for the financial year 2017 - 2018 under the fifth control period has been submitted pursuant to the regulation 2.5.1 of the Tariff Regulations for determination of Tariff to be made effective from 1st April, 2017. The tariff application is in three volumes, each volume containing different parts of the total application.
- 2.2. WBPDCCL has submitted the plant wise tariff for the five existing generating stations at Kolaghat, Bakreswar, Bandel, Sagardighi and Santaldih for the year 2017 - 2018 under the fifth control period.
- 2.3. WBPDCCL has submitted that the information furnished in the prescribed formats, along with Accounting Statements, extracts of Books of Accounts, Audited Financial Performance for the period from 2011 – 2012 to 2015 – 2016, are based on plant-wise Audited Annual Statement of Accounts and those for the financial year 2016 – 2017 are based on reasonable estimation and unaudited.
- 2.4. WBPDCCL had taken up the construction of its III & IV Units of Sagardighi generating station for a capacity of 500 MW each which were projected to be commissioned on 22.02.2015 and 22.05.2015 respectively as per their submission. WBPDCCL, however, submitted their application for prior approval of the Commission for commercial operation of units No. III and IV in terms of regulation 6.15.2 of the Tariff Regulations only on 30.06.2016 and 14.12.2016 respectively order on which, could not be passed by the Commission giving go-ahead clearance for synchronization of the new 500 MW units no. III & IV since there was any time left. The commercial operation of Unit No. III was started on 1st July, 2016 and commercial operation for Unit No. IV on 20th December, 2016. In above view of fact, the Commission decides to consider the COD of Units No.



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III & IV as 1st July, 2016 and 20th December, 2016 respectively and all components of generation, sales and cost have been determined accordingly. WBPDCCL has proposed Plant Load Factor (PLF) for its Unit III and Unit IV of Sagardighi generating station at 85% as per the norms specified in the Tariff Regulations. Since normative PLF could never be achieved in the past from this old unit, WBPDCCL has submitted to review the fixation of PLF.

2.5. The Submission of WBPDCCL on different issues and against their claim under different heads of accounts are summarized as below:

2.4.1 Status of Generating Stations:

WBPDCCL has submitted that presently they have total generating capacity of 4865 MW from 5 (five) generating stations at Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi, out of which 2 units of 500 MW each (Units III and IV of Sagardighi generating station) were commissioned during the year 2016 – 2017. COD of Units III and IV of Sagardighi are 01.07.2016 and 20.12.2016 respectively.

2.4.2 Generation Targets from different generating stations of WBPDCCL for 2017 – 2018:

WBPDCCL has submitted generation projection from different existing power plants, based on the norms set by the Commission in its Tariff Regulations, for the financial year 2016 – 2017, which are applicable to 2017 – 2018..

2.4.3 Auxiliary Consumption, Station Heat Rate etc.:

WBPDCCL has submitted that the proposed auxiliary consumption has been arrived at considering the normative auxiliary consumption as notified by the Commission through the Tariff Regulations.



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WBPDCCL has considered the Station Heat Rate (SHR) norms as specified in the Tariff Regulations.

All other parameters viz. specific oil consumption, transit loss, etc. has been considered as per norms specified in the Tariff Regulations.

2.4.4 Gross & Net Energy Generation:

WBPDCCL has submitted that the gross and net generation from each generating station has been arrived based on the technical norms as specified in the Tariff Regulations, as given below:

Generating Stations	2017 – 2018		
	Gross generation (MU)	Auxiliary Consumption (MU)	Net generation (MU)
Kolaghat (Unit I – VI)	7726.32	741.73	6984.59
Bakreswar (Unit I to V)	7358.40	662.26	6696.14
Bandel (Unit I to V)	2870.00	278.39	2591.61
Santalidih (Unit V & VI)	3504.00	315.36	3188.64
Sagardighi (Unit I & II)	4204.80	378.43	3826.37
Sagardighi (Unit III & IV)	7008.00	630.72	6377.28
Total	32671.52	3006.89	29664.63

2.4.5 Cost of Fuel:

The primary fuel cost has been arrived at by estimating the coal consumption based on the technical parameters of each of the generating stations. The fuel mix are based on the estimated availability of quality and quantity of coal from different sources i.e., CIL subsidiaries and captive coal block of the petitioner. The prices of coal and oil and railways freight have been considered by WBPDCCL based on the latest price notified by the respective authorities.



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The coal cost is further added up to include the railway freight charges for transportation of coal from respective coal mines to the generating stations. The freight charge is estimated for the year 2017 – 2018 on per MT of coal.

The price of secondary fuel oil is estimated based on the projected secondary oil consumption for the year 2016 - 2017.

2.4.6 Employee Cost :

WBPDCCL has submitted that the components of employee cost including salaries and wages, bonus, contribution to employee funds, employees' welfare expenses and Directors' fees are in line with Tariff Regulations. WBPDCCL has projected the employee cost during the control period for all generating stations on the basis of actual employee cost for the year 2015 – 2016, which has been escalated by 5.93% for the years 2017 – 2018. The escalation factor of 5.93% has been considered in line with the average Consumer Price Index (CPI) inflation rate as published by the Directorate of Labour Bureau, Govt. of West Bengal for the period 2014 – 2015 to 2016 – 2017 upto September, 2016. The employee cost of Corporate Office has been allocated to all the generating stations based on the generating capacity of each station. For Units III & IV of Sagardighi generating station, estimation has been made in proportion to the expenditure incurred for Units No. I & II.

2.4.7 Operation and Maintenance Expenses (O&M):

WBPDCCL has projected the Operation and Maintenance Expenses as per norms specified in part G of schedule - 9A of the Tariff Regulations. WBPDCCL has submitted that the actual O&M expense in the previous year for their generating stations were however higher than the norms.



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2.4.8 Coal and Ash Handling Charges:

The petitioner has estimated the cost of coal and ash handling charges by escalating expenses incurred during 2015 – 2016 by 5.93%, excepting Kolaghat and Bandel generating stations. For Kolaghat and Bandel generating stations, the cost of coal and ash handling charges has been estimated based on escalation by 5% on the cost approved by the Commission in its tariff order for 2016 – 2017. For Units III & IV of Sagardighi generating station, estimation has been made in proportion to the expenditure incurred for Units No. I & II.

2.4.9 Water Charges:

The petitioner has estimated the cost of water charges by escalating expenses incurred during 2015 – 2016 by 5.93%, excepting Kolaghat, Bandel and Santaldih generating stations. For Kolaghat, Bandel and Santaldih generating stations, the cost of water charges has been estimated based on escalation by 5% on the cost approved by the Commission in its tariff order for 2016 – 2017. For Units III & IV of Sagardighi generating station, estimation has been made in proportion to the expenditure incurred for Units No. I & II.

2.4.10 Insurance Premium:

WBPDCCL has projected generating station wise insurance premium after thorough review of the existing coverage for each generating station. It is also submitted that as some plants have become old, the coverage needs to be enhanced to reinstate value to enable replacement of its assets in case of a heavy loss. The cost towards insurance premium has increased significantly due to addition of new assets in relation to new two units of 500 MW capacity each at Sagardighi generating station and modernization of unit no. V of 215 MW at Bandel generating station.



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2.4.11 Depreciation:

Depreciation has been proposed on the basis of rates of depreciation specified in the Commission's Tariff Regulations. The gross fixed assets are allocated to each of the depreciation categories and depreciation for the new units or asset additions during the year have been considered only for the period for which these assets have been put in use.

2.4.12 Advance against Depreciation:

WBPDCCL has not proposed advance against depreciation for the year 2017 – 2018 under fifth control period. WBPDCCL will claim actual advance against depreciation, if admissible, based on audited accounts of the year through annual performance review.

2.4.13 Interest and Finance Charge :

WBPDCCL has computed the interest charges including EERM of Unit No. V of Bandel generating station considering prevailing interest rate. The finance charges include expenses on account of renewal of all credit facilities as well as processing charges for fresh borrowings along with various bank transaction charges.

2.4.14 Interest on Working Capital :

WBPDCCL has proposed the requirement of working capital for 2017 – 2018 on normative basis in terms of the Tariff Regulations of the Commission. Based on the working capital requirement on normative basis, interest on working capital is calculated at the State Bank of India prime lending rate of 14.75% per annum. WBPDCCL has also submitted that working capital requirement of the utility is increasing due to lower recovery of cost in tariff.



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2.4.15 Return on Equity:

The Return on Equity for the year 2016 - 2017 under fifth control period has been claimed by WBPDCCL as per provision of Tariff Regulations.

2.4.16 Income Tax:

WBPDCCL has not proposed Income Tax (MAT) for the year 2017 – 2018 under fifth control period. WBPDCCL will claim actual amount of Income Tax of the concerned year of the control period through annual performance review.

2.4.17 Rent, Rates, Taxes, Licenses & Registration Fees and Filing Fees:

WBPDCCL has proposed rent, rates, taxes and licenses & registration fees based on actual expenditure during 2015 – 2016 escalated by 5.93% on the same principle as explained earlier. For Sagardighi Units No. III & IV, expenditure on account of rent, rates and taxes has been proposed in proportion to the expenditure incurred for Units No. I & II. Expenditure on account of filing fees has been considered as per the rates specified in the WBERC Fees Regulations, 2013.

2.4.18 ERPC Charges :

WBPDCCL has proposed ERPC charges based on actual expenditure during 2015 – 2016 escalated by 5.93% on the same principle as explained earlier

2.4.19 Income from Other Sources/ Non-Tariff Income :

WBPDCCL has projected income from other sources based on actual non-tariff income during 2015 – 2016 which includes income from sale of scrap, interest on short term deposits with the banks etc. The interest on short term deposits has been allocated on the basis of capacity of each generating station.



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2.5 Annual Revenue Requirement :

WBPDC has submitted the summarized Annual Revenue Requirement for 2017 – 2018 and the proposed Tariff for each generating station in the Annexure to their petition.



CHAPTER - 3 OBJECTIONS AND SUGGESTIONS

- 3.1 All Bengal Electricity Consumers' Association (hereinafter referred to as ABECA) only has submitted their suggestions, objections and comments on the tariff application of WBPDCCL within the due date of submission. Some of their major objections/ suggestions are summarized below. The Commission's observations on some of the suggestions, objections and comments are also recorded in this chapter.
- 3.1.1 ABECA has observed that WBPDCCL has proposed average tariff as 387.52 paise per unit, almost 10.00 paise per unit higher than the existing average tariff of 377.64 paise per unit, the major reasons for which have been stated to be increase in coal prices by 6.62% and freight charges. According to ABECA, if the coal block allotted to WBPDCCL by Government of India is utilized reasonably, the price of coal will come down by 25%. The freight charges have also not been enhanced more than the assumed enhanced rate as per tariff proposal as reflected in the tariff order dated 04.03.2015. Therefore, ABECA opposes to the proposal of WBPDCCL for enhancement of average tariff.
- 3.1.2 ABECA have observed that the average cost of supply in 4 (four) generating stations of WBPDCCL, viz., Kolaghat, Bakreswar, Bandel and Sagardighi, has been proposed by WBPDCCL to be less than the actual average cost of supply in 2015 - 2016. Therefore, there is no question of enhancement of average cost of supply in 2017 – 2018 as proposed by WBPDCCL. Similarly, the Aggregate Revenue Requirement (ARR) of above 4 (four) generating stations of WBPDCCL has been proposed to be enhanced abnormally in comparison to actual ARR in 2015 – 2016. According to ABECA, huge enhancement of ARR for the above 4 (four) generating stations of WBPDCCL on the ground of increase in coal price and freight charges is not justified and reasonable and hence is not acceptable to ABECA.



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- 3.2 The Commission has taken note of the objections, suggestions and comments offered by ABECA and have considered in the subsequent chapters of this order in which various components of fuel costs and fixed costs have been analyzed and discussed.



CHAPTER – 4 VARIABLE COST & EXPENDITURE

4.1 Fuel Cost:

- 4.1.1 An examination of the projected fuel cost claimed by WBPDCCL for the year 2017 – 2018 of fifth control period under different heads for its generating stations presently in operation has been taken up in this chapter. For the purpose of fuel cost calculation and energy charge determination under this chapter, the energy generated from a generating station has been considered as per normative PLF of the generating station as proposed by WBPDCCL but it shall be noted that capacity charge recovery of the generating station shall be on the basis of normative PAF.
- 4.1.2 During the fourth control period commencing from 2014 – 2015 to 2016 – 2017, WBPDCCL has done capacity addition of the generating stations to the following extent:
- Unit No. V of the Bandel generating stations was re-commissioned on 25.11.2015 after completion of Energy Efficient Renovation & Modernization Programme (EERMP) with enhancement of capacity from 210 MW to 215 MW.
 - Units No. III & IV of Sagardighi generating station, each having capacity of 500 MW, had been commissioned on 01.07.2016 and 20.12.2016 respectively.
- 4.1.3 Fuel cost for different generating stations of WBPDCCL presently in operation as per its projection comes as under:



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Fuel Cost in Rs. Lakh	
Generating Station	2017 – 2018
Kolaghat	221129.91
Bakreswar (I to V)	171839.14
Bandel	94493.14
Santaldih (v & vi)	75632.92
Sagardighi (I & II)	98798.65
Sagardighi (III & IV)	102960.73
Total	764854.49

4.1.4 In the tariff application for the year 2017 - 2018, WBPDC has proposed fuel cost on the basis of norms of plant load factor, auxiliary consumption rate, oil consumption rate, station heat rate and transit and handling losses of coal as specified in Schedule 9A of the Tariff Regulations. However, while proposing fuel cost for the year, it is stated by WBPDC that they have projected source wise coal consumption for each generating station for the year and have considered the average price of coal as per the notified price of Coal India Limited w. e. f. 30.05.2016 for the year 2017 – 2018. WBPDC has projected availability of coal from captive mine source during 2017 – 2018 for Bakreswar and Sagardighi (I, II, III & IV) generating stations. The basic price of coal from captive mines has been estimated to be 20% lower than the administered price of Coal India Limited for each grade.

4.1.5 The price of oil for different generating stations for the base year 2016 – 2017 has been estimated by WBPDC on the basis of cost actually incurred by different generating stations at the time of submission of petition.

4.1.6 In regard to availability of coal from captive mines, the Commission made a series of communication with WBPDC dated 20.11.2017, 06.12.2017, 09.02.2018. WBPDC through their letter dated 03.03.2018 submitted a detailed status of availability of coal from captive mines. It transpires from the said



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submission that coal from the captive mines cannot be made available for generation during 2017-18.

- 4.1.7 Considering the status of availability of coal from the captive mines, the Commission is of the view that the grade mix of coal as submitted by WBPDC in their tariff petition is not achievable. WBPDC is presently realizing fuel cost at the rate of energy charges approved by the Commission in the Tariff order for the year 2016-17 and the computed rate of MFCA as per the provisions of Tariff Regulations. Since the financial year 2017-18 is already over and WBPDC has realized the fuel cost from the power recipient as per the tariff order for 2016 – 2017 and the MFCA computed for the respective month as per the provisions of the Tariff Regulations, the Commission decides to allow the fuel cost and admit energy charges at the same level as was allowed in the tariff order of WBPDC for 2016-17 besides the MFCA realized in order to avoid any tariff shock to the end users of electricity. The Commission has passed necessary direction in this regard in subsequent chapter. Generating station-wise admitted costs are given in the Table below:

Particulars	For the Year 2017 – 2018 (Rs. in lakh)						Total
	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi (I & II)	Sagardighi (III & IV)	
Ex-bus Generation at Normative level (MU)	6984.59	6695.78	2591.61	3188.64	3826.37	6640.08	29927.07
Energy Charge (Paise/kWh)	245.47	216.33	270.27	217.05	217.23	225.33	-
Admitted Fuel Cost (Rs. in lakh)	171450.73	144849.80	70043.44	69209.43	83120.24	149620.92	688294.56



CHAPTER – 5 FIXED CHARGES

- 5.1 An examination of the projected fixed charges claimed by WBPDCCL for the year 2017 – 2018 under different heads for its generating stations has been taken up in this chapter.
- 5.2 The Commission has taken prudent analyses of the charges claimed under different heads with reference to reasonableness. WBPDCCL has projected the expenses under different heads of fixed charges on the basis of actual expenditure for the year 2015 – 2016. The latest annual report and accounts submitted along with the application as available at the time of submission are for the year 2015 – 2016. The estimated expenses for the base year 2016 – 2017 has been compared and analyzed with actual expenses for the year 2015 – 2016. The Commission also compares the claim of WBPDCCL for 2017 – 2018 with the estimated expenses shown under the respective heads for the year 2016 – 2017. The escalation rate considered by WBPDCCL for the projected cost for the year 2017 – 2018 for the respective heads in light of the inflationary trend and wherever the rate of annual increase considered in the projected expenditure is below the average inflation rate of 1.19% (inflation rate on WPI based index from November 2013 to October 2016), the Commission has accepted such rate of annual increase in general.
- 5.3 **Projected cost of Units III & IV of Sagardighi and Bandel Generating Stations:**
- 5.3.1 Two units of Sagardighi generating station (Phase – II) were put in commercial operation during 2016 – 2017. The Commission accorded clearance in principle to its investment proposal for construction of two units of 500 MW each under Sagardighi Phase – II package vide order dated 25.11.2010 in case no. WBERC/OA-49/08-09 at the estimated project cost of Rs. 5340.38 crore. Date of commercial operation of unit III and unit IV of the generating station are 01.07.2016 and 20.12.2016 respectively.



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- 5.3.2 WBPDCCL has not submitted the required report as per regulation 2.8.1.4.13 of the Tariff Regulations. Accordingly, project cost has not been determined by the Commission. The Commission accordingly decided to reduce the submitted project cost of Rs. 6029.50 crore by 05% for the purpose of tariff determination.
- 5.3.3 WBPDCCL had taken up implementation of the Energy Efficient Renovation & Modernization (EERM) of unit no. V of Bandel generating station of 215 MW capacity with the financial assistance of World Bank. The Commission accorded investment approval for a total amount of Rs. 652.20 crore vide order dated 14.02.2013 in case no. OA-132/11-12. The unit was commissioned after the EERM works with full load operation on and from 24.11.2015.
- 5.3.4 WBPDCCL has not submitted the required report as per regulation 2.8.1.4.13 of the Tariff Regulations. Accordingly, project cost has not been determined by the Commission. The Commission accordingly decided to reduce the submitted project cost of Rs. 652.20 crore by 05% for the purpose of tariff determination.
- 5.3.5 Reduction of 5% of the submitted project cost would have effect on different fixed charge components viz., depreciation, interest, return on equity and reserve for unforeseen exigencies. However, while determining ARR for the year 2017 – 2018, though deduction has been made from allocation under depreciation head, no deduction has been made from advance against depreciation head; rather allocation under the head will increase by the amount disallowed under depreciation head, though WBPDCCL has not claimed any amount under advance against depreciation in their tariff petition. Similarly, in order to facilitate interest payment, no deduction has been made under interest head. WBPDCCL has not made any claim under reserve for unforeseen exigencies for any of the generating station. Proportionate reduction has been made from the allocation under return on equity.



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5.4 Employee Cost

5.4.1 WBPDCCL has projected the employee cost for the year 2017 – 2018 on the basis of actual employee cost for the year 2015 – 2016. The Commission noticed that projected employee cost for the year 2017 – 2018 has been computed by WBPDCCL by escalating the actual employee cost for 2015 – 2016 at the rate of 5.93% for each generating station. WBPDCCL stated in their submission that the escalation factor of 5.93% has been considered in line with the average Consumer Price Index (CPI) inflation rate as published by the Directorate of Labour Bureau, Government of West Bengal. WBPDCCL has not claimed any arrear against any wage revision.

5.4.2 WBPDCCL has projected the number of employees in data forms submitted along with their application. It is observed from the number of employees as projected and the Man / MW ratio computed for each generating station that the number of employees for each generating station is well within the limit of Man / MW ratio as stipulated in the Tariff Regulations.

5.4.3 The Commission now analyzes the impact of normal increment and increase in DA in employee cost for the respective year in consideration of facts stated below:

- a) The Commission has considered the basic pay of employee cost on per employee cost basis considering the actual basic pay incurred during the year 2015 – 2016 as per the audited annual accounts submitted by WBPDCCL. Annual increments @ 3% on per employee basic pay for the year 2015 – 2016 has been considered to arrive at the per employee basic pay for the year 2016 – 2017. Similar procedure has been applied for the year 2017 – 2018.
- b) WBPDCCL has announced DA of 125% effective from 01.01.2016. It is further observed that an amount of 7% and 2% of DA has been allowed by Central



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Government in July 2016 and January 2017 respectively. The Commission finds it suitable to consider DA of 139% (as on 01.07.2017) for the year 2017 – 2018.

- c) Other allowance per employee has been considered in the ratio of “other allowance” to “Basic pay” for each generating station as per the expenses incurred during 2015 – 2016. The same percentage on basic has been considered for 2017 – 2018.
 - d) The Commission has admitted the cost towards terminal benefits for the year 2017 – 2018 as projected by WBPDCCL.
 - e) For Bonus, Ex-gratia, LTC, etc., for the year 2017 – 2018 cost per employee has been considered at the ratio of actual expenses incurred per employee during the year 2015 – 2016 for each generating station.
 - f) Employee cost of Sagardighi (Units III & IV) is admitted to the extent projected by WBPDCCL.
- 5.4.4 The Commission, thus, admits the employee cost including terminal benefits net of capitalization for each generating station for the year 2017 – 2018 as follows:

Generating station	(Rs. in lakh)
	Admitted employee cost for 2017 – 2018
Kolaghat	16955.00
Bakreswar	11693.89
Bandel	7003.75
Santaldih	10530.17
Sagardighi (I & II)	7814.17
Sagardighi (III & IV)	2028.11

Computations are shown in Annexure – 5D to this chapter.

5.5 Coal & Ash Handling Expenses:

- 5.5.1 WBPDCCL has projected the Coal & Ash handling expenses for its power stations presently in operation.



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- 5.5.2 WBPDCCL has projected the coal and ash handling charges for the year 2017 – 2018 on the basis of actual expenditure under the head during 2015 - 2016 with an escalation @ 5.93% thereon for Bakreswar, Santaldih and Sagardighi (I & II) generating stations. For Kolaghat and Bandel generating stations, WBPDCCL considered the admitted cost under the head in the tariff order for 2016 – 2017 with a hike of 5% thereon. For Sagardighi (III & IV), charges have been estimated in proportion to the actual expenditure incurred during 2015 – 2016 for Sagardighi (I & II) generating station.
- 5.5.3 The Commission noted that actual gross generation of almost all the generating stations during the year 2015- 2016 is lower than the generation to be achieved at normative plant load factor. For Santaldih generating station actual generation is observed to be higher than the normative generation. The Commission decides to compute coal and ash handling expenses for 2015 – 2016 at normative level of generation by giving proportionate increase in the ratio of actual generation to normative generation over the actuals for 2015 – 2016 for all the generation stations except Sagardighi (Unit-III and IV) and Kolaghat generation stations. The figures so arrived are escalated further with a factor of 5.93% to determine the admissible cost for 2017 – 2018. Projection for Sagardighi generating station (Units III and IV) is admitted in the way as proposed by WBPDCCL. For Kolaghat generation station the Commission noted that the actual expenditure during 2015-16 is much lower than the trend of expenditure for past years. WBPDCCL submitted through their letter dated 03.03.2018, in reply to the Commission's letter dated 09.02.2018, that coal and ash handling charges has been accounted for in the annual accounts for 2015-16 after adjustment of sale proceeds of fly ash received during the year in compliance of the Notification No. S.O.2804(E) dated 03.11.2009 issued by the Ministry of Environment and Forests, Govt. of India. The Commission noted that the said notification stipulates creation of a separate fund out of the income from



Tariff Order of WBPDCCL for the year 2017 – 2018

sale proceeds of fly ash. WBPDCCL is directed to refrain from adjustment of such income with the expenditure under coal and ash handling expenses in future. Since expenditure booked in accounts for 2015-16 under coal and ash handling for Kolaghat generating station does not exhibit the real cost, the Commission decides to allow coal and ash handling expenses for Kolaghat generating station to the extent of 75% of their claim of Rs. 3507.18 lakh. Such allowance of cost is in parity with the actual trend of expenditure in past years when generation at almost to the normative level is attained. The computation is given in table below. If, however, the actual claim is lower than the cost so determined, the actual claim is admitted.

Rupees in Lakh

Generating station	Normative generation in 15 – 16	Actual generation in 15 – 16	Expenditure at normative generation in 15 – 16	Actual Expenditure 15 – 16	Expenditure with escalation of 5.93% over normative exp. In 15 – 16	As claimed by WBPDCCL	Admitted Coal and Ash Handling Charges for 2017 - 2018
1	2	3	Rs. In lakh	Rs. In lakh	RS. In lakh	Rs. In lakh	Rs. In lakh
	MU	MU	4	5	6=5*1.0593	7	8
Bakreswar	7358.00	6669.00	2108.25	1910.83	2233.27	2024.28	2024.28
Bandel	2870.00	1110.00	1468.77	568.06	1555.87	888.21	888.21
Santalalih	3504.00	3702.00	2529.89	2672.85	2679.91	2831.35	2679.91
Sagardighi (I & II)	4205.00	2715.00	186.34	120.31	197.39	310.29	197.39
Sagardighi (III & IV)	0.00	0.00	0.00	0.00	0.00	517.14	517.14
Kolaghat	0.00	0.00	0.00	0.00	0.00	3507.18	2630.39

The coal and ash handling charges as admitted above correspond to normative generation of each generating station during the respective year. Any short fall in actual generation of any generating station during any year will be looked into in admitting the coal and ash handling cost of the generating station in APR for the concerned year.



Tariff Order of WBPDCCL for the year 2017 – 2018

5.6 Water Charges / Cess:

5.6.1 The water charges for 2017 – 2018 for each generating station have been projected by WBPDCCL on the basis of actual cost for 2015 – 2016 with an escalation of 5.93% being average inflation rate in CPI during fourth control period in respect of Bakreswar and Sagardighi generating stations. However, for Kolaghat, Bandel and Santaldih generating stations, WBPDCCL projected the cost on the basis of cost admitted in the tariff order for 2016 – 2017 with a hike of 5%. Reasons for such estimation are, however, not explained in the written submission of tariff petition.

Based on the methodology adopted by the Commission for determination of admissible coal and ash handling charges in paragraph 5.5.3 above, the Commission admitted water charges for the year 2017 – 2018 also. If, however, the cost so computed is higher than the actual claim in respect of any generating station, the actual amount is accepted. Projection for Sagardighi generating station (Units III and IV) is admitted in the way as proposed by WBPDCCL. Computation in detail is given in the table below.

Rs. in lakh

Generating station	Normative generation in 15 – 16	Actual generation in 15 – 16	Expenditure at normative generation in 15 – 16	Expenditure at actual generation in 15 – 16	Expenditure with escalation of 5.93% over normative exp. In 15 – 16	As claimed by WBPDCCL	Admitted Water Charges for 2017 - 2018
Kolaghat	7726.00	5766.00	21.59	16.11	22.87	39.10	22.87
Bakreswar	7358.00	6669.00	33.44	30.31	35.42	32.11	32.11
Bandel	2870.00	1110.00	248.24	96.01	262.96	198.21	198.21
Santaldih	3504.00	3702.00	648.29	684.92	686.73	1608.60	686.73
Sagardighi (I & II)	4205.00	2715.00	1.92	1.24	2.03	11.49	2.03
Sagardighi (III & IV)	0.00	0.00	0.00	0.00	0.00	11.16	11.16
Total	25663.00	19962.00	953.48	828.59	1010.01	1900.67	953.11

The water charges as admitted above correspond to normative generation of each generating station during the respective year. Any short fall in actual



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generation of any generating station during any year will be looked into in admitting the water charges of the generating station in APR for the concerned year.

5.7 Operation & Maintenance Expenses:

5.7.1 As per regulation 5.7 of the Tariff Regulation the component of Operation and Maintenance (O&M) expenses are as follows:

- i) Repair & Maintenance Expenses (R & M).
- ii) Administrative and General Expenses which are composed of followings
 - Rent and lease charges.
 - Legal charges.
 - Auditor's expenses, which include auditor's fees, auditor's expenses and payment to auditors in any other capacity or for any work which is necessary to be got done from them and audited.
 - Consultancy charges for work which cannot be done in-house or is uneconomical in doing in-house or is essential to be done from outside sources except payment to Auditors.
 - Other expenses necessary and arising from and ancillary or incidental to the business of electricity except penalty etc. levied under this Act or any other Act.

Considering these heads, the Commission has set the norms in the Tariff Regulations.

5.7.2 WBPDCCL has projected the (O&M) expenses for each generating station for the year 2017 – 2018 as per norms set out in schedule – 9A of the Tariff Regulations. WBPDCCL has stated that the actual (O&M) expenses during the previous year were higher than the amount admitted as per norms and they have prayed to the Commission to consider the difficulties in achieving the norms.



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Tariff Order of WBPDCCL for the year 2017 – 2018

5.7.3 In terms of the recommended annual norms of operation and maintenance expenses, vide paragraph B of Schedule 9A of the Tariff Regulations, the Commission admits operation and maintenance expenses for each of the generating stations in operation as under:

Rs. in lakh

Power station	Admitted O&M expenses for 2017 - 2018
Kolaghat	18429.00
Bakreswar	12632.00
Bandel	7453.00
Santaldih	4655.00
Sagardighi (I & II)	4752.00
Sagardighi (III & IV)	5850.00

5.8 Insurance Premium:

5.8.1 WBPDCCL in their written submission of tariff petition has stated that they have projected the insurance cost after thorough review of the existing coverage for each generating station. It is stated that WBPDCCL has moved from the existing fire policy coverage to industrial all risks / mega policies where insurance coverage is much wider. Moreover, for the old generating stations, WBPDCCL considers that coverage requires to be enhanced to reinstatement value of the assets.

5.8.2 The Commission noted that projected insurance charges for 2017 – 2018 are 405% higher than the actual expenditure for 2015 – 2016. WBPDCCL has submitted with the tariff petition a few copies of insurance coverage policy. It is noted that actual premium for all risk / mega policy in respect of Kolaghat generating station is settled for Rs. 113.46 lakh for the year 2016 – 2017, but an amount of Rs. 464.68 lakh has been projected for the year 2017 – 2018. Insurance premium is an uncontrollable factor for tariff determination, but admissibility is to be determined through prudent check as per regulation 5.23.1 of the Tariff Regulations.



Tariff Order of WBPDCCL for the year 2017 – 2018

5.8.3 The Commission, thus, decides to determine insurance premium for 2017 – 2018 based on the actual expenditure during 2015 – 2016 with reasonable hike. Average inflation rate as per WPI available in the website of Economic Adviser, GOI during April, 2016 to October 2016 is 2.43%. The Commission decides to allow the escalation rate of 2.43% each year over the actual for 2015 – 2016 to arrive at the admissible cost for the year 2017 – 2018 for all the generating stations, except Kolaghat and Sagardighi (III & IV) generating stations. For Sagardighi (III & IV) generating station, the amount as projected by WBPDCCL, is, however, admitted. For Kolaghat generating station, the Commission admits Rs. 114.00 lakh, the amount available from the submitted copy of policy documents. Admitted insurance premium for 2017 – 2018 is as below:

Rs. in lakh

Power station	Admitted Insurance Premium for 2017 - 2018
Kolaghat	114.00
Bakreswar	111.56
Bandel	4.98
Santaldih	28.54
Sagardighi (I & II)	69.90
Sagardighi (III & IV)	368.94

In terms of the Tariff Regulations, insurance premium is to be paid after selection of the insurance company through a transparent process. Insurance premium paid being uncontrollable is required to be adjusted under APR where WBPDCCL would also be required to confirm that the provisions of the Tariff Regulations are complied with. WBPDCCL is directed to submit copies of all policy documents and certificate of valuation of assets duly signed by the registered valuer.

5.9 Depreciation:



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- 5.9.1 In their projection the gross fixed asset for the base year 2016 – 2017 in respect of the existing units has been considered by WBPDCCL on the basis of closing gross fixed assets in the audited accounts for 2015 – 2016. No capital addition to the fixed assets during the year 2017 – 2018 has been considered by WBPDCCL.
- 5.9.2 As stated in their application, the depreciation rates and useful life of assets has been considered by WBPDCCL as per Regulation 5.6.2 of the Tariff Regulations.
- 5.9.3 The Commission thus, considers the submission of WBPDCCL and admits the depreciation of each generating station for the year 2017 – 2018, as follows. Proportionate deduction from the allocation of depreciation in respect of Sagardighi (Units III & IV) and Bandel (Unit V) generating stations has been made as decided in paragraph 5.3 of this order.

Rs. in lakh

Power station	Admitted Depreciation for 2017 - 2018
Kolaghat	803.50
Bakreswar	17266.03
Bandel	811.00
Santaldih	9682.60
Sagardighi (I & II)	11662.52
Sagardighi (III & IV)	20515.50

- 5.9.4 The chargeable amounts on depreciation in respect of Bakreswar transmission system and Santaldih transmission system for Rs. 1725.42 lakh and Rs. 966.60 lakh respectively are, however, excluded in the above admitted amount of depreciation.

5.10 Advance against Depreciation:

- 5.10.1 WBPDCCL has not projected the requirement of advance against depreciation for the year 2017 – 2018 in respect of any of the generating stations. WBPDCCL has



Tariff Order of WBPDCCL for the year 2017 – 2018

stated that following the directives of the Commission in paragraph 5.9.2 of the tariff order for third control period in case no. TP-54/12-13 dated 01.12.2012, they will submit detailed statement of repayment of loan, actual depreciation in the Annual Performance Review application for the concerned years of fourth control period. Thus, no amount is being considered by the Commission under this head for 2017 – 2018.

5.11 Interest on borrowed Capital:

5.11.1 WBPDCCL has projected the interest payable on the borrowed capital during the year 2017 – 2018. The Commission has taken up the examination of such projection separately for generating stations at Bakreswar, Bandel, Santaldih and Sagardighi. No term loan has been received by WBPDCCL in capital accounts for Kolaghat generating stations and hence no interest has been claimed by WBPDCCL for the generating station. WBPDCCL has given the details of the calculation of interest on borrowed capital in Form C in Annexure – 1 of their application for the respective generating stations. The Commission has examined the calculation of interest taking into consideration the project cost admitted against the respective generating stations and admits the interest claimed by WBPDCCL for generating stations at Bakreswar, Santaldih and Sagardighi, as follows. No deduction from the allocation of interest on borrowed capital in respect of Sagardighi (Units III & IV) generating station has been made as decided in paragraph 5.3.3 of this order:

Rs. in lakh

Power station	Admitted Interest on Borrowed Capital for 2017 – 2018
Bakreswar	10616.72
Bandel	200.00
Santaldih	8464.83
Sagardighi (I & II)	5925.70
Sagardighi (III & IV)	48934.64



Tariff Order of WBPDCCL for the year 2017 – 2018

5.11.2 It is noted that WBPDCCL has not claimed any interests on borrowed capital in respect of Bakreswar transmission system in their tariff petition but has claimed interest on borrowed capital for Santaldih transmission system for Rs. 587.41 lakh, which is, however, excluded in the above admitted amount of such chargeable interest on borrowed capital.

5.12 Finance Charges:

5.12.1 WBPDCCL has claimed other finance charges for all the generating stations during the year 2017 – 2018. The Commission admits projected finance charge against the generating stations, as below:

Rs. in lakh

Power station	Admitted Finance Charges for 2017 - 2018
Kolaghat	218.94
Bakreswar	330.76
Bandel	43.87
Santaldih	306.04
Sagardighi (I & II)	108.02
Sagardighi (III & IV)	60.00

5.12.2 The Commission noted that there was huge increase in expenditure under 'other finance charges' during 2014 – 2015 and 2015 – 2016 compared to earlier trend. WBPDCCL is directed to submit details of expenditure under 'other finance charges' in the APR petition for 2014 – 2015 and 2015 – 2016.

5.13 Reserve for unforeseen Exigencies:

5.13.1 WBPDCCL has not claimed any amount under reserve for unforeseen exigencies for 2017 – 2018 against any of the generating stations.

5.14 Return on Equity:



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Tariff Order of WBPDCCL for the year 2017 – 2018

- 5.14.1 WBPDCCL has claimed return on equity for each generating station on the basis of admissible equity base at the beginning of the year. The basis of determination of such admissible equity base has not, however, been explained in their submission. No addition or withdrawal of equity has been considered by WBPDCCL during the year.
- 5.14.2 The Commission redetermined admissible equity base for the purpose of return in the APR order dated 24.08.2017 for 2013 – 2014 in case No. WBERC/45/14-15 in pursuance of the decisions of the Commission conveyed through an order dated 18.11.2014 in case no. WBERC/AT/411. Based on the methodology adopted in the APR order of WBPDCCL for the year 2013 – 2014, admissibility of free reserve has been determined as on 31.03.2016 in Annexure – 5A attached to this order.
- 5.14.3 The Commission has determined admissible equity base as on 31.03.2015 considering opening admissible equity base as on 01.04.2014, actual addition to its equity, availability of free reserve at the beginning of 2014 – 2015 and 2015 – 2016 and actual addition to fixed assets as per audited accounts of these two years. The existing admissible equity base for the year 2015 – 2016 has been considered as the opening balance at the beginning of the year 2017 – 2018. The Commission did not consider any addition to equity base and fixed assets during 2016 – 2017 and 2017 – 2018 to determine return on equity for the year 2017 – 2018. Generating stations wise computed return on equity is given in Annexure – 5B attached to this order.
- 5.14.4 For Sagardighi (Units III & IV), WBPDCCL considered their submitted project cost and actual equity sanctioned by the Government of West Bengal for the purpose of computation of return. The Commission admits the same. Necessary effect has, however, been given for reduction of project cost by 5% as decided in



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paragraph 5.3.3 of this order in respect of both Sagardighi (Units III & IV) and Bandel (Unit V) generating stations.

Admitted return on equity for the generating stations is given below:

Rs. in lakh

Power station	Admitted Return on Equity for 2017 - 2018
Kolaghat	13791.61
Bakreswar	19930.33
Bandel	3367.08
Santaldih	9873.91
Sagardighi (I & II)	12456.81
Sagardighi (III & IV)	26635.54

5.14.5 The chargeable amounts of return on equity in respect of Bakreswar transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of such return on equity. ROE for generation and transmission segments has been apportioned in the ratio of original fixed assets of the segment at the beginning of the year.

5.14.6 The chargeable amounts of return on equity in respect of Bakreswar transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh	
	Bakreswar	Santaldih
2017 – 2018	1456.72	693.17

5.15 Income Tax:

5.15.1 It is submitted by WBPDC in their application that they have been paying Minimum Alternate Tax (MAT) in past years. No claim on account of income tax for the year 2017 – 2018 has been projected by WBPDC in their tariff



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application. Thus, no amount under this head is admitted by the Commission for the year 2017 – 2018 under this head.

5.15.2 WBPDCCL is, however, directed to submit a comprehensive statement incorporating the amounts of (i) income tax provided in the annual reports and accounts, (ii) income tax assessed, (iii) income tax paid and (iv) income tax refunded, if any, supported by documentary evidences vide assessment orders, copies of challans, copies of refund orders year wise from the year 2007 – 2008 till date with their APR application for the year 2016 – 2017 and also the updated statement along with the APR applications for the years 2017 – 2018. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 of the Tariff Regulations may be referred to.

5.16 Interest on Working Capital:

5.16.1 WBPDCCL has claimed for interest on working capital for all the generating stations for the year 2017 – 2018 on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.

5.16.2 The claims for the amounts of interest on working capital are in terms of Tariff Regulations. WBPDCCL has also projected the amount of borrowing towards working capital for each of the operating generating stations in their details of borrowings mentioning the interest to be paid on such borrowings. The Commission examined the borrowings for working capital, as submitted in Form – C by WBPDCCL, with an interest rate ranging from 8.75% to 11.70%. It is seen that interest on working capital projected in Form – C is higher than the interest calculated on normative basis. The Commission, therefore, considers to allow interest on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.



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5.16.3 The normative requirement of working capital has been computed as per provisions of the Tariff Regulations and computed the interest on working capital at the Marginal Cost of Funds based Lending Rate (MCLR), which came as a replacement for PLR w.e.f. 01.04.2016. The Commission considers to allow the MCLR based interest rate of 11.20% applicable for working capital loan for the purpose of tariff determination at this state. The computation of working capital requirement for each generating station is given in Annexure – 5C.

5.16.4 However, the actual interest on borrowing for working capital for each generating station will be viewed as per provisions of the Tariff Regulations during Annual Performance Review for the concerned year. The Commission admits the interest on working capital as follows:

Rs. in lakh

Power station	Admitted Interest on Working Capital for 2017 - 2018
Kolaghat	2303.63
Bakreswar	2001.62
Bandel	948.07
Santaldih	1048.41
Sagardighi (I & II)	1124.52
Sagardighi (III & IV)	2323.00

5.17 Rates & Taxes:

5.17.1 In terms of provisions of Tariff Regulations, rates and taxes are recognized as separate item of cost and categorized the same as uncontrollable. WBPDC, in their tariff petition, has claimed rates and taxes for each generating station based on the actual expenditure for 2015 – 2016 with an escalation of 5.93% and the Commission admits the same. The Commission does not consider any cost under this head for Sagardighi (Units III & IV) at this stage as those units were



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commission in 2016 – 2017 and no trend of expenditure for the said generating station under this head is ascertainable.

5.17.2 WBPDC has also claimed 'filing fee' and 'licensee & registration fee' as separate items of cost. Payment of 'filing fees' to WBERC is categorized as statutory payment and forms part of 'rates and taxes'. Payment of 'licensee and registration fee' on the other hand, forms an integral part of the operation and maintenance of the generating station and is not recognized as a separate item of cost.

5.17.3 Station wise breakup of the admitted cost under 'rates and taxes' is given in the table below:

Rs. in lakh

Generating station	Admitted Rates and Taxes for 2017 - 2018	Admitted Filing Fees for 2017 - 2018	Total admitted Rates and Taxes for 2017 - 2018
Kolaghat	29.12	25.20	54.32
Bakreswar	42.78	21.00	63.78
Bandel	50.93	9.10	60.03
Santaldih	18.19	10.00	28.19
Sagardighi (I & II)	26.35	12.00	38.35
Sagardighi (III & IV)	0.00	20.00	20.00

5.18 Maintenance Charge to PGCIL:

5.18.1 WBPDC has claimed an amount of Rs. 242.53 lakh for maintenance charges for 400 KV Sagardighi transmission system payable to PGCIL. The amount is stated to have been determined based on CERC rates. The Commission admits of Rs. 242.53 lakh as maintenance charge to PGCIL and is allocated to Sagardighi (Units I & II) generating station.

5.19 ERPC Charges:



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5.19.1 WBPDCCL has claimed ERPC charges in their tariff petition for 2017 – 2018 based on actual expenditure for 2015 – 2016 escalated by 5.93% thereon. The Commission admits the same as given in the table below:

Rs. in lakh

Generating station	Admitted ERPC Charges for 2017 – 2018
Kolaghat	4.86
Bakreswar	5.70
Bandel	0.92
Santaldih	3.20
Sagardighi (I & II)	2.26
Sagardighi (III & IV)	0.00

5.20 Income from other sources / Non-Tariff Income:

5.20.1 The incomes to be derived from other non-tariff sources, as projected by WBPDCCL are as under:

Rs. in lakh

Generating station	2017 – 2018
Kolaghat	2827.30
Bakreswar	3099.19
Bandel	871.69
Santaldih	1863.48
Sagardighi (I & II)	1233.96
Sagardighi (III & IV)	0.00

5.20.2 The projected income is to be generated from sale of scrap, interest earnings from the short term deposits with banks, investments and other general income arising from and incidental to the business of electricity. The non-tariff income for the year 2017 – 2018 has been projected at the similar levels based on the actual non-tariff income during the year 2015 – 2016 for each generating station. The Commission admits the projected amount as shown above.

5.21 Fixed cost related to Transmission Systems at Bakreswar, Sagardighi and Santaldih:



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5.21.1 The fixed costs related to transmission systems at Bakreswar and Santaldih will not form part of the fixed charges for Bakreswar and Santaldih generating stations and are not considered in the computation of fixed charges for those generating stations. The total amounts in respect of the transmission systems at Bakreswar and Santaldih, as determined are given below.

Rupees in Lakh

Generating station	2017 – 2018			
	Interest	Depreciation	Return on Equity	Total
Bakreswar	0.00	1725.42	1456.72	3182.14
Santaldih	587.41	966.60	693.17	2247.18

5.21.2 The transmission systems constructed by WBPDCCL for Bakreswar and Santaldih is an integral part of the transmission system being operated by West Bengal State Electricity Transmission Company Limited (in short 'WBSETCL'). The annual charges for the transmission assets of Bakreswar being operated by WBSETCL for the year 2017 – 2018 as mentioned above at Rs. 3182.14 lakh comprising interest, depreciation and return on equity relating to Bakreswar transmission system are not considered under the respective cost heads of Bakreswar generating station and the same amount stands recoverable from WBSETCL.

5.21.3 In paragraph 2.21.4 of the APR order dated 21.07.2014 in case no. APR-39/13-14, the Commission observed that only two line bays at Bishnupur end of Santaldih Thermal Power Station – Bishnupur 220 kV Double Circuit line had been handed over to WBSETCL on 11.10.2010 and also observed that the remaining part of the transmission system was not handed over to WBSETCL as those were not ready at that time. It was also observed that the evacuation of power generated by units V & VI at Santaldih generating station were made through the existing system of units I to IV. WBPDCCL has not confirmed whether



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the remaining portion of the transmission has been completed and put into operation. Since the transmission system of Santaldih generating station related to Units V and VI is yet to come into operation, the fixed cost related to Santaldih transmission system are not recoverable by WBPDCCL. The fixed cost relating to Santaldih transmission system shall be recoverable by WBPDCCL only after completion of the work to bring the asset in operation for evacuation of power from Santaldih generating stations (Units V & VI) through that transmission system.

- 5.21.4 Regarding Sagardighi transmission system, the Commission observed in the APR order dated 21.07.2014 in case no. APR-39/13-14 that the Sagardighi – Gokarna 220 kV Double Circuit transmission line asset, a part of the transmission systems, had already been handed over to WBSETCL on 02.06.2009. The other two parts i.e., Farakka – Subhasgram 400 kV Single Circuit line LILO at Sagardighi and Sagardighi – Parulia 400 kV Double Circuit line are however being maintained by PGCIL. WBPDCCL entered into an agreement with PGCIL for operation and maintenance of those lines and associated bays at Parulia (Durgapur) and Subhasgram for the period from 01.04.2016 to 31.03.2017 on payment basis. WBPDCCL has neither confirmed that such agreement will continue for the year 2017 – 2018 but claimed an amount of Rs. 242.53 lakh on account of service charges payable to PGCIL on this score in their application. WBPDCCL has not also given the details of the transmission asset of Sagardighi – Gokarna 220 kV double circuit line handed over to WBSETCL. The Commission does not consider any amount on account of fixed cost related to transmission assets of Sagardighi transmission system to be recovered from WBSETCL. WBPDCCL is directed to give details of the transmission assets of Sagardighi transmission systems handed over to WBSETCL with documentary evidence in their APR for 2016 – 2017. The service charges payable to PGCIL for operation



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and maintenance of the 400 kV transmission systems during the year 2017 – 2018 is, however, admitted by the Commission.



ANNEXURE – 5A BALANCE FREE RESERVE AFTER UTILIZATION FOR CAPITALIZATION

KOLAGHAT THERMAL POWER STATION

Sl. No.	Particulars	Balance Free Reserve
		2017-18
1	Actual Equity base as on 01.04.2014	116215.86
2	Actual after adjustment of negative balances as on 01.04.2014	65022.41
3	Addition to EB during the year 2014 - 2015	529.14
4	Utilized capitalization during 2014 – 2015	761.52
5	Actual equity base as on 01.04.2015	64790.03
6	Actual after adjustment of negative balances as on 01.04.2015	61168.16
7	Addition during 2015 – 2016	-631.20
8	Utilized capitalization during 2014 – 2015	210.55
9	Actual Equity base as on 01.04.2014	60326.41
10	Actual after adjustment of negative balances as on 01.04.2016	54638.76

BAKRESWAR THERMAL POWER STATION

Sl. No.	Particulars	Balance Free Reserve
		2017-18
1	Actual Equity base as on 01.04.2014	87253.12
2	Actual after adjustment of negative balances as on 01.04.2014	48817.84
3	Addition to EB during the year 2014 - 2015	-54773.19
4	Utilized capitalization during 2014 – 2015	702.91
5	Actual equity base as on 01.04.2015	-6658.26
6	Actual after adjustment of negative balances as on 01.04.2015	0.00
7	Addition during 2015 – 2016	15293.98
8	Utilized capitalization during 2014 – 2015	312.71
9	Actual Equity base as on 01.04.2014	14981.27
10	Actual after adjustment of negative balances as on 01.04.2016	13568.82



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BANDEL THERMAL POWER STATION

Sl. No.	Particulars	Balance Free Reserve 2017-18
1	Actual Equity base as on 01.04.2014	-37746.64
2	Actual after adjustment of negative balances as on 01.04.2014	0.00
3	Addition to EB during the year 2014 - 2015	49273.16
4	Utilized capitalization during 2014 – 2015	0.00
5	Actual equity base as on 01.04.2015	49273.16
6	Actual after adjustment of negative balances as on 01.04.2015	46518.71
7	Addition during 2015 – 2016	-15404.67
8	Utilized capitalization during 2014 – 2015	0.00
9	Actual Equity base as on 01.04.2014	31114.04
10	Actual after adjustment of negative balances as on 01.04.2016	28180.57

SANTALDIH THERMAL POWER STATION

Sl. No.	Particulars	Balance Free Reserve 2017-18
1	Actual Equity base as on 01.04.2014	-37983.24
2	Actual after adjustment of negative balances as on 01.04.2014	0.00
3	Addition to EB during the year 2014 - 2015	3280.42
4	Utilized capitalization during 2014 – 2015	0.00
5	Actual equity base as on 01.04.2015	3280.42
6	Actual after adjustment of negative balances as on 01.04.2015	3097.04
7	Addition during 2015 – 2016	14847.69
8	Utilized capitalization during 2014 – 2015	401.26
9	Actual Equity base as on 01.04.2014	17543.47
10	Actual after adjustment of negative balances as on 01.04.2016	15889.45



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Tariff Order of WBPDC for the year 2017 – 2018

SAGARDIGHI THERMAL POWER STATION (UNITS I & II)

Sl. No.	Particulars	Balance Free Reserve
		2017-18
1	Actual Equity base as on 01.04.2014	-13898.85
2	Actual after adjustment of negative balances as on 01.04.2014	0.00
3	Addition to EB during the year 2014 - 2015	2827.60
4	Utilized capitalization during 2014 – 2015	1064.52
5	Actual equity base as on 01.04.2015	1763.08
6	Actual after adjustment of negative balances as on 01.04.2015	1664.52
7	Addition during 2015 – 2016	-13163.01
8	Utilized capitalization during 2014 – 2015	199.02
9	Actual Equity base as on 01.04.20146	-11697.51
10	Actual after adjustment of negative balances as on 01.04.2016	0.00



ANNEXURE – 5B RETURN ON EQUITY

Sl. No.	Particulars	Generating Stations					
		Kolaghat	Bakreswar	Bandel	Santalalih	Sagardighi (UNITS I & II)	Sagardighi (UNITS III & IV)
1	Actual Equity base at the beginning(Govt. sanction)	87329.4	139910.14	22622.00	72900.00	82500.00	180886.50
2	Addition to EB during the year (Govt. sanction)	0.00	0.00	0.00	0.00	0.00	0.00
3	Deletion of Equity base during the year	0.00	0.00	0.00	0.00	0.00	0.00
4	Actual equity base at the end of the year (Govt. sanction)	(1+2+3) 87329.40	139910.14	22622.00	72900.00	82500.00	180886.50
5	Admissible equity base at the beginning of the year	88978.16	137980.99	22866.39	68174.70	80366.52	180886.50
6	Available Free Reserve at the beginning of the Year	(Annexure-5A) 54638.76	13568.82	28180.57	15889.45	0.00	0.00
7	Net addition to the original cost of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
8	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00	0.00	0.00	0.00
9	Addition to equity base considered from addition to actual equity (Govt. sanction)	Lower of 2 & 8 0.00	0.00	0.00	0.00	0.00	0.00
10	Addition to equity base considered from available free reserve	Lower of 6 & 8 0.00	0.00	0.00	0.00	0.00	0.00
11	Admissible equity base at the closing of the year	(3+5+9+10) 88978.16	137980.99	22866.39	68174.70	80366.52	180886.50
12	Average Equity Base	(5+11)/2 88978.16	137980.99	22866.39	68174.70	80366.52	180886.50
13	Return on equity @15.5%	12*0.155 13791.61	21387.05	3544.29	10567.08	12456.81	28037.41
14	Admitted Return on equity	13791.61	21387.05	3367.08	10567.08	12456.81	26635.54
15	Admitted Return on equity for generating assets	ratio of fixed asset at the beginning of the year 13791.61	19930.33	3367.08	9873.91	12456.81	26635.54
16	Admitted Return on equity for transmission asset	ratio of fixed asset at the beginning of the year 0.00	1456.72	0.00	693.17	0.00	0.00
N.B : Reduction of ROE has been made as per paragraph 5.3 of this order							



ANNEXURE – 5C WORKING CAPITAL

Particulars	2017-18 (Rs. in lakh)						
	KTPS	BkTPS	BTPS	STPS	SgTPS (I & II)	SgTPS (III & IV)	
Annual fixed cost	48826.00	71062.51	18784.03	43954.81	41402.55	104940.53	
Fuel cost	171450.73	144849.80	70043.44	69209.43	83120.24	149620.92	
Total	220276.73	215912.31	88827.47	113164.24	124522.79	254561.45	
Less:							
Depreciation	803.50	17266.03	811.00	9682.60	11662.52	20515.00	
Advance against depreciation	0.00	0.00	0.00	0.00	0.00	0	
Deffered rev. expenditure	0.00	0.00	0.00	0.00	0.00	0	
Return on Equity	13791.61	19930.33	3367.08	9873.91	12456.81	26635.54	
Bad Debts	0.00	0.00	0.00	0.00	0.00	0	
Reserve for unforeseen exigencies	0.00	0.00	0.00	0.00	0.00	0	
Sub total	14595.11	37196.36	4178.08	19556.51	24119.33	47150.54	
Allowable Fixed Charge for W.C	205681.62	178715.95	84649.39	93607.73	100403.46	207410.91	
Normative W.C	10%	20568.16	17871.60	8464.94	9360.77	10040.35	20741.09
Interst on W.C	11.20%	2303.63	2001.62	948.07	1048.41	1124.52	2323.00



ANNEXURE – 5D COMPUTATION OF EMPLOYEE COST

Kolaghat

Particulars	Actual	Estimated by PDCL	Estimated by PDCL	Estimated by the Commission	Admitted by the Commission
	2015-16	2016-17	2017-18	2016-17	2017-18
Basic	3511.16	4154.63	3718.8	3646.22	3847.47
DA	3932.3	4652.96	4164.85	4557.78	5347.98
Other Allowance	1457.9	1725.08	1544.12	1513.91	1597.47
Terminal Benefits	2944.59	3484.23	3118.73	3484.23	3118.73
Bonus/Ex-gratia	2946.47	3486.46	3120.72	2970.69	3043.35
Total	14792.42	17503.36	15667.22	16172.83	16955.00
No. of Employees as on 1st April	1422			1376	1445
No. of Employees as on 31st March	1376	1445	1445	1445	1445
Average No. of Employees	1399	1445	1445	1411	1445
Other Allowance to Basic ratio	41.52%				
Bonus, Ex-gratia, LTC per employee	2.11				

Bakreswar

Particulars	Actual	Estimated by PDCL	Estimated by PDCL	Estimated by the Commission	Admitted by the Commission
	2015-16	2016-17	2017-18	2016-17	2017-18
Basic	2030.42	2434.7	2150.82	2149.79	2268.35
DA	2260.36	2710.87	2394.40	2687.24	3153.01
Other Allowance	1249.07	1498.02	1323.14	892.59	941.82
Terminal Benefits	3325.63	3988.46	3522.84	3988.46	3522.84
Bonus/Ex-gratia	1716.79	2058.95	1818.60	1764.78	1807.87
Total	10582.27	12691.00	11209.80	11482.86	11693.89
No. of Employees as on 1st April	874			879	923
No. of Employees as on 31st March	879	923	923	923	923
	877	923	923	901	923
Other Allowance to Basic ratio	61.52%				
Bonus, Ex-gratia, LTC per employee	1.96				



Bandel

Particulars	Actual	Estimated by PDCL	Estimated by PDCL	Estimated by the Commission	Admitted by the Commission
	2015-16	2016-17	2017-18	2016-17	2017-18
Basic	1801.46	2333.24	1908.29	1838.61	1895.11
DA	2061.46	2669.99	2183.70	2298.26	2634.20
Other Allowance	395.71	512.52	419.18	403.94	416.36
Terminal Benefits	620.48	803.64	657.27	803.64	657.27
Bonus/Ex-gratia	1412.69	1829.71	1496.46	1399.83	1400.82
Total	6291.8	8149.11	6664.90	6744.29	7003.75
No. of Employees as on 1st April	720			707	708
No. of Employees as on 31st March	708	708	708	708	708
	714	708	708	708	708
Other Allowance to Basic ratio	21.97%				
Bonus, Ex-gratia, LTC per employee	1.98				

Santaldih

Particulars	Actual	Estimated by PDCL	Estimated by PDCL	Estimated by the Commission	Admitted by the Commission
	2015-16	2016-17	2017-18	2016-17	2017-18
Basic	1855.71	1948.17	1965.75	1954.91	2114.10
DA	2053.09	2155.38	2174.84	2443.64	2938.60
Other Allowance	1709.65	1794.83	1811.03	1801.06	1947.72
Terminal Benefits	1921.76	2017.52	2035.72	2017.52	2035.72
Bonus/Ex-gratia	1391.29	1460.61	1473.79	1422.98	1494.03
Total	8931.5	9376.51	9461.14	9640.11	10530.17
No. of Employees as on 1st April	726			723	759
No. of Employees as on 31st March	723	759	797	759	797
	725	759	797	741	778
Other Allowance to Basic ratio	92.13%				
Bonus, Ex-gratia, LTC per employee	1.92				



Sagardighi-(Unit I & II)

Particulars	Actual	Estimated by PDCL	Estimated by PDCL	Estimated by the Commission	Admitted by the Commission
	2015-16	2016-17	2017-18	2016-17	2017-18
Basic	1746.89	1833.95	1850.48	1818.24	1872.78
DA	1980.44	2079.14	2097.88	2272.80	2603.17
Other Allowance	621.48	652.45	658.33	754.93	777.58
Terminal Benefits	1415.85	1486.41	1499.81	1486.41	1499.81
Bonus/Ex-gratia	1049.78	1102.10	1112.03	1060.83	1060.83
Total	6814.44	7154.06	7218.54	7393.21	7814.17
No. of Employees as on 1st April	658			672	672
No. of Employees as on 31st March	672	672	672	672	672
	665	672	672	672	672
Other Allowance to Basic ratio	35.58%				
Bonus, Ex-gratia, LTC per employee	1.58				



CHAPTER – 6 SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR 2017–2018 AND REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2017 – 2018

6.1 Based on the analyses and findings recorded in the foregoing chapters we are now drawing the statement of Aggregate Revenue Requirements (ARR) separately for each of the generating stations of WBPDCCL. Such summarized statements are given in Annexures 6A to 6E to this chapter. The ARR of each generating station is as follows:

Rupees in Lakh	
Generating station	2017 – 2018
Kolaghat	222580.36
Bakreswar	217913.93
Bandel	89775.54
Santaldih	114212.65
Sagardighi (I & II)	125647.31
Sagardighi (III & IV)	256884.45
Total	1027014.24

6.2.1 Accordingly, the amount of revenue in respect of capacity charges to be recovered through tariff for the year 2017 – 2018 separately for each of the generating stations of WBPDCCL works out as under:

Rupees in Lakh							
SI No.	Particulars	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi (I & II)	Sagardighi (III & IV)
1	Aggregate Revenue Requirement for the year 2017 – 2018 (see table below para 6.1)	222580.36	217913.93	89775.54	114212.65	125647.31	256884.45
2	Fuel cost admitted for the year 2017 – 2018 (refer paragraph 4.1.12)	171450.73	144849.80	70043.44	69209.43	83120.24	149620.92
3	Capacity charge allowed for the year 2017 – 2018 [(1)-(2)]	51129.63	73064.13	19732.10	45003.22	42527.07	107263.53



ANNEXURE – 6A AGGREGATE REVENUE REQUIREMENT

Rupees in Lakh

KOLAGHAT THERMAL POWER STATION		
SI. NO.	PARTICULARS	2017-18
		ADMITTED
1	Fuel	171450.73
2	Coal and Ash Handling charge	2630.39
3	Employee Cost	15583.81
4	Rates and Taxes	54.32
5	Maintenance charges to PGCIL	0.00
6	ERPC Charges	4.86
7	Operation and Maintenance Expenses	18429.00
9	Insurances	114.00
10	Financing Charges	218.94
11	Interest on borrowed capital	0.00
12	Interest on Working Capital	2303.63
13	Depreciation	803.50
14	Water Charges	22.87
15	Reserve for Unforeseen Exigencies	0.00
16	Total Expenditure (16 = sum 1 to 15)	211616.05
17	Return on Equity	13791.61
18	Gross Aggregate Revenue Requirement	225407.66
19	Less Misc. other income	2827.30
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	222580.36



ANNEXURE – 6B

AGGREGATE REVENUE REQUIREMENT

Rupees in Lakh		
BAKRESWAR THERMAL POWER STATION		
SI. NO.	PARTICULARS	2017-18
		ADMITTED
1	Fuel	144849.80
2	Coal and Ash Handling charge	2024.28
3	Employee Cost	11148.43
4	Rates and Taxes	63.78
5	Maintenance charge to PGCIL	0.00
6	ERPC Charges	5.70
7	Operation and Maintenance Expenses	12632.00
9	Insurances	111.56
10	Financing Charges	330.76
11	Interest on borrowed capital	10616.72
12	Interest on Working Capital	2001.62
13	Depreciation	17266.03
14	Water Charges	32.11
15	Reserve for Unforeseen Exigencies	0.00
16	Total Expenditure (16 = sum 1 to 15)	201082.79
17	Return on Equity	19930.33
18	Gross Aggregate Revenue Requirement	221013.12
19	Less Misc. other income	3099.19
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	217913.93



ANNEXURE – 6C AGGREGATE REVENUE REQUIREMENT

Rupees in Lakh		
BANDEL THERMAL POWER STATION		
SI. NO.	PARTICULARS	2017-18
		ADMITTED
1	Fuel	70043.44
2	Coal and Ash Handling Charge	888.21
3	Employee Cost	6628.42
4	Rates and Taxes	60.03
5	Maintenance charge to PGCIL	0.00
6	ERPC Charges	0.92
7	Operation and Maintenance Expenses	7453.00
9	Insurances	4.98
10	Financing Charges	43.87
11	Interest on borrowed capital	200.00
12	Interest on Working Capital	948.07
13	Depreciation	811.00
14	Water Charges	198.21
15	Reserve for Unforeseen Exigencies	0.00
16	Total Expenditure (16 = sum 1 to 15)	87280.15
17	Return on Equity	3367.08
18	Gross Aggregate Revenue Requirement	90647.23
19	Less Misc. other income	871.69
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	89775.54



ANNEXURE – 6D AGGREGATE REVENUE REQUIREMENT

Rupees in Lakh		
SANTALDIH THERMAL POWER STATION		
SI. NO.	PARTICULARS	2017-18 ADMITTED
1	Fuel	69209.43
2	Coal and Ash Handling Charge	2679.91
3	Employee Cost	9409.34
4	Rates and Taxes	28.19
5	Maintenance charge to PGCIL	0.00
6	ERPC Charges	3.20
7	Operation and Maintenance Expenses	4655.00
9	Insurances	28.54
10	Financing Charges	306.04
11	Interest on borrowed capital	8464.83
12	Interest on Working Capital	1048.41
13	Depreciation	9682.60
14	Water Charges	686.73
15	Reserve for Unforeseen Exigencies	0.00
16	Total Expenditure (16 = sum 1 to 15)	106202.22
17	Return on Equity	9873.91
18	Gross Aggregate Revenue Requirement	116076.13
19	Less Misc. other income	1863.48
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	114212.65



ANNEXURE – 6E AGGREGATE REVENUE REQUIREMENT

Rupees in Lakh			
SAGARDIGHI THERMAL POWER STATION			
SI. NO.	PARTICULARS	ADMITTED FOR 2017-18	
		UNITS I & II	UNITS III & IV
1	Fuel	83120.24	149620.92
2	Coal and Ash Handling Charge	197.39	517.14
3	Employee Cost	7179.00	2028.11
4	Rates and Taxes	38.35	20.00
5	Maintenance charge to PGCIL	242.53	0.00
6	ERPC Charges	2.26	0.00
7	Operation and Maintenance Expenses	4752.00	5850.00
9	Insurances	69.90	368.94
10	Financing Charges	108.02	60.00
11	Interest on borrowed capital	5925.70	48934.64
12	Interest on Working Capital	1124.52	2323.00
13	Depreciation	11662.52	20515.00
14	Water Charges	2.03	11.16
15	Reserve for Unforeseen Exigencies	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	114424.46	230248.91
17	Return on Equity	12456.81	26635.54
18	Gross Aggregate Revenue Requirement	126881.27	256884.45
19	Less Misc. other income	1233.96	0.00
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	125647.31	256884.45



CHAPTER – 7 TARIFF ORDER

- 7.1 Based on the analyses and the decisions recorded in earlier chapters the Commission has determined the capacity charge and energy charge for 2017 – 2018 in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi (Units I, II, III and IV) generating stations of WBPDCCL as shown in chapter 6. The Commission now orders as shown in the following paragraphs.
- 7.2 The annual capacity charge recoverable by WBPDCCL from WBSEDCL shall be on the following basis:
- (a) The annual capacity charge recoverable by WBPDCCL from WBSEDCL shall be on monthly basis depending on actual availability during the month with reference to the target normative annual availability subject to the conditions as laid down in regulation 6.11.4 of the Tariff Regulations.
- (b) The annual capacity charge determined based on the submission of WBPDCCL and on prudence check for 2017 – 2018 are provided in following table.

Generating Station	2017 – 2018	
	Target normative availability factor	Determined Annual capacity charge in Rs. lakh
Kolaghat	75%	51129.63
Bakreswar (Units I to V)	85%	73064.13
Bandel	77%	19732.10
Santaldih (Units V & VI)	85%	45003.22
Sagardighi (I & II)	85%	42527.07
Sagardighi (III & IV)	85%	107263.53



Tariff Order of WBDCL for the year 2017 – 2018

7.3 The energy charge recoverable in 2017 – 2018 against each unit of injection of energy under implemented schedule on injection as decided in chapter 4 of this order shall be as follows:

Generating Station	Energy Charge (Paisa/kWh)
	2017 – 2018
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santaldih	217.05
Sagardighi (I & II)	217.23
Sagardighi (III & IV)	225.33

7.3.1 The tariff admitted for 2017 – 2018 shall be applicable from 1st April, 2017 and shall continue till further order of the Commission. The above rates exclude the Monthly Fuel Cost Adjustment (MFCA), if any, realized / to be realized by WBDCL.

7.3.2 In addition to the energy charge determined above, WBDCL shall further be entitled to additional sums towards enhance cost of fuel, if any, as per the provisions of the Tariff Regulations based on this tariff order. However, while computing the MFCA direction in paragraph 4.2 of the order dated 19.06.2015 shall be complied with. The MFCA realized by WBDCL from 01.04.2017 shall not be considered for adjustment, if any, as per this tariff order. The MFCA realized / to be realized, if any, by WBDCL is subject to truing up during fuel cost adjustment (FCA) for the year as per the provisions of the Tariff Regulations.

7.3.3 It is observed that as there is no change in energy charge rate for the year 2017 – 2018 as mentioned above over the rate of energy charges for the year 2016 - 2017, no amount on account of energy charges shall be recoverable / refundable



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Tariff Order of WBPDCCL for the year 2017 – 2018

- by WBPDCCL to / from WBSEDCL, the sole energy recipient from the generating stations of WBPDCCL for the year 2017 – 2018.
- 7.4 It is observed that there is no requirement of adjustment due to the difference between the capacity charges recovered as per tariff order for 2016 – 2017 and to be recovered on the basis of annual capacity charge admitted for 2017 – 2018 and mentioned in paragraph 7.2 of this order considering the actual PAF achieved for different generating stations during the year. However, adjustment on account of capacity charges, if any, are subject to truing up in Annual Performance Review (APR) for the year as per provisions of the Tariff Regulations.
- 7.5 The rates of energy charges and annual capacity charges for the year 2017 – 2018 as mentioned in paragraph 7.3 and 7.2 respectively shall also continue after 31.03.2018 till further order of the Commission.
- 7.6 WBPDCCL shall claim the energy bill and capacity charges as per the rates admitted in this order for 2017 – 2018 considering the energy accounting and availability declared by State Load Despatch Centre (in short 'SLDC') in its monthly energy accounting schedule prospectively from October, 2018. Any under-recovery / over-recovery for the period April, 2018 to September, 2018 are not required to be adjusted at this stage and shall be considered during determination of the tariff for the year 2018 – 2019.
- 7.7 The capacity charge as indicated above in respect of Bakreswar TPS is the admitted annual capacity charge for all the five units of the generating station. But for the purpose of computation of capacity charge in each month for Stage – I (Units I to III) and Stage – II (Units IV & V) separately giving weightage of ageing the total annual capacity charges admitted in this order shall be



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Tariff Order of WBPDCCL for the year 2017 – 2018

- appropriated as per the number of units in Stage – I (3 units) and Stage II (2 units) as the capacity of all the units are same (210 MW each). WBPDCCL shall submit the generation schedule separately for Stage – I and Stage – II of Bakreswar TPS.
- 7.8 The Commission passed an order dated 11.12.2014 in cases no. WBERC/FPPCA-61/12-13 and WBERC/FPPCA-67/13-14 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 21664.65 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 04.07.2013, for the year 2011 – 2012 in 9 (nine) equal monthly instalments commencing from the month of January, 2015. The Commission, in the said order dated 11.12.2014, also allowed WBPDCCL to recover a further sum of Rs. 95288.57 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 06.06.2014, for the year 2012 – 2013 in 38 (thirty eight) equal monthly instalments commencing from the month after the month of completion of recovery of Rs. 21664.65 lakh in instalments. WBPDCCL shall continue with the recoveries of the aforesaid amounts through monthly installments as mentioned in the aforesaid order.
- 7.9 WBSEDCL may pay additional instalment on account of any arrear of WBPDCCL in any month and such payment will then be considered as payable in that month.
- 7.10 Availability of installed capacity for any of the generating stations of WBPDCCL may be adjusted downward against enhanced performance of any of the other generating stations of WBPDCCL, which may register capacity availability over the target availability. In such event, recovery of capacity charge and energy charge and also the manner of adjustment of such charges shall be such as specified in regulation 2.8.6.7 of the Tariff Regulations.



Tariff Order of WBPDCCL for the year 2017 – 2018

- 7.11 Regarding annual cost recovery for Bakreswar transmission system, the tariff order of West Bengal State Electricity Transmission Company Limited for the year 2017 – 2018 in case no. TP – 70 / 16 – 17 is to be followed.
- 7.12 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.
- 7.13 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating stations of WBPDCCL as determined in this tariff order as per the following table prospectively. The merit order despatch as per the table below will be applicable from the date of issue of this order. However, the MFCA declared after this tariff order will be added to the energy charge for consideration of merit order despatch from the date of issue of the MFCA notification respectively.

Generating Station	Energy Charge for Merit Order Despatch (Paise/kWh)
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santaldih	217.05
Sagardighi (I & II)	217.23
Sagardighi (III & IV)	225.33

- 7.14 In the tariff order of WBPDCCL for the year 2016 - 2017, issued on 28.10.2016, the Commission had given certain directives to WBPDCCL. WBPDCCL has not submitted any report on compliance of the directives given by the Commission. The Commission has taken a note of it and has given further directives in Chapter – 8, in addition to directives mentioned hereinabove.
- 7.15 WBPDCCL shall present to the Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the



Tariff Order of WBPDCCL for the year 2017 – 2018

approval shall publish the approved gist in terms of aforesaid regulation within six (6) working days from the date of receipt of the approval of the Commission.



CHAPTER – 8 DIRECTION

- 8.1 The Commission has given some direction in earlier chapters of this order. WBPDCCL shall comply with those directions.
- 8.2 Commission also gave directions at paragraphs 4.2, 4.3, 4.4, 4.5 and 4.6 of the tariff order for the year 2016 – 2017 which shall also continue to remain in force in this order.
- 8.3 From the year 2017-18 and onwards, alongwith the application for APR for any year WBPDCCL shall submit certificate from the statutory auditor of the annual accounts of the said year for the following parameters:
- i) Giving a list of expenditure that arises on account of penalty, fine and compensation due to non-compliance of any statute or statutory order along with the reasons for each such type of penalty, fine and compensation.
 - ii) Copies of the audited accounts of all the funds related to different type of terminal benefit for the year for which APR is under consideration, in a complete shape and not by any selective pages.
 - iii) A statement showing monthly deposit in different terminal funds for the year for which APR is under consideration in persuasion to the direction given in paragraph 8.11 below.
 - iv) A detail breakup showing total expenditure and employee strength against each level of all categories of employees including the whole time directors of the board. If any director or employee discharges any function of other companies also, then the allocation of cost among the companies shall be shown separately and distinctly against each level.



Tariff Order of WBPDCCL for the year 2017 – 2018

- v) In pursuance to regulation 5.8.1(vi) of the Tariff Regulations the total demurrage hour of rakes and related demurrage charges paid against total number of rakes for each generating station for the year concerned under the APR / FCA application of every ensuing year.

In case of non submission of the above documents the application of APR will not be admitted.

- 8.4 In case of expenditure at a level higher than the admitted amount under any uncontrollable factor in this tariff order on account of fixed charges, while submitting APR application of any ensuing year, WBPDCCL has to justify in detail with supporting documents and evidence on the basis of which the Commission will take its decision during truing up exercise and it may be noted that without sufficient justification the excess expenditure shall not be admitted in the APR fully or partly. While truing up any uncontrollable factor on account of fixed charges, the actual business volume parameter, i.e. energy generated and actual inflation rate to which such uncontrollable item is sensitive will be considered in the same manner and principle as determined under the tariff order subject to the limitation as per the Tariff Regulations. However, where applicable as per this tariff order the ratio of expenses increase in % on any item and the sensitivity parameter increase will remain the same as that of this tariff order.

- 8.5 While submitting application for APR or FCA of 2017-18 and onwards by WBPDCCL, if such applications show any net claim for that year against those applications, then in such case WBPDCCL shall suggest in specific terms the ensuing year(s) in which they intend to recover such claim and by what amount. They shall also show the consequential impact of such recovery in the expected average cost of supply in those ensuing years after considering the total revenue recoverable through the tariff. The total revenue recoverable through the tariff means the summated amount of the Net Aggregate Revenue Requirement plus



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Tariff Order of WBPDCCL for the year 2017 – 2018

all other amount on account of any release of regulatory asset , FCA and APR for any year which is being already decided by the Commission in earlier orders. They shall also mention the carrying cost if necessary where it is applicable in terms of the Tariff Regulations and different orders and direction in this respect.

This consequential impact on tariff shall also be provided in the gist of the APR application. In case of non submission of the above information the application of APR will not be admitted.

8.6 In order to ensure that in future actuarial valuation of terminal benefit fund can be kept in control in a better way by avoiding carrying cost of such liability in future following is to be adhered.

- a) WBPDCCL shall ensure that henceforth the amount that is statutorily required to be deposited in a month in different funds on account of terminal benefit as a part of employee cost admitted in the tariff order, is to be deposited in different terminal benefit funds every month as a first charge item.
- b) On the head of terminal benefit fund, if there is shortage in the deposit amount in the terminal benefit fund admitted in employee cost through this order, the balance amount of contribution to terminal benefit fund is required to be deposited as first charge item over and above what had already been deposited for the year 2014-15 and subsequent years, from the effective date of recovery of the recoverable amount against this order from the very first day. So, it is directed that the balance amount of contribution as discussed above to terminal benefit fund for the year 2014-15 and subsequent years, i.e., the difference between the amount of contribution to terminal benefit funds as allowed in this order as a part of employee cost and that has already been deposited and that to be



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deposited in the fund for the year 2014-15 and subsequent years, is to be deposited in the respective different terminal benefit funds. Such balance amount is to be deposited in different terminal benefit funds in 12 monthly equal installments from the date on which the recovery through tariff against this order will start.

- c) While submitting application for APR of 2014 – 2015, 2015-16 and 2016-17, WBPDCCL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the concerned year as a part of employee cost is deposited in the terminal benefit funds.

In case of non-deposit of amount admitted for terminal benefit fund as provided in (a) to (c) above in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to that non-deposition amount.

- 8.7 The claim of WBPDCCL on account of demurrage is nil for each generating station for 2017-2018 under the fifth control period. In case of any claim by WBPDCCL on demurrage in their FCA/APR application for any ensuing year, that shall be dealt with as per directions given under sl. No. 8.16 below.

WBPDCCL shall submit within six months the total demurrage hour and related demurrage charges paid against total number of rakes for each generating station for 2014-15, 2015-16 and 2016-17 with a reconciliation statement compatible with the total demurrage charges as shown in the Annual Accounts or FPPCA/FCA or APR. On the basis of such information Commission will fix the operating norms in future on demurrage charges in pursuance to regulation 5.8.1(vi) of the Tariff Regulations.

- 8.8 While submitting FCA application WBPDCCL shall submit a report showing to what extent WBPDCCL has been able to achieve the proposed coal mix for each power



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Tariff Order of WBPDCCL for the year 2017 – 2018

- station as proposed in the Tariff petition. In relation to supplementary petition WBPDCCL shall also mention the reasons after due analysis for the deviations in achieving the proposed mix, if any, in view of their supplementary petition and subsequent submissions.
- 8.9 WBPDCCL shall provide the details regarding insurance expenses as per provisions of the Tariff Regulations in the APR application for the respective years.
- 8.10 All the distribution licensees and generating companies shall follow regulation 5.6.5.1 of the Tariff Regulations in its true spirit. According to regulation 5.6.5.1 of the Tariff Regulations the interest on working capital requirement of a generating company or a licensee shall be assessed on normative basis @ 18% on a base amount derived by summation of annual fixed charges, fuel cost and power purchase cost reduced by certain elements of the ARR. It has also been mentioned there that where Monthly Fuel Cost Adjustment (MFCA) or Monthly Variable Cost Adjustment (MVCA) exists, in that case for interest on working capital requirement the above normative basis shall be 10% instead of 18% on the said base amount. In this context it may be noted by all stakeholders that any distribution licensee or generating company on which collection of MFCA and MVCA, as the case may be, is applicable as per Tariff Regulations, shall not be entitled to claim interest on the above referred normative basis of 18% even on the plea of not claiming MFCA or MVCA throughout any financial year.
- 8.11 WBPDCCL was directed to try to utilize its own resources including balance in its banks for meeting its fresh capital expenditures instead of resorting to more and more borrowings. The WBPDCCL was further directed to try its very best to improve its operational efficiency on all fronts. An action taken report on this shall be submitted in the APR application for 2014 – 2015.



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Tariff Order of WBPDCCL for the year 2017 – 2018

- 8.12 The Commission has admitted the expenses as projected by WBPDCCL under some heads which are uncontrollable as per Tariff Regulations. In any year, if actual expenses under any of those heads exceed the amount admitted by the Commission and WBPDCCL claiming the same in their APR for that year, such claim shall not be considered by the Commission for admission unless WBPDCCL furnishes proper and justifiable reasons in support of their claim. But in no case any carrying cost against such claim shall be allowed to WBPDCCL.
- 8.13 All the reports called for in this chapter are in addition to what are statutorily required to be submitted, either in terms of the Act, any of the Regulations made thereunder, or both, for the purpose of submission in the Annual Performance Review of 2017-18.
- 8.14 WBPDCCL shall comply with all the provision of Electricity Act 2003 and rules and regulations made thereafter.
- 8.15 WBPDCCL shall submit report to the Commission on a monthly basis after issue of this order the status of raising coal from allocated mines for reducing fuel cost during 2017-18 further.
- 8.16 WBPDCCL along with their application of APR for 2017-2018 shall submit the followings:
- Plan for switching over to GCV from UHV of coal for determination of Fuel cost in order to facilitate the Commission for review the existing Regulations in line with the provisions of CERC Regulations in this regard.
 - Plan to improve efficiency level in order to review of norms of operating parameters within specific time line.
 - Sourcing of coal for the quantity required over and above the quantity available from allotted captive mines in a cost effective way.



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Tariff Order of WBPDCCL for the year 2017 – 2018

- 8.22 While submitting application of APR for the year 2017-2018 and onwards, WBPDCCL shall have to submit the followings through affidavit:
- That no expenditure has been claimed by WBPDCCL through the APR petition on employee or infrastructure or any other support or O&M activity pertaining to any other business of WBPDCCL not related to their generation business.
 - The list of cases along with the then position related to Tariff, Annual Performance Review (APR) and Fuel Cost Adjustment (FCA) filed or applied for filing in Court of Law but the notices have not yet been served to the Commission
- 8.23 Monthly production from allocated mines should be submitted quarterly both planned and actual achieved.
- 8.24 Failure in compliance of any of the above directions will attract a substantial penalty to be decided and adjusted during Annual Performance Review (APR).

Sd/-
(AMITAVA BISWAS)
MEMBER

Sd/-
(R. N. SEN)
CHAIRPERSON

DATE: 13.09.2018


(T. K. MUKHERJEE)
SECRETARY

13/09/18



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